

# Frost & Sullivan's top tech trends for Africa in 2017 - Part 2

In continuation of [Part 1](#), Frost & Sullivan's Information & Communication Technologies (ICT) team highlights a few tech trends they feel will be key in the African market in 2017.



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## Operators to fight back: VoLTE and VoWi-Fi

Lehlohonolo Mokenela, industry analyst - ICT Africa, says: Having witnessed slowing growth of voice and messaging revenues in recent years, mobile network operators are turning to Wi-Fi and LTE networks to fight off the threat posed by over-the-top (OTT) applications. Voice over Wi-Fi (VoWi-Fi) and Voice over LTE (VoLTE) are becoming accepted as the next generation of mobile communications services. The packet-based solutions are an improvement on the circuit-switched predecessors - in terms of quality, functionality and cost. These technologies will offer high definition voice services, faster call connection and a seamless switchover from voice to video.

Globally, leading operators like Swisscom are not only launching their own VoLTE and VoWi-Fi solutions, but are also looking to combine the two. The long-held view of Wi-Fi as a rival to operator data services is fading as operators increasingly turn to the technology to boost indoor coverage. Combining it with their cellular networks, particularly in the dark spots of the LTE network coverage is a natural fit, especially when they are able to monetise the traffic on Wi-Fi networks and improve customer service.

There is growing evidence that South African operators are building their mobile communication strategies around the technologies, with Cell C and Vodacom launching VoWi-Fi services in 2015. In 2017, the market is expected to witness a lot more focus on VoLTE and VoWi-Fi by local operators; however, the release of spectrum is central to the development of VoLTE services. Given the sensitivity of subscribers to the quality of voice services, operators will be best placed testing the stability of their VoWi-Fi and VoLTE offerings.

## MNOs and their inevitable content proliferation

Mauritz Venter, research analyst - ICT Africa, states: MNOs are expected to focus on optimising data-based revenue streams by promoting bandwidth intensive functions. This will require an increase in bandwidth intensive content generation, or acquisition by MNOs and telecommunication firms, and can be expected to act as a differentiating factor

especially as pricing and connection speeds are expected to converge in the market. As a result, we expect a growth trajectory in content-based services like MTN VU.

## **Point-of-sales (POS) systems**

Tumi Sankoloba, research analyst - ICT Africa says: Cloud-based POS systems are beginning to gain momentum in Africa as SMEs are realising the benefits of their use. SMEs are tasked with having to achieve cost efficiency with lower cost margins and staff at hand. Growth in developing economies is being driven by small to medium sized businesses, but these businesses struggle to accumulate the capital necessary to purchase a traditional POS system and predominantly still deal with cash only.

Innovative POS systems, such as YOCO, are eliminating the red tape (for example: long term agreements, lengthy set up) associated with traditional systems and digitising merchants that had previously not had POS systems offerings scaled to their business needs.

Cloud-based solutions also have the added benefit of being flexible enough to integrate with additional software to enhance the system. Tiller Systems, a POS system, has gained traction amongst merchants in French-speaking African countries, and has a variety of partner tools which may be added to the core system. These include stock level monitoring, sales tracking functionalities, payroll management and viewing real time performance metrics. These solutions are helping SMEs leverage technology to operate efficiently and grow their businesses.

Large retailers are also making strides in digitising their experience. Recently, Pick n Pay pioneered South Africa's first contactless card payment system. Consumers simply have to tap their cards against the card reader and complete purchases without having to swipe or enter a PIN number. This is a step that is being taken to closer align with European, American and Asian markets where these transactions have become widely adopted. According to Pick n Pay deputy CEO, Richard van Rensburg, the implementation of the tap-and-go technology is up to 30% faster than authenticated card transactions.

Mobile payment solutions such as Standard Bank-owned Snapscan, after initial slow uptake, have positioned themselves well for the future. They currently supply 26,000 businesses with the system; however, are faced with the challenge of generating trust amongst South African consumers. This coincides with the nascent state South Africa's e-commerce market that is forecasted to surpass 1% of total retail in 2016, which is still relatively conventional and lags far behind global leaders. The 1% mark does however serve as a milestone which may entice major retailers to invest in an e-commerce presence in 2017.

Nigeria, Africa's largest economy, has experienced different fortunes in the e-commerce space and has emerged as a leader on the continent. The Nigerian market is further boosted by the presence of global online retailers Google, eBay and Amazon. The e-commerce sector is currently estimated to be worth \$10 billion and if growth continues at the current rate, it should reach \$13 billion by 2018.

## **It's the end of the telcos as we know it. Who feels fine?**

Hendrik Malan, operations director, Frost & Sullivan Africa states: Telecommunications providers, having already experienced several years of upheaval, are faced with a critical question: what should they do about infrastructure? Of course, this entails a myriad of related dilemmas. Do they continue to invest billions in infrastructure provision? What about legacy deployments... what level of connectivity is required? And their responses to these concerns will shape their intended market positioning.

At the one extreme is the 'dumb pipe' route – labelled as such because it seems simplistic, but it is important to recognise the legitimate opportunities that it brings. At the other extreme is the desire to move away from infrastructure completely and focus solely on the service elements of the market aspects; like customer experience, digital transformation and big data analytics, all of which are enabled by effective connectivity. And then, of course, there are the range of options that sit within these two extremes.

While African operators often enjoy the benefits of watching market developments unfold elsewhere in the world before having to decide on their own approach, the ability of certain industries to leapfrog particular technological developments places local telecommunication providers in an unprecedented position. It is ultimately up to them to decide how they will move forward in this dynamic landscape.

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