

Burlington Free Press

burlingtonfreepress.com

A LOCAL CUSTOM

iPod inventions

By Dan McLean
Free Press Staff Writer

January 30, 2006

With millions of iPods sold each year, Vermont's innovators and entrepreneurs are developing ways to cash in on Apple's success.

Roughly 42 million iPods have been sold since their introduction in October 2001, and more than 2,000 accessories are made specifically for the high-tech music device, according to Apple Computer Inc.

Ben Kaufman, a 19-year-old freshman at Champlain College, founded Mophie Inc. and is responsible for 11 iPod accessories. After gaining recognition for creating the Song Sling, which allows an iPod to be worn around a person's neck, Kaufman won the backing of Vermont investors who funded his recent trip to the Macworld Expo in San Francisco -- bringing his ideas to the national stage.

Costing between \$20 and \$40, the Relo line-up includes a splitter (allowing two people to listen to one iPod), an extra battery pack (allows for 30 more hours of play time) and an FM transmitter (which allows an iPod to be played on any radio).

The iPod reviewer iLounge.com, which is not affiliated with Apple Computer, honored Mophie's "Relo" line with one of 13 "Best in Show" awards presented this year.

"It's been madness ever since," Kaufman said.

Linckia Development of Williston, a concept-to-market venture development company, is one organization that has taken note.

Family and friends funded the development of the Song Sling, Kaufman said, but the next 10 products of the Mophie's "Relo" line are being rolled out with help of several investors at Linckia.

"I don't think I can come up with a market that is this competitive and growing this fast," Kaufman said, estimating there are at least 200 companies developing iPod accessories.

Big market/little gadget

CNET, which covers emerging technology, reported iPod accessories sales topped \$850 million in 2005, not including Internet sales.

Chuck Wobby, Linckia's chief financial officer, first learned of Kaufman's Song Sling from Middlebury-based Fresh Tracks Capital, a venture capital firm.

"Fresh Tracks said, 'Here's a kid with a great idea and wonderful market, but he needs some help,'" Wobby said. "What he had was a great idea, but he really didn't have a business infrastructure or sales and marketing department."

Several managers of Linckia independently invested money -- Wobby declined to say how much - in Kaufman and his ideas. And Linckia is providing Mophie customer service and administrative help, including sales and marketing expertise.

"In return for equity (in Mophie) we will provide support and guidance," Wobby said.

"He's a kid with a great idea. But he's 19 years old," he said. "He's not familiar with VC firms, budgeting and cash flow. Those are the things we do."

Kaufman stresses that Mophie, which is an amalgam of the names of his two Golden Retrievers, Molly and Sophie, is not just an iPod accessory company.

"We're a product development firm that's dedicated to nothing more than innovation."

Mophie is located in Burlington and has 12 or 13 employees, three of whom work full time, Kaufman said.

Doing the downloading

Another new Vermont business has been formed to make iPods easier to use.

Last fall, 47-year-old Peter Haimovitz, a self-described "iPod pioneer," started NimbleMusic in South Royalton with \$30,000 to help the legions overwhelmed by computer technology and music lovers too busy to convert years of CD collecting to an MP3 format, the digital file most often utilized in iPods.

If you know what you're doing, each CD takes seven minutes to convert, he said, noting it took him three to four months to download some 1,000 songs to his iPod.

The time-consuming process is "a dirty little secret about iPods that Apple doesn't want to talk about," he said. "Nowhere does it say that it will take you three months to download your whole collection."

"It's a very painstaking process," he said.

Haimovitz started NimbleMusic as a solution to this 21st century woe. For a fee, he will download CDs, aging LPs and cassette tapes to customers' iPods. Roughly 30 percent of his business is salvaging tracks from old rec- cords. The remaining 70 percent are CDs downloads. Cassettes make up a small fraction of his work.

Including fully insured shipping costs, the service costs \$75 to convert 50 CDs; \$140 for 100; \$230 for 200 and \$340 for 400. Translating each record album to MP3 format costs \$15.

Other services like NimbleMusic exist throughout the country, but Haimovitz said no service like it exists in New England.

Using an automated machine that holds 200 CDs, NimbleMusic has converted the collections of 60 people. The average customer sends Haimovitz 150 to 200 CDs in custom boxes.

"One of the things about iPods is that you want instant gratification," he said. "They look at their collection and say, 'I want 3,000 songs on this yesterday.' And then they find me and are happy."

Sara Ferguson, 50, of Thetford delivered a hodge-podge of 90 CDs, aging records and a handful of tapes to Nimble Music for MP3 conversion.

Among 2,054 tracks now stored on her iPod, Ferguson has roughly 500 songs from deteriorating LPs and cassettes -- including recordings from a trip through Europe where she sang Mass at cathedrals in France, Belgium and Italy.

"It's terrific ... I feel like it's a treasure trove," she said.

She has not purchased any songs online, but is marveled by iTunes' ability to organize her music collection. In addition to organizing an iPod's musical library, Apple's iTunes software allows users to download songs from Apple for 99 cents apiece.

"I'm completely beguiled by technology these days," she said. "When we first bought our computer (in 1992), I didn't want to have anything to do with it. I thought of it as the other woman in our bedroom. But then I wasn't sure whose concubine it was -- his or mine."

To avoid copyright infringement, Haimovitz refuses to download bootlegged music and deletes all the files after transferring the songs to a customer's iPod.

The music difference

Several existing Vermont firms are adding services to take advantage of the iPod craze.

Waitsfield's Small Dog Electronics, which specializes in Apple computers, launched a Web site, www.podjungle.com, exclusively for selling iPods and iPod accessories with hopes of grabbing a wider spectrum of the market.

"The difference between the music business and the Mac business is that the music business is cross-platform," Small Dog CEO Don Mayer said, noting 59 percent of Apple's revenue comes from the music business.

Cross-platform capabilities allow for use on various types of computer operating systems. Typically, software is developed either for Apple computers or the PC-based Windows platform.

Small Dog Electronics and its Pod Jungle subsidiary draw roughly 33 percent of business through iPod related sales, Mayer said.

Twenty to 30 iPod products are being made under the Small Dog label, he said.

AudiobooksOnline.com, based in Richmond, began selling books on tape and CDs in 1994. Roughly six months ago, the on-line firm has taken the first step into the digital world by partnering with Audible.com, an e-commerce site selling audio-books that can easily be downloaded to an iPod or other MP3 player.

"I realized the market is moving to downloadable books," said Larry Bohlen, owner of AudiobooksOnline. "The market for cassettes is already starting to disappear,"

Books on cassettes will be completely phased out within five years, he said. Contact Dan McLean at 651-4877 or dmclean@bfp.burlingtonfreepress.com