

Sweden's Ericsson to buy US cloud operator Vonage

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Ericsson said Monday it was acquiring US cloud-based communications provider Vonage, in the Swedish company's biggest acquisition in recent

memory as it widens its operations beyond its traditional telecommunications equipment business.

The \$6.2 billion (5.5 billion euros) deal is part of Ericsson's strategy to expand its presence in wireless enterprise and broaden its global offerings, the company said.

The offer was unanimously approved by Vonage's board of directors, it said.

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At 21 dollars per share, the offer represents a 28-percent premium over Vonage's closing price on the tech-heavy Nasdaq stock exchange on Friday.

Founded in 2001, Vonage offers IP voice telephony and has in recent years developed a cloud-based communications platform.

The company has 120,000 customers, allowing one million developers access to its API interface which accounts for 80 percent of its annual sales of \$1.4 billion.

The company has seen growth of around 20 percent per year the past three years.

Based in New Jersey, Vonage has 2,000 employees in North America, Europe and Asia.

Its platform handles 25 billion minutes and messages a year, according to its website.

Ericsson said Vonage will continue to operate under its own name as a wholly owned subsidiary.

The market for so-called "Communication Platform as a Service" (CPaaS), which combines voice, messaging and video, is expected to reach \$22 billion by 2025 with annual growth of 30 percent, according to Ericsson.

The Swedish group will finance the acquisition with its existing cash resources, which amounted to 56 billion kronor (\$6.2 billion, 5.6 billion euros) at the end of September.

It hopes to finalise the acquisition in the first half of 2022.

Ericssons shares were down by 3.5 percent in early morning trading on the Stockholm stock exchange.

Last year, Ericsson picked up another US company, Cradlepoint, specialised in wireless WAN solutions for companies, for \$1.1 billion.

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