



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

## **Measuring the Information Society**

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Telecommunication Development Bureau

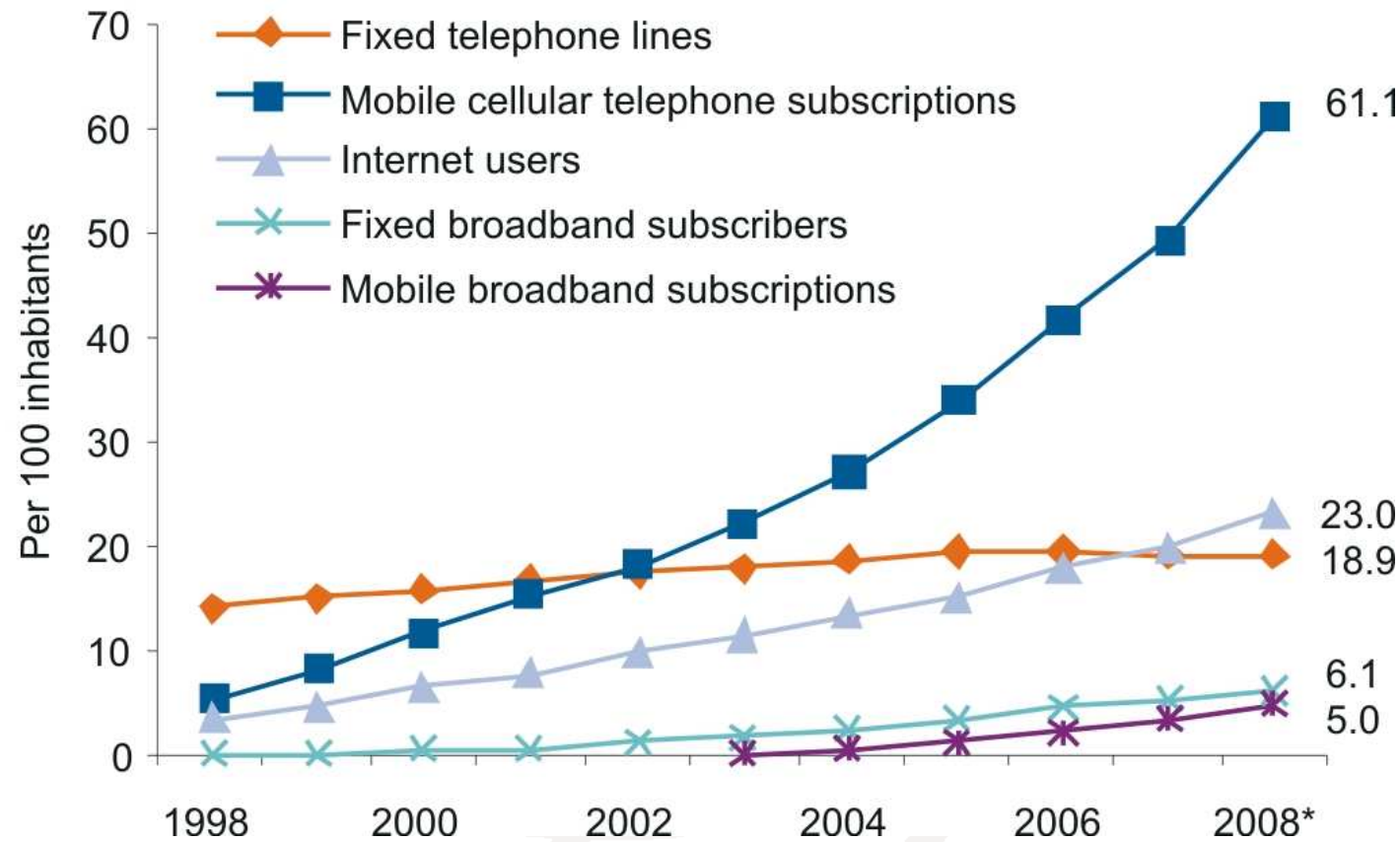
## Agenda

- 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

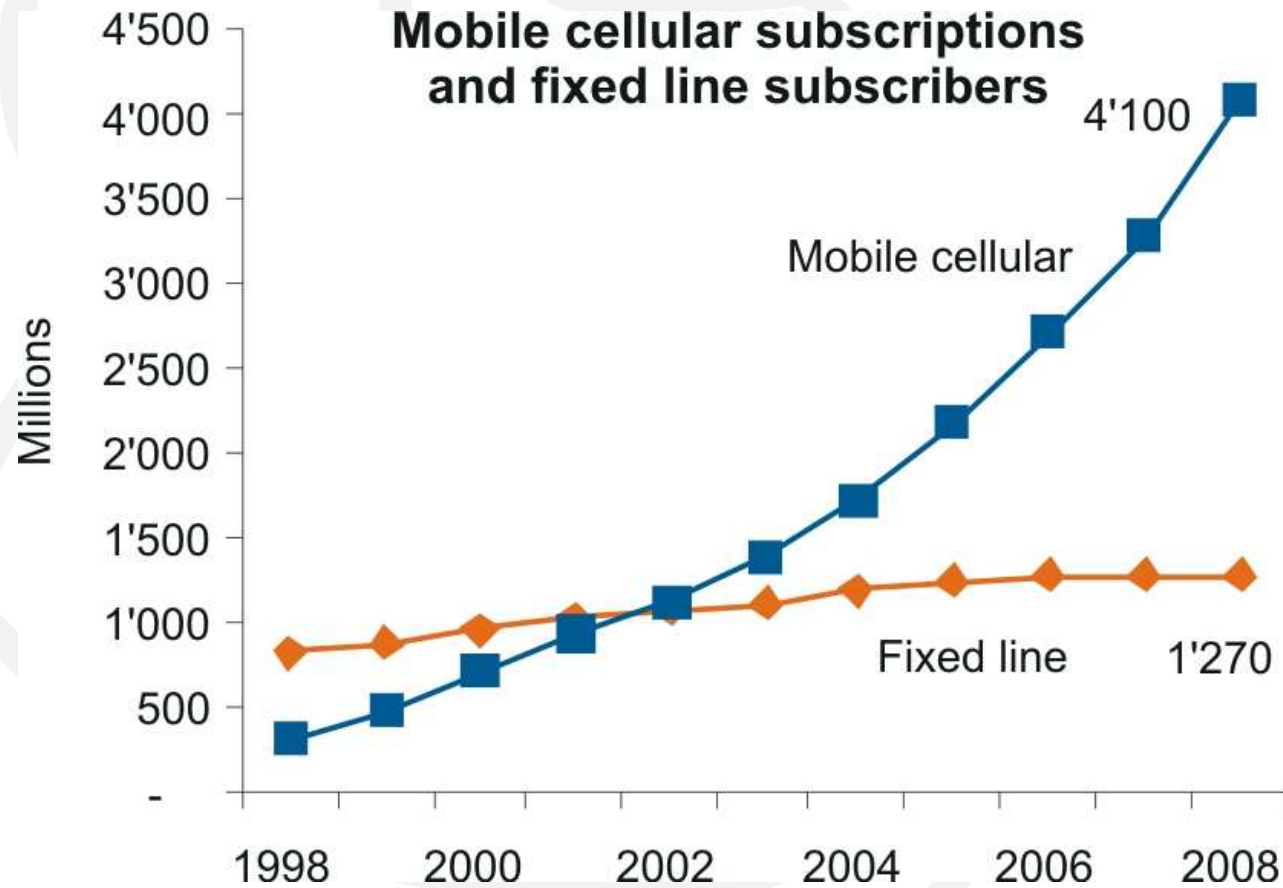


Source: ITU

Cairo, 23 March 2009

Note: \*Estimates.

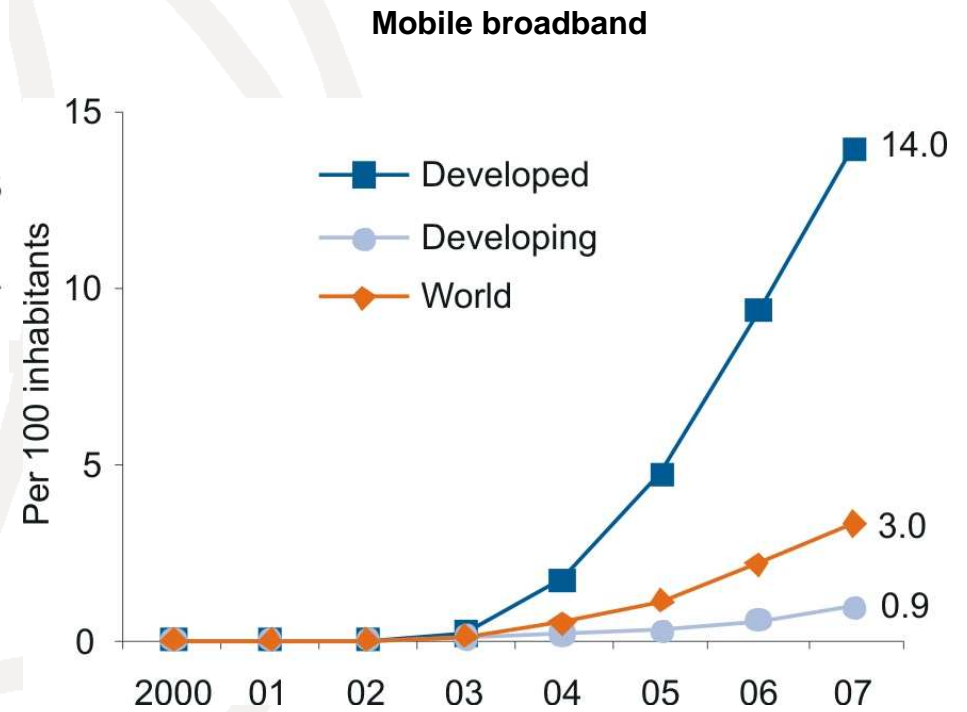
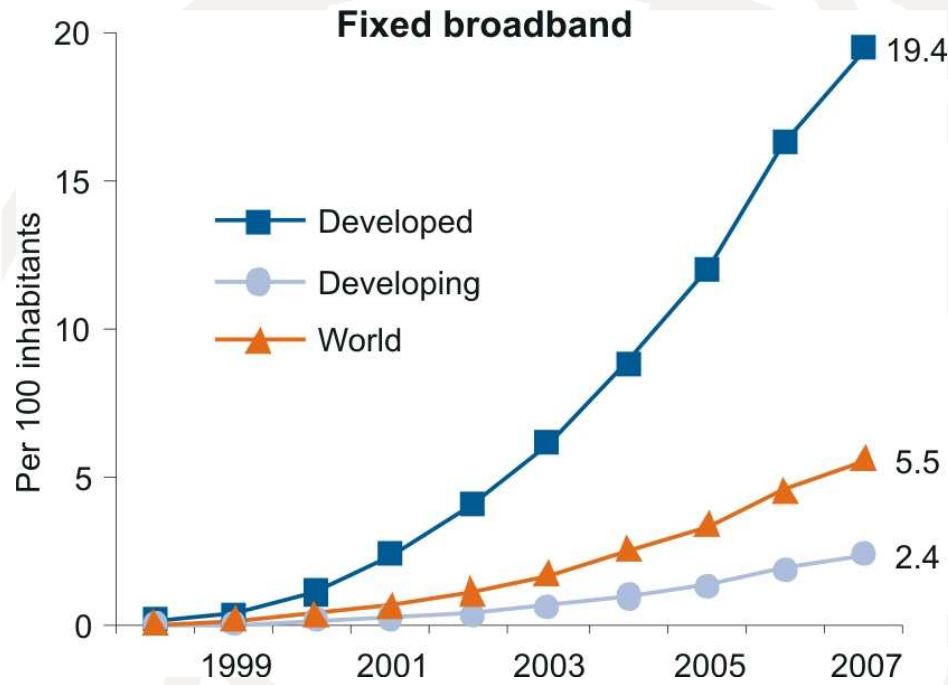
# Shift from fixed to mobile telephony



