Econet Wireless Holdings Limited

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Presentation Outline

• History of Econet Wireless Holdings (EWH) Limited
• The Consumer - What do they want?
• Definition of ICT
• Progress made in Africa
• Role of telecommunication in powering regional growth
  • Better economies
  • Better lifestyles
  • Better communities
  • Better businesses
WHAT DO CONSUMERS WANT IN TERMS OF TELECOMMUNICATIONS (ICT)?

• Today’s consumer has many choices to make with his/her time and money.

• The decision can be reading a newspaper or magazine, watching television, going shopping, sending mobile text messages, having a meal in a restaurant e.tc.

• The modern consumer also wants everything anywhere, anytime.

• As Howard Stringer the Chief Executive Officer of Sony put it “You want to talk to somebody or talk to another machine, you want to have music and video games and content and data and services. [almost at the same time]”
WHAT DO CONSUMERS WANT IN TERMS OF TELECOMMUNICATIONS (ICT)?

- High speed communication
- Reliability
- Mobility
- Availability and affordability of services
- Simplicity
- Transparent and fair pricing policies
- Good quality content
- COMMUNICATING ANYWHERE, ANYTIME
DEFINITION OF ICT

Information Communication Technology (ICT) is defined as any technology that enables communication and the electronic capture, processing, and transmission of information.
OVERVIEW OF ICT

- Organizations could gain and sustain competitive advantage through the utilization of leading-edge ICT.
- Adoption of new ICT could increase operational efficiency and effectiveness at lower cost.
- Timely information empowers management to make decisions.
- ICT such as mobile telephony reduces costs of interaction, expands market boundaries and enormously expands information flows.
- In developing nations mobile ICT has proven to be the best especially in spreading ubiquitous, speedy information due to lower cost and faster roll-out as compared to fixed lines.
MOBILE TECHNOLOGIES

- GSM - GPRS technology (56-114kb/s)
- Worldwide Interoperability for Microwave Access (WiMAX) (30km)
  IT- network, corporate-internet, virtual networks
- WiFi- Wireless technology that communicates within hundreds of metres (LAN)
- EDGE- GSM technology (up to 380Kb/s)
- 3G - GSM technology (consumer based),
- Broadband - bigger pipe, more capacity to drive voice, datat video, internet e.t.c
MOBILE TECHNOLOGIES

- Why do we need new technology?
- So that we are able to communicate anywhere, anytime
MATCHING TECHNOLOGY TO SERVICES

Movement with time

<table>
<thead>
<tr>
<th>Technology</th>
<th>GSM</th>
<th>GPRS</th>
<th>3G (mobile)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>Voice + SMS-based</td>
<td>Voice + SMS, Picture Messaging</td>
<td>Voice + mobile broadband, video telephony &amp; rich Content</td>
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- GSM
  - Voice + SMS-based

- GPRS
  - Voice + SMS, Picture Messaging

- 3G (mobile)
  - Voice + mobile broadband, video telephony & rich Content
WHERE ARE COMMUNICATION INDUSTRIES HEADED TO?

Industry Convergence
We have been talking about this for a while....
### WHERE IS THE INDUSTRY HEADED TO? CONVERGENCE

What is CONVERGENCE? It the coming together of

1. **Industries (Industry Convergence)**
   - Telecom / Information System/Information Technology / Media / Broadcasting
   - Common operations & processes
   - One Company approach
   - One brand
   - One customer interface
   - Bundled offerings

2. **Networks (Network Convergence)**
   - Common session control network
   - Common service network

3. **Devices (Device Convergence)**
   - Terminals operating over different accesses
   - Terminals operating over various media

4. **Services (Service Convergence)**
   - Seamless multi-media services over different access
PROGRESS MADE IN AFRICA
PENETRATION RATES- ZIM VS AFRICA

