

Mutual Mobile explodes onto Austin tech scene

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While the business world is busy deploying applications for smartphones, a young technology company is raking in tens of millions of dollars by enabling big businesses to manage those apps and anticipate what will be needed next year to keep pace with an ever-changing landscape.

Austin-based Mutual Mobile Inc. has grown quickly to 77 workers in two years, and the burgeoning mobile space is fueling enough business for it to reach 200 employees during the coming year, executives said. A development office in India is also in the works.

Although dozens of companies develop mobile applications, as Mutual Mobile once did, the company has moved beyond that to what officials call “the second order of business,” meaning the management of infrastructure required to operate mobile applications. It’s a service that has attracted deep-pocketed enterprise customers such as Dell Inc. (Nasdaq: DELL), Del Monte Foods Co. (NYSE: DLM) and Google Inc. (Nasdaq: GOOG).

Mutual Mobile, founded in 2008, has generated its business without institutional investors and the accompanying expertise that typically enables nascent companies to thrive. Instead, five local entrepreneurs pooled their various areas of expertise and initially funded the company through consulting services. The company eventually developed products, but last year pivoted back toward consulting when it became apparent that mobile infrastructure services were quickly becoming a crucial yet underserved space.

Although Mutual Mobile doesn’t disclose its specific financials, it’s generating a revenue run rate in “the tens of millions of dollars,” Chief Operating Officer **Tarun Nimmagadda** said.

The company’s fast growth has already filled one Central Austin house with workers, and it’s working on filling another house across Rio Grande Street.

CEO **John Arrow** is spending much of his time recruiting workers to fill jobs in an industry that barely existed a couple of years ago when Mutual Mobile was launched as a consulting firm. Since then, the ubiquitous smartphone and the advent of other devices such as Apple Inc.’s (Nasdaq: AAPL) hugely popular iPad have created a need for strategies to support mobile applications.

Earlier this year, Google tapped Mutual Mobile to develop — in two months — an iPad application for its Boutiques.com, a women’s fashion and e-commerce website.

The Google deal underscored Mutual Mobile’s niche strength of quickly adapting to shifts and new iterations in the mobile industry.

"I feel like we do that every week," Arrow said. "It's a very progressive kind of continuous thing. We have had to work on simultaneously stabilizing our business and worrying about where will the growth be six months from now."

The iPad illustrates how quickly the tech industry can change. It was launched earlier this year, sparking several tablet imitators. Tablet devices are now expected to displace 10 percent of personal computer shipments by 2014, Gartner Research Inc. reported this week.

The mobile market is becoming increasingly important to enterprises, but they've been generally slow to adopt such technology. That could mean Mutual Mobile's market opportunity is substantial.

In October, Chicago-based Internet Retailer reported that only 8.8 percent of retail organizations operate a mobile commerce site, while nearly 76 percent of them expect to launch such websites. Of those planning to launch, nearly 32 percent expect to be selling through mobile phones in less than six months and another 52.6 percent expect to get there in less than one year.

Most large businesses initially created mobile applications that were smaller versions of their websites. But that first wave is over, and enterprises are now focused on developing mobile applications that are more functional for users of smartphones and tablet computers, said **Michael Coté**, an Austin-based analyst for RedMonk, a Washington State-based research firm.

Also, Mutual Mobile's shift to managing mobile applications rather than creating them is a viable strategy, Coté said.

"Most nontech companies that want to use technology ... don't really have the expertise to keep up with something like mobile apps," he said. "So it's wise to outsource."

Central Texas is already home to several companies developing mobile applications for businesses.

Austin-based 30 Second Software Inc. operates mobile commerce application developer Digby, which powers mobile websites for retailers such as Pennsylvania-based Lilly Pulitzer, 1-800-Flowers.com Inc. (NYSE: FLWS) and Arizona-based SkyMall Inc. In July, 30 Second Software received \$2 million of a planned \$3 million round of financing; in 2008 it received a \$5.5 million funding from the Blackberry Partners Fund, a venture capital fund managed by Canada-based JLA Ventures and RBC Venture Partners.

Digby Vice President of Marketing **Dan Lowden** said the pace of consumer adoption of mobile apps for transactions is faster than projected.

"We've seen an exponential increase of people buying on the mobile phone," he said. "It's real, it's here, and it's just beginning."

Another Austin-based mobile app company, Unwired Nation Inc., sells an online tool designed to convert Web pages to most smartphone platforms. And Phunware Inc., which launched in February 2009, is specializing in mobile applications for universities and businesses.

At Mutual Mobile, the most common second-order-of-business problem they've been asked to resolve for clients relates to permission and security that enable multiple levels of access. And Arrow said future platforms and devices will provide additional issues for Mutual Mobile to resolve.

Meanwhile, the young company is trying to avoid the pitfalls that come with growing too big too fast. Nimmagadda said it's crucial for Mutual Mobile to be selective in its hiring. As a result, executives are

making sure new employees are not only technically savvy, but are the right fit for a company culture that values respect for several disciplines and an eagerness to learn them in a team environment.

“The only reason we grow,” he said, “is because the market demands it.”

Courtesy of JB Goodwin