

MOBILE TRENDS AFRICA

DR. CHRISTOPH STORK

ResearchICTSolutions



**POPULATION
COVERAGE
EXCEEDS
INTERNET
USERS
3 TO 1**

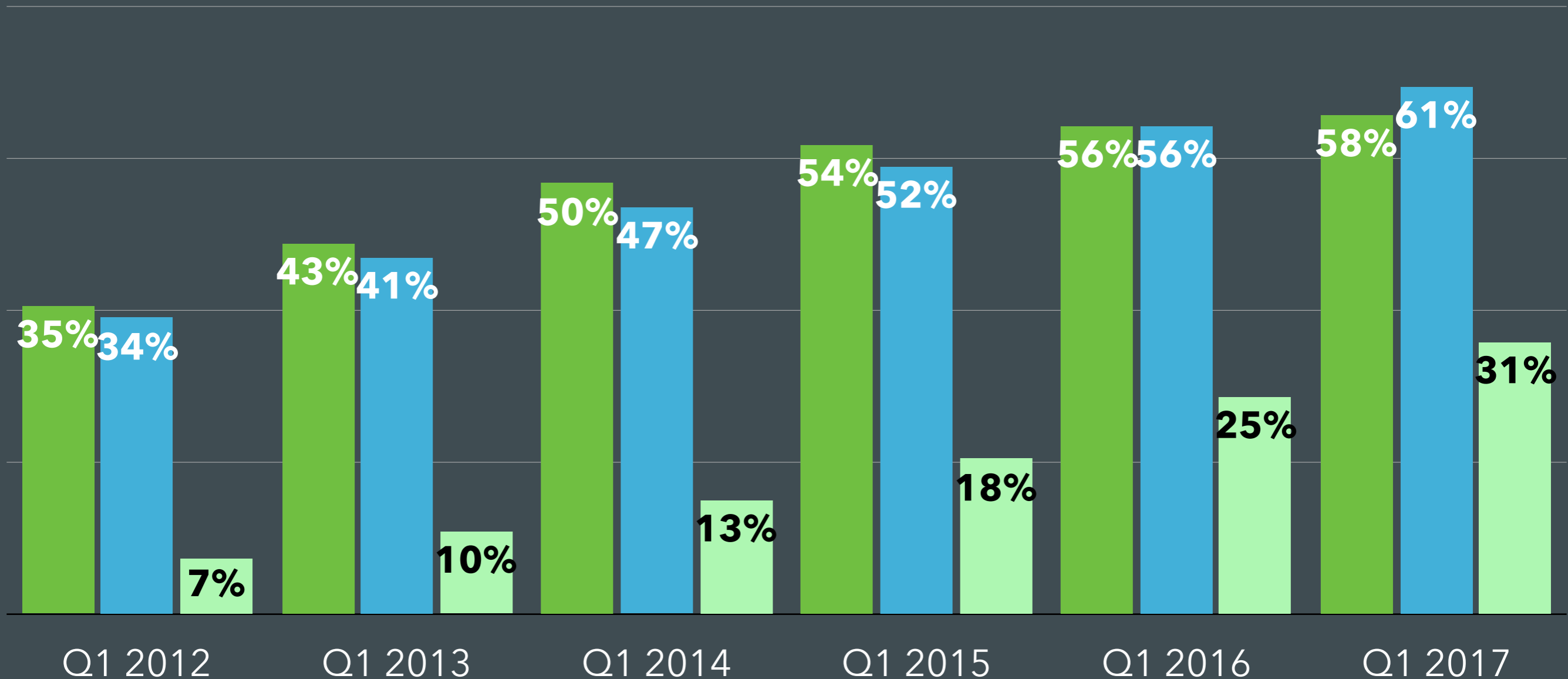
Africa Total Population
1.2 Billion

960 Million
people covered by 2G
Signal in Africa

310 Million
Internet Users
in Africa

Mobile Broadband Stats (Source GSMA)

- 3G Network population coverage
- % unique Mobile Internet subscribers
- % of smartphones among active connections



