

Interview with the CEO

Q Walk us through the year – what were the highlights and what kept you awake?

A From an operational and financial perspective there is a lot for my team and I to be proud of. Despite an increasingly tough environment we grew our customers by 11% to 19.1 million and our revenue to Kshs. 107 billion – a 13% increase. In October we increased our headline voice tariffs, in response to tough economic conditions, and this combined with our increased customer base, helped grow voice revenues by 9% in the year. Free cashflow for the year significantly improved by 110% to Kshs 9.4 billion through EBITDA margin improvement and a positive impact from working capital management initiatives.

M-PESA remains a key driver of this growth with revenue of Kshs 16.9bn and a growth of 43% in the year. We continue to improve access to this service for our 15 million registered users, through opening over 12,000 new outlets in the year – we now have close to 40,000 outlets nationwide. We introduced more bands and lowered transaction fees for the lower bands in the M-PESA tariff structure, making it more convenient and cheaper for the bulk of our customers. M-PESA continues to offer valuable employment opportunities to the Kenyan population and currently employs over 50,000 people directly.

Despite the overall reduction in Safaricom's broadband tariffs, data revenue grew by 23% to Kshs 6.6bn with distinct internet users increasing 31% to 4.6 million by the end of the year. This growth was supported by increased penetration of data enabled phones with just over 400,000 smart phones in use on our network. Internet usage growth was largely driven by aggressive device sales, availability of local content to our customers and targeted tariffs geared to various customer segments. Several campaigns were launched in the year like "Bamba Unlimited", to create awareness of the content available on the internet such as music and video downloads as well as social networks.

As part of our commitment to offer a best in class service, we upgraded our 3G network to the latest available technology that will enable speeds of 21 and 42 Mbps. We continued to invest in the capacity and reach of our 3G network with 1,439 3G enabled sites and 187 Wimax sites. With over 75% of the market using Safaricom connected mobile devices to access the internet, we are the undisputed market leader in Data.



Mr. Robert Collymore

The key challenges in the year will have to include quality of the network especially in the western region of the country. We have legacy equipment that needs to be modernized and we have embarked on a modernization exercise that will ensure that our customers enjoy our portfolio of services without interruptions.

The rampant cable cuts witnessed across the country is a matter of great concern to the company and to the country at large. Majority of the cable cuts have been as a result of road construction. To curb this problem, the Government in conjunction with stakeholders is considering the setting up of a special department within the Ministry of Roads to co-ordinate all infrastructure approvals. It is anticipated that this department will undertake the digitisation of all way leaves for infrastructure development to bring this problem to an end. In addition, Safaricom supports ongoing efforts for amendment of the law [the Energy and Communications Law (Amendment) Bill, 2011] to ensure that there are stiffer penalties for cable vandalism and to further categorise this as an economic crime.

The other key issue would have to be on the issue of Mobile Termination Rates (MTRs) and the impact this has had on the industry in the past couple of years. This was through price wars which has seen profitability stripped out of the entire industry and led to a number of operators being loss making. There is need for a comprehensive cost study to be undertaken taking into account the prevailing macro-economic conditions. For example, in Uganda PriceWaterhouseCoopers undertook a cost study and have set their current MTR at Kshs. 4.00 equivalent.

Q You reorganized the company in the last financial year – an exercise dubbed Safaricom 2.0 – could you highlight the gains of this transformation?

A Safaricom 2.0 is about changing our structure, our culture and our mindsets focusing on the stakeholders who make up our business ecosystems. We have completed the structural re-organisation with a renewed focus on delivering superior customer service through 3 Strategic business units namely; Consumer, Enterprise and Financial Services.

In the last year we have seen strong customer growth. We believe this has been achieved through innovation and delivering excellent customer experience. In addition to our 36 retail stores our distribution footprint extends to more than 250,000 outlets through our dealer network. We have also expanded the reach of M-PESA through nearly 40,000 M-PESA agents countrywide – a 46% increase since last year.

Another example of our innovation to meet customer needs is the launch of our online customer service support. We were the first large Kenyan corporate to offer customer care via Facebook and Twitter. We find this engagement with our customers is driving speedier resolution of their issues and providing us with greater and more immediate insight into their needs.

Q So what's the way forward?

A Safaricom is committed to maintaining its market leader position through an uncompromising focus on understanding and meeting the needs of its customers. As we move into the future, in addition to protecting the growth and profitability of our core business, we will focus on deepening the scope of our data and M-PESA businesses.

