

Confirmed: Nextgen acquires Silk Telecom

Nextgen Networks has announced that it is set to acquire Silk Telecom for an undisclosed sum. Exclusively revealed by CommsDay last Tuesday, Nextgen has now confirmed the deal, with managing director Phil Sykes saying the move will position the company for future growth.

Sykes said Nextgen had clinched a “good value” deal for Silk, without putting a dollar value to the buy. CommsDay understands Silk had originally been seeking \$40 million for the sale.

“This acquisition is one that will prove to be mutually beneficial to the existing customers of both organisations through the extended network reach and range of services,” Sykes said. “It is also a tremendous opportunity for Nextgen to accelerate the high growth that has been experienced in our premium data services business.”

“There is a strong strategic fit between the operations of Nextgen and Silk. Both organisations have been experiencing high growth in the delivery of high speed data networking services for medium-to-large corporate, government and carrier customers.”

But Sykes denied that the acquisition was a pre-emptive protection measure as the government prepares to award the \$4.7 billion National Broadband Network tender later this year. “FTTN is going to be a massive undertaking,” said Sykes. “We’ve got a lot of business to do before that... we’ve already got a National Broadband Network of our own.”

Leighton-owned Nextgen claims to already operate the third-largest long haul fibre network in Australia, covering over 8,500km, while Silk runs metro fibre in most capitals and regional fibre in South Australia and Victoria. “By leveraging the combined value of these complementary assets, we have created a bigger, stronger telecommunications group that will be better able to support the data services needs of existing and new customers,” Sykes said.

While not ruling out possible staff movements, Sykes told CommsDay he plans to expand the business in the long run. “Nothing in Silk is broken – it’s a good business to be combining with,” he said.