Internet Carrier Business Models
RECAP: Transit is easy to sell

Definition: Internet Transit is the business relationship whereby an entity provides (usually sells) access to the Internet.

"Internet this way"

Definition: An Internet Service Providers (ISP), also called a “Transit Provider”, is an entity that sells access to the Internet.
RECAP: Does it make sense to peer anymore?

- Price drops 30%
- Volume increases 60%

→ Transit bill increases
The rationale for building beyond your border

• You’re paying less to a transit operator, to move traffic between networks (but you pay more for infrastructure!)

• You have new business opportunities in new areas and the chance to grow your brand

• You have better control/reach of where/how the network traffic flows through your network. Simplifies operations.
Early examples of regional interconnections: African Internet Experiences

• Early African Internet experience - US/EU organisations provided “from-continent” connectivity to ISPs/Telcos.

• Not a significant number of players; poor choice for African ISPs.
“a strike against techno-colonialism…”
Point to point transmission

• Simplest case; cross border/national operator selling end-to-end circuit between two locations. (or half circuits to their national borders).

• RIC purchases point-to-point connectivity and establishes an IP network over this
Point to point transmission

Pros:

• Easier to get operational faster
• Lower CAPEX needed
• Leverage existing networks
• Lower Risk

Cons:

• Susceptible to artificial inflation of prices
• No long term control on cost
Establishing your own infrastructure

- Has better cost control measures.
- Economies of scale through consolidated human capital costs.
- Freedom to innovate
- ...

Historic Issue

- Costs and fibre access routes.

(Get update from PIDA / AfPIF stats)
Historic Issue

- Traffic has traditionally followed the path of satellite/submarine fibre.

Overseas investment has driven the growth (and flow of traffic)
Historic Issue

- Ex-colonial countries still look to their colonial ties for content / expertise (eg. very little Internet related traffic between ZA and MZ).

Non-visionaries may not always see the opportunity for change/investment to bridge local content.
Increased Consumption

Growth

Cost Reduction

Economies of Scale

Demand for New Services
Achieving Successful ROI

- Capitalise on existing spend in infrastructure through complementary services
  - eg. home-user and business users have very different Internet usage patterns. Spending on infrastructure to suit just *one* type is wasteful.

- Other ISP services (VPS, Content, etc).
RIC Categories?

- Home-user networks can argue that their focus is within their own market, and not out of their boundaries.
RIC Categories?

• Home-user networks can argue that their focus is within their own market, and not outside their national boundaries.

This is not the case in the connected, global economy.
Traditional business cost

• How much of our business roles and models are stuck in the past? What traditional / bad habits have we continued to use apply in modern day networks?
Traditional business cost

• How much of our business roles and models are stuck in the past? What traditional / bad habits have we continued to use apply in modern day networks?

NATs, SDH are two such examples of useful, but outdated technologies.
The RIC should be able to offer flexible services

- Dark fibre could be sold across borders.
- Traditional capacity on terrestrial basis (end-to-end owned and managed)
- Remote peering services to allow participants from other countries to get access to the IXes in your home country.
The RIC should be able to offer flexible services

- For those with restrictive peering policies, transit locally; peer regionally - still encourages the build and spread of local connectivity

- Sell to competitors :-) (LEC)

- Sell *into* your home market