

## Ron Contrado President/CEO, Homisco

by Gene Retske

*I first met Ron Contrado in 1985, when I was a Product Manager at AT&T Information Systems. We had fought an unsuccessful fight against the Bell Labs developers who saw no need for a Call Accounting System to allow PBX users to collect, track and report on their outgoing calls. Problem was, we were losing PBX sales to companies who lacked the restrictions of a World Class engineering arm. So, we scoured the market, and found a small, but plucky, company in Boston who had developed a full-featured device to make up for our product void.*

*Ron does not particularly remember me, since I was basically a note-taker during the meetings there, but I do remember him. I was struck by two facts. First, there were people outside the Bell System who did understand the engineering and marketing nuances of telephony, and secondly, that they believed passionately*

*in their product and their ability to build, supply and support sophisticated technology equipment.*

*I next caught up with Ron about 1995, when I started attending TRA meetings and exhibitions. At that time, I was struck by the fact that someone could spend a career in telecom, never work for a Bell, or former Bell company, and still be successful. Now that Ron has spent the better part of twenty years striking me, it is my turn to strike back, and ask him about his experiences, and to get his unique perspective on the future. What happened was vintage Contrado!*

**GR:** So, when did you first enter into telecom?

**RC:** In 1972.

**GR:** 1972? You have been in telecom for 32 years?!? Can you tell me in a couple of sentences, from your perspective, where has telecom been in the last 30 years? <incredulous pause> Take a bit more, if you like.

**RC:** It seems to me that the telecom space is on a cycle where something new occurs every three years, or the seed for something new happens. Like, in '69, it was deregulation of the equipment. Within a few years, we had the first software controlled PBXs, which, a few years later, provided the capacity for least cost routing, which was a prelude for deregulation of long distance. Then, a few years later came long distance competition. Then, payphones and long distance competition provided the capability for prepaid. Sometimes, it is a series of small changes that lead to bigger trends. Then came wireless, softswitches, VoIP and now WiFi, which started about a year ago. It seems like God is a telecom person, and wants to make sure that those unemployed telecom people have a place to get a job.

**GR:** We used to say, "What goes around, comes around."

**RC:** Absolutely, but it all comes around

for telecom people. I can't honestly say it's every three years, but I could make a case that the major developments are pretty close to that. I think the newest thing is WiFi. VoIP started back in 1995. Some things take longer to achieve their full impact. VoIP has taken seven years to hit its pace.

**GR:** Why so long?

**RC:** I think it's because we needed a bandwidth glut, and we also needed the appropriate softswitches to attach to the VoIP network. There's also billions of dollars of installed base to be replaced, and that is good news. I think we are at the beginning of a massive paradigm shift at the enterprise level of the industry. There's a lot of phone systems that have to be replaced.

**GR:** This one seems to be an exception to the 3 year cycle rule. Why?

**RC:** There are macro trends. In 1969, there was a macro trend, which was the competition for equipment. Ten years later, roughly, was the deregulation of long distance. There are major trends, call them "mega-waves." Within those mega-waves, there are "micro-mega-waves," like a WiFi, like a VoIP, like payphones, like prepaid, like long distance, like prepaid long distance. There's 2-3 things that occur within these mega-waves.

**GR:** And VoIP is a mega-wave?

**RC:** Yes, this whole VoIP, enterprise and softswitch thing is the convergence of two mega-waves. Equipment and network, coming together. It is going to take longer than 2-3 years for the whole cycle to be completed because you don't just replace 5 million phone switches in America in 3 years. But, we have this unique convergence of the deregulated equipment business and the deregulated long distance, which now have something very much in common — VoIP. And, that combination makes for huge demand.

**GR:** Let's talk about prepaid. With the changes that you see being brought about by VoIP, what does the future have in store for prepaid?

**RC:** I see prepaid as having an increasing importance in the future. And, it's not just about voice and long distance; it's about prepaid data; it's about prepaid ATM; it's about prepaid anything where you want some reasonable level of control and a higher level of transparency.

**GR:** Is prepaid just an accounting method, or is it about stored value, or is it a different way of buying services in small increments?

**RC:** It is a different means of buying. It's having visibility about what something is really going to cost. I look at prepaid as being a "no surprises" method of providing services. It's predictable. If you have a teenager, you understand that prepaid is not about credit challenged, it's about surprises.

Once again, I am struck by Ron and his insight. ■



Ron Contrado is President/CEO of Homisco.  
online:  
[www.homisco.com](http://www.homisco.com)

## Is the Sun Setting on the Prepaid Industry?

*Or is this the beginning of a new day, with new opportunities?*

**What's Your Perspective?** Does each new day bring you new opportunities, but you end up overwhelmed and distracted by your current vendors and solution? Will tomorrow bring a storm or will it be smooth sailing? Whatever your perspective, you can trust your business to a proven industry leader!

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