The Ring Of Quality

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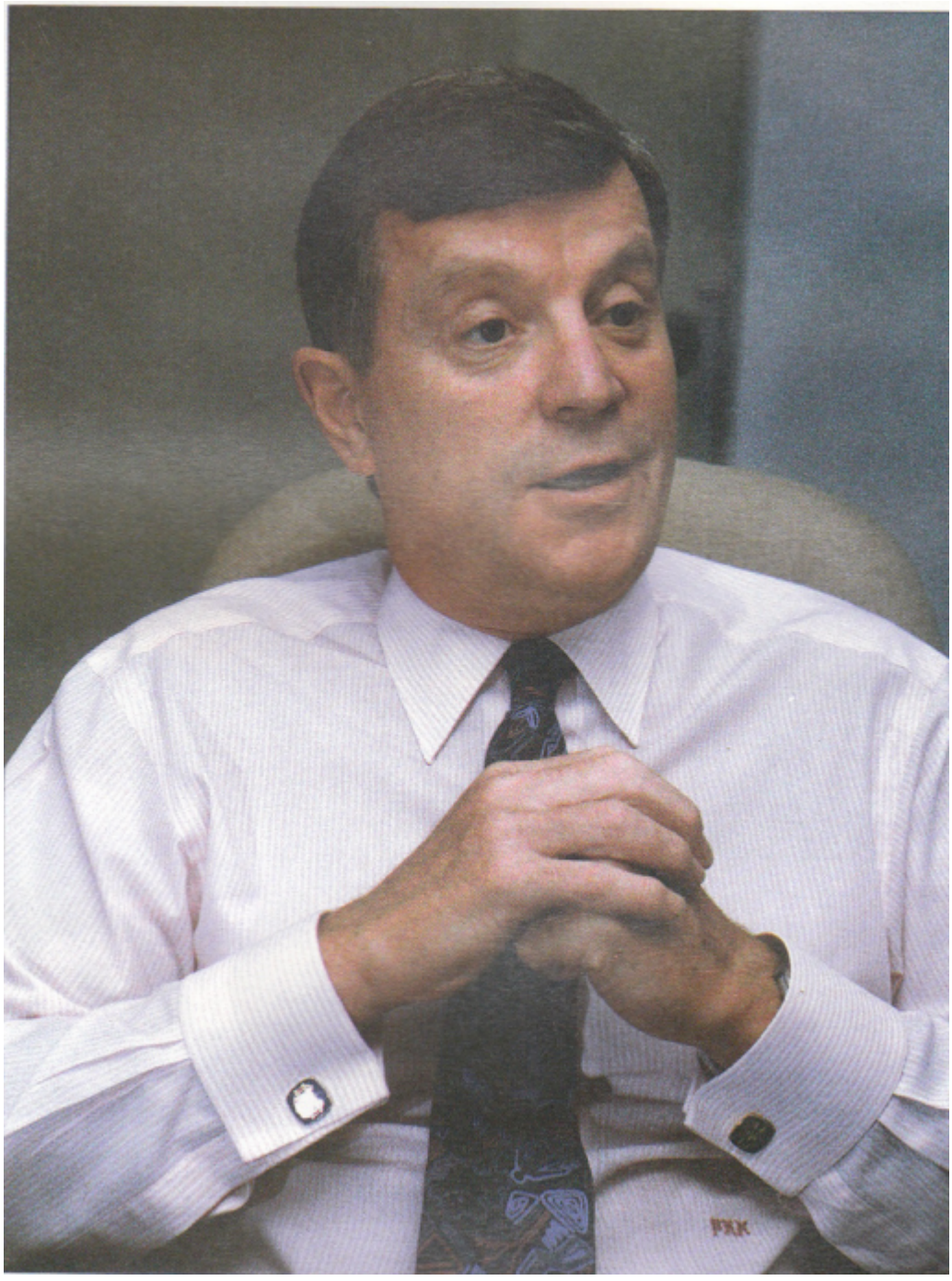
Business Today interviews Peter Nelson, Managing Director of Lanka Bell



Q: Since your formal launch in July this year, what progress have you made?

A: The progress has been excellent. We have now got a backlog of well over 20,000 customers waiting to be connected to Lanka Bell. So the launch really had the effect

of putting Lanka Bell on the map, creating the awareness.

