Internet, HD TV, boosted by Altech-Seacom alliance

By Issa Sikiti da Silva   18 Sep 2009

With the FIFA 2010 World Cup fast approaching and the growing requirements of African economies, demand for digital content and high-speed internet access have dramatically surged, prompting technology companies Allied Technologies (Altech) and Seacom to join forces to acquire bandwidth capacity on two cable systems in the aim of increasing the market's supply at low-cost.

In terms of the new partnership unveiled to the press yesterday, Thursday, 17 October 2009, in Houghton, Johannesburg, Altech will procure 5Gbps (five gigs per second) from undersea cable provider Seacom at a cost of R400 million, with the option to upgrade within three years to double this capacity.

On the other hand, Seacom bought up to six wavelengths (STM-64s) at R150 million throughout the East Africa region on the terrestrial backbone network of Altech's owned Kenya Data Networks (KDN).

KDN's terrestrial network covers Kenya, Uganda, Rwanda and soon Tanzania and the DRC. While this alliance results in Altech supplying the bandwidth capacity inland to these countries, at least 10% of the capacity bought from Seacom will be supplied to SA to cater for internet services.

KDN is said to be the largest data network infrastructure player in the region, manning 6000km of fibre and radio infrastructure throughout East Africa.

"We are delighted to be partnering with Seacom in this historic venture, pioneering the unlocking of a region hungry for low-cost, high-speed broadband access," Altech CEO Craig Venter told the media.

"The African market for international bandwidth is expected to swell to 800Gbps, from today's 10Gbps, with a significant portion of this new demand coming from East Africa," Venter said, adding that bandwidth becomes significantly cheaper if supplied in bigger volumes, something that will enable Altech to pass on more competitive prices to its customers than other providers.

According to Venter, Africa currently only has 1% broadband penetration compared to the United States's 60% penetration.

Seacom CEO Brian Herlihy said his company will not sell wholesale bandwidth capacity directly to end-users, but it will provide it to retail carriers such as Altech, who buy a portion of bandwidth and onward sell this capacity to end-users.

"These end-users will in turn be able to access the internet at international broadband speeds and at more affordable prices, creating a wealth of opportunities for important sectors, such as education, healthcare and government services."

It is believed that Seacom's enormous capacity will enable high definition TV, peer-to-peer networks, IPTV, and surging internet demand, resulting to a significantly lower pricing than current satellite or fibre pricing.

"Look, currently we only have one HD TV channel in SA compared to some 250 in Europe and other parts of the world. And during the 2010 World Cup, there will be high demand for digital content, powerful images and bandwidth needs which FIFA is expecting us to provide to the rest of the world," Herlihy told Bizcommunity.com on the sidelines of the briefing.

"We are an international highway and you need a highway to export that content. So we will be ready to do just that."

Seacom operates 17 000km of undersea fibre optic cable that links south and east African countries to their European and Asian counterparts.

ABOUT ISSA SIKITI DA SILVA

Issa Sikiti da Silva is a winner of the 2010 SADC Media Awards (print category). He freelances for various media outlets, local and foreign, and has travelled extensively across Africa. His work has been published both in French and English. He used to contribute to Bizcommunity.com as a senior news writer.
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