

# [Access kenya company ltd market annalysis](https://assignbuster.com/access-kenya-company-ltd-market-annalysis/)

Access Kenya is an internet service Provider in Kenya that targets the corporate and residential clients. They have an estimated market share of about 42%, hence being the market leaders in corporate internet solutions. They have 10 years experience offering corporate internet solutions managing their own infrastructure for connectivity since 2003.

They are specialized in data as their core business. They are a shareholder of the Teams international submarine fiber cable. Internet services have permeated almost all sectors of economies in different countries worldwide. Advances in communication technologies and the rapid communications equipment cost reductions, coupled with market innovations, have created many opportunities for increasing access to the Internet in rural, remote and poor urban areas. For example in most countries, costs have been brought down by a number of schemes (taxation regimes, incentives, etc.) as well as liberalization and hence competition in the provision of services and deployment of technologies to overcome the constraints of locations and business viability.

The Internet is a communication platform riding on network access technologies such as fixed line, mobile cellular, wireless terrestrial and satellite. It is made up of a number of components which include connectivity links, servers, content and end user devices. The Internet has increasingly gained widespread recognition as a knowledge infrastructure. VISION” To be the leading premier provider of high quality internet and other technology services to corporate customers.” MISSION” To build our market leadership position in the corporate internet market, to become the leading provider range of ICT services for corporate, Sotto and high end residential customers in Kenya and East Africa. We shall achieve these goals by continuously improving the value for money of our money customer’s proposition, by offering high level of customer service, and by attracting, developing and retaining outstanding personnel.

“ CORE BUSINESS” Our core business is to ensure that our clients are connected o the interne. We are an internet solution provider. I used SWOT analysis to analysis to do an a market analysis for Access Kenya Company Ltd. STRENGTHS FOR ACCESS KENYA1. Market Niche (Corporate and residential clients)Access Kenya have identified a very strong market niche which includes the organizations.

With the growing need for internet in offices to communicate via emails, doing research on the World Wide Web and video conferencing. The largest consumer for internet services in Kenya are the organizations and therefore this market niche will generate a lot of income for the company. 2. Company ImageThey have been in the market for 10 years experience offering corporate internet solutions, as the corporate internet market leader for the past 5 years, it is better place to cater to for organizations’ connectivity needs. 3.

Customized servicesThey offer to their clients tailor made solutions specific to their individual needs. Flat monthly fee. For instance the chart below shows the products offered by access to its clients based on the customer income and therefore a customer is able to choose the package that suits him/her better. In addition to this they also offer after sales services i. e.

for a small additional charge, they offer assist to set up a secure VPN whereby a customer can log in from home into office. 4. Qualified staffAccessKenya is uniquely placed as an operator and service provider to be able to provide both connectivity services as well as IT solutions to clients. Since 2007 when AccessKenya purchased an IT Services company, they have been able to offer customers a fully bundled solution that provides both core connectivity as well as IT infrastructure management to clients. With over 70 technical people in the organisation with skills ranging from Cisco, Microsoft, Linux, IBM, Oracle, Netapp and many more, they have the skillset required to help solve issues.

Their Core IT business Services include:- Manage Local Area Network (LAN) including Desktops, Workstations and peripherals.- Manage Wide Area Network (WAN) including all interstice connectivity, firewalls, internet connectivity.- Support Protection. As backup to IT team, they can offer emergency support to help the customers in case of an emergency that the client IT team isn’t able to manage.

– Offsite Backup. A key part of any company’s Disaster Recover solution, an offsite backup of your data in a secure data centre environment is critical to ensure the continuity of your business in case of a disaster. 5. CCTV Cameras (Value Addition)Access Kenya Company limited have added value in addition to their core business which have made them be able to differentiate themselves from all the other internet service providers. The company has installed CCTV cameras in the cities of Nairobi and Mombasa along the main roads and therefore anyone travelling within the city can check the traffic online. This an online free service that enables end anybody to know which roads within the city are congested with traffic hence avoid such a route.

WEAKNESSES1. Area of coverage This company is only based in Nairobi and Mombasa and therefore is not able to reach the other corporate customers in other parts of the country. Therefore a customer who might have had about the good services they are offering and may also want to enjoy their services they may not be able to access it. 2. Financial ConstraintAccording to Daily Nation report it was known that the company was able to make losses in the course of its operations. “ The firm, whose share price at the Nairobi Stock Exchange, early this month sank past its initial public offering price of Sh10, saw its full year 2010 profit after tax fall from Sh147.

9 million in 2009 to a Sh7. 9 million loss. For the financial period ending December 31, profit before tax also dived from Sh182. 3 million to return a loss of Sh5.

3 million, while turnover went down from Sh2. 07 billion the previous financial year to Sh1. 7 billion, by 17. 5 per cent.

The firm attributed the loss to higher interest costs and a foreign exchange loss, coupled with higher administrative expenses. “ 2010 has been a challenging year for the entire telecommunications and data industry, characterized by extreme competition and price wars,” said a statement sent to the NSE by the firm’s executive director David Somen. In December, the firm issued a profit warning that has hit on the share price and eroded investor confidence”. Growing competition from nimble rivals has not given the ISP breathing space. THREATSThe main threats faced by the firm include the following: 1. Competition Growing competition from nimble rivals has not given the ISP breathing space.

