

Too much broadband for Africa?

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Johannesburg - There could be a substantial oversupply of international bandwidth capacity if all ten of the planned undersea cables planned get under way.

So says telecommunications, IT, internet and financial services consultancy BMI-TechKnowledge (BMI-T).

Speaking at a presentation about a recent report it authored on undersea and terrestrial infrastructure on the continent, research director Brian Neilson said it seemed unlikely that all of the projects would come to fruition.

Seacom, which runs along the East Coast of Africa and should be operational from the middle of next year, was "ahead of the race" and should emerge the winner, Neilson said. This is the only coastline along the continent without an existing submarine cable system.

Neilson said Seacom had simple ownership structures, supply and finance agreements in place, which was not the case with some of the other potential projects.

Many were also bogged down by the complexity of multi-government involvement, he said. The ambitious Nepal-led UhuruNet is a prime example.

The four most likely projects to come to fruition, according to BMI-T's analysis of their business case and project management approach, were Seacom, The East African Marine System (or teams, spearheaded by the Kenyan government), the SA government's Infraco (it plans a West African cable) and pan-African initiative Eassy (the Eastern Africa submarine cable system).

UhuruNet could "eventually" also get there, Neilson said.

Neilson said as it stood, Africa had too little international capacity, so at least some of the undersea cable projects were absolutely necessary.

And if these came on stream sensibly and progressively, there would be a substantial ramping down of wholesale prices that should facilitate the aggressive uptake of broadband on the continent.

However, there was no point in simply having an undersea cable landing on one's

shores. This infrastructure investment needed to be matched by the appropriate terrestrial fibre optic cable systems as well.

Even though South Africa has seen a significant increase in broadband penetration over the last three to four years and it far outshines other African countries in this regard, Neilson said this was still only 1.7% at the end of last year.

'Massive potential'

The potential on the continent for the uptake of broadband over the next five ten years was massive, Neilson said. This was not only the form of mobile broadband, but also of fixed-line broadband technologies like CDMA EV-DO (what Neotel uses) and WiMax (a far-reaching wireless technology that many of the local operators want to get their hands on spectrum for).

BMI-T predicts a rapid drop in broadband prices generally once the various bottlenecks open up and competition bites.

Neilson said although the price of fixed-line broadband in South Africa had fallen, it would come down further still. In terms of mobile data prices, the operators had already taken the lead in bringing down prices quickly.

"The prices we pay for mobile data in South Africa are globally competitive. Nothing else is. They just decided to own the space."

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