

Seven gets a Hedman

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Paul Hedman, UK managing director at Seven, is a smooth talking Swede with a soft spot for his former business, Smartner. Hedman became part of Seven through its acquisition of Smartner, which he was in the process of turning around.

When Hedman was called in to fix it in 2003, the then not so smart Smartner was a business on the rocks. It had a grand total of three customers, none of which were happy, and a staff that was also less than joyful. Until Hedman swept in.

In 2004 the smarter Smartner quadrupled its revenues and began signing up operators, with 22 joining the business including Ericsson and Nokia. Hedman puts this rapid turnaround down to push email. He says the idea as for an open version of what RIM was doing: "RIM and its Blackberry has helped us a lot," he comments. "RIM's done a lot of marketing campaigns and has something like 140 operators worldwide. But the problem RIM has is it just has this one device. We can provide a customer with the same solution but for all other devices."

In February 2005 Hedman met Kent Thaxton, the CEO of Seven. He comments: "Kent is a good guy. He had the US and DoCoMo in Japan, and I had Europe, Asia and the Middle East; it was a perfect fit. We decided to do the merger in May 2005. The new combined business had almost 80 operators, most signed up outside the US and Japan by the Smartner side of the business."

To date, Seven has almost 100 operators on its books globally. Hedman glows with pride as he says that six of those operators are in the US and Japan, making all the rest Smartner business. Its market share is strong throughout the globe, Hedman claims. He says of an estimated 650 million business accounts worldwide, seven million of those are mobilised. Of that seven million, RIM has 4.5 million to five million, equating to around 80% of the mobilised global market, and Seven reigns as number two globally with around 1.2 million users (12% of the global mobilised marketplace).

However, Seven and Smartner have still not yet achieved full integration. The product lines of both companies are currently being pulled together. The first copy of the merged Smartner/Seven product is ready now. Hedman says: "The American's have done something great with their

provisioning. But the American product is made for the top business guys in the US and is very stiff. So we're taking away that stiffness and keeping the provisioning. It will be one platform for everyone."

The first version of the new product, code named 'Cava', will be out in the first quarter of 2007 as a business user release. Cava will include the Internet Edition for small companies, the Professional Edition for single users, and the Work Group Edition for companies with over 25 users. In mid 2007 the full blown version will become available, code named 'Champagne'. Champagne will include the Enterprise Edition for over 25 users.

Yet while these two companies are growing, the mobile email market is becoming more complicated. All over the US, mobile email businesses are busy suing each other over patent rights. Seven is one of those. Seven was taken to court by Visto for a patent infringement, and in May this year the judge ruled that Seven had to pay Visto \$3.6 million. However, Seven has appealed to the US Patent Office. At the same time, Seven has countersued Visto in a trial that will go to court in June 2007. And so the saga continues.

Hedman comments on the sue-happy culture of the industry he is in: "The problem is the legal system in the US. Anything you do in the US becomes a legal issue. But I think, give it another year, and there won't be the opportunity to sue mobile email companies any more as the technologies will become more standardised."

This standardisation will come about as larger companies begin buying out smaller ones, combining and standardising technologies further, Hedman claims. He predicts: "O2 will be eaten up, and either us, Visto or Good will also be eaten. The players that will make the acquisitions later this year or definitely next year will be Nokia, Ericsson, Microsoft, Comverse, Verisign and maybe RIM."

An IPO is also on the cards. Hedman comments: "At the moment I don't think an IPO will be this year. An IPO takes time. Realistically, we're talking about the third quarter 2007. Our two strategies are an IPO or a trade sale. At the moment we're very keen to do business as usual, but we're open to both ideas."

He adds: "This is my role; I was hired at Smartner to bring the company up for IPO or trade sale; I'm not sentimental. In Seven's case, we'll see what gets the most value for its owners. I'm just focused on getting the numbers in and growing the company."

