

# NEOTEL

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CORPORATE BROCHURE



# Ahead in the clouds

...and clear strategic thinking mean that after five years building a nationwide fibre optic communication backbone, Neotel is leading the migration to next generation communications. Dr Angus Hay talks to Gay Sutton about the steps that are making cloud computing available in South Africa



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South Africa is rapidly coming of age as a globally connected nation, its businesses increasingly gaining access to a new high speed fibre optic communications network that enables them to communicate and compete on the world stage. The company behind this swift advance in technology is Neotel, launched just five years ago with the financial and technical backing of the global communications company, Tata Communications, along with Nexus Communications and CommuniTel. In that short space of time, the company has carved a place for itself as a major force in South African telecommunications.



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“We are known for fibre optic converged communications services, but we are now much more than that,” explains general manager of Strategy Business Development, Dr Angus Hay. “Our business has two stacks of capabilities. One stack is the connectivity through fibre networks, and we have spent much of our first four years deploying this infrastructure. The other stack is taking the company into the next generation of communications. We are providing a range of managed services for business customers via our data centres and delivering access to the cloud. Very soon now, we will be offering full cloud computing.”

During the first four years in business, Neotel laid the groundwork for this ambitious vision by investing some R4.5 billion in infrastructure alone, rolling out a new fibre optic communications backbone nationwide. This included higher density installation in the metropolitan areas amounting to some 5,000 kilometres of cable, and delivering fibre communication to the kerbside for large corporate customers. Much of the Neotel service is internet based, and not only includes ISP services and managed global and local VPN services for corporate customers, but the company has also introduced the first Metro Ethernet in South Africa.

The effectiveness of the Neotel network is the foundation upon which the business is built; however, that’s only part of the equation. “At a very early stage we took a strategic decision to get involved in all the cable systems that land in South Africa. When we started, there were two subsea cables, both controlled by our competitor, Telkom,” Hay says. “With the help of Tata Communications, who was a shareholder in those cables, we managed to crack the monopoly and gain access to both systems.”

Since then, Neotel has taken part in each cable project to touch South Africa, with the aim of ensuring completely reliable global access and broad bandwidth. Partnering with SEACOM in 2009, the company provided the landing station and connectivity to the South African network, and in 2010 it was part of the EASSy consortium

that laid subsea cable up the east coast of Africa. However the company’s latest venture is perhaps the most ambitious: “We are part of the consortium laying in the WACS cable [West Africa Cable System] which is the largest ever cable to land on the African continent,” Hay says. “With a design capacity of over five Tbits per second, it will more than double South

Africa’s cable capacity.”

With the infrastructure in place, the focus over the last 18 months has been on rapidly developing the customer base. Although around 90 per cent of Neotel’s customers are in the business sector, the company is developing a significant presence in the consumer market, currently providing 3G—mobile broadband—in the major cities, offering coverage for some 20 per cent of the population.

