



New face, new focus for Global Voice

BY JOAN NG |

Brady Rafuse blogs, Twitters and has a Facebook account. Among his most recent blog posts is a list of the 10 top-ranked CEOs of publicly traded technology companies. The list includes names like Reed Hastings of Netflix and Steve Jobs of Apple.

Those little tidbits about the 45-year-old Rafuse may seem insignificant, but they provide a glimpse into the mindset of the man who has just been made CEO of fibre-networks company Global Voice Group, and suggest that he could be the right man for the job.

Global Voice has reached what may be a turning point for the company's future. Last week, its rights shares were listed after a successful fund-raising exercise that allowed the company to raise \$86 million in net proceeds. After using \$60.1 million to repay its bondholders, the company will have close to \$26 million in spare cash. It has also finally managed to establish its operations in London, which had previously been stalled by a legal dispute. And it has turned Ebitda positive.

With immediate debt concerns out of the way, an additional injection of funds, and a strengthened network, the company's officials say it is ready to grow. How does it plan to do so? Are there any plans for that cash? And can shareholders look forward to a turnaround soon?

Telco veteran

Part of the answer to those questions lies in the appointment of Rafuse, who has a long history in the telecommunications industry. Rafuse spent 16 years at UK telco giant BT Group, working his way up from the billings department — where he recalls having to call customers and tell them to pay their bills — all the way to the position of general manager for the energy sector.

After his turn at BT, Rafuse worked for Concert, a joint-venture telecoms company between AT&T and BT, dur-

ing which time his team delivered more than US\$2 billion (\$3 billion) in contracted revenues.

In December 2000, Rafuse joined Level 3 Communications, a US-listed fibre-networks company, where he also rose through the ranks to become president and CEO of European operations, leading the business to become a free-cash-flow-generating operation and the largest carrier of Internet traffic in Europe. In addition, he held the position of president of the content markets group, spearheading Level 3's entry into the content-delivery business.

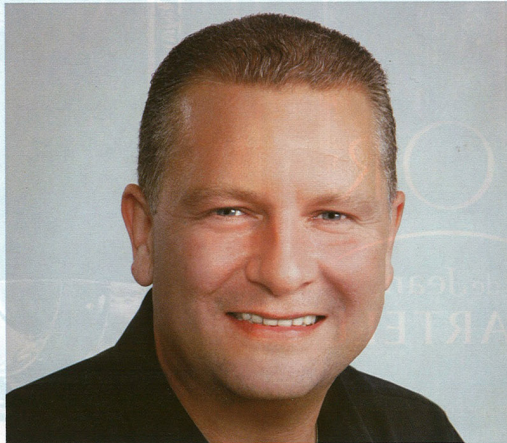
Now, Global Voice's executive chairman and outgoing CEO Noel Meaney hopes Rafuse will be able to make similar changes at the company. "The company is in an operational position to grow aggressively. So, we decided that we needed somebody who had market knowledge, who had been through that kind of growth cycle previously and [worked it] successfully, and who could take the company to the next stage of development," Meaney says.

"Rafuse successfully grew the business at Level 3 while he was there. He understands the industry. He is also pretty much in tune with my ideas and the board's ideas for the company. And on top of that he has brought in his own new ideas."

Fusing old and new

The near-term plan for the company has been pretty neatly sketched out. Among Global Voice's targets are to grow the sales force, move towards becoming a product-driven company (selling specialised product sets and services rather than just leasing raw fibre), set up the right processes to make the business easily scalable, and increase the company's profile from a marketing standpoint, all of which should help the company towards achieving profitability.

Whether the plan works will depend on its execution. What Rafuse adds to that, says finance director Brenda O'Keefe, is a "fresh pair of eyes". "Some of us have been so close to the business for the last five years



Of course, given the environment this year, I don't think it's a good time to spend capital like a drunken sailor — Rafuse

that it can be quite hard to think out of the box." Rafuse, she says, has challenged that.

Among the first few things he did after being made CEO-designate in March was to give everyone in the management team a copy of *What Would Google Do?* by Jeff Jarvis. He has convinced the company that cloud computing — running applications and software such as word-processing tools on the Internet rather than PCs — is more secure, will help keep costs down and could even drive the company's own business.

And he is working hard to engage the company's stakeholders in its future: from the shareholders, to the customers, down to the employees. In Singapore last week to attend Glo-

bal Voice's AGM, Rafuse busied himself taking pictures on his compact digital camera to post to an internal company blog. "It helps employees understand and it gives them a stake in the company," he explains.

He is also carefully questioning the company's costs. He says working at Level 3 made him understand that generating lots of revenue isn't great unless positive cash flows are being generated too. "Whatever money we spend, it needs to be an investment. We can't just excuse it by saying it's a necessary expense. Everything we do has to create value," he says

Profitability achievable

Of course, even with all those changes and initiatives, Global Voice has a



long, hard road ahead of it to achieve profitability. And, it is under a lot of pressure to do it quickly. At the recent AGM, one shareholder pressed for details on how the company planned to achieve profitability, suggesting that it should perhaps review its business model. And there is a worry that the company will need another cash infusion in the future, which could further dilute shareholder value.

Will Global Voice be able to achieve profitability soon? Rafuse's answer is yes. But, he also stresses that shareholders need to remember that incessant pursuit of the bottom line can sometimes be at the expense of the future of the company, which is not something he wants to risk with Global Voice.

"Of course, given the environment this year, I don't think it's a good time to spend capital like a drunken sailor," he says. "But there is a need to invest." For instance, the company hopes to raise its profile through targeted and well-thought-out marketing campaigns. There is also a need to grow its sales force so it can reach out to more customers. And it needs to hook up more buildings to its network so that it has a wider reach and its services become more valuable.

The objective, he says, is to achieve profitability within "the shortest possible time frame". "I don't know exactly when that is... But the company has a business plan and I'm just kicking the tyres on it."

The money from the recent rights issue should certainly come in handy for some of those plans. And while Meaney says it hasn't been earmarked for specific projects or purposes yet, Rafuse adds that there will be investments that will need to be made in the business.

On top of this, Meaney hints that new sources of revenue could be available to the company in the future. As he steps down from his position as CEO, he says that he will be looking at other ways to grow the business. "We have a lot of infrastructure in the ground — more than any one company would need. And we're trying to see if we can use it to build additional revenue streams."

Having received shareholder approval, Global Voice has changed its name to euNetworks Group with effect from April 29, to be consistent with its brand name in Europe. The change in the company's name, and the face behind it, could very well be the start of a new upward trajectory for the company's profit levels and its stock. Ever-patient investors hope the change will be more than just another fresh coat of paint.

For now, Rafuse is the man to watch.



He [Rafuse] is also pretty much in tune with my ideas and the board's ideas for the company. And on top of that he has brought in his own new ideas. — Meaney