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Ticker Tape Via TV videophone.

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While travelling in the US West Coast, I came across a just-released product that was called ViaTV Phone. The set-top product transforms a standard television and touch-tone phone into a videophone that delivers full-color telephone quality video. It is made by 8x8, Inc. 8x8 is a newly listed public company at the Nasdaq (symbol: EGHT) having made its IPO debut last July at an offering price of \$6.50 per share.

The product itself is simple enough to operate. You attach your telephone line to the box (a little bit bigger than the controller for cable TV) and the audio and video jacks to your television. Then you call the other party (who should have a compatible standard videophone) and you see him on your television monitor. You converse with the other party with the convenience of seeing them as you speak to each other.

The video comes in at 15 frames per second (fps) with a camera resolution at 752 x 480 pixels. If you want a sharper and clearer picture, then the movement becomes jerky. If you are willing to forego with the resolution, then the movement is much more fluid. You can also capture a still frame picture. The video data rates of 15 fps is a result of using analog telephone lines that limit data transfer rates of up to 33.6 kilobits per second. Television and movies, by comparison, offer 30 and 24 frames per second respectively. ISDN video conferencing comes in also at 24 frames per second. Thus, at 15 fps, the movements on ViaTV Phone will be choppy if the other party is moving around a lot. Otherwise, it is quite sufficient. Lastly, the unit comes in at \$350 dollars retail, which is a breakthrough in price and quality.

The company did an IPO last July. Its prospectus reveals a lot about how its products, financial position and risk factors are positioned in the market. The strength of the company is in its design of a chip that combines a reduced instruction set computer microprocessor, a digital signal processor, memory and proprietary software that performs the real time compression and decompression of the video and audio being transmitted over the telephone line. It adopts an international standard for video telephony over the telephone line called H.324, thus guaranteeing compatibility with other manufacturers of video telephone.

In the fiscal year ending March 1997, the company had revenues of \$19.1 million with an expected loss of \$13.6 million (or a loss of \$1.14 per share). The company has operated at a net loss for the years 1993, 1994, 1995, 1996 and 1997 at \$841,000; \$348,000; \$5.88 million, \$3.22 million and \$13.62 million respectively.

I think two things are significant in this aspect. One is the valuation given to this company in spite of the fact that it has not made money in the past five years. The current price of the stock (\$10) also hints that there is possible demand and potential investor interest in it. Thus we have a company that has a concept and a potential market for an untested product being able to raise funds in the capital markets. The funds it raised in the IPO will help the company ramp up production and its marketing efforts and strengthen its research and design to produce additional innovations in this field.

The other is ease of access to information and the availability of such data that an investor will have to research on a stock. As I have mentioned before, the U.S. Securities and Exchange Commission (SEC) has a web site (www.sec.gov) that offers a mountain of data on any publicly-listed corporation in the U.S. Such a site will be very useful to any investor, if and when either the Philippine Stock Exchange or our own SEC shall provide one.

(Readers' comments, suggestions and topics of interest are welcome. Fax your comments to BusinessWorld at 727-6017 or email at fbreyes@I-MANILA.COM.PH. You can leave a message at 635-5735.).

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