



Volkswagen Acquisition Could Help TIO Networks Corp. Go Higher

Description

Vancouver-based PayByPhone announced December 28 that the financial services arm of Volkswagen Group will acquire it and its hugely successful app which lets users pay for parking and parking tickets in cities around the world.

With 12.5 million users globally and processing more than \$250 million in parking payments annually, Volkswagen's financial services arm is interested in promoting the idea of general mobility and not just selling cars. It will combine PayByPhone with Sunhill Technologies, the German firm it acquired in 2015 that also processes parking payments and other smartphone cashless transactions.

This is great news for anyone involved in payment processing, because it highlights where the marketplace is headed; clearly, companies such as **TIO Networks Corp** (TSXV:TNC), whose stock I [recommended](#) in September, will benefit from the consumers' increasing use of smartphones to make mobile payments.

In other words, TIO Networks is playing in the right sandbox.

On December 15, TIO announced its seventh consecutive quarter of record adjusted EBITDA; its business is doing just fine, thank you very much. In fact, here are five little tidbits from its Q1 2017 report that should get investors pretty excited.

- Revenue increased 58.5% to \$24.2 million.
- Its gross margin increased by 140 basis points in the first quarter to 48.8%.
- As mentioned above, its adjusted EBITDA increased 78.9% in the quarter to \$3.6 million from \$2 million in the same quarter a year earlier.
- Its direct-to-consumer membership grew to 1.3 million members — up 14% from Q1 2016.
- Processed US\$2.3 billion in bill payments — 45.8% higher year over year.

A big change for the company came in May 2016 when it rebranded Changesmart.com, the web-based bill payment platform it acquired in August 2014. Under its new name, TIO.com, TIO Networks plans to continue growing the number of direct-to-consumer customers using the website.

“The rebrand of Chargesmart.com as TIO.com is a strategically important milestone for TIO. We now have a TIO branded consumer experience, seamlessly connecting physical and virtual bill pay destinations,” said Jake Cunningham, VP of Consumer Payments at TIO Networks at the time of the announcement. “Since acquiring ChargeSmart.com in 2014, it was a natural progression to cohesively integrate in a way that improves user experience across every touch point.”

The acquisition of Changesmart was made to accelerate TIO Networks’s online payments. Since 2008, Changesmart has processed more than \$1.2 billion in online payments. Combined with TIO Networks’s huge U.S. walk-in bill payment network, the company intends to become a financial leader for the underbanked.

“We’re dedicated to creating a bill pay experience that integrates physical and digital experiences, making it easy for consumers to move from bricks-to-clicks and clicks-to-bricks wherever and whenever they need to, and TIO.com achieves this.” CEO Hamed Shahbazi said in May.

Getting back to Volkswagen and what this deal means for TIO Networks, I believe it sends a signal to TIO management that no matter how big its walk-in bill payment network is, online is the key whether we’re talking smartphones, tablets, or even desktops.

Sure, the unbanked will continue to use this network to pay their utility and cable bills, but with so many people carrying smartphones these days, including those with lower incomes, it only makes sense to have the platform to meet them wherever they are.

With its cash flow continuing to grow, **Industrial Alliance** analyst Blair Abernathy feels the company will continue to do a good job making bolt-on strategic acquisitions that solidify and grow its share of the approximately 35 million households in the U.S. that are underbanked or have no banking arrangements whatsoever.

Whatever happens, the Volkswagen news speaks volumes about the importance of mobile bill payments — parking or otherwise.

CATEGORY

1. Investing

PARTNER-FEEDS

1. Msn
2. Yahoo CA

Category

1. Investing

Date

2025/08/26

Date Created

2016/12/28

Author

washworth

default watermark