

Company connections

Six years after its launch, undersea telecommunications cable provider Seacom is diversifying into the services market and aims to make 20%-30% of its revenue from the enterprise market in five years' time. The network infrastructure operator is venturing into new territory where it will provide fibre and related services directly to businesses.



AnneVerschraagen via [pixabay](#)

The company, whose undersea cable links SA with East Africa and Europe, will be competing with some of its customers, which rely on its infrastructure to connect its technology systems.

The enterprise market is highly competitive but also very lucrative. This is especially true for traditional fixed-line and mobile network operators, which have aggressively gone into this market - it is estimated to be worth about R70bn/year - to seek out new revenue streams. The rise in competitiveness can be seen in Telkom's acquisition of Business Connexion

The Seacom Business unit already has 150 customers. By year's end it aims to have increased its fibre precincts by 40 across SA. It will lease fibre capacity from infrastructure providers like Dark Fibre Africa (DFA), and may deploy its own in some areas.

Transforming Africa's business connectivity landscape

Seacom CEO Byron Clatterbuck says this is just the beginning of the company's plan to transform Africa's business connectivity landscape. Last-mile fibre is a major focus for Seacom in the corporate market. "In the past, Seacom focused on bringing low-cost data transmission infrastructure to other service providers in Africa. However, we were not seeing the optimal take-up of our international capabilities in the marketplace and the benefits that this can bring," he says.

Clatterbuck acknowledges that in certain areas Seacom will compete with its clients, but says that this is the norm in the industry. Seacom Business will have an arm's-length relationship with the company's wholesale division, he says. It will consider providing fibre to homes but will do so with partners, not directly. "We will cherry-pick where to deploy our own fibre. We are a small niche player focusing on providing good and quality services to our clients," says Clatterbuck.

Seacom has, over the years, been slowly diversifying into services with the incorporation of Pamoja, a company providing cloud services. Clatterbuck says Seacom Business may also venture into the voice business but will not create its own products. It will rather work with companies that already have voice over Internet Protocol products.

The company might pursue acquisitions to bolster its Seacom Business unit.

Room in the market

BMI-TechKnowledge's Tim Parle says there is room in the market for more services and infrastructure providers. Several companies, both established and relatively new to the market, have shown growth in serving the small, micro- and medium enterprises.

"This next move of Seacom's is clearly a considered one and draws on its brand, its operational strength and its international capacity assets. The use of DFA and other fibre is typical in this market and is an excellent example of the enabling effect that open access has brought," Parle says.

Clatterbuck says that since Seacom's commercial launch of its undersea cable, wholesale bandwidth prices, especially international bandwidth, have significantly dropped. Some of this has filtered through to retail pricing. The last hurdle, he says, is local access - taking connectivity to end users.

Source: Financial Mail

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