

How Fleetmatics transformed into a global powerhouse

Verizon's planned purchase of the Tallaght-based vehicle-tracking firm for \$2.4 billion is the latest chapter in a long story, writes **Edmund Heaphy**

Last Monday, the US telecommunications giant Verizon announced that it was to buy Tallaght-based Fleetmatics, for \$2.4 billion (€2.15 billion) in cash.

Fleetmatics – a global powerhouse in the GPS vehicle-tracking sphere founded in 2004 – was “basically the getting together of two companies”, said Jim Keating, the founding chairman of Fleetmatics who is no longer involved with the company. Its origins, however, date back a bit further than 2004.

In the late 1990s, the shareholders of Krossbow Holdings, the parent company of the now €80 million-turnover Cross Refrigeration, formed a company called Monitcom to distribute a fleet monitoring system made by the British-based Minorplanet.

“Having seen the system operating in a British vehicle, we decided that it was something that was totally new, and we had a fleet of vehicles ourselves, so we thought that there was an opening here in Ireland for that type of system,” Keating, who was executive chairman of Krossbow, said.

With the system still only in its “infancy”, Monitcom was successful in establishing fleet management, which allows companies to monitor its vehicles in the wild, as a concept in Ireland. Within a few years, Monitcom started a sister company on the north-east coast of the US, where the concept was even newer.

Being “pioneers”, Keating said, Monitcom

had “great difficulties getting the sim card companies to follow the vehicle changing over from state to state” in the US.

It took them nearly a year to get one company on board. “But when we got one on board, of course they all came on board,” he said.

Around the same time as Monitcom's US expansion, the company was approached by Dublin-based Oyster Technologies – backed by Bill McCabe and Bill Beamish – which had developed a web-based fleet management system. The timing was perfect: with Minorplanet having difficulties in moving its platform to the web, Oyster had the product, and Monitcom had the operational scale.

In 2004, the shareholders of both Monitcom and Oyster Technologies formed a 50:50 company, the Fleetmatics of today – the success of which Keating said was dependent on Monitcom's early expansion to the US.

Fleetmatics had early venture capital success. And in 2008, it received €16.5 million from US-based private equity firm Investcorp. Keating was chairman until Investcorp approached the shareholders to sell out in 2010, he said. Before going public on the New York Stock Exchange in 2012, Fleetmatics had raised over \$93 million in funding.

Fleetmatics started in a small office in Templeogue, employing just ten people in its first year of operation. Now, Fleetmatics has around 1,200 employees and 37,000 customers operating 737,000 subscribed



Fleet management allows companies to monitor their vehicles in the wild; inset, Verizon has snapped up Fleetmatics for \$2.4 billion



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vehicles. Its products allow fleet operations to reduce costs by providing insight into things like fuel usage, speed and mileage.

In June, the company announced 75 new jobs for its Tallaght headquarters, jobs which it said were due to come on stream by 2018.

Peter Mitchell, the original chief technology officer of Oyster Technologies, and one of the co-founders of Fleetmatics, remains at the company in its Dublin base. John Goggin, until last year Fleetmatics' senior vice-president for global sales, joined Cross Refrigeration as a young sales trainee before rising to sales director and moving to Monitcom and then Fleetmatics. He charted its rise from the early days to a global success. Bill Beamish was chief executive until 2006, when Jim Travers, the current chairman and chief executive, took over.

In a statement, Verizon Telematics chief executive Andres Irlando said that the deal, which is expected to be completed in the fourth quarter of this year, would expand its telematics services for small and medium companies. Travers said that both companies share a joint vision in a market that is “extraordinarily large, lightly penetrated, global and fragmented”. This “can best be attacked together”, he said.

Six weeks ago, Verizon announced that it would acquire Telogis, a US company founded in 2001 that also focuses on fleet management. The terms have not been disclosed, but Fleetmatics – with \$298 million in annual revenue, more than three times that of Telogis – dwarfs the company.

As one of very few cloud-based tech companies to see both growth in revenue and profits, Fleetmatics not only expands Verizon's traditional telematics business, but also gives it a leg up in the logistics industry, which has seen players like Uber and Amazon, as well as a string of smaller start-ups, try to challenge the established distribution companies. Along with its recent \$4 billion purchase of Yahoo, Fleetmatics is another acquisition that will allow Verizon to offset the decline in its legacy phone business.

Citigroup's Kenneth Wong said in a statement that he was not surprised by the announcement. “The sector has been consolidating at an aggressive pace,” he said.

Keating was also not surprised, noting that Fleetmatics had the “insight into companies and systems” Verizon would be looking for.

“It's easier to move on from there,” he said. “They wouldn't be buying Fleetmatics unless it opened up new opportunities for them.”

