

Calling Cards Business Model

problem

Company XYZ is a distributor with experienced marketing personnel and strong relationships with retail distribution partners. Pressed by increased competition in the company core business, the management is exploring alternative ways to generate incremental revenues. After assessing several options, the management decides to launch a calling card business.

The attractiveness of the calling card business is in its relative simplicity and low capital requirements. The business model is built around creatively segmenting customers by various demographic and/or behavioral characteristics and designing a calling card to meet their specific calling needs. The calling card business typically attracts entrepreneurs who want to enter the VoIP market, businesses with established retail distribution channels, and next generation telecoms.

Before plunging into the business, XYZ's management conducts extensive research of alternative calling card solutions. The conclusions of that research are that the company needs to purchase reliable VoIP equipment that is easy to operate even without extensive VoIP knowledge. Another conclusion is that the company needs an affordable solution that is also scalable to meet future business growth.

solution

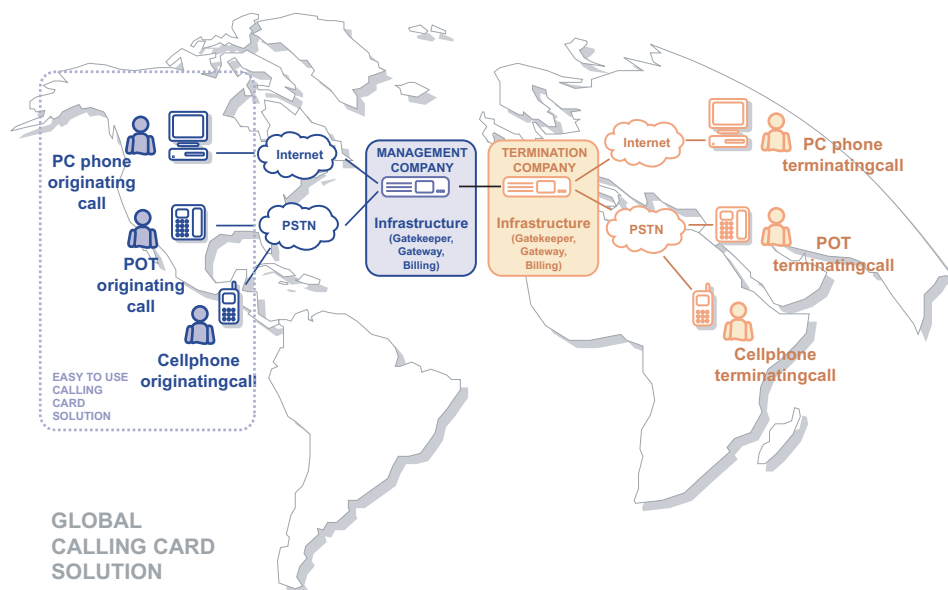
VoIP implementation could present a significant challenge to new entrants in the calling card business. A typical calling card solution has multiple infrastructure elements like gateways, gatekeeper, IVR, billing server, etc. which are typically offered by multiple vendors. For companies without extensive VoIP specific knowledge, equipment integration could present significant challenges and could significantly extend the deployment period. For such companies, the best alternative is to purchase a turnkey calling card solution and concentrate on developing the business.

SysMaster Corporation, the global leader in turnkey VoIP equipment solutions, could offer to XYZ exactly what it needs - a turnkey calling card solution that could be customized to meet company specific needs. SysMaster's solution offers easy operation and fast deployment schedule (typically less than a week). A notable feature of the solution is its advanced billing server, which offers unparalleled rating flexibility.

A typical SysMaster Calling Card solution has the following requirements:

- 1 VoiceMaster VoIP Billing Server
- 2 SysMaster VoIP Gateway(s)
- 3 Optional Modules for the Billing Server and the Gateway(s)
- 4 Remote Installation and Technical Support
- 5 High speed Internet access
- 6 Contracts with VoIP Carriers for Call Termination Service

SysMaster can provide items 1 through 4 while the service provider is responsible for items 5 and 6. Figure 1 below shows the SysMaster Calling Cards solution architecture.





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solution features

- ANI/PIN Authentication
- DNIS Authentication and Call Redirect
- Peak Time On/Off Billing
- Number Surcharge
- Unlimited Routes
- Advanced Rate Switching
- FlagFall and Progressive Billing
- Dual Credit Support
- Multi-lingual IVR and Custom Prompts
- Intuitive and user-friendly GUI interface
- Managed Service Support
- Four Layer Billing Structure (Provider/Owner/User/Agent)

how does the solution work?

- 1 The customer purchases a calling card.
- 2 The customer dials a local or toll-free access number shown on the card.
- 3 The VoIP gateway, which is connected to the access number, answers the call and with the assistance of the IVR server prompts the caller to enter his PIN number.
- 4 After validating the PIN through the VoIP billing server, the VoIP gateway announces to the caller his account balance and invites him to dial a destination number.
- 5 Upon entering such number, the VoIP gateway announces the amount of calling time available and connects the caller to the destination number.
- 6 During the conversation, the VoIP gateway converts voice signal to data packets and routes them to the terminating gateway (owned by the call termination VoIP carrier).
- 7 Upon call completion, the billing server records complete CDR information for the call that could be used for billing, reporting and analysis.

benefits

Turnkey Solution

SysMaster offers truly turnkey solutions for calling card providers. SysMaster provides all equipment elements as well as remote installation and technical support. The calling card provider secures high speed Internet access (or rents an equipment co-hosting location) and signs contracts for call termination with VoIP carriers. In a typical business scenario, calling card providers offer calling cards with low rates to a specific destination where they own Points of Presence (POP) and sign contracts with VoIP carriers for termination services to all other destinations.

High Scalability

SysMaster is probably the only VoIP equipment manufacturer that fully supports the grow-as-you-go concept. SysMaster's equipment can easily scale from 1 to 20 T1 lines per gateway (24 to 480 PSTN lines) and from 500 to over 20,000 concurrent calls per billing server. The company offers VoIP equipment in five capacity tiers that cover the needs of the whole spectrum of calling card providers

benefits

High Affordability

SysMaster's calling solution is highly affordable for both new entrants and existing providers that want to expand their business. In fact, it is the solution with the best features/cost ratio in the industry. As SysMaster uses a tiered capacity approach where each successive equipment tier doubles the capacity of the previous one, calling card providers can upgrade in incremental steps without overspending for capacity that they don't immediately need. At the same time, as equipment utilization increases, fixed costs per call fall (i.e. customers pay a fixed cost for a given equipment capacity and do not pay recurring fees based on the number of transacted calls).

Rapid Deployment

SysMaster's calling card solution is characterized with very rapid deployment schedule. In general, calling card providers can have a running solution in less than a week provided that they have made arrangements for high speed Internet access. Because of the integrated nature of the solution, there are no equipment incompatibility issues to be solved which are often the reason for extended deployment periods.



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