We have invested heavily in our network to establish the widest data coverage in Kenya with speeds of up to 21 and 42 Mbps. We will continue to grow the data business through prudent investment in 3G and associated technologies.

We intend to democratize data through the provision of low cost data enabled devices, affordable tariffs, relevant local content and more content based Value Added Services.



Our ambition is to become the most admired business partner by developing cost effective solutions that will enable businesses to succeed. With an increased focus on our enterprise business we will offer converged services to Kenyan SME businesses as well as provide true integration across fixed and mobile platforms. We also intend to drive uptake of managed services solutions for data storage, disaster recovery & cloud based enterprise applications

We will evolve M-PESA to offer a more comprehensive suite of financial services. Financial inclusion levels in Kenya are at 80% with M-PESA accounting for approximately 75%. To enable this we will increase access to basic financial services through partnerships with various financial institutions and we are also working with health care providers utilizing M-PESA to increase patient access to health care. We will increase our M-PESA agent outlet footprint and the increased utility of M-PESA value adds (e-wallet, m-ticketing).

As a responsible citizen; Safaricom aspires to always make a lasting difference in the communities we operate in. To this end we are contributing to the Millennium Development Goals (MDGs). Many of our commercial innovations deliver both returns and significant social benefits in areas such as m-Health, e-Learning and agriculture. At all times we endeavour to have a sustainable approach to business.



Our ambition is to become the most admired business partner by developing cost effective solutions that will enable businesses to succeed.



Mahojiano na Afisa Mkuu Mtendaji

S Hebu tusimulie matukio katika mwaka tunaouzungumzia – kulikuwa na matukio muhimu na mashaka gani yaliwakabili?

J Kwa mtazamo wa utekelezaji na mafanikio ya kifedha kuna mengi ambayo mimi na timu yangu tunaweza kujivunia. Licha ya kuzidi kuwoko kwa hali ngumu tulizidisha idadi ya wateja wetu kwa 11% hadi kufikia milioni 19.1 na mapato yetu hadi Kshs. Bilioni 107 – ikiwa ni ongezeko la 13%. Katika mwezi wa Oktoba tuliongeza bei zetu za maongezi kutokana na hali ngumu ya kiuchumi iliyokuwoko, na hii pamoja na ongezeko la idadi ya wateja, ilisaidia kuongezeka kwa faida yetu kutokana na maongezi kwa 9% katika mwaka huu. Kulipatikana ustawi wa maana katika mapato halisi mwakani kwa 110% kufikia hadi Kshs. Bilioni 9.4 kwa sababu ya kuimarika kwa faida kupitia EBTIDA na kutokana na mikakati ya usimamizi imara wa rasilimali.

M-PESA inaendelea kuwa kichocheo cha ukuaji huku ikileta faida ya Kshs. Bilioni 16.9 ambao ni ukuaji wa 43% katika mwaka huu. Tunaendelea kuiboresha zaidi huduma hii kwa manufaa ya wateja wake milioni 15 waliosajiliwa, kwa kufungua vituo zaidi 12,000 vipya vya uwakala mwakani – hivi sasa tuko na jumla ya vituo 40,000 kote nchini. Tulizindua viwango vipya na kupunguza ada ya shughuli kwa viwango vya chini katika orodha ya malipo ya M-PESA, hivyo basi kurahisisha mambo na kuwapa nafuu wateja. M-PESA bado inaendelea kutoa fursa ya ajira kwa halaiki ya wakenya na kwa sasa imeajiri moja kwa moja zaidi ya watu 50,000.

Licha ya kupunguzwa kwa bei ya kutumia internet ya Safaricom Broadband kwa ujumla, faida kutokana na data iliongezeka kwa 23% hadi Kshs. Bilioni 6.6 kukiwa na ongezeko la watumiaji internet kufikia 31% hadi milioni 4.6 mwisho wa mwaka tunaokariria. Ongezeko hili lilisaidiwa na kuzidi kuenea kwa simu zenye uwezo wa kutumia internet kukiwa watumiaji zaidi ya 400,000 wenye simu za kisasa za smart phone kwenye mtandao wetu. Matumizi ya internet yalizidi hasa zaidi kutokana na uuzaji wetu wenye hima wa simu, kupatikana kwa mambo ya humu nchini kwenye internet kwa wateja wetu na uwekaji wa orodha za bei zinazolenga vikundi vya wateja kulingana na matumizi yao. Kampeni mbali mbali za mauzo zilizinduliwa mwakani kama ile ya “Bamba Unlimited”, ambayo ilihamasisha kuhusu mambo yaliyomo kwenye internet yanayoweza kudondolewa kama vile muziki na video pamoja na mitandao ya kijamii.

