

Qualcomm buys Irish cell phone marketer

by Jonathan Sidener

SAN DIEGO - Qualcomm has purchased Irish cell phone marketing company Xiam Technologies for \$32 million, the San Diego company said at its annual meeting Tuesday. Dublin-based Xiam uses information about online behavior and demographics to send targeted offers to consumers' cell phones. Its acquisition marks Qualcomm's second significant purchase of a mobile commerce firm in less than a year.

Qualcomm Chief Executive Paul Jacobs remained upbeat in his presentation to shareholders following a year marked by courtroom losses and unpaid licensing fees by a major customer.

He reaffirmed the company's second-quarter revenue estimates and announced a \$2 billion stock buyback. Jacobs also said the company would increase the quarterly dividend from 14 cents to 16 cents a share.

Jacobs contrasted Qualcomm's condition to rival Texas Instruments, which on Monday reported a softening of demand for cell phone chips and lowered its estimates for the current quarter.

Jacobs said orders remain strong at Qualcomm and the company is on track to record revenue of \$2.4 billion to \$2.5 billion, driven primarily by sales of third-generation, or 3G, Internet-capable phones.

He said the dispute with Nokia, which hasn't paid royalty fees since April, is progressing toward resolution in a Delaware court.

Qualcomm continues to pursue the option of spinning off its chip-making division into a separate company as a defensive move against litigation by Broadcom and Nokia, Jacobs said. Qualcomm says rival companies are attacking the chip division through patent-infringement lawsuits in hopes of reducing licensing fees from the intellectual property division.

"We've done a fair amount of work in preparation," Jacobs said. "If it becomes the case that we develop more shareholder value (through a spinoff), we'll do that."

The acquisition of Xiam gives Qualcomm a company with technology designed to boost mobile commerce. Xiam's main product, called My Personal Offer System, combines opt-in demographic information such as age and gender with such information as a consumer's location and browsing history and previous purchases of consumers browsing Web sites on mobile phones. The service then attempts to offer relevant products.

A user browsing ring tones, for example, might get an offer for a music download for a specific song based on the composite profile.

"It looks at all this information, looks on the site for similar content, and in real-time fields a relevant offer," said Liz Gasser, director of business development for Qualcomm Internet Services.

The service also can deliver targeted banner ads for the cell phone Web pages. The personalized ads are clicked on up to 10 times as often as typical Web ads, she said.

Xiam will continue to offer its stand-alone Personal Offer service. At the same time, Qualcomm will add the technology to Qualcomm Internet Services, the division that developed BREW, or binary run-time environment for wireless. BREW is a platform to enable gaming and other advanced features on cell phones.

In November, the Internet Services division paid \$210 million to acquire Firethorn Holdings, an Atlanta mobile banking technology company.

The common element of BREW and the two acquisitions is the potential to accelerate the use of mobile gadgets for advanced Internet functions such as shopping, banking and gaming, Gasser said.

Advanced services increase demand for advanced phones, and that's good for Qualcomm and the industry as a whole, she said.