

Oman's customer experience for telecommunications can be significantly improved

Darren Tong, CFO of Telecom Oman (TeO), talks to Business Today about the company's expansion plans and the outlook for the future

Give us an overview of Telecom Oman's (TeO) operations in Oman.

TeO used to be Samatel, which started five years ago with a Class II reseller licence. The company started well but ran into financial difficulties. Today's TeO is the culmination of three years of hard work by new shareholders and a new management team.

We have kept a low retail profile for the past three years. The board took the decision to focus on our Class I International Gateway (IGW) License, which enables us to conduct international wholesale business with other tier 1 operators like Vodafone, Bharti Airtel, Singtel, etc. Using the infrastructure afforded to us by our Class I IGW licence, we also launched Oman's first calling card service Allo. Our strategy has turned out well, and with the guidance of the TRA we are now ready to re-enter the retail market in a larger initiative: the relaunch of our mobile reseller operations (Allo Mobile).

What are the products and services currently offered by TeO?

As I mentioned above, most of our current operations are international wholesale. Locally in Oman, our current flagship product is the Allo calling cards, which lets users make international calls at cheaper rates. We have over 60,000 users of Allo cards in Oman. A new initiative currently underway is TeO Business, which is also an international calling service targeted for SMEs and large corporates. TeO Business is set up to deliver double digit percentage savings for companies who make international calls. A similar service will also be offered for homes called TeO Home, where users can make cheaper international calls via existing fixed line telephones.

What are your plans for expansion in Oman?

There are several plans in motion at present. As I mentioned above, we are planning to re-enter mobile reseller operations via the launch of Allo Mobile. We are in close collaboration with Ooredoo, our host operator, to deliver this service to the public by late this year. Allo Mobile will incorporate everything consumers expect from a typical mobile service, including data bundles. Over the medium term, we hope to provide customers with a seamless local and international calling experience via our combined Allo offerings.

We have recently submitted an application to the TRA for a fixed line licence, which will enable us to offer landline, internet and other value added services in the future. With this fixed line licence, we believe TeO can assist with TRA's vision of increasing fixed line telecom coverage for the people of Oman, and work with Oman Broadband Company to realise a connected Oman sooner.

We were very heartened by an announcement by the Minister of Transport and Communications H E Ahmed bin Mohammed bin Salim al Futaisi earlier this year, that his ministry still plans to review the feasibility of issuing a third mobile spectrum licence in the coming years. We are following developments in this area very closely. Tendering for and winning this licence would allow us to create a fully integrated telecom operator – the third such operator in Oman.

Oman's telecom sector has not utilised the opportunities offered by VoIP services? What are TeO's plans for this segment?

Currently more than half of the voice calls in Oman are routed through an illegal grey market. There are significant

drawbacks to having such an active grey market: These operators are not taxed, nor do they pay royalty to the TRA. In addition, these operators transact significant amounts of foreign currency – which is currently flowing out of the country. Legalising VOIP will enable individuals and companies of Oman to tap into the latest technology trends for lifestyle and business conveniences, all the while ensuring that Oman's GDP is properly recognised and taxed.

TeO is actively looking into tapping the VoIP market, and we are in constant discussions with the relevant authorities to make this service available to the public. We are confident that a suitable framework will be reached soon.

Is there space for more players in Oman's telecom market and how will you compete with market leaders like Omantel and Ooredoo?

Oman is a country with a population of more than 4mn people and the market is dominated by incumbent players Omantel and Ooredoo. Needless to say, both are strong incumbents. Nonetheless, we definitely believe there is space for new players and ideas as the market is growing, technology is changing and consumers' demands are increasing. The key question is about building a sustainable long term competitive advantage, and working cooperatively with all stakeholders (including the incumbents) to deliver value and convenience to the country.

Growing further in Oman requires us to build credibility in the eyes of all our partners and stakeholders in Oman. We have done reasonably well on our own, but in the long run, we need an international Tier 1 partner with the necessary know how in commercial, technical and project management capabilities. We signed an investment agreement with M1 Group of Singapore in May. Crucially, M1 possesses valuable experience in building up fully integrated telecom operations successfully in a highly competitive market. TRA has approved our investment agreement with M1 and we expect to complete the transaction in the coming months.

Once M1 is on board, we will look towards joining hands with financial institutions and local quasi government entities. Partnering with local banks will give us further credibility in the market while associating with appropriate quasi-government entities will enable us to integrate an appropriate amount of public interest in the company. The formation of this consortium will give us a sound basis to realise our vision for telecommunications in Oman.

What are the aspects that will differentiate TeO from current players?

We believe Oman's customer experience for telecommunications can be improved upon significantly. We look forward to learning a few tricks from M1, who have a reputation of excellent customer service and experience operating in a first world economy with a technologically savvy public. Bringing first world customer experience to Oman will be a key objective of ours. We plan to work closely with all our local partners to bring this to fruition.

We are also a relatively young company, and we are rebuilding from a relatively small base of employees. This affords us the opportunity to shape the work and life culture of our employees. We want our employees to be engaged and interested in what we do. We want them to be motivated and enthusiastic ambassadors for the company in all kinds of forums.

What is TeO's Omanisation strategy?

90 per cent Omanisation is a license requirement for us, and we will meet this obligation within this year. We believe in meaningful Omanisation though, and we plan to do what is necessary to fully integrate and train our Omani colleagues into TeO's world-class operations. We see a lot of untapped talent in Oman – individuals with the sort of open minds and work ethic with whom we would be able to build an exciting company together. Our goal is to recruit, train and motivate such individuals to go on and win the awards and recognition we believe they are capable of.

Oman has a proud history.

We believe we can do our bit to help this generation of Omanis to live up to and even exceed the achievements of their forefathers.

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