Dr. Roger E. Billings访谈

Gary Nash of CEOcast Interviews WideBand Corporation – ZWBC
President, Dr. Roger E. Billings
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Dr. Roger E. Billings is the Chairman and CEO of WideBand Corporation (ZWBC), which manufactures and markets high-speed networking equipment. He is noted for his contributions to the computer industry, such as Functionally Structured Distribution (FSD), an enabling technology behind client/server computing, and Buffered Packet Synchronization (BPS), a method of eliminating data collisions on computer networks.

His company recently announced a new product which allows Gigabit Ethernet over standard cabling.

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I’m Gary Nash, and welcome to CEOcast. My guest today is Dr. Roger E. Billings. Roger is the Chairman and Chief Executive Officer of WideBand Corporation, a company that trades Over-The-Counter Bulletin Board under the ticker symbol ZWBC.

Roger, welcome to CEOcast.

Dr. Billings: Thank you very much. I am very happy to be with you.

Mr. Nash: We’re glad to have you here. WideBand is in the high performance networking stage and dealing with the Ethernet. That sector has had some challenging times this year, and we’re going to talk about that. The good news is that you have recently launched a new product, and we’re definitely going to talk about that as we continue on with our chat. But, Roger, first, why don’t you begin by just giving us an overview of WideBand Corporation. Tell us about the Company.

Dr. Billings: I would be very happy to. WideBand is a company that is about six years old. We really are in the stage I would consider the latter stage of startup. We’ve been a technology development company, and we have developed products specifically for the education market. One of the industry partners we have is the International Academy of Science, and they have developed a series of educational video programs for teaching students science and mathematics. Originally they planned to distribute these on CD ROM. When we joined together with the Academy, our networking technology provided a way for them to distribute this high-quality video over the LAN. So that is kind of the niche we have gone into. Schools around the country are using WideBand, which is a proprietary networking technology, to deliver this high-performance video.

Mr. Nash: Now Roger, you say you target audience to the education system. Am I correct; is that target audience for the Company?

Dr. Billings: That has been the target audience. We’re just about at a point that it’s going to broaden, but it has been our audience up to this point.

Mr. Nash: Now, let me ask you this. This is a very crowded stage as far as networking solutions are concerned – on the private and the public level – and there are a lot of companies, howbeit they have a different take on technologies, but it is quite crowded. But, also there are a lot of companies that are focusing on this niche market, if you will. How are you unique? How are your products different?

Dr. Billings: Well, you couldn’t be more accurate. We think the education market is the toughest networking market on the planet. First of all, the customers in general are very sophisticated; second, they have very limited budgets; and third, everybody’s after them. So, if we can satisfy this market niche, we think we can go anywhere. That’s why we chose it. We wanted to come in and kind of hone our product – cut our teeth as it were – in the market segment that would be most difficult, and then when we established ourselves there, we felt we could go into other markets quite easily.
Mr. Nash: That’s a fair reply, but then that leads me to the next question. Why are the value propositions offered by your products and your solutions? Why should I look at WideBand’s product as opposed to XYZ Company?

Dr. Billings: Well, right now I believe we are the only company that can deliver 250 simultaneous high-quality motion picture video feeds over the same network connection simultaneously. We have the ability of really delivering a tremendous amount of bandwidth over the local area network.

Mr. Nash: How are you marketing the products and the solutions to the target audience? How are you letting them know about WideBand?

Dr. Billings: We have selected a dealer organization of 100 independent dealers located in strategic cities throughout the United States, all of which are targeted on the educational market. Up to this point in time, that is the only way we have marketed our products. We are just getting ready to launch a second brand name for our products, and with that brand name we will go through regular distribution channels. Now we are going to go after the big market.

Mr. Nash: Let’s talk about some of your products. Specifically, give us a general overview of those products and the platform, and then I want to talk about the latest launch of the new technologies that you have. But, just give us general overview of some of the products that you have.

Dr. Billings: Okay, good. We manufacture and market high-performance network cards. This is the module that plugs into computers so the computers can connect to the network. We also make the concentrators and the switches – the equipment that goes in the middle of the network to hook all these computers together – and we also have a line of high-performance servers. We are talking video servers, audiovisual servers, and different types of servers to store information as a network resource.

Mr. Nash: Again, the Company has just recently launched (and my listeners should know this) a new technology. Tell us about that.

Dr. Billings: Yes, all of our products, up until this point in time, have been based on our own proprietary networking technology. When we came into this networking space, there were no Gigabit networking products on the market, and so we pioneered what we think was the very first Gigabit speed product. That came out, like I say, about four years ago. The problem with the product, as far as wider market acceptance is concerned, was it was a proprietary technology only available from a few small companies. But it was the first here. Now, Gigabit Ethernet has finally gotten through the standard’s process of IEEE which, by the way, we were very actively participating in, and so Gigabit Ethernet is now being launched to the industry. But Gigabit Ethernet, though it is a standard, is suffering from a pretty serious problem and that is the products people are manufacturing today will not work over the wiring or the cabling that people already have installed in their buildings. So people are being required to pull new wires to install the new technology, and, although we need the new technology, the cost of rewiring – for many people – is prohibitive. So Gigabit Ethernet isn’t really catching on nearly as fast as everyone predicted.

