

Subex sells activation business to NEC

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Bangalore: Subex, which provides business support systems to telecom service providers, is selling its activation business to NetCracker Technology, a unit of Japan's NEC Corp.

Subash Menon, founder and CEO of Subex, declined to disclose the deal value, but said the activation business posted \$15 million revenue in the last fiscal year. Subex had a total revenue of a little under \$110 million (Rs 492 crore) in the same year. About 100 Subex employees will move to NetCracker.

Bangalore-based Subex, one of India's biggest software product companies, got into the activation business when it acquired Syndesis, a Canadian provider of operations support software solutions to telecom, in 2007. "It (the activation business) never did well for us. We lost money on it initially, and broke even last year," Menon said. The activation business includes software that enable operators to allocate bandwidth and resources to subscribers.

Menon said Subex wants to focus on business optimization



Subash Menon

products, those that enable telecom service providers to improve their operational efficiency to deliver enhanced service experiences to subscribers. These include fraud management and revenue assurance solutions. Menon estimates the addressable market size of this segment in 2011 to be \$1.56 billion.

Menon said the money from the sale will be used to partly repay its debt. The company has about \$113 million in debt, much of that as foreign currency convertible bonds redeemable in March 2012, if not converted earlier. The debt was incurred for the acquisitions of Azure, for \$140 million, in 2006, and Syndesis, for \$164.5 mn, in 2007. These buys turned out to be extremely expensive in the light of the global recession in 2008-2009 that significantly impacted global telecom spends.

Subex's customers include many of the world's biggest telecom service providers. The company has more than 300 installations across 70 countries.