The Egyptian Information Society in the Eyes of International Experts
Cairo, 23 March 2009

Measuring the Information Society

Susan Teltscher, PhD
Head, Market Information and Statistics Division
Telecommunication Development Bureau
Agenda

- ICT policy and ICT measurement
- Global ICT trends
- Key ICT indicators for Egypt and the Arab region
- The financial crisis and ICT
- Conclusions and way forward
ICT measurement is essential to ICT policy makers and businesses

- For designing, evaluating and reformulating policies
- For strategic planning
- For monitoring and assessing the digital divide
- For analysing the impact of ICT on growth and development
- For international and regional benchmarking
Global ICT developments: the emergence of mobile

Source: ITU

Note: *Estimates.
Shift from fixed to mobile telephony

Mobile cellular subscriptions and fixed line subscribers

Source: ITU

Cairo, 23 March 2009
The broadband divide

**Fixed broadband**
- Developed
- Developing
- World

**Mobile broadband**
- Developed
- Developing
- World
Key ICT indicators for Egypt and the Arab region

- Mobile cellular
- Fixed telephone
- Internet (users, broadband)
- International Internet bandwidth
- Benchmarking the information society (ICT Development Index, ICT Price Basket)
Mobile cellular penetration by region

Source: ITU

Cairo, 23 March 2009
Mobile cellular penetration

Egypt catching up ….

… and growing strongly

Source: ITU

Cairo, 23 March 2009
Fixed telephone lines above average

Source: ITU

Cairo, 23 March 2009
Internet users by geographic region

Estimated Internet users

<table>
<thead>
<tr>
<th>Region</th>
<th>2002</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Arab States</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>Asia &amp; Pacific</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>World</td>
<td>11</td>
<td>21</td>
</tr>
<tr>
<td>Europe &amp; CIS countries</td>
<td>24</td>
<td>41</td>
</tr>
<tr>
<td>Americas</td>
<td>28</td>
<td>43</td>
</tr>
</tbody>
</table>

Source: ITU

Cairo, 23 March 2009
Internet users – Egypt high growth
International Internet bandwidth per Internet user still low

Egypt needs to catch up ....

... with its growing number of Internet users

Source: ITU
Fixed broadband subscribers by geographic region

<table>
<thead>
<tr>
<th>Region</th>
<th>2002</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>0</td>
<td>0.1</td>
</tr>
<tr>
<td>Arab States</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Asia &amp; Pacific</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>World</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Americas</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>Europe &amp; CIS countries</td>
<td>2</td>
<td>13</td>
</tr>
</tbody>
</table>
Fixed Internet Broadband subscribers

Egypt still low penetration ….

…but above-average growth rates

Source: ITU
Mobile broadband – still to take off

Source: ITU
Benchmarking the information society

- ICT Development Index
- ICT Price Basket

www.itu.int/ict
ICT Development Index

- 11 indicators (ICT access, use, skills)
- Two years: 2002 and 2007
- 154 economies
IDI - highest relative growth in Eastern Europe, Northern Africa

Source: ITU
Developing countries lower ICT levels but strong growth

Source: ITU
IDI - Arab States

United Arab Emirates
Bahrain
Saudi Arabia
Kuwait
Lebanon
Jordan
Oman
Average Arab States
Tunisia
Syria
Average developing
Egypt
Algeria
Morocco
Average Africa
Sudan
Yemen
Mauritania
Comoros

Source: ITU

Committed to Connecting the World

Source: ITU
Egypt’s **IDI levels increasing**

**Source:** ITU
How much do ICT services cost?

The ICT Price Basket 2008

- Fixed telephone
- Mobile cellular
- Fixed broadband Internet
- US$, PPP$, % of monthly GNI p.c.
- 150 countries
Developing countries are paying more

In most developing countries ICT costs account for 0-25% of average monthly incomes

In most developed countries ICT costs account for 0-3% of average monthly incomes

Source: ITU

Cairo, 23 March 2009
ICT Price Basket 2008 – Egypt relatively affordable

Source: ITU
What will be the impact of the financial crisis on ICT developments in Egypt?

www.itu.int/CRISIS2009/
Telecom industry outlook is bleak in high-income countries

- Telcos paying 3-4% more for financing
- Uncertain consumer demand not yet tested in recession – consumers are wary
- Need proven business model & cashflows & established credentials to access VC
- Return of State funding? Government intervening with investment in broadband in Australia, Italy, Greece, US and EU.
Outlook in emerging markets

- Demand for mobile largely unaffected, despite softening in some markets
- Mobile phone services still viewed as a necessity
- Growth in mobile broadband and Internet looks set to continue but some slowdown
- BUT... what about the economic backdrop & consumer demand, if emerging markets slide into recession?
Telco Strategy

- Capex, not opex – focus on controlling costs
- Consider network-sharing to cut costs
- Continue to invest in QoS for the future
- Focus on flat-rate & prepaid packages likely to grow, as popular with consumers (impact on profit margins?)
- Mobile operators more flexible re capex than fixed
Implications for MENA

- MENA benefits from own sources of finance, including SWFs and homegrown investors
- Prospects for South-South investment
- Strong growth potential in mobile & Internet
- Investment in ICTs could offer a way out of the crisis, but needs to be prioritized.
- Delays in licenses: Bahrain, Jordan & Lebanon
- **Egypt**: still a strong potential role as a regional hub - *Outsourcing Destination of the Year 2008*
Impact on Egypt’s telecom sector

- Strong growth in mobile projected to continue from 57% in 2008 to 74% penetration in 2009, despite crisis
- But slowdown in net additions in Q408 (Informa)
- Most analysts foresee limited impact on mobile usage and revenues
- Early signs of a slowdown in fixed-line (BMI)
- Second fixed-line license postponed
- Egyptian mobile in transition - penetration in cities high – how to grow rural market?
Projected growth - mobile

Industry Trends – Mobile Sector
2006-2013

Source: Business Monitor International (BMI).
Projected growth - Internet

Industry Trends – Internet Sector
2006-2013

Source: Business Monitor International (BMI).
Conclusions and way forward

- Over the past few years steep growth in ICT developments in Egypt (fixed, mobile, broadband)
- International Internet bandwidth to be increased to keep up with rising demand
- Mobile broadband to be fully launched
- Relatively low costs for ICT services are likely to support continued growth trend
- To be addressed: rural-urban divide, ICT use by households and individuals

From information economy To information society
Thank you

indicators[at]itu.int

www.itu.int/ict
Supplementary charts
Mobile cellular penetration in Arab countries

Source: ITU
Fixed telephone lines above average

Source: ITU
Internet users – catching up

Source: ITU
Fixed broadband still low ...

Source: ITU
Fixed telephone sub-basket
Mobile cellular sub-basket
Fixed broadband sub-basket

Source: ITU