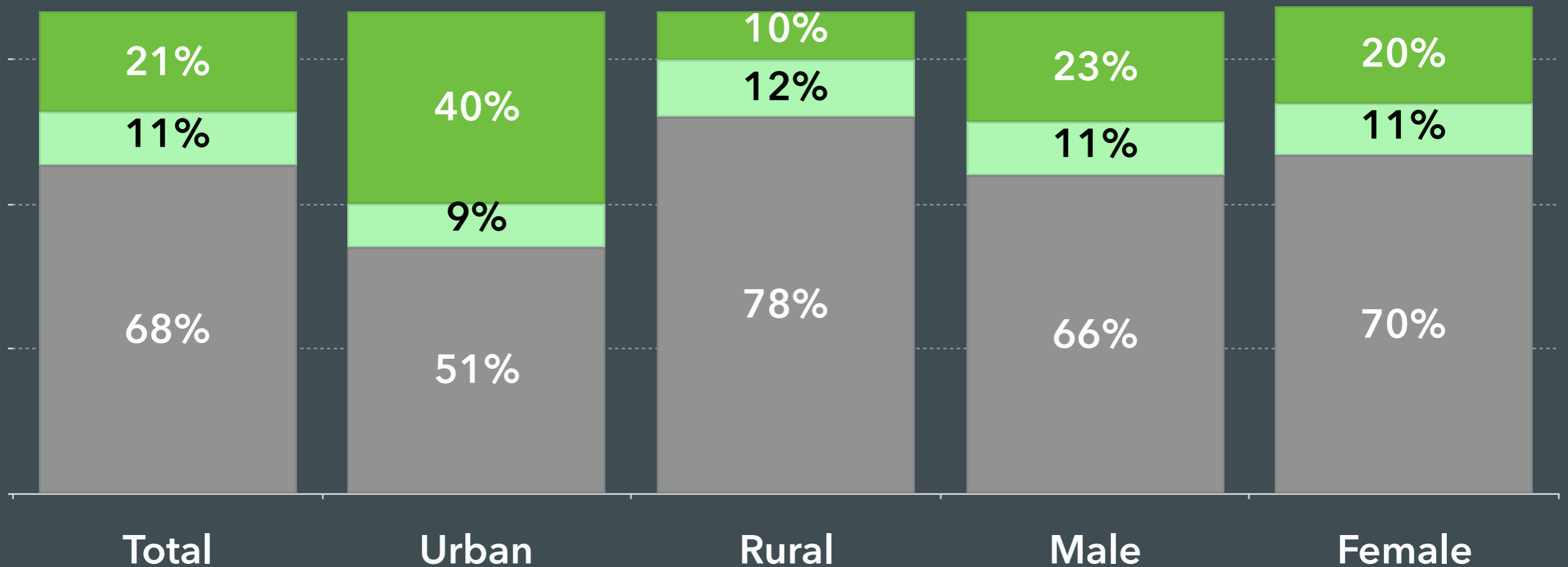
Research **ICT** Africa

Tanzania 2017: Nationally representative household survey

| Individuals 15+ | owning a mobile phone | knowing what the internet is | using the internet | using social media |
|-----------------|-----------------------|------------------------------|--------------------|--------------------|
| Tanzania | 57.0% | 44.6% | 29.8% | 11.9% |
| Male | 62.7% | 51.3% | 31.5% | 14.3% |
| Female | 52.0% | 38.7% | 27.8% | 9.8% |
| Urban | 72.6% | 59.2% | 55.4% | 28.9% |
| Rural | 50.5% | 38.6% | 13.6% | 4.8% |

