

Startup VeryKool Targets U.S. Cell-Phone Market

March 29 2007

Many have tried, many have fallen. Count VeryKool amongst the eager new faces trying to break into the cell-phone market.

It's almost absurdly tough to break into the U.S. market, mostly because sales are pretty much controlled by five carriers – Verizon, Sprint, T-Mobile, Cingular and Alltel – and they're really conservative about who they buy phones from.

But this year's CTIA show seems to have more viable new guys than most previous years. There's French cell phone maker Alcatel, and Chinese firm ZTE. There's also VeryKool, a new line of phones from InfoSonics, including six midrange phones, a smart phone, and some "fixed wireless" phones for people who want to ditch their home phone service, but still use something that looks like a home phone.

InfoSonics is a wireless middleman; they negotiate between smaller carriers and phone manufacturers to buy phones, as well as selling phones independently on their own. They decided to break out into their own brand after a partner of theirs, the Korean phone maker VK Mobile, went bankrupt last year.

"VeryKool" was initially an ad slogan for Infosonics' VK phones in Latin America, said InfoSonics chief financial officer Jeff Klausner. "We converted the ad campaign into a brand," he said.

Of the seven VeryKool phones, only two are made by VK; the rest are

made by other Asian manufacturers, he said.

VeryKool phones will be sold directly through InfoSonics' Web site at www.verykool.net, but InfoSonics is also trying to sell to smaller carriers such as Centennial Wireless, i wireless and Cincinnatti Bell, Klausner said.

"These are rural service area carriers," he said. "Unless you live in a region they cover, you've never heard of them."

So how about the phones? They're all pretty nondescript, spec-wise, and they borrow a lot from the super-slim, etched-keypad look of the Motorola SLVR. They're all GSM, and all of them have memory card slots and MP3 players, which Klausner said is a key focus for his company.

The Windows Mobile smart phone, the iQ, is a slender black candy-bar-style phone running Windows Mobile 5 Smartphone, with a 1.9-inch screen, 64 Mbytes of internal memory and a 1.3-megapixel camera.

VeryKool's two most interesting products aren't in their initial lineup, but they're looking at selling variants in the U.S., Klausner said. The D100 kids' phone is covered in Disney characters, so it's un-sellable in the U.S. because Disney Mobile controls the rights to those characters here. But it's a unique kids phone which converts from four-button, restricted dialing to a full 12-key keypad, previously unknown in the industry.

"I can buy one phone for little Timmy, technically keep that phone for a couple of years, and then give him full functionality," Klausner said.

The fixed wireless phones look like ordinary home phones, but they're really GSM cell phones. Fixed wireless is popular in Latin America, where landline networks are often a mess. Here in the U.S., rural carriers

are looking at installing fixed wireless to serve outlying areas where the cost of running physical lines is high, Klausner said.

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