Kama moja ya nia yetu ya kujitolea kuwapa wateja wetu huduma bora za hali ya juu, tuliboresha mtandao wetu wa 3G hadi kiwango cha kisasa kabisa kinachoweza kutoa kasi za Mbps 21 na 42. Tulizidi kuwekeza katika ujazo wetu na kuenea kwa mtandao wetu wa 3G kwa maeneo 1,439 yenye uwezo wa 3G na maeneo 187 ya Wimax. Kukiwa na zaidi ya 75% ya watu katika soko hili wanaotumia vifaa vyao kupata internet kupitia mtandao wa Safaricom, hakika sisi ndiyo tunaongoza katika soko hili la data.



Bw. Robert Collymore

Changamoto za kutajika mwakani bila shaka zinajumuisha ubora wa mtandao wetu hasa katika eneo magharibi ya nchi. Tuko na baadhi ya mitambo ambayo ni ya zamani na inahitaji kuboreshwa na ya kisasa na tayari tumeanzisha harakati za kuboresha ili wateja wetu wapate kufaidika na huduma zetu mbali mbali bila ya tashwishi.

Kukatwakatwa kwa nyaya kunakoshuhudiwa kila mara kote nchini ni jambo linaloleta wasiwasi mkubwa kwa kampuni hii na taifa lote kwa ujumla. Mara nyingi nyaya hizi hukakwa wakati wa ujenzi wa barabara. Kuthibiti tatizo hili, serikali ikishirikiana na washikadau inapendekeza kuundwa kwa idara maalum katika Wizara ya Barabara kuweka utaratibu wa kuidhinisha muundo-msingi wowote. Inatarajiwa kuwa idara hii itafanya juhudi kuweka kwenye kompyuta barabara zote za ukweli kusaidia wakati wa ujenzi wowote wa muundo-msingi ili kumaliza kabisa tatizo hili. Zaidi hivyo, Safaricom wanaunga mkono juhudi zinazoendelea za kuleta bungeni mswada wa kurekebisha sharia za Kawi na Mawasiliano, 2011, ili kuhakikisha kuwa adhabu kali inatolewa kwa wanaopatikana na hatia ya kukata nyaya na kuchukulia hii kama moja ya kosa la kuhujumu uchumi.

Matukio mengine muhimu itakuwa ni lile swala la Ada ya Kukatiza Maongezi (MTRs) na athari zake katika biashara hii katika miaka kadhaa iliyopita. Hii ilikuwa kupitia vita vya ukataji bei ambako kulipunguza kabisa faida ya watoa huduma wote na kupelekea wengi wao hata kupata hasara. Kuna haja ya kufanya utafiti wa kina juu ya njia za kupunguza gharama hasa tukizingatia hali iliyoko ya uchumi. Kwa mfano, nchini Uganda shirika la uhasibu la PriceWaterhouseCoopers lilifanya utafiti wa gharama na kuweka Ada yake ya Kukatiza Maongezi kuwa ya kima cha kama Kshs. 4.

S Mwaka jana ulifanyiza upya mpangilio wa kampuni – kwa kuleta mfumo wa Safaricom 2.0 –Unaweza kugusia mambo muhimu yaliopatikana kutokana na badiliko hili?

J Mfumo wa Safaricom 2.0 unanuiya kuleta mabadiliko katika utamaduni wetu wa kazi na mawazo yetu tukiwapa umuhimu washikadau ambao ndio wanaotuauni kufanikisha kazi yetu. Tumekamilisha umbile jipya la mpangilio wa kazi kukiwa na mtazamo mpya kwenye kuwasilisha huduma bora kwa wateja kupitia mikakati mitatu ya kibiashara; Huduma kwa Wateja, Shughuli za kibiashara na za Kifedha.

