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CORPORATE

MediaRing broadens revenue stream with acquisitions, new CEO

BY JOAN NG |

MediaRing's new Indian shareholder has big plans to transform the company into a mobile Internet business with a broader reach and new revenue streams. On top of its existing business of selling voice over Internet protocol (VoIP) services, which allow users to make cheap phone calls over the Internet, it will procure and distribute mobile phones, operate call centres and provide IT services to companies and organisations in India.

These new businesses have the potential to make a significant difference to MediaRing, which reported a loss of US\$2.4 million (\$3.4 million) for 9M2009 on the back of a 17.7% decline in turnover to US\$85.3 million. For one, MediaRing will have the opportunity to tap into the business network of the Spice Group, a string of companies controlled by MediaRing's new chairman Bhupendra Modi.

Formerly based in India but now headquartered in Singapore, the Spice Group has interests in telecoms, media, entertainment, finance and technology businesses. Among them is **Spice Mobiles**, an India-listed company that sells its own brand of mobile phones. According to the company's annual report, Spice Mobiles had a turnover of INR6.8 billion (\$206.2 million) for the 15 months to March 31, 2009, and net profit of INR10.3 million.

MediaRing intends to begin selling Spice-branded mobile phones in Singapore very soon, says the company's CEO Ashok Goyal. There are also plans to sell them in the United Arab Emirates, Oman, Qatar, Kuwait, Saudi Arabia and some parts of Africa. The phones will be bundled with the MediaRing VoIP software, which will potentially enable the company to earn not just a mar-



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gin on sales of the phones but also service fees from software.

Spice Mobiles has also proposed that MediaRing become its procurement agent, identifying manufacturers and vendors of mobile phones that would be willing to install the VoIP software on their handsets and supplying these phones to Spice Mobiles on a cost-plus-margin basis.

Over the last couple of weeks, MediaRing has also spent some US\$2 million to buy two India-based companies that were formerly part of the Spice Group. One, Bharat IT Services, makes, procures, distributes and maintains networking and office-automation solutions in India and offers various IT products and services to corporates in the country. The acquisition gives MediaRing instant access to Bharat's network of over 100 customers including some 50

large banks in India, to whom it can sell some of the VoIP solutions that are already being offered to corporate customers here. MediaRing has a small IT-services outfit that earned US\$588,000 in FY2008, and the acquisition of Bharat could present further synergies for that part of the business.

The second company is Spice BPO Services, which operates call centres in India, servicing over 15 million customers on behalf of five corporate clients. MediaRing hopes to offer call-centre services to its existing corporate customers and the company believes there is also the potential to cross-sell MediaRing's products and solutions to Spice BPO's customers in India.

With these acquisitions, it appears that MediaRing is widening its focus, moving from a VoIP pure-play to an



New CEO, Tripathi, is an IT industry veteran

its next level of growth.

Tripathi, who made an appearance at a press conference last week held by MediaRing to announce its rebranding as Spice21, spent more than 10 years with IBM in various positions. His last appointment was as chief operating officer of IBM Internet Security Systems, a subsidiary company that IBM acquired in 2006. Prior to joining IBM, Tripathi was running his own company in India called Thakral Computers. Before founding Thakral Computers, Tripathi had worked for several other companies in the IT industry, including Modi Olivetti, a joint-venture between Italian PC



IT systems integrator that can provide a wide range of communications, network and technology services and products to enterprise customers — things like call centres, data centres and internal network systems.

This new focus is also evident in chairman Modi's choice of a new point man. In April, Goyal will step down as CEO and hand over the reins to Maneesh Tripathi, an IT-industry veteran. Through the acquisitions and consolidation, Goyal was an appropriate choice as CEO, given his background in corporate law and finance, says Modi. But, with the consolidation phase nearly over, Modi is looking to Tripathi to guide MediaRing through

maker Olivetti (today part of **Telecom Italia**) and Modi's business group, which was at the time known as the BK Modi Group. Olivetti has since exited the joint venture and the company has been renamed Spice Mobiles following a change in business.

So far, the market has voted very much in favour of the new direction the company is taking. Last week, shares of MediaRing hit a 52-week high of 28 cents before closing on Thursday at 27 cents, up 22.7% versus the 0.5% increase in the Straits Times Index. And, since the Spice Group's entry at end-August, the stock has risen 50%.

Tripathi serves as CEO of the Global Indian Foundation, a private-education provider that operates 21 international schools worldwide, ranging from kindergarten to Grade 12 and catering specifically to the Indian community. The job is a marked departure from his long career in the IT sector. But, shareholders will soon find out whether his experience will help return MediaRing to profitability. ■