

## Safaricom retains lead despite competition

Safaricom has posted a KSh47.1 billion profit in the first half of its financial year that ended on September 2010. The mobile operator continues to enjoy the lions share of the market with 17.7 million subscribers out of a total of 21.78 million.

By [Carole Kimutai](#) 12 Nov 2010



The financial results are against a background of cut-throat competition over the last two months that has seen increased competition, regulatory interventions, and voice tariffs and mobile termination rates that have fallen by 50%.

Safaricom's new CEO Bob Collymore, who took over from founding CEO Michael Joseph on 1, November 2010, is optimistic that the mobile operator will continue as a market leader. "Innovative products, services and promotions have continued to defend our customer market share," said Collymore when he announced the results.

### Interest in data market

Safaricom now has its eyes on the data market and has invested heavily in 3G-enabled sites. The company has also acquired a 100% stake in two Wimax service providers; IGO Wireless and Instaconnect. As a strategy to increase data penetration, Safaricom is engaging handset and laptop vendors so as to drive down the cost of devices. So far, over 8,000 laptops, 45,000 data modems and 400,000 data-enabled handsets have been sold. "With internet and PC penetration estimated to still be below 10%, there is huge potential for ongoing growth in data revenues," said Collymore.

The company's total non-voice revenues increased by 60.5% to KSh14.62 billion while the overall contribution of total data revenue increased to 23.8% from 17.7% of total revenue.

### New regulations

Collymore predicts a significant growth in Kenya's telecommunication sector with expectations that mobile penetration will increase to between 60-70% over the next 2-3 years from the current levels of over 50%. The Communications Commission of Kenya (CCK) is implementing mobile number portability and new regulations covering fair competition have been gazetted by the Ministry of Information and Communications. The future growth in the number of customers and the recently introduced voice tariffs is expected to result in a further decline in voice average revenue per user (ARPU).

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