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WIRELESS

Data Guard launches phone card line

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STAFF WRITER

Data Guard Systems Inc., traditionally a maker of back-end accounting software for cell phone retailers, has launched a new product into the high-growth, low-margin arena of prepaid calling cards.

Or, more specifically, the lack thereof.

Last week, Cambridge-based Data Guard debuted its CellularManager Prepaid OnDemand, a software suite aimed at helping retailers of prepaid cell phone services eliminate the need to maintain an inventory of physical calling cards. Using the suite, retailers such as the T-Mobile franchise store at a local mall would be able to offer personal identification numbers for new and recharged prepaid calling plans.

"We've eliminated the need for retailers to hold inventory," said **Timothy Maliyil**, president of Data Guard. "This increases the margin on prepaid programs while decreasing the risk for a retailer."

A recent report by **Yankee Group** analyst **Keith Mallinson** notes the prepaid market is the fastest growing market segment in wireless, with 60 percent of worldwide users on a prepaid plan in 2006. Mallinson's report predicts that by 2009 about 2.4 billion wireless devices will be in operation, with prepaid users exceeding contract users by a 2-to-1 margin.

In fact, in a recent earnings call, **Sprint Nextel CEO Gary Forsee** credited part of the company's recent growth to its prepaid Boost Mobile division, which has grown to almost 500,000 subscribers.

But while the prepaid market is growing, post-paid subscriptions and new activations have been decreasing, according to both Mallinson's report and Maliyil.

"This year has been a lousy year to be in (the retail) business," said Maliyil. "Sometimes you hit a saturation point with subscribers. Now, it is just very difficult for retailers, and they have to be very

creative to get their store noticed."

Maliyil said he believes Data Guard's move into the supply-chain side of the prepaid space will help Data Guard's 3,400 existing customers differentiate themselves and take advantage of the growing market.

Data Guard, which employs 50 people, has been successful with previous offerings, reporting \$4 million in revenue this year and riding four consecutive years of triple-digit growth, according to Maliyil.

In January 2007, he said the company expects to add a feature that will automatically notify both prepaid and subscription customers when they are close to reaching limits on minutes.

DATA GUARD SYSTEMS INC.
www.dataguardsystems.com

Business: Wireless business management software
President: Timothy Maliyil
Employees: 50
Founded: 2000
Location: Cambridge