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Local high-technology company takes karaoke to next level

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Want Britney Spears to jive as you sing "Oops, I did it again"?

Audio Video Cube developed by Digital Mediums promises to make karaoke singing a razzmatazz fantasy.

The Honolulu-based company obtained a promise of involvement or partnership from MTV to commercialize and market the Audio Video Cube and may even call it "MTV box."

Digital Mediums, still in negotiations, is considering spinning off the venture while retaining some level of ownership. The company, founded a year and half ago as a software development and services company, is working on equipping itself to handle the pressures of a high-profile product.

"Before spinning off the company, we need a strong management team," says Lubuw Falanruw, president and CEO of Digital Mediums.

"The fact that we've had the product sitting on our laps for the past seven months is testimony that we need help. We're treading on new waters here; I want to walk in with a little more knowledge."

The company is working on licensing agreements with music video producers. Plans for the product include taking it to mainland U.S. and Asian markets, Falanruw says.

The Audio Video Cube is a combination hardware and software product. The kiosk can store at least 13,000 music titles on its hardware and allows updating. At the same time, patrons of bars and clubs can make a cash or credit card payment to listen to their favorite song, watch the video and provide the voice-over. The kiosk can be



PHOTO BY TRACY KLEN • PHN

Lubuw Falanruw, president and CEO of Digital Mediums.

linked to multiple display screens as well. Also, the system will record all transactions to maintain a cash-flow monitoring system.

The Audio Video Cube will have consumer and commercial versions. The high-end commercial version will

retail at a maximum of \$3,000. Digital Mediums is in talks with manufacturers and others to determine the dimensions of the kiosk.

For the local company, the possible deal with MTV opens up the prospect of improved financial leverage. Digital Mediums started with a \$50,000 start-up capital from Falanruw and since then made do with its own revenue.

"We grabbed projects, generated funds and pumped it into the company," Falanruw says. "It is a slow process, and with no cash reserves it's very difficult trying to launch our own product."

The company bucks the trend of technology companies by not seeking seed money or angel investments and trying to fuel growth with its own revenue. Apart from the Audio Video Cube, the eight-employee company has a handful of other products ready to market.

One is the result of a research project for Toyota, Japan, to develop a 3-D view of cars online. The technology, developed by Digital Mediums' graphic programmers, enables photo-realistic viewing of objects. Currently, the company is in negotiations to sell the finished product to Toyota.

Digital Mediums hopes to complement revenue from its services arm with that of its research and development. Currently, the company has billed less than \$500,000 in annual revenue from local tech projects. Projects include creation of an interactive tour for the Honolulu Academy of Arts and a Web-based reservation and internal accounting system for wholesaler Hawaii Activities.

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