

MORE FOR LESS

Ford's redesigned Explorer will cost more with a smaller, more efficient V-4 engine, **B2**



MARKET WATCH

S&P/TSX COMPOSITE

▲ 31.86 to 11,746.07
▲ 0.27%

CANADIAN DOLLAR

▲ 0.34¢ U.S. to 96.86¢
▲ \$1 U.S.=\$1.0324

DOW JONES INDUSTRIALS

▲ 100.81 to 10,525.43
▲ 0.97%

OIL

▲ 0¢ U.S. a barrel
▲ to \$78.98

ENERGY

Host of challenges face new BP head

Robert Dudley must restore confidence in embattled company, especially in United States

**JULIA WERDIGIER
AND JAD MOUAWAD**
NEW YORK TIMES

LONDON — Robert Dudley, expected to be appointed as BP's chief executive by the company's board, faces a long road to restore confidence in the embattled company — partic-

ularly in the United States, the biggest part of BP's business.

Dudley, an American who has been with BP since it bought Amoco in 1998, faces a host of challenges: repairing damaged relations with federal and state authorities, dealing with the cost and legal conse-

quences of the spill, bolstering morale among BP employees and winning back investors.

Ultimately, his job can be summed up simply as ensuring that BP survives its latest crisis and finds a way to move beyond it.

"I can't think of any new chief executive of an oil company stepping into a more complicated situation," said Daniel Yergin, chairman of IHS Cambridge Energy Research Asso-

ciates. "BP is going to be in a rebuilding mode, and the aftermath of the spill will go on for a long time."

Dudley, whose ascension is expected to be announced on Tuesday, succeeds Tony Hayward, who is resigning from the job he has held since 2007. According to people familiar with the situation, Hayward was offered a position with BP's joint venture in Russia, known as

TNK-BP. BP owns half of the oil firm, which is Russia's third-largest.

In recent weeks, Hayward, in conjunction with BP's directors, had concluded he could no longer effectively lead the company after he came under criticism in the United States for his handling of the Deepwater Horizon accident in the Gulf of Mexico.

DUDLEY continued on B4

TECHNOLOGY

Firm pioneers ultrasound tool

U.S. company bets on high-frequency system developed in Toronto

EMILY MATHIEU
BUSINESS REPORTER

The woman in the white coat hovered over the sedated mouse, keeping a watchful eye on his breathing as she secured his paws with tape, used a chemical solution to remove the hair from his chest, then covered it with a substantial blob of blue-tinted gel.

