

Sky's \$60 million stake boosts iflix's growth potential

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While iflix does compete with Netflix for subscribers, it is positioning itself as a challenger brand.

The founder of streaming service iflix said a \$US45 million (\$60m) investment by pan-European pay-TV giant Sky will provide benefits beyond funds by providing invaluable industry expertise as Netflix's global buying power expands.

Online entrepreneur Patrick Grove said iflix would collaborate with Sky on content and technology to support growth in Malaysia, Thailand and The Philippines, as well as push into new markets in the Middle East and Africa.

“Sky is one of the most forward-thinking media companies globally; the ideal partner for us as we build a dream team of partners,” Mr Grove told The Australian. “What we are trying achieve is incredibly challenging, but most importantly, not impossible with the right mix of partners. Sky has one of the largest production budgets globally and the leanings from that we can tap into are monumental.”

While iflix does compete with Netflix for subscribers, Mr Grove believes the challenger brand has identified a new battleground by meeting untapped demand for “original productions” and “hyper-local content” with a “differentiated consumer proposition”.

“Our vision is to be largest premium over-the-top service in emerging markets globally,” Mr Grove said. “We believe that Netflix will be very focused on the

developed world. Most people in the emerging world don't have a big flat screen TV in their living room, but they have a smartphone."

Andrew Griffith, Sky group chief financial officer, which is majority owned by Rupert Murdoch's 21st Century Fox, said the investment would support iflix's "ambitious plans".

"There are lots of opportunities for Sky and iflix to work together and share expertise as both companies continue to expand," Mr Griffith said.

Mr Grove made his fortune by focusing on emerging Asian markets, which hold more upside potential than developed countries.

Faster-growing economies and a rising middle class is fuelling increased spending on everything from food and clothing to travel and gambling

As chairman of Catcha Group, an investment firm that is the largest shareholder in iflix, Mr Grove also operates Australian Securities Exchange-listed iCar Asia and Ensogo.

One of his most successful start-up businesses is digital property listings firm iProperty, which was recently sold to REA Group in a \$751m deal.

In a new round of funding, iflix has also welcomed Indonesian company Emtek Group as a new investor. Emtek has acquired shares in iflix through subsidiary Surya Citra Media, a television and content company. With more than 1 million members, iflix allows users to access the service on up to five devices. The service is priced at 8 ringgit (\$2.60) a month in Malaysia for unlimited access with no ads.

Launched last May, it is led by former Nine executive Mark Britt, who joined as chief executive after heading the free-to-air network's digital media business Mi9.