

Indian business models to benefit South Africa telecom

Business models used in India to cut telecom costs by up to a sixteenth of what they were initially will benefit South Africans when the VSNL-led consortium Neotel starts providing services early next year.

Neotel, licensed last year after long delays as South Africa's second network operator, will compete with the former state-owned monopoly Telkom. Consumers will only benefit from this competition next year when products currently under test here and in Pretoria are rolled out nationally.

Neotel chief executive Ajay Pandey told the Afrikaans weekly Rapport here that his company had already made a clear impact on the market.

'Since our arrival, prices have began falling, especially in the corporate telecommunications sector, something not seen here in the past,' said Pandey.

'Consumers have already been benefiting indirectly from that.'

Neotel has opted for a wireless CDMA (code division multiple access) network for consumers rather than the traditional landline system.

The telephones that Neotel will provide to consumers will have a wider coverage area than traditional cordless phones, although they will not be as mobile as cellular services that four operators offer in the country.

The technology also ensures that no physical infrastructure such as cables to connect users will be required.

Pandey said Neotel could speed up consumer services if Telkom's local network could be opened up to give other players access to cables connecting users to their nearest exchanges.

This is only expected to happen by 2011.

'This is one of the things that can benefit the man on the street the quickest.'

'South Africa could easily have imitated successful models elsewhere and concluded this process much faster,' Pandey pointed out.

He said there were many opportunities for South Africa to leapfrog to the latest technologies.

'I can't understand why the wheel has to be reinvented here every time. It just wastes time.'

'Go look at for example what China and India have done to cut costs and replicate those models (here),' Pandey asserted.

Fakir Hassen (© IANS / India eNews)