Source: www.en.wikipedia.org
AFRICA MARKET TRENDS

The average penetration rates for African are expected to reach 30% by 2010
PROGRESS MADE BY ZIMBABWE MOBILE PHONE COMPANIES

Over the past decade

- Cellular coverage extended to major cities, towns and business centres
- Mobile phone tele-density has increased from about 3.5 subscribers per 100 to 10 subscribers per 100 over the past five years.
- There has also been a remarkable increase in the number of payphone systems which cater mostly for those without mobile phone handsets.
- High paying and low paying jobs have been created in the industry.
- Government immensely benefited through significant direct and indirect taxes.
- Electricity and road infrastructure extended to some remote communities where new base stations have been installed.
The market potential in Zimbabwe is estimated at 30%, indicating massive potential for growth.
BETTER ECONOMIES

- An increase of 10 mobile phones per 100 people typically boosts GDP growth by 0.6% per annum in developing nations
- Mobile phones improve economic, social and personal well-being of citizens
- Reduces market price variations due to increased information flow
- It has psychological benefit of being able to talk to those far and wide
- Mobile phones are easy and convenient to transact business with and are easy to share.
- More services can be offered
CONTRIBUTION TO THE ECONOMY

1. Generation of Foreign Currency
2. Contribution to Gross Domestic Product
3. Contribution to the Fiscus (VAT, Corporate Tax)
4. Catalyst for development
5. Employment
CONTRIBUTION TO THE ECONOMY

Contribution to the Fiscus (Econet only)

- Value Added Tax $6bn per month
- Corporate Tax $131bn (2004/5)

Down stream investment
• With increased flow of information it is easier to manage disease outbreaks and to disseminate information on preventative methods.
• Medical personnel can share information with counterparts in remote areas, improving the quality of diagnosis and treatment.
• Mobile cellular technology for instance has improved gender equality as more women get access to information
• The introduction of mobile ICT has also created employment and improved the purchasing power of users thus contributing towards reduction of extreme poverty
BETTER LIFE

Mpumalanga, South Africa, Keuny Maziya on his cell phone.
Mobile phones have proved to be the only fast, practical, efficient and cost-effective way to communicate in developing countries.

- “Therefore it makes no sense to heavily tax vital mobile handsets and subscriptions as if they were luxury goods and not essential communications tools”. (Tom Philips the Chief Government and Regulatory Affairs Officer of the Global System for GSMA)

- Research studies in Asia and other developing regions found out that Government overall tax revenue increases if specific taxes such as customs duty on mobile handsets were removed, as they hinder the uptake of mobile phones and services.

- Net tax revenues is also be boosted further by the positive knock-on effects in the wider economy, as more people benefit from the productivity gains offered by telecommunications.
BETTER BUSINESSES

- With technology as a “lever” you can remove “big” stumbling stones of business.
- Less effort is used in the process
- More stones can be removed in shorter space of time.
- Overall process is normally much cheaper
WHAT CAN TECHNOLOGY DO?

TECHNOLOGY IS A LEVER
CONCLUSION

- Development and adoption of ICT technologies such as mobile telephony will indeed meet user needs and expectations of speedy access to video, picture messaging and internet services.
- However issues of network reach (coverage) and capacity need to be addressed first as prerequisites for successfully launching and implementing new technologies.
- Since development of ICT improves economic and social well-being of nations, governments, private sector and Non Government organizations should develop the lagging behind infrastructure, educate more people on ICT and also finance more ICT related projects.
- Taxes and tariffs on communication based equipment and accessories should be reduced to increase ICT uptake.
- Laws and regulations should be amended to encourage investments in ICT and adoption of new technologies.
THE DIGITAL DIVIDE

What is the digital Divide?

- It is the gap between those with access to ICT and those without.
- Technology acts as a great Divider favoring those who adopt it early (developed nations).
- Thus the gap continues to increase between early adopters (developed nations) and the late adopters (developing nations).
THANK YOU
Questions & Answers