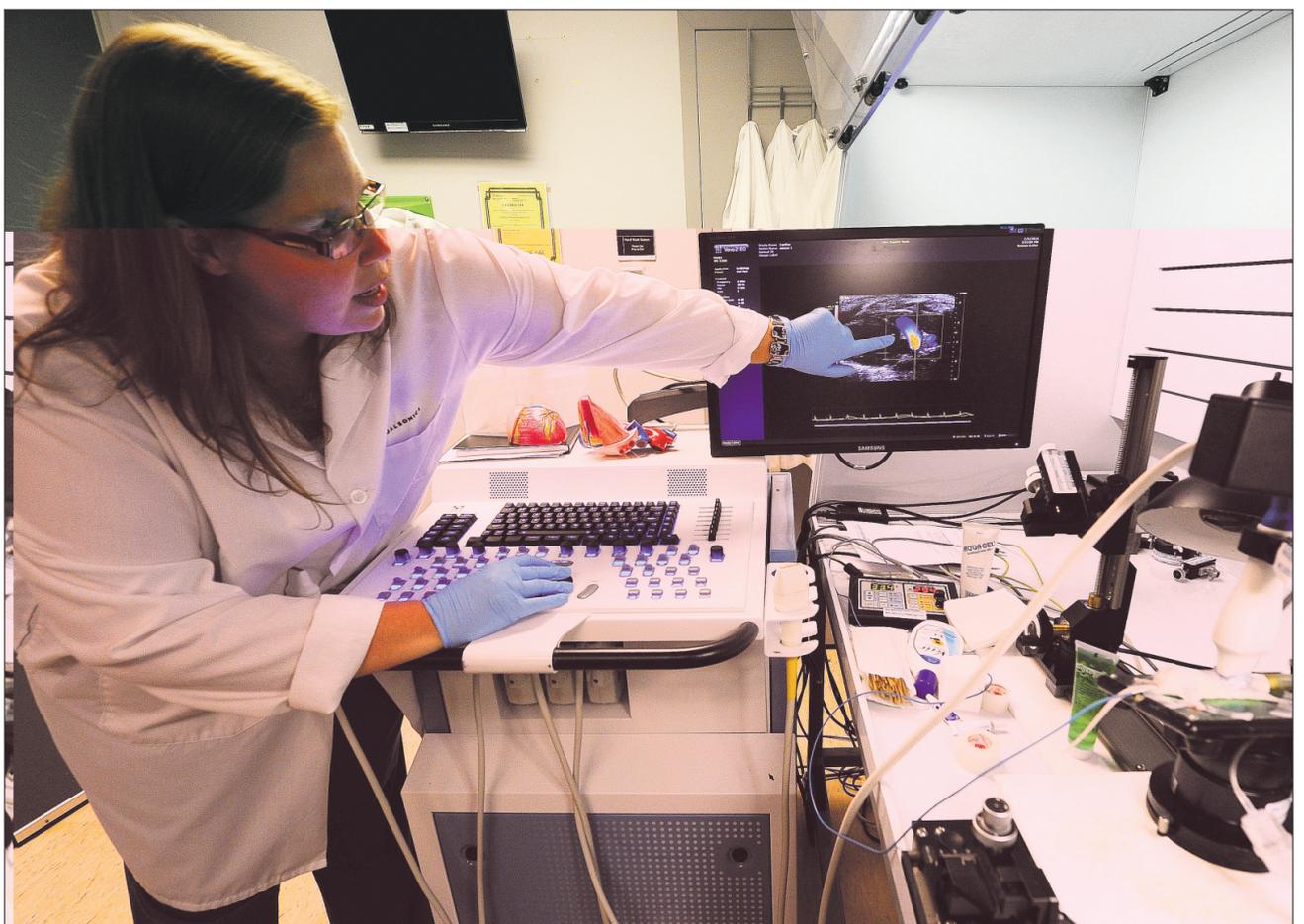
The mouse was put to sleep so Tonya Coulthard, applications team leader, could demonstrate how VisualSonics Inc.'s patented ultrasound technology tracks the blood flow inside the heart of a mouse.

"This area straight through here is actually the muscle of the heart," said Coulthard.

Coulthard was manipulating the electronic arm holding the high-resolution, high-frequency, micro-imaging system and pointing to a black-and-white image about the size of a large fist with pockets of rapidly pulsating fluid.

"All of this here, you can see it actually swirling, that is the blood," Coulthard said.

What makes the Toronto company's ultrasound unique is its extremely fast frequency.



Tonya Coulthard of Visualsonics points to the highly detailed ultrasound image of the heart of a sedated mouse.

RICK EGLINTON/TORONTO STAR

ULTRASOUND continued on B2

TELECOM

Apple unlocks iPhone 4 in Canada

Customers can choose to buy the smartphone without a wireless contract — for a price

EMILY MATHIEU
BUSINESS REPORTER

To lock or unlock, that is one choice facing the thousands of Canadians intent on purchasing the iPhone 4.

On Friday, the smartphone will be on sale unlocked, or free to pur-

chase without the confines of a wireless contract, at Apple's retail and online stores.

It will also be available through wireless carriers Rogers, Bell and Telus, which are expected to sell the phones for a much lower cost than

the Apple sticker price if consumers are willing to lock into what are typically long-term contracts.

"An unlocked iPhone means you have to dig a little bit deeper into your purse or jeans," said Iain Grant, managing director of consulting firm The SeaBoard Group.

"Most Canadians have actually shown they are more interested in saving the upfront cost than actu-

ally paying the real cost for the phone and having the option of moving around."

On Monday Apple released pricing for the unlocked phone. The 16GB iPhone 4 will cost \$659, with the 32GB model costing \$779.

CARRIER continued on B2

You'll dig deeper for iPhone 4.



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	India	1.9¢		Philippines	8.9¢		Bangladesh	3.9¢		Egypt	9.9¢		Romania	1.9¢
	Canada	2.9¢		Colombia	from 1.9¢		Croatia	2.5¢		Iran	from 5.9¢		Serbia	9.9¢
	Bosnia	9.9¢		Morocco	3.9¢		Palestine	17.9¢		U.A.E.	16.9¢		U.S.A.	2.9¢
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BUSINESS

Curvaceous Explorer is more fuel efficient

The biggest change in redesign of Ford SUV is a smaller engine

MADHAVI ACHARYA-TOM YEW
BUSINESS REPORTER

With the launch of its latest Explorer, Ford Motor Co. will try to convince fans of sport-utility vehicles to choose fuel efficiency and energy-conscious consumers to consider a vehicle that seats seven.

