
Meriton teams up with IBM in South Korea

By *Ottawa Business Journal Staff*

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Ottawa-based startup Meriton Networks announced Wednesday one of its biggest deals yet with a South Korean subsidiary of computer services giant IBM Corp.

IBM Korea, which offers a broad range of IT and communications services throughout the Asian nation, will resell Meriton's optical switches for high-speed networks to telecom carriers.

Terms of the deal were not released, though a company executive characterized the deal as being a long-term arrangement with the world's largest systems integrator in the world's largest telecom market.

Meriton said it has already seen revenues from the arrangement and expects to be able to exceed its sales targets thanks to the new channel of distribution.



Michael Gassewitz

With \$60 million in venture capital behind it, four-year-old Meriton has endured the telecom slump by focusing on the metro market for telecom gear rather than the battered long-haul market that has derailed so many promising Ottawa startups, such as Innovance Networks and Ceyba.

The company's hardware combines switching and transmission of data in a single box, rather than the two commonly used by service providers. The integrated unit reduces costs for service providers and provides more flexibility in their network.

So far Meriton has enjoyed a strong year. In March it signed up its first Canadian customer, Telecom Ottawa, the high-speed data and Internet services firm spun off from Hydro Ottawa.

In June the company expanded its U.S. presence by signing up three regional rural telecom service providers.

Chief executive Mike Gassewitz told the *OBJ* in March that the company will likely seek a third round of financing for the final push to profitability, setting the stage for a run at the public markets.

In Wednesday's announcement, Mr. Gassewitz stressed the significance of the Korean market, considering the rate of adoption of broadband services. More than 50 per cent of Korean households have high-speed Internet service.

"Asia is a key part of our go-to-market strategy, and we're honored to be working with such a respected leader as IBM Korea," Mr. Gassewitz said in a statement.

"To be selected as the key architecture for enabling high-speed networks in the leading country for broadband connectivity is a tremendous validation of the uniqueness and compelling value of the Meriton solution."



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