

## **Ericsson sells Mobitex division**

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Total Telecom

A U.K.-based investment group announced Monday that it has bought Ericsson's Mobitex wireless data division and set up a new company called Mobitex Technology AB.

Financial details of the deal were not disclosed. Under the terms of the agreement, Mobitex Technology AB will become an Ericsson Strategic Business Partner and will also share certain technology patents.

Mobitex hardware will continue to be manufactured under contract by Ericsson.

In the immediate future the business will operate from Ericsson's premises at Lindholmen, Gothenburg, before relocating to new premises also in Gothenburg before the end of 2004. The number of employees will remain at around 100.

Andrew Fitton, the former CEO of U.K. Mobitex operator Transcomm, is the new company's main shareholder and CEO. Russell Backhouse, who was the financial director of BT-owned Transcomm until around six weeks ago, is also on board as chief financial officer. Swedish banking group Handelsbanken is providing financial backing.

According to Fitton, the Mobitex business unit is profitable, although he added that sales have been lower this year than last.

Mobitex is a narrowband data-only network that uses packet switching technology and is based on an open international standard. It provides a data transmission speed of 9.6 kilobits per second, which although not fast is guaranteed for all traffic passing through the network.

The technology is currently deployed in more than 30 networks around the world and is also used by government, emergency and corporate organisations. U.S.-based wireless operator Cingular runs the largest Mobitex network in the world.

Ericsson developed the technology in the mid-1980s, originally in a joint venture with Telia. The sale to the new owners means that the Swedish vendor will eventually no longer be responsible for licensing and selling Mobitex systems.

According to Fitton, Ericsson will continue to handle around six customers for now. In countries such as the U.S., China, India, Canada, Mexico and Korea the Swedish group had bundled Mobitex support with other wireless technologies.

"It'll take some time to unpick these contracts," commented Fitton.

Indeed, practical issues such as these meant the deal took much longer to complete than originally expected: Negotiations began in around September last year.

Fitton's immediate tasks will be to reorganise the business and to introduce more focused sales tactics.

"It had unrealistic objectives before," said Fitton. "We need a more focused approach."

What this means is that Mobitex Technology AB will concentrate on areas where it believes Mobitex is a better fit than other wireless data systems such as GPRS, for example.

"There are currently around 10 to 12 key opportunities around the world," said Fitton, who sees typical target areas as emergency services, public transport and small, private networks such as the Mobitex network deployed at Frankfurt airport in Germany.

The new firm will also help existing customers such as BT and Cingular to develop their networks further.

For the time being, Mobitex Technology will largely function as a developer and licensee of hardware and software, and has no plans at present to build or operate its own networks. However, this is something that the company might consider doing in future, Fitton added.

It also has no plans at present to make its own PDAs, relying on other manufacturers to provide Mobitex-based end-user equipment. Indeed Research in Motion has just launched a new Mobitex-based BlackBerry PDA, the 5790, for use in the U.S. market.

Fitton outlined a possible strategy that might eventually be adopted by the investment group behind the Mobitex acquisition: buying other niche technology businesses from large vendors such as Ericsson, Nokia et al.

The aim would be to create a "new technology" group that would be more flexible than the larger vendors. However, nothing is in the pipeline at present, said Fitton.