América Móvil teams up with chinese security software maker
Pan Kwan Yuk

Source: NQ Mobile

A US Congressional committee might have branded Huawei Technologies and ZTE Corporation, the Chinese telecom equipment makers, as a threat to US national security.

But such fears do not appeared to be shared by Carlos Slim, the world's richest man. On Monday, Slim's América Móvil, which dominates the mobile phone business in Latin America, announced plans to team up with Chinese security software maker NQ Mobile.

For NQ Mobile, which specialises in software that detects and deletes malicious viruses on smartphones (think McAfee for the iPhone and Android handsets), the tie-up with the world's third-largest mobile network operator is a massive coup.

To give you a sense of NQ Mobile's size: full-year 2011 net income was $10.3m.

Expectations that this number can only grow following Monday's partnership prompted shares in NQ Mobile, which is listed on the New York Stock Exchange, to jump 17 per cent to $8.07 – giving it a market capitalisation of $384m.

Under the terms of the deal, NQ Mobile's softwares will be actively promoted and sold by América Móvil to its 262m subscribers across 18 countries. The roll-out will start with Telcel in Mexico (which has 68m subscribers), followed by Claro across Latin America.

"This is the biggest international deal in NQ's history and has probably been its number one priority for the past year," Mark Murphy, analyst for Piper Jaffray & Co., said in a note on Monday and raised his price target to $17. "The partnership should benefit our revenue forecast for 2013 and beyond."

Along with the potential revenue boost, the deal with América Móvil should also give NQ Mobile, which has been trying to shake off the negative publicity that have surrounded Chinese companies listed in North America following a spat of alleged fraud and accounting scandals, a reputational boost.

As Andy Yeung, analyst at Oppenheimer & Co, explained, while NQ Mobile have inked similar partnership in recent months with Telefonica, Brightstar, TCC, AWireless and Phones4U, Monday's deal is "much more significant to NQ in terms of size".

It "opens a new revenue source for NQ, which sales mainly came from application downloads and from phone manufacturers previously," Yeung told Bloomberg.

Who needs the US when you have Latin America?

Fonte: Financial Times, London, 4 Mar. 2013, International.

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