Source: ITU

Cairo, 23 March 2009

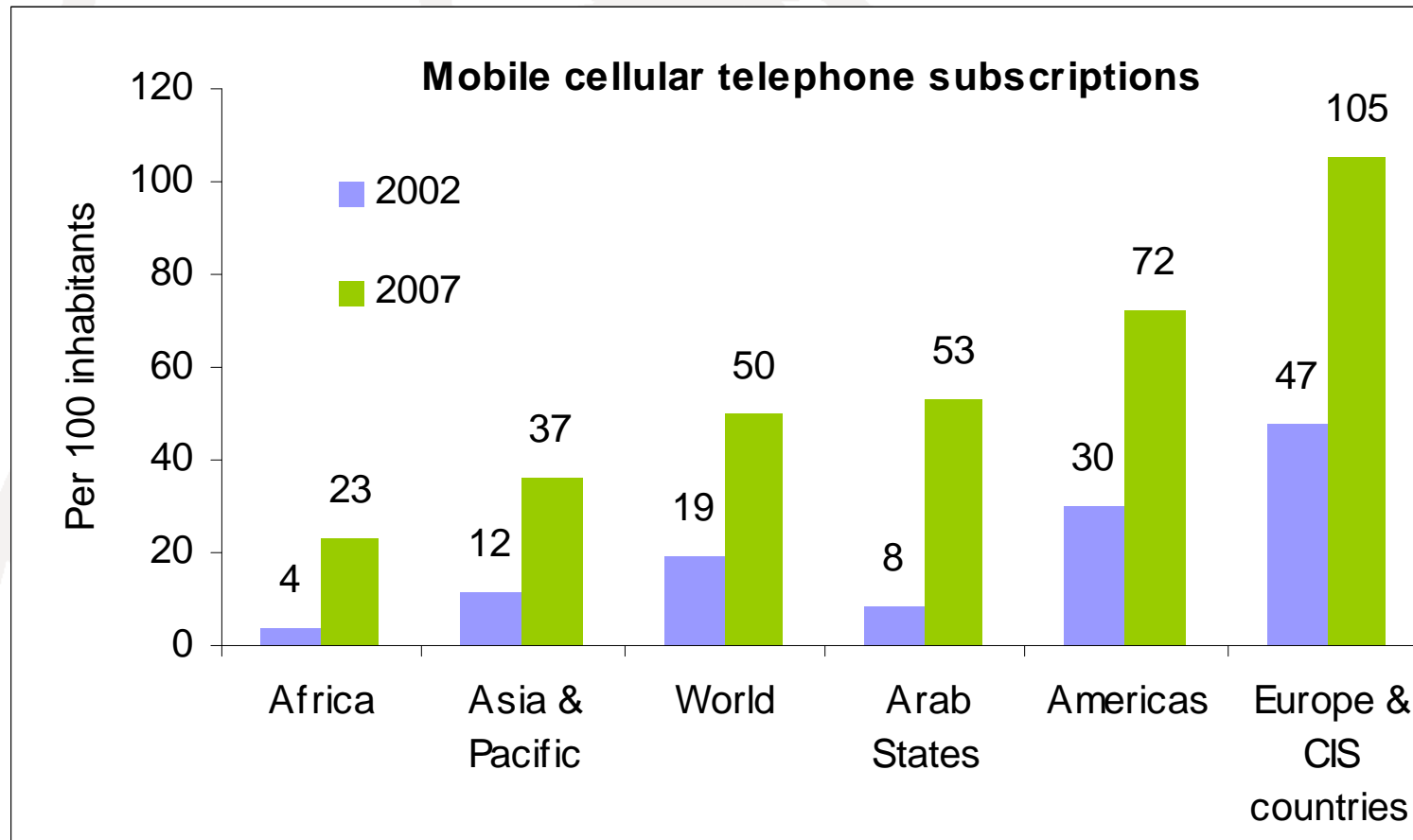
# The broadband divide



## Key ICT indicators for Egypt and the Arab region

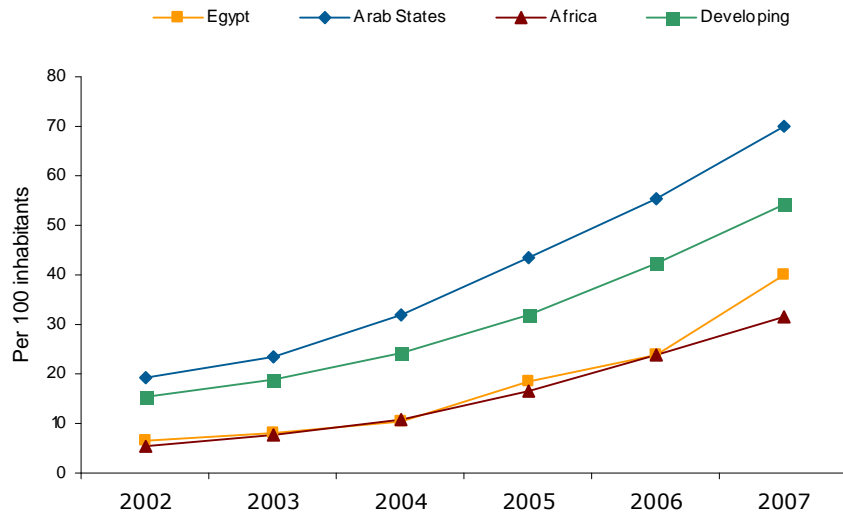
- Mobile cellular
- Fixed telephone
- Internet (users, broadband)
- International Internet bandwidth
- Benchmarking the information society (ICT Development Index, ICT Price Basket)

# Mobile cellular penetration by region



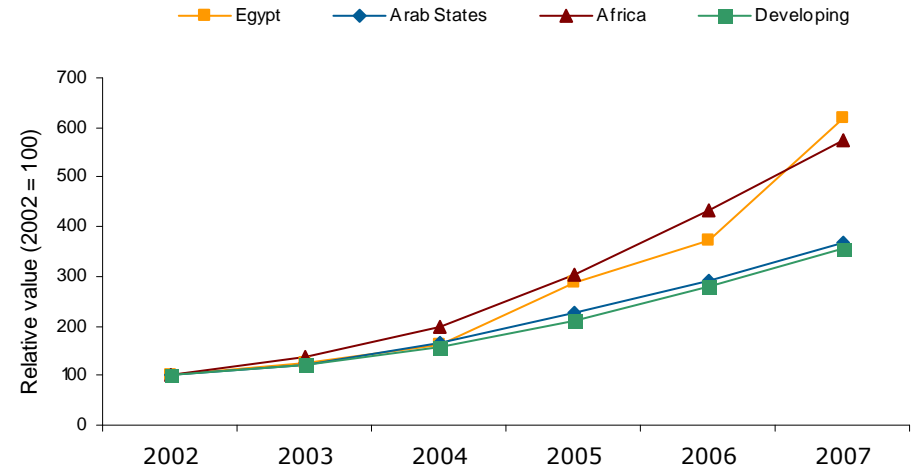
Source: ITU

# Mobile cellular penetration



Egypt catching up ....

