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## SMALL BUSINESS

### Branded browsers

Conduit lets software developers put apps in front of users while they surf the Web.

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## Los Gatos family sells 32 acres, mixed-use planned

BY KATHERINE CONRAD

**LOS GATOS** - As South Bay developers waited years for a sign the town was ready to develop the last walnut grove on Los Gatos Boulevard, London-based Grosvenor Americas quietly sealed a deal with orchardist Tom Yuki.

Don Capobres, Grosvenor's senior development manager in the San Francisco office, confirmed that

he began negotiating for the rights to build on the prime property in 2008 and reached an agreement with Yuki, whose family has owned the land since the 1940s, in late 2009.

Capobres, who worked for years for Shea Homes Northern California, said the deal offers Grosvenor "a very rare opportunity to find this big a piece of property in the heart of Silicon Valley."

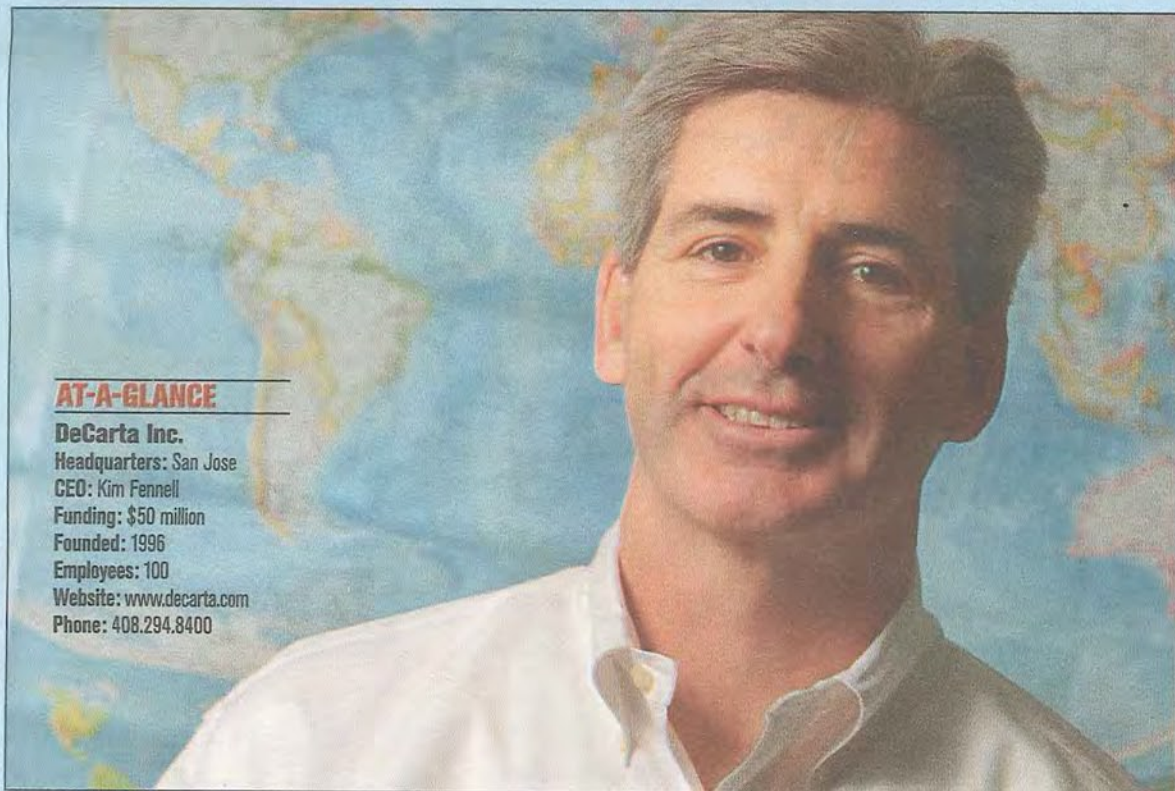
The developer would not reveal how much Grosve-

nor will pay the Yuki family for the 32 acres under its control. The Santa Clara County Assessor's Office values the orchards under contract to Grosvenor at about \$12 million — although property entitled for development would sell for significantly more.

