



# Beyond the call: the rise of Africa's techcos

The African telecoms industry is at a crossroads. Once focused solely on connectivity, operators are now evolving into technology companies — or 'techcos' — to expand their service offerings, drive revenue, and remain competitive in a rapidly digitising world...

**T**he shift from telco to techco marks a significant transformation in the telecommunications industry, as companies expand their focus from traditional voice and data services to a broader array of technology-driven solutions.

"The shift from telco to techco is crucial for African operators because it allows them to diversify their revenue streams beyond traditional connectivity services," says Nitesh Singh, MD and Communications Media and Technology lead for Africa at Accenture. "This is particularly important in Africa, where many operators face challenges such as low average revenue per user (ARPU), high competition, and limited access to capital."

Aleksejs Beljakovs, CEO of Digital

Tide, echoes this sentiment, pointing out that traditional growth avenues are running dry: "growth won't continue forever. Even now, the SIM card penetration rate is high. At the same time, competition drives telephony and internet ARPU too low. It seems to me that additional services, especially in B2B, are the only way to increase ARPU."

Umair Siddiqui, Head of Telco and Service Provider GTM for EMEA at Quintica, highlights how value is shifting: "traditional revenue streams from voice are drying up. Real value and revenue are being generated on the business services and managed services side of the modern telco. This market opportunity is going to be triple their traditional voice and data ARPU, which is still very low in Africa at around \$2 compared to US

equivalents at around \$18-22."

"For Africa specifically, transforming into a techco will give operators a massive advantage in their market beyond just connectivity services," says Ari Banerjee, Chief Strategy Officer at Netcracker. "As the demand for digital services grows, operators will need to upgrade their networks and IT infrastructure to support these next-generation offerings and compete with technology companies that are making forays into these markets."

### The biggest benefits

Transitioning from telco to techco allows operators to diversify their revenue streams, moving beyond traditional voice and data services to offer high-value digital solutions such

as cloud computing, mobile money, and IoT. This shift enhances customer experience, fosters innovation, and improves profitability by tapping into new markets with higher margins.

"The biggest benefit for telcos in making the transition to techcos is the ability to diversify and expand their revenue streams," Singh states. "This transition positions telcos to be key players in the digital economy, enabling them to capitalise on emerging opportunities and drive sustainable growth."

Beljakovs agrees that the biggest benefit for telcos is the "additional revenue! But not just that - when competition gets stronger, services become similar, and prices drop at every operator, the only real way to compete is by offering services that are valuable for businesses. That's

the only way forward."

Siddiqui highlights how telcos can leverage their customer base for profitability: "they can cross-sell and upsell commercial and business customers onto long-term contracts where the upside is much bigger and more profitable. More predictable revenue and investment models based on fixed services over a longer term will also provide stability."

Additionally, the increased agility that results from the shift to techco enables telcos to rapidly develop and deploy new digital services, keeping pace with evolving customer demands and market trends. It also enhances operational efficiency, allowing for quicker adaptation to technological advancements and competitive pressures.

"One of the main results of a telco shifting to becoming more of a technology company is the ability to more quickly develop and roll out new products and services," adds Banerjee. "This high level of agility is only possible with streamlined internal technology and business processes and a robust partner ecosystem."

## Transitional challenges

The transition from telco to techco comes with challenges such as legacy infrastructure, the need for new digital skills, and resistance to change. Telcos must also navigate intense competition, regulatory complexities, and significant investment requirements to ensure a successful transformation.

Beljakovs warns against overcomplicating the process: "it's important to be realistic. Let me give an example: a telco launches a cloud CRM for its customers, but the sales cycle is completely different from products like telephony and internet. As a result, telco sales representatives simply can't start selling it effectively. I strongly recommend beginning the transformation with the simplest products — those that are clear to both end users and salespeople. Sales will be the biggest challenge here."

Meanwhile, Siddiqui advises telcos to focus on their strengths: "understand your core strength. Taking your eye off the ball if core network is your strength will be a challenge. Many telcos have opted to acquire rather than build in order to create new service offerings."

Indeed, industry standards like TM Forum have become key in driving standardisation across the tech stack. By adhering to these standards, telcos can streamline service provisioning, accelerate digital transformation, and seamlessly integrate new technologies such as AI, automation, and IoT. This standardization also fosters collaboration between telcos and technology partners, reducing operational complexity and ensuring scalability in an increasingly digital and competitive landscape.

