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Local phone firm wants the calls

DynaLink connects to corporate clients, but can it keep them?

By **Emily Sachar**

ON THE LINE: DynaLink's Larry Fishelson

It's not easy for small companies like DynaLink Communications to win and hold on to new customers.

The Manhattan phone company purchases unused wholesale bandwidth from much larger telecoms and resells it to about 1,000 corporate clients around the country that want to use landlines. DynaLink faces a daily onslaught of threats, including pitches for customers from other competitive local exchange carriers, or CLECs, and newer technologies like Voice over Internet Protocol, or VoIP.

Chief Executive Larry Fishelson, a former sales executive with telecom giant XO Communications, is constantly working on perfecting customer service. “Otherwise,” he explains, “we might not be here.”

Responding to breakdowns

Since starting DynaLink in 2005, Mr. Fishelson has built a team of 32 locally based employees devoted to making sure customers' service is up and running around the clock. When phone service breaks down, he gives clients a dedicated contact and promises hourly return calls. “We swarm these customers until they're back up,” he says.

But even that isn't enough, Mr. Fishelson realizes. To sharpen its edge, the reseller of excess landline service just completed a new 30,000-square-foot office, largely devoted to customer service, on MacDonald Avenue in Brooklyn.

Mr. Fishelson, who has built DynaLink's annual sales to $20 million without adding debt to his balance sheet, isn't alone in spending many of his waking hours thinking up ways to keep clients happy. Sniffing opportunity, thousands of small telecom firms across the country have rushed into the marketplace to snatch customers from Goliaths like AT&T.

Between 2002 and 2009, the number of CLEC lines in the U.S. jumped to 32,600 from 21,645, according to the Telecommunications Industry Association. Years of unsatisfactory customer service in New York City have made the local marketplace receptive, says Mr. Fishelson, who has come across about a dozen CLECs in the New York area.

Right now, there seems to be plenty of bandwidth to go around. Mr. Fishelson—who buys service from Broadview Networks and Verizon Communications Inc. in New York City, as well as One Communications and Paetec Communications in Rochester—estimates that some large carriers have as much as 70% unused capacity.

Even if that estimate is high, experts believe that the recent spate of mergers, such as the one between Qwest Communications and CenturyLink in April, and bankruptcy filings in the industry indicate that some midsize to large telecoms can't find enough customers. That could lead to even more excess capacity. “In a recession like this, the big telecoms have to care about every minute of excess,” says Ibrahim Habib, an electrical engineering professor at City College.

A growing threat

Nonetheless, many of today's CLECs may not be able to survive a broadening threat from wireless and VoIP services, Mr. Habib adds. As cable companies strengthen their VoIP networks, with fewer breakdowns, they will pose even greater peril to the CLECs. “The opportunity is there,” he says, “but so is the downside.”

Mr. Fishelson believes there are still plenty of companies that aren't ready to drop traditional phone service and aren't happy with the big telecoms. Gucci, which does business locally, switched to DynaLink in the spring of 2006 out of frustration with two large carriers that provided phone service for roughly 15 retail stores and offices.

“The last thing I want to be worrying about is the phones,” says Robert Slawski, facilities manager for Gucci America. The price, he says, “is right, and the service is first-rate.”

The trick for DynaLink will be keeping clients like Mr. Slawski feeling that way, so they don't try yet another telecom.