

MoPowered Group Plc new issue gives AIM investors an m-commerce play

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Topping off a bumper year for IPOs, MoPowered Group, a specialist in mobile commerce software, hopes to raise £4m via its imminent flotation on AIM.

Unlike the US, where tech firms dominate IPOs — Twitter's \$2.1bn flotation, for example — the roll call of recent new issues on the LSE has mostly been about traditional industries: a postal service (Royal Mail), a chain of estate agents (Foxtons), a theme park operator (Merlin Entertainments), and an energy investment company (Riverstone Energy).

The latter three AIM-listed newcomers have just been promoted to the FTSE250 and so are likely to attract more long-term institutional investors. That might help AIM finally shake off its "Wild West" reputation and a history of too-many flaky flotations in past years.

MoPowered, in contrast to these "old economy" IPOs, operates in a sector that didn't even exist five years ago — mobile commerce. It thus poses more of a conundrum to AIM investors although the company claims this novelty gives it "first mover" advantage.

While news reports of the death of the High Street may be premature, UK shoppers are flocking online in droves. Just look at online fashion retailer ASOS, whose UK sales soared 40% in the last financial year. Even more impressive is ASOS' share price, which has more than doubled in the past year and achieved ten-bagger status in just five years.

More people than ever are shopping online but how many will want to do so on a smartphone [Trade Now](#) instead of a PC? Current conversion rates for smartphone users are only around 0.5 percent, meaning only one shopper out of 200 will actually complete the transaction on their phone. By contrast, shoppers using a PC are five times more likely to click the buy button.

MoPowered claims its mobile-commerce platform can boost the conversion rate by various methods: optimising the browsing experience for small screens, making the pages load faster and simplifying the checkout process.

The five-year-old firm has around 100 customers including well-known brands such as DFS, BBC Worldwide, Superdry and Runners Need, which already have or will soon launch mobile-optimised online stores.

MoPowered argues that m-commerce is poised to take off in the next few years. It cites a report published in June 2013 by eMarketer that predicts the percentage of UK retail e-commerce conducted through mobile devices and tablets will rise to 15 per cent in 2013 from just four per cent in 2011. By 2017, more than a quarter of all online sales could come via smartphones.

MoPowered isn't really a software company in the traditional sense. It uses the software-as-a-service model that is much in vogue and appeals particularly to smaller businesses that are wary the heavy upfront costs involved in developing an m-commerce site themselves.

The company is coy about pricing, saying only that set-up fees are kept to a minimum and the majority of costs are charged on a commission basis, typically around 1 -3% of sales.

MoPowered, previously called Mobank, was founded by CEO Dominic Keen, a pioneer of the UK e-commerce industry who helped expand the range of online services of internet bank Egg.

Egg was one of the UK's biggest internet IPOs back in the dotcom days, but waning investor enthusiasm caused it to be taken private. MoPowered is obviously hoping that today's investment climate is more receptive.

MoPowered plans to raise £3.6m through a placing of new ordinary and a further £ 0.36m from a loan note conversion. N+1 Singer is the nominated adviser and broker.

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