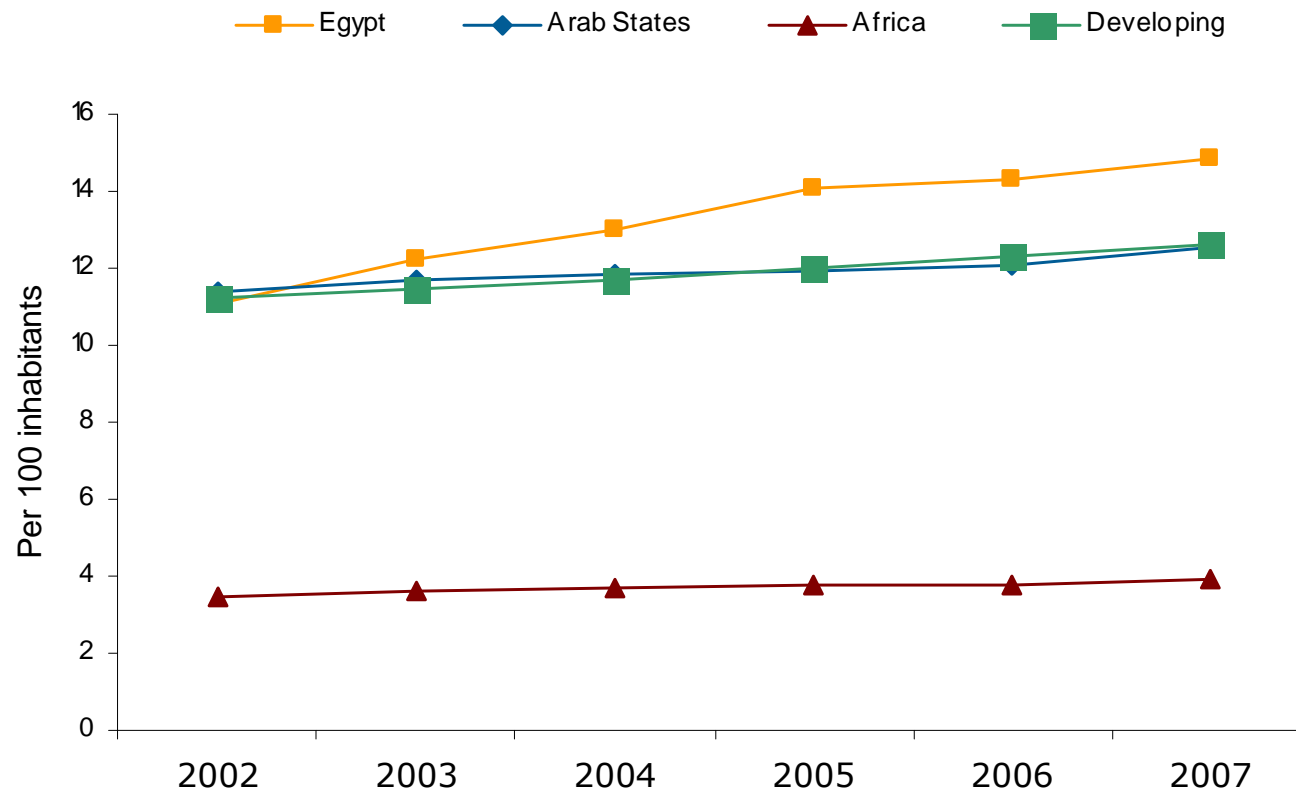
... and growing strongly



Source: ITU

Cairo, 23 March 2009

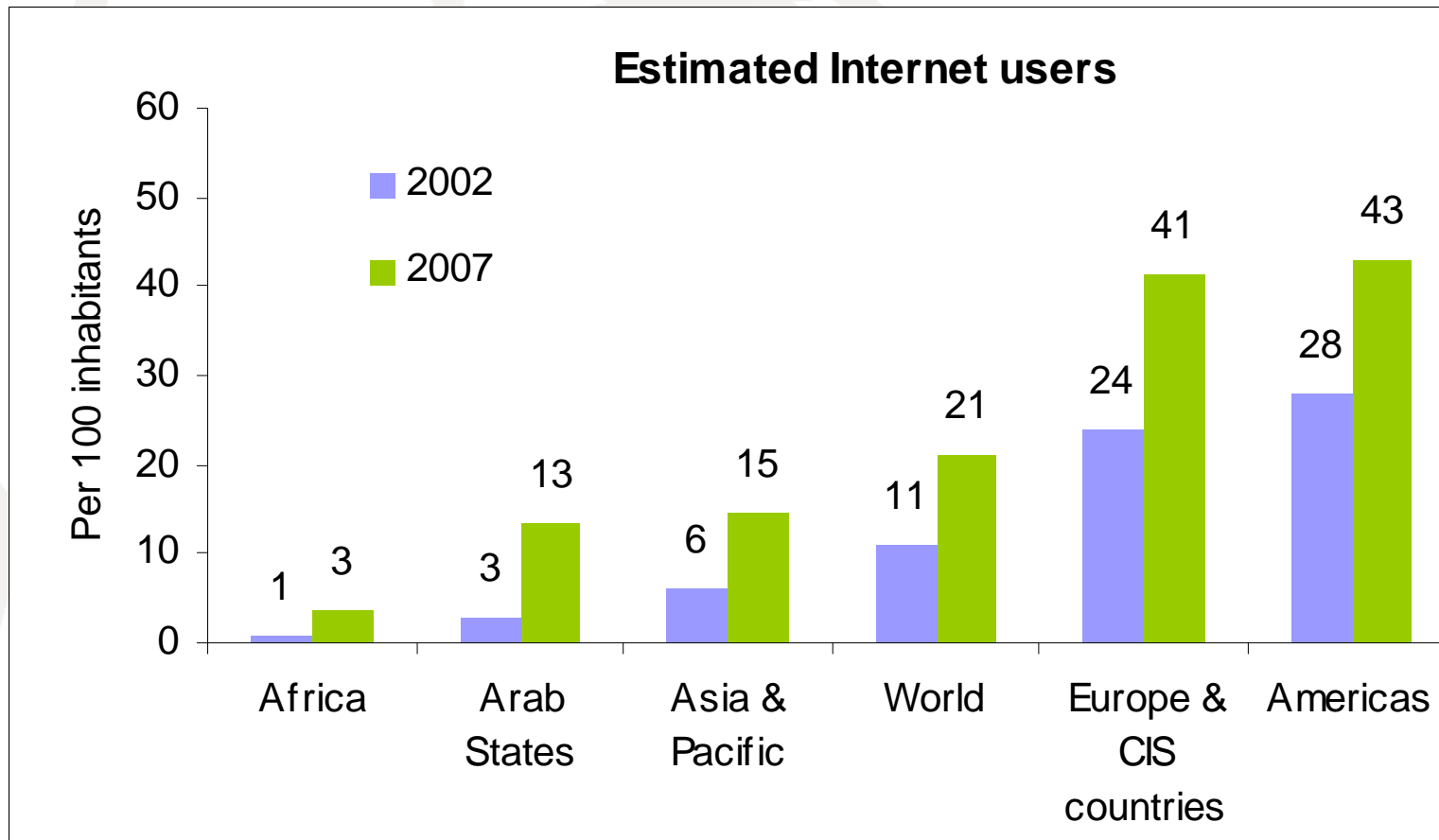
# Fixed telephone lines above average



Source: ITU

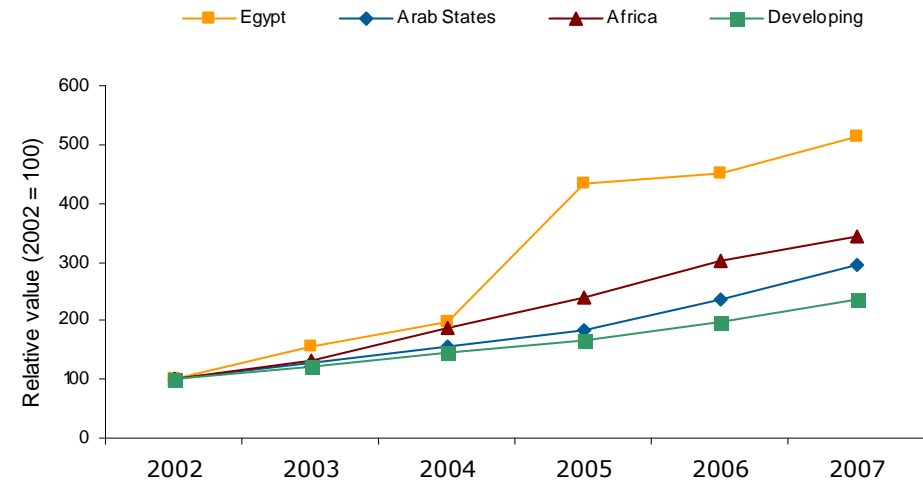
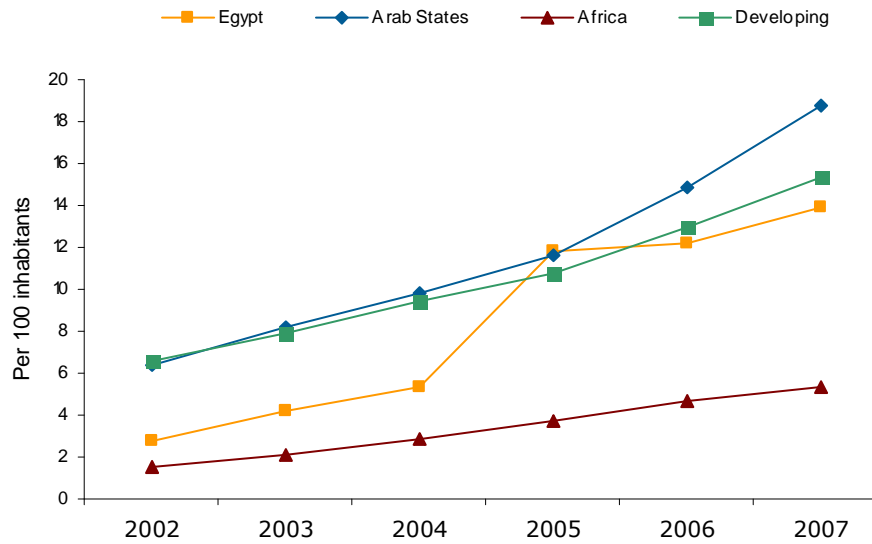
Cairo, 23 March 2009

# Internet users by geographic region



Source: ITU

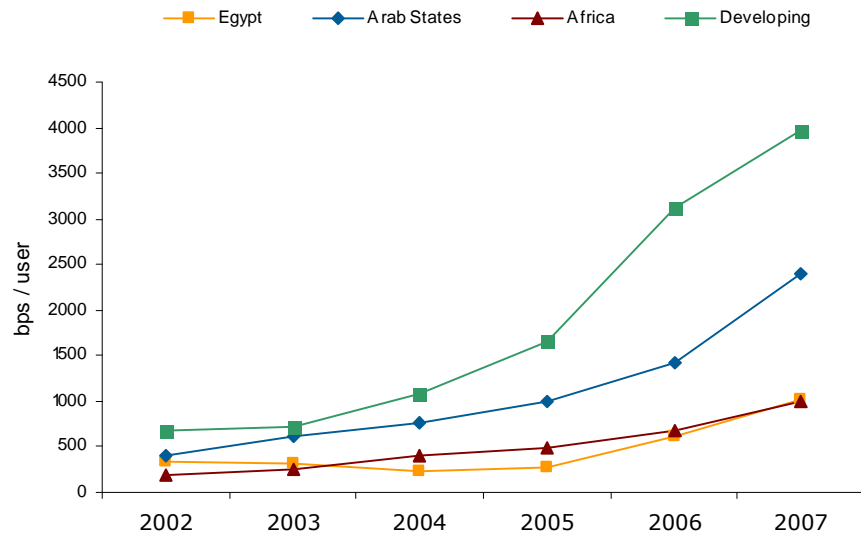
# Internet users – Egypt high growth



Source: ITU

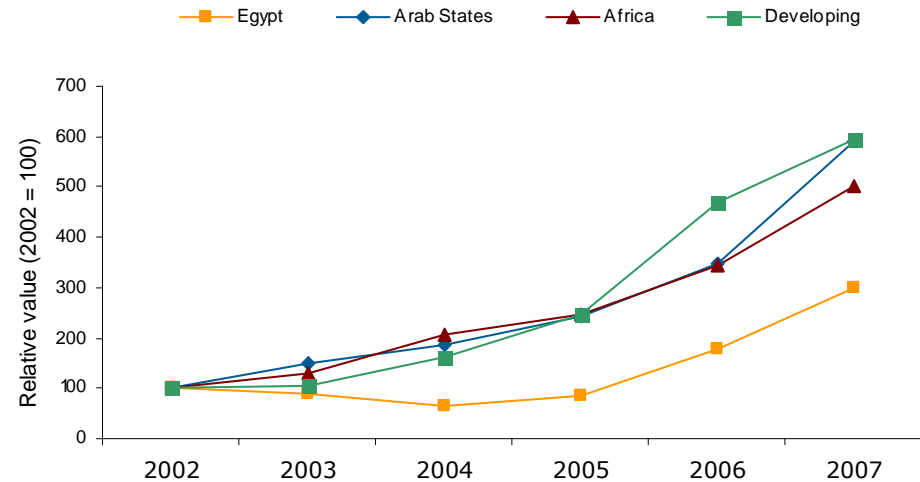
Cairo, 23 March 2009

# International Internet bandwidth per Internet user still low



Egypt needs to catch up ....

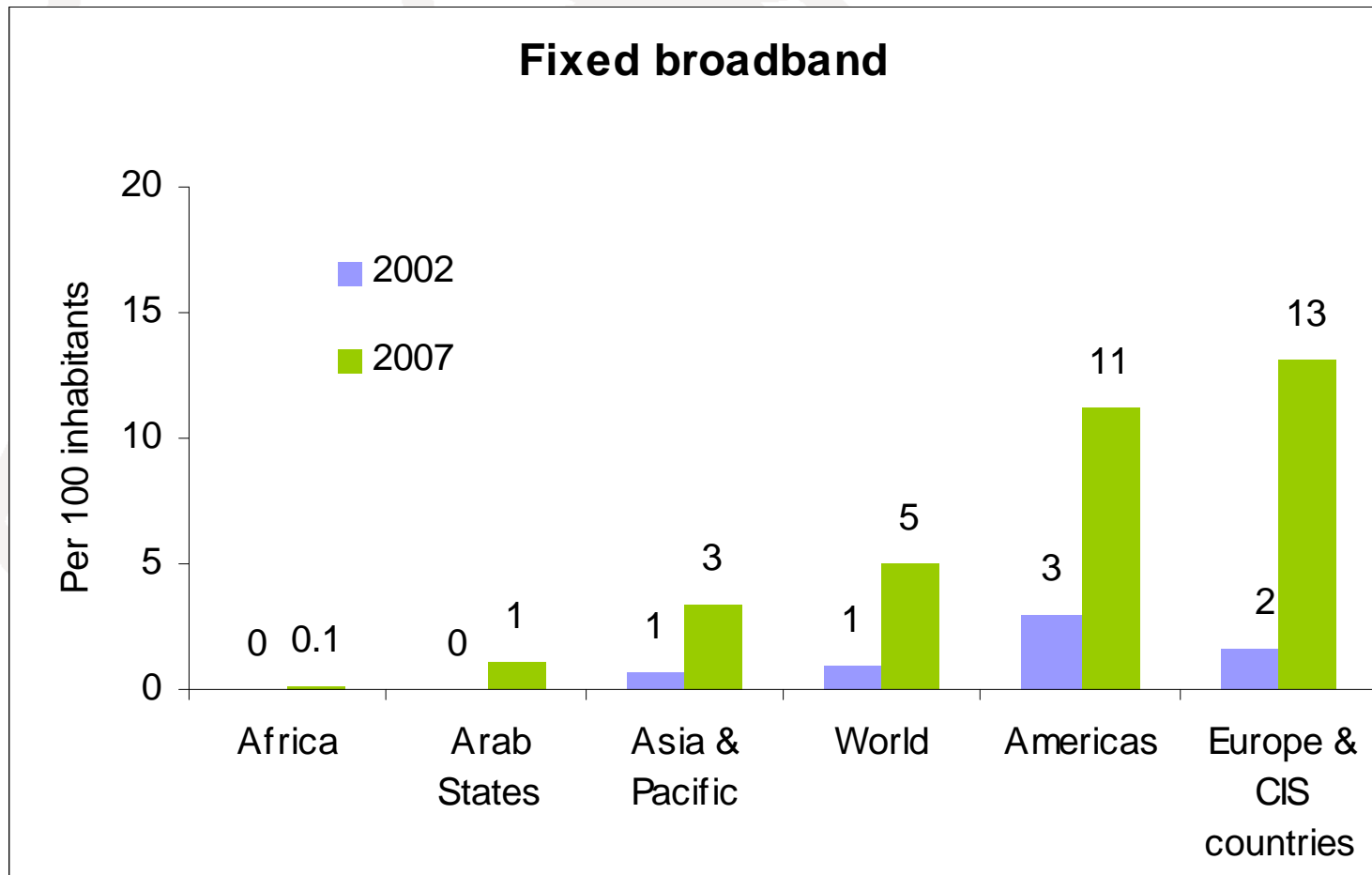
... with its growing number of Internet users



