

South Africa Ict Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The South African ICT Market is expected to grow at a CAGR of 9.3% for the forecast period. South Africa is one of Africa's biggest marketplaces for information and communications technology (ICT). It demonstrates technological leadership in the areas of mobile software, security software, and online banking services.

Key Highlights

The ICT and electronics industry in South Africa is both developed and sophisticated, and it is a growing contributor to the country's GDP. Companies including IBM, Unisys, Microsoft, Intel, Systems Application Protocol (SAP), Dell, Novell, and Compaq all have subsidiaries in South Africa. It is a regional center and a supply base for nearby nations.

The fast-expanding African market is being penetrated by South Africa's ICT goods and services sector. In recent years, most of the new fixed and wireless telecommunications networks set up throughout the continent have been supplied by South African businesses and locally based subsidiaries of foreign businesses.

With more internet providers entering the market and better bandwidth availability, security, and broadband prices, cloud computing is becoming increasingly significant. Cloud computing has benefited from the upgrades to data center infrastructure. Since 2016, an estimated 60% of major South African businesses have used cloud computing in some capacity.

Regarding smart city technologies in Africa, South Africa is at the forefront. But most South Africans need access to the fundamental services that their towns ought to provide. After overcoming the difficulties of providing housing, water, power, and internet access and addressing traffic and crime, cities may concentrate on the pleasures of digital advancements for their residents.

The IT and start-up sectors are booming in South Africa. The ICT Small, Medium, and Micro-Enterprises (SMME) Development Strategy is an initiative by the South African government to escalate the growth and development of the SMME sector. Incubation, networking, and capacity-building collaborations get government funding.

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The COVID-19 epidemic practically stopped all human activity. Significant effects were felt in South Africa, but things are improving. Customers, governments, and organizations are experiencing unprecedented change across the country. The ICT market patterns have changed as a result, both globally and locally. Given the increasing rise of the digital economy and the globalization of economic systems, the ICT industry in the country is also undergoing significant growth.

South Africa ICT Market Trends

Robust 5G Deployment in the Country

In South Africa, 5G infrastructure and services are now being rolled out. The South African government intends to roll out the 4G network and install the 5G network in more rural and underserved areas. It also suggested modifying the nation's laws and regulations to aid the digital revolution. The nation is heading toward a digital transformation by integrating technologies like the Internet of Things (IoT), cloud, edge computing, and 5G networks.

The Independent Communications Authority of South Africa (ICASA) held the long-awaited broadband spectrum auction last March, and six network providers-Rain, Vodacom, MTN, Telkom, Liquid Telcoms, and Cell C-bid for frequency spectrum in distinct bands. To supply their consumers with 5G services, which need frequency spectrum in the 700MHz to 3.5GHz range, the network providers would utilize the acquired spectrum to enhance the quality of existing 4G services.

The ICASA spectrum auction had a significant role in accelerating the rollout of 5G in South Africa. Network operators can implement their varied 5G ideas now that they have access to the spectrum. Rain's primary goal would be to protect the advantage it gained from entering fixed 5G early. Next year, the network plans to compete with Vodacom and MTN in the mobile 5G market.

Due to work-from-home or school-from-home, online shopping, and an always-online culture, the COVID pandemic has significantly altered South Africans' way of life. 5G, with its ultra-high speed and low latency, would support new services for South African consumers, like online augmented reality, virtual reality gaming, and ultra-high-definition streaming, while enabling businesses with cloud and artificial intelligence technologies.

5G networks aim to increase mobile connections and improve customers' smartphone experiences. There were 108.6 million mobile connections in South Africa as of February last year. Approximately 180% of people have a mobile connection in the country.

Digital Transformation Aiding the Financial Service Sectors

Over the past few years, digital banks have experienced a meteoric rise in both customer acquisition and app downloads. South African customers are also embracing the digital banking trend, and the pace of innovation is not slowing down.

The financial system in South Africa is largely recognized as one of the greatest in the whole world. Additionally, South Africa is proud to have a thriving fintech industry that benefits the nation and the African continent. The nation has long served as a significant center for international commerce and investment on the African continent.

For the past ten years, the financial services sector in South Africa has prioritized digital on its executive agenda. It has been the primary catalyst for significant changes in the sector, fostering innovation and healthy competition. The cloud-based services, industry-specific technology, and system integration are the main growth areas in terms of ICT investment and determining IT strategy in the BFS sector.

