



Orange is seeking new subscribers in Britain among ethnic minority consumers in a new mobile venture with Lycatel

# Orange goes virtual in crowded market

Lilly Peel

Orange is moving to win new customers in Britain's saturated mobile phone market with a new venture that targets users from ethnic minorities.

The SIM-only, pay-as-you-go service from Lycamobile, the mobile arm of the international calling card company Lycatel, is aimed at Britain's immigrant population and will offer international calls from 4p a minute.

Lycamobile is a mobile virtual network operator and will use Orange's network for its service. The UK-based privately owned company sells calling cards through 50,000 local shops and hopes to use this network to reach parts of the UK's ethnic communities that mainstream mobile companies and big retailers have failed to reach. Lycatel has six million subscribers in

Britain, of whom 2.5 million already use the calling cards via their mobile phones. Its call centre support staff speak 20 languages and offer voice-mail services in multiple languages.

Lycamobile hopes these capabilities will persuade up to a million people to buy its SIM cards over the next year. That would make it twice the size of Virgin Mobile, the UK's largest virtual operator, which has 491,000 customers.

Lycatel customers spend 30 phone minutes a month on the phone to Nigeria, 25 million to Pakistan and 12 million to Ghana, where one in three calls between the UK and Ghana is made with Lycatel cards. Of the 130 million minutes per month called between Europe and India, 85 million are through Lycatel or Lycamobile.

For Orange, this is the latest deal in a drive by Tom Alexander, chief

executive since late last year, to lead it into new niche markets. He was part of the team that set up Virgin Mobile and he has made virtual operators a key part of Orange's growth strategy.

Wholesale deals with virtual operators let networks use spare capacity and target customers whom they might not otherwise reach. Ikea's mobile service, which went live in August uses the T-Mobile network, while Tesco Mobile uses O2, and Asda Mobile and BT Mobile use Vodafone.

The mobile wholesale market is estimated at £1 billion a year and expected to double over the next four years, while the market to supply telecom services to Britain's immigrant population is estimated at £500 million a year.

Lycamobile is Orange's sixth virtual operator partner and the third that it has signed up in the past 12 months.