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Indian company does an encore with technology licensing

Having already encountered success in exporting technology on license, Bangalore-based Ncore Technology is metamorphosing into what could be the country's first fab-less and board-less, semiconductor product-technology-on-hire company.

While the Indian software community was still merely talking products, Ncore had been silently creeping up the ladder, winning clients who might very well feature on page one of global business' who's who. Now, it is also speaking to a few venture capital companies to fund the massive expansion required to execute its teeming order book.

It all began around a couple of years ago when the company strode into places like Israel, Korea and Japan offering its techno-ware. To the surprise of most skeptics, Ncore actually mopped up clients who were willing to sign Ncore's licensing terms-which included upfront royalty fee, plus recurring payments linked to the sale of products into which the technology went. Today, Ncore is building complete solutions for the products of OEMs round the world, rather than restricting itself to narrow areas.

That means compulsory diversification for the company. "The IP (intellectual property) can't be used straight out of the oven," explains Vinay Deshpande, Chairman of Ncore. To satisfy clients' requests, Ncore had to do everything required to adapt its technologies to the OEMs' products. Initially, clients were paranoid about letting Ncore do that, especially since they were dealing with sophisticated products. But on witnessing how robust Ncore's work was, they decided to outsource even the adaptation work from it. This is significant, because it involves providing access to a lot of sensitive product information.

The first Japanese client to whom Ncore delivered a solution (everything on license) was impressed with its handiwork. "That's the reason I went back to Japan last month," says Deshpande. "They had recommended us to another Japanese company." He came back after signing up another Japanese company-not as a client, but as an Ncore representative in Japan.

Deshpande is also close to nailing a deal with two companies there, and negotiating with four more, but "unfortunately, I'm not allowed to disclose their names." But, between them, they constitute most of Japan's 10 big names. Just last month, a second OEM client was signed up, who will pay Ncore a royalty for the life of its product, which happens to be 10 years.

After Japan, Deshpande's destination of choice is Europe, unlike for others who go after the US. He sees an enormous untapped potential there, which is just opening up. He is currently negotiating with companies in Germany, England, Denmark and Scandinavia. A highly influential and powerful group in Germany is about to partner with his company.

There is a reason for his obsession with the continent. More than half the important telecom equipment manufacturers have their origins in Europe. "Telecom renaissance began here. There are also a lot of users here and products are becoming more and more intelligent," Deshpande points out.

There are also lots of appliance manufacturers in Europe. Both industrial as well as home appliances. Deshpande's mission is to embed the brains for these. That's one of the reasons he has partnered with Sun Microsystems to become their authorized Java (and Jini) solutions provider. It has already started enjoying the honeymoon. It got a lead through Sun which is now turning into a client in Malaysia.

Ncore is also looking at setting up its own office in the US, probably in Silicon Valley. Closer home, it has tied up with Texas Instruments (TI) India, for which it is now the authorized solutions provider.

Most of Ncore's work revolves around communication protocols. It sees enormous potential in this area alone. It has licensed out V.17 technology to two big groups. As a logical extension, the company will move on to IP (Internet) technologies and surrounding areas such as Voice/IP and other services over IP. "We participated in Cebit and DSP World. In both the places, everyone was talking about VoIP. We were also pleasantly surprised to find that Ncore was fairly well-known amongst the telecommunications community," Deshpande says.

Apart from these, the company has also developed experience in Windows CE, so as to be able to port or build solutions for any kind of client. Sun itself sees billions of ultra-thin clients which eminently suits Java, in home appliances. Ncore plans to extend the strategy to industrial appliances and make them talk to each other. To get ahead with the strategy, it is in the process of building teams in the rest of the software layers.

Till now it was present only in the systems software area, but the company is now adding teams to develop middleware software based on standards such as Corba, and high-level application programming, and make them talk to each other.