“Competitive Platforms for the Delivery of Digital Content”

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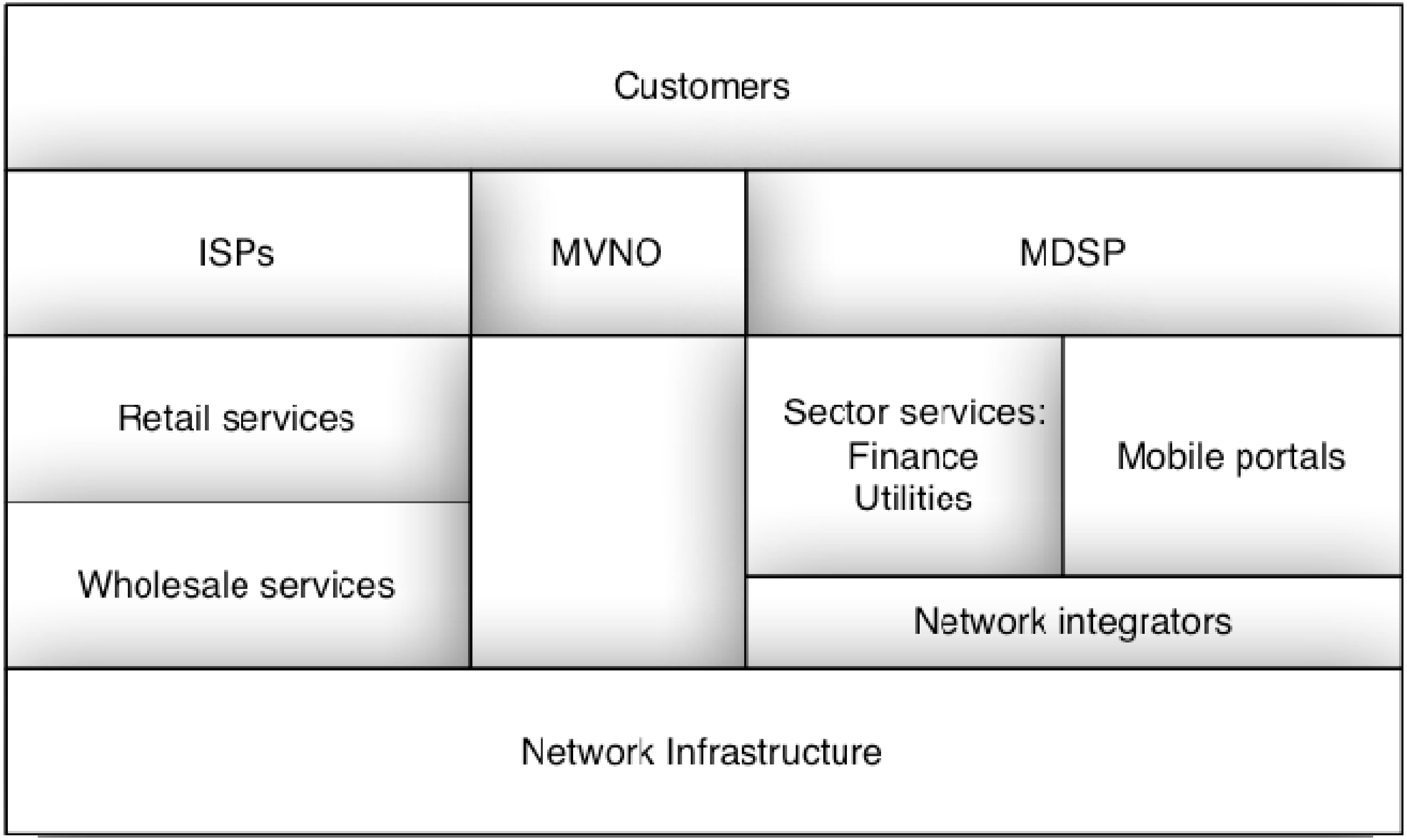
Disclaimer

The views expressed in this presentation are not necessarily those of ICASA, its Council, management or staff.

