



TOTAL TELECOM

By Nick Wood

22 September 2008

International MVNOs thrive in tough economic times

Lycamobile claims mobile network operators lack structure needed to attract immigrant customers.

International MVNO Lycamobile said Monday that it benefits from volatility in the global economy due to its target market. The company sells international prepay calling cards and provides a mobile virtual network operator service aimed specifically at immigrants.

"There are 25 million Indians living outside India, it's a similar story in Pakistan and Nigeria, which gives us a target market the size of a whole country, and their primary concern is how to keep in touch with their family back home," said Milind Kangle, CEO of Lycamobile.

"It is an extremely price-sensitive segment, and when times are bad and consumers are tightening their belts they value our proposition even more," he explained.

Kangle made the comments ahead of Monday's launch of Lycamobile in the U.K., which he said has become Europe's largest international prepay MVNO since it started operating in 2006, with close to 2 million customers.

He claimed that mobile network operators don't pose any competitive threat to Lycamobile because they lack the structure required to effectively address the immigrant market.

"They don't understand the segments. U.K. operators only offer services in English for example, whereas Lycamobile supports more than 20 [languages]," he said.

"It would also take considerable time and money for mobile network operators to offer low-cost international calling, and it would distract them from their core focus," said Kangle.

He also warned that it takes a particular kind of brand to be successful in the MVNO sector.

"You need a brand that is strong in its chosen sector," said Kangle.

"Disney had a strong brand and lots of content but they didn't understand the telco space and they ultimately switched off consumers," he added.

Disney Mobile may have resurfaced in Japan back in March, but that followed the failure of its U.S.-based service in 2007, and its ESPN-branded offer the previous year.

Lycamobile meanwhile, Kangle said, is piggybacking off the success of its predecessor Lycatel, which still offers international calling rates for fixed-line customers.

He said that the company has a budget of £10 million for driving awareness of its services in the U.K.

"It is important if you want someone to prepay for your service to be a trusted brand," he added.

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"163 yards?"