

Business opportunities with OTT services in Africa

Impact of operator strategies,
pricing and infrastructure

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Content

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- Operator strategies
- OTT strategies
- OTT business models
- OTT challenges
- OTT oppurtunities
- South African market
- OTT example from SA

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- Technology provider of mobile VoIP and IM
- SDK / White label clients
- Business model
 - Licensing
 - PSTN traffic
- Customers some examples
 - Voca – our own OTT solution
 - Eurobonus Connect
 - ttrumpet –social business app in Africa

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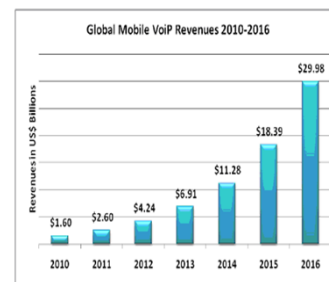
Operator strategies

- Keep calling cost high
 - Domestic – termination fees
 - International – interconnect fees
- Complex price structures – hard to compare
- Maintain a high profit market
- Expensive prepaid products
- Few "eat as much as you can" products
- Closed system
- Avoid OTT solutions

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Mobile VoIP market

- Explosive growth
- Creates new opportunities
- Taking market share
- Cost efficient
- Robust & reliable technology



Source: visiongain

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OTT strategies

- International calls – Skype
- Replace SMS – WhatsApp
- Integrate other services
 - Social
 - Video
 - Content sales
 - Call lookup and blocking
- Growth before profit

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OTT business models

- Call revenue
- App cost
- Advertising
- Integrate other services
 - Wifi
 - Content sales
 - Call lookup and blocking
 - Market place
- Premium features

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OTT challenges

- No network control
 - Best effort service
 - Coverage
 - Hand-over
 - Capacity
- (Smart-phone)
- Legal
- (Operator blocking)

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OTT challenges

- Reachability
 - No interconnect between OTT
- Billing
 - In App is very expensive 30% to Apple/Google
 - Hard to support prepaid
 - Not everybody have credit/debit cards

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OTT opportunitets

- Multiple network
 - Wifi and mobile, better integration
- Better quality – HD calling
- Better services – iMessage
- Much lower cost for calls
- “Free services” – Call and IM
- New revenue streams
 - Leverage on existing customer base
 - Content sales

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South Africa - market

- 50-60 M people
- 40% smart phone penetration
- 4 mobile operators
 - Vodacom, MTN, Cell C, Telkom
- 2 big Wifi providers
 - Telkom, AlwaysOn
 - Fast growing +200k hotspots in 1-2 years
- Decent network
 - 4G in cities
 - Almost full coverage on 2G/3G
- Poor ADSL infrastructure

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Price structure

- Typical mobile call cost 10 cents/min
- Data is fairly cheap 1GB 10-20 USD
 - 1-2 c / MB or
 - 0.3 – 0.6c /min for a 15 kbps duplex VOIP call
- Big on prepaid – vouchers
- Contracts are expensive and over-usage is very expensive, typically you get 500 min and 1GB for the prices above
- Price structure is very complex for edn user 100 of different plans and combination of subsidized phones
- Smart phone as low as 40 USD retail

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New trends

TELECOMMUNICATIONS

Coke machines to serve as Wi-Fi hotspots in South Africa

By Ben Coxworth
September 26, 2014

5 Comments



Residents of Qunu and Bushbuckridge will soon be getting free Wi-Fi from Coca Cola coolers

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What can a new OTT player do in this market ?

Competing with: Skype, Viber, WhatsApp

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OTT player -



- Social business app
- Search for places with marketing for local business
- Smart seamless integration with the big wifi providers
- Low cost domestic calling
- Offers
 - "Buy a Coke, get 10 min free calling"
 - Offer in-App vouchers from retailers
 - Free/Cheap wifi access
- Smart easy billing

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How to make money?

- Domestic calls
 - 100 min per user per month (1 VoIP call/day)
 - Monthly ARPU 6.5 USD or 78 USD annually
 - With customers savings of 30 USD annually
 - 100k active users -> revenue of 7.8 MUSD
- Additional revenue streams:
 - Bundle wifi
 - International calling
 - Marketing, vouchers etc

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Thesis work

- Market survey of possible OTT markets
- What are the key success factors
- Comparison of Asia/Africa/South America markets from a OTT perspective
- Identify operator strategies and see where OTT can play a role
- Have existing Operators adapted an OTT role, eg Telefonica in Brazil
- Etc

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Demo

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