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DiGi to promote EA service on bigger scale

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DIGI Telecommunications Sdn Bhd (DiGi) will be promoting the Equal Access service on a bigger scale next month.

The commercial launch of the service would act as a general introduction to the benefits of competition in long distance and international services, and as a strong positioning tool for DiGiAccess.

Its chief operating officer Richard Shearer said the soft launch of the service with over 1,000 pre-selected users last month had enabled the company to test its network connection, accuracy of the billing system, discounting details and proper technical solution for its service.

"The testing is near completion and all product and process issues have been addressed to ensure that the same high quality we offer our DiGi mobile service customers will be enjoyed by DiGiAccess customers.

"Our service will be carefully targeted to those customers who will derive benefit from these services.

"We feel that our competitors have been somewhat quiet on the benefits for customers from this revolution in the Malaysian telecommunications industry," he told the New Straits Times in an interview.

"We have the lowest debt ratio and lowest acquisition cost in the industry.

"Other operators may invest as much as RM1000 to acquire one mobile customer, but our acquisition cost is only half of that.

"Our approach to subscriber acquisition is to manage closely the quality of our subscribers as high entry barrier equals high exit barrier."

"We have doubled our subscriber base, being the fastest growing mobile phone operator in Malaysia and many of our marketing strategies have been successful."

Shearer was also optimistic that the provision of Equal Access would pose both a challenge and opportunity for DiGi to further increase market penetration.

"With little technical differentiation, it is the customer service and product attributes which will be the key differentiating elements among the competitors.

"We have already carved a profitable niche in the overseas calling market through our Call Global and Call Select which offer 25 and 30 per cent discount respectively compared to fixed line tariffs and we expect to bring similar innovations to the EA market.

"Both services also offer mobile subscribers better value calling rates for overseas and outstation calls than it is possible to get from our competitors' EA services even after their discount tariffs."

With the official launch of Equal Access on Jan 7, telecommunications subscribers can now register with Celcom, Binariang, Time Telekom or DiGi Telecoms to use long distance and international services.

Equal Access allows subscribers to use alternative trunk and international networks. They have to dial the respective carrier selection code of the service provider of their choice, followed by the phone number.

If a connection fails, their calls will automatically be defaulted to their original carrier, which in most cases will be Telekom Malaysia.

The code for Telekom Malaysia is 181, Celcom (189), Maxis Binariang (182), Time Telekom (183) and DiGi Telecoms (186).

Another challenge, Shearer noted, would be for the regulatory

authorities to create a more even playing field that promotes true liberalisation of the industry that encourages healthy competition.

He described the floor price mechanism which allows telcos to offer discounts for call charges up to certain percentage as the "most surprising element of the deregulatory framework."

"We hope to see the fees lowered. As we managed our cost base very closely, our cost per minute is among the lowest in the industry.

"As such, we have the scope to pass the lower cost savings to consumers," he said, adding that an average floor price discount of 12 per cent would enable DiGi "to compete meaningfully."

On Swisscom Telecommunications proposal to increase its 30 per cent stake in DiGi, Shearer said the Switzerland-based telecommunications firm "is still actively reviewing its options."

"Swisscom is certainly enthusiastic with DiGi's performance amid the current economic environment.

Berjaya Group Bhd chairman Tan Sri Vincent Tan, a major shareholder of DiGi, had disclosed that Swisscom was keen to increase its stake in DiGi following a discussion with Prime Minister Datuk Seri Dr Mahathir Mohamad and Swisscom chief executive officer Tony Reis in Davos, Switzerland, last month.

On DiGi's capital expansion plans, Shearer said the way the company developed its technology structure allowed it to be flexible in deploying capital.

On this year's projection, Shearer said DiGi would continue to manage its risk capital closely.

"Our subscriber base for the post-paid and prepaid services have different capital expenditure profiles.

"DiGi Prepaid is very much the engine of growth from the subscriber point, but our post-paid remains the big revenue driver," he said, adding that DiGi had thus far invested RM1.8 billion in the installation of its mobile network.

DiGi Prepaid, launched in January last year, is the pioneer of prepaid services in Malaysia.

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