Low Smartphone Penetration

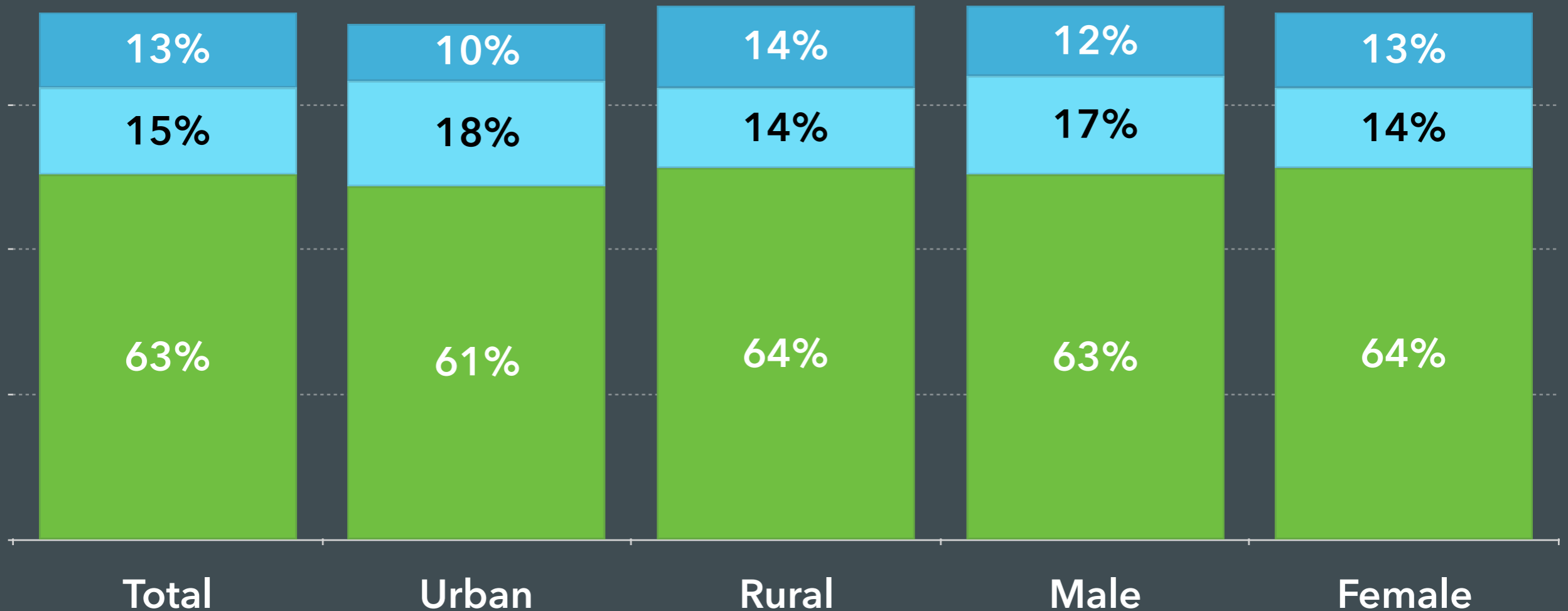
Basic phone Feature phone Smartphone



Tanzania (2017): mobile users 15+ without smartphone
Research **ICT** Africa

Nothing to use the Internet with

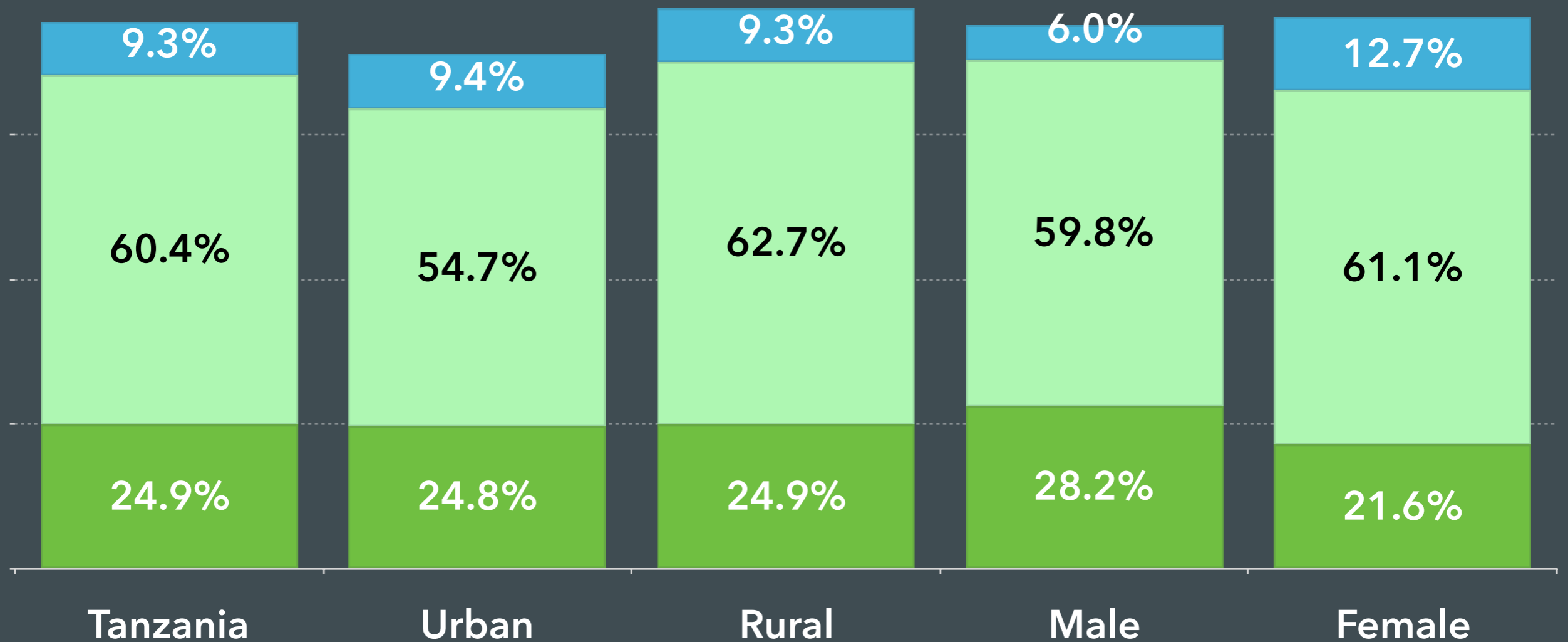
- I don't know how to use it
- No interest/not useful
- No access device (computer/smartphone)



Tanzania (2017): Main reasons why not using Internet
Research **ICT** Africa

Smartphone Cost Main Barrier

- It is too complicated for me/I do not know how to use one
- I cannot afford one, it is too expensive
- I do not need one (a feature/basic phone is sufficient for me)

