

# Primus branches out

Intercomms talks to Andrew Reid Managing Director, PRIMUS EUROPE about the services Primus is offering in mobile call origination and handsets

*Andrew Reid, has been employed with Primus Telecommunications Group from March 1998. His appointment in November 2000 as Chief Finance Office - Europe culminated in Andrew working through a number of finance positions starting with UK Finance Director, European M&A Director and Europe II Finance Director and his in depth knowledge of the Primus culture, all local country managers and finance staff. In June 2001, Andrew took over the running of Primus Group's single largest entity in Europe, the UK retail business. At the same time, he also took over the Managing Director function of a Division selling prepaid calling cards in Europe.*

*Prior to joining Primus, Andrew was a Managing Director with Aries Financial Management, which offered independent consulting services. He also worked with Aspac Securities Ltd and Eclipse Telecommunications Pty.*

*Andrew was admitted as a member of the Institute of Chartered Accountants in 1992. A Macquarie University Masters Degree in Economics was attained by Andrew in 1991, following his graduate diploma course in 1989, which made him a member of the Securities Institute of Australia.*

**Q:** Primus is pitching itself as a VMNO and 'Virtual Handset Manufacturer' after many years of successfully selling pre-paid calling cards or vouchers. Why the change?

**A:** Primus recognise that trends in global communication use are shifting toward mobility. It is an accepted fact that fixed to mobile substitution for both voice and data is set to increase dramatically over the next few years.

Growth in mobile ownership in European markets has been phenomenal as handsets have become more affordable: 'Pay As You Talk' tariffs dominate. If this growth is mirrored in emerging markets, and all early indications show that it will be, the Virtual Mobile Network Operator (VMNO) has the potential to redefine the industry value chain.

Primus is not only a VMNO - last year we

became a 'Virtual Handset Manufacturer' bringing us another step closer to product convergence. One of the key business drivers for us to launch our own Primus branded handset was to ensure that the Primus Group continued to leverage its global network for terminating mobile originated calls and to grow this valuable part of the business.

The conclusion was, that if Primus did not control the handset environment, competitive forces would ensure that the required product feature-sets to bring mobile originated traffic onto an alternative network (via Least Cost Routing, Callback, IP Enabled Handsets or Gateway SIMs) would not be realised. Consequently, current Primus mobile offerings focus on the 'customer proposition.'

Consumers are driven by convenience, access, security, cost and control. Viewing the existing relationships between handset manufacturers and Network Operators we see that alternative network services are practically excluded from the equation. With the exception of Sony Ericsson, most manufacturers deliberately make the use of calling card and break-out services a manual chore. In addition, we firmly believed that a consumer valued solution has to be seamless to the user in order for the attraction of lower cost services to be successful.

The handset market is dominated by five 'name-brand' manufacturers. It is an often overlooked fact that 27% of the global handset market is owned by 'the others.' This leaves ample



room for an integrated product/service provider such as Primus.

Primus currently offers its PTL888 handset and with the PTL868 and PTL898 due to be released in early August and September respectively.

In addition, three OEM design houses are developing the same software for their chipset platforms for future Primus Mobiles, combined product/service offering is currently unique in the market.

We are targeting the independent thinker, the person who wants to move away from all-encompassing major brands. The strap line 'Define Yourself' has been used to encapsulate this sentiment in the UK market and will be used to convey the same message in emerging markets. This is proving to be very successful in the huge ethnic markets that we currently support with other services, as well as in the business community.

**Q:** Primus' Global Call Saver (GCS) is an outbound international calling service. How does it work? ▶

**A:** A consumer in the UK may use this service to make an outbound international call to France, for example. The consumer may only use the service in the country where their SIM and service are registered. The service is not available as a roaming solution. When the consumer attempts to use the service whilst roaming they will receive an on-screen message advising: 'Service not available when roaming.'

GCS is a simple two stage call set-up service that replicates calling card functionality. The consumer dials their desired destination number and presses the P key. The handset then formulates a string of information to send to the Primus platform. This string is composed of the access number plus a destination number. By means of CLI recognition, the consumer is ratified on the platform and the call is connected.

