



Market Alert

brightfin Merges Three Veteran Technology Management Firms to Solve Global IT Challenges

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EXECUTIVE SUMMARY

Key Stakeholders:

Chief Information Officers, Chief Technology Officers, Chief Financial Officers, Finance and Accounts Payable Directors and Managers, Human Resources Officers, Procurement Directors, Telecom Directors and Managers, Mobility Directors and Managers, IT Architects, Vice President/Director/Manager of IT Operations, DevOps Managers, System Architects, Product Managers, IT Sourcing Directors and Managers, IT Procurement Directors and Managers

Why It Matters:

The brightfin merger brings together three growth firms with synergistic capabilities: MobiChord, Mobile Solutions, and Visage Mobile. The Technology Expense Market (TEM) has seen many mergers and acquisitions with mixed results. In this light, IT departments want to know how this merger will affect their spend environments and where brightfin should be considered as a solution.

Top Takeaway:

brightfin is taking a bold stance by consolidating on a single platform and only using the best-in-class capabilities associated with each acquired company. This approach is rarely taken in this market because of the fear of losing customers in the short term. Amalgam Insights believes that this merger approach is the right one for supporting customers in the long-term as well as making it easier to pursue future innovation and evolution as IT management only becomes more complicated.



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MARKET CONTEXT

On May 4th, the company brightfin was announced as a merger of three veteran companies in the technology expense and managed mobility services markets: MobiChord, Mobile Solutions, and Visage Mobile. This merger was driven by Periscope Equity. This new company will be run by Ed Roshitsh, who has prior tech CEO experience and will also be on a brightfin board member. Herbert Uhl, MobiChord's former CEO, and Jim Johnson, Mobile Solutions' former CEO, will join the Board while Mani Zarrehparvar, Visage Mobile's former CEO will serve as Chief Customer Officer.

This merger brings together these firms to take on the challenge brought on the IT Rule of 30, which states that every unmanaged IT spend category averages a 30% opportunity to reduce costs. This is a massive opportunity in the areas of telecom, network, mobility, cloud, and software, especially as cloud costs are expected to grow over 20% per year until the year 2025. Amalgam Insights predicts that the public cloud will grow from its current size of roughly \$250 billion as of the start of 2021 to over \$600 billion in 2025. In addition, telecom, network, and mobility already constitute over a trillion dollars of global enterprise spend. Although a fraction of this spend has been fully rationalized and optimized, there is still a massive opportunity to improve mid-market and enterprise technology spend that has grown faster than the business can effectively manage.

The history of mergers and acquisitions in the Technology Expense world (which combines telecom, network, mobility, software, and cloud services) has been long and convoluted, with many companies having been rolled up either into Tangoe and Calero-MDSL. Given the mixed results that have occurred in the past, how does this merge compare?

ANALYZING BRIGHTFIN'S COMPONENTS

As a starting point, Amalgam Insights believes that each of these three companies serves different roles in the mobility and technology markets. MobiChord is built on the ServiceNow platform and is able to take advantage of platform advances built by ServiceNow for its own software. In addition, MobiChord has branched out from its mobility starting point to its current capabilities to support mobility, network, and cloud computing, including a recently announced Kubernetes allocation in their 21.01 release that makes MobiChord the first technology expense company with a telecom or mobility background to support Kubernetes cost management. MobiChord has grown rapidly, averaging over 100% year over year growth for multiple years and multiple listings in the Inc 5000 list for the 5000 fastest-growing startup companies in the United States. Pre-merger, MobiChord had already started to focus on the analytics and data value propositions associated with technology expense management and IT financial management. In joining brightfin, this investment in providing data transparency for IT managers is expected to continue.

Mobile Solutions has quickly grown as a mobility management solution over the past few years. It provides a Software-as-a-Service solution called MAX to support wireless expenses, service orders, and help desk activity for its clients, which are mostly mid-market organizations. However, Mobile Solutions is best known for the services it provides for its clients to support spend reduction, security, device management, device staging and kitting, device recycling, and data usage. Mobile Solutions is also no stranger to the Inc 5000 list, having made the list six times.



