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Novarra looks to pounce on iPhone's shortcomings

Company hawks faster data speeds on mobiles

By Martin Desmarais

ITASCA, Ill. – Apple Inc. hoped that its iPhone could corral the Internet phone market as its iPod did with the MP3 market, but the iPhone's failure to do so has opened the door for others, and one such company stepping in to take a piece of the pie is Novarra Inc.

Novarra, headquartered just outside of Chicago, provides Internet services to mobile carriers that lets these companies offer better Internet access to its customers. What Novarra is doing solves one of the main consumer complaints regarding their mobile devices – limited Internet access. The company's software makes all Internet content available on any mobile device. However, unlike the iPhone, Novarra's software is not on the phone it is on servers that process Web site information, reduce it and send it to phones.

As Novarra president and chief executive officer Jayanthi Rangarajan explains it, her company's approach allows for much faster download speeds on mobile devices than the iPhone because all the work is done by servers and the Internet data is sent directly to a mobile device already adapted for its capabilities. The iPhone downloads a full Web site and adapts it for viewing, Novarra's approach sends the finished product to mobile devices with all the heavy work done by servers. Rangarajan said that, for example, the iPhone takes approximately one minute to download 410 kilobytes of data to view CNN's Web site; whereas Novarra servers reduce the site to 43 kilobytes and send it to phones, which can view it in eight seconds.

"It looks just like the Web – it is identical to the Web site – but it is more mobile compatible," Rangarajan said.

The ability of telecom providers to match the buzz created by the promise of a mobile Internet experience similar to that of a computer experience – brought to the forefront by the iPhone – has generated increased interest for what Novarra can do.

Rangarajan believes that the increased demand for data is waking telecom carriers up to life beyond just cellular phone service. "Data is another area that is rapidly growing. There is a need to develop better data services," she said. "We are also in a market where one of the challenges is things with broad consumer appeal [and better Internet services on mobile devices has shown to have this consumer appeal]."

Internet use on mobile devices is becoming an increasing source of revenue for mobile providers, which Rangarajan said also increases the appeal of a company like Novarra. "The Internet is a high-transaction activity and that is how it has made successful companies, such as Yahoo and Google," she said. "If you get a percentage of Internet traffic to mobile devices there is enormous potential."

With the average revenue-per-user for mobile phone Internet services in the \$4- to \$15-a-month range, the numbers can add up. "What is has the power to do is really increase the bottom line revenue immediately," Rangarajan said.



Novarra's software makes all Internet content available on any mobile device. The software processes information on remote servers and then sends it to cell phones. Photo courtesy of clipart.com

Outside of the United States, mobile carriers have been quick to buy into what Novarra is selling.

The company has deals with 3 Hong Kong in Asia, Vodafone UK, 3 Italia and 3 Austria in Europe.

According to Rangarajan, Vodafone's emphasis on providing mobile Internet services on phones is driving the British market – in London there are billboards and advertisements for Internet on mobile devices all over town. The payment model Vodafone uses is one she encourages, with options for paying per day, per week or per month for Internet service; fees range from approximately \$2 to \$15.

The U.S. market for mobile Internet services has lagged behind other parts of the world, but Rangarajan believes it is beginning to catch on. "The European market has moved forward faster," she said. "But it should be easier here in America because it has been proven in Europe."

"World Wide Web access should be a core application for mobile phones alongside voice calling, messaging and taking photographs," research firm Ovum senior analyst Tony Cripps said commenting on a recent Novarra deal with 3 Italia. "Proactive operators are beginning not only to understand this requirement, but also the need to extend Web browsing to the widest range of handsets through the use of server-based adaptation."

Novarra has worked with U.S. Cellular since 2004, but Rangarajan is hoping her company will be able to make up ground with the likes of Sprint and AT&T. "When they see the revenue they can bring in, they will do something," she said.

She also added that in the U.S. market it is critical to educate consumers that there is more to the Internet experience on their phones than the 30 or 40 mini Web sites that carriers currently make available.

A recent deal with Internet giant Yahoo! should help Novarra with its cause in the United States. Novarra is helping the popular search engine's content be more readily available on mobile phones. "If a consumer is using Yahoo! Search on a phone their service is going through our servers at Yahoo!," she said.

Investors are also not shy about the potential of Novarra. In August, the company raised \$50 million in a second round of venture capital funding led by JK&B Capital and Qualcomm.

Chuck Parrish, a member of Novarra's board of directors, said that the funding will be used for growth and technology development. The company currently has 120 employees and Parrish expects that number to grow by about 20 percent by the end of the year.

He added that the funding will also be used for continued expansion in Europe and Asia.

Rangarajan said that India is on the radar, and is of particular interest because of the high level of mobile phone usage. "Mobile phones are key in India," she said. "In this market the Internet is mostly available on phones, not through computers."

Novarra was started in November 2000. Rangarajan came on board in mid-2002 as chief operating officer and then became CEO.

Prior to Novarra, she worked at Motorola Corp. and Andersen Consulting in a number of business positions, including customer relations, marketing, business development and global commercial product deployment. At Motorola, she helped spearhead the company's technology strategy and development for wireless, Internet, mobile device, paging network and cellular phone products.

Rangarajan is a graduate of the College of Engineering in Guindy, Chennai. She also has a master's degree in electrical engineering from Rensselaer Polytechnic Institute in Troy, N.Y.