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Russian Billionaire Sells Dating App Empire in $3Bln Deal

By Adrien Henni

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Badoo, part of Andrey Andreev's dating app empire, has been sold as part of the deal. **Wikicommons / Badoo**

Andrey Andreyev, the Russian-born online dating tycoon, has sold his business MagicLab to Blackstone, one of the world's leading investment firms. The deal valued the company "at approximately $3 billion," the firm stated, without providing more details.

MagicLab touts itself as the company that "invented how people meet in the modern, mobile age ... connecting and transforming the lives of over 500 million people around the world." Its brands include Badoo, Bumble, Chappy and Lumen.

In 2017, Andreyev turned down two offers for Bumble from Match, at $450 million and then $1 billion, according to Forbes. These offers came despite a series of Bumble lawsuits against Tinder-owner Match.

In October 2018, Andreyev said he was weighing an initial public offering (IPO) on NASDAQ as part of his "plan to become the world's biggest online dating business," as reported by Bloomberg.

Corporate culture

This past summer, however, the company's reputation was tarnished by a Forbes investigation into the work culture at Badoo's London headquarters. The business magazine noted that, "from the beginning, Andreyev rooted Badoo's corporate structure in numerous offshore entities" — from Cyprus to Malta to the British Virgin Islands — for tax avoidance purposes.

Forbes also reported about "afterparties with prostitutes and cocaine in all the company offices," of which Andreyev was not necessarily aware.

While behavior in these offices was hostile and discriminatory toward women, corporate life also included "internal engineering updates named after porn stars and a widely circulated video of one employee receiving oral sex from a prostitute."

While denying a part of these allegations, Andreyev and MagicLab announced an internal investigation into the London office.

Andrey Andreev

Andreyev, now a U.K. citizen, is among the most successful Russian-born tech entrepreneurs.

Born in 1974, he started his first business in Russia — an online store that sold computers and computer accessories — at the age of 21. He then founded web-tracking service SpyLog in 1999 and ad service Begun in 2002.

Andreyev became a millionaire one year later with the acquisition of Begun by Russian financial group Finam.

Andreyev's first dating service, Mamba, also known as Wamba, was launched in 2004. This company, which quickly became number one in Russia, now claims more than 40 million users worldwide. Badoo, which Andreyev started in 2006, proved even more successful, with over 453 million users.

The Bumble story was a bit different: this Austin, Texas dating app was not created by Andreyev, but he injected $10 million at the seed stage in 2014, in exchange for a 79% stake.

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