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Local firm optimizes cellphone networks

Mobile carriers have turned to Vantrix: Company's software compresses media, mainly video, to reduce strain on systems

By JASON MAGDER, The Gazette May 20, 2010

When wireless networks worldwide started having problems keeping up with demand for data from smartphones, they turned to a Montreal-based company for a solution.

Vantrix, a 90-person software company headquartered downtown, has been working on optimizing media for mobile phones for the last six years. Now, in the age of bandwidth shortage, mostly in the U.S., Vantrix is set to capitalize on its hard work.

"It seems the market is finally catching up with us," said Patrick Lopez, the chief marketing officer for Vantrix.

Vantrix, which also has offices in London, Dubai and Hong Kong, was spun off six years ago from VoiceAge Corp., using research from the Université de Sherbrooke.

The company has 60 clients, mostly cellular providers outside Canada, such as T-Mobile and Orange Group in Europe and MTS in Russia.

Vantrix produces several software solutions, all aimed at compressing media on mobile devices, while maintaining the quality of the source.

"We compress and adapt streaming algorithms tied to video consumption making it a little less painful for operators, and saving them hundreds of millions of dollars in aggregate," said company CEO Allan Benchetrit.

The company recently received \$14 million in venture funding from a group of investors led by Boston-based Tudor Ventures. To date, the company has raised \$38.5 million over three funding rounds since it was founded.

Dan MacKeigan, principal at Tudor, is optimistic about the company's prospects.

"They seem to have the leading position in the marketplace," MacKeigan said.

He explained there is a serious problem in the U.S. with bandwidth issues, as networks are struggling to keep up with the demand.

One company that has had notorious problems dealing with bandwidth demand is AT&T. The company, which has exclusive rights to provide service for iPhones, has been under fire from iPhone users in major U.S. cities, such as San Francisco and New York. Users there have complained that their calls are being dropped.

"Wireless carriers are already operating at over 80 per cent capacity, so it doesn't take much more increase in smartphone penetration to see carriers' networks coming to their knees without a better way to deliver video," MacKeigan explained. "About two thirds of wireless traffic is video, so if you can tackle the video problem effectively, you can better monetize your bandwidth."

Vantrix is looking to sign on many more cellular providers as customers. The company expects to double its revenue in 2010.

The venture funding will be used to support that growth. Vantrix will be hiring 30 employees in the company's sales, marketing and operations divisions, mostly in the Montreal office, to work on growing the company's operation in bandwidth management issues.

"We signed some very big channels. We're still signing some other big channels," Benchetrit said. "For us, the big opportunity will be to make sure we can support the growth."

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