

Megasoft sniffs opportunity as US moves to prepaid

Sees India revenues growing on 3G

K V Ramana. Hyderabad

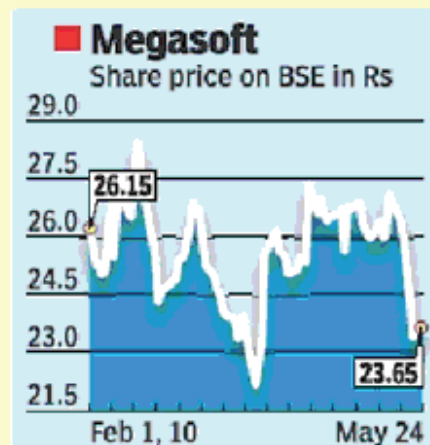
Megasoft Ltd, the Hyderabad-based telecom technology company, is eyeing a major opportunity in the prepaid segment in the US mobile telephony market.

The company, which supplies several products to clients in US, Latin America and India, sees a major churn in the US market with operators there focusing on the prepaid segment.

"The market in the US is changing particularly in the backdrop of the recent recession. The focus there is shifting towards the prepaid model. So far prepaid constituted about 10% of the US market as against about 70-80% in markets such as India. The change is going to help us get more revenues from that country," G V Kumar, Megasoft's CEO, told *DNA Money*.

According to Kumar, Sprint, one of its leading customers, has already started offering prepaid brands to its customers in the US. "We have about 20 customers in the US looking at the new business model," he said.

Megasoft offers prepaid management platforms to its telecom clients in addition to mobile commerce platform and roaming products, etc. The prepaid platform contributes about 60% to its revenues while the mobile commerce products bring in 15-20% and roaming products



about 8%.

"The mobile prepaid products are going to increase their contribution. We are sure that the revenue-mix by geography too would change with India contributing significant revenues following the entry of 3G operators. The onset of 3G will bring to fore content management services. Mobile advertising, commerce and other services taking advantage of the higher bandwidth will change the market in India shortly and we see a major opportunity in it," Kumar said.

For the first quarter-ended March 31, 2010, the company posted revenues of Rs 39.26 crore as against Rs 75.22 crore in the corresponding period of the previous fiscal. The company's net profit for the quarter rose to Rs 4.17 crore as against Rs 12 lakh a year ago.

"Though our topline has taken a beating due to the restructuring we did in 2009, the bottomline has significantly improved. This indicates a clear trend for the company and we are hopeful of maintaining the margins," he said.

k_ramana@dnaindia.net