



# Colt faces troubled future, says founder

By CHRIS AYRES

MALCOLM MATSON, the founder of COLT Telecom, has launched a stinging attack on the FTSE 100 telecommunications company, giving warning that its core business could soon be destroyed.

The entrepreneur, who founded COLT in 1989 as City of London Telecommunications, claims it will soon face a collapse in the price of bandwidth, or telecoms capacity. Mr Matson sold his stake in COLT five years ago, before the extraordinary uplift that has given the company a stock market value of £13 billion despite being set to lose about £100 million this year.

Mr Matson claims that he was responsible for hiring Paul Chisholm as the company's chief executive, and for attracting America's Fidelity Investments as a major shareholder. However, he now believes there will soon be massive over-sup-

ply of the kind of fibre-optic cable networks that COLT is building throughout Europe.

He said: "COLT has profited hugely from the surge in demand, but there is an awful lot of fibre around. In the City alone, there are at least 13 fibre networks. Tariffs will eventually fall below zero. It will not be enough to just offer free carriage and access."

Mr Matson made the comments at the weekend while launching his new company, Datatrust Corporation. The company, which will be run by David Stockley, a former executive of EMI, and Amy Robson, who helped to set up the Capital One credit card company in the UK, is currently in talks to raise £12.2 million.

Datatrust will act as a "personal data minder", screening its customers from unwanted direct marketing and making sure that they receive commercial material only on subjects in which they are interested.

The company, which has signed up the US software company Oracle as a strategic partner, will operate its service via the Internet, fixed-line and mobile phones and digital television. Its first services will be launched next summer.

COLT, meanwhile, is addressing the problem of over-supply in the telecoms industry by gradually making the company more dependent on services related to e-commerce. However, in a series of recent City briefings, Mr Chisholm said it was likely to take some time for mushrooming demand for bandwidth to be met by supply.

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Matson: stinging attack