The business case for mobile

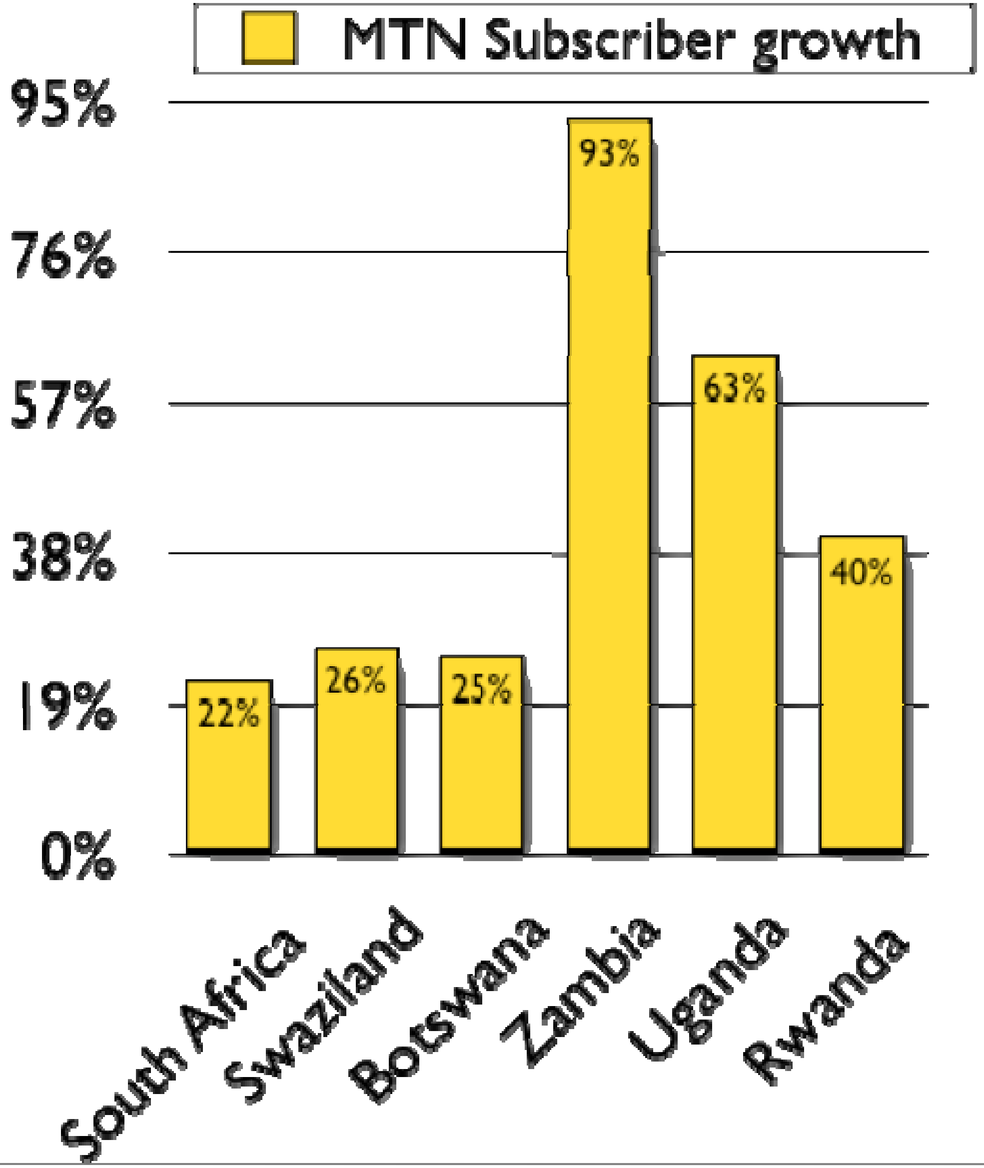
- Voice continues to be dominant in Africa
- Segmented approach to the mobile business case
  - “Emerging markets” are not uniform markets
- Africa can be split into 2 categories
  - Markets nearing maturity (Egypt, Morocco, South Africa)
- Data becoming increasingly important for mature markets
- Markets with growth potential (other African markets) are still based on voice

