



Wholesale ISPs must add value, argues new player

By Fleur Doidge, iTnews

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A new Melbourne ISP has flagged a challenge to other wholesale webhosts to lift the competition stranglehold on smaller ISPs at risk of consolidation.

Retail, business and wholesale ISP Data Consulting Group (DCG) has promised to invest heavily in helping its resellers win business and keep their heads above a flood of buyouts in the sector.

Zac Swindells, managing director of DCG, said few small ISPs had the resources to properly market their services. Partly as a result, they often got swamped when large rivals such as Telstra turned their attention to niches they had opened up.

“What we found was a lot of smaller ISPs, once they went through current client business, they didn’t have any idea how to increase their revenues,” Swindells said.

Swindells said DCG had aimed from the start to establish a wholesale unit -- dubbed ispOne -- with a business model that would look after smaller ISPs and resellers. Seemingly-simple issues such as client billing were frequently the downfall of smaller service providers.

One of Swindells’ former roles was at FlowCom, which entered receivership 21 January. “At Flow, the biggest issue we had was the billing system. It’s a big pain for ISPs. Look at Flow, it’s gone into administration,” he said.

Chris Monching, director of sales and marketing at DCG, pointed out that the One.Tel debacle had also hinged on accounting issues.

“To get the billing right is imperative and especially for the smaller resellers,” Monching said.

DCG had made a consultancy-style commitment to help its resellers with billing issues, marketing, CRM and other business issues, Swindells said. The company has been actively hawking for business for about six months.

DCG so far has nine staff including former Telstra executive Martin Cheeseman and 30 customers. It planned to particularly target regional areas but would ramp up first in Melbourne, and then Sydney, Swindells said.

“Melbourne is more organised and structured, we find,” Monching said.

DSL was likely to be a strong focus although dialup could provide better margins, he said.

Both Swindells and Monching see content provision as critical in driving up demand for internet services, particularly broadband.

“We are looking at providing products and solutions tailored to our resellers’ customers needs. You need to give them what they want, rather than just providing internet access,” Monching said.

DCG has partnerships with NEC, Comindico, Telstra, AAPT, Uecomm, St.George Bank, ANZ, Global Centre, Interprac and Lan 1.

Main wholesale competitors were KBS Internet -- which owns the cut-rate Dodo Internet brand -- Wholesale DSL, Veridas, Datafast and eventually Connect, Monching said.

Swindells said DCG had been formed by acquiring Dinkum Internet -- now named DCG Retail -- and Prime Internet -- now called DCG Business -- in 2002, but the ispOne wholesale division was growing fastest.

The company claims to be cashflow-positive.

DCG would investigate further strategic acquisitions in the coming year, Swindells said.