Mr. Nash: Roger, before you go on, I just want to make sure that the listeners are clear. Given your products and given the market that you are going after, what is the opportunity in this space – and then I have a follow-up question.

Dr. Billings: Well, the opportunity we think is really significant because our scientists have been able to make a new product that is based on the Gigabit Ethernet standard, which means it will talk to everybody else’s product, but it is unique in that it will go the full 100 meter distance over all of the Category 5 cable that is already installed. We are pretty excited about that. We think that this product will launch this little Company out of obscurity into being a real player in this market.

Mr. Nash: But looking at the sector and looking at the environment from a macro point of view (you may disagree, but I think you would agree with me), it would require for some of the people to redo their infrastructure in order to support your technology. You’re dealing with a sector that, well the money is very challenging as far as new spending is concerned. Is that a problem for WideBand? I mean, how have you overcome that?
**Dr. Billings:** No, I think exactly the contrary. The reason that the networking sector is doing poorly right now is that the Gigabit Ethernet product did not take off the way everyone anticipated. If you go look at the advertising that our competitors are doing, you will notice that they are trying to help people around this problem of pulling new cables. It is very expensive to rewire a premise to be able to put on a new technology. The product that WideBand Corporation is just now launching does not require any change to the infrastructure. It plugs right into the existing cable. It plugs into the existing computers, existing switches, and yet it gives you that Gigabit speed.

**Mr. Nash:** Oh, well so then, basically the Company is finding opportunity in this current environment because it is adaptable.

**Dr. Billings:** That’s right. We think we have found a way to solve the biggest impediment that Gigabit Ethernet is confronting, namely working over the existing cable.

**Mr. Nash:** What about the scalability of the technology, how scalable is it?

**Dr. Billings:** Oh, it’s very scalable. But, of course, Gigabit Ethernet has been designed to be scalable. I would say all of my competitor’s products are scalable. The problem is people are not willing to spend the kind of money it would take to rewire.

I read an article recently, I believe it was in the *San Jose Mercury News*, that said if San Jose County near San Francisco were to rewire the whole county from Category 5 to the new “enhanced” wires, it would cost over a billion dollars. People just can’t spend that kind of money on upgrading their infrastructure.

**Mr. Nash:** Roger, speaking of competitors, given your technology and given the size of WideBand, who do you define as your nearest competitors?

**Dr. Billings:** Well, the market is cut up on a couple ends. 3Com is certainly one of the biggest players in this section of the market. But a lot of the people that we are competing with are the (I call them) *discounters*. We’re talking about Link Systems, SMC – people of that nature that are selling these products and trying to do so at a very low price.

**Mr. Nash:** It’s a very competitive sector. *What is the Company’s strategy for protecting its intellectual property?*

**Dr. Billings:** Well, we have seven patent applications which have now issued. So we have seven patents protecting our technology. We have two patents which are still pending. We have used copyrights in some cases, and we have one piece of our technology that we are protecting as a trade secret.

**Mr. Nash:** Let’s talk about WideBand, the Company itself. *The Company trades on the Bulletin Board, which is a very, very challenging market, if you know what I mean.*

**Dr. Billings:** It’s a place to start.

**Mr. Nash:** Right. The Company had an initiative to move to the NASDAQ. Where are we with that?

**Dr. Billings:** Well, we are targeting to be on NASDAQ in January. It looks like we are well on schedule for that. We also have been given an invitation by a firm in Germany to sponsor us onto the Frankfort Exchange, and we are hoping to go on that exchange by the end of next month.

**Mr. Nash:** The trading is quite interesting of the Company. *Once again to my listeners, the ticker symbol is ZWBC and trades on the Bulletin Board. Is there a problem of short selling in the Company? Is that an issue for WideBand?*

**Dr. Billings:** I really don’t have a way to track that on the Over-The-Counter market, but we did have some short sell, we think, for a while. But every constant chipping away by the new people coming into the stock seems to have pushed most of it out of the market, and we’ve moved up about 400 percent over the last 3 ½ weeks.

**Mr. Nash:** That’s great! That means the story’s getting out there. *How is that effecting the Company’s capitalization? Any company that really is on the Bulletin Board, they always have a hard time regarding a capital raise. As you stated, the Company is in its latter part – you
would consider latter part of the startup. Capital may still be needed. Has this posed a problem for WideBand?

**Dr. Billings:** Well, let me tell you an interesting story. About a year and one-half ago, we needed a million dollars of additional capital to finish the R&D on this new product — and, I might add, WideBand is debt-free. We’re still sitting on a nice piece of cash. But, we felt we needed another million dollars. We put out feelers to several associates for doing a private placement of our shares at $12.50 a share. Within one week we had received $1.25 million. We were oversubscribed by 25 percent and had to return that amount of the money at $12.50. Of course, those are restricted shares, and here we are in the market of $4.00. So I think it is a matter of people that really get in and look at the Company are pretty excited. The market, I think, will settle down a lot when we get on NASDAQ.

