

Foreign INTRIGUE with Michael Kass



Opera Software

Opera Software is a Norwegian developer and marketer of a Web browser for desktop and mobile users. Now found on 20% of all cell phones, Opera is the world's leading mobile browser.

While individuals can download Opera for free – and about 180 million people currently use it – cellular service providers pay Opera to incorporate the browser on the phones and other mobile devices they provide their customers. As of 6/30/2011, Opera was 2.3% of the Baron International Growth Fund.

Opera's browser works in conjunction with servers that employ proprietary compression software. That provides users with a faster Internet experience while consuming less bandwidth, a big plus for both users and their service providers.

With Opera, wireless carriers can promote phones and service that are faster – and cheaper to use – than the competition. As wireless use and data consumption grow, carriers can maintain superior service with fewer investments in bandwidth expansion. And for users on metered data plans, particularly those in emerging-market countries, Opera-based phones enable higher consumption at lower cost.

Carriers that use Opera pay a subscription fee for each phone they equip. Currently, Opera's paid subscriber base is 16 million, up from just 2 million a year ago. Opera also generates revenue from Internet-enabled TVs, where it is the leading browser, and from advertising sales. For a fee that Opera shares with cellular carriers, web sites can buy links to their sites on Opera's opening page. Opera has also entered into a joint venture with a Chinese company that manufactures chips incorporating the Opera browser that are used to assemble cellular phones.

Baron International Growth Fund invests primarily in non-U.S. growth companies. In this column, Portfolio Manager Michael Kass examines the companies, industries and events that he believes will influence the Fund in the months to come. Current and future portfolio holdings are subject to risk. 🏰