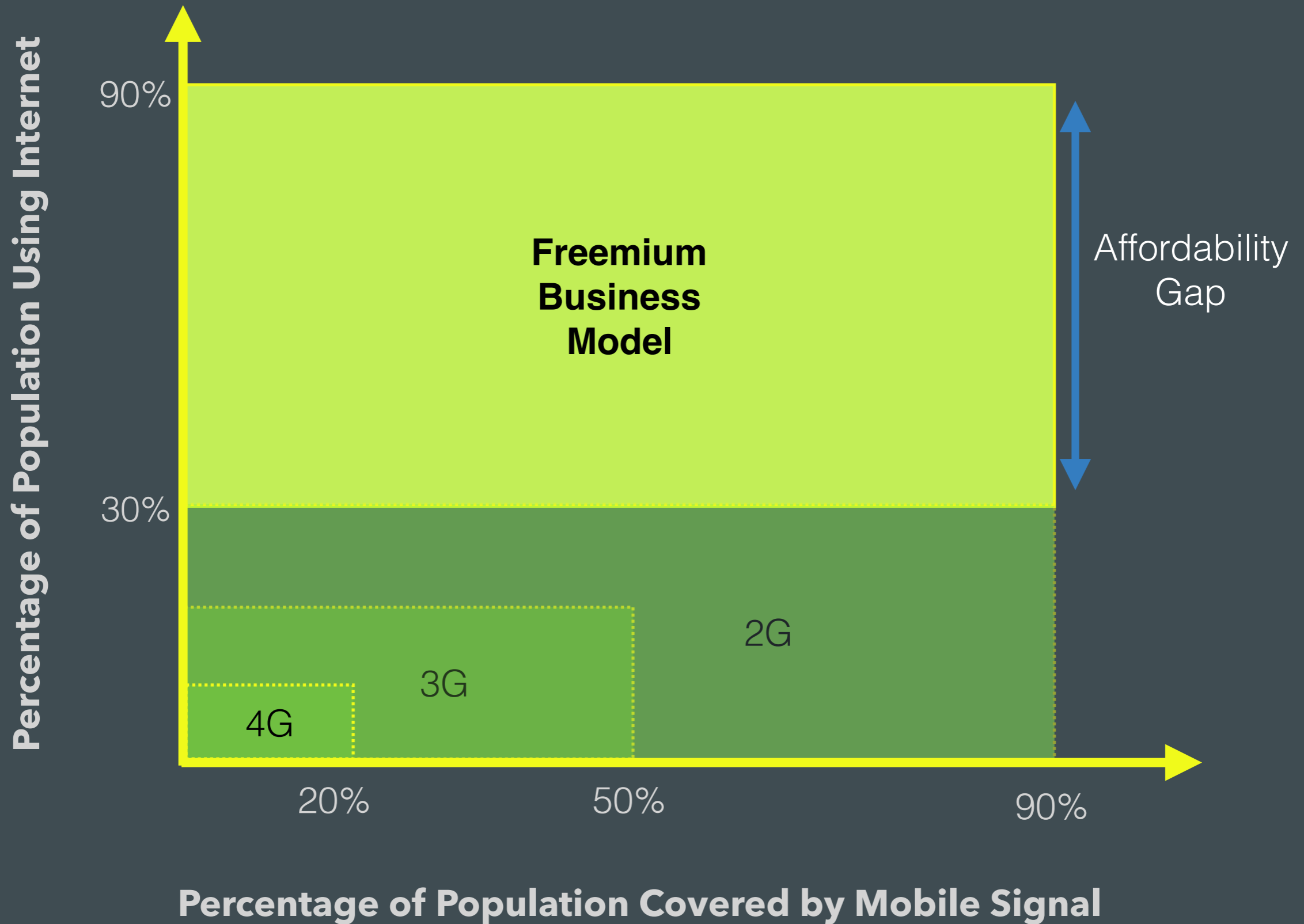


Tanzania (2017): mobile users 15+ without smartphone

Research **ICT** Africa

/FREEMIUM INTERNET

FREEMIUM INTERNET: FREE SLOW INTERNET - 2G



Comparing Free Basics to Freemium Internet

| | Free Basics | Freemium Internet |
|--------------|------------------------|-----------------------------|
| What is free | zero rated content | Internet access |
| Content | controlled by Facebook | open |
| Speed | any | 2G speeds, eg up to 64 kbps |
| Initiated | MNO | MNO / Regulator |
| Defaults | Facebook | None |

