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THE JOURNAL REPORT: TECHNOLOGY*Venture Capital*

What's New: The Latest on Technology Deals From Dow Jones VentureWire

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Here Comes the Sun

Investors have toyed with solar technology since the 1970s, but the high cost of manufacturing solar-energy panels, and insufficient government support to help offset those costs, prevented the technology from becoming a commercial success.

THE JOURNAL REPORT

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Read how the Web can seem like a corporate recruiter's dream come true².
Plus, a paperless board meeting³? It's starting to happen.

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Now, the solar-energy market is hotter than ever, as the cost of harvesting the sun's power has dropped dramatically. Generous new federal and state subsidies, along with technological advances that reduce manufacturers' dependence on expensive silicon used in photovoltaic cells, have caused prices for solar modules to fall. Meanwhile, surging oil prices have intensified the search for alternative energy sources.

With interest in solar energy soaring, one young company, SolarCity Corp., is hoping to emerge as a brand-name mass marketer of solar-power systems.

SolarCity was launched with \$10 million in financing led by Chairman Elon Musk, the founder of PayPal Inc. and an investor in the electric-car company Tesla Motors Inc. The Foster City, Calif., company pitches itself as a one-stop shop. It designs and installs solar-energy systems and takes care of administrative tasks like utility interconnection agreements and applications for state and federal incentives and building permits.

The company says solar electric power can pay back the owner's investment in five to 10 years after installation.

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Sight Rider

KITT, the iconic smart car in the 1980s television show "Knight Rider," has long tickled the fancy of auto makers and car enthusiasts burning for a technologically advanced vehicle. While it may still be decades before cars can drive themselves or deliver sarcastic one-liners to passengers, the ability to make a car "see" may be only a few years off.


Start-up company Canesta Inc., of Sunnyvale, Calif., has been working with **Honda Motor Co.** since 2004 to develop low-cost, three-dimensional sensor technology to improve car safety. Honda disclosed in September that it has invested \$5 million in Canesta, which is also backed by several well-heeled investment firms such as Apax Partners, the Carlyle Group's Carlyle Venture Partners, **J.P. Morgan Chase & Co.**'s J.P. Morgan Partners, and Venrock Associates.

Canesta's sensors are designed to detect proximity to surrounding objects, including vehicles and pedestrians, to help prevent accidents. They can also help drivers park their vehicles without incident, and can be used in systems being developed to determine the types of occupants in a vehicle to ensure the proper deployment of air bags.

Drivers will have to wait until at least 2009 for Honda vehicles equipped with Canesta technology.

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Virtual Intelligence

Avatars, the digital characters that represent computer users online, are increasingly popular on social-networking sites, in instant messaging and in multiplayer games. They allow people to craft a visual stand-in for themselves that they can direct to speak or act however they want in a given situation. Now, HeadCase Humanufacturing Inc. is attempting to take that concept a step further and create what it calls "digital humans" -- avatars that can interact with other avatars and with humans without every response being preprogrammed or directed by a person behind the character.

To develop a beta version of its software and expand its four-person team, the newly formed company raised \$900,000 in financing from venture-capital firm True Ventures and investment company Burnt Norton Inc. Los Angeles-based HeadCase, which plans to launch a beta version of its product by the end of the year, initially will focus on developing avatars for the gaming world but envisions other possible applications as well, including educational products.

One key feature of the avatars HeadCase aims to develop would be the ability to hold conversations with computer users. For instance, an avatar might act as a substitute for written instructions to games where players live in virtual worlds. The avatar could give the player an overview of the game and then answer the player's questions as they come up.

In education, avatars could represent historical characters. "Imagine telling your kids, 'I want you to go to this Web site and talk to this character named Plato,'" says HeadCase Chief Executive Cathi Cox. "A digital Plato could ostensibly serve as an educational tool, holding conversations about his life and writing."

Customer-service systems are another possibility, with avatars that could answer questions online -- and know when to give way to a human. "What if the system was smart enough to sense you swearing at it and brought on a human immediately?" Ms. Cox says.

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Prompting Change

At the CTIA Wireless trade conference in Los Angeles last month, big entertainment media companies like **Viacom** Inc.'s MTV Networks emphasized that they want mobile phones to distribute multimedia content more effectively. One complaint: Cellphone subscribers don't buy as much content as they could because searching for what's available involves too much scrolling and clicking.

Promptu Inc., of Menlo Park, Calif., believes it has a solution: voice activation. Promptu Senior Vice President Brady Bruce was roaming the CTIA conference floor with a Promptu-enabled phone, offering people the chance to ask it for specific content. Even with significant background noise in the convention-center lobby, the technology made quick work of digging up the latest Britney Spears ephemera at the sound of the artist's name, from wallpaper to ring tones.

Promptu last month raised \$11.6 million from Steelpoint Capital Partners and Lauder Partners LLC, money it will use to make its product compatible with foreign languages and to expand sales and marketing.

Promptu plans to have its technology tested by undisclosed mobile operators in the U.S. and Europe by the end of this year, and expects to have a voice-activated system on the market next year.

--Compiled by Scott Austin, editor of VentureWire, a newsletter published by Dow Jones & Co. (online at [VentureWire.com](http://www.venturewire.com)⁵), based on contributions from VentureWire reporters John Letzing, Clancy Nolan and Jonathan Shieber. Mr. Austin can be reached at scott.austin@dowjones.com⁶.

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