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## Global

### Cisco's Hiring

It might not be the doc-com boom, but it's sure feeling like old times again at Cisco Systems. In its 10-K, the company disclosed that it hired 11,609 people in fiscal year 2007, which ended in June. The company now has a total head count of 61,535. Those new employees included 3,300 who were assimilated through various mergers. The good news is that this hiring binge is expected to continue, according to the filing, though how much will be in Silicon Valley is hard to say. According to its financials, Cisco's fastest growth occurred in "emerging markets" such as Africa, the Middle East, Russia and Eastern Europe. So if you're having trouble landing a job

in the South Bay, maybe it's time to grab your backpack and "Let's Go" guide and head off to exotic lands.



## United Kingdom

### iPhone – U.K. sales to begin in November

Apple on Tuesday announced its first overseas partner for the iPhone: 02, a wireless carrier in the United Kingdom. Apple and 02 will begin selling the smart-phone in the United Kingdom Nov. 9 for about \$537. Cupertino-based

Apple, which has only 10 retail stores in the United Kingdom, also will sell the iPhone through the Carphone Warehouse, a local chain of mobile phone stores. Apple expects to sell the phone in Asia beginning next year.

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”Although the commercial side of the Internet has experimented with a wide variety of business models over the past decade, advertising was the clear choice for digital media.”

## United Kingdom

### Ballmer: Future is digital media

Paris – Microsoft Chief Executive Steve Ballmer, vowing that the company’s \$6 billion plunge into the ad business two month ago was not just an experiment, said Tuesday that advertising would become 25 percent of the company’s business within few years. That, he said, would be about the same amount of time it would take for all media and marketing to go digital.

“Over time, all ad money will go through a digital ad platform,” Ballmer told a gathering of European ad agencies and clients. “All media goes digital; all advertising goes digital.” At the same time Ballmer played down reports that Microsoft may buy a stake in the Palo Alto social-networking site Facebook.

“We are so delighted to be the advertising sales partner for Facebook,” Ballmer said. “everything else is just press, idle speculation.”

Ballmer’s remarks came the same day that the British online advertising trade group, the Internet Advertising Bureau, reported that Internet marketing had grown 41.3 percent in the first half of 2007 and accounted for 14.7 percent of the British ad market.

The total British market grew 3.1 percent in the first half of the year, to 9.1 billion pounds (\$18.2 billion). Without Internet advertising, however, total media spending would have fallen 1.9 percent. “Once again, the Internet has propped up the U.K. advertising economy and remains the fastest growing advertising medium,” the group said.

Microsoft became a player in the ad business with its August purchase of aQuantive, which provides a technology that places ever-changing Web site ads in front of Internet viewers, based on specific conditions.

Ballmer is trying to convince media specialists that Microsoft is serious about catching up with Google as the digital brand of choice for advertisers, who spend about \$550 billion a year. He said that Microsoft was not in danger of losing its focus and turning into an entertainment company. “ ‘ Brand Microsoft’ should be seen as a software competence company,” he said, adding that the company had other brands with other roles, like the Xbox game console. Micro-

soft has more to overcome in Europe than just being No. 2 in advertising, having lost its appeal of the European Commission antitrust judgment against it last month.

This week Forrester Research released a study of online consumers and technology brand in Europe showing that Microsoft scored low in trust among regular users.

“I think that a lot of brand issues have something to do with some of the matters that we have been confronting,” Ballmer said. “As we move down that path very constructively, that will have a positive brand impact as well.”

Although the commercial side of the Internet has experimented with a wide variety of business models over the past decade, Ballmer said advertising was the clear choice for digital media. In recent days, two prominent news Web sites – the New York Times and the Financial Times - said they were scaling back attempts to charge subscription fees for some of their content.

“As much as people sometimes like to pick bones with advertising, people much prefer an ad-funded experience to one that they pay for,” he said. “Even the basic software that we’ve delivered for so many years – if it can be ad-funded in the way it gets delivered to consumers, it probably will be ad-funded.”

One advantage of digital media, and advertising on it, is that its use can be examined in minute ways and the information employed by marketers to increase sales.

Google is buying its own digital advertising technology, DoubleClick, which leads the market in Europe as well as the United States, although Microsoft is challenging that purchase as anti-competitive.

Brian McAndrews, the founder of aQuantive and now Microsoft’s senior vice president for advertiser and publisher services, said his company would be rolling out its digital marketing services network in France, Spain, Germany, and Italy over the next couple of months to take on Google and DoubleClick.

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# Finland

## Finnish lines are crossing to San Jose



“Most of the companies are focused on business development, they want to establish partnerships and they want access to venture capital.”

When a Finnish company sews up the technology market in Finland, it's still got only the 0.5 percent of the global market. And so it is not surprising that Finnish companies are looking beyond their borders.

That they would land in San Jose is not a big surprise either, because two years ago San Jose's economic development officials targeted the country of 5.2 million people as a highly educated place with a lot of engineers and a need for stepping stone to world markets.

A 2005 visit to Finland by then-mayor Ron Gonzales opened the door to Finland. On Oct. 9, the mayor of Oulu, Finland, Matti Pennanen, will arrive in San Jose to meet with Mayor Chuck Reed to further the relationship. He will be accompanied by the representatives of six Oulu technology companies. The delegation will discuss the use of space in one of San Jose's business incubators.