Q: Presently, what are the areas covered by Lanka Bell?

A: The focus has been on providing top quality network coverage in major metropolitan areas in Colombo. We are now beginning to expand the network beyond those areas.

Q: By when do you expect to cover the entire Greater Colombo area?

A: Probably in the next 3-4 months.

Q: Suntel got a head-start by commencing operations first. What is the strategy you will employ to counter that?

A: There are advantages in entering the market first, but there are also quite good lessons one can learn by coming into the market second. We feel what we are offering is quite different from that of our competitors. The Lanka Bell technology is absolutely brand new. In fact, at the time we were awarded the license, there was only one other operator in the world using the proximity technology which we use.

We could have brought forward the network introduction time, but we did not wish to risk the quality of our product. So we undertook very exhaustive testing on both the switch and the network, to ensure that we provided the best in terms of quality when we entered the market. And I think that has paid off. People would concede Lanka Bell’s quality superiority.

Also, partly because of the differences between our technology and that of our competitors, we are able to roll out the technology quicker. We are quite happy with our own network roll out plan. We have got very aggressive targets, very aggressive plans, and that allied to our superior technology would stand us in good stead.

Q: How many lines do you expect to have by the end of this year?

A: We came in to the market a little later than planned, so I think this year is not so much the question. I believe that by the end of next year, we will meet the requirement of the director general of Telecommunications to provide 50,000 lines.

Q: So far, what has been the investment by Lanka Bell?

A: This is the second largest project financing in Sri Lanka. We have been continuously rolling out the network and importing large amounts of equipment and technology. The investment by the end of this year would be in the region of US$90-100 million.

Q: What would be the total investment?

A: The investment over the 25 year period of our license term would probably exceed one billion US Dollars. But of course, well before that time, the revenue that we generate from our business would fund our network expansions.

Q: Lanka Bell chairman Steven Baker said that when the company's initial license term ends in about 25 years, you will be responsible for at least one million telecom lines of an estimated three million lines in the island. Given the increased competition, especially with the advent of NTT, how possible is it to reach that target?

A: In our mission of becoming the most successful telecommunications operator in Sri Lanka, we would certainly expect to have 1 million lines by that time. I personally believe that Sri Lanka would have more than 3 million lines in 25 years. Sri Lanka Telecom has been around for a number of years and will continue being around for many years to come. I'm sure Suntel will do fine. Our objective is to ensure that Lanka Bell provides a top quality network and earns a substantial share of the market.

Lanka Bell who made a belated entry into Sri Lanka's telecom market said they did not wish to risk the quality of their product by introducing it prior to extensive testing. 'We aim to provide an excellent Customer Service that is second to none in Sri Lanka' Peter Nelson, told 'Business Today'.

Q: But what will you do in particular, given the increased competition especially from NTT and Suntel? What areas will you concentrate on to build a large customer base? I million out of 3 million lines is a large amount.

A: There are obviously two strands to your question. One is the number of customers or the number of connections which is absolutely vital. The other is the matter of traffic or the usage per customer. Our strategy is to focus very strongly on the number of customers and also the usage per customer.

Q: Many Asian countries have been deregulating their telecommunication sectors. How has Sri Lanka fared in this respect?

A: I think Sri Lanka is doing particularly well in the aspect of deregulation. I believe the country is actually well ahead of many of its Asian. neighbors. Sri Lankans must take great credit for the state of liberalization, and indeed now with NTT coming in, for the privatization process.

I think that many people confuse the issues. Liberalization or privatization is not just a governmental or bureaucratic exercise. The whole purpose of doing it is to provide the consumer with a better deal. At the end of the day, if the customer is not going to benefit from liberalization or privatization, there is not much point in doing it. We are all for supporting the government of Sri Lanka in their excellent efforts so far. All we ask is that we continue to have a level playing field and that the terms of our license are not changed.

Q: To further enhance the island's telecommunication infrastructure and its teledensity, what can be done?

A: Well, our license states that we must provide a countrywide service by the end of the year 2000. We will have to provide at least 10 telephone connections in each of the 28 designated secondary rural areas of

Sri Lanka. And obviously we will do that. We have Proximity I technology, and maybe we will be able to use a different version of Proximity as we move out in the rural areas. Or indeed, there are many other technologies which we could reveal. But of course, the requirements of urban communication and those of rural are quite different.