The latest version of the Ford icon comes at a time when the domestic automaker is riding high. The company didn't just spurn the billion-dollar bailouts that saved its rivals. It turned a profit through the recession and has increased its market share thanks to a focus on quality.

But the second-largest U.S. automaker will still have its work cut out for it, industry experts say.

"How do you get the consumer's head around the fact that it's this large but will give exceptional fuel efficiency?" said Geoff Helby, national sales manager at Power Information Network, a division of J.D. Power and Associates.

"Everyone now is cognizant of their environmental footprint. It's no longer socially acceptable to be driving the old-style SUV."

Ford officially unveiled the Explorer Monday. The biggest change: a smaller engine. The standard engine will be a 3.5-litre V-6 with 290 horsepower. Buyers can opt for a more expensive four-cylinder option that offers turbo boost.

Ford says the former will deliver more than 20 per cent better fuel economy, and the latter, 30 per cent over the 2010 model.

Ford Motor Co. of Canada Ltd had its own unveiling for the Explorer at Kool Haus in Toronto on Monday.

"This will be a vehicle that offers great value," David Mondragon, president and chief executive officer of Ford of Canada, said in an interview.

The new Explorer "will touch a market that needs to be addressed by our company."

The more fuel-efficient model will have the least off-road capabilities, the trait that typically draws SUV fans. But Ford is betting that buyers will be willing to make the trade-off. Ford said poor gas mileage is the

No. 1 reason shoppers reject the Explorer, which saw sales fall 88 per cent during the past decade, from 445,157 in 2000 to 52,190 last year.

Long-time observers say Ford has obviously made better design a priority. "These vehicles used to be very boxy in nature. Now there's some curvature," Helby said. "From the old Explorer, this is night and day."

The Explorer's improved fuel economy has been central to its social media marketing campaign. Ford has been rallying fans on Facebook, giving glimpses of the new vehicle and question-and-answer sessions with top executives.

It has also been touting the vehicle's safety features, which include inflatable seat belts for rear-seat occupants and curve control system.

"Ford has been riding a wave that I've never seen," said Byron Pope, associate editor at industry journal *Ward's Auto*, who has covered Ford for about a decade.

"I've never seen them being compared favourably to Honda and Toyota. A lot of that has to do with not taking that money and standing on their own two feet," Pope said.



RENÉ JOHNSTON/TORONTO STAR

The reinvented all-new 2011 Ford Explorer was unveiled Monday.

Ford will start building the Explorer, which uses the Taurus platform, in Chicago in November.

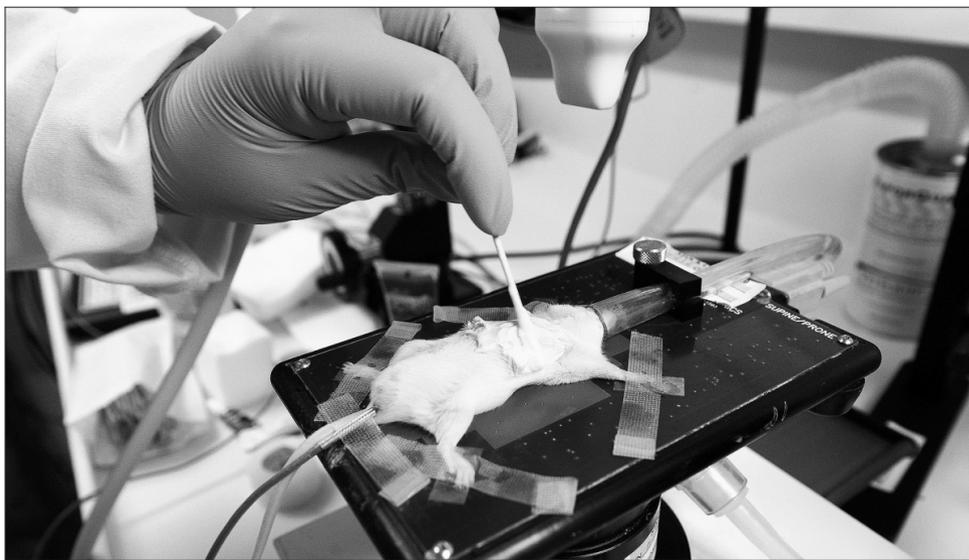
"Ford isn't discussing volumes but they added a whole shift in Chicago, so that tells you something," Pope said.

Ford ranked No. 1 for new car quality among mass-market brands, beating out foreign automakers, in the latest study by J.D. Power and Associates, conducted between February and May of this year.