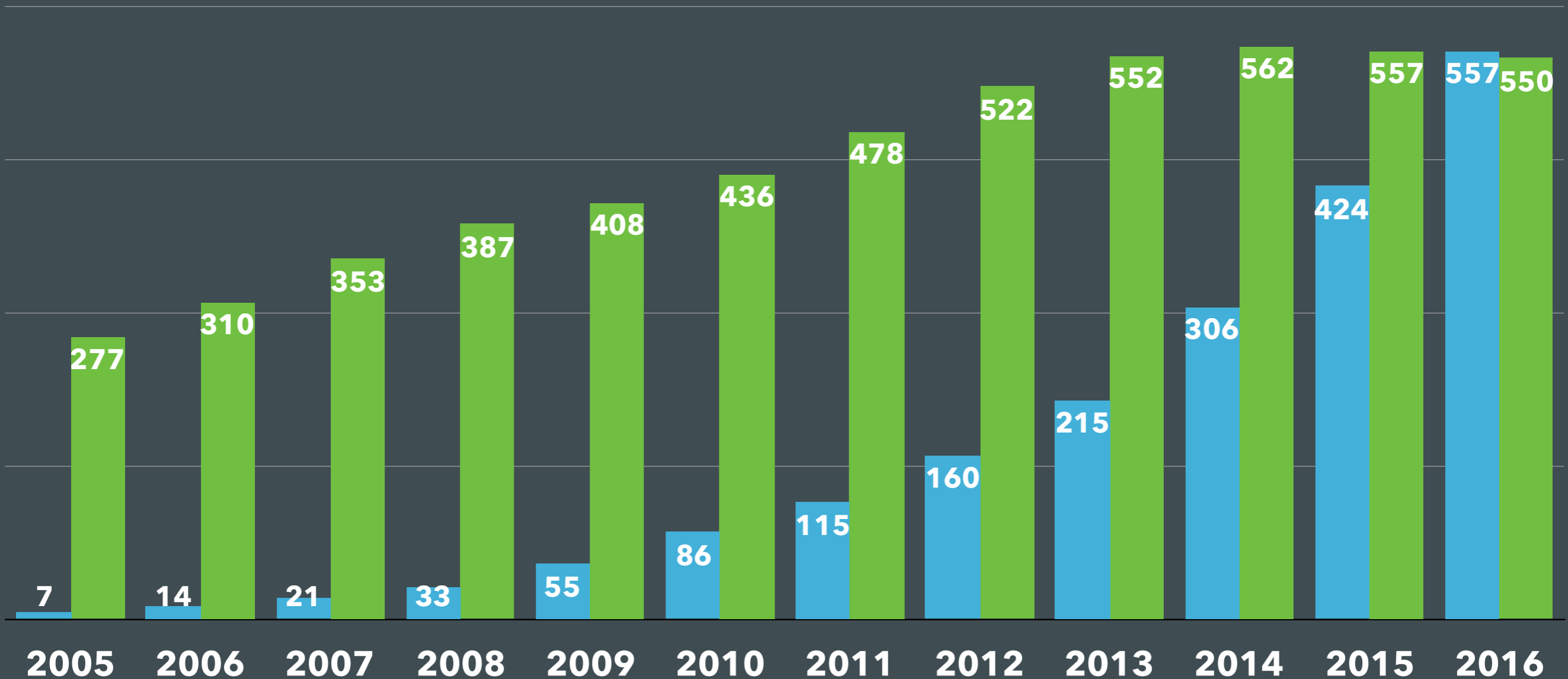
/DATA + OTT

International traffic in billion minutes

(Source: Telegeograpy)

OTT traffic

Carrier traffic



Towards top-up (bundles) and OTT

| Lowest prices in country US cents Q4 2016 | Out of bundle prices | | | 1 MB based on 1 GB top up |
|---|----------------------|-------|----------|------------------------------|
| | 1 MB | 1 SMS | 1 Minute | |
| South Africa | 1.04 | 1.80 | 4.29 | 0.58 |
| Uganda | 1.40 | 2.15 | 5.16 | 0.14 |
| Tanzania | 1.50 | 1.31 | 4.21 | 0.22 |
| Ethiopia | 2.11 | 2.11 | 4.05 | 1.00 |
| Ghana | 2.46 | 0.98 | 1.60 | 0.16 |
| Cote d'Ivoire | 3.29 | 4.12 | 7.88 | 0.29 |
| Mozambique | 2.65 | 2.31 | 6.50 | 0.13 |
| Kenya | 8.00 | 1.00 | 2.67 | 0.50 |
| Namibia | 6.47 | 2.52 | 2.73 | 0.17 |

