Data#3 finalises investment in Wi-Fi analytics company

Key highlights:

- Data#3 has exercised its option to invest in and over time acquire Wi-Fi analytics company, Discovery Technology Pty Ltd
- Discovery has developed a suite of Wi-Fi analytics software applications that provide customer analytics, location and communication solutions to Wi-Fi network owners
- Consumer and enterprise Wi-Fi markets are forecast to grow strongly

BRISBANE, Thursday 31 July 2014: Australian business technology solutions leader Data#3 Limited (ASX: DTL) is pleased to announce that, following detailed due diligence, it has exercised its option to acquire a 42.5% shareholding in Wi-Fi analytics company Discovery Technology Pty Ltd (“Discovery”). As part of the transaction, Data#3 has an option to acquire an additional 14.2% on the same terms by 30 June 2015 and a further option to acquire the balance of the shares in the company at market price by 30 June 2017.

Data#3 has agreed to pay $1.5 million to acquire 42.5% of the shares in the company, and to provide $1 million in working capital to fund the ongoing development of the business.

Discovery has been delivering technology and software solutions and providing technical support to SMB, corporate and government clients since 1997. In 2013 the company launched an analytics, location and customer communication software product, the Discovery Connected Customer-xperience (“CCX”). CCX is software deployed over Wi-Fi networks to enable Wi-Fi network owners to create value and potentially monetise their Wi-Fi network infrastructure through customer analytics and location aware monitoring and communication combined with delivery of numerous media and business applications.

The first CCX customers were commissioned in the second half of 2013 and Discovery has continued to develop and evolve the CCX platform to provide one portal for all forms of analytics, location and communication within a Wi-Fi enabled environment. The CCX platform is today operational in numerous venues including shopping centres, retail premises, universities, gaming, outdoor locations and hospitality, and has the potential to further expand to any Wi-Fi enabled site or space.

Data#3’s relationship with Discovery commenced in mid-2013 as a reseller of the CCX solution. Data#3 will retain this reselling relationship on an arm’s length basis and manage it separately from the investment to ensure the integrity of Discovery’s relationship with other resellers of the solution.

Data#3 Managing Director, Mr John Grant, said “We are delighted to have secured this stake in the rapidly growing Wi-Fi sector and to do it with a solution that’s built for the cloud and capitalises on demand for consumption based investment”.

“This investment offers Data#3 an opportunity to be at the forefront of this exciting and growing area and aligns with two elements of our strategy - to be a leader in the cloud marketplace and a participant in the applications sector particularly where it influences our customers’ downstream investment in infrastructure and managed services,” he said.
Data#3 Chairman, Mr Richard Anderson said “Having completed due diligence successfully, we intend to fund the investment from cash flow without impacting shareholder dividends.

“John Grant will be appointed to the Discovery Technology board to guide what we expect to be a very exciting and substantial opportunity over time for Data#3.”

Discovery’s co-founder and shareholder, Brendan Williams commented “Over the last two years we’ve made significant headway in developing and taking our Wi-Fi analytics solution to market, but this is a new venture for us and having Data#3 as a strategic investor strengthens the relationship we have with Cisco and will provide us with the financial support, guidance and stewardship a typical “start-up” technology requires to deliver the outcomes we see are possible.”

Industry analyst Gartner recently reported that, with almost 70% of adults in Australia now owning Wi-Fi enabled mobile devices, 86% of them looking for local information on their device as they move about and 88% taking action as a result, the opportunities that are emerging across retail, education, airport and public venues and facilities to respond to these behaviours and to enhance their experiences through their Wi-Fi connectivity have never been greater.

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About Data³

Data³ Limited (ASX: DTL) is one of Australia’s leading business technology solutions companies servicing customers across a wide range of industries throughout Australia and the Asia Pacific.

The company was established in 1977 and listed on the ASX in 1997.

Working with customer’s business and technology teams, Data³ addresses the Hybrid IT environment from on-premise to outsourced to cloud, through its software, infrastructure and managed solutions. These solutions leverage market-leading technologies from global vendors and Data³’s knowledge, expertise and experience to accelerate the achievement of customer business objectives:

- **Software Solutions**: for software licensing and deployment; asset management; and business productivity
- **Infrastructure Solutions**: for hardware lifecycle management; maintenance; and datacentre, network and desktop infrastructure
- **Managed Solutions**: for staffing; outsourcing; essential support; ‘as a service’; cloud brokerage; and consulting.

Data³ reported revenues of $771 million in FY13 and $399 million in 1H FY14. The company has approximately 900 employees, is headquartered in Brisbane, and operates from 12 locations across Australia.