VoIP: An opportunity for consumers and service providers?

Russell Southwood, CEO

Balancing Act
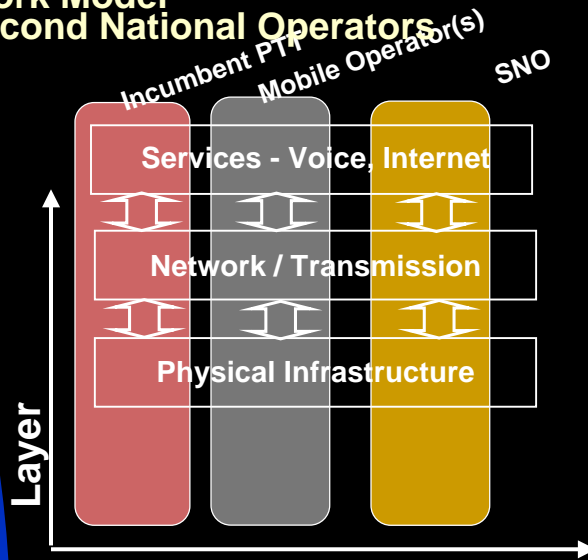
http://www.balancingact-africa.com

Info@balancingact-africa.com

balancing act

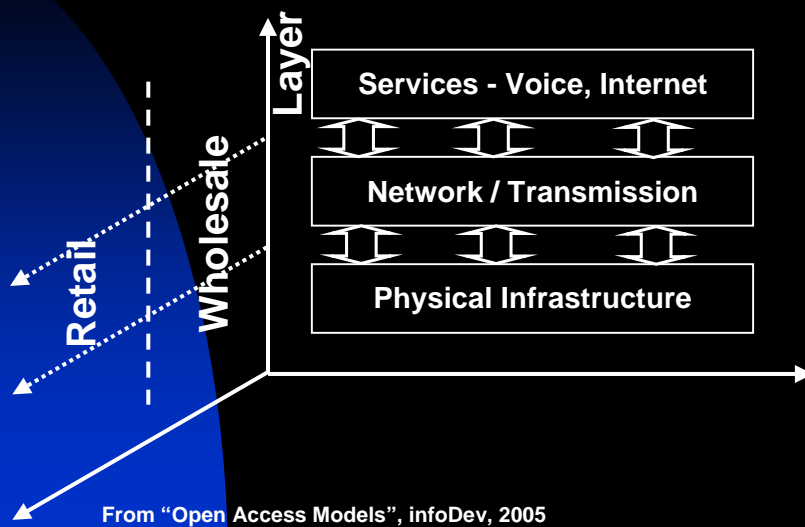# The significance of VoIP and the transition to IP networks

- Telephony is a highly centralising technology. The "intelligence" is located centrally and usually controlled by one organisation
- IP (internet) is by contrast a network where no single entity controls it and the "intelligence" can as easily at the edge of the network
- IP telephony offers the opportunity to change the structure paradigm from the former to the latter

Layered Network Model
Mobile and Second National Operators

Incumbent PTR **Mobile Operator(s)** **SNO**

Services - Voice, Internet

Network / Transmission

Physical Infrastructure

Layer

Layered Network Model
Open Access / Reseller Model

Layer

Retail

Wholesale

Services - Voice, Internet

Network / Transmission

Physical Infrastructure

From "Open Access Models", infoDev, 2005

Industry and technology trends

- Broader shift from low volume, high margin to high volume, low margin. (Developing world driver: diaspora communities)
- Shift from telecom to internet business practices. No longer minutes, it's all data bandwidth. The end of intl gateways.
- Separation of services and infrastructure. Layered markets. Shift from telco to internet practices.
- Disruptive technologies. Large equipment suppliers integrated packages to things you can buy out of the catalogue (eg mobile Wi-Fi)
- New entrants rolling out innovative solutions that attempt to undercut the majors. Technology beats regulation (wi-fi, VoIP) Illegal? Users don't care. Lowering the cost access.
- More competition at the consumer level. No one-size-fits-all producer economy approach but nuanced service offers

Emerging business models

- SME service providers on the network. Access web site and ready to go up to new services (birthday greetings, push-to-talk)
- Competition at the infrastructure level
- Edge of network roll-out in rural areas using mobile VoIP (local WLANs, franchise, rural plug-and-play or existing incumbent telco)
- Delivery of triple play

Other issues

- Major regulatory issue: Creating open access to the IP network in all layers
- Practical issues:
- Quality of Service: In developing world, majority experience is mobiles. Info to let consumers make choice
- Access to emergency services
- Security
- Numbering