“We are very eager to see this new society and how it is working,” says Pennanen, speaking by phone 10 time zones away in Oulu. “It will be very interesting to see one of the world's best areas doing this kind of business.”

Security company F-Secure, another Finnish-born tech firm, has been in San Jose for more than two years. It sees Silicon Valley as a stepping stone to world markets, says President and CEO Kimmo Alkio, during a recent visit to

its North American headquarters on North First Street. His San Jose team is primarily sales, marketing and support people. Most of F-Secure's research and design will remain based in Helsinki.

The biggest difference between Finland and California, says Alkio, is the cycle time. “It is much faster here,” he says. “The clock speed is the speed at which a software company should run,” he says.

Oulu-based Codenomicon, which makes systems to test networks and products for security, also opened a small office in San Jose two years ago on North First Street. After opening in San Jose, the company went looking for what it described as an international CEO. They found one in Isaac Sundarajan, an Indian born San Josean. He moved the CEO's office to San Jose. From here, Sundarajan used contacts he had to move into Japanese market. “This place is a global hub,” he says. “We can leverage that.”

Among the companies coming to San Jose from Oulu next week is Navicron, which designs and develops wireless platforms.

“There are many similarities between San Jose and Oulu, but San Jose is so much bigger, says Matti Kattilakoski, who is Navicron's chairman. “It has so many more companies working with technology. There is a great market potential there.”

He plans to start with a sales and marketing team, develop

sales support and then add some engineers.

“We have an engineering team up and running in Oulu,” says Kattilakoski. “We need first to strengthen our sales and marketing activity. I'm the first person from the company in the United States.”

Most of the companies are focused on business development, says Joe Hedges, international program manager for San Jose's Office of Economic Development.

“They want to establish partnerships and they want access to venture capital,” he says. Other countries including Japan, Korea and Scotland have created similar kinds of programs in San Jose, Hedges says. Locating here “helps them conduct business in an international environment.” Adds Ruani Weerakoon, senior policy advisor to Reed, “Companies from all over the world who want access to the world land here.”

Of the many talents and passions that the Finns will bring to San Jose will be air guitar performance. Oulu hosts the world championships in air guitar performance. Asked to explain how this caught on, Mayor Pennanen says, “We have a lot of technology and engineers. They like to have fun and do some crazy things, even though they are engineers.”

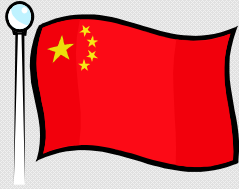
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# Asia

## Dell to expand PC sales in China by selling in stores



“ ‘Our market share in China is obviously well below our global average. So we hope to be successful here and get our rightful share of business.’ “

Beijing – Dell announced a deal on Monday to launch a retail presence in China by selling computers through the country’s biggest chain of electronics stores as it struggles to capture a bigger share of the booming market.

The deal extends Dell’s strategy of expanding beyond its traditional Internet- and phone-based sales model into retail to cope with competition from Silicon Valley’s Hewlett-Packard and other rivals. Dell also has targeted China with a low cost PC unveiled in March and aimed at rural customers.

Sales will start in 50 Gome Group Stores next month and expand to more stores early next year, said Michael Tatelman, vice president of marketing and sales for Dell’s global consumer business.

“Our market share in China is obviously well below our global average. So we hope to be successful here and get our rightful share of business,” Tatelman said. “We think this partnership gives us a platform to certainly expand our business here.”

Tatelman declined to give any sales projections.

Dell, based in Round Rock, Texas, used to lead global PC sales with its lower –cost direct sales model. But since being overtaken by HP last year, Dell has started to turn to retail sales, including recent deals with Wal-Mart Stores in the United States, Bic Camera in Japan and Carphone Warehouse in Britain.

Dell says it has about 18 percent of China’s PC market by revenue and 10 percent by number of units sold. Worldwide, its market share is 16.1 percent, according to consulting firm Gartner-Group.

In China, Dell trails Beijing-based rival Lenovo

Group, which bought IBM’s PC business in 2005, and Hewlett-Packard.

The new China sales plan calls for putting Dell employees in some Gome stores. The chain has about 700 outlets in 210 cities in China.

Gome already sells home computers from a wide range of brands, said Wang Junzhou, the company’s executive vice president, who joined Tatelman at the news conference. He said some outlets have more than 200 different models on display.

Dell models to be sold at Gome include the XPS M1330 and Inspiron 530 desktop, according to the company.

Dell plans to continue with its Internet and phone-based sales in China, Tatelman said. He declined to say which method was expected to be more profitable.

The low-cost basic desktop PCs designed for China that went on sale in March are priced at about \$300, he said.



## Avago to cut 400, boost outsourcing

Avago Technologies Ltd. will cut its staff by about 400 employees as it outsources more of its manufacturing program, the company said Sept. 25. San Jose-based Avago, which supplies analog interface components for communications, industrial and consumer applications, said most

of the job cuts will be in Asia. As a result, the privately held company expects to record a cash charge between \$5 million and \$7 million during its fourth fiscal quarter, ending Oct. 31.

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