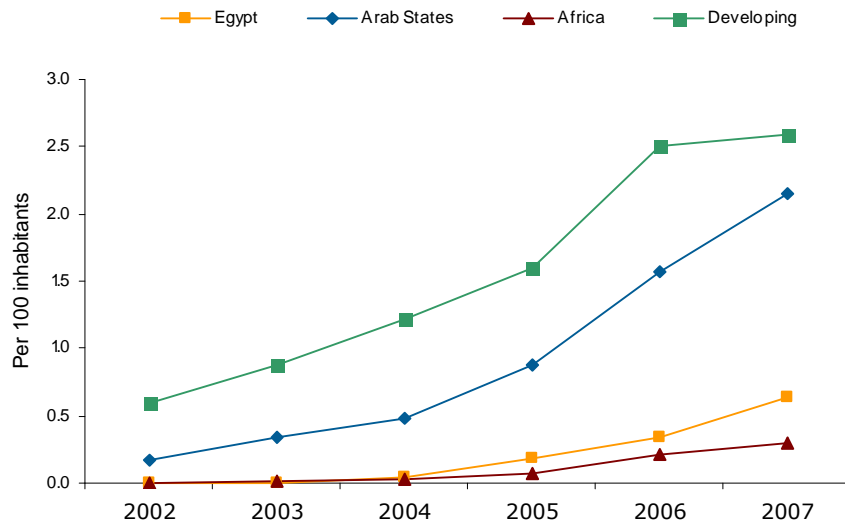
Source: ITU

Cairo, 23 March 2009

# Fixed broadband subscribers by geographic region

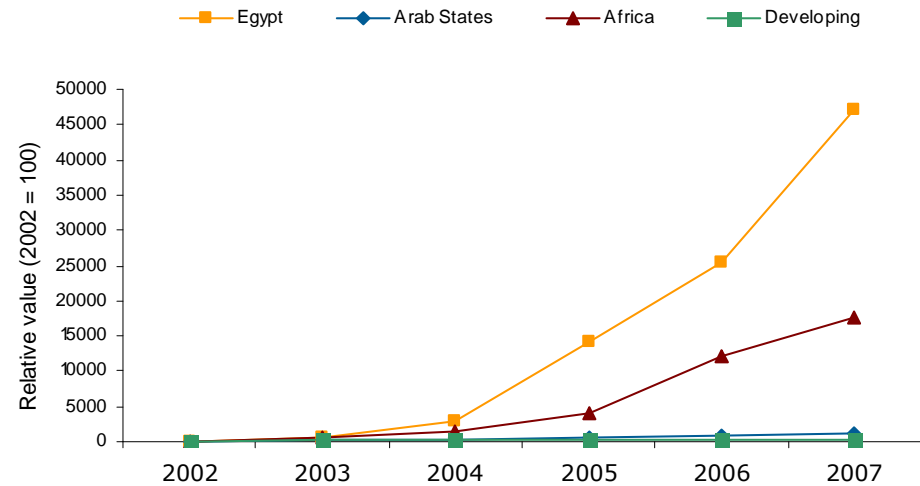


# Fixed Internet Broadband subscribers



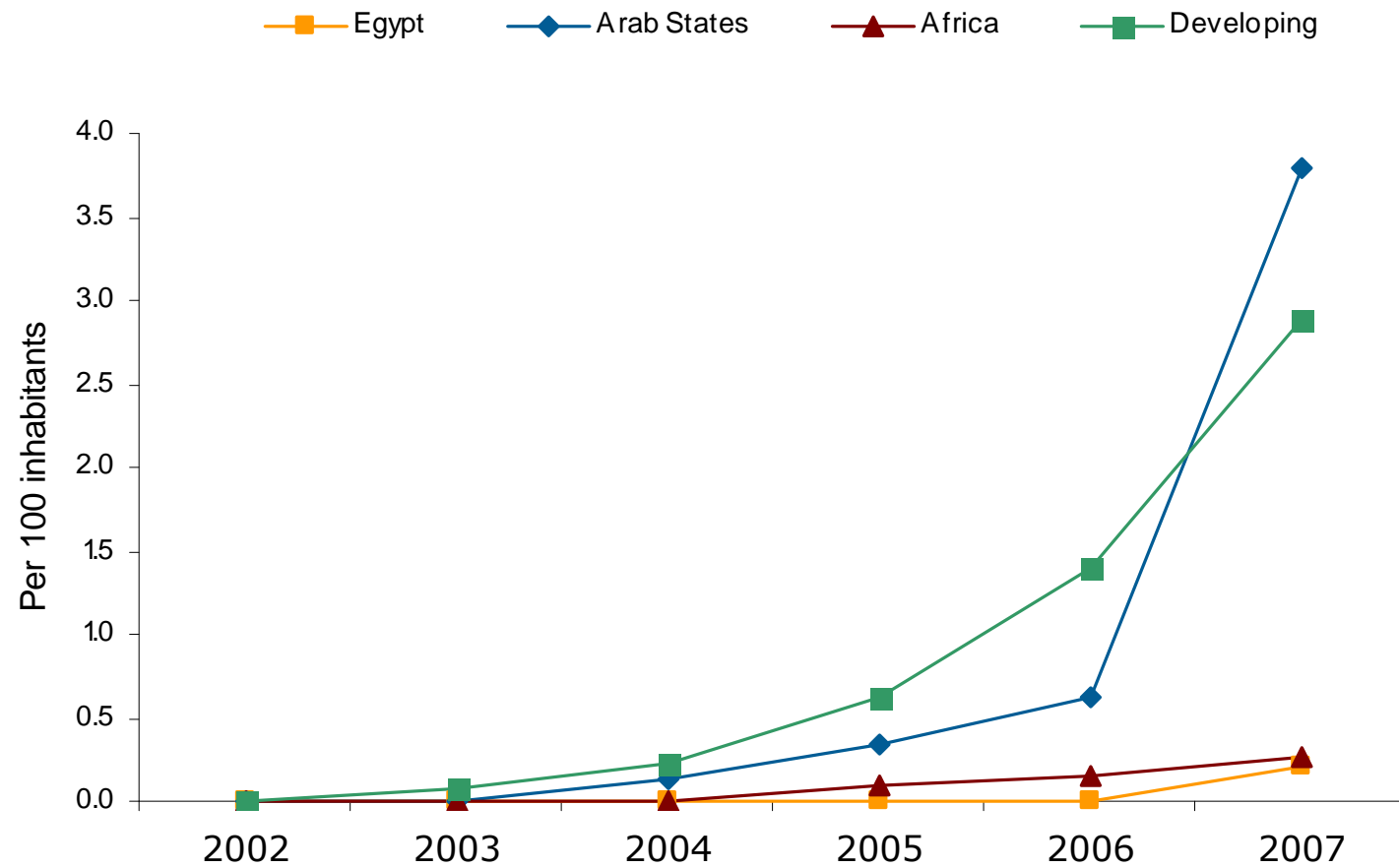
Egypt still low penetration ....

...but above-average growth rates



Source: ITU

# Mobile broadband – still to take off



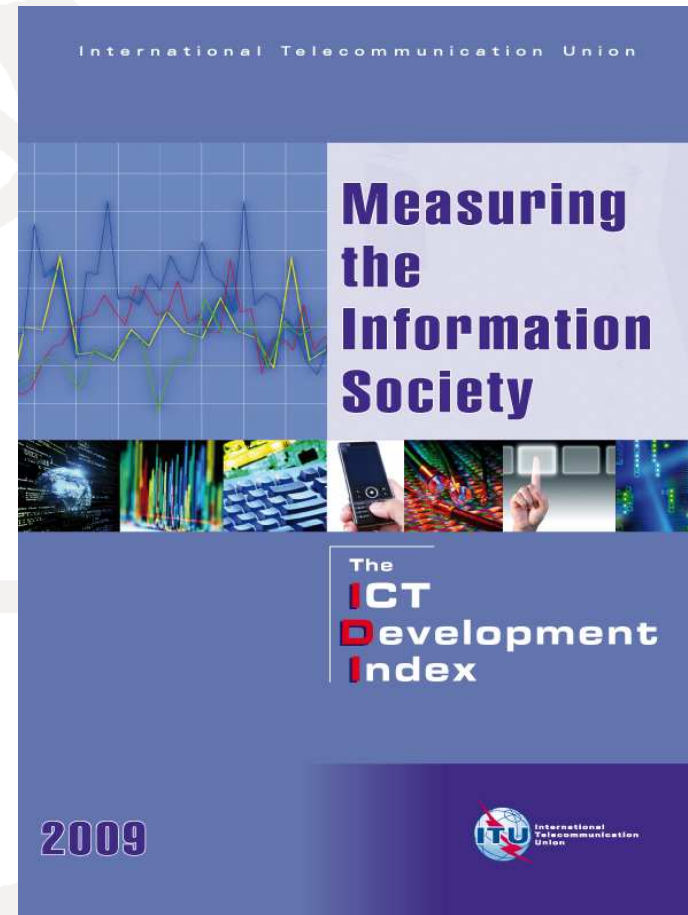
Source: ITU

Cairo, 20 March 2009

# Benchmarking the information society

- ICT  
Development  
Index
- ICT  
Price  
Basket

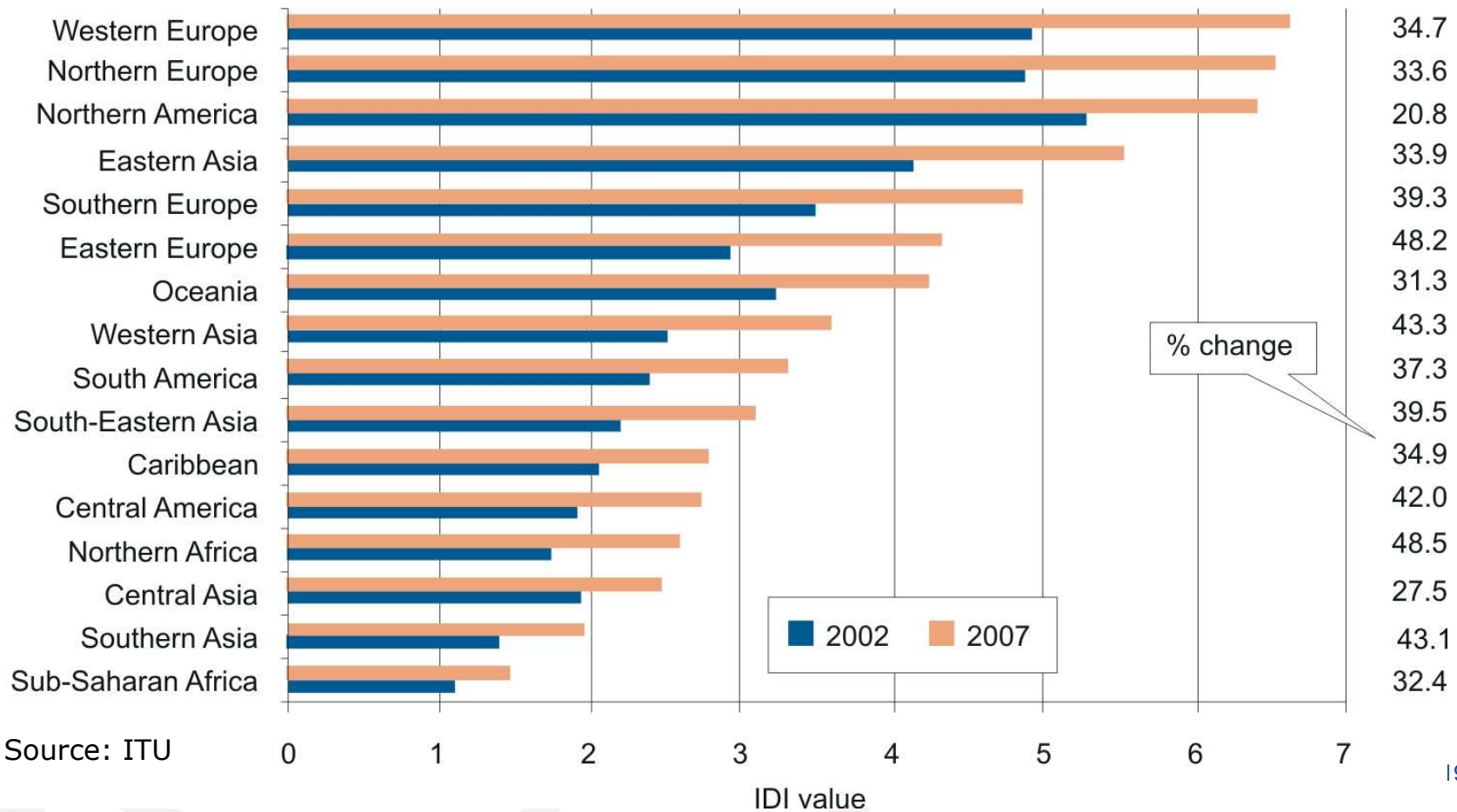
[www.itu.int/ict](http://www.itu.int/ict)



