

Business Ready For Telecoms Entrepreneurs Telecom

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Think you can do better marketing Telecom's XT mobile network than Richard Hammond or Paul Reynolds?

Want to go into business, but do not fancy owning a corporate cab?

If the answer to both those questions is "yes", Australian telecommunications firm **Telcoinbox** may have the perfect opportunity.

The company has set up shop in Wellington, offering budding entrepreneurs the chance to create their own mobile phone company through a wholesale deal it has struck with Telecom.

Franchisees come up with their own brand, set their own pricing, and must win their own customers. **Telcoinbox** provides technical support to customers through a call centre in Sydney and handles billing, and payments to Telecom.

Telcoinbox New Zealand chief executive Shannon Fisher said the company had about 60 franchisees in Australia - most of whom are individuals in business on their own for the first time - and a similar number of larger resellers such as information technology companies and phone dealers. The company has 50 staff and turns over about \$80 million.

Despite having two middlemen between phone users and the network provider, margins in the mobile industry are such that some Australian franchisees have attained the easy life, working two days a week and playing golf for the rest, he said.

Telcoinbox lets franchisees wholesale fixed-line and broadband services, plus XT connections and Shannon said that as a rule of thumb sole traders would need about 200 to 250 customers placing all their business with a franchise - an equal mix of consumers and businesses - to make a good living.

Franchisees could offer discount pricing and go for the "mass market", or a niche service to demanding customers who wanted a lot of support.

Unions, sports clubs, charities and schools were among those that might want to set up their own mobile phone brand, he said. **Telcoinbox** hopes its New Zealand franchisees will generate \$30m over three years. In its favour was that margins in the mobile industry were higher in New Zealand than in Australia and there was "no love lost" for the big two incumbent operators, Telecom and Vodafone, Fisher said.

The cost of a franchise is \$35,000 plus GST, which includes a one-week training course. It was also seeking to sign up professional wholesalers, such as information technology companies, which could "bolt on" a mobile offering to their services portfolio to make themselves a one-stop-shop for customers' technology needs.

Telecommunications Users' Association chief executive Ernie Newman said that the franchisee model could add colour to the market, at the fringe.

"The bottom line is [wholesalers] are always going to be a prisoner of the parent network in terms of their pricing, and their ability to make a huge impact is always going to be limited by that. But if people can package a bundle in an attractive way and make an attractive proposition to a certain sub-set of the market, that is definitely to be encouraged."

Two other wholesalers, Digital Island and Zintel Cogent, have also signed deals to wholesale XT, but not via franchisees.