

DJIBOUTI TELECOM

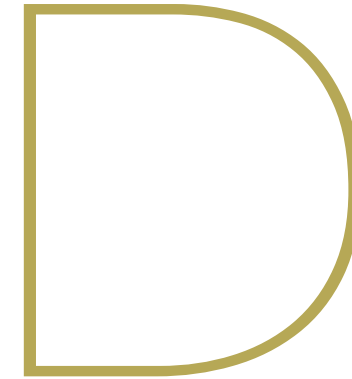
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CORPORATE BROCHURE



Connecting a **continent**

International carrier Djibouti Telecom already has the strongest presence in Eastern Africa. Now it has ambitious plans to expand further across the region and become the gateway to Europe. General manager Abdourahman Mohamed Hassan talks to Jayne Alverca



Djibouti is a tiny state, but it has a strategic importance that far exceeds its small size and population of around one million people. It lies on a peninsula that divides the Gulf of Aden from the Gulf of Tadjoura in the Horn of Africa. At a crossroads between continents and sharing borders with Eritrea, Ethiopia and Somalia, Djibouti critically also has more than 300 kilometres of coastline.

Abdourahman Mohamed Hassan is general manager of Djibouti Telecom, the sole provider of telecommunications services in the country. He explains that domestic revenue streams are obviously limited and the real opportunity is derived from Djibouti's unique geographical position, which makes it ideally placed to reach out to eastern and southern Africa and to the Middle East and Europe.

As a springboard and launching point for a new era of high speed connectivity, there could be no better place to position a hub. "We are the only provider in the country and we want to leverage the special advantages that Djibouti's strategic position offers," he states. Moreover, the deregulation and opening of markets in countries such as Kenya and Tanzania has created a raft of new opportunities in the continent: state-managed monopolies are only the order of the day in a dwindling number of countries.

Hassan is keen to emphasise that there is another dimension to the company's work. "Djibouti Telecom is not just about bringing the internet to Africa; it is also about putting

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Telecom Italia Sparkle is a leading global telecommunications service provider offering a complete range of voice, mobile data, Internet and data solutions designed to meet the ever changing needs of fixed and mobile operators, ISPs, content providers, multimedia players and corporate customers.

Today, growth trends in the international telecom services market require the rebalancing of our focus on higher profitability services as voice still represents a relevant revenue component of our business but with a declining percentage in the years to come. As a result of our increasing efforts in innovating our product portfolio and of a precise infrastructural expansion strategy for the consolidation of our presence in high growth markets, our data business, both wholesale and retail, including mobile data, is increasing its share of contribution to Sparkle's total revenues, and will continue to do so in the upcoming future. This revenue shift, which is in line with international market trends, for us is even truer in Africa where we are a consolidated voice player and a leading data and IP services provider.

While historically we have been playing a major role in providing international connectivity services to North African markets through our Sicily hub and a unique mix of bilateral and consortia cables to become top internet hub for Africa consistently over the last few years, in 2010 we have pursued a partnership development strategy aimed at bringing our Tier 1 Global IP backbone Seabone and IP services even closer to Eastern and Southern Africa, a very high growth region in the continent.

And there comes the selection of a local strategic partner which brought us to consolidate our relationship with Djibouti Telecom into a strategic partnership that has already produced important results for both operators and that is expected to continue to generate high value contributions to both Sparkle and DJT. And this is how.

TI Sparkle and Djibouti Telecom have established a new IP POP in Djibouti towards the end of last year for the development of IP services in East and South Africa, and have been providing a cost effective, high quality and secure global IP connectivity to TLC operators, ISPs and service providers that are connected to Djibouti through cable systems such as SMW3, Eassy, Seacom, EIG, and bilateral infrastructure. Our customers have been benefiting from the additional advantage of exchanging their intra-regional traffic directly in Djibouti, instantly improving performance by saving hundreds of milliseconds with respect to any other European IP hub. And in a few months of joint activities we have been able to consolidate a significant customer base and several gigabits of committed capacity.

With its participation and ownership in number of submarine cable systems, Djibouti Telecom continues to grow as a strong regional hub in East Africa; and its investment in five major

submarine cable systems (SMW3, Aden-Djibouti, Eassy, Seacom and EIG) with landing stations in Djibouti providing excellent diversity, made DJT a natural choice as strategic partner.

But it is certainly not just the geographical position or the landing of major cables. Djibouti Telecom has a very focused management with broad and innovative commercial approach that makes our daily business relation easy, fluid and very productive, in a few words represents the perfect partner for a win-win strategic alliance. A partnership that is in the process of evolving further by adding new value to the market: we are about to launch an Ethernet MPLS offer which will benefit both wholesale and corporate segments by making advanced and scalable MPLS access and transport services closer to customers in the region, reducing latency and eliminating hops, providing a cost effective and top quality service with a complete diversification of the paths towards each destination worldwide.

And with increased demand comes innovation. TI Sparkle Group ongoing infrastructural investments in a network of Data Centers in the Mediterranean and the deployment of Cloud Computing services to be launched late 2011, together with new proprietary submarine cable assets recently activated in the Mediterranean, make us a relevant choice in Africa for advanced IaaS services, from virtual hosting to Disaster Recovery solutions. A new segment that we are pursuing through a focused sales strategy.

