

Interdependence is key to a vibrant telecoms sector

We're all familiar with the adage: change is the only constant. And it's often how we respond and adapt to this inevitability that determines continued success and growth. This is true for individuals as well as businesses, institutions and even sectors.

By [Thinus Mulder](#), 5 Dec 2018



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The ICT sector has come to the fore as the key enabler of one of the greatest societal evolutions the world has undergone in centuries.

At the same time, changing business conditions have affected companies in the sector significantly. For the most part, the impact has not been a positive one. As a recent PWC study on the industry put it, the telecoms sector is fast reaching a tipping point.

As a significant player in this industry, DFA has felt the impact firsthand. The changes have been so fundamental and far-reaching that adapting to them will require drastic steps; from re-examining business models to forming strategic alliances with associates and competitors alike. It will require us to make a radical shift from being standalone telcos, to partners in a vibrant telecommunications ecosystem.

Broadly, the factors that have brought us to this point can be summarised into three categories:

- Rising capex and opex costs: cost contributors include escalating labour costs, rising fuel and electricity prices, fluctuating exchange rates as well as growing administrative costs (including wayleave fees).
- Plateauing revenues recorded by some telcos have seen a dive and investor confidence. With long-term investor profiles, infrastructure telcos could be hard hit by this and run a serious risk of capital inflows drying up.
- Inefficient business models that have failed to adapt and innovate. In many instances, these have

resulted in a serious overlap of offerings and a deviation from core capabilities.

The key aspect that the shift will achieve is to encourage higher levels of co-operation, collaboration and coordination. Whether a provider of infrastructure or services, each must define their role in the telecoms ecosystem and play it well.

For DFA, as a supplier of infrastructure at scale, this means continuing to lead the industry in an open-access approach to reduce duplication and costs as well as create efficiencies and speed up deployment. We've had some successes in achieving this through bilateral infrastructure sharing agreements with other infrastructure providers. We've provided them with access to our infrastructure in areas where they don't have footprint in return for them providing us with access to an equivalent portion of their infrastructure where we lack footprint.

We've swapped 400km of ducting in this way, and it saved us more than R300m in capex costs. Our like-minded swapping partners – some who are our competitors – have experienced their own cost benefits from this collaboration.

But this represents less than 5% of our total network, and much more can be done.

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