



# A true calling

German serial entrepreneur Alexander Straub says that his service Truphone, which uses Wi-Fi to slash mobile phone bills, has the telecom giants running scared. **Barry Mansfield** reports



**I**t sounds a familiar story. In the future, phone calls will take place over the internet at a fraction of their usual cost, even entirely free of charge. The healthy revenues taken for granted by large phone companies will be hit hard as they struggle to compete with these new 'disruptive' technologies. Back in 2003, Skype was providing these voice-over-internet (VoIP) calls for users of the desktop PC at home or in the office. However, it has struggled to bring the same convenience to mobile phone users. Now it's the turn of start-up Truphone, which is picking up the baton with a piece of software that is more than an application – it is a service built into your phone's address book. According to Alexander Straub, who co-founded the London-based company, the whole process "is child's play".

The Truphone wizard can be downloaded free from the company's website or via text message, and should work on almost any Wi-Fi-enabled handset available on the market today. Users of the Truphone service can make free calls and send free texts to other Truphone fans. Since calls are carried via Wi-Fi over the internet, the call need never enter a regular phone network – fixed or mobile – meaning no operator charges are payable.

It is clearly an attractive package, and a customer base dispersed throughout 80 countries testifies to the global appeal of Truphone. Outside the UK and US, Italy has been the most enthusiastic adopter so far, which may have something to do with the super high-speed broadband recently introduced to cities such as Milan.

It is also possible to make vastly reduced-cost calls to non-Truphone users while international and long-distance calls are charged only at local rates. An









## Alexander Straub

**Age** 35

**Nationality** German

**Career landmarks:**

**1999** Wins €1.1m prize from 3i venture capital group, sponsors of a Sunday Times entrepreneurship competition. Straub uses the money to launch Mondus, an online B2B marketplace for SMEs. Later receives €8.2m in venture capital funding from Eden Capital.

**2000** Mondus sells 40.7% of equity to Italian publisher Seat for €102m (€95.2m in Seat shares and €6.8m in cash). By this time the company has 160,000 subscribers and employs 120 people in offices in London, Hamburg, New York, Helsinki, Paris and Stockholm.

**2004** Nokia introduces Wi-Fi-capable handsets, complete with SIP technology, which makes them suitable for VoIP

**2005** Founds Truphone with ex-Psion engineer James Tagg, one of the inventors of touchscreen technology. Tagg brings onboard his telephony patents and the trading name switches to Truphone from Software Cellular Networks Ltd (SCN)

**2007** Truphone is selected by the World Economic Forum as a Technology Pioneer

**Other business interests** Straub is CEO and co-founder of Pixsta, an image browse and search company at development stage. In 2006 it launched [www.chezimelda.com](http://www.chezimelda.com), a comprehensive online shoe store (90,000 shoes indexed) browsable by image. He has also formed his own international venture capital company, Straub Ventures, with investment size ranging from €68,000 to €1.36m.

**Home life** Two children with wife, fashion designer Tilla Lindig. They live in London's Notting Hill.

**Hobbies** Sailing. Competed for Germany in the 1992 Barcelona Olympics

« It's clear that the office decorations of cow prints and fake grass are a source of never-ending amusement to Straub. Their presence says that Truphone has not forgotten where it came from. There's even a perspex box containing a bale of hay in the reception area. Certainly, the overwhelming vibe surrounding Truphone is that of a young, highly optimistic dotcom outfit, which may explain the scepticism of some industry observers.

As UK-based telecoms analyst Julian Keates points out: "In the end we always hit mass market economics. Last time I looked only around 5% of new handset sales in Western Europe qualified as smartphones. This puts a significant cap on the addressable market for Truphone today."

The company seems fiercely determined though and Straub also appears to be obsessed with disrupting traditional business models. The next

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big thing in telecoms, he confidently predicts, will be 'peer-to-peer mesh networking', which involves handsets talking directly to each other, avoiding mobile phone networks entirely.

An early pioneer is Swedish startup TerraNet, which is working with Ericsson to bring free phone calls to the developing world using this method. "It may take a few years to really get there, but it's a very promising technology that will have a global impact," he enthuses.

So what next for Truphone? Despite getting T-Mobile UK to unblock its calls, more resistance can be expected from the mobile operators. Some, like Vodafone and Orange in the UK, have crippled the firmware on their branded handsets in order to remove the embedded VoIP functionality. Straub says the company is in talks with the operators to resolve this issue. He seems unfazed.

"I didn't want to become a pillar of the establishment, like other Rhodes Scholars," he says. "I'm ambitious to really change things. That's what motivates me." ● **EB**