



ASKED & ANSWERED

by Prepaid Guy

Dear Prepaid,

I want to find out about what kinds of commissions I should expect if I begin selling prepaid calling cards. I have heard that there are lots of people making the big bucks and I would like to join them. What can I really get out of all this?

- Sign me

Big Bucks Wanna Be in Detroit!

Hey Big Bucks,

Well, you may have only heard part of the story. Yes, some people are making a decent income in this business but let me reiterate: some people. You need to know exactly what you're selling and what's hot in the market before you even begin. Obviously you've been talking to some people so why not take it one step further and actually go out selling with them. There are a lot of profitable cards out there and there will always be a demand for our products. You will then see if this is really for you and if you have what it takes to make it. Detroit is a great market for several key destination cards and I am sure you'll have no problem locating a big card distributor near you.

Good luck in Motown!

Prepaid Guy,

I sell cards right now and have a quick question for you: Is it true that when the carrier goes away that card provider is off the hook? I mean, the cards all worked but then the 800# went down and now I am getting the run around from my provider. Is this legit?

- Concerned in Tampa

Tampa,

You have a good reason to be concerned here and I advise you to dig a little deeper on this story you've been told. Here are a few facts that might help; the provider of the 800#'s is just that, a provider. If their customers are not paying the bills then of course they will get disconnected. Some of the times the card providers take money from distributors but then don't pay the carrier. Get the picture here? If a carrier really went down there are always back up networks that can handle the calls. The legitimate network problems should only be temporary and are easily corrected. Two things for you to look at: 800#'s are provided by whom? And the network is provided by whom? Card providers have to give you this information, so don't accept a runaround. Be careful of your deposits or amount of inventory you carry if there's any concerns on your part. Again, I remind all of our readers to conduct some due diligence prior to entering into any agreements. Ask for references, current providers, suppliers, etc. but above all else ask!

Got questions? We've got answers!
Please send all questions
to prepaidguy@prepaidpress.com.

5 minutes With...

**Lila Jaber, Chairman
Public Service Commission, Florida**

TPP: *What are the major challenges facing the prepaid telecommunications industry today?*

LJ: They're the same challenges that the other companies in the telecommunications industry face. Obviously, there's an economic slowdown that has hit the telecommunications industry particularly hard, so I think the challenge is "how do you respond to increasing subscribership in a time when there is an economic slowdown." There's also the challenge of reacting to competitive pressures. The competitors will be the long distance providers that are also very innovative in marketing their services. So, I think the prepaid phone industry will have to find ways to be just as innovative to market their own products.

TPP: *How important is the consumer perception of the industry, which has not always been the greatest?*

LJ: I think it is critical. I think that if the consumers believe the industry is not credible, quite frankly, they are not going to buy the cards. So, the number one goal should be to market their services, but be credible with respect to what they represent they can do for the consumer. It is important to have a great dialogue with the State commissions. It is important to follow the rules and statutes in respect to State commissions. It is important to be responsive to State commission and consumer questions.

TPP: *What has the Florida Commission done to address consumer issues regarding prepaid services?*

LJ: In 1998, the commission took a comprehensive review of the rules in place related to this industry and we discovered that we really didn't have the comprehensive rules that addressed not only consumer aspects of the industry, but guidelines that the industry should follow in ensuring that their services would be provided in the most efficient way and that that there was a consumer response program in place. So, we went through the rule making process. We had very strict rules in Florida that ensure that customer service is provided in an efficient manner, but also gives the industry flexibility to be innovative in marketing their services. That doesn't stand in the way of the industry reaching customers; it just protects them from practices [that confuse the consumer]. Making sure that the per minute charges are clearly placed on the card, making sure that the company name matches up the PSC certificate. We require that these companies receive a certificate from the PSC before the cards are marketed.

TPP: *How does the PSC staff monitor the prepaid industry in Florida? Is it only in reaction to complaints, or is it proactive?*

LJ: Both. It is proactive and reactive — we buy cards, we respond to customers' questions. We get our information primarily from customer phone calls and letters, regarding their experience with a card.

TPP: *Wow, that's interesting! You actually buy cards and test them?*

LJ: If a customer calls about a particular company, and a particular card, if the card is available to us someplace, our staff buys a card and tests it.

TPP: *How can the industry work more closely with the Commission?*

LJ: They really need to be responsive to State commissions. They need not shy away from our technical staff. If there is a new approach to their marketing efforts or services they are providing, they should proactively inform the Commission staff, so that when we do receive a call from a consumer, we could answer the question efficiently and quickly. But, if we send out correspondence asking about practices, I would strongly encourage the companies' to respond quickly. That goes a long way. If they take their time, or if they're difficult, that will not be looked on favorably here.

TPP: *What is the overall perception about the prepaid industry? Has it gotten better, or worse, or..?*

LJ: From my own perspective, I've noticed that the industry has gotten better. Back in 2000, we had something like 56 investigations initiated involving the prepaid calling card industry. We came back strongly with some settlements and some fines related to those dockets. I think that sent a very strong message to the industry that the Florida PSC will do its part in protecting the consumer from inappropriate practices. My general observation is that it has gotten better. If you believe in competition, as I do, the market will take care of a lot of bad stuff. It doesn't take long for the consumers to realize who the companies are that [engage in inappropriate behaviors] and they stop buying services.

TPP: *Do you have any thoughts on the future prospects for the prepaid industry?*

LJ: I am optimistic about the success of the industry. I think that as competition develops in telecommunications overall, this industry, because of its uniqueness, will find a niche that will make it successful. I'm excited about what they can offer in terms of pricing and packaging. I am very optimistic that this is a sector of the industry that will remain. That will get better and better as the market develops and they learn to react to competitive pressures.



Lila A. Jaber was appointed to the Florida Public Service Commission (PSC) by Governor Jeb Bush. She is a court-certified mediator and a member of the Florida Bar, and currently serves as the Chairman of the PSC.

The Florida PSC's website address is <http://www.psc.state.fl.us>.