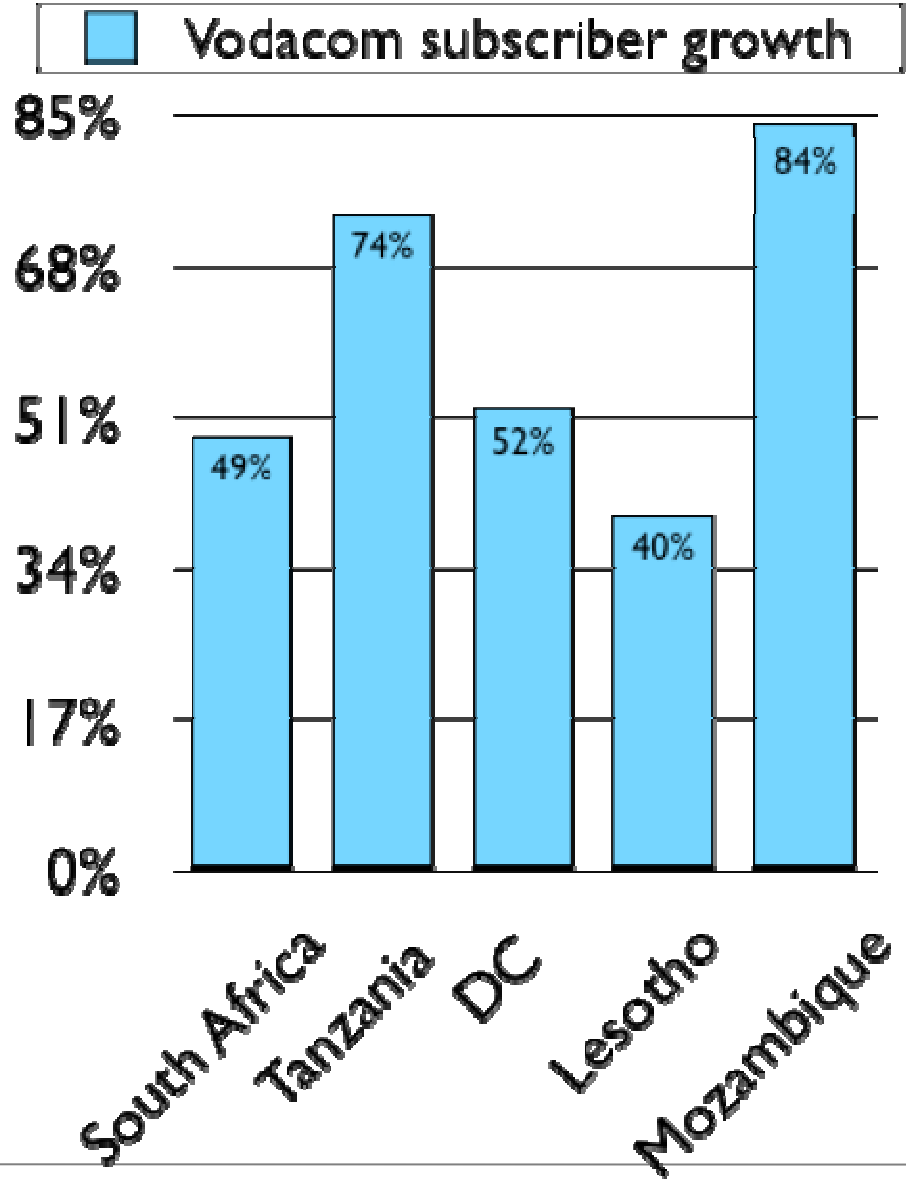
Mobile data business model



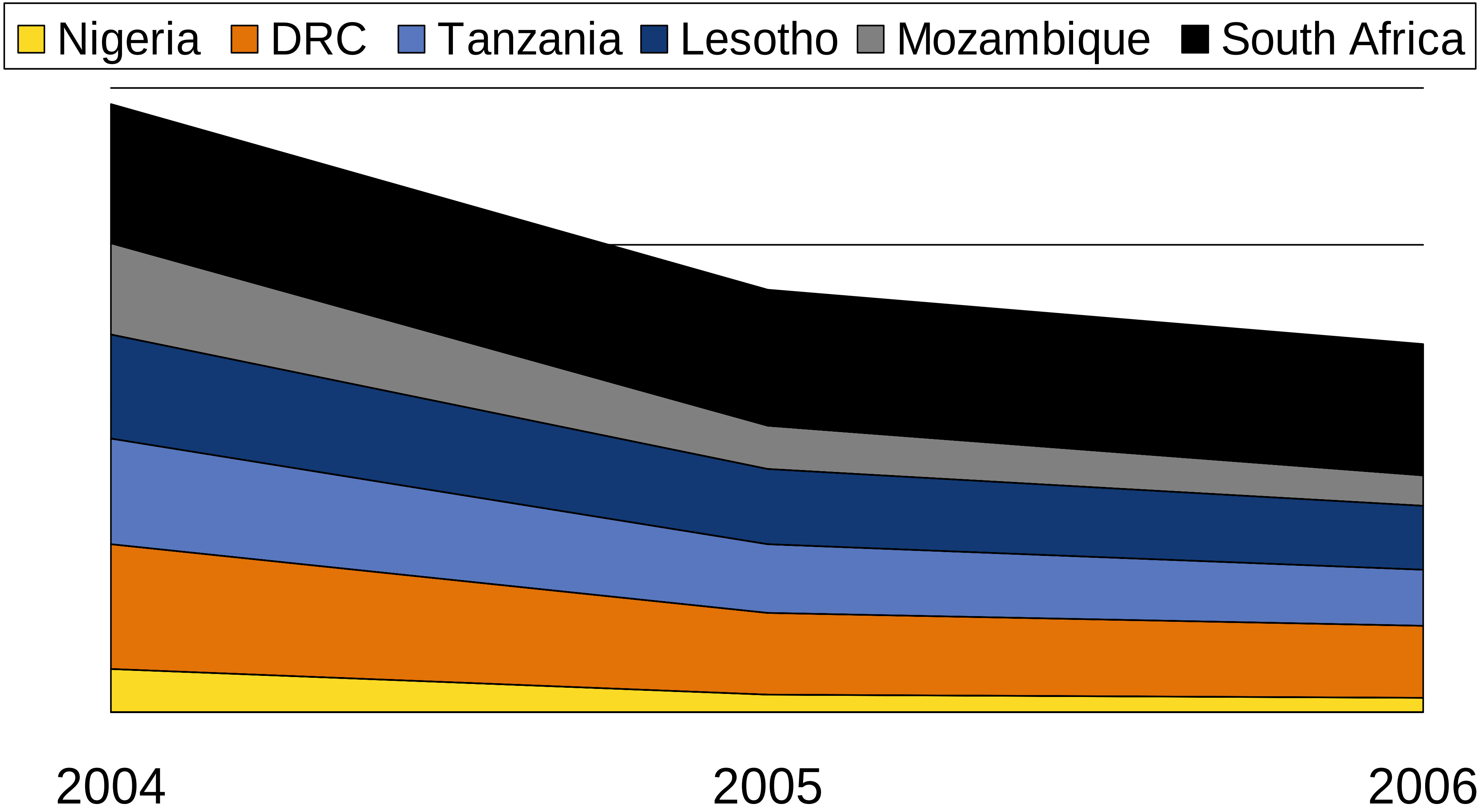
Source: Olla, P. & Patel, N. 2002

Mobile subscriber growth





Declining ARPUs