Katika kipindi cha mwaka uliopita tulipata ongezeko imara la idadi ya wateja. Tunaamini kuwa tuliweza kutekeleza haya kutokana na ubunifu wetu katika kutoa huduma bora kabisa kwa wateja. Pamoja na maduka yetu ya kuuza reja reja 36, mtandao wetu wa kusambaza huduma ulienea zaidi na kufikia vituo 250,000 vya wauzaji wetu rasmi. Vile vile tumeeneza zaidi huduma ya M-PESA kupitia takriban mawakala 40,000 wa M-PESA kote nchini – likiwa ni ongezeko la 40% ikilinganishwa na mwaka uliopita.

Mfano mwingine wa ubunifu wetu katika kutimiza mahitaji ya wateja ni kule kuzinduliwa kwa huduma ya kuwasaidia wateja moja kwa moja kupitia internet. Sisi ndio shirika kubwa la kwanza Kenya kuanza kuhudumia wateja kupitia Facebook na Twitter. Tunaonelea maingiliano haya yetu na wateja yanafanya utatuzi wa msawala yao kufanyika upeşi zaidi na pia kutupa sisi undani zaidi na wa papo hapo wa mahitaji yao.

S Tutarajie nini kutoka hapa?

J Safaricom inajizatiti kuendelea kudumisha nafasi ya ke kama kampuni inayoongoza katika nyanja hii kupitia dhamira thabiti ya kuyaelewa na kuyatimiza mahitaji ya wateja wake. Tunapoendelea katika siku zijazo, pamoja na kuendeleza usitawi na upataji faida wa biashara yetu kuu, tutaangazia pia katika kukuza zaidi biashara yetu ya data na ya M-PESA.

Tumewekeza kiasi kikubwa katika mtandao wetu kuufanya uwe wenye data inayopatikana katika eneo kubwa zaidi hapa Kenya na yenye kasi za hadi kufikia Mbps 21 na 42. Tutaendelea kukuza biashara ya data kupitia kuwekeza zaidi katika mfumo wa 3G pamoja na teknolojia zingine husika.



Tuko na nia ya kueneza data kwa watu wote kupitia uuzaji wa simu zenye uwezo wa internet za bei ya chini, malipo ya bei nafuu, kuweka mambo yanayohusu hapa nchini na mengine zaidi yahasuyo Thamani Ziada kwa Huduma.

Hamasa yetu ni kuwa shirika linaloheshimika zaidi na wafanyibiashara kwa kuanzisha huduma za kufaa na za kuwapunguzia gharama wanabiashara ili waweze kufaulu katika shughuli zao. Tukiwa tunatilia hima zaidi huduma kwa wafanyibishara tuna mpango kuwapa huduma laini za simu za ofisini pamoja na za rununu kwa minajili ya shughuli zao. Pia tunanua kuwahimiza wachukue huduma za usimamizi wa mawasiliano kama vile uhifadhi wa data, kurejesha kumbukumbu patokeapo baa na program za uhifadhi za cloud.

Tutaiendeleza huduma ya M-PESA iweze kutoa huduma kamili za kifedha. Viwango vya matumizi ya huduma za kifedha ni 80% huku M-PESA ikishikilia takriban 75%. Kuweza kutimiza lengo hili tuaongeza kupatikana kwa huduma hii ya kifedha kwa kushirikiana na mabenki mbali mbali na vile vile tunafanya kazi pamoja na watoaji huduma za kiafya wanaotumia M-PESA wahimiza wagonjwa zaidi kutumia huduma hii kufidia matibabu. Tutaongeza mawakala zaidi wa M-PESA na pia kuongeza utumiaji wa huduma mbali mbali za ziada zilizo kwenye M-PESA (kama vile e-wallet, m-ticketing).

Kama shirika-raia lenye kuwajibika, Safaricom tunawania wakati wote kuleta mabadiliko ya kudumu na ya kufaa katika jumuiya tunakoendesha shughuli zetu. Kwa lengo hili tunachangia katika kufikia Malengo ya Maendeleo ya Milenia (MDGs). Nyingi ya huduma zetu bunifu inaleta faida na mafanikio ya kijamii katika maeneo ya kupata huduma za kiafya kupitia rununu (m-Health), mapato kupitia internet (e-earning) na kilimo. Wakati wote huwa tunajitahidi kuleta mwelekeo uliyo imara katika shughuli za biashara yetu.



Hamasa yetu ni kuwa shirika linaloheshimika zaidi na wafanyibiashara kwa kuanzisha huduma za kufaa na za kuwapunguzia gharama wanabiashara ili waweze kufaulu katika shughuli zao

