

**HD    Lenovo tie-up fuels Guvera growth**

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AUSTRALIAN streaming music service Guvera is making progress in Asia and beginning to see revenue flow in.

He said the ad-supported service's focus on emerging markets, particularly through Southeast Asia, was beginning to show real progress, with about 20,000 subscribers globally now signing up each day.

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The growth has come from a collection of rights deals with all major music labels and publishers in India and Indonesia particularly, and a deal with **Chinese** manufacturer Lenovo. Lenovo phones now come pre-loaded with the Guvera app, and in the last 90 days, the inclusion has charged growth.

"User numbers have grown by approximately 1 **million** in the past 75 days," Mr Herft said. "We've gone from a pretty low base but we're seeing good growth here but the India, Indonesia and Philippines markets are looking very strong for us."

The **Gold** Coast-based start-up, founded by AMMA Private Investment with up to \$50 **million** from wealthy individuals including, it is believed, families prominent in property and resources, is consequently ready for a public listing in the medium term.

Mr Herft said the **company** had been explored listing "as a possible path" and had a number of international brokerages interested.

"From a business point of view it adds a whole new dimension and Guvera's probably a **company** that would be a good example of why you'd list," he said.

"We've signed an agreement with one of the world's biggest PC and smartphone companies to be their music partner globally, so we need to operate in 80 countries around the world. That's a good reason to go to market to raise capital."

"We're not looking at an IPO as an exit for shareholders," he added, noting nothing is planned in the next six months "but beyond that anything is possible."

"We're looking at the best possible way to fund the **company** for growth."

Guvera's strategy includes lifting its current range of 17 countries to more than 30 by Christmas and the introduction within weeks of mobile branded channels where users will "be able to engage with brands in a less disruptive manner."

"On mobile and tablet we'll be able to put the user in charge of their mobile experience, so while listening they can call up catalogues and products," he said.

"As opposed to the majority of sites out there where brands are pushing their ads onto the consumer, we're putting the consumer in charge of that experience. Advertisers know they're paying for ads that consumers want."

As services such as Pandora and Spotify bank on the subscription model for music streaming, Guvera has bet its house on the ad-supported model.

Mr Herft said music labels had finally come around to the intricacies of that model, particularly where some artists might not want to be associated with particular types of advertising.

And he is confident in the service's future. "Paid-for music, we feel, is a good business model but it does operate on fairly tight margins and does definitely operate on high costs for **acquisition** of members," he said.

"That's why a lot of players in the market have burnt their capital."

He said Guvera's distribution strategies had lowered its cost of member **acquisition**. "And we believe through the ad model we can generate more revenue per user than competitive sites."

"In some respects, competitors who charge for music have set the ceiling at, let's say, \$10 a month. It's now hard for them to put it up to \$20 or \$15 a month. They may do, but they've set a ceiling."

Mr Herft believes ad-funded music, if it engages users for longer periods of time and allows them to engage more with brands over time, will generate more revenue per user than a static, say, 30c a day for charging for music.

And, he added, an ad-funded music service had a better chance of taking on its biggest competitor.

"We're trying to provide a better and easier way to consume music than piracy," he said.

**CO** guverl : Guvera Ltd | letech : Lenovo Group Ltd | legndh : Legend Holdings Ltd  
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