

Can Ramaphosa breathe new life into SA's digital economy?

By [David Meintjes](#)

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David Meintjes, managing director at Connection Telecom, asks the question, "Can President Ramaphosa breathe new life into South Africa's Digital Economy?"



David Meintjes, managing director at Connection Telecom

Early 2018 represented a new beginning and elicited a collective sigh of relief for millions of South Africans, ushering in an end (or the beginning of an end, at least) to a tumultuous era during which the shortcomings of our national government were thrown into sharp focus for millions of citizens.

A new hope for greater social and economic inclusion, an end to corruption, and a thriving economy was born with the election of President Cyril Ramaphosa to the country's top office.

A celebrated struggle stalwart with a passion for transformation, a shrewd businessman and dollar-millionaire many, many times over, it seems the ruling party's promises to bring South Africa into a new era of economic prosperity might finally be coming to pass.

And in a rapidly globalising and digitising landscape, our ICT sector, in particular, stands at a crossroads – poised to either help drive our country forward or further extend the technological stagnation that many believe has already been allowed to

go on for far too long.



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As a leading South African cloud provider, it is naturally in Connection Telecom's interest for the prosperity of businesses in the sector to be prioritised at this critical point in our national development.

However, no good corporate citizen can ignore the needs of those South Africans that are barred entry into our digital economy due to lack of internet access. If the government's Digital Industrial Revolution Commission is to achieve its goals, a two-tiered approach that addresses both markets is paramount.



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It is no exaggeration to say that Ramaphosa faces an uphill battle in this regard, and every passing year without ICT policy clarification or action plan only contributes to our backward slide, further compromising the government's plans to take full economic advantage of the Fourth Industrial Revolution.

In the late 1990s, South Africa was considered one of the ten most connected nations in the world, but our rank has since dropped to 72. Even on the African continent, we have slipped from first place to third behind Kenya and Madagascar – two among many of our neighbours who ensure they make ICT development a key priority.

Several specific issues of contention – surrounded by a buzz of debate in both government and business circles – are critical to our nation's ICT infrastructure and its contribution to our development in the next few years. Only once these are resolved and a clear vision has been set for public and private decision-makers, do we have any hope of returning to pole position.

Spectrum allocation

To auction or not to auction? According to telecommunications and postal services minister, Siyabonga Cwele, speaking at the 5G Huddle 2018 conference in Durban, a decision on the future of spectrum allocation is set to be made by cabinet soon.

Strong opinions exist on both sides of the argument – the big players are keen to see additional spectrum auctioned off to the highest bidder (presumably themselves), enabling them to secure the amount needed for the future rollout of 5G networks.



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Others claim that such an auction would only strengthen what many see as an already anti-competitive landscape, and further increase the barriers to entry for new players.

Do South Africa's most vulnerable citizens – those who need affordable, reliable connectivity the most – have anything to gain? Probably not. 5G promises new standards of excellence in speed and capacity, but it would be naïve to think that anyone living outside of the most affluent neighbourhoods would have a chance of using it.

Investment in fibre rollout and localised Wi-Fi access built on this backbone would enable better access for more people, simultaneously making the issue of spectrum allocation much less contentious.

Allocating the spectrum to a neutral third party, or following through with the current plan to establish a Wholesale Open Access Network (WOAN) that ensures transparency and encourages collaborative infrastructure sharing, could be the happy middle ground that government is looking for. At the same time, though, the market remains sceptical, with many industry experts expressing concerns it may harm the sector.



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High data prices

At R149/GB, South Africa has some of the highest data prices among the continent's big economies, and since most citizens (75%) access the internet through mobile devices (one of the priciest ways to do so), those people with the least discretionary income end up spending the most to participate in the digital economy.

Lowering these prices will not only attract more confident investors to our shores, it will open a door to previously unavailable learning and work opportunities in a population where unemployment and education are two of our most pressing challenges.



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Bringing data prices down will depend in large part on how the government plans to act on the spectrum debate, and how well the solution decided upon is able to stimulate competition and the entry of new players into the market.

If done correctly, it would be possible to bring the price of data down to half, or even a third, of what it is today. Rural communities, in particular, have much to gain if the government can find a way to incentivise the development of infrastructure in high-density, low-income areas.

Knowledge growth and STEM (science, technology, engineering, and mathematics) education feature heavily in the president's plans to move South Africa forward, and millions could benefit from the data-intensive services and products that are enabling work and school today – streaming content, augmented reality, remote classrooms and more.

All of the world's leading cloud providers, including Azure, AWS and IBM, reserve goodwill funds for global investment in underprivileged communities. They could be convinced to invest more of it here in South Africa if only the infrastructure were in place. Whether through tax incentives or by using the big networks' desperation to get their hands on more spectrum as a bargaining chip, their participation will be critical.

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It is only these organisations that have pockets deep enough to accelerate the bridging of the digital divide if South Africa is to keep up.

Analogue-to-digital TV migration

Although it's a largely positive move to increase the availability and efficiency of spectrum by retiring analogue TV, many might wonder what the point of the migration is at all, poised as we currently are on the cusp of a major internet-enabled disruption of the TV industry as we know it.

It isn't only analogue broadcasting that's being left behind – broadcasting itself might be another dead horse not worth flogging. The on-demand streaming model digitised TV long ago – in South Africa it is only lack of broadband connectivity that is preventing its widespread adoption.



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16 Apr 2018



While some commentators argue that the amount of spectrum freed up by the analogue-to-digital migration will help to bring data prices down, many others agree that the funds could more effectively be spent increasing access to fibre internet in areas where broadband infrastructure is lacking.

This would have a similar effect on pricing, while also ensuring that the South Africans who need it the most can gain maximum benefit from the investment: access to not only entertainment but education and employment opportunities as well.

In this muddled local context, is there any single way to simultaneously ensure that our ICT sector continues to position South Africa as a digital leader on the continent, and also bring affordable connectivity to millions who need it?

To me, it seems unlikely that there is any one silver bullet available. Realising our nation's developmental ambitions will require a two-tiered approach and greater collaborative effort between the business sector and government than ever before – if the longstanding inequality inherent in our society is ever to be corrected.

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