Q: You have promised to complete a major project financing. Can you give details and how it has been progressing?

A: I can't divulge too many details, but we are certainly in the very final throes of completing an extremely successful and liquid program in terms of both equity and loan. Private investors and multi-lateral agencies are involved, and we anticipate that much of it will be completed by the end of this year.

Q: ING Bank is guiding you?

A: ING Bank has been appointed our financial advisor. This doesn't in anyway mean

that we are having a financial problem at the moment. We are having excellent support from our existing shareholders.

Q: Any new products and services you will introduce in the coming few months?

A: There are a number of products and services we are releasing. One of the significant differences between us and our competition is our ability to not only provide crystal clear voice transmission but also data in varying shapes or forms (particularly to corporate customers) using our multi-line solutions which are proving extremely popular and successful. If the corporate customer wishes, we could provide group 4 fax, and Internet at extremely high speeds. Already, we are providing the fastest Internet access available in Sri Lanka. Then there are a whole range of new products and services which will be coming in the next few months. There is nothing a fixed telephone network can do that a radio- based network cannot do. In fact, often we can do a lot more.

Q: Will you diversify into other areas, like paging, cellular phones or pay phones?

A: We don’t have a license to operate cellular services. The existing four cellular operators (two of whom are Lanka Bell customers) seem to be doing a good job.

Our main focus is to make sure we expedite our license arrangement with the director general of Telecommunications, which is to provide a minimum 100,000 connections by the end of the year 2000. I think it would be better to keep our heads down and make sure we deliver that, rather than diversifying at this stage.

Of course, this doesn’t mean that we will not enter into business agreements. Lanka Bell will enter into new distribution agreements countrywide, and we will have agency agreements with a number of people.

Q: What do you think of the Iridium System being introduced in September next year?

A: The Motorola Iridium System still has quite a long way to go. It will obviously have a more immediate impact on the mobile operators than on us. We will just have to wait and see.

Q: Can you explain in more detail the technology which you use?

A: The technology we use is from Northern Telecom, one of our major business partners and a shareholder of Lanka Bell. Basically, we are using the Northern Telecom Proximity I technology which is what they call their wireless local loop technology. We are also using worldwide renowned DMS switches from Northern Telecom. We also use their base stations and subscriber units which we install in the premises of businesses or residences to receive the signals.

Q: What are the advantages enjoyed by Lanka Bell, compared to the conventional systems?

A: The power and capability of our WLL system are considerably greater. This means that the number of base stations that we need to roll out our network is substantially less, probably to the effect of one to four. This is because the signal is much stronger. This also means that we are able to carry voice and data with equal facility, which is proving very popular particularly with business and corporate customers.

Also we operate at 3.5 gigahertz rather than 1.8 megahertz. In fact, no one else is operating at that frequency. Most operators, including the cellular operators and Suntel are placed in the 1.8 megahertz frequency.

Q: Did you encounter any technical problems?

A: We had to build a new telecom infrastructure from scratch, so we certainly did have some problems. But we had tremendous commitment from Northern Telecom. Our other key business partner, GTE of the United States, are providing the people and the expertise to roll out and support the network.

Q: What has customer feedback indicated?

A: The customer feedback, interestingly enough, is that the quality of Lanka Bell’s service is generally accepted. People generally seem to accept that Lanka Bell definitely provides the best clarity. One doesn’t experience interruptive calls, noise on the line or early termination. The other comment is regarding the range of offerings we are able to provide, to meet the specific customer’s requirements. We are able to be flexible, almost a turnkey provider in many cases of telecommunications solutions.

Q: How long would you take to connect a line?

A: About 2-3 months ago, it would have taken about 2 weeks from the time of the customer’s application to give the connection. We can generally do it in less than a week now.

Q: How many lines can you handle through your exchange?

A: We have a world class switching center located at Grandpass, capable of holding about 40,000-60,000 connections. We are also having an- other exchange installed in the Crescat tower, that too will handle about 40,000-60,000 connections.

Q: How much attention are you paying on customer service?

A: In addition to making sure that we have the ‘ring of quality’ in our network, we continuously strive to ensure that we maintain the ‘ring of quality’ in our organization. So we have spent an enormous amount of time training all those people who have any interface directly with the customer, either on the telephone or in person. This has proved very successful. We aim to provide an excellent customer service that is second to none in Sri Lanka.