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Visage Mobile is a long-time veteran in the mobility management space. Originally founded in 2001 as a mobile virtual network enabler, Visage pivoted in 2008 to use its enterprise billing knowledge to create a software solution, MobilityCentral, to support wireless billing challenges in business environments. Visage supports a wide range of organizations across small and medium businesses as well as Fortune 500 enterprises to help companies with mobility management and travel challenges. Visage Mobile has added a Telecom Central to support landline telecom as well as contract management, cloud subscription support, travel alerts for international overage usage and integration with Concur and is known for its Bring Your Own Device solution for mobility spend management initially launched in 2013.

How do these pieces fit together? As a starting point, it is evident that all three companies have strong enterprise mobility backgrounds and have been successful in supporting IT departments in scaling the support, security, and operations associated with their mobile deployments. However, an immediate concern that may come up is around platform support and aggregation. The history of telecom expense management and enterprise mobility management is full of acquisitions, such as the aggregation of companies that created historic market leaders such as Control Point Solutions, Verucity, and ProfitLine and then seeing all three of these companies eventually acquired by Tangoe, which also made additional large acquisitions including Rivermine, MOBI, and the expense management business of Vodafone Global Enterprise. Likewise, current market leader Calero-MDSL has been created through the merger of MDSL and Calero, which is itself a rollup of Pinnacle, Veramark, and Movero, which was itself built by combining Broadsource, Integrated Mobile, and a prior company called Movero Technologies.

If this was confusing to read, imagine how confusing this would be for the actual customers who were involved in having their business and platform acquired by new owners every couple of years over the past decade? One of the biggest challenges that Technology Expense vendors have faced while growing through acquisition is the challenge of rationalizing multiple platforms, which has proved to be a distraction from providing services or in quickly implementing new services based on customer demands. This issue is both real and concerning, especially for Fortune 500 TEM professionals who have been through at least one merger. Amalgam Insights dares to say that until one has experienced the challenge of dealing with a vendor that is either acquired or merges with another company, one has not been fully initiated into the challenges of enterprise-grade technology expense management.

BRIGHTFIN'S TAKE ON SOLVING THE MARKET CHALLENGE OF TECHNOLOGY MANAGEMENT MERGERS

In light of this challenge that past vendors have faced in rationalizing offerings over the past decade, brightfin has decided to consolidate on a single platform, MobiChord, which makes this merger different from previous Technology Expense acquisitions or roll-ups where multiple platforms were left to avoid short-term challenges in supporting customers. Mobile Solutions adds a strong support team with experience in supporting rapid growth while maintaining extremely high customer retention rates. Visage Mobile adds both experienced support staff and a development team that has traditionally provided very usable solutions for clients.



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Amalgam Insights notes that the mid-market experience that both Mobile Solutions and Visage Mobile have had represent an interesting opportunity. The vast majority of managed mobility services deals where the potential customers have less than \$1 billion in revenue are uncontested by other vendors and end up being a referendum for or against internal status quo capabilities. The combination of mid-market and enterprise expertise that these three companies have will allow it to serve as a strong solution to manage technology costs for both mid-sized and large organizations.

RECOMMENDATIONS AND OBSERVATIONS FOR THE TECHNOLOGY MANAGEMENT COMMUNITY

Acquisitions are typically a challenging event for the technology expense and enterprise mobility professional as M&A activity often leads to changes in technology, service teams, processes, and procedures. MobiChord, Mobile Solutions, and Visage Mobile customers must all evaluate the creation of brightfin and potential customers previously evaluating these three firms must decide how this private equity-based merger will affect them. Based on the prior history of technology management mergers that Amalgam Insights' analysts have covered over the past 13 years as an industry analyst and the approach that brightfin has taken, Amalgam Insights provides the following recommendations.