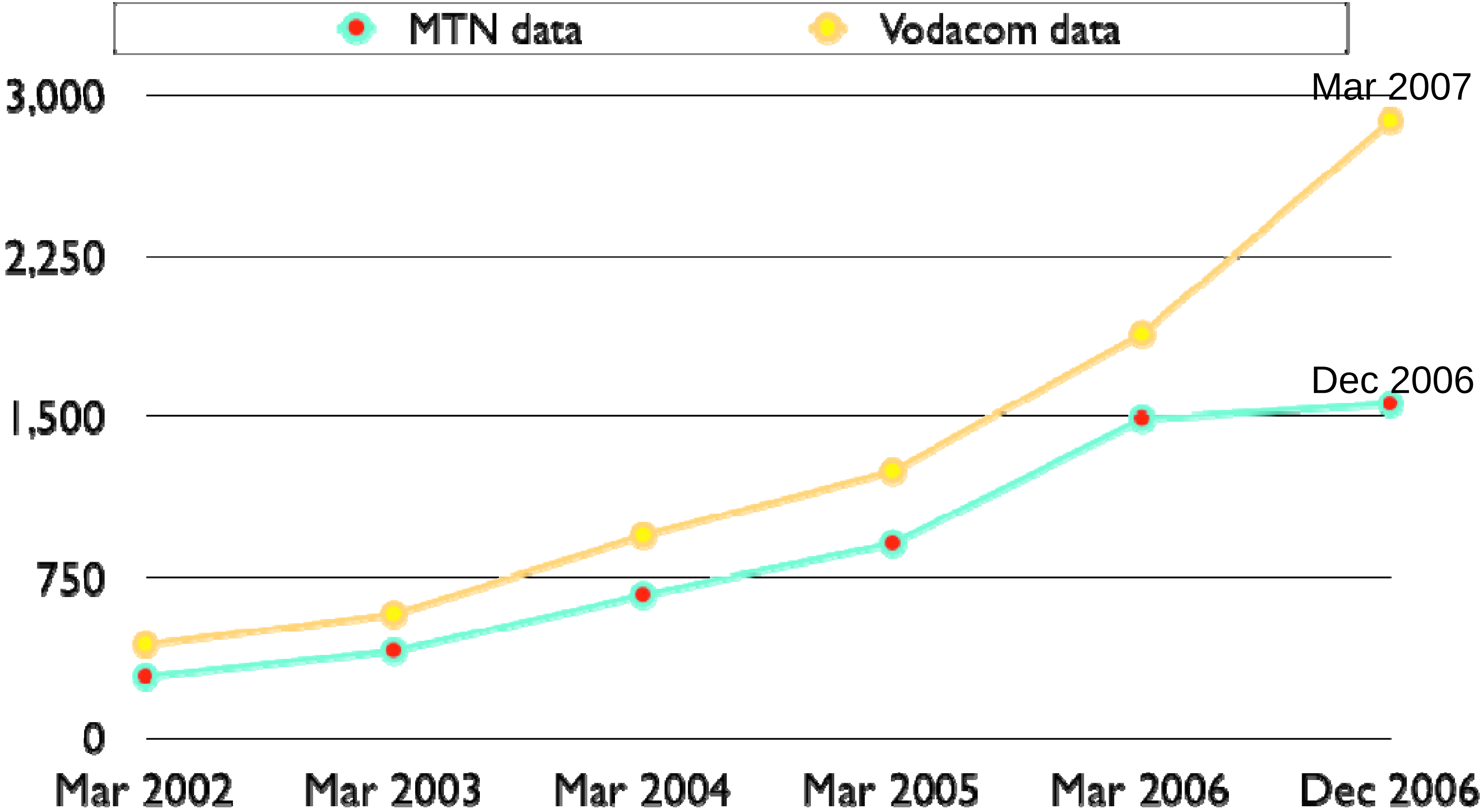
Mobile data

- **Operators see data as a growth area**
  - "Take advantage of opportunities within the value chain [such as] data opportunities" (MTN)

