



# Resellers explained

The rapidly growing number of resellers in the telecommunications industry is creating confusion about their responsibilities to each other and to their customers.

**Sue Ferguson** discusses their role.

**D**eregulation of the telecommunications industry is bringing to consumers and businesses greater choice of suppliers in basic telephone services. Since 1991, service providers have been permitted to supply telecommunications services. These operators buy telephone services in bulk and at discount prices from the carriers and on-sell it, passing on part of the discount to their customers.

Some service providers choose only to aggregate telephone traffic, in which case the carrier still bills the customer directly and a refund for the discount is sent to the customer by the service provider. Other service providers have their own billing system and bill customers directly. A few large service providers have their own switching equipment and can use this equipment for a range of other specialised services (such as extra billing information) as well.

Service providers include resellers, billing agents and telephone discount consultants. Unlike carriers, they are not individually licensed; instead, they operate under a class licence, supervised by the telecommunications industry regulator AUSTEL. As AUSTEL does not register individual service providers, it is hard to ascertain the exact number of service providers currently operating in Australia, but it is likely to be more than 100.

Under the class licence, service providers must also comply with various technical standards relating to customer equipment, customer cabling and network matters. In addition to complying with the class licence conditions, service providers are required to comply with the Trade Practices Act 1974, which covers con-

sumer protection issues including fair business practices and misleading advertising, etc.

Some of the obligations placed on service providers include:

- Service providers, not the carriers, must be responsible to their customers for the services they resell.
- Service providers must accept financial liability for the accounts of their customers and are, therefore, liable for any customer debts.
- Service providers are normally responsible for customer billing, debt collection, help desk services and processing of service orders such as the transfer or cancellation of services. However, these functions may be contracted to a third party, usually one of the carriers.
- Service providers must supply customers with full details of the terms and conditions of agreements for services offered.

Services are offered to customers on the basis of specified terms and conditions as part of a signed agreement between the service provider and the customer. This means that the customer no longer has a direct relationship with the carrier, as the service provider takes on the responsibility for leasing the customer's telephone service from the carrier on behalf of the customer. It is, therefore, very important to consider a range of issues regarding the altered relationship and responsibilities prior to signing with a service provider.

Some of the principal areas to address include billing responsibility, equipment rental (if applicable), service maintenance, fault rectification and general telephone service func-

tions. To answer some of these issues, AUSTEL and the Telecommunications Industry Ombudsman (TIO) have each recently released a fact sheet on service providers.

SPAN, the Service Providers Action Network Inc, was formed in 1993 to meet the needs of the emerging service provision industry. The stated objectives of the association include the provision of a forum for the creation, discussion, analysis and monitoring of policies and practices relating to the business activities and interests of the members. SPAN has developed a Code of Ethics for its members. The code will not apply to service providers that are not members of SPAN. □

Resellers principally target the small to medium business users of telecommunications services. It is estimated that the reseller industry represents approximately five per cent of the total telecommunications services market.

Resellers include:

- ◆ AAP Telecommunications
- ◆ BT Australasia
- ◆ Pacific Star Communications
- ◆ Sprint International
- ◆ World Xchange
- ◆ Axicorp
- ◆ Vodac
- ◆ Link Telecommunications
- ◆ Globenet
- ◆ Hutchison Telecommunications
- ◆ Digicall
- ◆ Martin Dawes Telecommunications