**Mr. Nash:** That is a significant vote of confidence from the investment community. So that leads me to ask: What was the message that you were putting out there to the investment community that they obviously got, therefore you got?

**Dr. Billings:** Well, the story that we told them is that we felt that we could make a Gigabit networking product that would work over the cables that everybody has installed. Now there’s a price war going on, on this networking equipment today — down to where many companies have very little margin in their products at all. But if you figure that to install a new network it’s going to cost a company maybe 25 - 50 thousand dollars, if they have to rewire on top of that, that could be another half million dollars. So the idea that we could come in with a product that maybe we would charge $25,000 more for our product, but we would save them a half million, we felt that we could inspire a certain percent of the market to come our way. This market is so large that even a very, very small percent could give us a very significant return.

**Mr. Nash:** So just expanding there a little bit, my question is, how are you positioning the Company to the investment community? The story is out there, but then as far as creating a presence, how are you letting the investment community know about WideBand?

**Dr. Billings:** Well, the Company has not really made much effort to tell our story to the investment community because we just felt that until we had the story a little further along, it was premature. I think with our new manufacturing facility now online and everything ready to go, we’re trying to tell that story, hence my willingness to do this interview. We have a website that we’ve created for our shareholders. It’s called zwbc.com. So it’s our symbol.com, and on there, a lot of our shareholders will check that on a regular basis. We always post financial and other information there as quickly as it’s available. We will begin a whole sequence of programs next year to take our story around the country and let people become aware of us. But that effort is just really getting ready to get underway because we felt first we had to get through the R&D stage and get this product shipping on the market so that people could see that it was real.

**Mr. Nash:** Give a minute, Roger, because the Company has demonstrated its ability to execute especially in the R&D stage, what can we anticipate from WideBand -- let’s say the next two quarters and from a strategic viewpoint?

**Dr. Billings:** Okay, good. We have taken advantage of the general slowdown in the technology sector to go out and buy about a million dollars of automated manufacturing equipment. We have a factory in Gallatin, Missouri, that can build all of the product that we will need in the foreseeable future, making us the only networking product company that actually builds their products in America. We’re going to put a flag on them, and we’re very proud of that. We expect to begin ramping up during this next quarter, but we don’t expect to have any real significant volume until first quarter of next year. Everything is coming on line. We just did our first production run of the new Gigabit Ethernet NICs this past week, and it went very well. So now we’re going to turn the marketing effort loose during the month of November. We expect to get sold out a little bit during the holidays (because this industry kind of goes to sleep) but then, starting early next year, we think this thing is going to really take off.

**Mr. Nash:** So, is it a challenge now, a matter of building attraction at this point?
**Dr. Billings:** Yes, that’s exactly where we are.

**Mr. Nash:** What do you view as the short term challenges for the Company aside from building attraction?

**Dr. Billings:** Well, whenever you really ramp up manufacturing like we are planning to do, it is always a challenge to make the whole machine start up in sync, to not get overstocked with inventory, to have all the parts you need, to try and keep your customers happy. We consider that to be a significant challenge. But, right now, my main focus, and the main focus of the Company, is on beginning to build our marketing program. We need to get our products out where people can buy them. Right now we’re not in any stores. We’re not with any distributor. The only way you can buy WideBand is through these 100 small dealers that only cater to schools. So we now need to get our products out into the mainstream, build our brands and our images, and start to generate some serious revenues.

**Mr. Nash:** So my final question is, Roger, what is it that you want the investment community and your current shareholders to know about WideBand Corporation? What should they know and what should they be looking at, at this point?

**Dr. Billings:** Well, I think they should know that we’re finally finished with the first phase of R&D, and we are very excited about the results. We have a product which we think is better than anything else in this segment. Second thing is, I want them to know that we have taken the steps to position ourselves with the resources, with the manufacturing capability, etc. so that we can crank out a significant amount of product in a reasonably short period of time. And finally, you know the whole computer networking segment has been in a serious slump for the last year, and that’s hurt the industry. But these slumps come and these slumps go, and we’re starting to see signs that this slump is starting to dry up. What happens is, when people start to buy again, there’s like a 12-month backlog of product that should have been installed that wasn’t. So we see a period coming up where there is going to be strong demand, and we don’t think the mainstream players will be able to fill it, which makes a wonderful short window of opportunity for us to get onto the playing field and begin to be a contributor. But, the name of the game for our Company now is going to be our ability to execute in our marketing.

**Mr. Nash:** Roger, I want to thank you for joining me on CEOcast. Very exciting times for WideBand.

**Dr. Billings:** It really is.

**Mr. Nash:** I’ve been speaking with Dr. Roger E. Billings. Roger is the Chairman and Chief Executive Officer of WideBand Corporation, a company which at present trades on the Over-the-Counter Bulletin Board under the ticker symbol ZWBC. Until next time, this has been Gary Nash for CEOcast.

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