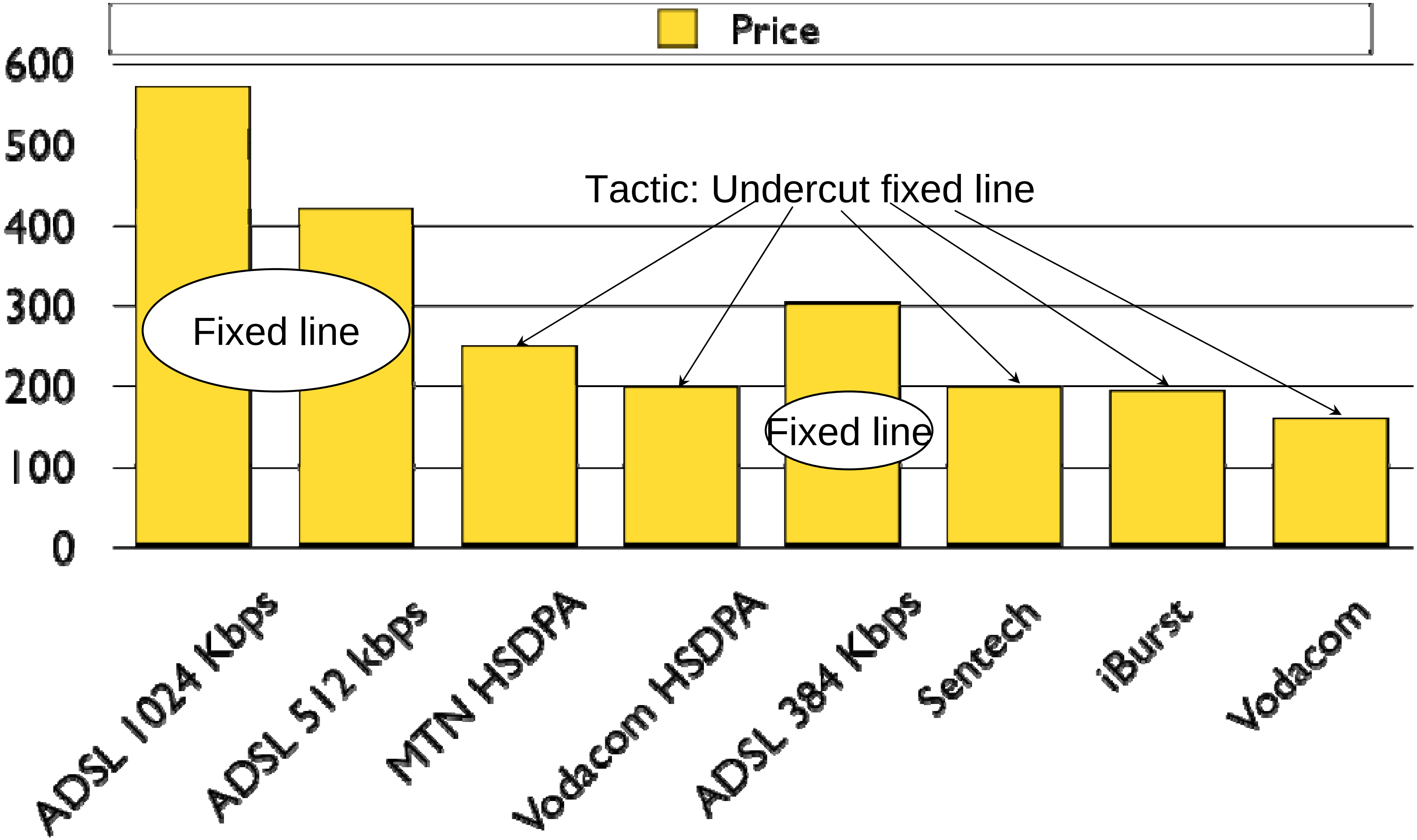
    "The alliance with Vodafone Group Plc is expected to provide further impetus to revenue growth from innovative products, which will also support the group's growth strategy for new technologies ..... where the focus remains on growing data revenues" (Vodacom)

- **Operators seeking new sources of revenue and enhanced user experience**
  - Fixed –data → **78%** ↑
  - Mobile broadband (data, gaming, entertainment…) → **366%** ↑
  - Mobile TV (DVB-H)
  - IPTV
  - CAPEX to NGN
  - Exploit success of pre-paid model

