

REPORT REPRINT

PowWow Mobile inherits solid IP in the app-refactoring space with StarMobile buy

CHRIS MARSH, RAÚL CASTAÑÓN-MARTÍNEZ

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PowWow Mobile's acquisition of StarMobile is another sign of churn in the mobile-app-refactoring space after Reddo Mobility went out of business. A shakedown was still needed, however, and this leaves PowWow Mobile with a stronger product and the chance to gain mindshare.

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Mobile application platform (MAP) provider PowWow Mobile announced it has entered a definitive agreement to acquire competitor StarMobile. The acquisition will benefit PowWow Mobile more in the intellectual property (IP) it will inherit than in any actual customer adoption, which StarMobile struggled with before it hit the rocks. A stronger product with good IP and one less competitor in the market will be a nice boon for the relatively new leadership team at PowWow Mobile as it looks to tap the underserved need for cost-effective ways to mobilize applications quickly.

THE 451 TAKE

App refactoring for mobile has looked promising - on paper, anyway - since it first came about roughly five years ago. As a market, though, it has suffered from too much noise and not enough solid product. With its acquisition of StarMobile, PowWow Mobile has an opportunity to address both of these issues - it will reduce the number of players in the market, and it will take on solid IP and what seemed like promising channel relationships for StarMobile among enterprise software incumbents looking for a mobile play. The recent shutdown of rival Reddo Mobility - which failed to execute its rebranding transition from Gizmox - and the travails of StarMobile haven't done anything to allay the concerns of hesitant enterprises. However, with a strong, experienced leadership team, an enhanced product (with StarMobile's IP) and at least some of the market noise out the way, PowWow Mobile will be able to provide solid reasons for enterprises to continue looking at this space.

DEAL DETAILS AND RATIONALE

The acquisition of StarMobile will strengthen PowWow's product, giving it a broad IP portfolio around refactoring applications to mobile. In particular, StarMobile will bring deeper analytics and diversity in back-end integration. PowWow Mobile will have more room to drive mindshare around the still nascent market without having to do quite so much blocking and tackling in competitive bids and wrangling in its marketing activities. It's a nice boon for the relatively new executive team, now led by CEO Kia Behnia, former BMC Software CTO. Terms of the deal weren't disclosed. Both companies were venture-backed with modest amounts of capital and a combined headcount of 25-30.

ACQUIRER PROFILE

PowWow Mobile provides a low code application-development platform for the rapid design, build and deployment of (mostly) B2E and B2B mobile apps. It was founded in 2012 by former CEO Andrew Cohen (now chief customer officer) and CTO Jonathan Kaplan and is headquartered in San Francisco. The vendor uses refactoring technology to get legacy Windows and web applications onto mobile devices. More recently, it has also focused on the creation of new apps. For legacy apps, enterprises have typically either bought off-the-shelf vendor-supplied apps that leave little room for customization, or they have had to rebuild, heavily re-architect or fully virtualize existing applications using Citrix or VMware-style virtualization. None of these options have provided optimal experiences for mobile scenarios.

TARGET PROFILE

Atlanta-based StarMobile provides a codeless, cloud-based platform that uses a similar refactoring approach. The company has raised \$6m, backed by Atlanta Technology Angels, GRA Venture Fund, U.S. Venture Partners (USVP) and Webb Investment Network. The technology was originally conceived at the Georgia Tech Networks and Mobile Computing Research Group and is based on a proprietary remote computing protocol called MORPH, which 'fingerprints' the underlying data and workflow elements of the back-end application and then transforms those elements into an app with a native look and feel.

COMPETITION

With Reddo Mobility and now StarMobile out of the way, PowWow Mobile's main competition comes from Capri-za, which focuses on web apps, and HopTo, which 'trims' down Windows applications for use on mobile devices. Capri-za is really the core target; its customer base is two to three times larger, but it is significantly more leveraged in terms of funding.

PowWow Mobile has, for now, friendly relationships with Citrix, which acquired remote computing vendor Framehawk in January 2014, and VMware, but as both of these virtualization stalwarts work through how to extend their virtualization platforms to tackle the mobile-productivity space, they may become competitors or even potential acquirers of PowWow Mobile. Other vendors within the larger MAP segment include IBM, SAP, Oracle, Microsoft, Red Hat and AWS, as well as startups such as Sapho and Magnet Systems.

ACQUIRER

PowWow Mobile

TARGET

StarMobile

SUBSECTOR

Mobile app development

DEAL VALUE

Not disclosed

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ADVISERS

None