

Growth opportunities for African telecoms operators

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While the telco industry may have seen its traditional revenue streams decline further in 2018, thanks in part to the popularity of over-the-top (OTT) services such as WhatsApp that offer low-cost alternatives to messaging and voice calling, the industry is still set for growth.



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According to the Africa Digital Outlook 2019 report by Ovum, mobile revenue in Africa is set to grow from \$54.9bn in 2017 to \$68bn in 2022. While voice revenues are predictably declining as cheaper OTT services continue to gain popularity among cost-conscious consumers, mobile broadband and digital services revenue are set to more than double over the same period (from \$13.1bn in 2017 to \$32.1bn in 2022).

The pressures on traditional revenue streams have initiated an industry-wide goldrush for new innovations that can leverage the extensive infrastructure and data sets most telcos to have access to. Modern consumers are demanding greater convenience and improved experiences from the brands and companies they support at a time when those same consumers are permitting brands to become more intimate with them through increasingly sophisticated omnichannel marketing initiatives.

However, without a well thought-out and future-focused digital strategy in place, telcos will struggle to adapt to their changing consumer and business landscape. In fact, I'd be so bold as to say that, unless telcos can move fast to drive operational efficiencies, modernise and update their business models, we may very well see some of those slower on the uptake exit the market soon.

For African telcos that have the correct digital tools and strategies in place, there are immense growth opportunities. In

2019 we will see more focus in four key areas, namely Digital Experience Management, Artificial Intelligence, Data and Analytics, and Cloud.

Digital Experience Management

Customer experience will play a leading role in shaping the 21st-century Experience Economy. Walker research even found that customer experience will overtake price and product as the key brand differentiators by 2020.

To meet the modern customer's expectations regarding customer experience, telcos should integrate the back-office with the front office and deploy the technology tools that will enable them to marry experiential data with operational data.

In 2019, telcos need to ensure they have a holistic view of their customers across the marketing, sales and service departments and develop a deeper understanding of individual and B2B customers, their needs and expectations.

Measuring end-to-end experiential data is an emerging discipline, with new innovative tools giving organisations unprecedented access to measurable experiential data.

Qualtrics, which was acquired by SAP in 2018, is an experience management platform that enables the integration of operational and experiential data to give organisations real-time feedback from customers on key activities.

Callidus Cloud's DataHug, a forecasting and pipeline management solution that provides data insights into the likelihood of success in a sales cycle, also tracks the engagement levels of prospects to give sales teams actionable intelligence about how and where they can optimise sales activities.

Artificial Intelligence

The world witnessed an acceleration in artificial intelligence capabilities in 2018 as the much-hyped technology finally entered the mainstream. With AI now widely available and its maturity levels making it suitable for a range of industries, organisations are now faced with the task of determining where AI can add the most value, how to deploy and integrate it, and how to build toward a long-term horizon.

To truly harness the power of AI, organisations need to set goals and objectives as well as continuously measuring effectiveness rigorously.

In the telco industry, AI is useful in areas such as network optimisation (using AI to analyse the network status and implement predictive maintenance when needed); customer service (AI-enabled chatbots such as those on the SAP Conversational AI platform easing operational pressures by assisting customers with a range of well-defined interactions); and customer experience (an exciting and emerging application of AI, which can assist with integrating front-office and back-office records, pulling in external data sets, and developing offers - such as device or contract upgrades - tailored specifically to an individual customer's preferences).

AI can also point the way to new, non-traditional revenue streams. Kenya's Safaricom has started setting itself up as a platform for a range of consumer and business services, for example by launching a new ride-hailing service called Little Cab that offers free Wi-Fi for passengers and offering M-Pesa users to access credit lines via Fuliza, an overdraft facility in partnership with banks which reported a borrowing of 6.2bn Kenyan Shillings in just one month.

By leveraging customer data and behaviour, the telco can introduce a broad range of non-traditional telco services that add value and convenience to the customer experience.

Big Data and Analytics

Mobile handsets are arguably the greatest sources of individual customer data available today. And telcos are at the forefront of big data custodianship as subscribers use an array of data-generating apps and services all linked to their mobile phone. These present huge opportunities to telcos who can quickly analyse vast amounts of individual customer data, build complex and multidimensional customer profiles, and develop individualised customer offers and experiences to deepen brand affinity and increase share of wallet.

The Vodafone Group is a great example of a telco taking advantage of its big data opportunities following a recent partnership with SAP to co-innovate in a Big Data Margin Assurance project. By using value proposition, customer usage data and analytics, Vodafone operating companies are now able to identify margin leakages on products and services and optimise margin instead of following the older 'Average Revenue Per User' metric.

However, it is worth noting the importance of trust. If telcos are to take advantage of their big data opportunities, they must give customers assurance that they fully appreciate the responsibility of being custodian to customers' most personal habits and preferences and take the necessary measures to protect and manage their data.

Cloud Computing

Cloud market giants had phenomenal 2018s, with Amazon cloud revenue up 49% in Q2 2018, slightly lagging market-leader Microsoft. This year looks no less exciting: Gartner predicts the global public cloud services market will grow by 17.3% in 2019 to reach \$206.2 billion. Organisations are accessing more SaaS, PaaS, IaaS and other as-a-service offerings than ever before as they shift away from capital expenditure and reorder their IT spend as operational expenditure to enjoy cloud's cost containment and convenience benefits.

One of the key challenges of cloud adoption in Africa is related to the matter of data residency vs data sovereignty; in other words, who owns that data, and where is it allowed to be stored? This has made it critical that cloud services providers have in-depth in-country experience of the data sovereignty and residency laws of various African countries and regions.

Telcos have a mandate to provide near-100% uptime, have extensive infrastructure and understanding of the various regulatory aspects that could impact cloud services. There is immense potential for telcos to become private-managed cloud providers for data that is bound by data residency and sovereignty laws and enable Africa's high-growth businesses to more easily scale to new markets or geographies without transgressing any local laws.

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