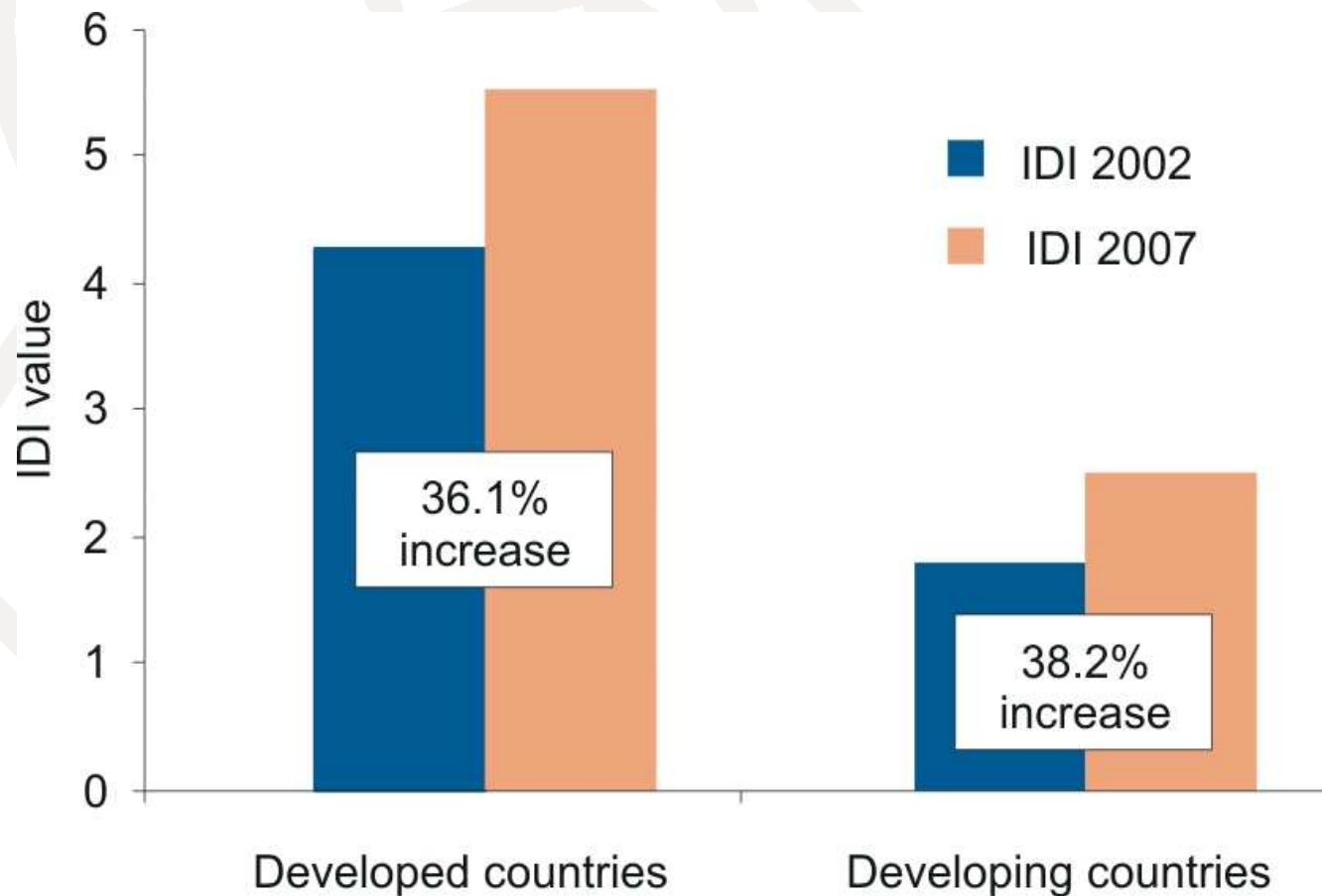
# ICT Development Index

- 11 indicators (ICT access, use, skills)
- Two years: 2002 and 2007
- 154 economies

# IDI - highest relative growth in Eastern Europe, Northern Africa



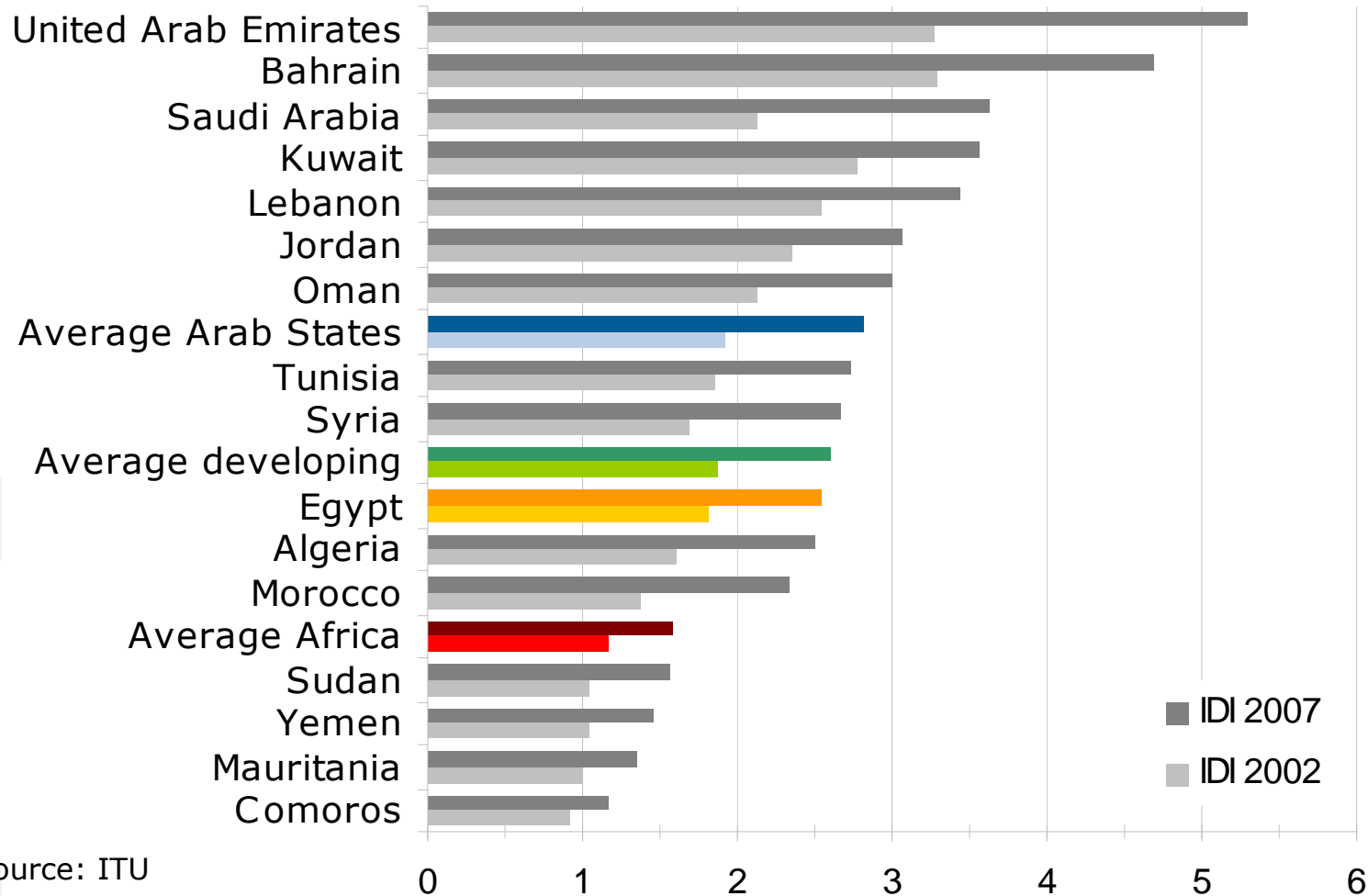
## Developing countries lower ICT levels but strong growth



Source: ITU

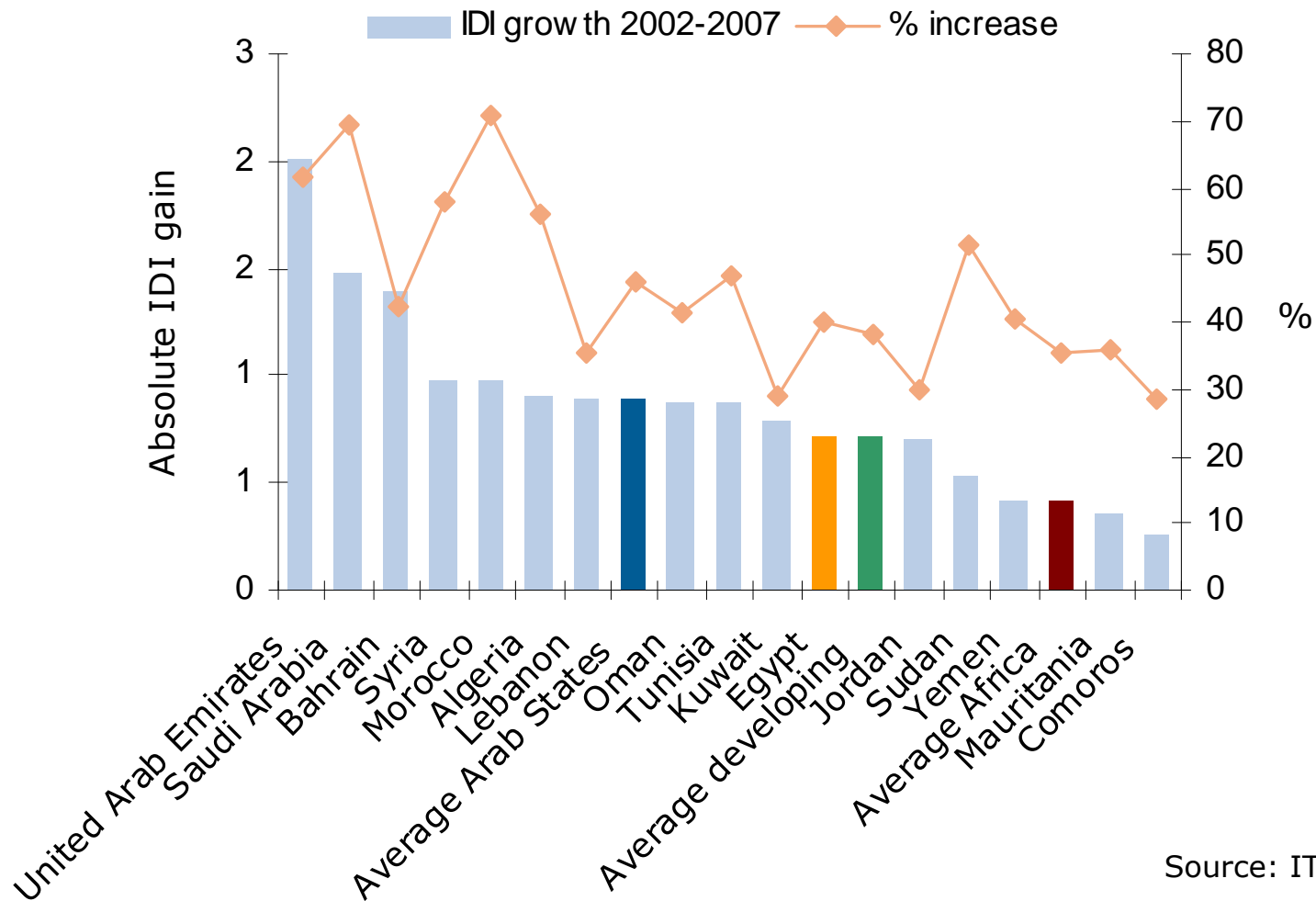
Cairo, 23 March 2009

# IDI - Arab States



Source: ITU

# Egypt's IDI levels increasing



Source: ITU

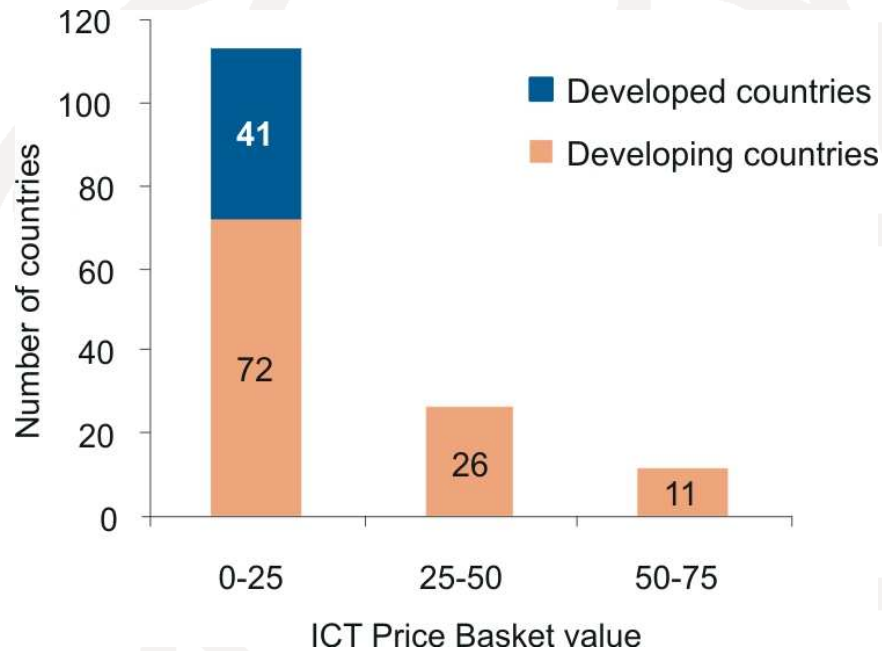
## How much do ICT services cost?



