

Exhibit 9



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Rethinking the Cell Phone

An Israeli startup has made a modular mobile phone that can work on its own or slip into other electronic devices. Will it catch on?

By Kate Greene

If you could reduce a mobile phone to its essence, it would look like the Modu. This tiny phone, which is slightly larger than a domino, is capable of sending and receiving calls and text messages. It can store contacts and MP3s with up to 16 gigabytes of storage capacity, and it has a small but usable screen and a sparse keypad that lacks numbers. Launched this week at the [Mobile World Congress in Barcelona](#), the Modu can be used as a stand-alone phone. But more important, it can also be slipped into a variety of "jackets," such as in-car MP3 players, Global Positioning Systems, and larger cell phones, that expand the Modu's functions and change its look.

Modu Mobile, the Israeli startup that launched the phone, is hoping to change the way that consumers think about their handhelds, explains Itay Sherman, the company's chief technology officer. Today, people generally have one phone that they use all the time, and they use it for a year or two because it's too expensive to buy a new model more frequently. But Sherman says that the idea of one phone for all occasions doesn't mesh with people's lifestyle. Sometimes you want to walk around with the smallest possible phone, he says; other times you want a good messaging device with a large keyboard, or a media player with a large screen. "Instead of buying a completely new phone, the jacket enables you to switch."

In making the Modu, Sherman says, there were a number of technical considerations. While semiconductor technology is at the point where chips are small enough to easily fit into the mini mobile, his team also had to shrink the phone's other features, such as the screen, keypad, and battery. The display, for instance, needed to be specially designed: it uses organic light-emitting diodes and is a mere one millimeter thick. (See "[Super-Vivid, Super-Efficient Displays](#).") Knowing that it would be impractical to put a full, numbered keypad on the Modu, Sherman says, his team designed a simpler keypad that lets people access menus on the screen, similar to those of MP3 players. The lithium-ion polymer battery, which uses the same basic technology as traditional phone batteries, was customized to be thin and long, while still providing about 3 hours of talk time and 100 hours of standby.

Once a user plugs the Modu into a jacket, however, the features improve. "The jacket may also have a battery," says Sherman, and the combined device shares the load between the two batteries. "It extends the talk time and standby time."

One of the main innovations, says Sherman, is that the software that runs the Modu automatically reconfigures when it is put in another device. A resource file defines the way the Modu and jacket will work together. "Every jacket you plug into, you'll get a completely different experience, yet it keeps the basic functionality in all cases so that it's familiar to the user," he says.

Beyond cell-phone jackets, Modu Mobile will offer other consumer-electronics devices in which the phone module can be inserted, improving the basic functions of the device. For instance, a camera with the Modu could wirelessly send pictures to other phones, and a car entertainment system designed for the Modu could let a user access his MP3s while enabling hands-free calling.

This isn't the first time that consumer-electronics companies have tried to build modular phones, says **Avi Greengart**, the research director for mobile devices at **Current Analysis**, a market research firm. He points to **IXI Mobile**, the maker of the Ogo mobile messenger. "It had the notion of connecting multiple devices together via Bluetooth," he explains. A user would have a basic storage module and then connect to a large display or media player. However, the technology didn't catch on because few people think to buy a shell of a media player and then the other pieces to make it work, Greengart says.

Greengart is skeptical that the Modu will take off. "It makes sense on paper, but in the past, every effort to create modular types of devices has failed because [the companies] miss the way consumers actually buy products," he says. "It requires a change in consumer behavior ... Consumers don't buy [multiple] modules at once or have the foresight to know that they're going to want more ... down the road."

Modu Mobile hopes to buck the trend by getting people used to thinking in terms of jackets and the Modu. "We want to educate the market on the flexibilities and offerings," says Sherman. The company's first products will be available in October in Italy, Russia, and Israel. The initial package, which will include the Modu and two phone jackets, will cost 200 euros, an amount that the company expects will be subsidized by cell-phone carriers. In 2009, the company will extend to operators in the rest of Europe and in the United States, Sherman says.

Greengart admits that by inking deals with major carriers in the three initial countries, Modu Mobile has overcome one of the hurdles in making a marketable phone. "Oftentimes, the biggest challenge with a mobile device is just getting it in front of the consumers," he says. "They have carriers in Israel, Italy, and Russia. We'll see how much weight they put behind it."

The Modu is a different idea, and "the industry could use more 'different,'" Greengart says. But it will be hard for the company to gain traction in the mobile market and, especially, compete with Apple's popular iPhone. "I hate to say it because it sounds cliché," admits Greengart, "but no matter what jacket you slip this thing into, it's not going to be an iPhone."