

ENTERPRISE

Client trust the key

Identifying a new market is one thing. Winning its confidence is tougher. Karin Derkley reports.

Backgrounds in foreign exchange at a fund manager gave Matt Gilmour and Gary Lord the expertise to build their online foreign exchange service, Ozforex. But it didn't make it any easier to convince potential clients that they could be trusted with their foreign exchange needs.

"Imagine you're moving to New Zealand and you have to transfer your entire life savings over there," says Gilmour. "You're not going to entrust that money to just anyone."

The fact that it has more than 30,000 dealing clients, half of which have come to the business by word of mouth, is a testament to how well the company has won clients' trust.

Established in 1998, Ozforex turns over transactions worth \$2 billion a year, which gave it earnings of \$12 million in 2005.

Gilmour started Ozforex in 1997 "as an experiment" while working as the head of foreign exchange at Bankers Trust when the main source of foreign exchange rates was on the television evening news.

The Ozforex website provides real-time exchange rates for dozens of currencies, as well as historical charts and strategies to manage exchange rate exposure.

When Gilmour's job became redundant after the foreign exchange department was taken over, feedback from the website convinced him that a business opportunity was going begging.

"I knew that the smaller end of the market - the importers and the farmers and the expat mums and dads - were getting a shocking exchange rate from the bank and no customer service."

Like internet banking and online share trading, foreign



Money movers . . . Gary Lord, left, and Matt Gilmour. Photo Rob Homer

exchange lends itself ideally to automation and cutting overheads to the bone. The Ozforex website brought the entire foreign exchange process online.

"Ozforex is essentially a processing business," Gilmour says, "but with a strong emphasis on customer service."

Over the first few years client numbers and revenue doubled each year from a low base, but a tipping point came in November 2001 when Ozforex made a strategic decision to target its most obvious client base by striking an agreement with the Australian Gift and Homeware Association. The association endorsed Ozforex as the preferred supplier of foreign exchange services to its 4000 members - including importers and exporters.

"That was an important step in terms of building our credibility," Gilmour says.

Another important development was getting an Australian financial services licence in 2003, which allowed Ozforex to grow its business independently of an original banking partner. Gilmour's former foreign exchange colleague at Bankers Trust,

Gary Lord, came on board in 2003 as an equal equity partner in the business after managing his own investment business for a few years.

But Gilmour appreciated not just the injection of Lord's capital and expertise but also his sharing of the burden.

"I think when you're running a business," says Lord, "it can be really important to have someone else who knows what's going on and has the same approach to talk to and bounce ideas around with."

Lord's expertise helped the company launch NZForex for individuals and small businesses wanting to transfer money to and from New Zealand.

In 2005, UKForex was launched with the opening of an office in London. The London office means the company can now offer a 24-hour customer service. This year, the company plans to open an office in San Francisco to serve USForex. Offices in Hong Kong and South-East Asia are planned.

But the beauty of the Ozforex model is that it is infinitely scalable, Gilmour says. "All we need to deal with more clients is to add a few more servers to the cluster."

QUESTION&ANSWER

Claiming vehicle expenses by the kilometre method

Australia's top accountancy firms answer the questions worrying small business.

Question: My wife and I recently started up our own company. We both have a car and use them to conduct some of our business. We'd like to claim motor vehicle expenses using the cents per kilometre method. Last financial year, one car travelled 3650 kilometres for business and the other car 4720 kilometres. Can we claim for both vehicles and what method should we use?

Answer: Yes, you can make a claim for both vehicles. Claiming motor vehicle expenses on a cents per kilometre method is one of the accepted systems of claim, providing a vehicle doesn't travel more than 5000 kilometres in a year for work-related reasons. This limit

is per motor vehicle. So, if you have used more than one car to conduct business and they have both been driven less than 5000 kilometres in a tax year for business reasons, then you can claim against these vehicles using this method, even though the total kilometres travelled by the two vehicles exceeds 5000. Your accountant can advise on other accepted methods of claim that might produce a better tax result for you.

Chartered accountants and business advisers Hayes Knight

The answers provided are in response to questions posed by small business owners and managers. The answers are general and should not be taken as specific advice. Readers should always seek their own professional advice.