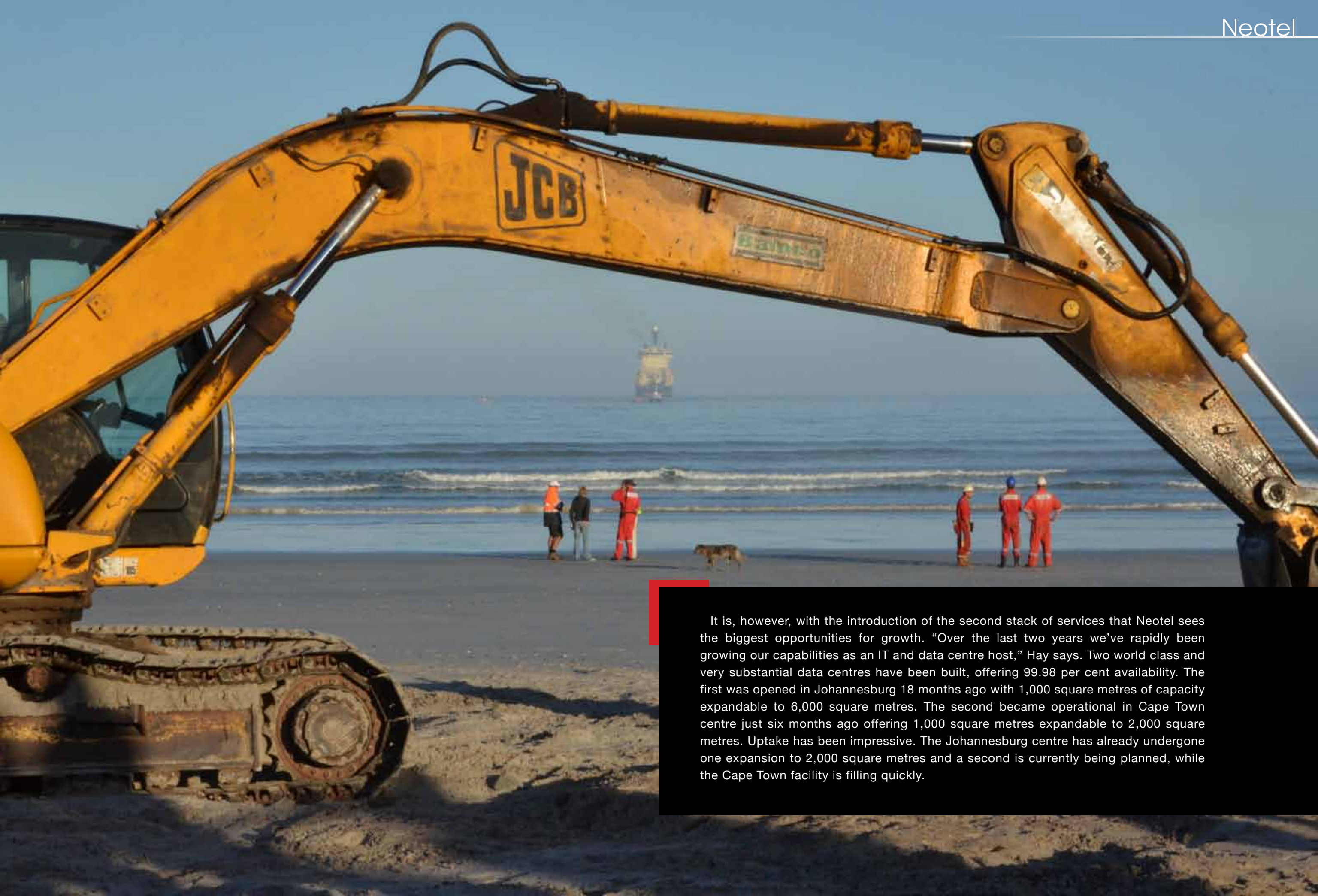
For enterprise customers the company is continuing to raise its game and will soon be delivering higher bandwidth services in the order of 100 Mbits per second (Mbps)—a paradigm shift for a market where broadband was originally delivered over a copper wire network at speeds below four Mbps. Accessibility for large corporate customers is also being taken a step further with the fibre cable being extended from the kerbside into the buildings as part of the standard service.



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It is, however, with the introduction of the second stack of services that Neotel sees the biggest opportunities for growth. “Over the last two years we’ve rapidly been growing our capabilities as an IT and data centre host,” Hay says. Two world class and very substantial data centres have been built, offering 99.98 per cent availability. The first was opened in Johannesburg 18 months ago with 1,000 square metres of capacity expandable to 6,000 square metres. The second became operational in Cape Town centre just six months ago offering 1,000 square metres expandable to 2,000 square metres. Uptake has been impressive. The Johannesburg centre has already undergone one expansion to 2,000 square metres and a second is currently being planned, while the Cape Town facility is filling quickly.



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Nothing remains static in this fast-moving business, though, and Neotel's next strategic move is likely to put South African businesses on a par with the most sophisticated around the world. In a few months, the company will be launching a full cloud computing platform which, through the Tata Communications global network, will be able to draw on data centres and services around the world, offering data storage and managed software services that simply do not reside in any one particular data centre but which are truly 'in the cloud'.

For the small and medium sized businesses—a sector of the market where Hay sees huge opportunities—the plan is to launch a new suite of software services over the cloud, beginning with the essentials such as mail systems, calendars and online sharing capabilities and hosted platforms provided by the company's IT partners, and expanding into

the more complex software in the future.

It's been a fast ride for Neotel, resulting in rapid growth. Today, the company employs some 1,100 people and operates with a high level of efficiency. "We see our network stack and the data centre capability as a very powerful combination," says Hay. "We're no longer just the plumber; we're now able to add a wide range of services. The secret for us is to focus on specific markets and segments within those markets, and to concentrate on particular geographies. For customers within these areas we outperform the incumbent by a long way. That is where we have been gaining market share and we will continue to market aggressively into those target markets," he concludes. [www.neotel.co.za](http://www.neotel.co.za) ■

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