Toppling of Telkom's dominance, biggest change to IT landscape in 2012

By Jeff Fletcher

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The final toppling of Telkom's stranglehold as the dominant last-mile provider in South Africa was the biggest change to the IT landscape in 2012. While the change has been a long time coming, the combined efforts of mobile network operators (MNOs) and the fibre optic network providers has demonstrated that it is now not just possible, but actually convenient, to buy connectivity services that do not transverse the Telkom network.

For a long time it has been the wish of many South African business customers to be able to make use of alternative telecoms service providers. This is as a result of bad service experiences, concerns of over-pricing or a general dislike of monopolistic behaviour. This year we saw the widespread availability of fibre and WiMAX alternatives and the launch of Long Term Evolution (LTE) late in the year, with the result that Telkom is now an option and not the standard.

It creates a very different market dynamic where many more companies can compete as resellers and aggregators as they are able to bundle more options from the telecoms operators for customers. More competition also means a massive drop in price. The absence of established pricing regimes, apart from those of Telkom, has, however, caused uncertainty among service providers as to what to charge. This is especially relevant to the fibre market, which has a range of different pricing models in the market at the moment.

The catalyst for the biggest change in the industry

While the fall of the Telkom monopoly has been the catalyst for the biggest change in the industry this year, it could also be the biggest potential problem. A collapse in service levels will have far-reaching consequences for everyone in the ICT value chain, with the infrastructure investment that the MNOs, ISPs, corporates, SMMEs and even consumers have invested in Telkom's network. While Telkom needs to lose its monopoly, it must not fail entirely.

"Cloud" was the big buzzword for 2012, which has been a springboard for virtualisation, web applications and infrastructure, software and platform as a service. During the year we saw a decline in the purchasing of dedicated server infrastructure and a shift away from infrastructure residing in makeshift data centres on the premises of enterprise customers. Microsoft's launch of Office365 further empowers enterprise customers to weigh up their options between an upgrade of their existing server infrastructure or a move into the cloud.

Growing BYOD trend

The growing Bring Your Own Device (BYOD) trend is acting as a catalyst that is bringing about a rethink of enterprise infrastructure security. During 2012 the IT industry shifted from fighting this change to figuring out how to deal with it.

BYOD was the acronym for the year. While the concept is old, the acronym became more popular and was driven by requirements from users to make email, calendars, documents and custom applications appear on tablet and mobile devices. Corporate networks and software systems are not as fully equipped to manage the influx of these devices as they were with the desktop PC and Microsoft Windows and Office ecosystem. Many vendors are proposing solutions, but there has been no clear dominant strategy to fix this problem.

Another positive industry move within the IT industry this year includes African ISPs investing heavily in the infrastructure needed to cater for the projected growth in Internet capacity in the future, specifically from video delivery.

On the negative side, business and consumer tariff plans for Internet access, network services and voice remain needlessly confusing. Bundling hardware and services into one pricing plan creates disparity and makes pricing comparisons difficult. In the business market, the service provider websites further add to the confusion by making it difficult to get a clear indication of what something costs, preferring to use a direct sales or proposal approach. This is indicative of a market that is not fully commoditised and has some maturing to do.

Long-haul capacity remains expensive and difficult to gauge for an enterprise customer looking for direct connectivity. Virtual Private Network (VPN) services are relatively easy to price, but getting a dedicated layer two service between Joburg and Cape Town is still expensive and more difficult to obtain than it should be.

ABOUT THE AUTHOR

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