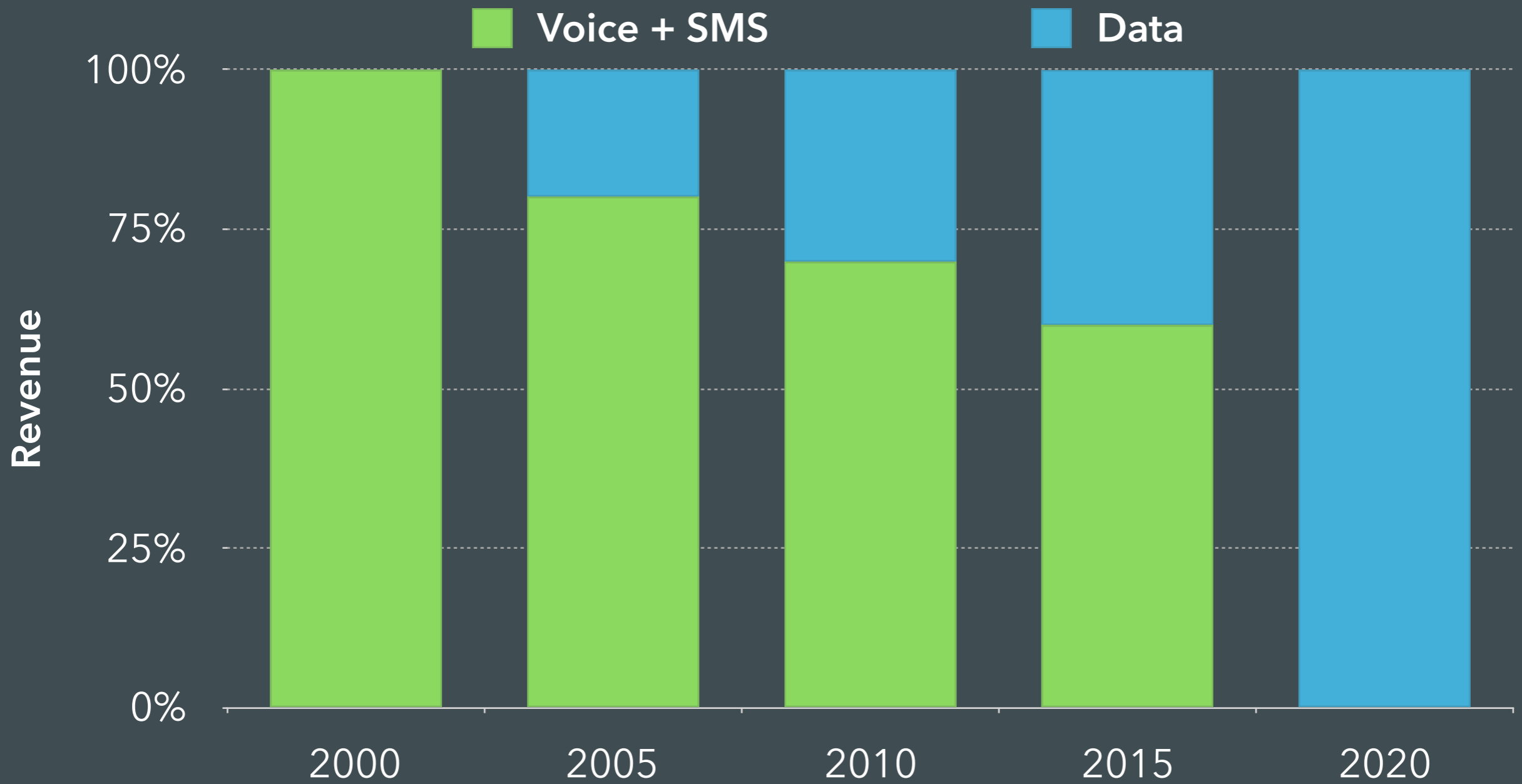
Value for Money Index (VMI) Q4 2016 based on OTT user perspective

- Airtel Kenya
- MTN South Africa
- Vodacom South Africa
- Cell C South Africa
- Orange Kenya
- OTT User
- MTC Namibia
- TN Mobile Namibia

