



Vivace Chips Go to the Movies

Startup aims to bring its video processing chips to media players, high-def TVs.

March 1, 2006

Video chip startup Vivace Semiconductor said Wednesday it plans to start shipping chips for portable media players and high-definition TVs before the end of the year, reflecting the fast-growing market for products that can handle multiple video formats.

Based in Beverly, Massachusetts, the company is developing one chip for the portable video player market and another one for the high-definition LCD TV business. The company was founded in October, after receiving \$1.5 million in seed money from angel investors including David French, Vivace's chairman and current CEO of Cirrus Logic, a public chip company in Austin, Texas.

"What we see in the market is an explosion of video content," said Cary Ussery, founder and CEO of Vivace, which debuted at the Semiconductor Venture Fair just south of San Francisco. "You need a chip that supports different video formats and keep the cost down."

Vivace licenses digital signal processing technology from Improv Systems, an intellectual property house also founded by Mr. Ussery. He is currently Improv's president, although he plans to step down once a replacement is found.

Vivace's chips can process multiple video formats, including MPEG2, MPEG4, and H264/AVC. They are designed to run cool, an important feature for portable devices that are limited by battery life. The chips also are programmable, meaning that customers can add features onto the chip. Vivace engineers also have put VoIP onto the silicon.

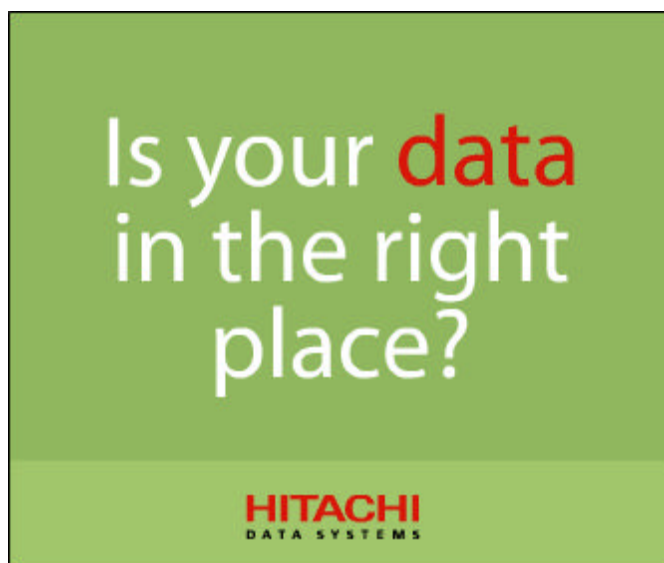
The startup is working with a portable media player maker in the United States and an LCD TV company in Taiwan in designing the chips, VSP200 and VSP300. Mr. Ussery declined to name these customers, who will be able to test the chips to make sure they work well with other components in the devices this summer.

Vivace plans to provide more information about the chips and customers in May. The company, which is seeking \$5 million to \$10 million in series A funding, is expected to start shipping chips at the end of the year. Either Taiwan Semiconductor Manufacturing or United Microelectronics, also in Taiwan, would produce the chips.

The startup certainly has picked the right market. Apple Computer has made portable music and video players fashion accessory with its sleek iPod line. Meanwhile, Sony and Microsoft are adding more music and video capabilities to their portable game players. And cell phone manufacturers and service providers are aiming to turn handsets into entertainment devices by introducing music and TV services.

Competition is intense. Vivace will compete with larger companies such as PortalPlayer and Broadcom, which makes video chips for the video iPod. It also faces fellow startups, such as ViXS Systems in

- ADVERTISEMENT -



Canada.

© 1993-2006 Red Herring, Inc. All rights reserved.