Mobile operators led by Safaricom and corporate ISPs like MTN Business Kenya and Kenya Data Networks have stepped up their game, causing a major shift in market shares. KDN has put its mass market business into its sister firm, SwiftGlobal, to focus on the wholesale and the corporate business – AccessKenya’s strength. Wananchi Group has intensified its activities in the recent months. Currently in Kenya there over 15 internet service provider companies and therefore a company that sleeps over the game will be overtaken by the rivals posing a major challenge to access Kenya which is the market leader in this industry. Access Kenya is betting on increased home ownership to raise its internet access as it battles with telecommunication firms, which are lowering connection costs.

2. Government regulationAccess Kenya being a telecommunication company in the telecommunication industry is under Communications Commission of Kenya (CCK) is a state owned corporation that is responsible for ensuring fair play in the airwaves. It is the independent regulatory authority for the communications industry in Kenya. Its role is to license and regulate telecommunications, radio communication and postal/courier services in Kenya.

It also issues licenses to ISP’s Internet Service Providers as well as other communication devices that go beyond unlicensed frequencies. It is responsible for developing and co-coordinating the policies and strategies with respect to development and operation of telecommunications services in Kenya. The licensees perceive that the most critical factor hindering development of the Internet is the regulatory and licensing framework. A closure examination revealed that the specific factors that hindered the growth of the Internet market are the inability to regulate the unfair competition and business practices in the market, the poor management of the frequency spectrum, the bureaucracies and delays in licensing, the unfairness and biases of licensing, and the issuance of stand-alone licenses as opposed to unified licenses. The regulator can address these issues by increasing the fairness, transparency, efficiency and effectiveness of the licensing and regulatory processes, procedures and decisions.

3. DispersionKenya being still a developing country, all the citizens actually very few people in the county have basic computer literacy skills and therefore it is hard for an internet service provider company to easily expand the market share because the people it would want to sell the services to may not have a knowhow on how to use the products. Internet penetration in Kenya is comparable to the comparator countries in level A (low income, low average IOI) but very low in comparison to the comparator countries in level B, which is where Kenya should initially aim to be. One of the key reasons for this is that Kenya has never had an Internet strategy. Comparator countries in middle and high income bracket that had achieved high Internet penetration levels had deliberate and focused strategies to grow the Internet market as part of their national socio-economic development plans. The Morocco government, for example, invested heavily in ICTs since 2004 as an agent for enabling the business process outsourcing (BPO) industry which had been identified as one of the key sectors to be supported.

We therefore recommend that Kenya develops and implements an Internet strategy that is clearly linked to the priority national socioeconomic development plans. 93 We have forecast that, with the right strategy, the number of Internet users can grow from the current estimate of 2. 7 million to about 8 million, which is more than double the current penetration level and comparable to the current penetration of middle income countries such as Morocco. This is a forecast based on supply-side data.

A better estimate would be obtained with additional data from the demand side. To this end, we recommend that the regulator funds a national demand baseline survey using the Partnership for Measuring ICT for Development Framework4. Tariffs and AffordabilityInternet tariffs have not come down in any significant way since the end of the exclusivity period. At the same time, the hierarchical design of the Internet service provision results in high cost to the end-user, with operators and service providers at each tier creating their margins with very little value addition, and most times with quality of service degradation. As an illustration, for every 1 Mb/s purchased from the global Internet, IBGOs/CVOs connect 2 customers using 1 Mb/s links and that for every 1 Mb/s purchased from the IBGOs, the ISPs connect about 6 customers using 1 Mb/s links. Therefore the quality of the links has been degraded by a factor of 12 by the time it gets to the customer.

OPPORTUNITIESThe various opportunities available that access Kenya can target in order to increase their market share include. 1. PartnershipsThe firm has teamed up with Housing Finance to boost internet connectivity and cash in on home buyers’ need for value addition. “ This partnership will allow us to enhance our home connectivity, which is a key plank of our operations,” said Access Kenya MD Kris Senanu. The drive focuses on high-end homes and corporate clients.

The decision is expected to enhance home internet use as properties developed by Housing Finance will automatically be connected to internet services. The service will also target commercial properties such as office blocks, retail shopping centres, and hospitality and educational facilities. The move is expected to enhance competition with other internet service providers (ISP) such as Wananchi. 2. Targeting Learning institutionWith the increased usage of internet by students in learning institutions the company can target to increase market share by ensuring that all institutions of higher learning such as universities are incorporated with their infrastructure and this will by far increase their market share.

RECOMMENDATIONSi. The company should consider incorporating other services to their end customers such as Pay TV because most of their customers include the residential clients. ii. They can diversify their product lines by offering such services as webhosting, web-designing and software development mostly to reach the corporate clients.

iii. Look for favourable wholesale internet provider in order to be able to offer lower costs to their customers since due to increased rivalry in the market many other companies have pursued market leadership strategy hence they risk loosing the customers to their competitors. References1. Access Kenya Website: www.

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