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Plan to cut trunk fees to 30 sen per minute

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TELEKOM Malaysia Bhd is working on a project which will enable it to slash the cost of trunk calls from an average of RM1 per minute to just 30 sen per minute to fend off competition, especially from the Internet.

"We are now restructuring our networks," Telekom Malaysia chief executive Datuk Mohamed Said Mohamed Ali in an interview today.

Currently, Telekom's highest long distance rate is RM1.95 per minute (Kuala Lumpur-Kota Kinabalu) and the lowest is 50 sen.

"On average, it is about RM1 per minute. I think we can reduce this to 30 sen per minute," he said.

On when this could be realised, Mohamed Said said: "I won't say it will come in the next one or two years. Maybe in the short to medium-term."

He said the national telecommunication giant was able to do this "by using the most modern technology, and taking advantage of our strengths and managing our resources".

"If we don't do it, what will happen (to the group)? We have Internet telephony and all other sorts of things...If we are able to do this, then we can spread the benefit to more people than Internet telephony."

Citing an example, he said users only pay 10 cents for trunk calls from New York to San Francisco, about 3,000 miles apart.

"America has already launched this service. Initially, the cost of long distance call from New York to San Francisco was 15 cents per minute. Later, it was reduced to 12 cents and subsequently 10 cents.

"Earlier this week, Quest Communications brought down the cost of its long distance call to five cents per minute."

Mohamed Said said American users were able to enjoy this attractive deal because there were companies in the country dealing specifically with such a service.

"They (US) have long distance telephone companies, we don't. It's very much easier for these companies to modernise, upgrade and change all the softwares to achieve that 'five cent' rate."

On a more general note, Mohamed Said said telecommunications sector was one of the most exciting industries given the constant changes in technology.

"As (Prime Minister Datuk Seri) Dr Mahathir Mohamad told us, we are changing from the old-fashioned telephone system to multimedia system... We have to take advantage of this technology so that people can benefit. And we, as a company, also have to use the benefit in order to survive."

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