

Prepaid: *It's What's In Store for Small Business Conferencing*

By Pete Pattullo

Hot on the heels of other stored-value services, such as long-distance, wireless and debit cards, Web and audio conferencing now are being offered on a prepaid basis and made available through similar channels as other stored-value products — the mass retailers. Prepaid conferencing allows service providers to avoid fighting to deliver the lowest-cost service to the country's largest enterprises and instead tap into an underserved small business market, which VISA USA says will spend \$4.7 trillion or one-third of all expenditures by U.S. businesses this year.

While prepaid conferencing can help small businesses enhance their communications, available wholesale platforms enable telecom resellers to diversify their offerings and develop new revenue streams.

The most common conferencing options available to small businesses are post-paid, subscription-based or free services. None of these options hits the small business "sweet spot," which combines competitive pricing and robust functionality.



Resellers can add their own brands to NetworkIP's stored-value conferencing cards.

A typical audio conferencing services provider or phone company offers toll-free conferencing from 20 cents to 50 cents per minute per user, with or without a contractual commitment. Enterprise customers often can negotiate a lower per-minute cost if they have large guaranteed call volumes and long-term commitments. In contrast, most small

businesses do not drive such high call volumes and therefore cannot access affordable rates for the service. Alternatively, small businesses can locate seemingly lower-priced offerings via the Internet which are typically a subscription service with a pool of minutes for a specified recurring monthly charge. While a step in the right direction, a usage shortfall results in an effective per-minute rate much higher than advertised. And, terms still are required.

Free conferencing is another option presented to small businesses. First and foremost, it is not "free." Each free conference call participant pays long-distance charges to dial into a conference. Toll-free dialing, which is the custom for customer and sales calls, is not an included option. If offered, it is an upgrade available for an additional cost. Additionally, these services often are limited to 10 participants or fewer per call. Detailed call records and international dialing support are not provided. And, advanced features like call recording or polling, if offered at all, start the meter running.

The newest alternative, prepaid conferencing, seems to meet small businesses' objectives for value and functionality well. In contrast to subscription services, NetworkIP's prepaid conferencing services, for example, cost about 10 cents per minute per caller irrespective of volume and includes — at no additional cost — an array of features expected of reservationless, meet-me solutions (see sidebar, User Features & Benefits). NetworkIP's prepaid users can dial in to set up and administer calls or use a Web interface to access enhanced call management tools and features. NetworkIP also offers an integrated Web conferencing feature that raises the bundled per-minute rate up to 20 cents per minute per caller — still well below subscription-based audio-only services.

Further, there are no commitments. With a predictable per-minute rate and no contracts, small businesses are in control of their expenditures and can better manage with inevitable ebbs and flows of their business calling volumes.

TURNKEY SOLUTION

Providing prepaid conferencing services opens up a new market segment that presently is served with ill-fitting products. NetworkIP reports hundreds of thousands of accounts activated in 2004 with calls averaging 30 minutes and including five to six participants, with recharge rates hovering around 75 percent.

Getting into the business need not be difficult. Barriers to entry can be low using a wholesaler like NetworkIP, which provides a custom-branded automated prepaid conferencing service, from customer signup, purchase and product usage (see sidebar, Reseller Features & Benefits). Entry is low-risk inherently with prepaid since after setup it's automated for users to purchase and initiate, and there are no billing and collections expenses. NetworkIP resellers also are not charged until the customer uses the product. Recharging can be fulfilled on the Web or preset to occur automatically.

NetworkIP supports two reseller business models: a retail card model and an e-commerce model. These models can be deployed together or individually. Both models deliver a reliable revenue stream to resellers, which set their own margins (up to 100 percent gross), and their retail partners, which earn a negotiated commission.

Under the retail card model, resellers print — through NetworkIP partners or their own vendors — and distribute branded, conferencing cards. A secure and reliable card-activation method is provided by NetworkIP for the point of sale. In cases where resellers or their retailers already have PoS activation systems in place, NetworkIP typically can integrate with those systems.

Cards can offer multiple denominations — typically \$30 to \$100 — and service combinations, such as point-to-point long-distance and conference calling on the same PIN. Personal 800 is another bundled option and can be used for small businesses wanting a temporary hotline for a job inquiry or sales push. NetworkIP automatically debits the appropriate per-minute rate for each service.

Resellers are supported with marketing materials and sales consultation as they forge relationships with retailers and promotional partners. The low-hanging fruit are locations where small businesses shop, such as office supply, mail and packaging, and printing shops. However, prepaid cards also have other applications. They can be cobranded for affinity groups or placed in in-flight magazines or bundled with laptop shipments to name a few more creative approaches.

The e-commerce model is a custom-branded Web environment created for the reseller by NetworkIP at no cost. Within four to six weeks, the reseller can be up and running. Customers can purchase and use conferencing within the reseller's online user interface. This allows customers to come to you — a proposition for resellers — and requires less hands-on work than printing and distributing cards. Driving traffic to the Web site is where the heavy lifting for the reseller comes in. Online and print advertising, direct mail and search engine optimization are some of the common tactics. Upselling via the e-billing or customer service portals or piggybacking on marketing initiatives for other products sold to small businesses are others. NetworkIP also suggests adding the e-commerce component to retail agreements, getting online presence on a retailer's Web site.

Stored-value has converged with long-distance services for well more than a decade, and the benefits over post-paid or even free delivery models are numerous. Prepaid conferencing is a powerful tool that provides higher value to small businesses — both from productivity and cost standpoints — versus traditional and free models.

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User Features & Benefits

Global participant dial-out: While on the call, administrators can dial out and invite anyone in on the conference call — even international callers.

Meeting notes with integrated e-mail: Known as a “notepad,” the feature allows anyone — moderators or participants — to take notes during the conference call and then distribute them to anyone simply by inserting the recipient's e-mail address.

Advanced security settings: Administrators can adjust security settings to suit their particular comfort level; settings include verifying that all callers have left the call and enabling certain callers to remain on the line.

Comprehensive records and search capabilities: Administrators can view and search detailed call records by an extensive array of criteria spanning call names, dates and times, participant phone numbers and participation call time.

Integrated Web Conferencing: Callers can share documents and applications from their desktops, tour the Web, annotate and text chat in conjunction with their audio conferences.

Bundled Services: As a “converged service,” prepaid combines more features, including voice mail, toll-free, long-distance and reservationless conferencing from a single account.

Value-Priced: Prepaid delivers conferencing for about half the cost of conferencing solutions provided by Verizon Communications Inc., Qwest Communications International Inc. and other legacy telecom providers.

No Commitment: Customers can eliminate expensive annual subscriptions and monthly fees. Prepaid is a pay-as-you-go service with no ongoing commitment fee.

Easy to Use: Prepaid is easy to use and set up, and third-party operator intervention is not required.

Reseller Features & Benefits

No Capital Expenditure: Service is turnkey and billed on a per-minute basis only when services are used.

Tap New Markets: Resellers can reach an underserved small business user.

Build Distribution: Resellers can add product to retail or partner distribution agreements.

No Billing or Collections: No expenses for billing/collections systems or manpower are required; money is received upfront.