



## OPINION PIECE

Tellumat Telecoms

January, 2010

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### **Interest spikes in South Africa as gateway into sub-Saharan Africa Tellumat outlines opportunities and pitfalls for local firms**

Off-shore companies have viewed South Africa as a business gateway into sub-Saharan Africa ever since the time of Cecil John Rhodes. Since then, attitudes and business practices on the continent have improved vastly, but its market potential has never been fully exploited, and much of what business there has been came at the initiative of SA firms.

Recently, however, much greater volumes have been attained due to a spike in interest from UK, US and European firms, reports Bennie Langenhoven, managing executive for Tellumat's Telecoms and Technology Group business units.

"We are seeing a significant shift, both in the scale and volumes of deals, and the manner in which they come about," he says. "Offshore companies are showing remarkable interest in Africa south of the equator, whereas before, we have had to approach them with proposals."

#### **Tipping Point**

Langenhoven dates the tipping point back to the third quarter of 2008, when the current worldwide economic crisis first took hold. "South Africa and Africa in general have escaped the fallout to a degree, and so this is where the opportunity currently lies."

But while that would seem to mean the interest in Africa is a temporary phenomenon, in reality it is not, since the problem of sustained growth in industrialised markets is an enduring one, he points out.

"Africa does still need to be developed as a market, in terms of its appetite for sophisticated technologies in high volumes, but the growth potential alone makes it attractive," he says. "Also, it is not a very competitive market yet. The lessons that foreign firms have learnt in their domestic markets will stand them in very good stead in Africa."

All these factors point to the continent's sustainability as a business proposition for a rising tide of foreign businesses, Langenhoven believes. "It's a self-perpetuating force – the more we meet latent demand, the greater the demand for leading technologies will be. In time, Africa will be on a par with other developing regions in technological sophistication, and when that happens, the companies who got in on the ground floor will benefit the most."

#### **Natural choice**

South Africa has much going for it to make it a natural base from which to market to Africa, continues Langenhoven. "Our banking system is first-rate, and so is our transport and communications infrastructure. We have the benefit of physical proximity and existing business channels as well as direct trade relations into some African countries. It is relatively easy to do business with us, as English is the business language, and we're close to European time zones."

But in order to be reliable business partners to foreign companies on the continent, he says South African distributors, solution and service providers must take note of a few basic necessities. "In a nutshell, international vendors are looking for sufficient skills to sell and support solutions."



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He concedes that it isn't always necessary to have a presence on the ground. "Much of Tellumat's African business is conducted via certified channel partners. In our call centre installations, our customers have basic training in maintaining systems. We also have remote management links from our Cape Town head office, making it unnecessary to be present or to have help on hand."

Where support beyond remote login is needed, and the scale and number of installations justifies it, Tellumat may establish a local in-country office.

### Mobile and other opportunities

Langenhoven says there is "definitely a mobile focus" to current African demand. Mobile operators and suppliers of wireless technologies can capitalise on this trend.

Other than that, he says, there is opportunity to act as strategic advisors to in-country operators, given the relatively high level of experience of South African firms. "The challenge is to identify an area of strength that can add strategic value to African customers, and to go in with that as a unique selling proposition," he says.

Langenhoven adds that the recent African trade missions of the Zuma administration have done much to open African doors for SA firms. Angola, currently in the process of rebuilding its infrastructure on a massive scale, offers considerable opportunities in that regard.

"There has seldom been a better time to enter Africa, whether with an existing portfolio or new solutions for which opportunities exist. Armed with adequate capacity, well-chosen solutions and the requisite skills, local firms can benefit immeasurably from this shift in the international commercial landscape."

Ends.

### About Tellumat

Tellumat is an innovative, black empowered, South African technology company that has achieved a BBBEE Status Level 4 rating, defined as "Superior Contributor to BEE" in terms of the DTI's Codes of Good Practice. It consists of three major trading divisions; Communications, Defence and Contract Manufacturing, and three partly owned companies; Sia Solutions (Pty) Ltd, Eence Engineering (Pty) Ltd and SIMpill (Pty) Ltd. Tellumat services three primary market areas, namely wireless voice and data communications, defence communication systems and high precision electronic and mechanical manufacturing. Tellumat is a world-class business focused on innovation, offering our customers dynamic and competitive technology products and services. We focus on understanding our customers' needs and forming long-term strategic alliances with likeminded enterprises worldwide.

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