

REDIALING FOR SUCCESS

New Call America emerges from telecom debacle

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Leslie E. Stevens - The Tribune

Few people in San Luis Obispo County have ridden the telecom roller coaster to more heights and depths than Jeff Buckingham.

As president of the original Call America, he sold the locally-based long-distance telephone provider to GST Telecommunications in 1997 for \$16 million in GST shares. Three years later, the company he helped found was wiped out when GST declared bankruptcy, eliminating about 70 local jobs and much of his profit.

Two years ago, a change in competitive rules governing phone providers brought about by the national Telecom Act of 1996 allowed Buckingham another shot. Armed with funding from a \$280,000 SBA loan, Buckingham resurrected Call America as a local and long-distance telephone provider to Central Coast small businesses.



Recently, he talked with The Tribune about why he jumped back into the telecom market, what he has learned and where the industry is headed.

What have you learned from your first experience with Call America? We learned that people do business here because they want to. As soon as the business isn't run by somebody who wants to be here, there are a lot of reasons to move it somewhere else. That's why I want this company to be a locally based entity.

When the whole stock market bubble went crazy, I thought the world had changed. I am not happy the bubble burst - it cost me millions of dollars. But I am happy we are back to sensible business practices. Customers are important, profitability counts and keeping company expenses reasonable are all important - all those things our grandfathers taught us.

Why is the new Call America viable now? When we sold to GST in 1997, that was right after the Telecom Act passed making it legal to be in the local telephone business. A lot of regulations are still being tested in the courts. Real local telephone competition didn't become viable until about 2002 when we first got started. (A federal court ruling last week again challenged current access rules for competitive phone companies. The ruling is expected to be appealed to the U.S. Supreme Court.)

Our way of providing phone services (by paying to tap into existing telephone networks originally developed by PacBell) didn't exist when GST and other phone companies were running around setting up fiber-optic networks. They operated on the greater fool theory. Get a bunch of money from Wall Street, raise a bunch of dust and sell to someone else who had to figure out how to pay for it.

What can small telecom companies like yours offer business customers that big competitors such as SBC or Verizon can't? They want access to reliable telecommunications, and they want it in a friendly, easy way.

For example, when a client and I went to contact a big telephone company to cancel services, we went through an automatic machine that hung up on us three different times. It took about 45 minutes to cancel one customer we were still being billed for.

Working with us is very easy. Customers can do that same thing online or talk to a local person actually here. We know the people who are calling. People tell us they like that we are a little bit cheaper, but they really like the fact they can easily get things done with us without a long hassle of settling billing problems or being put on hold and getting hung up on.

We can usually fix problems the same day or tomorrow - not in three months as sometimes happens with giant companies. They're not bad companies, just too big. If we were that big, I don't think we could do it either.

Who are your competitors? Our competitors are not other small companies - our competitor is SBC. Almost 95 percent of what we are doing is moving people from SBC in San Luis Obispo County and Verizon in Santa Barbara County.

Arrival Communications and a few other companies out of L.A. also provide business services here. Arrival and Call America are in the same state trade association and lobby together in San Francisco (at the state Public Utilities Commission) and in Sacramento to promote competition against the big monopolies (former PacBell and "baby bells").

Do you think wireless communications will take a big cut out of your future business? It's part of the natural progression. I think there will be demand for light voice and data - like cell phones and wireless e-mail. Heavy voice and data (such as multiple phone lines and large electronic data files) I do not see going to wireless. Wireless has its issues. Most calls on wireless do not sound as good as on land phones.

A lot of carriers sell and do business on cell phones, but I do not see people replacing multi-line business services with wireless. Very big issues are cost and reliability. There is not even such a thing as multi-line wireless telephone services at this point.

There may be fewer land lines in the office, but overall a lot more communications are going on. The pie is now bigger. People use wireless, but still do a lot of phone work out of their offices.

Do you see Call America offering cellular phone services? No, I do not see us doing that. Cellular is largely going to be offered by a few very large providers in this country. The few exceptions are businesses like Cellular One, a local company. It's hard for small companies to get a piece of that business today.

What are your future goals for Call America? Personally, I want to be working with businesses in this community on their telephone services. I would like to see Call America grow steadily, but my role is best suited out with customers selling services and coming up with new ideas on how to serve customers.

Our reach may extend beyond San Luis Obispo (County), but my goal is to be a locally based entity that can be here for a very long time. I was so disappointed to see what happened with what we built last time.

One of the mistakes we made in the old company is we grew too quickly and weren't very profitable. Through time it gave us fewer choices.

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