Data revenues - Vodacom & MTN



The business case for broadband services



The business case for mobile TV in SA

2m pay TV subscribers

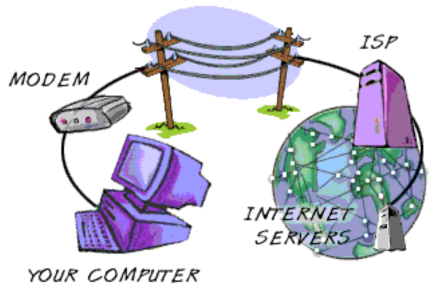
10m TV sets

33m mobile phones

Increased data spend

Declining ARPU

Increased delivery platforms

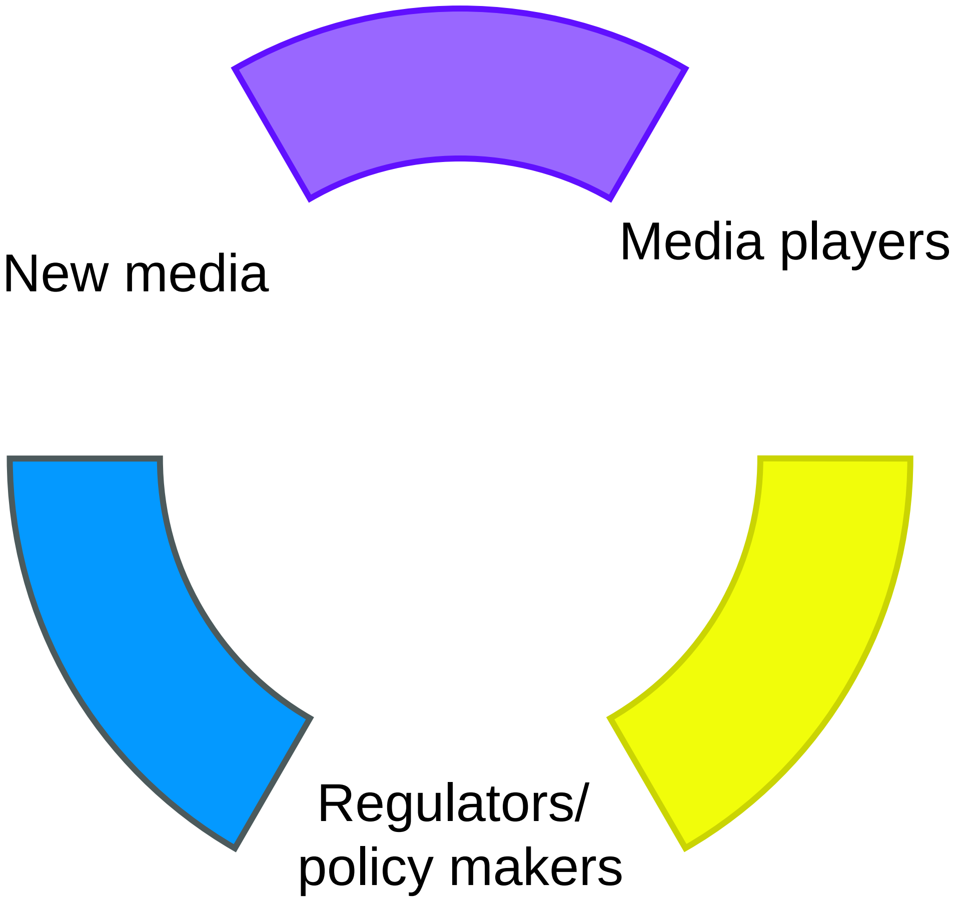


Maturing market

2010 World Cup Football

Success of prepaid model

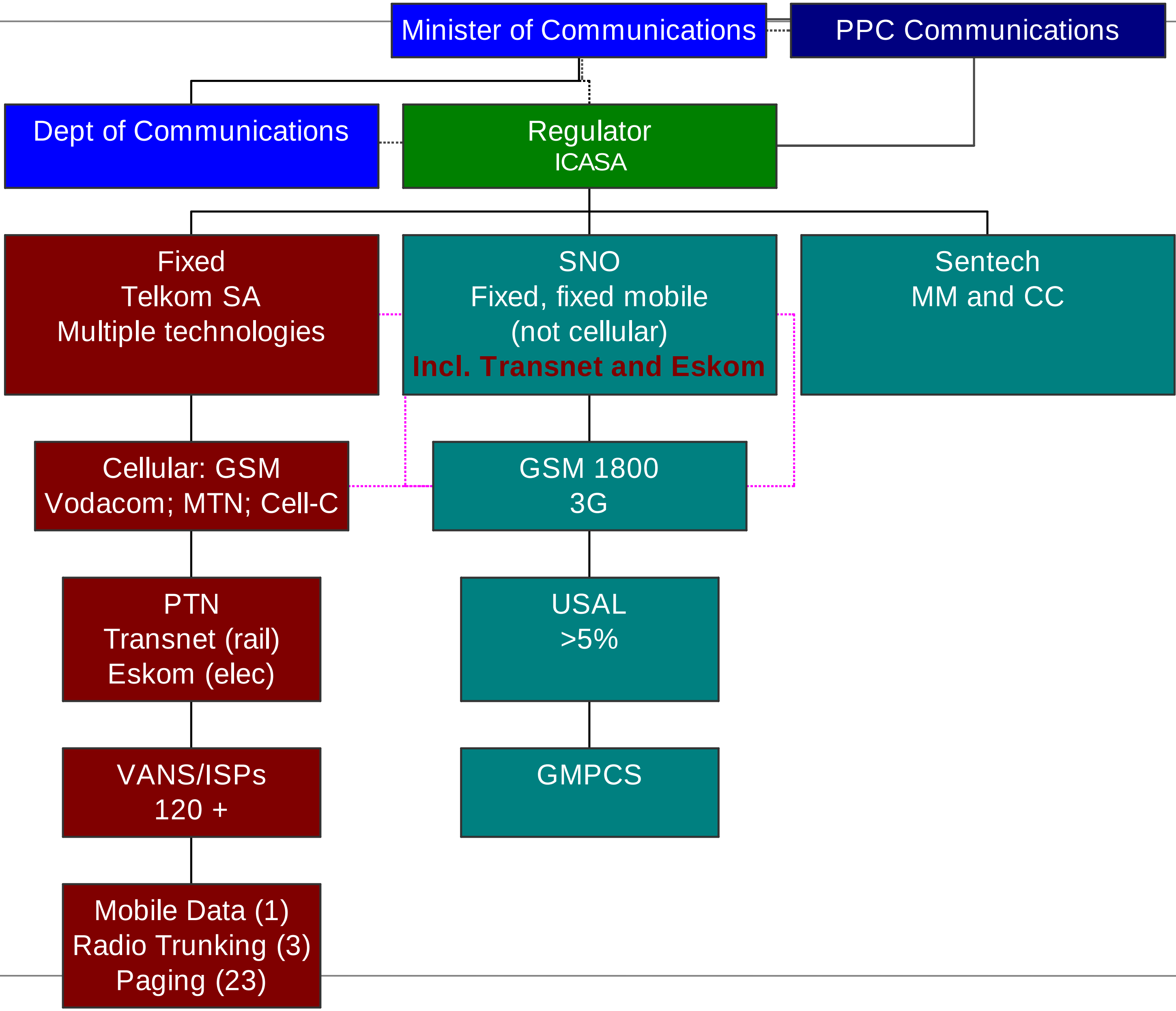
The changing/cyclical nature of regulation



