

Building Owners: Looking for New Revenue? “Telcom Concierge”

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Most office building owners and managers give AT&T, Verizon and Qwest free reign to sell and install services within their buildings. Could you collect a percentage of the revenue these big carriers derive from your tenants for riding on your copper and fiber in the risers? The answer is a resounding “yes”.

In the late 1990s, building owners and managers were bombarded by competitive phone companies (“CLECs”) offering an income opportunity by providing tenants shared or controlled voice and internet services. Flush with Wall Street cash, these CLECs, many of the now defunct carriers (Winstar, Teligent, ICG, etc.) filled buildings with abandoned fiber, rooftop dishes, and multiplexing equipment. After the big telcom shakeout from 2000 through 2002, owners were left with a bad taste for the telcom business. But a decade later, a new twist on an established business model is available to help building owners capture a share of the telcom revenue, boosting profits and building values.

Building owners can now partner with an established “Telcom Concierge” consulting firm who in turn can work with their tenants to reduce their telecommunication costs and ensure that the clients have the right services (e.g. bandwidth) to meet their needs. How much profit can owners add by offering voice and internet services? A typical office tenant will spend fifty cents per office square foot each month in voice and internet services. By offering a *Concierge* to help tenants navigate the myriad of voice and internet suppliers, owners can easily add an additional 8 to 12 cents profit annually with no “cap ex” or liability.

So how does this relationship work? Much like the insurance industry, carriers like AT&T, Verizon and Qwest maintain a national sales force of consulting brokers that can present multiple competing services to tenants moving in, or out. Additionally, tenants benefit from 10% to 30% lower pricing than carrier offered “rack rates” as the consultants are more proactive than direct carrier reps in offering promotions based upon competitive pressure. For example, did you know AT&T has six different prices for the same internet T1? Tenant savings can be substantial, equating to 10 to 12 cents per square foot monthly over a 3 year lease.

Your *Concierge* partner will work with your tenants to: 1) identify the set of voice and data services that they need; 2) reduce their telecommunications costs by researching and presenting offers/rates that incorporate competitive bidding/pressure. Once your tenant selects the carrier and services they need from the *Concierge*, the carrier takes over the standard duties of contracting, installation, billing and customer service, relieving you of any liability. The *Concierge* continues to supervise the relationship as the tenant’s managing liaison with the carriers. Telcom consultants generally receive a residual commission from AT&T and others for arranging voice and internet services for the tenant (10% to 20% of the tenant’s ongoing monthly billing) and will share this revenue stream with owners in return for an early introduction to a new lessee, or even one vacating the building. Wouldn’t it be nice to make 10 cents per square foot annually on another owner’s tenant?

In summary, telcom consulting firms are an excellent vehicle for owners to earn additional revenue on every lease, while tenants benefit from added choices, promotional pricing, and coordinated installations with voice and data hardware vendors.

For more information on how you can effectively increase your cash flow and property value, contact Telcom Insight via www.TelcomInsight.com, or call Doug McMillan at 888-483-4020.