Mondragon said sales have been holding steady this summer, and while the industry may be slowing, he is optimistic. "We do see an industry that started like a lion, but has been temping down, not to the point of being a lamb at the end of the year, but maybe like the fourth quarter of last year."

He expects moderate sales growth of about 1 to 2 per cent for the next two years.

With files from the Star's wire services



RICK EGLINTON/TORONTO STAR

A sedated lab mouse has its stomach hair removed before being given an ultrasound at Visualsonics.

SonoSite 'willing to invest'

ULTRASOUND from B1

That ultra-fast frequency allows a real-time, highly detailed vision of everything going on in the top three centimetres of human tissue or surface of an organ.

One area where the company expects the ultrasound tool to be most useful would be in detecting blood flow to and from skin cancers.

Visualsonics' technology attracted the attention of U.S. ultrasound company SonoSite Inc., which recently bought Visualsonics in a \$71-million U.S. deal that includes assumption of about \$4 million U.S. of the Canadian company's net debt.

Chief executive officer Anil Amlani said the machine is currently being used at a research facility in Kentucky, where it is used to seek out and study early signs of graft rejection for reattached limbs.

"The biomarkers that exist today cannot tell the hand is being rejected until it is too late," Amlani said.

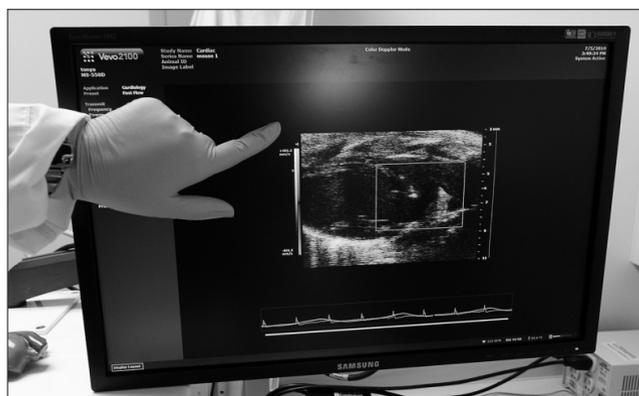
That level of detail means the machine could potentially detect changes in the texture and shape of tissue in organs like the kidney, as well as show how fast blood is flowing to, from and through the vessels inside the organ.

Amlani hopes the machine could be used to guide needles into the minuscule veins of newborns and premature infants. The current model was created last year, after a \$10 million investment in research and development that saw it rebuilt from the ground up.

Visualsonics has already sold approximately 700 units to research institutions and health-care facilities around the world, including Mount Sinai Hospital and Sick Children's Hospital, said Amlani.

At the time of the June sale, the now public company had reported \$30 million in sales and earnings before interest, taxes, depreciation, and amortization of \$5 million in the previous 12 months.

The company, which employs 100 people, will remain at its north Toronto location. Everything is created in-house, from software to manufacturing of the fully packaged products ready for shipment to medical and educational institu-



RICK EGLINTON/TORONTO STAR

Visualsonics' new ultrasound technology can be used to detect minute details not see by other types of ultrasound technology.

tions around the world.

During the demonstration, the mouse was on a heated platform, his body temperature monitored by a rectal thermometer. Thin transparent tape attached the mouse's paws to the platform, which monitors vital signs. Doses of a sedative gas are given throughout the procedure.

The minute readings mean that one animal can be studied throughout the course of a disease or group of surgeries, rather than sacrificing multiple mice at different stages, she said. Using the same mouse also increases the strength of the data.

The product has been tested on humans, but neither Health Canada nor the U.S. Food and Drug Administration has approved it for regular clinic use on patients. Amlani said SonoSite aims to have the product available for commercial sale by late 2011 or early 2012.

The company was founded in 1999 by Dr. Stuart Foster, a researcher who specializes in high-frequency ultrasound technology, and venture capitalist Sam Ifergan, who joined in 2002 and invested \$1.5 million.

They had a rocky start, but sold their first system that year. Amlani said the basic model costs \$145,000 and systems can go up to \$500,000.

"SonoSite has a very good strategy and is willing to invest to accelerate penetration in the clinical market," said Amlani. Ifergan hopes the market will include neonatal care, urol-

ogy and detection and treatment of multiple forms of cancer.

One of the earliest models went to Dr. Guy Cloutier, professor of radiology with the University of Montreal and a scientist with the University of Montreal Hospital Research Centre. Cloutier and his team combined the Visualsonic technology with a patented algorithm system to collect and study data for several potential clinical applications.

