

# Branching upwards and outwards with Fone Logistics

*Business is on the up for Fone Logistics, the Northumberland-based distributor with one of the most talked about acquisitions of 2008 now fully integrated into the business. The company expects to increase revenues by around 20% over the next 18 months, to £100 million thanks to the deal that has given the company a new outlook on the channel.*

▼ Julien Parven and nurses  
– The Mobile Clinic

The acquisition of the airtime business of Dextra Solutions is now done and dusted, Julien Parven, head of marketing at Fone Logistics, told Mobile Business. Dealers formerly cultivated by Dextra are now working hard under the Fone Logistics banner, and the distributor is doing its utmost to make the transition smooth and painless.

Parven comments: "Fone Logistics is working closely with all of the transferred dealers to understand their business models as well as it does for those of its existing partners, and to ensure that any initial queries and issues are managed in line with their expectations."

He adds: "Overall, Fone Logistics is pleased with the response and commitment of our acquired dealers. We can already see the benefit of having these increased connections and the high value business these dealers generate."

The deal with Dextra has positioned Fone Logistics with 23% of the distribution channel overall, according to the business. Parven says the company now has the goal of reaching a 30% share of the market by the end of the third quarter for 2008, with that figure rising to 40% by the end of its financial year end 2008/2009.

## From mere acorns...

In July 2007 Fone Logistics embarked upon a two year plan with the aim of positioning itself at the forefront of business communications distribution. This plan centred on a number of strategic objectives, specifically meeting a financial goal, developing new product opportunities, completing a people training and development programme and positioning the business within its partner networks as a tier one distributor, Parven states.





▲ Ian Gillespie, managing director at Fone Logistics

The business claims the plan has so far been executed well, with Fone Logistics returning 98% of its goal. This was achieved in the face of significant change to the business model, Parven says, with a rapidly changing marketplace where a shift from consumer connections to B2B was finally executed, which resulted in a natural drop in volumes.

Fone Logistics enjoyed 12 months as an appointed O2 Advance Distributor partner, and enters the second year of its plan fresh from strong performance over the past quarter. A 110% growth in the primary new connection number was matched by a 159% increase in secondary connections, and a 33% reduction in disconnections; all this contributes to a record turn out for Fone Logistics which, with the addition of the former Dextra base, is set to increase further this period.

Looking ahead into the second year of the plan, Fone Logistics has been no less aggressive in setting itself some challenging targets, with further growth of 109% forecast. This growth is to be realised from the increase in market share that the company is enjoying post-Dextra airtime business purchase, and also through the completion of the plan to pull non-core mobile products into the portfolio and develop that offering to a channel of non-mobile resellers.

All this growth means more space is required on the ground; Fone Logistics has just announced plans internally to move to a new purpose built head office in 2009.

### **The human face of distribution**

So what makes Fone Logistics different to any other company out there? Well, Fone Logistics likes to call itself the human face of the UK distribution industry.

With 12 years of uninterrupted service under the stewardship of managing director, Ian Gillespie, Fone Logistics remains resolutely independent and true to its heritage of offering great customer service supported

by competitive commissions, all wrapped up with support functions and facilities to enable dealers to build their business in confidence and assurance, Parven says.

Parven states that the latest initiatives coming out of the business include the launch of an accredited training programme, where Fone Logistics offers dealers modules to improve data sales and support, shows them how to increase sales opportunities, and provides core business management coaching.

Marketing support is a hot topic within the channel and Fone Logistics is addressing this by extending its lead generation and appointment setting facilities, and co-funding outbound marketing communications.

It has also recently announced its dealer incentive for the second half of the year, titled *Lifestyles of the Rich and the Famous*. This initiative is the most inclusive run so far by the distributor. It includes focus months on specific propositions from all its network partners, with awards ranging from a VIP trip to see Madonna perform in London, to the ultimate Christmas prize for the year's overall winner, who will be whisked to New York for a luxury weekend of pampering and shopping.

### **Growing into the future**

Fone Logistics is a business focused on looking ahead. The strategic outlook for 2008 to 2009 is one of expansion and growth, Parven states, with a consolidation in its customer services division.

The focus for the business is to attract and acquire new customers, rewarding them with a strong commercial offering underpinned by a reshaped customer services team, with champions appointed to manage all aspects of the dealer transaction with Fone Logistics.

Further strategic plans include entry into the comms reseller and IT reseller channels, with a concept branded *The Mobile Clinic*. *The Mobile Clinic* is where Fone Logistics will demystify the industry by providing a series of simple sales tools and a raft of support facilities to allow a non-mobile reseller to unlock the mobile revenue from their customer base.

This strategy is set to work in parallel with Fone Logistics' plans to access the best of the complementary products from within the comms and IT channels, and to make these available for its existing channel to allow them to cement their customer relationships.

### **More consolidation ahead**

Parven states that while there are no formal

plans to affect a further acquisition at the business right now, were an opportunity to arise where another competitor made itself available, Fone Logistics would consider this, should the business fit be correct.

More consolidation in the marketplace is a given, according to Parven, who says with distributors and dealers alike needing to respond to the challenges of operating in a market where acquisition has now been overtaken in importance by retention and growth, although not necessarily with the corresponding redress in commercials.

Parven comments: "The trend towards converged communications will continue and grow, but issues remain around the cost of devices and the equitability of supplying these at the point of upgrade.

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"The competitive environment and merging of the boundaries between the indirect and direct domain will also lead to the need for dealers to be at the top of their game to survive and grow," he advises. "Partnering with a strong and robust provider will be as essential for dealers as their ability to adapt and embrace the new technologies and services."

Yet despite the current flurry of acquisition activity in the marketplace and subsequent uncertainty and confusion amongst the channel, Parven says this increasing consolidation will ultimately be a positive. He explains: "As in any walk of life a survival of the fittest rule will apply, with those emerging at the far end being stronger and better equipped to serve the customer in developing integrated solutions and services.

"The current level of competition drives margins down and erodes confidence in the channel, as distributors are seen as operating at a single level of margin. Post consolidation, the opportunity is for the surviving distributors to come to fore and deliver excellence and truly add value throughout the sales cycle. With our projected 40% market share, Fone Logistics is best placed to lead this consolidation and act as the dealer champion," Parven sums up. ■