

# Challenges of ISPs in Africa

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## Agenda

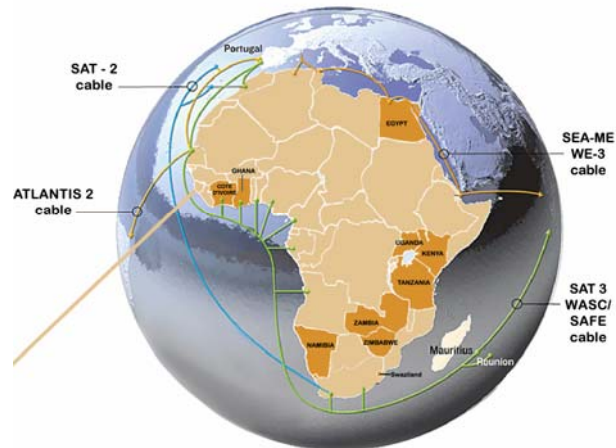
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- Africa Internet Connectivity
- The Challenges of ISPs
- Q&A



## Africa Internet Connectivity

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## The Challenges

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- ICT Governance and Regulatory Environment
- Infrastructure underdevelopment and expensive bandwidth
- Under Capitalization
- Macro Environmental Issues
- Fierce Global Competition
- Demanding global oriented stakeholders
- People Resources



## ICT Policy & Regulation

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- No clear policy for ICT governance
- Unclear or non existent Regulatory framework
- Regulation protects incumbent (monopolistic operators)
- Restrictive regulation– Broadband Wireless, VSAT, VOIP, Interconnect
- Moving towards universal licensing – but prohibitive fees
- Can we move to regional licensing?
- Advocacy Groups – how effective are they (TESPOK, AFRISPA)?



## Infrastructure underdevelopment

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- Limited coverage of in-country infrastructure – telephone (Fixed and Mobile), national power grid – mostly in urban areas
- International access via satellite (mostly) and monopolistic SAT3 undersea cable – very expensive bandwidth
- None existent or extremely limited coverage of ADSL and Fibre
- No Intra-Africa connectivity
- Leads to unfavorable trade - the theme of the Halfway Proposition by AFRISPA?



## Undercapitalization

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- Limited financial resources for infrastructure development and manpower development
  
- It results in high pricing
  
- Therefore limited Internet penetration
  
- Keep up with pace of change – era of convergence



## Macro Environmental Issues

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- Socio-Economic
  - Internet ranks very high in hierarchy of needs - Affordability
  - Internet not considered basic necessity (should be)
  - Compare mobile phone vs. Internet usage
  - **GPD Index of African Countries**
  
- Political
  - Can we attract investment (c.f. Cote d'Ivoire)
  - Can we do business (c.f. International sanctions on Sudan)
  - Impacts on all environmental factors negatively



## Fierce Global Competition

- Focussing on cost leadership (under cutting)
  - Results in substandard offerings to the markets
  - Corporate governance is compromised (ethics)
  
- Stronger value proposition from bigger players
  
- Increased cost of doing business
  
- Proliferation of ISPs resulting in shrinking market share



## Demanding Global Stakeholders

- Customers - Cannot satisfy performance requirements
  - Service Delivery?
  - Service Level Agreement – can we meet this?
  - Demanding more for less?
  
- Share holders - Want to see value in short term not long term (shorter payback time)
  
- Employees - Retention of best talent
  
- Media - the watchdog? enlightened and globally aware
  
- Governments and the community – give back to society



## People Management

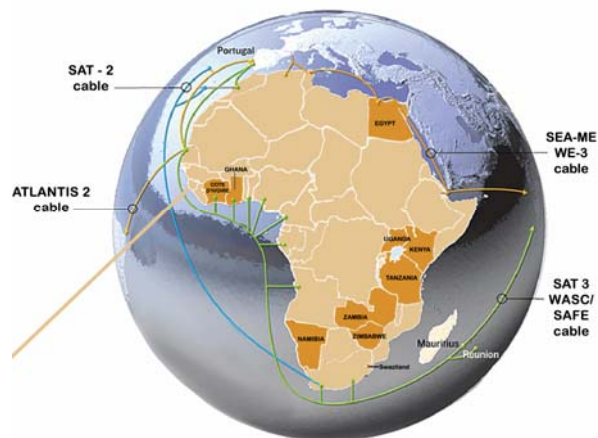
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- Need for knowledge combined with experience
- Retention
- Creating an environment of continuous development
- Balance of immediate needs for skills and competency versus creating career path for existing team
- Lucrative overseas offerings – brain drain



## Only the BEST will survive!

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# Thank you



## Q & A

