

# 'Paper company' that overcame hurdles to establish network

By Kingori Choto

When Anne Wachira and her partners launched Tangerine, a telecommunications services provider, their office had no furniture and they had to work on mats on the floor. But in setting up an office, they had just overcome one of numerous hurdles that lay ahead of them.

Today, sitting in her office on the 20<sup>th</sup> floor of Lonrho House in Nairobi's central business district, Anne recalls those difficult days when she spent hours at the Jomo Kenyatta International Airport trying to clear equipment with customs officials for the network the new company was trying to set up.

Tangerine is a Data Carrier Network Operator (DCNO) which operates on a wireless platform. It was registered in 2007 and acquired a number of licences.

Building a telecommunications network, Anne says, is not an easy task. There are numerous hurdles to overcome. First, one has to obtain licences from the Communications Commission of Kenya (CCK). Second, one has to procure equipment mostly from abroad besides

enduring the bottleneck of clearing these at the airport.

Third, one has to locate a good site mainly a building to put up the equipment. Fourth, of course, one has to get the network up and even hire expatriates at considerable cost to do so. The capital outlay is enormous; without financial muscle, one cannot set up a telecoms network.

Luckily for Anne and her partners, Tangerine is affiliated to a family business group that operates in the region and has interests in jewelry, telecommunications and finance. Having decided to venture into telecommunications, the first real hurdle Anne & Co. faced was getting both an office and a site to set up their equipment. And even when they secured space in Lonrho House, not many people wanted to deal with Tangerine at that time describing it as a "paper company".

"Securing the first site was a headache. Getting a good property address in Nairobi can be difficult," says Anne. "But perhaps the greatest challenge is securing sites for base stations that can communicate with the central base at Lonrho." Each base station serves an area with a radius of four kilometers.

Interestingly, the decision to venture into telecommunications was the result of frustrations they encountered with Internet Service Providers (ISPs). "The frustrations we underwent with ISPs were too many. We were a bunch of frustrated geeks wondering what is it these guys do that we can't do," says Anne, a trained economist with a passion for technology.

One of the constant complaints leveled against local ISPs is the high cost of services. At the time Anne and her partners were setting up Tangerine, ISPs were charging clients to the roof even for simple solutions like Ksh 200,000 for a virtual private network (VPN) connecting one office to another.

## Harmful content

Tangerine's core product was initially internet. But with time, and especially with the arrival of fibre optic cable, the firm's management has realized that internet is so basic. "The game going forward is going to be about content and value added services," reckons Anne. However, there is need, in her view, to control what kind of content is available in the market otherwise harmful



Anne Wachira believes that competition in the telecommunications sector will focus on content development

content like pornography is going to thrive.

Most of the products the company sells target high-end small and medium size enterprises (SMEs) and low-end corporate clients.

She terms the decision by CCK to create a unified license regime as "the wisest idea ever" adding that the hassle of acquiring upto ten licences is too much and acts as a handicap to potential investors in the telecoms sector.

In March this year, Tangerine set up base in Uganda. It plans to set up operations in Tanzania. The Uganda market is promising and growing faster than the Kenyan one. The unique thing about the Uganda

market, discloses Anne, is that Ugandans are very particular about quality of service. "The pricing may be higher than in the Kenyan market because of the costs we have incurred in setting up there but still, we are seeing growing demand for our products. Ugandans spend a lot."

The terrain in Uganda especially around Kampala is also good for telecommunications infrastructure since it is hilly making it idea for erecting base stations. In Kenya, Tangerine relies a lot on buildings to host base stations. "The presence of many tall structures in Nairobi sometimes interferes with the efficient running of a network because signals tend to bounce

off big buildings."

Kenyan consumers are very hard to convert owing to their loyalty to particular brands. As such penetrating the mindset of the Kenyan is a challenge.

This applies as well to the telecommunications market. "When you come into the market as a new player, the reaction is one of better the devil we know than the angel we don't," explains Anne.

For now, the Kenyan market is growing. Tangerine counts among its clients large companies like Crown Berger, Blue Shield Insurance and Magnate Ventures. For a company that set off with no furniture in its office, business is not bad after all.