Nor would Capobres predict how much Grosvenor will spend building a mixed-use project featur-

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## MOBILE TECH: NEW POSSIBILITIES, CHALLENGES



VICKI THOMPSON

### AT-A-GLANCE

**DeCarta Inc.**  
Headquarters: San Jose  
CEO: Kim Fennell  
Funding: \$50 million  
Founded: 1996  
Employees: 100  
Website: www.decarta.com  
Phone: 408.294.8400

**ROAD TO SUCCESS:** DeCarta Inc. CEO Kim Fennell said recent deals with Samsung, Opera and T-Mobile will be worth \$10 million to his company next year.

## DeCarta maps out new partnerships

BY MARY DUAN

**SAN JOSE** - DeCarta Inc. is a pioneer in the "turn-by-turn" direction space, helping to power everything from the OnStar navigation system in autos to the Verizon VZ Navigator on cell phones.

The company now adds another pair of major deals to its impressive record — powering the map search on Samsung's Wave smartphone, and a strategic partnership to bring maps,

routes and local search to the popular browser system Opera.

The Samsung phones began shipping at the end of June to everywhere except North America.

While the company is reluctant to share the specific financials of its deals, CEO Kim Fennell said the Samsung and Opera deals alone will put deCarta-powered maps in the hands of more

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## Wireless explosion drives demand for more capacity

BY MARY DUAN

The rise of smartphones and wireless devices has created a frenzied demand for broadband expansion, increased capacity that Silicon Valley companies need as they race to fill the consumer thirst for information on the go.

President Barack Obama in June ordered federal agencies to identify an additional 500 megahertz of spectrum for mobile broadband use within the next 10 years. This would effectively double the nation's broadband capacity, as wireless companies currently have about 547 megahertz allotted to them.

It's creating great opportunity, not only for big players like Cisco Systems Inc., which will benefit from increased sales in broadband networking equipment needed to deal with greater capacity. But it also will boost up-and-coming players at the other end of the spectrum, such as Milpitas-based Kineto Wireless Inc.

Venture-backed Kineto makes Wi-Fi software that helps prevent wireless connections from being disrupted, something that will become more important as increased capacity allows the use of more wireless devices.

The company has raised about \$80 million in venture funding, and is in the process of raising a Series E round. CEO Jeff Brown said the company should achieve profitability by next year.

"The best thing that ever happened to Kineto is

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## BUSINESS PROFILE

### Prototype specialist

Sierra makes printed circuit boards for 20,000 customers a year

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## MOBILE TECH: NEW POSSIBILITIES, CHALLENGES

## DECARTA: Mobile maps take company in right direction

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than 75 million consumers within the next year. And those deals, along with another deal with T-Mobile in Europe, will be worth more than \$10 million to deCarta next year.

The company also just signed a mobile advertising agreement with San Mateo-based mobile ad company Ad Marvel Inc., which means it will collect ad revenue when users do a mobile search.

Financial details of the Ad Marvel deal were not disclosed. But according to research from Palo Alto-based Architect Partners, a mergers and acquisitions advisory firm, revenue from location-based services is expected to grow from \$560 million in 2009 to more than \$1.8 billion by 2015.

Fennell, a veteran mobile industry executive, said free navigation services are a natural evolution as demand for location-based services heats up. And the company's goal is to get the service on as many handsets as possible.

Smartphone penetration in the U.S. currently stands at about 20 percent, according to ABI Research. And while spending on mobile display ads in the U.S. is estimated at just under \$313 million right now, it's expected to almost quadruple to more than \$1.2 billion by 2015.

A February ABI survey found that 28 percent of mobile subscribers accessed the mobile Internet daily.

"This is a huge increase over the number doing so just 14 months ago," said ABI Research practice director Neil Strother, "and it's a powerful driver for the mobile marketing and advertising market."

## DeCarta is well positioned

Jeff Crowe, a deCarta board member and general partner at investor Norwest Venture Partners, said deCarta has done a great job navigating the evolution of location-based services as they have moved from the Web to mobile devices, which is not an easy transition to make.

"I'd like to see them have more visibility and gain presence on many tens of millions of mobile devices," Crowe said. "If they do that, they will see significant revenue growth from these relationships. From advertising revenue share, their revenue will scale significantly."

DeCarta has about \$50 million in venture funding. Ford Motor Co. was an early investor, and was joined by Norwest, Mobius Venture Capital (now Foundry Group) and Cardinal Ventures.

The last funding round, in 2008, added T-Venture, the venture wing of T-Mobile; Best Buy Capital, SK Telecom Ventures and Translink Capital.