## The ICT Price Basket 2008

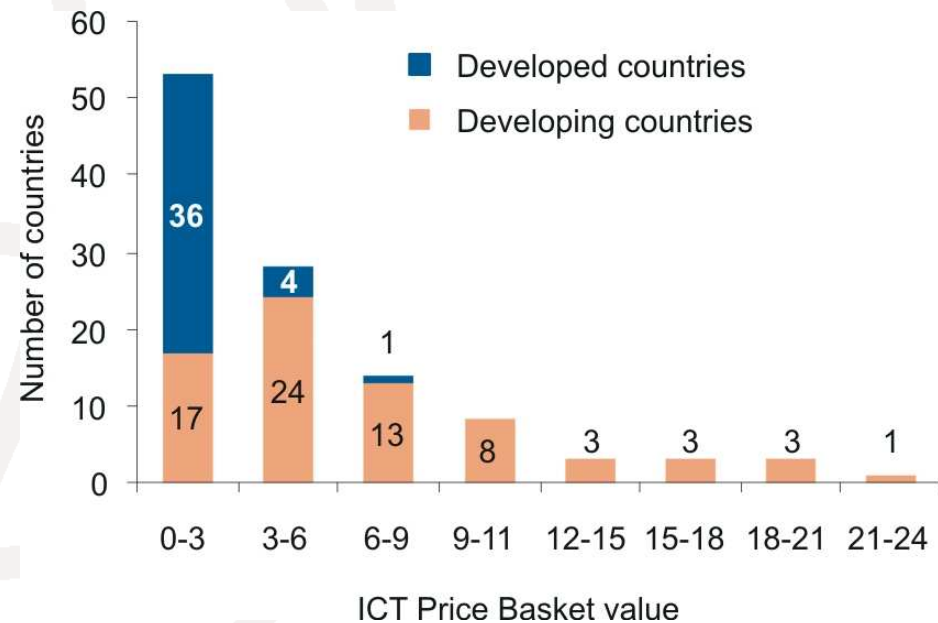
- Fixed telephone
- Mobile cellular
- Fixed broadband Internet
- US\$, PPP\$, % of monthly GNI p.c.
- 150 countries

# Developing countries are paying more



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

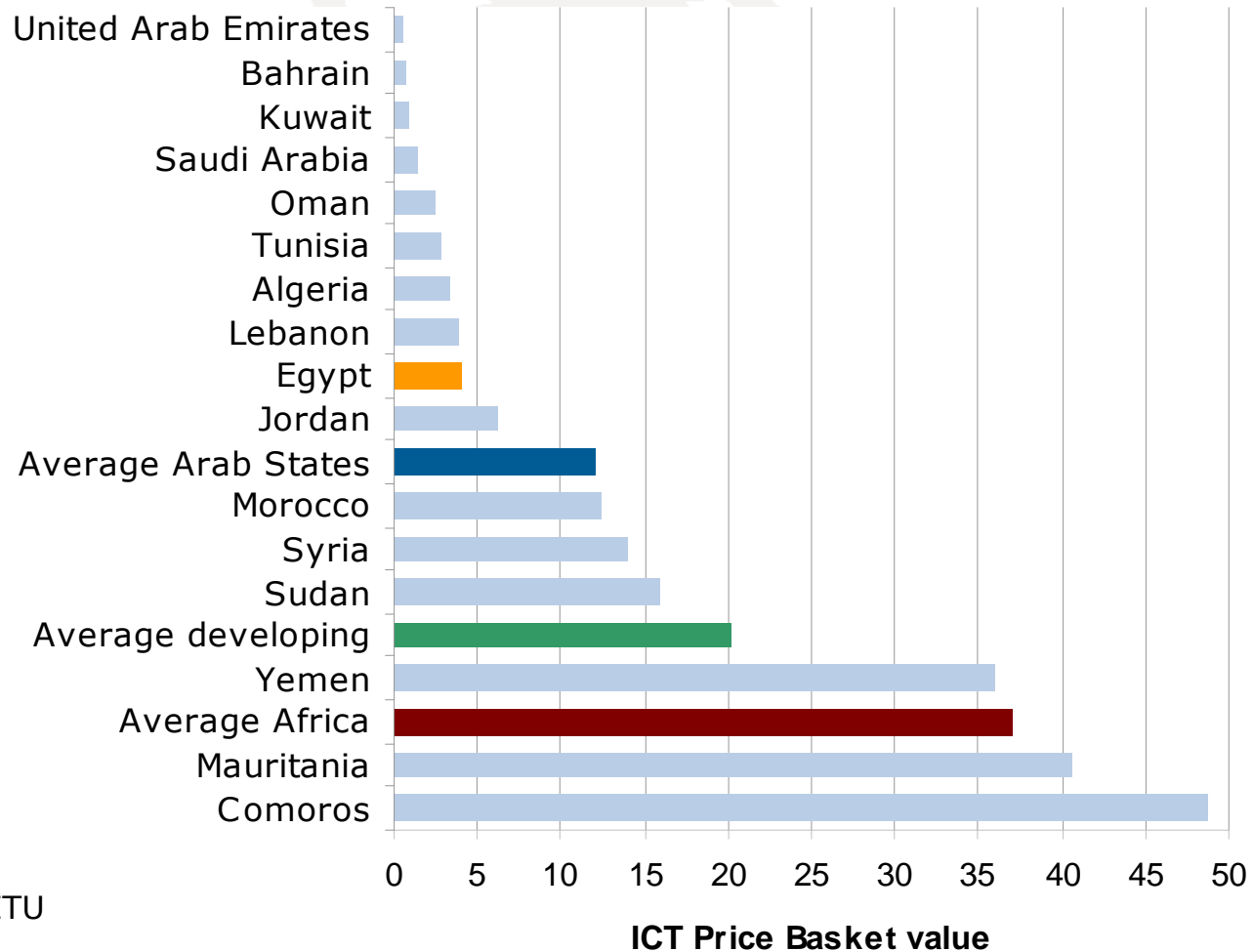
In most **developed** countries ICT costs account for **0-3%** of average monthly incomes



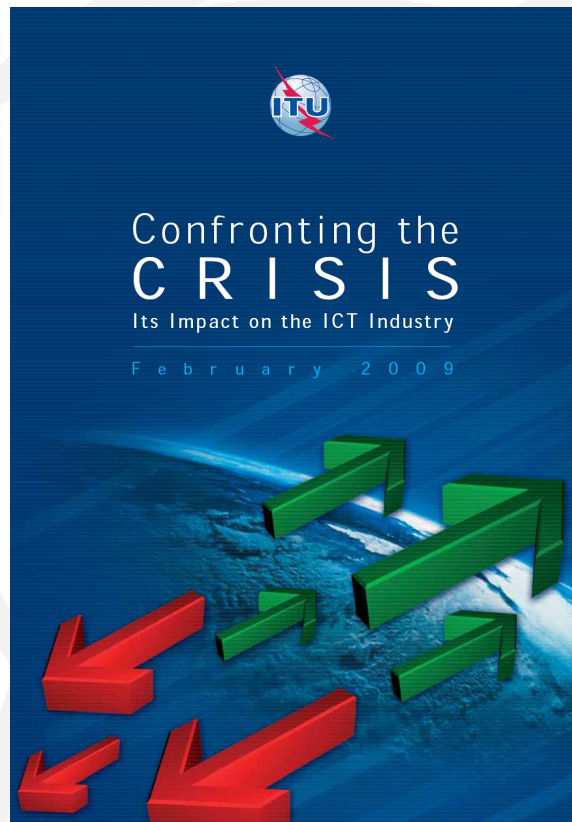
Source: ITU

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# 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/](http://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*

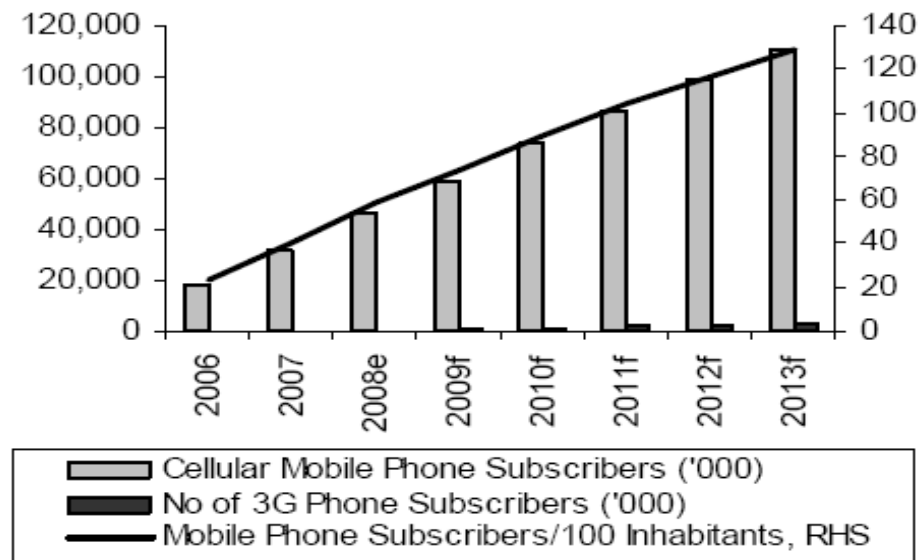
## Impact on Egypt's telecom sector



- 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

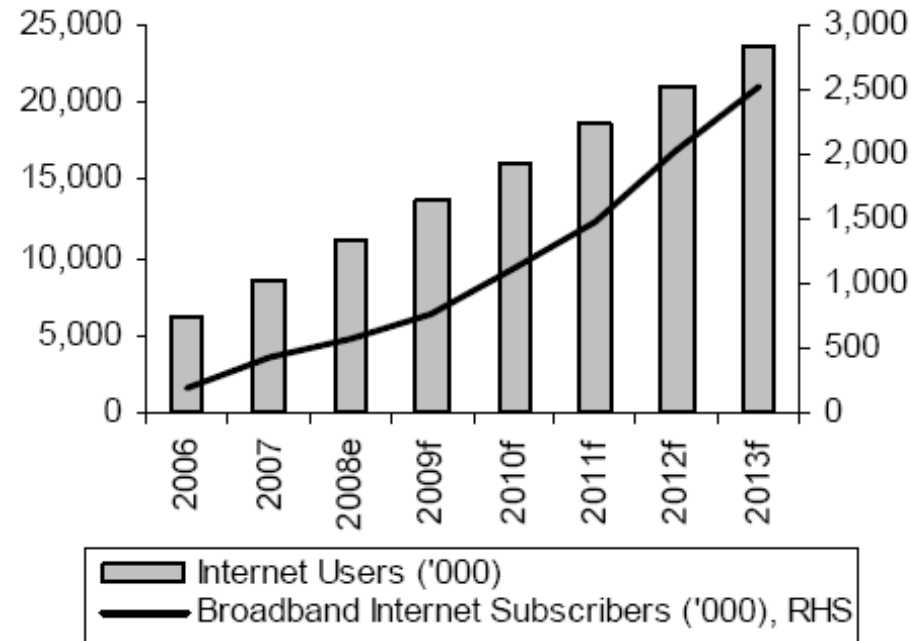


e/f = estimate /forecast. Source: BMI

Source: Business Monitor International (BMI).

