

# Free time on the line - US telco calling

Katrina Nicholas

ACN, a US-based telco that relies on a direct marketing model similar to that of Avon and Tupperware to sell its services, is about to open its doors in Australia.

The company, which was established in 1993, has set August 14 as a launch date and is understood to be close to signing a wholesale deal with Telstra that would allow it to resell time on the telco's fixed-line network.

ACN plans to attract customers by offering free national and international calls. The catch is that the calls will only be free if the customer is calling another ACN subscriber.

The company believes it can sign up 100,000 customers within 60 days, relying on word of mouth alone.

It has managed to attract as its chief operating officer Martin Paech. Mr Paech ran the Optus-owned telco Dingo Blue, which was sold to AGL but collapsed a few years later, after losing more than \$30 million. A multimillion-dollar legal brawl between AGL and Optus over the \$22 million sale quickly ensued.

Like ACN, Dingo Blue also operated on a network resale model, buying time from Optus for internet, long-distance and mobile calls and Telstra local calls.

Mr Paech declined to comment



ACN's chief operating officer, Martin Paech, ran the Optus-owned telco Dingo Blue.

Photo: TAMARA VONINSKI

on his new role yesterday. ACN regional vice-president Jonathan Gibbs said he was confident ACN would be a success in Australia.

He said not all Telstra fixed-line customers would want to switch to ACN. A number of the telco's subscribers are effectively locked in because they are on bundled offers that let them receive multiple services and get a discount on their overall bill. But he said many would see the value in changing carriers.

"There's no changing your telephone number and there are no special codes to dial," he said.

"We feel [Telstra's wholesale] margins are big enough to share and ACN does not have to pay

employees or spend money on advertising campaigns."

ACN, which has spent about \$2 million setting up operations here, will also bill customers and provide support services.

Mr Gibbs, who arrived in Australia from the US 30 days ago, said he and his team had spent the past three months contacting people and selling the ACN vision. That involves persuading people to become ACN "agents". Agents earn money on a commission basis depending on the number of customers they sign up.

Mr Gibbs said the response so far had been amazing and ACN had plans to launch a mobile service within months. To begin with, ACN

would only offer fixed-line and internet services.

Although reluctant to share too many forecasts, Mr Gibbs said ACN hoped its Australian launch would replicate its entrance to the Finnish market.

There, ACN struck a deal with carrier TeliaSonera. According to its website, which also features testimonials from agents reportedly earning thousands from selling its services, it signed up more than 60,000 customers in less than a month.

Mr Gibbs said ACN now counted about 5 per cent of Finland's mobile-phone users as subscribers.

ACN also has operations in France, Italy, Ireland, Norway, Germany, Austria and the Netherlands.