

# Aragon Research

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## PGi Expands Market Reach With Powwownow Acquisition

**Summary:** PGi's acquisition of Powwownow is another example of further market consolidation from larger conferencing and collaboration providers either filling in technical gaps or expanding market reach to new geographies and customer segments.

**Event:** On December 3, 2013, PGi, a global telecommunication service provider specializing in collaboration and virtual meetings, acquired Via-Vox Limited, a UK-based conferencing and collaboration service provider trading under the name Powwownow. Powwownow focused on the SMB space and was acquired for a cash price of approximately US\$52.6 million, net of working capital. PGi funded the purchase through its credit facility and cash and equivalents on hand.

### Analysis

We have long predicted continued consolidation in the real-time collaboration market. While a big part of the consolidation has been technical convergence, market expansion has also been a key driver in recent years. For example, Citrix bought the German provider Netviewer a couple of years ago to expand its online collaboration business to Europe. PGi stands to improve its market position with this acquisition. It moves further into the European market and also to a new target segment, the SMB customer base. This also makes PGi the second largest independent conference and collaboration provider in Europe.

### Topic: Collaboration

**Issue:** Who are the collaboration providers and how will they evolve?

While Powwownow provides conference calling and web conference services, PGi customers should ask PGi if these services would continue with PGi's own similar offerings. Customers will have access to PGi's iMeet and GlobalMeet conferencing and collaboration services. We believe current Powwownow customers will continue to be supported, but there may be a migration point over to PGi services.

PGi was an early mover in bringing social capabilities to web conferencing with its iMeet product. However, the market has caught up, and major players now provide social integration with real-time collaboration and UCC platforms. For example, Citrix bought a social company, Podio, and Jive Software, from the social space, bought a real-time company, meetings.io.

We believe PGi had to figure out its next move to remain relevant in this changing marketplace. As a service provider, PGi competes heavily with InterCall and AT&T, which also provides its own conferencing and collaboration services. Also, while these providers partner with UCC vendors such as Microsoft and Cisco, they also compete with similar conferencing products. A huge strategy for these service providers is to differentiate and go after new market segments such as SMBs.

This is a good move for PGi, which gains approximately 240,000 Powwownow users across Europe. The acquisition improves PGi's reach and enhances its go-to-market strategy.

**Aragon Advisory**

- PGi now has overlapping assets, so it will have to rationalize and simplify its conferencing and collaboration portfolio.
- Powwownow customers should get guidance and roadmap information from PGi as to the future of their investments.

**Bottom Line**

PGi's acquisition of Powwownow continues the push toward further consolidation in the real-time collaboration market. This consolidation is seeing real-time or UCC companies make moves for social and other collaboration services along with expanding their market reach and customer bases.

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