



## **Executive Summary: March 2008**

### **WiMAX delays dampen impact in SA**

Delays in the award of licenses for providing the new WiMAX high-speed wireless broadband service to businesses and consumers and the limited roll-out of services that have been licensed has resulted in dampening of its potential impact.

This is the core conclusion of the first study on the impact of the technology in South Africa, conducted by World Wide Worx. The report, "WiMAX in SA 2008: Year Zero", released today, shows that only those companies that have already deployed WiMAX have appreciated its impact.

These companies are all using Telkom's scaled down version of WiMAX, which is provided only where its ADSL fixed line service is not available, and only at ADSL-type speeds. WiMAX can theoretically offer speeds of up to 70Mbps, as opposed to ADSL's fastest option in South Africa of 4Mbps. Even at far lower speeds, however, the potential offered by WiMAX is not yet on the horizon, since no serious competition exists to spur its roll-out, says Arthur Goldstuck, MD of World Wide Worx.

"The impact of such low roll-out is that expectations for WiMAX are being kept artificially low," he adds. "The long wait for the availability of the technology resulted in both frustration and suspicion that it cannot deliver."

The WiMAX in SA 2008 study reveals that a mere 8% of corporations had adopted WiMAX options as part of their connectivity mix in 2007. However, they did not use WiMAX as a preferred or only form of connectivity, but deployed it where no other options were available, such as in rural areas or areas with rough terrain that made fixed line connectivity impossible or uneconomical.

A number of factors, such as lower cost, smaller base stations and easier deployment, mean that WiMAX is an ideal solution for providing broadband data and even telephone services to rural and remote areas. It is also seen as a powerful technology for bringing affordable yet quality Internet access to isolated communities. In addition, it is regarded as an ideal technology for connecting corporate networks at high speed, and it is already playing a small role in this regard.

Projections for 2008 indicate a significant increase in WiMAX deployment, with 20% of corporations deploying it as an element of their connectivity solutions. Once again, it is not yet a primary form of connectivity, but rather being deployed where fixed line and digital line options are not available.

The fact that only those companies deploying WiMAX had appreciated its impact and importance, said Goldstuck, pointed to the damage that regulatory delays had inflicted on the WiMAX cause. Although WiMAX trial licenses had been issued to a number of operators

more than a year ago, and these licenses had officially expired in January this year, the trial networks were being allowed to continue operating in pilot status until full licenses are awarded.

However, this means that commercial services still cannot be offered by these license holders. Existing wireless network operators, namely Vodacom, MTN, Sentech and iBurst, are allowed to use WiMAX to deliver broadband, but none had yet done so in any significant manner.

This adds to the confusion rather than supports the WiMAX case, says Goldstuck.

“Another consequence of delayed roll-out is that few corporate customers, let alone consumers, are aware of who the appropriate suppliers will be – further limiting their ability to include WiMAX options in their budgeting and infrastructure plans.”

Even when WiMAX's importance is rated as an emerging technology over the next five years, from 2008 to 2012, its significance is not recognised outside those companies that have already deployed it, according to the research.

The WiMAX in South Africa 2008 study comprised face-to-face interviews with network and IT decision-makers in 100 South African corporations.

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## **Obtaining the report**

The full report is available at a cost of R8400 (single site license) excluding VAT from World Wide Worx. To place an order, either request an order form to be mailed electronically, or send company name and address, VAT registration number, and name and e-mail address of person ordering and person who should be billed, to World Wide Worx by e-mail on [info@theworx.biz](mailto:info@theworx.biz) or by fax on +27 (11) 782 7063. Please include a purchase order number where required. For more information, contact Arthur Goldstuck on [arthur@worldwideworx.com](mailto:arthur@worldwideworx.com) or by phone on +27 (11) 782 7003.