



## WHY South Africa

### **South African ICT market is the largest in African continent**

The ICT market size in South Africa is estimated to be 13 billion Euros. Annual capital investments in telecom services (fixed, mobile, internet) are now in level of 1,6 billion Euros, 68% were in mobile services. Average yearly revenue growth for the major IT suppliers has been around 12%. South Africa spends close to 10% of GDP on ICT goods and services, most of which are imported. In the ICT sector, both domestic and foreign investments are encouraged. It is a legislatively managed or regulated process, particularly for the three dominant sectors of Broadcasting, Postal and Telecommunications. Lately some municipalities have invested in fibre, Wi-Fi and microwave telecommunications including Durban, Cape Town, Pretoria, Johannesburg, Ekurhuleni, Nelson Mandela Bay and Bloomfontain.

South Africa can be a gateway to other ICT markets in Africa as many of the main telecom and IT service providers as well as their clients operate from South Africa. Security and fraud management concerns all market players including authorities developing regulation, therefore there are market opportunities for ICT companies concentrating on cybersecurity. Moreover, South Africa is starting with new "SA Connect" open network project, building new infrastructure to rural areas. This new green field network

will create opportunities for the whole value chain of network solutions. South Africa will also have interest to look at solutions for critical communication networks.

### How much Vodacom, MTN, Telkom and Cell C spend on their networks

**MTN's** results for the six months ended 30 June 2017 show the operator invested nearly R3.5 billion in its network during the period. MTN estimates it will spend a total of R11.5 billion on capital expenditure in South Africa during the current financial year. By comparison, Vodacom expects to invest around R8.4 billion in its South African network during the current financial year. In its previous full-year results, MTN reported spending over R11 billion on its network in SA, while Vodacom spent R8.5 billion.

**Vodacom** CTO Andries Delpont recently said that around 20% of their capex budget goes directly into their radio access network. Delpont said that [Vodacom will continue to invest in its network](#) in South Africa to hold onto its lead over its rivals. He said they are intent on maintaining their brand claims, such as being the best network for smartphones and having the least dropped calls.

The table below compares the latest capital expenditure figures from South Africa's mobile network operators:

Capex on mobile networks in SA			
Capex	ZAR millions	Period	Average monthly investment
Vodacom	R1,800	1 April 2017 – 30 June 2017	<b>R600 million</b>
MTN	R3,475	1 January 2017 – 30 June 2017	<b>R579 million</b>
Cell C	R3,400	1 January 2016 – 31 December 2016	<b>R283 million</b>
Telkom	R1,936	1 April 2016 – 31 March 2017	<b>R161 million</b>

Source: <https://mybroadband.co.za/news/business-telecoms/222944-how-much-vodacom-mtn-telkom-and-cell-c-spend-on-their-networks.html> dated 6th August 2017