

Renewed focus for Zain in 2011

“The year of 2010 might be remembered as one in which the future of Zain seemed very uncertain and in some instances there were even fears that the former "gold standard" for Middle East operators might cease to exist completely. This is however, not the case and the operator has shown a healthy return to profit in the latest results released by the Group. True, this is mainly due to the once off sale of most of its African operations to Bharti-Airtel, but there are other signs that point towards a healthy prospect for growth in the coming year.

At present, there is still continued speculation about the sale of the operator's Saudi assets as a necessary condition for a deal with Etisalat to take place and indeed the news that all pending offers were rejected is certainly a cause for concern. Speculation has focused on issues such as family alliances and other vague angles that make it very difficult to gain complete clarity.

If one is to focus only on the financial facts, there is hope for the future of the operator. In recent reports, the Group has stated that it hopes to focus its energy on building its subscriber base in the GCC. Frost & Sullivan believes its current financial situation is a health foundation for this targeted growth, providing that there are two very important factors in place. The first of these is consolidation. The Group is a perfect illustration of the negative side to exponential growth where a lack of focus can be detrimental to sustained growth; it is therefore recommended that the Group focus on each of its operating companies with a view to securing existing revenue streams and changing emphasis from subscriber acquisition to subscriber retention. The second of these is revenue creation - the advance of mobile applications and the introduction of several applications stores to the MENA region in the past 12 months is testimony to the growing opportunity represented by the trend. In order to take advantage of this, operators need to have a clear content provision strategy in place with offerings that are differentiated and unique. The encouragement of developer participation is one way in which to provide new applications and ingratiate an operator with its subscriber base.

Frost & Sullivan believes that 2011 could be a very promising year for Zain provided that these two conditions are met in addition to the operator providing subscribers and investors with a clear path forward. It is time for the operator to present a focused approach to ensure its future success.”

Perspective by:

Lindsey McDonald, Consultant, Information & Communication Technologies Practice, MENA, Frost & Sullivan