

## Growth in internet access disappoints

Solid growth in corporate usage and dramatic uptake of broadband has helped to push internet access up by 5% but, despite great expectations, expansion among ordinary South Africans has slowed to a crawl, with the dial-up market experiencing no growth in subscribers for the first time since the industry was launched in 1993, says the latest edition of World Wide Worx's annual survey.

According to 'The Goldstuck Report: Internet Access in South Africa 2005', 3.6 million South Africans will have access at the end of 2005. This means growth in 2005 ticked up slightly from 4% in 2004 to 5% in 2005, giving 1 in every 12 South Africans access, marginally up from 1 in 13 at the end of 2003.

"While the arrival of broadband, or high-speed Internet access, has transformed the internet access landscape in terms of technology choice, its impact has been felt far more strongly in existing users migrating from dial-up usage than in new users coming online," said Arthur Goldstuck, MD of World Wide Worx.

The roll-out of competitive access services to businesses by the Second Network Operator (SNO), expected to boost growth in 2004 and 2005, failed to materialise, and there is still no clarity on when or how the SNO will begin to serve the local internet market. Accelerated growth in internet usage is heavily dependent on the timely and effective roll-out of the SNO.

Among the most significant findings were that the dial-up market has stalled since it passed the one-million mark for the first time in 2002, with rapid growth in Telkom's internet service making up for tremendous churn in the customer bases of other dial-up ISPs.

As broadband access comes down in price and improves in performance, it will reduce the size of the dial-up market, unless more concrete efforts are made to reach disadvantaged communities.

The leased-line market for corporate access remains healthy, bolstered by growth in Virtual Private Networks and corporate-grade Voice Over IP. However, while the number of lines continues to grow to support volume of demand from existing users, it is not matched by equivalent growth in new users with access to such lines.

Schools connectivity has been a damp squib after much was promised by provincial authorities, with delivery delayed by up to three years.

Most internet service providers are evolving into providers of specialised data and telecommunications services, no longer depending on dial-up subscribers or pure internet connectivity for their revenue.

"The good news is that impatience with the slow pace of internet growth and the high cost of connectivity has permeated the

upper echelons of government," said Goldstuck. "As a result, another significant shift in telecommunications policy, equivalent to the deregulation of voice calls over the internet, could occur in the next two years."

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