As per the mobile data market, TI Sparkle has been quite successful in increasing its penetration among African operators with our Sparkle mobile data solutions that cater to the needs of both established and emerging mobile operators with a complete suite of value added services that position Sparkle as an enabler of interoperability and allow operators a faster time to market. And with the upcoming deployment of 3G services in Djibouti we are able to support new service roll-out through our GRX and hubbing solutions.

Our strategy is to maintain a strong focus on addressing an increasing operator demand for efficient and integrated platforms and interoperability, and in this perspective we want to consolidate further our positioning as enabler of the recent voice and data convergence trend on a single platform.

This is why we have recently launched an IPX solution devised for both fixed and mobile operators and able to support existing and next-generation IP-based services. Through a single, converged interconnection, TI Sparkle's customers can access high quality voice and mobile data services such as GRX evolution, Signaling services, SMS Transit/Hubbing and soon other innovative services like Instant Messaging, Presence and Videoshare amongst others.

All this with guarantees of top quality and security levels, cost effectiveness and maximum care for our customers, Sparkle's musts in its approach to Africa, and globally.



Djibouti on the map. It is a very small country that deserves more recognition for its role as the gateway to Europe," he adds.

Djibouti Telecom has been operational since 1999 and is already established as the international carrier with the strongest presence in eastern Africa. Now it is in the process of growing a regional hub which will deliver a complete portfolio of voice, data/IP and capacity services over state-of-art network infrastructure. The customer base consists of telecommunications service providers and multinational organisations including international carriers, mobile and fixed telephony operators, internet service providers and major government and private sector clients.

"Our strategy is to reach out with different nodes of achieving connectivity," Hassan



“ We want to leverage the special advantages that Djibouti’s strategic position offers ”

explains. "Every operator wants diversity in terms of the international linkages at their disposal with the security of a solid back-up so traffic can be diverted by a secure route if necessary. By offering a number of different points of presence (POPs), we become a very attractive proposition.

"Secondly, we aim to obtain capacity and then offer it to different areas where there is growing demand, but limited supply," he continues. "To date, we have invested in transcontinental as well as regional submarine cables and we are steadily expanding our geographic reach. For example, we are negotiating a new agreement with MENA-ICS [the Middle East North Africa International Cable System] investors in order for Djibouti to become a landing point and own capacity over this submarine cable system." Djibouti so far owns capacity over six submarine cables: SMW3, EIG, SEACOM, EASSy, Aden-

Djibouti (in the upgrade process) and MENA.

The underwater fibre-optic cables that are the pre-requisite for a new era in communications have only recently arrived in Africa. "Poor infrastructure in the region is our biggest challenge," he declares. "Underwater cables such as SEACOM and EASSy have only recently become operational and have transformed Africa's connectivity, but there is still a terrestrial backhaul problem because many African states are land-locked."

SEACOM financed and developed the first broadband submarine cable system along the eastern and southern African coastlines, bringing with it a vast supply of high quality and affordable internet access. It became live in July 2009 and has already bought a tenfold increase in bandwidth penetration to some African countries.



EASSy is a 10,000 kilometre submarine fibre-optic cable system deployed along the east and south coasts of Africa to service the voice, data, video and internet needs of the region. It links South Africa with Sudan via landing points in Mozambique, Madagascar, the Comoros, Tanzania, Kenya, Somalia and Djibouti. The cable incorporates the latest developments in submarine fibre-optic technology, making it economical to connect the eastern and southern coast of Africa into the high-speed global telecommunications network. In a related project, investors in the EASSy system are building terrestrial fibre backhauls to link the land-locked countries of the region to the cable.

This acceleration in activity on the part of cable operators has generated many new opportunities.

Working in partnership with Telecom Italia Sparkle, the international wholesale arm of Telecom Italia, Djibouti Telecom recently launched its new top-tier IP point of presence (POP). The link will provide cost effective, high quality and secure global IP connectivity to TLC operators, ISPs and service providers that are connected to Djibouti through existing and upcoming cable systems and other bilateral infrastructure.

The fully protected IP hubbing node in Djibouti will bring the internet thousands of miles closer to East and South African customers. Customers will be able to access the world's most popular content hosted in Sicily through an extended global IP transit backbone, Seabone. Customers will also benefit from the additional advantage of exchanging their intra-regional traffic directly

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in Djibouti, instantly improving performance by saving hundreds of milliseconds with respect to any other European IP hub.

“With the deployment of a new generation of submarine cable systems in East Africa, our IP node/exchange will play a significant role in the region by offering improved solutions to support the increasing demand for international service from Eastern and southern Africa,” Hassan declares.

“It was very important to us to partner with a top tier provider to offer the most reliable and robust service possible to meet Africa's soaring demands, both now and in the future. Moving forward, it will also enable us to look more closely at new connections with the Middle East and Europe. In five years' time, I want us to be recognised as the East African countries' gateway to Europe.”

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