They have been using the system to examine inflammation during open heart surgery, using pigs. Inflammation drugs can cause side effects. The ultrasound allows doctors to recognize symptoms of inflammation, the aggregation of red blood cells and administer drugs accordingly.

Cloutier said what defines Visualsonics' technology, the ability to read surface tissue, is its one limitation. "You have to target pathology that is on the surface of the human body," or perhaps adjust the technology to reach internal organs. But there is tremendous potential to use the technology for areas like skin cancer and surgery, he said.

Ifergan said the company is now targeting surface conditions but is exploring ways to use the technology deep inside the body. "Ten years from now," he said, "it is going to become a de facto standard as part of the treatment of all kinds of disease and taught in medical schools."

Gulf states see threat in BlackBerry platform

RIM manages data flow outside local control

MONTREAL—How email and text messages are managed on BlackBerry smartphones is facing scrutiny in the United Arab Emirates, where authorities say the devices operate outside its national laws.

The Middle Eastern country's telecommunications watchdog has noted that data services are managed by Research In Motion outside local control and it wants that to change.

The UAE's Telecommunications Regulatory Authority said that "certain BlackBerry applications allow people to misuse the service, causing serious social, judicial and national security repercussions."

"Like many other countries, we have been working for a long time to resolve these critical issues, with the objective of finding a solution that safeguards our consumers and operates within the boundaries of UAE law," the authority said via the country's state news agency's website on Sunday.

"It's a control issue," *PC Magazine* analyst Sascha Segan said Monday.

Data from BlackBerrys in United Arab Emirates goes through RIM computers in Britain, he said.

"Uniquely on BlackBerrys, all email and a lot of other data goes to a set of RIM computers before it goes to its destination," said Segan, managing editor of *PCMag Mobile*.

"That is so RIM can compress the data to speed up transfers and so that RIM can bundle it to lower the impact on battery life, and so that RIM can encrypt and secure the data for corporate management reasons.

"The result is good for wireless carriers, too, because BlackBerrys use less network capacity," Segan said from New York.

The BlackBerry is well-known for the security it provides to its users, which may be of interest to authorities in UAE.

The UAE is among countries that

monitor websites and other forms of media.

Segan noted UAE's major mobile service provider previously tried to get its BlackBerry users to unknowingly install an update that turned out to be spyware that presumably would have allowed government access to content on individuals' smartphones.

RIM has said tests showed the update could allow outsiders to access private information stored on BlackBerrys. The Waterloo, Ont.-based company gave users information on how to remove it.

Technology analyst Nick Agostino described the latest announcement by the UAE as a political move by authorities there. India and China have had similar concerns with the BlackBerry device, he said.

"I think, basically, RIM is going to pull out their file and look at discussions they've had with China, with India, and basically go down that same path," said Agostino of Mackie Research Capital Corp.

Kuwait and Saudi Arabia have expressed similar security concerns about the BlackBerry.

"We are going to see more of this, not from developed nations but from the non-democratic emerging markets," Agostino said from Toronto.

But he said he doesn't expect the issue to be detrimental to RIM in the long term, calling it "headline noise."

Agostino said RIM could make some changes to give UAE potential access to information. RIM had no immediate comment on Monday.

Reporters Without Borders says even though the United Arab Emirates has the highest Internet penetration rate in the Arab world, the authorities have put in place "an extensive system to filter sensitive subjects, backed by repressive laws."

"Netizens are increasingly resorting to proxy servers to access thousands of banned websites," the organization says its on website.

The Canadian Press

Commitment and a deal or freedom for a price?

CARRIER from B1

The stores also sell an iPhone 3GS 8GB model without a contract for \$549.

Buyers will need to purchase and insert a Subscriber Identity Module (SIM) card to set up service on the device. The cards are typically sold through the carriers.

Bell, Rogers and Telus have not released pricing for the iPhone 4.

Grant said that for consumers who travel, the option to purchase an unlocked phone could result in significant savings compared to roaming charges for international travel.

"But for those of us who spend the

majority of our time in Canada, there really isn't much of an advantage except if you really get upset with your current carrier you can walk across the street."

Johanne Lemay, a telecommunications consultant and co-president of Lemay-Yates Associates Inc., said the price tag is hefty enough to deter many Canadians from purchasing the phone directly from Apple.

However, the iPhone 4 is more than just a cellphone, she said.

"It is like a mini-computer and we all buy our computers without any incentives and change them fairly regularly. The same thing goes for The iPad," she said.