MyAlert and Buongiorno one year later (mid 2002)

The result of the merger has been very positive: one year later, with a base of 34 million subscribers in the middle of 2002, Buongiorno-MyAlert have achieved their principle aim in merging and have achieved the first positive EBITDA in the history of the company.

The company Buongiorno-MyAlert is no longer in the red, leaving behind three years of uncertainty and proving that their business model works: a model based on the creation of new data services for mobile phones and digital marketing.

And now what? What will the next challenge for the firm be? It is a good moment to think about the starting point: that opportunity based on the technological vision of Jorge Mata in Spain and Mauro del Rio in Italy is now not only a leading company in the European market but is also making a profit.

It is becoming more and more clear that the development of their own technological platforms was their great initial competitive advantage and is a strategic part of Buongiorno-MyAlert’s future. However, from now on, what guarantee is there that the company will continue to excel in terms of flexibility and innovation in the creation of new products?
In June 2002, Buongiorno attained positive results. The company, which had ended 2001 with a turnover of 30 million euros, reached 18 million euros in the first half of 2002. The forecasts for the last quarter of the year were for earnings of 16 million euros and a positive EBITDA of 2.5 million, which, with the accumulation of 2002, should lead to a turnover close to 45 million euros and a total EBITDA of around break even point. It was a remarkable milestone for a company that only two years earlier had accrued more losses than earnings.

These results had been achieved through a substantial growth in sales, undoubtedly helped by the company’s diversification both in the product lines and in the markets. In terms of the product, the company’s rapid positioning in the consumer services’ market had permitted them to incorporate turnover in the area of greater growth in volume. From the geographical point of view, the company had grown in all the markets.
This expansion had led Buongiorno-MyAlert to a situation in which its three traditional business lines were bringing in positive direct results and, moreover, were able together to cover the organisation’s indirect and joint costs (less than 10% of annual earnings), which left the company in a positive position at the end of the year.

Nevertheless, the results per business unit showed a greater discrepancy, partly because of the different level of development and leadership reached in each individual market. Whereas in Spain and Italy they had large teams (of 100 and 60 people, respectively) and positive results could be considered a consistent feature, thanks to the leadership of the company, this trend was now beginning in the other markets, where smaller teams (of 10 to 15 people per country) were starting to show positive results also. Buongiorno Digital technologies, with a team of 40 people, obtained very positive results, with approximately 10% of the Group’s earnings.
One year after the merger, the directors of the company simplified their strategy even further, to two business lines:

- earnings from a customer company (services to customers or business services, including the advertising line);
- earnings from the final user (consumer services).

These two business lines attempted to respond to the following:

- the pressure of the new business line of consumer services;
- the fact that the advertising services had been evolving towards made-to-measure projects;
- the concentration of purely technological projects in a new and separate business unit (Buongiorno Digital Technologies).

Whereas in the first half of 2001 more than three quarters of the company’s earnings were from advertising services, and the consumer services produced an insignificant percentage, in the same period in 2002 the former category had sunk noticeably and the consumer services had risen, to make up a quarter of the company’s earnings.