Building a case for Africa
by Michele McCann - NAPAfrica
Agenda

- Business Opportunities in Africa
- The South African Landscape

- Landscape Overview
- Terrestrial Fibre Overview

- Peering Overview
- The Opportunity
A view of Africa

**...GDP Growth is Outpacing Asia**

There are more middle income households in Africa than there are in India. (KPMG)

*The true size of Africa: Kai Krause*
Myriad business opportunities

- IT services growing in rapidly growing economies - Nigeria, Ghana, Kenya, Tanzania, Uganda & Angola

- Key drivers for growth and IT services opportunities in 2013 include:
  - **Infrastructure projects** eg: Lagos metro blue line, Ethiopia Djibouti railway, next gen satellite network projects, PPPs.
  - **Growth in Financial Services** – Geo-expansion across Africa. More than 50 mobile money initiatives existed in 2011
  - **Government spend** – Increased economic growth will see gov spending on energy, transport, infrastructure, and citizen centric services accelerate in larger economies.

*IDC - Cloud & IT Services in 2013 (January 30, 2013)*
South Africa as launch pad into Africa

South Africa

- 15th largest telecoms market in the World (2012)
  [http://www.youtube.com/watch?v=HzCwQ6L2k](http://www.youtube.com/watch?v=HzCwQ6L2k)

- 50.5m / 59.4m people / mobile phones

- 8.5m Internet users (2012)

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**West Coast**
- SAT3/SAFE: 40 gigabits, Active
- MainOne: 1920 gigabits, Active
- GLO1: 2500 gigabits, Active
- WACS: 5120 gigabits, Active
- ACE: 1520 gigabits, Active
- SAdex: 11.8 terabits, Active
- WASACE: 40 terabits, Active
- SAC5: 46 terabits, Active

**East Coast**
- SEAC: 320 gigabits, Active
- TEAMS: 1280 gigabits, Active
- SeaCom: 1280 gigabits, Active
- Lion2: 1280 gigabits, Active
- Lion: 1280 gigabits, Active
- EASSy: 4720 gigabits, Active
- BRICS: 12.9 terabits, 2014

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**African Undersea Cables (2014)**
[http://manypossibilities.net/african-undersea-cables](http://manypossibilities.net/african-undersea-cables)
Version 34 - Nov 2012
The changing landscape

- **1996**: Telecommunications Act
- **2005**: VoIP liberalised
- **2009**: Seacom lands Neotel launches
- **2008**: Altech ruling introduces 300+ potential networks
- **2010 - 2011**: Mobile interconnect rates slashed 10 new network operators launch EASSY and WACS land
South Africa remains the highest ranked African emerging economy...

Grant Thornton’s recent report entitled: “Emerging Markets Opportunity Index: high growth economies” has ranked South Africa as the leading emerging economy on the African continent, ahead of Nigeria in terms of potential investment destinations.”

In terms of the results for 2012, South Africa is also the only African country to be ranked in the Top 15 emerging economies worldwide.”

- competitive, deregulated telco market
- 15th largest telco market globally
- 2nd fastest growing Cloud market in EMEA
- quality infrastructure
- stable power grid, producing > 40 000MW
- stable economy
- highest GDP in Africa
- stable democratic government

South Africa is ideally positioned to be the gateway into Africa

*Grant Thornton, Emerging Markets Report 2012*
Key Growth Markets

- **South Africa's tourism industry**
  - South Africa's scenic beauty, magnificent outdoors, sunny climate, cultural diversity and reputation for delivering value for money have made it one of the world's fastest growing leisure – and business – travel destinations.

- **Mining and minerals in South Africa**
  - South Africa is a world leader in mining. The country is famous for its abundance of mineral resources, accounting for a significant proportion of world production and reserves, and South African mining companies are key players in the global industry.

- **ICT and electronics in South Africa**
  - The leader of information and communication technology development in Africa, South Africa is the 20th largest consumer of IT products and services in the world.

Read more: [http://www.southafrica.info/business/economy/sectors/#ixzz2SDimxfr6](http://www.southafrica.info/business/economy/sectors/#ixzz2SDimxfr6)
Africa ICT Landscape

- 99% of the content consumed Internet by Users in Africa is imported

- 4 Countries Egypt, Kenya, Nigeria and South Africa contribute to 99% of Africa’s local traffic.

- This creates an Internet traffic Trade deficit or “Internet Transit Deficit” – where significantly less traffic is generated locally than accessed internationally.

- Internet penetration is > 13% and rising.

- Facebook enjoys the contributions of over 51 million African users at a 4.8% penetration rate

- Africa is the 2nd largest mobile market globally – after Asia
Terrestrial Fibre

- Increased investments by Governments and Private sector
- By July 2012, Africa’s total inventory of terrestrial transmission networks reached 732,662-km
- 313m people were within reach of a fibre node
- Expected to reach 50% of population with completion of planned projects
Peering is Key: over 26 internet exchange points

- Neutral layer 2 switch fabric allowing peering inside Neutral Facilities e.g. Teraco
- Allows exchange of traffic between providers: local and global carriers, ISPs, ASPs, content delivery networks
- Improved Product Offerings
- Reduced IP transit fees
Thank you
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