# Projected growth - Internet

Industry Trends – Internet Sector  
2006-2013



e/f = estimate/forecast. Source: BMI

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**

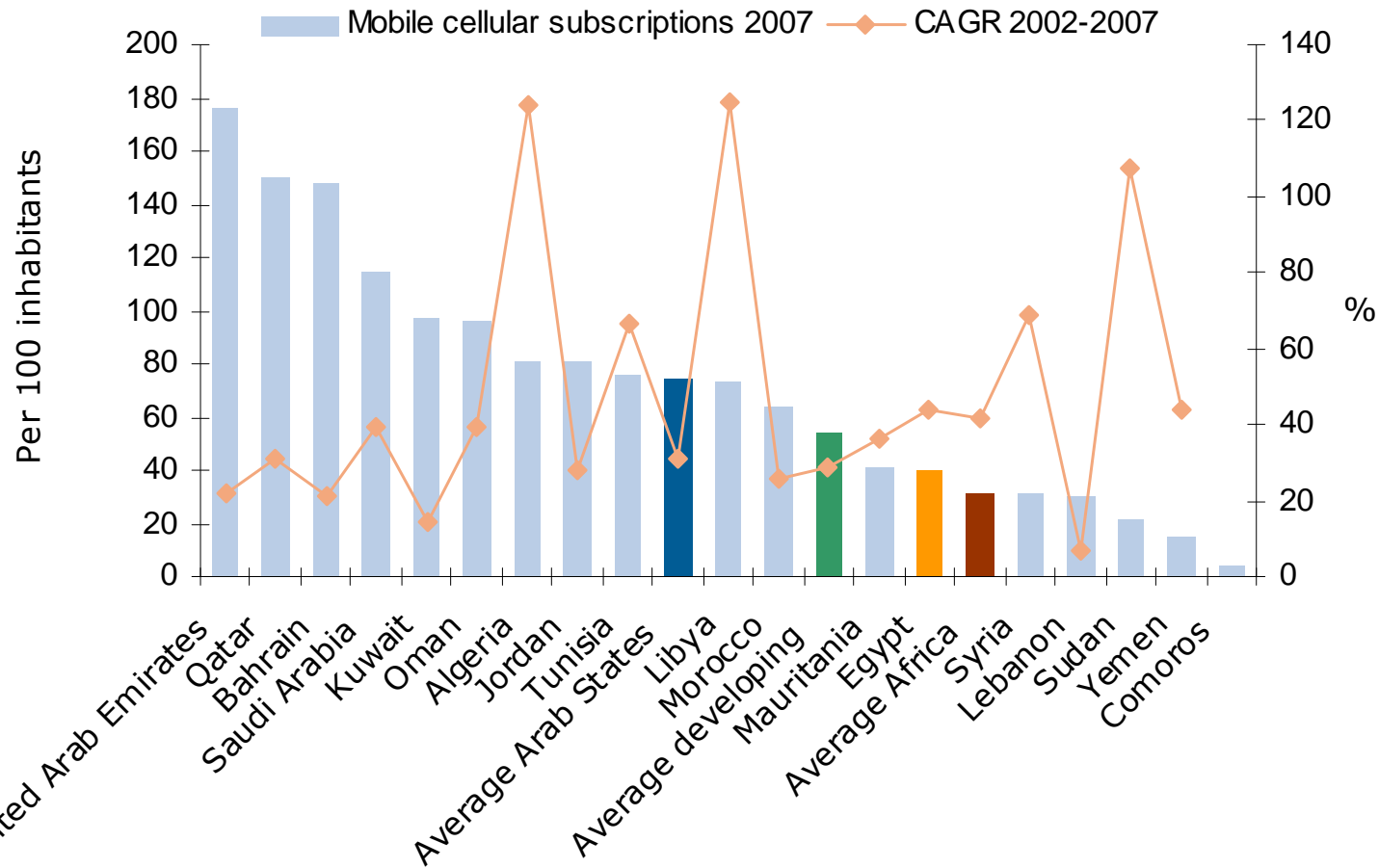
# Thank you

indicators[at]itu.int

[www.itu.int/ict](http://www.itu.int/ict)

# Supplementary charts

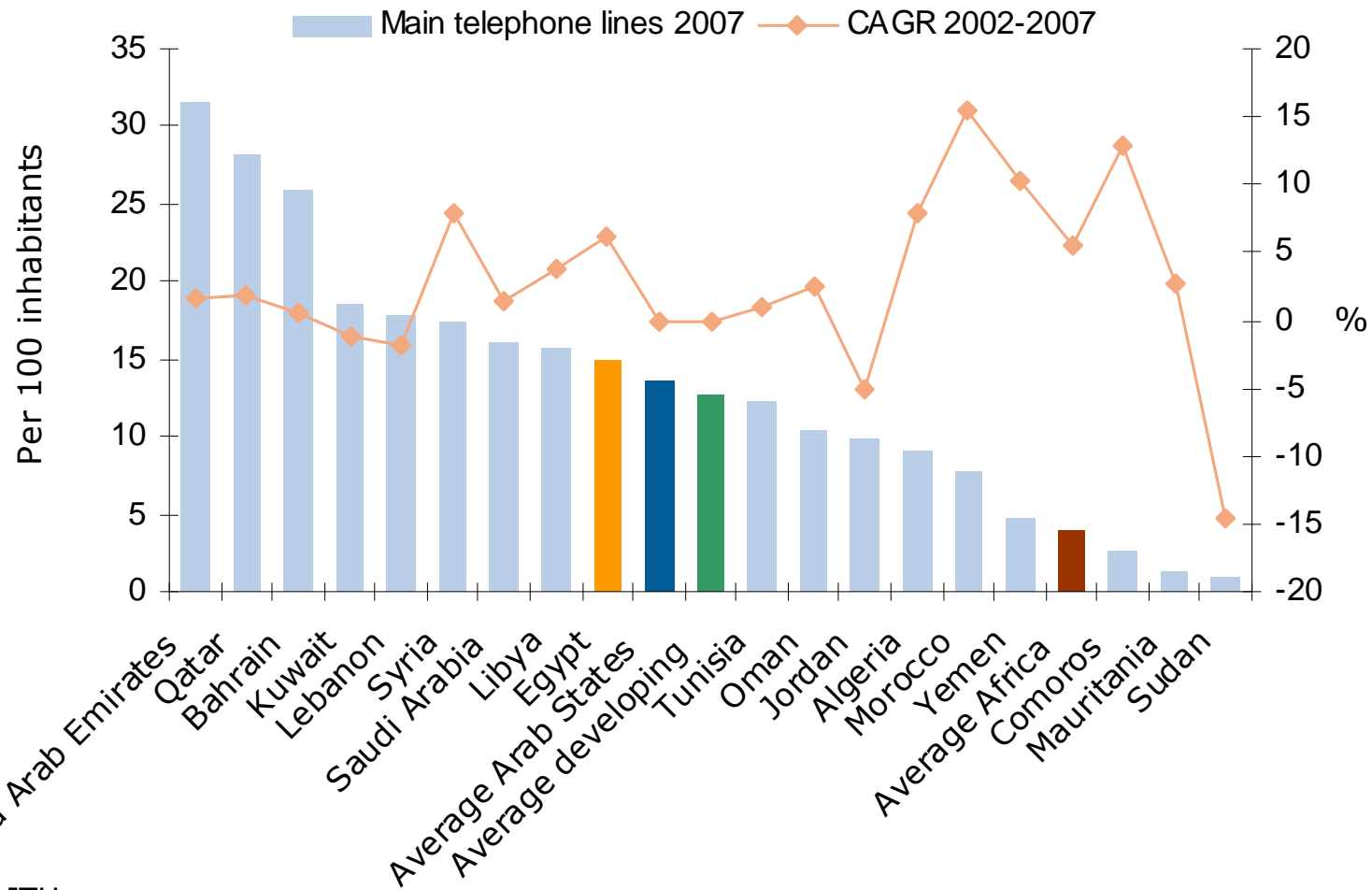
# Mobile cellular penetration in Arab countries



Source: ITU

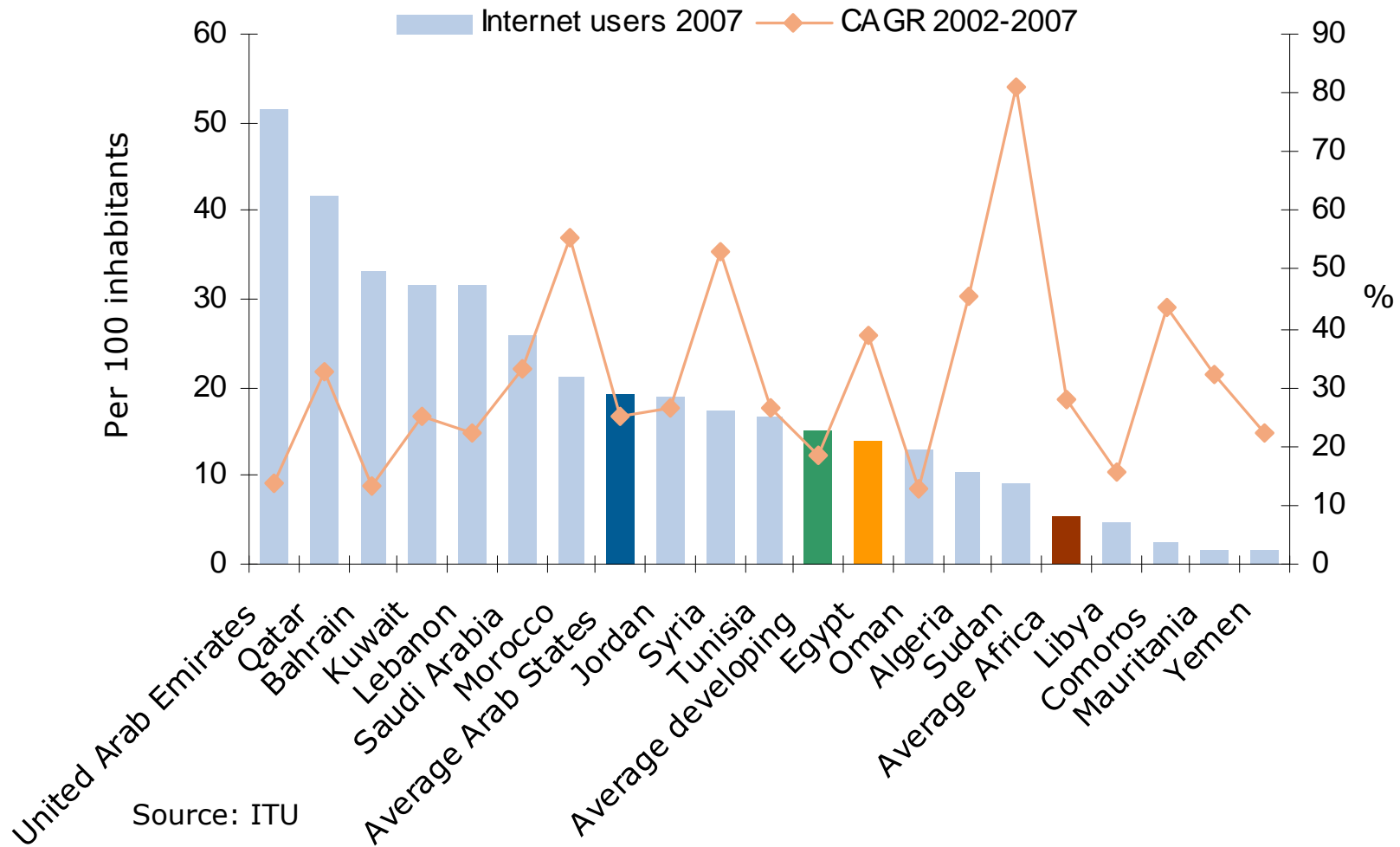
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# Fixed telephone lines above average