For MobiChord customers: This is an opportunity to start working with account managers from the Mobile Solutions side. Find out how your account management will change and meet with your new resources as soon as possible. This is an opportunity to push brightfin from a service perspective and to ask for more help in supporting any service orders, help desk demands, and device management that require hands-on work. With this acquisition, MobiChord customers gain a support channel for their mobile devices that matches the software that they have in place.

For Mobile Solutions customers: Historically, Mobile Solutions customers have had extremely responsive and high-quality support but may not have had the need or interest in working deeply with the platform. These customers should reconsider their approach and look at the "Art of the Possible" in using newly available platform capabilities to support additional IT categories, especially since the MobiChord platform extends beyond mobility to also include landline telecom, network circuits, software, and cloud expenses. This is an opportunity to dig deeper into technologies that are driving digital transformation and to consolidate multiple IT spend categories under a single platform.

For Visage Mobile customers: Take full advantage of additional technologies and service commitments made available through this merger. Visage Mobile customers will find a lot of alignment with the MobiChord platform and with the services supported on the Mobile Solutions side. Amalgam Insights believes that among the three companies involved in this merger, Visage Mobile customers will need to put a bit more effort in learning the MobiChord platform. Amalgam Insights' experience is that Visage's MobilityCentral and TelecomCentral have significant similarities that should make the migration relatively simple.



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For potential customers: Potential customers should alert their CIO and enterprise architects to consider a vendor that could help with cloud inventory and governance along with mobility and telecom management. The biggest change with the brightfin merger is both a challenge and an opportunity in that potential customers now have a broader set of capabilities to consider, whether it be the software platform that can also access ServiceNow platform benefits, the increased service resources available across contracts and enterprise mobility, or the expansion of capabilities to support spend across landline and cloud services in addition to enterprise mobility and telecom.

For the TEM community at large: Mergers are a way of life in the Technology Management industry. It is not a matter of if, but when your solution will be considered as a target to be acquired. Even the most stable of solutions is always an acquisition target, as this market is generally seen as an underserved growth opportunity by outside investors in the private equity community. Although you should always build relationships with your current account teams, be ready to reach out quickly when your vendor makes a merger or acquisition announcement and get as much of a head start as possible to work with your new team and to take full advantage of additional functionalities and services that may exist.

CONCLUSION

brightfin represents the merger of two high growth Inc 5000 companies in MobiChord and Mobile Solutions, and a long-time telecom and wireless expense provider in Visage Mobile. All three of these solutions were previously recommended by Amalgam Insights in their specific areas. With this merger and the planned consolidation of technologies and services, Amalgam Insights believes this new company will be especially useful for organizations seeking to understand the alignment between mobile and cloud services in today's remote worker-focused environment that are working on a total cost of worker technologies. The managed and professional services from this combined organization across contract management, device kitting and staging, and workflow automation also serve to increase the value of this organization.

Amalgam Insights recommends brightfin for consideration as a technology expense management and managed mobility services solutions for both mid-market and enterprise organizations.

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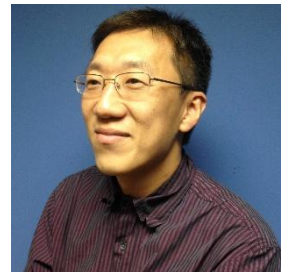
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HYOUN PARK, CHIEF ANALYST

Hyoun is the Founder and CEO of Amalgam Insights. He focuses on Technology Consumption Management challenges of procurement and utilization based on 20+ years of vendor, enterprise IT, and industry analyst experience.

Prior to Amalgam Insights, Hyoun:

- Led IT analyst practices at the Aberdeen Group and Blue Hill Research with over 300 research documents across analytics, mobility, finance, and collaboration.
- Managed multi-million-dollar technology budgets at Bose and Teradyne.
- Managed billing data operations for two resale telecom CLECs.
- Built prediction models for the first Fantasy Baseball website, mosey.com



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