

Australian mobile companies merge to take on North America

Liz Tay|Sep 8, 2009 6:46 AM

Marriage of mobile content and advertising.

Australian mobile marketing and content companies m.Net and Mercury Mobility have merged in a bid for a larger share of the North American market.

Effective mid-October, the combined group will operate as either m.Net Group or Mercury Net Group, and target global mobile carriers, media companies, and content and brand owners with mobile content.

According to the agreement, ASX-listed Mercury will acquire all m.Net shares. When the acquisition is completed, half of the new company's issued capital will be held by current m.Net shareholders, and the rest by current Mercury shareholders.

The agreement was signed by the three major shareholders of m.Net -- Yahoo!7, Alcatel-Lucent, and Telstra -- who will continue to be major shareholders in the new company, along with Mercury's major shareholder CVC Limited.

m.Net's current CEO Horden Wiltshire will become the CEO of the combined company, while Mercury's Founder and Managing Director Ben Grootemaat will become an Executive Director.

"A lot of what we do is complementary," Wiltshire told *iTnews*, noting that there may be some redundancies at the managerial level. "But it [the merger] could create some new roles in quality assurance, for example."

Both companies had been discussing potential mergers with other Australian mobile industry players previously. So when Mercury first contacted m.Net six months ago, they readily came to an agreement.

Wiltshire estimates the companies' combined revenue to be upwards of \$13 million. By leveraging Mercury's mobile entertainment expertise along with m.Net's mobile advertising expertise, the merger could establish a leadership position for the company in the Australian digital media market.

Besides expanding locally, the company will build on Mercury's existing business with Bell Canada and m.Net's work with Yahoo! in North America.

Wiltshire said that North American expansion would be a priority due to the technological capabilities and relative maturity of businesses in the region.

"In general, we would be looking at expanding most in North America ahead of Asia Pacific [APAC]," he told *iTnews*.

"Our customers ultimately are marketers, and there seems to be a greater preparedness to jump into mobile marketing in North America than APAC."

"Also, what we do is essentially 3G-based, and in general, most of the APAC markets are just starting up on the high-speed connections and high-end mobile devices," he said.