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### Driving in Cars With MP3s

PhatNoise can replace your vehicle's CD player with an MP3 player, but true integration with your car stereo is years away.

By Rafe Needleman, June 16, 2003

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When the new **BMW** 7-series was introduced in the United States in 2002, I talked to some of the company's engineers about all the gadgets this beast carries -- and doesn't. In particular I asked why, with all the storage capacity and computer power in the car, there was no way to play **MP3** files. I was told that BMW engineers in Germany had rigged a new vehicle to play MP3s via the car's built-in sound system, but that the company's marketing and legal departments weren't comfortable with pushing this forward for release stateside. Even today, no new cars are sold in the United States with bona fide MP3 players (although some will play **CDs** that have MP3s recorded on them).

Are we drivers limited to the radios and CD players installed in our cars? Well, you can always hook up an **iPod**, or other portable MP3 player, via a small FM transmitter or a tape deck gizmo, but this solution has two problems. First, sound quality suffers. Second, it can be dangerous to fiddle with the portable device while you're driving.

While we wait for **carmakers** to give us our digital tunes the right way, a company called PhatNoise is marketing a plug-in solution that solves a lot of the problems with the current work-arounds. The company has a deal with **Volkswagen** dealers whereby PhatNoise's Digital Car Audio System is sold alongside other VW-approved options -- which means you pay for it via your regular car payments and it's covered under the car's warranty.

The \$795 system connects directly to your car's sound system and takes the place of the trunk-mounted CD changer. The car's stereo thinks it's a changer, which means the system responds to the normal CD buttons like "Next Track." It is, however, a hard-disc-based MP3 player. You load the **hard drive** with tunes from your **PC** using a desktop dock. (Future products might use wireless networking so users can beam tunes from computer to car.)

Since CD changers neither store as much music as hard discs nor know what tracks are in the changer, the PhatNoise solution does require some hacks to work with standard CD controls. For example, in the VW installation, a disc-selection button turns on the artist-selection mode, and the device, which can't actually display MP3 data tags on the CD player's readout, uses voice synthesis to tell you the artists' names (and other information) through the car's speakers. When you hear the artist you want, you select it with another button.

Chief technology officer Dan Benyamin explains that most of the PhatBox user interface is audio based, so operating it is safer than fiddling with tiny car-stereo buttons or a display screen. But I believe that's just an argument of convenience -- and Benyamin does admit that it'd be easier and safer still if the button to bring up the artists on your hard disc were labeled "Artists," not "Disc 4."

#### FAST FACTS

PhatNoise

[www.phatnoise.com](http://www.phatnoise.com)

CEO	Sharon Graves
HQ	Santa Monica, CA
FOUNDED	July 1999
EMPLOYEES	28
FUNDING	Not disclosed
PROFITABLE?	Not disclosed
MARKET	Automotive electronics

So, how long until a car's factory "head unit" can display the MP3 data on its own screen? "Seven years," Benyamin says. It takes that long, he claims, for the auto companies to fully adopt new technology. Benyamin's exaggerating -- it didn't take **satellite radio** companies **XM Radio (XMSR)** and **Sirius (SIRI)** seven years to get their technology built into car radios -- but he does have a point. And in the meantime, you can get a better-integrated PhatNoise system by buying a Kenwood Music Keg, which is based on the PhatNoise technology. Music Keg head units are fully integrated with the MP3 player.

But the Kenwood setup is an aftermarket product -- one of the toys people buy for their cars after they already own them. Aftermarket products are rarely as tightly integrated into vehicles as factory-installed or -approved devices.

The challenge for PhatNoise is to become, and remain, a player in the automotive MP3 market as the **auto industry** slowly begins to incorporate digital music into audio systems. The deals with Kenwood and VW put PhatNoise ahead of potential competitors right now, but the really big names in automotive sound -- the companies that supply the factory sound systems to car manufacturers -- have not yet spoken.

*Rafe Needleman is the Silicon Valley insider's insider. For years he's led loyal readers of his Catch of the Day column to the hottest new technologies. Now he's bringing his latest finds to you with What's Next, his twice-weekly online column for Business 2.0. You can reach Rafe at [rafen@rafeneedleman.com](mailto:rafen@rafeneedleman.com).*

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