Readers can send questions to dlynch@af.com.au or call (02) 9282 1900

FRANCHISING

AWA network in the works

An icon of the Australian corporate scene plans to launch a franchise network that will cater to home consumers. Information technology and telecommunications service provider AWA, whose name is familiar to generations of Australians, said that its franchise network would enable the company to offer a new and extended range of services and capabilities direct to home consumers and small businesses.

AWA, a supplier of support and services to the ICT corporate sector for more than 30 years, last March acquired Telefix, which focused on supporting home entertainment technologies. Managing director Mark Rainbird said AWA acquired Telefix as a stepping stone. "We already have a national infrastructure of repair centres, call centres and logistics in place supporting our corporate customers," he said.

The franchise network will consist of both mobile services and service centre franchises. Mobile franchisees will operate as on-site repair technicians, and service centres as back to base repair locations.

The network will initially be launched in Sydney and Melbourne.

Staff reporter

Australian Bookseller of the Year 1996 & 2004

Mary Ryan's is a chain of 10 bookstores operating in South East Queensland since 1975. There are excellent opportunities now for you to become part of our lifestyle by owning your own Mary Ryan's bookstore or an existing Mary Ryan's company store.

A Mary Ryan's Franchise offers a full support system including

- *site selection
- *shop fit out
- *author functions
- *stock selection
- *advertising assistance
- *quarterly catalogues

To become a part of Mary Ryan's and enjoy the lifestyle that comes with it, contact Mervyn Mallett at Scott Partners for initial enquiries and a copy of the confidentiality agreement.

Phone: (03) 9500 0511
Email: mmallett@scottpartners.com.au

OPTIONETICS PRESENTS

THE SECRET TO PROFITABLE TRADING

FREE 2-HOUR SEMINAR

Come to this seminar and discover how you can:

- Maximise your returns in the market while reducing your risk
- Protect your investments against market fluctuations
- Generate profit in up, down or even sideways markets, risking as little as A\$100
- Trade on the ASX, NASDAQ, NYSE or any other major world stock and option market
- Find great trading opportunities in only 5 minutes a day

International trading expert George Fontanills has been featured in The Wall Street Journal, Barron's, CBS MarketWatch and others. Since receiving his MBA from Harvard Business School, he has dedicated his life to creating the award winning Optionetics trading system. And now, at this FREE seminar, YOU can learn George's secrets to profitable trading!

"I needed to attend the Optionetics seminar to continue trading successfully. My best trade so far brought me more than 100% in 3 months."

Tim L., ACT

"No one else in the financial education industry cares as much or gives as much of themselves as the Optionetics crew. You will see how you can be financially free working with these guys."

Marnie S., NSW

UPCOMING SYDNEY & NEWCASTLE SEMINARS - FREE ADMISSION!

Sunday 4 February	12.30pm	North Sydney Harbour View Hotel	North Sydney
Monday 5 February	12.30pm or 7.00pm	Crowne Plaza	Newcastle
Wednesday 7 February	12.30pm or 7.00pm	Hilton Sydney	Sydney
Thursday 8 February	12.30pm or 7.00pm	Metro Hotel Sydney Central	Sydney
Friday 9 February	12.30pm	Curzon Hall	Marsfield

REGISTER NOW! 1300 137 647

Seats are limited. www.freeseminar.com.au or with our staff on the day of the event

This advertisement is issued by Optionetics Pty Limited (OPL). OPL is an Authorised Representative of Investment Educators Australia Pty Limited, the holder of an Australian Financial Services Licence (No: 241060) and this information is issued in accordance with the conditions of that Licence. Investing in securities involves risk. Testimonials included herein represent the outcomes that have been provided to us by individual clients and may not be typical of what every individual will achieve. All testimonials are provided voluntarily, without payment, inducement or other benefit and are from genuine clients of Optionetics. This information has been prepared without taking into account the investment objectives, financial situation or needs of any individual. Before making an investment decision, you should consider with or without the assistance of a professional advisor whether that decision is appropriate. 4998SCPMNSW