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## Herndon tech company targets mobile commerce

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Joe Brier

Wireless transaction: Pragnesh Shah, chief executive of Mobilians International, wants to tap into the emerging wireless commerce market with software it plans to sell to cell phone companies.

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A Herndon technology company is hoping to ink partnerships in the near future with mobile phone carriers and online merchants so that its payment system for buying small items using cell phones can get off the ground.

Mobilians International Inc. -- backed by its Korean parent company, which has been in the mobile-payments arena for six years -- is attempting to tap into a potentially lucrative market in the U.S. that analysts peg at \$1 billion or more.

Led by Pragnesh Shah, a former Sprint Nextel Corp. vice president of product innovation, Mobilians sells software that allows people to make purchases using their mobile phones without the need for a credit or debit card.

Shah and his team are in discussions with unidentified mobile phone carriers and merchants about partnerships with the company. Merchants will pay Mobilians a fee for driving traffic to their Web sites, and the Herndon company will share a percentage of its revenue with mobile phone carriers.

Hoping to go live in the first quarter of 2008, Mobilians officials say the market for their payment system will center on people 14 to 30 years old who are purchasing items for less than \$10, such as online music and other Web content.

The company's system works like this: An item is selected, and the consumer chooses an option to pay with a mobile phone. The consumer enters the mobile phone number and billing ZIP code. A code is sent to the consumer's mobile phone via a secure text message. The code is entered to complete the transaction. The purchase is added to the person's mobile phone bill or deducted from a prepaid account.

Mobilians International's parent company, Mobilians Co. Ltd., a mobile payments provider established in 2000, is investing an undisclosed amount in Mobilians International. Shah, the company's chief executive, said Mobilians International began a hunt for a first round of venture capital a few weeks ago.

Although Shah declined to provide near-term revenue projections for the company, if it successfully penetrates the market, Mobilians International could generate hundreds of millions of dollars in annual sales down the road, he said. "That is not a pipe dream."

Mobilians International faces some high hurdles, analysts say. Finding mobile phone carriers to embrace its technology will not be easy. Consumers for the most part still haven't embraced the business model that Mobilians International is banking on. In addition, some cell phone companies may want to develop their own online payment systems without having to share revenue with outside companies. "Why do we need an intermediary here?" asked Sucharita Mulpuru, a principal analyst with Forrester Research Inc.

Online purchasing is big business. E-commerce sales will total \$417 billion this year in the U.S. and Western Europe, according to a September report by analyst Benjamin Ensor of Forrester Research.

However, analysts aren't convinced that Mobilians International is entering this space at the right moment.

"People are not that interested in using cell phones as a payment device yet," said Avivah Litan, a research vice president with Gartner Inc.

Search engine giant Google Inc. has formed an alliance with more than 30 technology and wireless companies to develop a new operating system for cell phones. Analysts are speculating that the Android platform, as the operating system is called, may have features that include a capability for consumers to buy items with their mobile phones. Google officials say it is too soon to tell.

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