The company has 70 people in its downtown San Jose office, 16 in Portland and 12 in Shanghai. Fennell said deCarta is looking to add about 10 engineers and a few product managers by the end of the year.

DeCarta has two main product lines, one for fleet management the other a platform for mobile usage.

The company's Fleet business consists of server-based mapping for delivery routes. The information is connected to turn-by-turn navigation software to give drivers maximum efficiency.

DeCarta's MapSearch, meanwhile, is a platform that enables mobile network operators, handset company and mobile Internet service providers to offer custom maps, local search and routing. For example, the leading GPS application on the iPhone, MotionX-GPS, sits on top of the deCarta platform.

Philippe Kahn, Borland Software Corp. founder and co-founder of Fullpower Technologies Inc. — the company behind MotionX-GPS — said that when the company decided to integrate turn-by-turn directions into its application, it evaluated



VICKI THOMPSON

**LIGHTNING FAST:** Venture-backed Kineto makes Wi-Fi software that helps prevent wireless connections from being disrupted. CEO Jeff Brown says, "The best thing that ever happened to Kineto is the iPhone."

## WIRELESS: Demand for faster broadband is phenomenal

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the iPhone," said Brown, a veteran telecom executive. "From the smartphone phenomena in general and wireless data dongles on laptops, you have these personal devices that can be a platform to view a lot of things, and it's a much more dynamic platform to use than ever before. But it takes huge amounts of bandwidth."

Cisco's global media traffic forecast shows that mobile data traffic is going to double each year through 2014, and almost 66 percent of the world's mobile traffic will be video by then.

The explosion of data, in particular video, moving across laptops, smartphones and other devices onto mobile networks is a key driver of traffic, according to the report. A single laptop can generate as much traffic as 1,300 basic cell phones, and a smartphone creates as much traffic as 10 cell phones. iPhones, in particular, can generate as much traffic as 30 cell phones.

"The 'now' issue is we have different flavors

of wireless, outdoor systems that people know as AT&T and Verizon, and then Wi-Fi, and Wi-Max, and all different network fabrics. The first job is to take advantage of all different networks," Brown said. "It's always tough to free up spectrum."

Companies such as Sunnyvale-based Meru Networks Inc. develop wireless networks for business applications to major Fortune 500 companies, universities, hospitals and governments. The company had raised about \$140 million in venture funding before going public in March of this year. The company's market cap is \$173 million.

Meru President and CEO Ihab Abu-Hakima said the broadband issue "is the reason the company was founded." The company had a vision that most enterprises one day would run their day-to-day operations on a wireless infrastructure.

Their product fits into the scene because it means companies don't have to entirely replace any of their existing wireless infrastructure.

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many options before choosing deCarta.

"We much preferred deCarta because they are easy to work with and their solution is capable of adapting to all sorts of mapping technologies," Kahn said.

## Originally for the blind

DeCarta launched in 1996 after incubating at the now defunct San Jose Software Business Cluster. The company was named "Telcontar," from J.R.R. Tolkien's "Elvish" word for "strider."

"And the investors still gave us funding," Fennell said with a laugh. "It was a classic case of never letting your software engineers name the company."

Telcontar's original vision was to build a device for the blind that would integrate GPS and deliver spoken directions for the user. While the product found success, Fennell said the market "thankfully" wasn't particularly large and the company began spinning off its knowledge into new areas.

"The technology that developed was all about the ability to process a lot of location information. Creating routes and directions is very difficult to do, and it's one thing deCarta did," Fennell said. "We morphed that to create sophisticated algorithms for how to get from here to there accurately

and legally."

The company found early success providing its platform to companies like Yahoo Inc. and Google Inc., which got the deCarta name in front of a lot of people. But both companies eventually decided they needed to own their technology, something Fennell said was inevitable, but still painful.

"DeCarta did a great job penetrating the early market for maps," said Eric Risley, managing partner at Architect Partners. "They have a great reputation and terrific technology, and now it's a matter of 'who is their customer and how do they best serve them?'"

Risley believes the deCarta can be an important building block to any application that uses location, a sector that is large and growing larger by the minute.

The question for big carriers ultimately will be is it voice, data or applications that capture consumer interest, Risley said.

"Let's enable the carriers, the handset guys and anyone who doesn't want to have Google as a major partner for competitive reasons," he said.

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Jeff Crowe



Eric Risley