"The winners will be those who can manage complex and bespoke CPQ on the customer side with speed to provision and slice up their network on the back end. Balancing the revenue, performance and service delivery is the art of the possible for the next gen telco," adds Siddiqui.

Indeed, collaboration with technology partners, startups, and ecosystem players accelerates innovation and helps telcos access the expertise needed for a seamless transition. Strategic alliances also enable operators to expand their service offerings and stay competitive in the evolving digital landscape.

"By partnering with trusted vendors whose products and solutions are well suited to digital transformation programs, telcos have a much higher chance of success than striking out on their own," notes Banerjee.

For Singh, execution is the critical factor: "the transformation requires a clear strategic vision, strong leadership, and careful execution. Potential challenges include resistance to change, legacy systems, security concerns, market competition, and financial risk."

Singh notes that legacy systems and infrastructure can also pose barriers to innovation, requiring careful planning for IT modernisation.

"Telcos do not have to entirely reinvent the wheel to undertake a techco transition, but they do need to ensure their IT systems are modernized and upgraded to be more agile and able to support future requirements. The only way to do this is through an open, standards-based, modular and cloud-native platform," advises Banerjee.

Singh adds that telcos can leverage their existing legacy infrastructure effectively while

transitioning to techcos, but it requires a strategic approach.

"Starting from scratch is not always necessary, and in many cases, it is more practical and cost-effective to modernise and integrate legacy systems. While starting from scratch may be necessary in some cases, leveraging existing legacy infrastructure can be a viable and cost-effective strategy for telcos transitioning to techcos," explains Singh. "By adopting a strategic approach to modernisation and integration, telcos can effectively utilise their existing assets while embracing new technologies and driving innovation."

## The role of automation

AI and automation can play a critical role in the telco to techco transition by enhancing efficiency, optimising network performance, and enabling personalised customer experiences. AI-driven insights help telcos predict demand, reduce downtime, and improve service delivery, while automation streamlines operations and lowers costs.

Siddiqui sees AI playing a major role in customer experience and network performance. "Highly flexible product offers can be generated based on a 360-degree view of customer behaviour. AI Ops will help align demand with uptake and stop revenue leakage through wasted availability."

"AI and automation are essential for telcos transitioning to techcos, driving efficiency and unlocking new revenue streams. They enable enhanced customer experience, network optimisation and automation, streamlined operations, data-driven insights, and product and service innovation," says Singh.

"Both AI and automation are critical to any digital transformation program. These help the telco with improvements to operational efficiency and the ability to easily manage complex data, allowing for real-time insights and better agility overall," agrees Banerjee.

Beljakovs, however, remains sceptical of AI's immediate impact: "right now, there's too much buzz about AI. The future is here, that's for sure. But from a telco perspective, revenue is the most important thing. We need to identify AI implementations that generate not just buzz but real revenue."

## Envisioning the next chapter

The future of Africa's telecommunications landscape is poised for a transformative leap as traditional telcos evolve into dynamic techcos.

Beljakovs predicts a cloud PBX boom: "B2B customers need more — they need to control employee conversations, automate workflows, and integrate SIM cards with their CRM systems. We're already seeing a boom in CRM adoption across Africa, and a cloud PBX boom will follow. In the next few years, every telco that wants to retain its customer base and increase ARPU will need to offer telephony bundled with a simple, cost-effective, and easy-to-use cloud PBX with a mobile app. I see no reason why this global trend wouldn't take off in Africa as well."

"We expect a bright digital future for Africa, with many signposts pointing towards a surge in startups and venture capital interest. This is driven by a decrease in the relative risk of African investments, regional resilience, and long-term structural trends like a young, urban, and tech-optimistic population," says Singh. "Accenture suggests that global companies should partner with local governments and businesses to navigate the regulatory environment and understand local needs. They also highlight the potential of low-code solutions to democratise digital innovation in Africa, empowering local developer talent and creating new solutions for the African market."

"The African telecom market is growing very rapidly, with new innovations and diversification into new areas happening on a daily basis. I expect operators in that market, including with help from various governments, are investing in their infrastructure through transformation initiatives to not just deliver improved connectivity to citizens in all areas of the continent but also to boost local economies," asserts Banerjee.

The message from industry leaders is clear: Africa's telcos must embrace the shift to techcos, or risk being left behind. By evolving their business models, investing in new technologies, and expanding their service offerings, operators can secure their place in Africa's digital future. ■