

Earthlink buys VPN provider New Edge

December 13 2005

Earthlink Tuesday agreed to purchase VPN provider New Edge Networks in a move to bolster its presence in business communications.

Earthlink obtains an asset that is a national provider of Virtual Private Network services and secure managed data services to the growing small- and medium-sized business sector.

Earthlink will part with \$114 million in cash and a chunk of stock bringing the total value of the deal up to about \$144 million. The deal will close in the first quarter of 2006.

"New Edge Networks is a tremendous growth platform for Earthlink to compete in the rapidly expanding small-and-medium enterprise networking market," said Earthlink's Bill Heys. "This acquisition builds upon our existing suite of award-winning services for small businesses and gives New Edge Networks the added resources to strengthen its market position."

The plan is to package voice and security services from both companies and offer them to commercial customers down to the home-office level, according to a joint news release.

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Citation: Earthlink buys VPN provider New Edge (2005, December 13) retrieved 2 May 2024

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