

Subex to sell activation business to NetCracker

Our Bureau

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Subex Ltd, provider of business support systems (BSS) for Communications Service Providers (CSPs), has divested its activation business and has signed an asset purchase agreement with NetCracker, an NEC group company, for the sale.

The company is divesting the business that it acquired from Syndesis Corporation in 2007 which "did not quite work out for us for a number of reasons," Mr Subash Menon, Founder Chairman, Managing Director and CEO said.

The activation business in fiscal 2011, worth approx \$15 million in terms of revenue for Subex was de-growing and a dampener to their growth, he added.

UTILISATION OF FUNDS

The funds the company will receive from the transaction would be used for operational issues and paying back debt.

The sale now is being done to ensure that Subex stays focused on its core products, that is, ROC Solutions (Revenue Assurance, Fraud Management, Partner Settlement, Data Integrity Management etc) and Managed Services, Mr Menon said.

The company's plan now is to consolidate our business optimisation space through both organic and inorganic means, he said.

After the divestment, the profitability of the core business which is around 38 per cent at the EBITDA level will become "obvious," Mr Menon said.

Subex estimates its addressable market size in 2011 to be \$1.56 billion. The company holds about five per cent market share in a market that is growing at a rate of about 12 per cent annually, he said.

The company's current qualified pipeline for the continuing business is worth \$350 million and it expects a 20 per cent growth rate this fiscal.