

# Sybase seeks boost from China

Software supplier hopes Mobile 365 deal will help increase revenue

## Bien Perez

Sybase, a Californian-based supplier of enterprise and mobile software, is looking to boost sluggish revenue growth by winning access to the mainland's millions of mobile-phone users, helped by the acquisition last week of Mobile 365.

The all-cash US\$400 million purchase gives Sybase a foothold in the mainland's mobile value-added services market, particularly short-messaging services (SMS), with companies from banks such as Citigroup to small domestic brands able to use Mobile 365's products to catch the attention of the country's 426 million mobile subscribers.

"We are investing in preparation for this [mobile messaging] market taking off in a big way," said John Chen Sau-chung (left), the chairman, chief executive and president of Sybase.

The mainland was one of the fastest-growing areas in a global mobile messaging market that was increasing by

about 20 per cent a year, Mr Chen added.

Mobile 365's software makes it possible for carriers such as China Mobile, the country's biggest mobile-phone operator, and customers ranging from media companies to financial institutions to offer users ring tones, games and applications sold by third parties and allocate resulting revenue. The company's products also deliver cross-operator SMS and multimedia messaging services.

Mr Chen expects Sybase mobile services sales to exceed US\$300 million next year after the purchase.

Mobile 365, which delivers more than three billion messages per month through connections involving 700 mobile carriers and eBay's internet communications arm, Skype, had sales of US\$90 million in the year to March.

Yahoo, MSN, Sony Pictures and other customers used Mobile 365's platform to ensure messages and marketing campaigns were successfully delivered and related revenue was quickly processed, Mr Chen said.

Sybase is seeking to boost revenue growth that it said might decline to between US\$210

million and US\$215 million in the third quarter from US\$215.6 million in the three months to June, when a 5 per cent year-on-year increase was the highest in four quarters.

The mainland's mobile value-added services market reached 6.59 billion yuan in the second quarter, up 5.8 per cent over the previous quarter, research group Analysys International estimates.

SMS was a particular "good bet" for marketers wanting to reach young adults as about 25 per cent of the mainland's mobile-phone users were in the free-spending 20 to 24-year-old age group, researcher eMarketer said.

"We're going after a bigger share of the wallet of our customers," Mr Chen said.

Sybase's targeted sectors include finance, transportation and health-care companies.

Sybase argued its link-up with Mobile 365 would help smaller companies to afford access to the messaging platforms required for pushing marketing campaigns.

"[Small enterprises] most likely are unable to make those investments, but having a messaging platform, which they can get direct from Sybase or our partner network operators, will enable these companies to compete," Mr Chen said.

