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## **RComm Acquires Yipes**

In its biggest acquisition deal so far, India's second largest private telecom operator Reliance Communications has acquired US data communications company Yipes Holdings for USD 300 million.

The company was acquired from venture capital firms Norwest Venture Partners, controlled by Promod Haque, Crosslink Capital and Sprout Group, and private equity firm JP Morgan Partners.

Yipes has been acquired by Flag Telecom and will be merged into it. Reliance acquired Flag Telecom in 2003 for USD 207 million. Promod Haque, Yipes chairman and Norwest Venture Partners managing director, will continue on the company's board.

The acquisition will help the Indian telecom services provider to penetrate the -billion global enterprise and the institutional data market. Yipes enjoys 40 USD of the US data communication market.

By synergising operations with Flag Telecom, RCom Chairman Anil Ambani, India's third biggest billionaire, aims to become a global leader in the ethernet-based data communications market. Ethernet is the latest and most popular technology for data communications.

Yipes is headquartered in San Francisco and owns over 22,000 route kilometres of fibre optic across 14 US cities, and also has a presence in London, Hong Kong and Tokyo.

Flag and Yipes will work jointly to address markets in which RCom has a presence, like India, West Asia.

Announcing the acquisition here today, Ambani said: "This is the largest acquisition Reliance Communications has ever made. This will drive forward our strategy to offer sophisticated, cutting edge data communication products and services, specialising in application and content distribution."

"Yipes is a highly profitable company," Ambani added.

According to Ambani, the ethernet market alone is valued at USD 10 billion and is forecast to grow to over USD 25 billion by 2010. The takeover will help RCom clinch at least 10 per cent or USD 2.5 billion in three years.