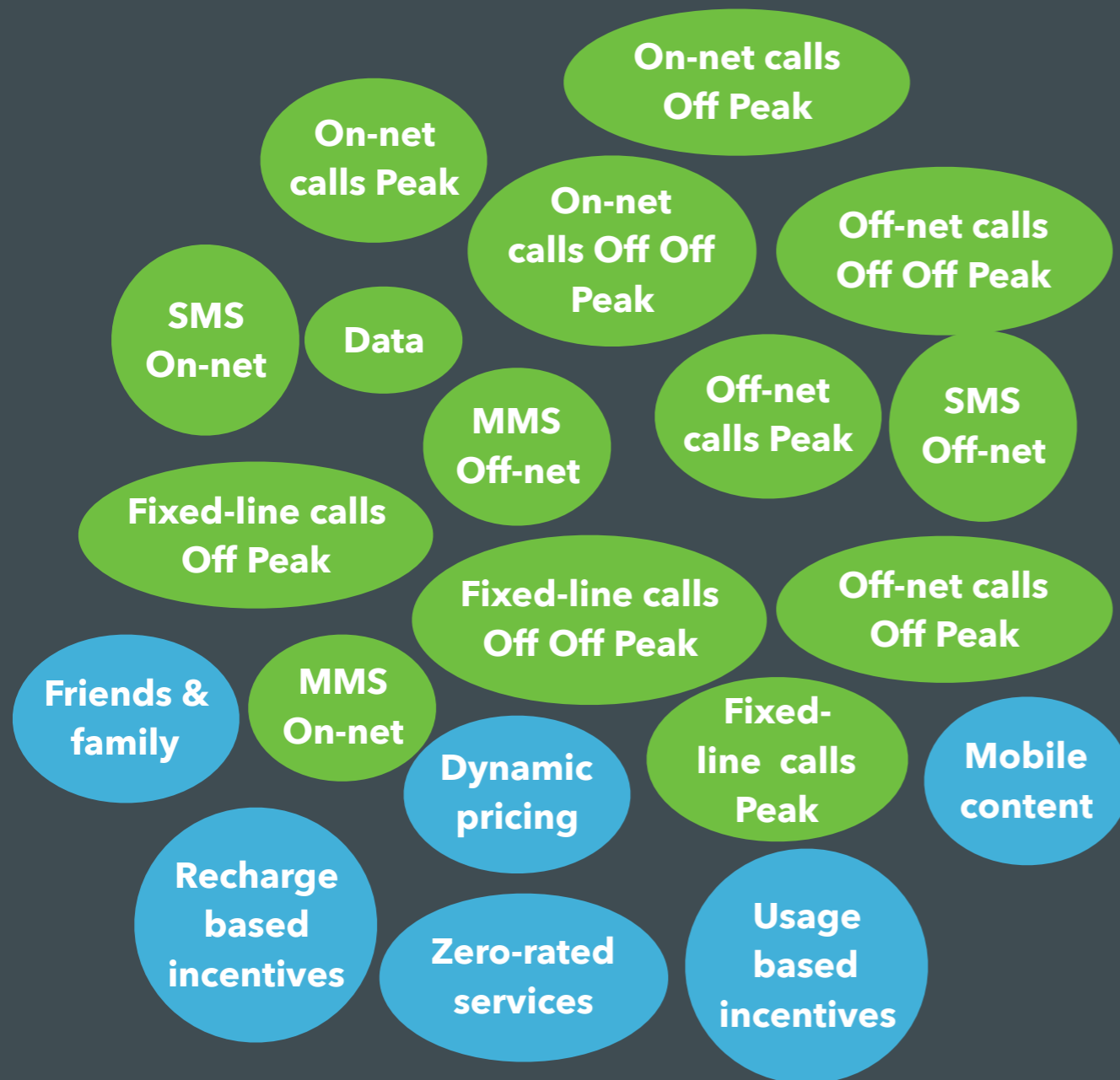


NEW BUSINESS MODEL

Retail pricing: In future only charging for data



Old Business Model



- 1) Complex product design
- 2) High marketing cost
- 3) Complex billing system
- 4) Postpaid Expense risk: Tx / ISR

New



- 1) Simple products
- 2) Low marketing cost
- 3) Simple billing system
- 4) Total risk = 1 month subs.

/RESEARCH ICT SOLUTIONS



DR. CHRISTOPH STORK

PARTNER, RIS

PHD, ECONOMICS

17 years ICT sector research experience
in Africa

Designed and managed household and
business surveys on ICT access and use
across Africa

+27 84 999 000 2

christoph@researchictsolutions.com



STEVE ESSELAAR

PARTNER, RIS

MBA

15 years ICT sector experience

Senior Technology Consultant focused
on strategy, policy and regulation.
Conducted multiple FGDs over the last
decade.

+1 778 865 5695

steve@researchictsolutions.com