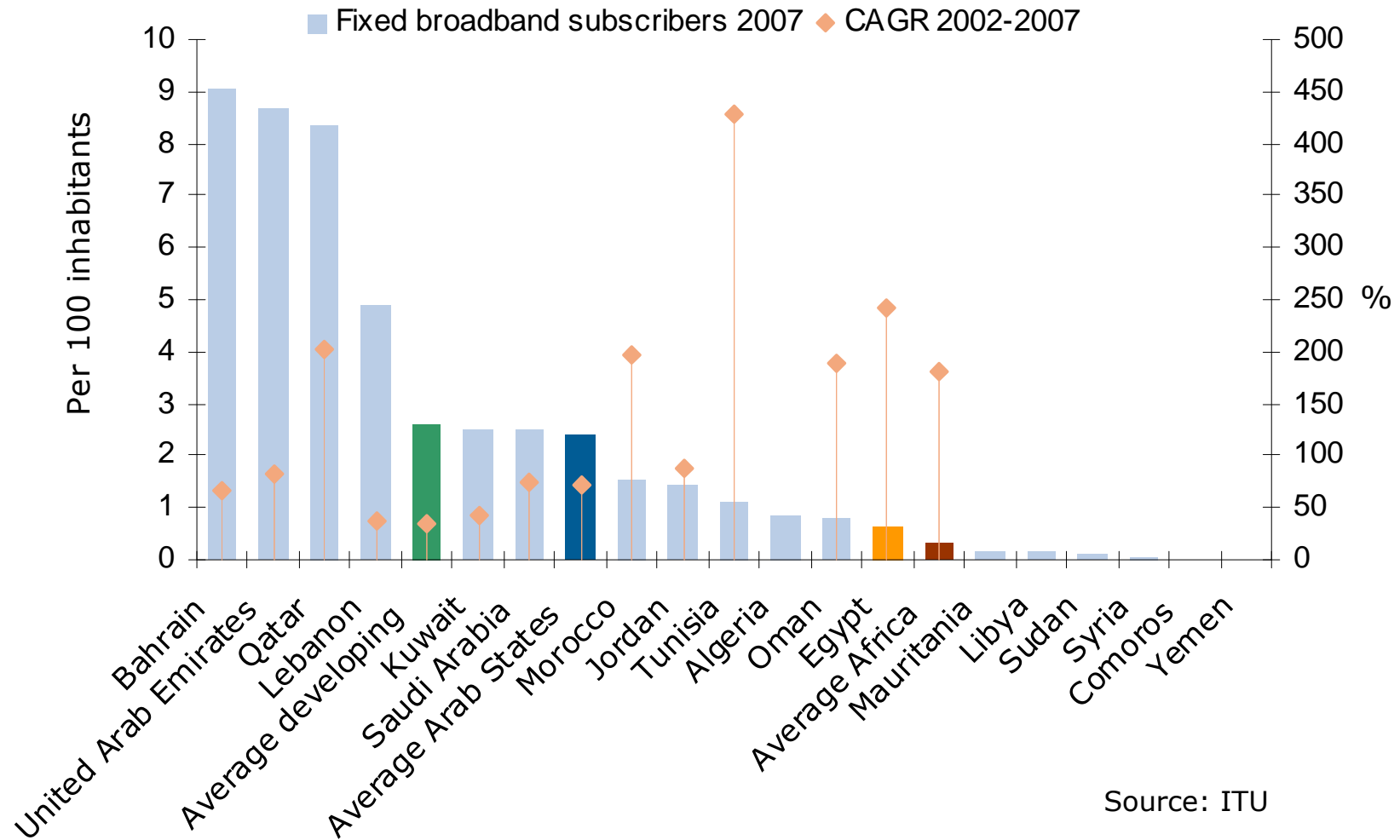
Source: ITU

# Internet users – catching up



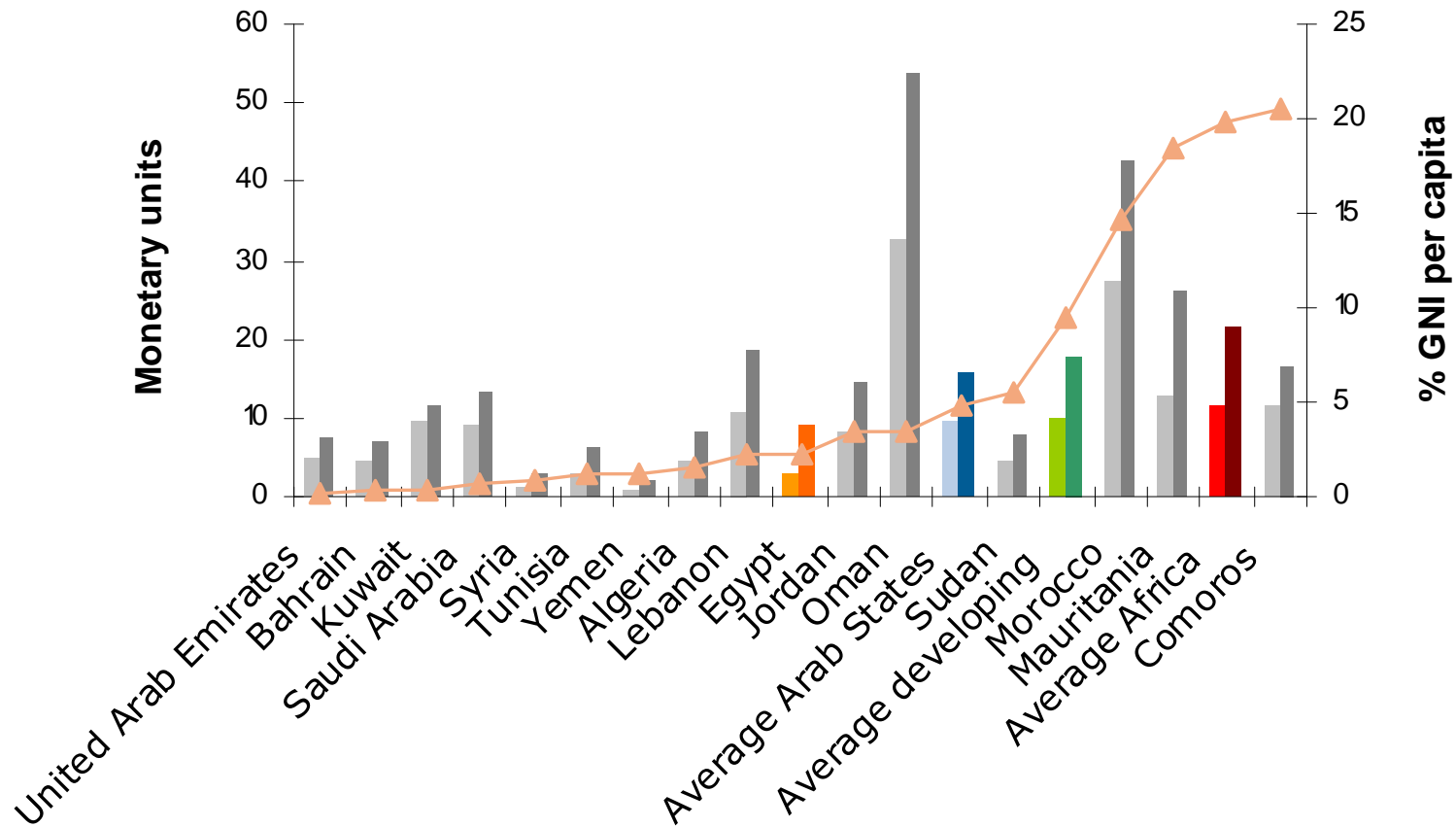
Source: ITU

# Fixed broadband still low ...



Source: ITU

# Fixed telephone sub-basket



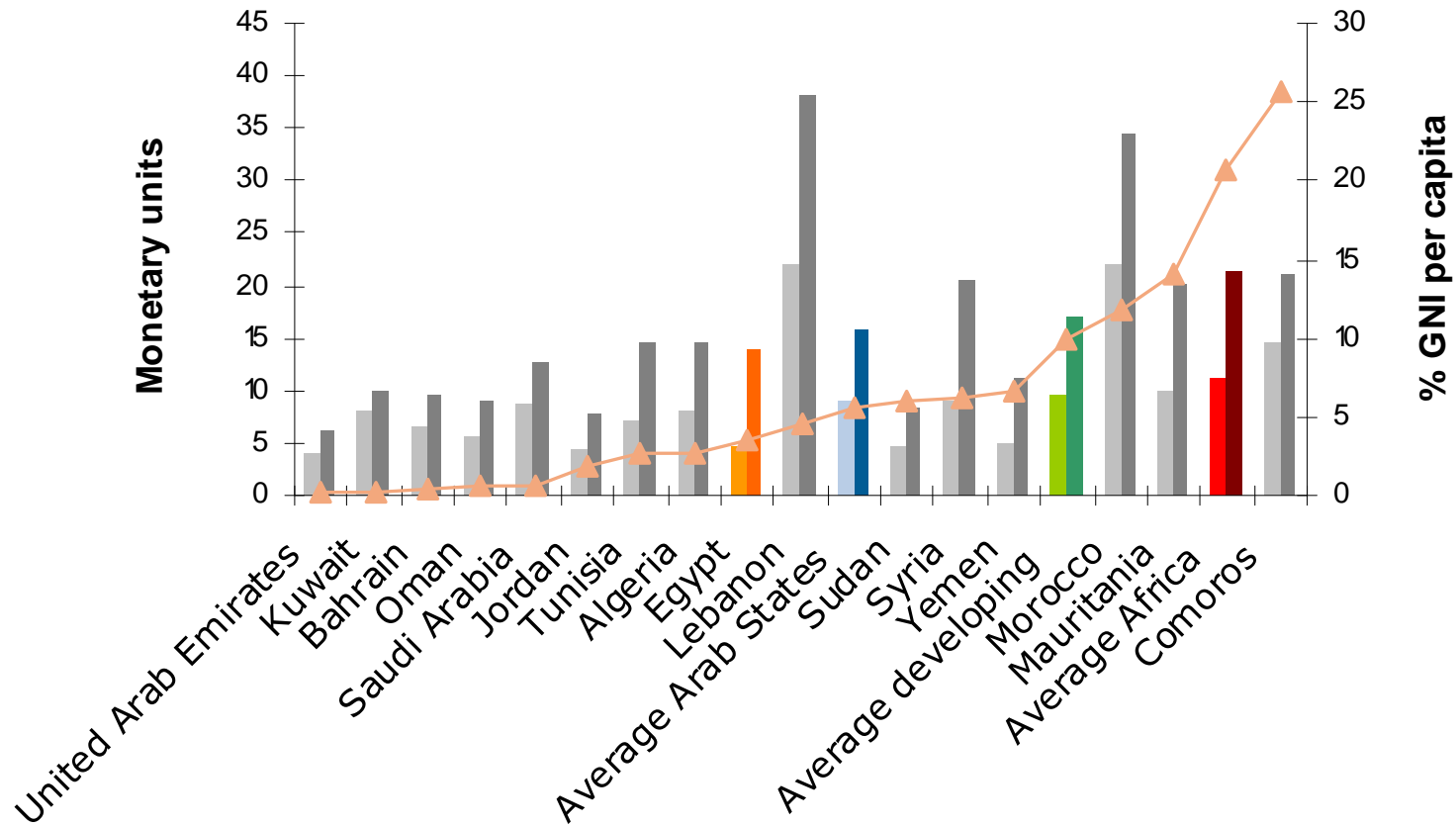
Source: ITU

US\$

PPP\$

% monthly GNI per capita

# Mobile cellular sub-basket



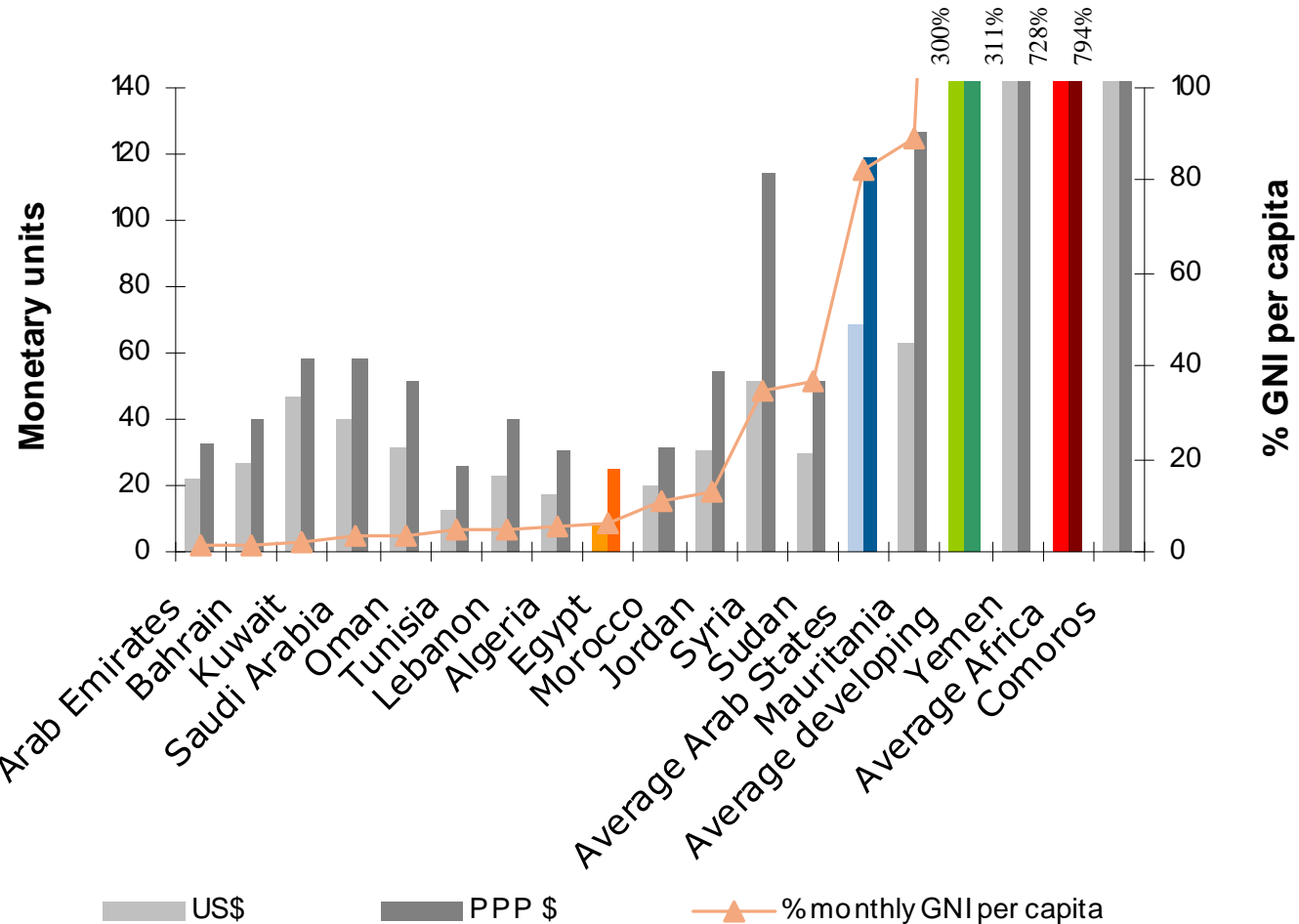
Source: ITU

US\$

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% monthly GNI per capita

# Fixed broadband sub-basket



Source: ITU