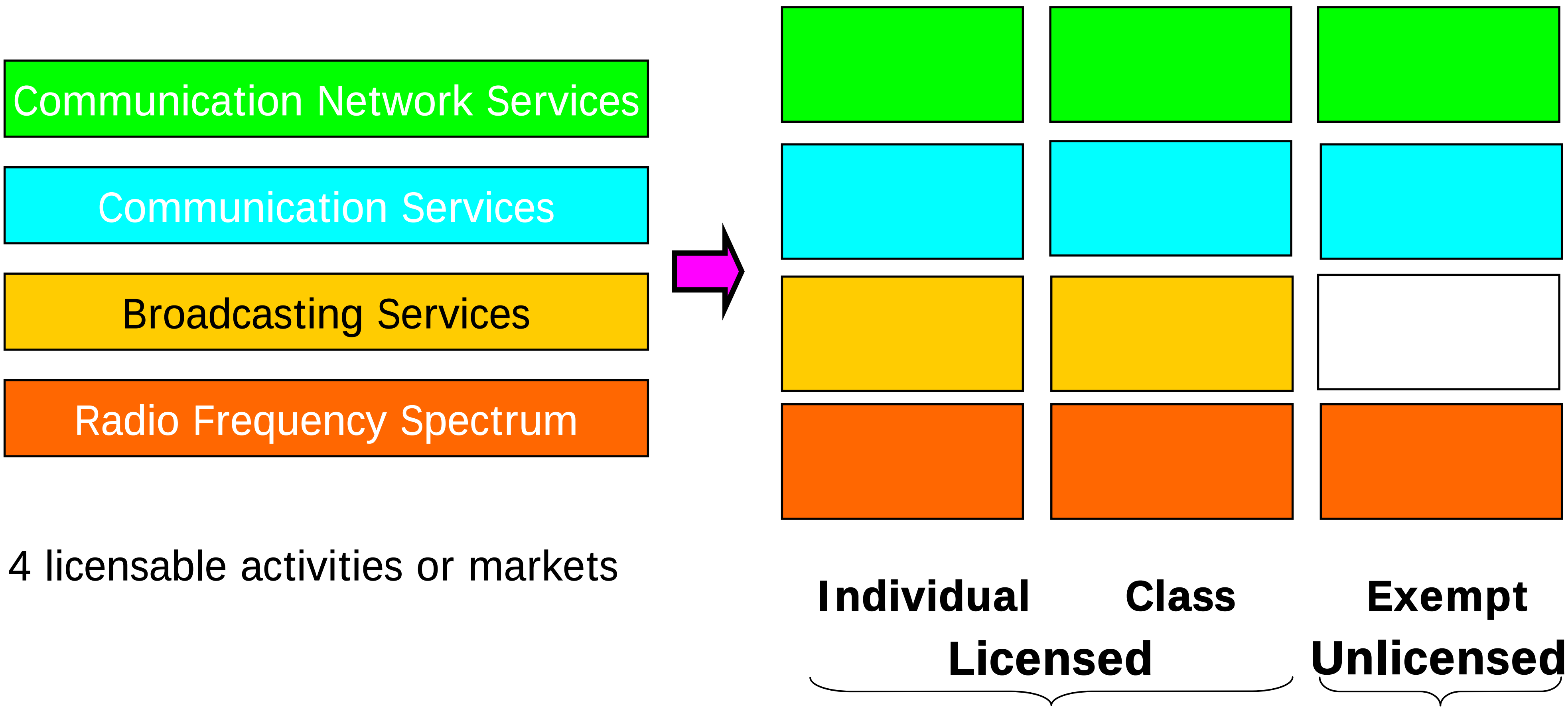
- Noam suggests that all regulation will converge around a single platform – the Internet - changing the nature of all regulation to become, in essence, telecom regulation.

