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Interview with Steve Andler, Networks In Motion



Networks in Motion (www.networksinmotion.com) is an Irvine-based firm in the location based services (LBS) space, which is backed by Sutter Hill, Mission Ventures, and Redpoint Ventures. We met up with Steve Andler, VP of Marketing at the firm at CTIA earlier this week, and spoke to him about the company.

Ben Kuo: What does Networks in Motion do, and what is your product?

Steve Andler: The most famous of our products is Verizon Navigator on Verizon Mobile, which is based on our reference platform. We provide white label location based services applications to carriers. We also have a LBS geospatial platform called NavBuilder which all our applications are built on and which we license to other developers. For example, we are a sponsor for the Global LBS Challenge, and we were the winner for two of the five years of the competition. As we've matured as a company, we're now providing those tools to carriers to enable their own applications.

Ben Kuo: How do you products go to market, do you sell your products directly to consumers or to carriers?

Steve Andler: It's a mix, right now the primary product is white labeled by the carriers. We're sold through carriers even though we're building products for consumers and business people. The reality is our applications are sold by the carriers to the consumers.

Ben Kuo: How long have you been working on this technology?

Steve Andler: We were founded in 2000. At the very end of 2005, early 2006 we launched with the Verizon network.

Ben Kuo: What's the funding background on the firm?

Steve Andler: The initial funding for the company came from angel funding with the founders, the B round funding came from Mission Ventures and Redpoint Ventures, and our C round that happened last March was led by Sutter Hill.

Ben Kuo: Tell me a little bit about the market, has location based services taken off--I've been hearing for awhile that "location based services" is the hot thing--where is it now?

Steve Andler: Right now it is the hot thing. If you look around at the show, you'll hear that Verizon is sort of the breakthrough success application, with hundreds of thousands of users, in a very short period of time--since February. I think we've finally proven that you can have a successful

location based services that consumers will buy and use.

Ben Kuo: Tell me a bit about your application--are there service or phone limitations, where's the sweet spot for your application?

Steve Andler: You need a handset that has GPS in the handset. Most of our solutions are running on a Qualcomm GPS 1 solution, which is called Assisted GPS, which means you get a rapid quick fix from the network assist to figure out where the handset is and where the satellites are. So, instead of a typical GPS startup where it will typically take three to five minutes to get a fix, we can do that in 20 to 30 seconds.

Ben Kuo: Do people pay extra for your location based service?

Steve Andler: For the short term, it's a monthly subscription. On the Verizon system there is a 14 day free trial, which converts to a monthly subscription. We see a significant number of users converting from that free trial and who continue to use it on a daily basis. Those users are paying \$9.99 a month for the service.

Ben Kuo: Are there other carriers with your service?

Steve Andler: Yes, although unfortunately I can't preannounce those carriers products. We are supporting most of the carriers, except a few that do not support GPS in the handset. Some of the carriers are farther ahead than the others.

Ben Kuo: So are most of the uses for navigation applications?

Steve Andler: Most of them are navigation applications, and there's also local search. You'll see our other category applications launching before the end of the year with other carriers.

Ben Kuo: So with your local search products, where are you getting the data?

Steve Andler: At the moment on the launched product we're using the NAVTEQ database for local companies. Currently we're updating that quarterly, and pretty soon that will be a real time update.

Ben Kuo: What do you think about the companies saying they'll use coupons and promotions with location based services?

Steve Andler: That's an interesting business model. I think that model is something that will happen in our industry, but it will be awhile before we can deliver it. The reality is that the paid advertising model can replace the subscription model, but to be able to do that you need four to ten million users. And we're not anywhere near there. The first two million users are going to be on a subscription basis, then you'll start to see some breakthrough ideas on pricing it lower, and perhaps instead of a search based on radius a search based on who wants to serve you up an ad.

Ben Kuo: Thanks for the interview, and good luck at the show!

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