

FEATURE - Broadband Spurs New Businesses and Ideas in Kenya



Date: Thursday Jun 24 14:30:53 UTC 2010

By Duncan Miriri

NAIROBI, June 24 (Reuters) - When Kenyan graduate Roy Wachira, 25, set out to start his first business, he turned to the Internet, whose growth in the east African nation is spawning opportunities unthinkable even a year ago.

Wachira runs a free social photography site that allows users to view special occasions or travel photos online and provides firms such as telecoms operator Safaricom <SCOM.NR> with a channel to reach their targeted consumers.

The site is one of many innovations in east Africa's biggest economy spurred by faster Internet speeds through three fibre-optic cables which link Kenya with the rest of the world.

Since the arrival of the TEAMS and SEACOM cables last year and a third one called EASSy last March, costs have fallen to as low as \$22 per megabyte from \$4,000 previously. Usage has jumped to 15 gigabytes from 1.8 gigabytes eight months ago.

"It is a good time to break into online in Kenya, there is a surge in usage of Internet here," says Wachira.

Mobile data users quintupled to 1.98 million last year from 398,190 in 2008 and telecoms firms are hoping data services will drive growth as average revenues per user from mobile phone calls fall. [ID:nLDE63F10B]

Sanjay Sikka, the chief executive officer of Horizon, an \$8-million call centre in the capital, Nairobi, shares Wachira's optimism.

He says Horizon was set up to take advantage of Kenya's ambition of going head-to-head with established business process outsourcing (BPO) players such as India and Philippines.

"With the fibre optics coming, that makes everything work," Sikka told Reuters in a plush building with the capacity to house 1,200 agents fielding calls and emails around the clock.

- * Faster Internet gives rise to new businesses
- * Lack of data protection laws seen curbing growth
- * Power outages, political stability seen as challenges

Horizon's clients include a Kenya telecoms operator and a large British-based firm, says Sikka, who has worked for Accenture and India's Genpact in a 16-year career.

DATA PROTECTION LAWS

Those who have ventured into the brave new world of business made possible by faster Internet, however, say challenges abound, including on the regulatory front.

"Digital laws are a big issue, our constitution is really old, it doesn't have a lot of the stuff you require to enable people to do a lot of digital activities," says Wachira.

"Parliament needs to do something to change these laws because my generation is going to be online."

Stephen Kiptinness, a lawyer and head of regulatory affairs for France Telecom's <FTE.PA> Telkom Kenya, said a data protection law was long overdue.

"We need one, like, yesterday ... we are an information society. This information can be used for scams and identity fraud," he said. "How the information is collected is critical, how it is stored is critical as is how it is accessed."

He adds that lack of data protection guarantees, coupled with a judiciary that is perceived to be weak and slow, could dissuade some foreign firms from investing in the sector.

Julian Cunningham-Day, a partner at London-based Linklaters, says there are other challenges to Kenya's ambitions for its outsourcing sector like unreliable power supply and perceptions of political instability.

"The clashes following the disputed elections in 2007-8 shattered many peoples' perceptions of Kenya as a politically stable country," said Cunningham-Day.

FEATURE - Broadband Spurs New Businesses and Ideas in Kenya

Those ructions did not dampen a move towards online shopping. Motivated by the rise of access to the Internet, banks like I&M Bank started this year to offer electronic payments services to businesses in the country.

"The new payment gateway will give potential and existing Kenyan e-commerce merchants the opportunity to expand their sales online with a significant reduction in transaction costs," says Arun Mathur, the bank's chief executive.

Businesses which have existed for decades are also searching for ways of leveraging the enhanced access to the Internet.

Peter Mwangi, chief executive of the Nairobi Stock Exchange, says they are looking to introduce Internet and mobile phone-based trading this year to allow investors to take advantage of market moves in real time.

The stock exchange is the fifth-largest in Africa after South Africa, Morocco, Egypt and Nigeria and was the top-performing market in Africa in the first quarter, with the main index up 25.4 percent after a lacklustre 2009.

While the bourse awaits the introduction of new channels for trading, Kenyan musicians are already tapping the Web to market their music, and finding.

A group called Just A Band realised the power of the Internet after posting a short clip of its video called Ha-He on YouTube. The clip, that features a character named Makmende, went viral, taking social sites such as Facebook and Twitter by storm.

It spawned Makmende Internet pages, turned the song into a hit that dominated many conversations, mainly around jokes about the tough character who rescues girls and torments the bad guys in his superhero role.

For a Q&A on Africa's ICT sector, click [ID:nLDE60U00J] (Editing by Sitaraman Shankar)

This service is not intended to encourage spam. The details provided by your colleague have been used for the sole purpose of facilitating this email communication and have not been retained by Thomson Reuters.

Your personal details have not been added to any database or mailing list. If you would like to receive news articles delivered to your email address, please subscribe at www.reuters.com/newsmails.

© Copyright Thomson Reuters 2010 All rights reserved. Users may download and print extracts of content from this website for their own personal and non-commercial use only. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is expressly prohibited without the prior written consent of Thomson Reuters. Thomson Reuters and its logo are registered trademarks or trademarks of the Thomson Reuters group of companies around the world.

Quotes and other data are provided for your personal information only, and are not intended for trading purposes. Thomson Reuters and its data providers shall not be liable for any errors or delays in the quotes or other data, or for any actions taken in reliance thereon.

Horizon Contact Centers is East and Central Africa's first state-of-the-art and fully on demand International Contact Center and Business Process Outsourcing (BPO) Company, offering a broad portfolio of voice and non-voice services to the global market. With a world class facility in Nairobi, Kenya and a scalability to house over 1,200 agents, Horizon is the largest Outsourcing Contact Center in the region.

For more information, visit: www.horizoncontactcenters.com.

Copyright © Horizon 2010. All Rights Reserved.

FOR MORE INFORMATION:

Horizon Contact Centers Ltd
Gateway Park, Mombasa Road,
P.O. Box 3027-00506
Nairobi, Kenya

Tel: +254 (0) 20 698 7000

Email: info@horizoncontactcenters.com