

Cover story

Enhanced prepaid

Offering multi-services with good value to those outside the traditional prepaid market

BY ALLISON PERKINS

The Encompass Communications offices in Longview, Texas, are humming with activity. The company's most recent product, the "en-card" or enhanced card, which provides conference calling, internet access and long distance calling on a prepaid basis, is being fine-tuned to reach a variety of new users, many of whom may not be familiar with prepaid.

"This is an opportunity to be in the forefront of developing a product for this newly defined market," says Doug Williams, vice president of Encompass Communications.

Because the card product offers several uses and requires a computer, a multi-pronged marketing and distribution strategy is being developed that will expand the company's reach beyond the prepaid community.

Multi-use

The en-card is designed to give consumers multiple telecom uses in one convenient card. With this crossover product, there are many ways that travelers, budget-conscious consumers and small businesses can access the web

and get connected. With the purchase of the en-card for a suggested retail price of \$9.99, a consumer receives 180 minutes of internet time and 60 minutes of domestic phone time.

Prepaid internet

The en-card allows internet access and e-mail capability from any computer, and after first use the card has a one-year expiration. NetworkIP provides the carrier services through Sprint's backbone. "Currently, there are more than 600 cities that have local access to the internet through this product, and the list is growing," says Williams.

Conference calling

With the en-card, consumers can make conference calls domestically or internationally with up to 28 people. Conference calls can be made by dialing a toll-free number or connecting via

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the website. By accessing the website, a user can take notes, interface with MS Outlook database, monitor the call in progress and mute or put callers on hold.

Williams says that most corporate consumers are using the services of major players such as AT&T and WorldCom even though those offer an expensive service. According to Williams, the small business market now has the opportunity to use conference calling without the added costs.

On the residential consumer side, conferencing still is considered a luxury add-on and, as a result, is rarely used. "The cost is prohibitive when a family wants to set up a conference call around the holidays," says Williams. "We're offering a product to consumers who aren't familiar with conferencing."

To market

To ensure effective delivery of the en-card, Encompass is pursuing numerous channels.

● Retail

The company effectively sells its extensive line of established prepaid cards at c-stores, grocery stores and other typical channels. With the en-card, Encompass is actively pursuing major retailers such as Target and Wal-Mart, other chain stores, office supply stores and bookstores.

● Online

Based on results from several search engines in December 2001, the company found a high interest for the en-card product. Since then, the website has been revamped to better suit users' needs. Williams says that Encompass is marketing heavily on the internet with banners and aligning with major search engines. While surfing, consumers will see an assortment of internet advertising that will drive them back to the Encompass website where they can test the software for free. The company also is considering television advertising.

● Corporate

Encompass is targeting the corporate, small business and reseller markets with the en-card's conference call feature and is spending marketing dollars on the internet and via print

advertising to reach this group. Williams says the company also is exploring ways to co-brand the en-card for the corporate market. "The en-card is going to be a standard, more like VHS or DVD," says Williams. "Any company's brand or name can be used on the en-card logo, and the products will be interchangeable."

● Distributors

The en-card is a rechargeable product and therefore can build residual income for distributors. Williams believes the product allows prepaid distributors an entry into the untapped corporate market. "In theory, if the card is properly positioned, distributors can crack the corporate community and move forward into this arena," says Williams.

Is the timing right to launch a multi-use product to this market? Encompass believes the answer is yes. Company representatives believe that mainstream consumers realize that combining services in a prepaid format is an economical alternative. "Encompass has diversified its product offerings," says Williams. "The growth of the phone card industry is splitting off into new areas of prepaid such as prepaid wireless, dial-tone and internet, and the en-card is the latest example of this trend." **ICN**