

OnMobile



PHOTO BY DIVYAKANT SOLANKI

Arvind Rao, co-founder, CEO and MD of OnMobile

performance to a set of factors. "We had the first-mover advantage and have retained the momentum. Secondly, we are extremely strong in technology innovation — the RBT and the music search being cases in point. Third, we are big and telecom operators like to deal with larger players, else billing with countless VAS players is a logistics nightmare. And last, we have the financial strength to invest in new projects without rushing in for a return on investment," he says.

Incorporated in September 2000 in California under the name Onscan Technologies India Pvt Ltd as a spin-off from Infosys (which incubated it), the company relocated to India and changed to OnMobile Asia Pacific Pvt Ltd in April 2001. In August 2007, it got its current name. In 2000 when OnMobile raised \$13 million in round one, it was valued at under \$40 million (Infosys provided infrastructure and manpower, and took a minority stake in the venture).

The company has two target markets — India and its global business. From India, it has ventured into Indonesia, Malaysia, the Philippines, Australia and Africa. It is now looking at Europe and the US.

In December 2006, OnMobile acquired ITFinity, a mobile software company, for \$10–20 million. The acquisition of French data products company Voxmobili in 2007 expanded its operations to the Pacific, Australia and the US. OnMobile then acquired French speech recognition company Telisma, which had the technology available in 14 Indian languages. The results are there to see. OnMobile's global business, which did not exist till four years ago, now accounts for 25 per cent of the overall revenue. The company is ready to buy more. It has Rs 250 crore in cash with no debt and Rao says, "We continue to look for acquisitions and can pay up to Rs 2,000 crore if we find a match."

As for 3G, Rao says, "In the long run, it's a good opportunity. But it will take time for the telcos to roll out the networks. We will wait and watch." ■

# RINGING IN A NEW HIGH

## INDIA'S LARGEST AND ONLY LISTED VAS PLAYER IS READY FOR BIG BUYS

LESLIE D'MONTE

**I**F you have ever copied your friend's ring-back tone (RBT) by pressing "\*" (the star button on your handset), or seen the "AirTel Gaana Bolo" advertisement with Saif Ali Khan and Kareena Kapoor, you have been introduced to India's largest value-added services (VAS) player, OnMobile. "With the 'music search' innovation (referring to the Airtel ad), it's the first time in the world that you can say the name of a song, and it is downloaded," says Arvind

Rao, co-founder, chief executive officer and managing director of OnMobile, which was responsible for the technology and service. Around 670 million people in 22 countries subscribe to the company's various services through telecom operators.

Trading at a price to earnings (P/E) multiple of 39.3 based on net profit for the trailing 12 months (TTM) ended September 2009, the Rs 400-crore company also happens to be India's largest and only listed VAS player. At the current market capitalisation of Rs 2,538 crore (as on January 22, 2010), the one-year forward P/E stands at 24.7.

Rao attributes the company's