- Eli M. Noam, "Why TV Regulation will become telecom regulation" OFCOM, http://www.ofcom.org.uk/research/commsdecade/

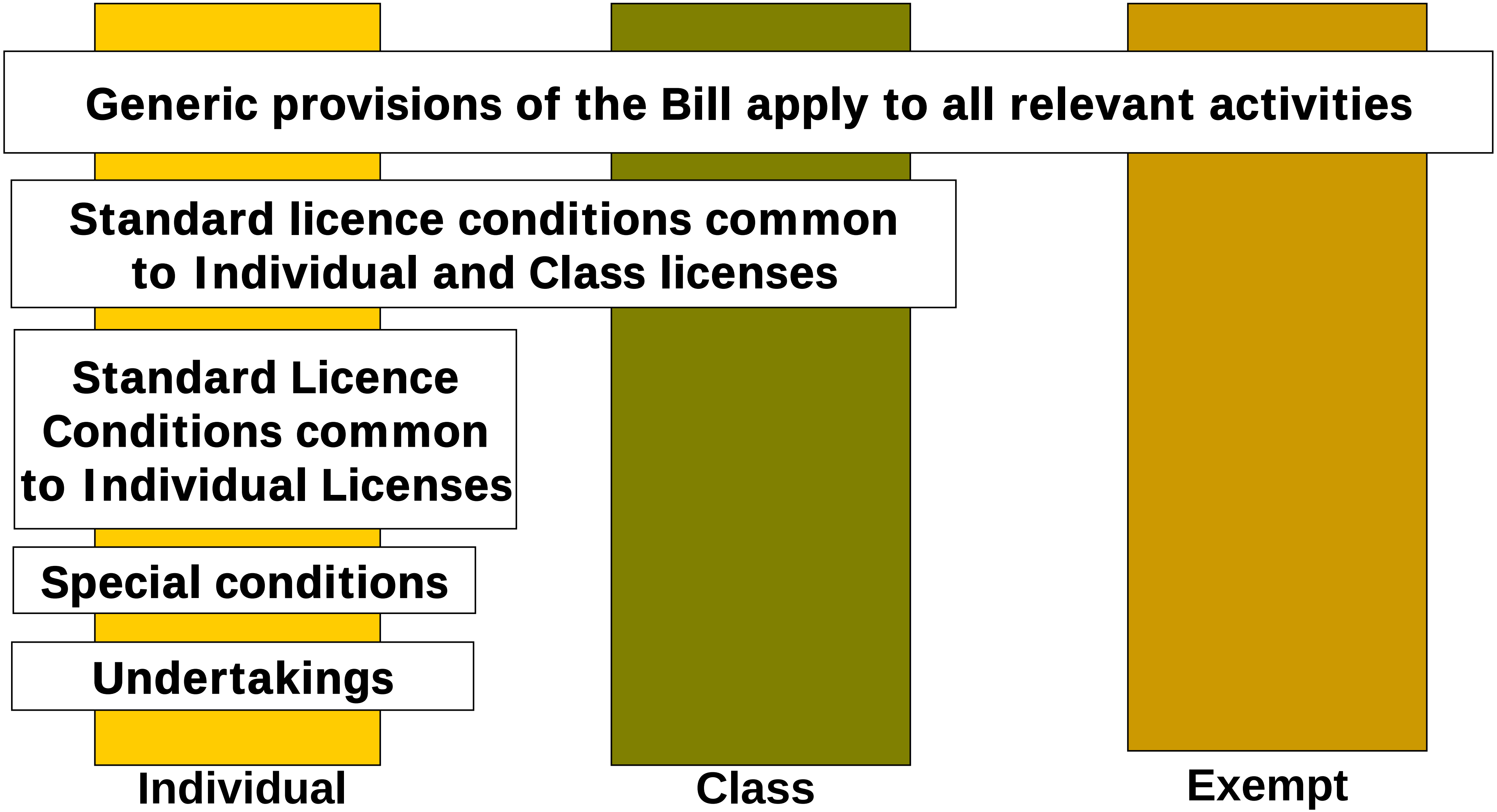
SA market - vertical to horizontal



Electronic Communications Act - licensing



Converged approach to licensing



Conclusion

- Legal and market convergence underway
- Supplementary revenue through data and mobile broadcasting
- NGN capex commitments confirm
- User experience sought to be enhanced
- Business case for mobile TV is untested
- 2010 world cup football – major driver of DVB-H in SA
- Legal and regulatory framework not an impediment
- Implications for competition (regulation)