South Africans now feel much more at ease using internet banking due to COVID-19. The emergence of digital banks in South Africa has been made possible by digital changes. According to the study, most (86%) South Africans are prepared to do all their banking digitally, particularly via an app instead of internet banking. This tendency has been hastened by the COVID-19 epidemic,

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which has pushed people into digital alternatives. Most wealthy and middle-class customers preferred using an app for regular banking tasks.

Since most of South Africa's consumers are prepared for digital banking and anticipate that the nation will provide a fully digital banking environment by 2027, incumbent banks need to change their business models to stay up. For IT executives in the BFSI industry, focusing on customer-centric strategies, digitalization, process automation, and data security remains a top concern. About 60% of South African individuals made or received a digital payment as of the previous year. More women than males used this financial option. In South Africa, 61.1% of women and 59% of men used digital payments that year.

South Africa ICT Market Competitor Analysis

The South African ICT market is at a fragmented stage as the market currently consists of many players. Several key players in the ICT market are in constant efforts to bring advancements. A few prominent companies are entering into collaborations and expanding their footprints in developing regions to consolidate their positions in the market. The major players are IBM Corporation, Wipro, Vodacom South Africa, Telkom SA, MTN South Africa, and many others.

In December 2022, Telkom introduced 5G Internet Data tariffs as part of its 5G Wireless Broadband service offering. In some Telkom 5G Broadband Network Coverage locations, the plans are accessible. The newest high-speed wireless internet technology, 5G, gives consumers greater download and upload rates. Customers may experience improved gaming, music, video streaming, and app downloads thanks to this smooth and blazing-fast Internet connection.

In March 2022, IBM announced the establishment of a Client Engineering team in South Africa & the Middle East for customers and business partners. According to IBM, its Client Engineering teams consist of designers, solution architects, data scientists, cloud engineers, security experts, business transformation consultants, and more. They work on the agile co-creation of IBM technology and consulting solutions for their clients, all within six to eight weeks.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

Table of Contents:

1 INTRODUCTION

- 1.1 Market Definition and Scope
- 1.2 Study Assumptions

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

- 4.1 Market Overview
- 4.2 Industry Stakeholder Analysis
- 4.3 Industry Attractiveness-Porter's Five Forces Analysis
 - 4.3.1 Bargaining Power of Suppliers
 - 4.3.2 Bargaining Power of Consumers

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- 4.3.3 Threat of New Entrants
- 4.3.4 Threat of Substitute Products
- 4.3.5 Intensity of Competitive Rivalry

5 MARKET DYNAMICS

- 5.1 Market Drivers
 - 5.1.1 Rapid Digital Transformation in the Financial Service Sector
 - 5.1.2 Robust Roll Out of 5G
- 5.2 Market Restrain
 - 5.2.1 Slow-Paced Infrastructure Development
- 5.3 Impact of COVID-19 on the IT Spending

6 KEY TECHNOLOGY INVESTMENTS

- 6.1 Cloud Technology
- 6.2 Artificial Intelligence
- 6.3 Cyber Security
- 6.4 Digital Services

7 MARKET SEGMENTATION

- 7.1 By Type
 - 7.1.1 Hardware
 - 7.1.2 Software
 - 7.1.3 IT Services
 - 7.1.4 Telecommunication Services
- 7.2 By Size of Enterprise
 - 7.2.1 Small and Medium Enterprises
 - 7.2.2 Large Enterprises
- 7.3 By Industry Vertical
 - 7.3.1 BFSI
 - 7.3.2 IT and Telecom
 - 7.3.3 Government
 - 7.3.4 Retail and E-commerce
 - 7.3.5 Manufacturing
 - 7.3.6 Energy and Utilities
 - 7.3.7 Other Industry Verticals

8 COMPETITIVE LANDSCAPE

- 8.1 Company Profiles
 - 8.1.1 IBM Corporation
 - 8.1.2 Unisys
 - 8.1.3 Microsoft
 - 8.1.4 Intel
 - 8.1.5 Dell Inc.
 - 8.1.6 Novell
 - 8.1.7 SAP SE
 - 8.1.8 Wipro
 - 8.1.9 Vodacom South Africa

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- 8.1.10 Telkom SA SOC Limited
- 8.1.11 MTN South Africa
- 8.1.12 Cell C Limited
- 8.1.13 Saicom South Africa
- 8.1.14 ATC South Africa

9 INVESTMENT ANALYSIS

10 FUTURE OF THE MARKET

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