

BUSINESS & TECHNOLOGY

MATTHEWS BANKROLLS NEWPOR

Technology magnate **Terence Matthews** has told investors in **Newport Networks**, once one of his most promising new companies, that he will personally finance day-to-day operations while the struggling firm searches for a buyer.

The Welsh company was launched to make advanced gear to help phone companies manage internet communication. But sales to major phone companies failed to materialize and new products aimed at smaller customers have proved disappointing. Much bigger competitors are now adding Newport features to their offerings.

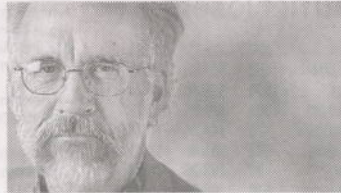
Sales in the first six months of this year fell 76 per cent to \$36,000 and losses more than doubled to \$15.5 million.

Mr. Matthews told shareholders that the number of employees at the company, which once had Ottawa operations, has been reduced to four. He said while there have been discussions with several potential buyers of Newport or its technology, "the board of directors is not optimistic that these discussions will reach a successful conclusion." The company wrote off hardware inventory and lab hardware worth about \$7 million.

On a happier note for another Matthews company, **Natural Convergence**, a \$4-million fire at a Bank Street office building shows how phone service can continue through a disaster.

The Canadian Co-operative Association offices were hit by a major fire Sept. 15. But the 37-employee operation, which supports credit unions and co-ops across Canada as well as international development projects, maintained phone service because there was no beige box in an office service closet to burn or lose power in the emergency.

"Our computers were knocked out and our office



BERT HILL
WORKING CAPITAL

phones are covered in black stuff, but our communications continued without an interruption," said Norma Jones, director of finance and administration. "It's a miracle."

She was interviewed on her cellphone. All CCA calls are going directly to cellphones or voicemail so CCA staff can handle calls — which can involve eight to 10 simultaneous calls at busy times in the day.

Natural Convergence, a seven-year-old startup, makes Silhouette, a managed voice-over-internet communication application for small- to medium-size businesses and organizations. **BluArc Communications**, an Ottawa business communication service provider, supports the hosted technology from remote locations. BluArc chief executive Jay Swayze said the number of customers is growing 30 per cent quarterly and now numbers in the thousands of business lines in the Ottawa area.

"Large companies have the resources for disaster recovery and service maintenance programs, but most small businesses can't afford that. We give them everything they need. The only thing we don't provide is a busy signal."

When BluArc discovered through its remote routers that the CCA operation was in trouble, it started switching service. Two other smaller customer organizations in the same building were also supported, but other tenants of the building at 275 Bank at Somerset were not as lucky. A 31-year-old

man has been charged with arson in connection with suspicious fires at the building on Sept. 15 and Oct. 1.

Andrew Skafel, vice-president of marketing with Natural Convergence, said the Silhouette technology also proved its effectiveness in Galveston, Texas, during Hurricane Ike. He said the number of phone lines supported by the technology is doubling every eight months and is now more than 50,000. Another Matthews company, **Mitel Networks**, also gets a piece of this good news story. Its phone technology is part of the Ottawa and Galveston customer operations that came through the disaster.

Students at **All Saints and Earl of March** high schools will get on-the-job exposure to the technology world this year. One day a week, they will work on a social computing software project at RIM, IBM, Nortel, Carleton and the University of Ottawa. The program, sponsored by OCRI, the technology lobby group, and the Ontario Centres of Excellence, is aimed at getting more students interested in a technology career.

People:

Benoit Robitaille, a veteran Ottawa technology executive, has raised \$400,000 through the launch of Green Swan Capital on the Canadian Venture stock exchange. The new capital pool company plans to invest in undisclosed prospects.

PricewaterhouseCoopers has promoted **Kent Smith** to associate partner in the Ottawa office. He leads the scientific research and experimental development tax incentives business.

Companies:

Thermal Energy International said sales jumped 470 per cent to a record \$2.75 million Inc. in the fourth quarter