**Q: How do you work with mobile network operators?**

**A:** In some cases, the mobile network operator may charge the consumer for the call to the access number. In most cases the combined cost of the concurrent calls via mobile network operator and Primus is of superior value (and quality) than direct dialing through the mobile network operator.

There is a table of access numbers in each handset. This is remotely updateable via SMS. These SMS updates are invisible to the consumer.

**Q: To what extent can you tailor the service?**

**A:** Primus has already been approached by existing agents in the Middle East who require some tailoring of the service to meet their needs. Our initial work has looked at a number of options. This includes, but is not limited to, the Addition of PIN number entry on to the Handset menu for those territories where it is not possible to ratify caller ID by CLI recognition. This will amend the string of information to send an individual's PIN or account number. Each PIN can be entered by the consumer at point of sale or any time afterwards. We can also provide additional language selection to the handset sub-menu allowing the user to define a language for the service IVR where such service IVR exists.

Service variants, customization and localization play an extremely important role in the success of Primus Mobile products and services. To date, the PTL range of handsets has accommodated the

English, German, French, Spanish, Italian, Dutch, Arabic and Turkish languages. We are also developing the means to support Brazilian Portuguese, Farsi, Hindi & Pashto.

**Q: Where is the service available?**

**A:** In the test environment, this service is available where Primus can obtain an access number and where the mobile network operators provide dualband 900/1800 mhz GSM usage. In the commercial environment this service is available in the UK and Spain as an account-based service. Primus UK is developing a prepaid voucher version of this service to be sold more widely across multiple regions.

**Q: How does your SMSCR (Short Messaging Service Call Request) outbound international calling service differ from GCS?**

**A:** As with GCS, this service is only available from the country where the user's SIM and service are registered. It is not a roaming solution. Again, if the consumer attempts to use the service whilst roaming they are advised by an onscreen message 'Service not available when roaming.' The consumer dials their desired destination number and presses the P key. The handset then formulates an SMS. The SMS contains the consumers PIN number and desired destination number.

The access number for the service is currently a UK mobile number. A table of access numbers may be added to the handset. Again, access numbers are fully updateable by SMS. The updates are invisible to the user. In this first condition, the handset recognizes the consumer's CLI and delivers the callback to that CLI.

**Q: Are there also service variants?**

**A:** In Primus' currently developed service variant, the consumer may define a different delivery number from their handset sub-menu. In this condition the desired delivery number is added to the SMS string. Thus the consumer may initiate a callback from their mobile and have it delivered to the telephone number of their choice.

The SMS Call Request Service could be either account or voucher based. At present all development is concentrated on a voucher-based service. Primus plans to develop an SMS account top-up template in the handset menu so that users

can push top-up directly from their handset when purchasing a voucher.

**Q: Where does the service work?**

**A:** In theory, as with the GCS, SMS Call Request can work anywhere in the world where there is dualband 900/1800 mhz GSM coverage. In practice however, we may find that operation of local mobile networks can create a barrier. The service is initiated by callback SMS push that is delivered to a UK mobile number, hence the consumer must be able to send an international SMS from their mobile in order to make use of the service. At present Primus only has inbound SMS numbers available in the UK. These numbers should become more widely available at more reasonable cost as mobile markets deregulate.

**Q: Overseas mobile origination is a lucrative market. Are you facing any resistance?**

**A:** For many reasons, Mobile Carriers have not lowered international tariffs in line with fixed line operators. This trend will continue until regulatory pressure forces Network Operators to reduce these lucrative margins. These Operators can seem remarkably insistent in their own interests. In regard to reducing international and roaming charges they use the 3D tactics of Deny, Delay and Degrade - a typical example of the way that operators do not listen to their customers. Operators, as we know, prefer to find ways to maintain or raise prices. This is quite clearly displayed in the 'ring-fencing' of SMS pricing. A VMNO offering better value services can easily subvert this market.

Whenever I meet with the big mobile carriers they tell me they like Primus because they have very good channels to the 'ethnic' market. One of the businesses, in the UK alone, generates about 100 million minutes in international calls each month. Even for a company such as T-Mobile, that is a significant amount of traffic. I would say that it is only business customers that can realistically consider using mobile phones for international calls because the tariffs are so high.

*For more information please visit  
www.primusmobiles.com  
or call +44(0)207 669 6000  
and ask for the Marketing Manager.*