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TelePassport to buy Centracell

By Dave Glazier

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Newly-listed telecommunications firm TelePassport will announce tomorrow the acquisition of its competitor – fellow least-cost routing (LCR) company Centracell.

Centracell marketing manager Grant Bullimore and Centracell MD Julian Morelis both confirmed the deal, but declined to reveal the value.

Centracell, once a division of Centratel, offers a suite of solutions to route voice traffic over alternative network platforms. It is one of a handful of players in the LCR industry.

TelePassport FD James Herbst says one of the primary reasons for his company's listing last Wednesday on the AltX bourse was to raise capital for acquisitions.

"We are in advanced negotiations for the acquisition of a meaningful competitor."

Consolidation

Morelis and his brother, originally minority shareholders in Centracell, purchased the remaining shares from Centratel in May. Morelis declined to reveal the value of this deal.

Now, three months later, Morelis is selling Centracell to TelePassport.

Herbst says TelePassport recognises the need to be a "better strategic partner for the operators".

TelePassport listed on AltX last week through shelf company Huge Group. Herbst believes it is important to have a holding and an operating company. As a growing firm broadens its horizons, it may wish to target new areas of the market, he notes.

Herbst is pleased with investor activity, saying 1.8% of the company's value was traded within two business days of listing.

Industry views

TeleMasters CEO Mario Pretorius says the TelePassport-Centracell deal will effectively create another giant player in this vertical market. TeleMasters also targets the LCR space and is another new addition to AltX.

"Each of us have our own areas of growth, our own territory, and so we'll just keep looking to grow those areas."

Orion Telecom MD Jacques du Toit says the LCR industry is experiencing a lot of consolidation. Orion is one of the larger LCR players and a new addition to the DataPro stable.

"This is natural. As industries mature, consolidation happens."

He believes these larger entities will be more forceful than a host of disparate small players. "Gone are the days when everyone was just fighting for survival."

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