

PRIVATE EQUITY IN ACTION - CASE STUDY

Zong



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|-----------------|-------------------------|
| Country | Switzerland |
| Region | Switzerland |
| Investor | Advent Venture Partners |

Zong (previously Echovox) was founded in 2000 in Switzerland by David Marcus, initially as an SMS aggregator. Advent Venture Partners invested \$7.5m in the business in 2007, when it had a fast-growing mobile media business and had launched a web service called SMSConnect, bridging the worlds of internet and mobile. The company had great potential, but needed growth equity to expand internationally, expand its technology offering and address the nascent digital goods market opportunity.

Advent specialises in backing founder-led businesses and built a real partnership with Zong, helping to turn the business into a genuine global leader before its eventual sale to eBay, which has now combined it with PayPal.

What did the business need?

- Capital to address a new opportunity, monetising the web via mobile payments
- New resources to build a scalable internet infrastructure and new business development to sell a payment solution to online digital businesses
- A presence in the US - identified as the largest market opportunity

How did private equity backing create lasting value?

- Built a strong presence in the US and Europe, with CEO relocating in Silicon Valley
- Initially funded Zong as a business unit of Echovox and eventually

3.2bn
mobile users reached by Zong across the globe

7.7x
return on investment for investors in Advent's fund



Advent's influence and support played a crucial role in building Zong. They were supportive of the team, in success, but also in challenging times.

DAVID MARCUS
Founder and CEO
Zong

separated it via a spin-off into an independent entity as a pure mobile payments business

- Attracted growth equity from US fund Matrix Partners in 2010, following Zong's spin-off
- Gained Facebook as a key customer
- Won over a thousand accounts globally, including top online gaming companies

What outcomes did private equity investment achieve?

- Built the leading mobile payments company in the digital goods market
- Attracted very strong interest from strategic partners, including eBay
- eBay bid to acquire Zong to combine it with Paypal, its online payments business
- CEO David Marcus now installed as VP Mobile at Paypal
- Realised 7.7x return on investment

More information

[Advent Venture Partners](#)

