

Slumber no More!

The advent of wireless phones in Kenya and the competition offered by mobile phone service providers give Telkom Kenya another chance to stay relevant and as Mwangi Wanjumbi writes, increased competition has led to improved services too.

In the television wrestling drama World Wrestling Entertainment, one of the most admired players has been 'The Undertaker.' The admiration has not resulted from his size, but out of his ability to pick himself up after a good beating, and become his 'enemy's' tormentor, humiliating them and winning the staged bout.

The Undertaker may be an apt example to illustrate the current situation where Telkom Kenya, the sole landline telephone service provider, appeared to have been rendered irrelevant by the entry of mobile phone companies Safaricom (in which it is the principal shareholder with 60 per cent), and Celtel, especially on the domestic and small business front. Not many gave Telkom much thought until the recent entry into the market of Popote Wireless and Flashcom, who for a short while seemed to have stolen the show from Telkom, although this was manifest only in Nairobi. Telkom has however just managed to survive courtesy of a monopoly imposed by government regulation. This may soon not be the case as the firm is set to be sold to private bidders.

Interestingly, Telkom landline telephone usage has taken another dimension. It does not matter whether this has been copied or benchmarked from elsewhere. It is apparently a first one pulled on the now seemingly minnows, who by the way are not even alone. In fact, the mobile telephone service providers have been hit hard too and why not? It does not matter the tariff or the calling time. One can now easily connect to the country wide landline lines through the new generation Telkom Wireless service. The rates are much lower than what we have been paying for cell phone services to the two providers.

It is then no wonder that the supernormal profits declared by one of the providers indicated an anomaly in the telecommunication charges as this writer has observed in the past. The Telecom Wireless phone set, which can also be connected with a fixed facility, is certainly as convenient as those from both Safaricom and Celtel.

Why has Telkom Kenya taken so long to re-invent the landline services? There is no straight forward answer, although complacency may have contributed. With its massive infrastructure and regulatory backing, the company could be forgiven for having being in a long slumber. But, has competition not played a major role re-awakening it? Indeed it has.

Remember the failed Telecommunication Consortiums which could have come to directly spoil the show for Telkom Kenya? Luckily, their disorganization, and therefore lack of cohesion and focus, gave Telkom the lifeline time to pick itself up like the "Undertaker". But, we still need these consortia, anyway. The telecommunication charges imposed on the consumer are still high and more competition would undo the current scenario even further. Besides, increased competition leads to more and more innovation, which inevitably benefits the consumer.

Companies must remain profitable and relevant to the needs of the market. Remember, the market is not about structures. It is about thinking human beings. Even where the consumer is a cow for example, the human element must be involved in making things happen.

Why is competition so effective in the market then? One major factor is that it leads to business rivalry, which works well for the consumers. A few years ago, Kenya Breweries edged out Castle Brewing of South Africa, but the consumer still benefited. The standards of service of the frothy substance manufactured and supplied by both combatants were at least raised. Today, many beer points connected to electricity have a fridge, provided and serviced free by the beer company.

East African Breweries may however, not have the luxury of complacency even after edging out Castle Brewing. Among Coca cola and other soft drink competitors, there are others who are seriously finding their level in the market without creating as much noise as Castle Brewing. They are kicking Giant Breweries from the feet, sideways and so on through imported brands, which are also gaining a market share.

Renowned strategy Professor, Michael Porter of Harvard University would attest that the Telecommunication sector in Kenya is slowly coming of age. The government however needs to make it easier for new entrants to compete with Giant Telkom Kenya. In today's competitive era, the consumer demands value for money from both local and international service providers. Telkom Kenya has now come of age. It does not need to continue enjoying state protection any more. With the re-invention of the wireless/landline service, Telkom

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Kenya will certainly find a new competitive edge. Let the others not cry foul claiming that Telkom is enjoying unfair advantage from Communications Commission of Kenya (CCK) the regulator. With competition, mobile and landline telephones charges are likely to reduce, giving individuals and business a breather.

But credit must go to the re-invented landline through its wireless facilities for now. Hopefully, Telkom will maintain the re-invention and renovation strategies for posterity without gliding into complacency again time.



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