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Multi Media Mapping Ltd Case (B)

Introduction

It was early October 2007 as Sean Phelan, founder of Multi Media Mapping Ltd, reviewed the previous 12 months. It had been a year of highs and lows that now set the scene for the most important decision in the company's 12-year history. At least he now had some options to consider – unlike this time last year, when the company had been facing technological oblivion and market-share meltdown.

Under Sean's direction, the Multimap.com technology team had rebuilt the whole Multimap.com site from the ground up, while delivering over two billion map impressions worldwide and maintaining service to their eight million unique users in the UK, and probably half as many again worldwide. Eric Brown, Multimap's new CTO, who had been brought on board to manage the project after masterminding the launch of the UK National Lottery online, described it as "... changing all four engines and the wings on a plane while it was crossing the Atlantic – at night!"

At the same time, Sean's advisors had been in discussion with a number of financial and corporate partners. Three firm proposals had been made for either partial or full acquisition of the business. Now Sean had to decide which, if any, of these offers to pursue and effectively exit the business he had founded 12 years ago, or whether to be a leading player in the consolidation of the online mapping industry.

Relaunching Multimap.com

It was an amazing technical feat and the result was a vastly improved consumer site and a far more robust platform for business (B2B) customers. Multimap was now fully technologically competitive with the best in the world. However, the work had cost over £1 million and taken four months longer than planned, only fully going live in May 2007. During the changeover period from January, Google had grabbed more UK consumer market share (see **Appendix 1**) and continued to make inroads into the low-end B2B market; particularly the growth markets of Australasia. Even so, the Multimap board was confident that the company would end the year with at least £13 million of revenue and £1.3 million of recurring EBITDA (after one-off re-engineering and relocation charges), with at least £5 million of cash in reserve (see **Appendix 2** year-end forecast).

There was further bright news in that online advertising spend in the UK had surged 41% in the first half of the year, already equalling the growth shown in the whole of 2006. By comparison, advertising in national newspapers over the same period achieved a paltry 0.2% growth rate. Internet advertising now constituted 15% of the market, above direct mail's 11.8%. Online classifieds grew 72% year-on-year to 30% of the sector. Display grew by 33% to 20%

Cosette Reczek and Sean Phelan prepared this case under the direction of John Bates, Adjunct Professor of Entrepreneurial Management, London Business School.

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