

2013 - a Connection Telecom retrospective

 By [Rob Lith](#)

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The major trends and events that shaped the communications landscape in 2013.

Local trends

- **Fibre to the building**

2013 was the year of sharp fibre price cuts, causing a spike in fibre-to-the-building installations that will cause a steep rise in the number of businesses - big and small - with access to true symmetrical high-performance broadband.

A 1 mbps service can cost as little as R1500 for installation and R1500 in monthly subscription fees, and is available from providers including Internet Solutions and Neotel.

Having fibre makes a company's transition to voice over IP infinitely easier, as the speed and other performance improvements remove much of the hassle of engineering VoIP.

Fibre's superior response times further contribute to VoIP's attraction. Analogue access lines have an inherent delay in the modulation-demodulation process. For their part, digital circuits have latency delays in the low hundreds of milliseconds, while fibre is orders of magnitude faster, with latency as low as 1.5 to 2ms.



Image: [Free Digital Photos](#)

Reflecting this trend, we are noticing a rise in a new kind of niche network provider that specialises in pulling fibre from the kerb into business premises. Communications service providers will have to work out pricing models that allow this development to flourish.

- **National fibre**

Another important trend relating to fibre costs is the launch of a number of new north-south fibre services. FibreCo Telecommunications, for example, completed its fibre-optic network in November, interconnecting Johannesburg, Bloemfontein, East London and Cape Town and providing more cost effective open-access fibre.

Together, these two events will dismantle one of the biggest inhibitors to adopting fibre connectivity - cost - heralding great benefit for communications in this country.

- **Interconnect slippery slope**

In March 2013, Icasa (the telecommunications regulator) announced the third in a series of interconnect (IC) rate cuts (the rate one telco charges another for connecting a call to its subscribers). From R1.25 three years ago, the IC rate is now R0.40 for calls to mobile operators, 19c for national fixed-line numbers and 12c for local fixed-line calls.

Unexpectedly, Icasa announced it would start another round of annual reductions in the IC rate, starting in 2014. This will result in further price cuts and market competition.

The legacy business models of the mobile networks will come under great pressure as a consequence, as their

revenue from voice minutes halves, while VoIP players, which benefit extensively from zero-rated Internet Protocol calls, will benefit.

For Telkom, this is also good news. While its income from termination rates is now significantly lower, its enormous cost of sale of call minutes to mobile networks (R2 billion annually) will effectively be halved come March 2014.

- **BYOD**

The "bring-your-own-device" (BYOD) trend is another that has gained traction this year.

Essentially a nod to the tidal wave of digitally-empowering consumer technologies, BYOD is accommodated in the enterprise with more open interfaces to the corporate network, allowing employees to use their smartphones and tablets extensively from home, during travel and at the office.

- **Hosted (cloud) services**

The rise in hosted services is an outcome of a range of factors, including the proliferation of affordable fibre services and the benefits of network-based application architectures (such as easier management, provisioning and fault monitoring).

International trends

South African developments closely mirror international trends. We regard the following as significant:

- **Market consolidation:** As retail prices keep falling, business models will increasingly come under pressure, with further consolidation a likely outcome.
- **BYOD:** Exponential growth in the device market and increased competition in operating platforms will continue to put pressure on enterprises to support greater variety.
- **LTE (4G):** Fast mobile data capacity, suitable for carrying voice over IP, is starting to come to mobile users.
- **IP-based OTT (over the top) messaging:** OTT messaging is set to overtake SMS. Examples include iMessage, WhatsApp and a range of others.
- **TEM (Telephony Expense Management):** TEM as a value proposition offered by service providers will broaden into a new offering - the integration of business intelligence (BI) in TEM offerings will bring rich new information to enable even more effective management of telephony expenses, and also generate strategic information for other areas of the business - marketing, customer support etc.
- **WebRTC (browser based Real Time Communication)** is in the early stages but is hottest topic of discussion in the industry for future voice and video communications.

Long-range impact

All the above trends have the potential to exert a profound and long-range influence on the telecoms industry as well as the modes and economics of businesses communication in 2014.

There has never been a better time to adopt cloud-based unified communications services, as industry prices threaten traditional business models and enable new ones.

ABOUT ROB LITH

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