



News

## Prepaid company dismisses card in favor of code

By Kelly Hill  
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Prepaid is a fast-growing segment of the wireless market. The industry's third-largest carrier Sprint Nextel Corp.'s growth in the past few quarters has been fueled by sales of its prepaid Boost Mobile L.L.C. product. During the fourth quarter of 2005, a large percentage of customer additions for No. 1 carrier Cingular Wireless L.L.C. came through resale partner Tracfone Wireless Inc., a prepaid product with low average revenue per user.

With the cellular market becoming saturated and high-quality customers getting harder to come by, a larger percentage of prepaid users are expected to be in carriers' customer mixes, as they take another look at providing services to customers they might have once snubbed when postpaid pickings were easy.

Prepaid dealers have a new way to reduce their inventory of top-up cards and personal identification numbers, with a system designed to work much the same way as a gas pump dispensing a receipt with a code for a prepaid car wash.

Data Guard Systems Inc. already sells a software platform, CellularManager, to help retailers manage their sales; the relatively new piece, Prepaid OnDemand, integrates with that system to allow independent retailers to use a Web-based system to sell prepaid PINs on request, instead of relying on a physical inventory.

Data Guard serves 3,500 retail locations in the United States and Canada, and about 600 of them have added the Prepaid OnDemand product since it was launched in August, according to Timothy Maliyil, president of Data Guard. The new feature is compatible with the company's other products, which offer dealers a real-time look at profit and loss and other business management features.

The new product is the company's first move into the supply chain, Maliyil said. He added that Data Guard was able to leverage the size of its customer base in order to negotiate better bulk prepaid prices for its customers.

Maliyil noted that dealers typically must purchase a large inventory of prepaid cards or PINs in order to anticipate customer demand. Prepaid OnDemand is designed to eliminate the need for physical cards, because the purchase takes place over the Internet in real time. Customers are then presented with a receipt that includes a code which they use to top up their minutes. The system prevents dealers from having to worry about prepaid cards being stolen, Maliyil said, and offers the option for the dealer to limit which employees can sell prepaid minutes.

Maliyil said that Data Guard's prepaid product will include offerings from all major carriers and some small carriers, including large mobile virtual network operators such as Virgin Mobile USA L.L.C.; however, he added that the company has not yet seen enough demand to warrant including all MVNOs.

Maliyil said that Data Guard might consider expanding its role to use its size and negotiate discounts on other products or services for its clients.