

# South Africa and the rise of the VoIP industry

 By [Rachel Greenberg](#)

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SAN DIEGO, US/ JOHANNESBURG, SA: In the next few years, South Africa will become more interconnected than ever with newly improved wireless communication technologies throughout the country.

Not too long ago, the National Long Distance (NLD) consortium finished the first 700km phase of its fibre optic Internet expansion in South Africa. The NLD's fibre optic network will reach hundreds of thousands of residential and business customers all over South Africa.

This new network will deliver high quality Internet service to new areas. Fibre optic Internet is 100 times faster than average Internet speeds, and represents one of the most sophisticated technologies on the market in connectivity technologies.

## Improved internet availability and VoIP

As connectivity services improve in a country, businesses and individuals get greater access to local and international resources and contacts, which will ultimately contribute to more productivity for South African businesses.

As more South Africans get high speed Internet, more may be able to get VoIP phone service as well. This means that some people who have never had regular phone service before may be able to get VoIP. It's much easier to get a VoIP phone line than to install an analogue phone line, and so [VoIP](#) may be a cost-effective alternative for people who had previously been unable to get phone service. VoIP would be a great choice for many South Africans because:

- All of the infrastructure needed for VoIP is included in Internet service, so as soon as these people get new high speed Internet connectivity, they will have all they need for VoIP.
- [VoIP phone service](#) is inexpensive, and will represent only a small additional monthly cost after the cost of subscribing for Internet service.
- VoIP is unlimited. People who get VoIP will have access to unlimited calling minutes to any other number in the country, and sometimes in the world.
- Customers do not need to buy lots of expensive hardware for VoIP, or hire technicians to install anything. Getting set up is very easy, and many people who already have older phones may still be able to use them.

## How will internet and VoIP services change in the future?

Although the Internet will become more readily available to customers, there are still a few obstacles that either deter customers from using VoIP, or force VoIP providers to charge higher rates for service.

However, most analysts agree that phone providers are largely moving away from analogue and towards VoIP, and the more reliant we become on VoIP, the better our systems will get, and the more consistent our options. That means more residential and business customers will have better access to VoIP than ever before, and [top VoIP providers](#) will be able to offer affordable and enticing service plans.

## Internet throttling in the movement away from analogue

Network throttling is a major obstacle to VoIP. Internet Service providers throttle their subscribers' networks by decreasing bandwidth, which slows down Internet speeds. Internet service providers typically throttle networks during times of congestion, but they have also been known to use throttling to encourage customers to upgrade their service.

Wireless carriers Cell C and Vodacom were recently accused of throttling data networks for customers who used VoIP.

That is, if they noticed a subscriber used their data plans for VoIP, they would slow down their Internet speed, which lowers the quality of VoIP calls. Cell C and Vodacom, however, deny the claim and say they never outright target VoIP users.

However, as VoIP becomes more popular, customers expect to have access to mobile VoIP. In order to use VoIP on-the-go, customers need data plans or WiFi access from their mobile phones. Thus, cellular customers would likely report increasingly high levels of satisfaction with cellular providers that support mobile VoIP, so mobile providers will do well to encourage technology that supports VoIP.

## Lower interconnect rates for VoIP providers

Interconnect fees allow telecom providers to relay and exchange traffic between their networks. For example, if Cell C wanted to terminate a call on Vodacom's network, they would pay an interconnection fee to Vodacom.

In 2010, the Independent Communications Authority of South Africa outlined [three rate cuts](#) for interconnection. The final of the three cuts went into effect at the beginning of this month. Just three years ago, interconnect fees averaged R1.25, while today they have dropped all the way to 12c.

Even though VoIP uses the Internet to make calls, any time a subscriber dials a traditional phone number, the VoIP provider must pay an interconnect fee. However, lower interconnect rates means lower overall call cost for providers. In turn, VoIP providers will be able to extend lower prices on monthly service plans since they will be paying even less to send a call. Even lower prices will make VoIP service more attractive to potential subscribers, which will help VoIP service grow across the country.

## ABOUT RACHEL GREENBERG

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