

REPUBLIC OF NAMIBIA

ANSWERS BY HON. TJEKERO TWEYA, MP MINISTER OF INFORMATION & COMMUNICATION TECHNOLOGY ON NOTICE OF QUESTION BY HON. MIKE KAVEKOTORA NATIONAL ASSEMBLY

CDE. Speaker, Honorable members, first let me thank Hon. Mike Kavekotora for the question relating to Telecom Namibia

BILLING SYSTEM REPLACEMENT

The decision to look for an alternate billing engine was primarily based on the promised but not realised functionalities of the current billing system, that is:

- 1. Lack of scalability
- 2. Lack of flexibility

3. Non-acceptable design architecture (database structure) that will allow us to evolve into a converged BSS/OSS environment

- 4. Ongoing operational hick-ups and unreliability of the system
- 5. To date, no fully functional platform as scoped is delivered

Telecom Namibia entered into an agreement on 21 June 2011 for the implementation of the new billing system. Contractual penalties were enforced for the delayed implementation as the system was put in use during November 2013. Telecom Namibia has spent N\$ 49,860,707 since June 2011 on the project, including consulting fees, initial progress payments, establishment of a fully serviced server room and hardware. The hardware is based on HP technology which can be re-used to implement an IT Service Area to offer cloud based IT solutions to customers. The same server room will be used for the new billing platform.

The actual billing (software related) expenses are N\$ 22,264,429 of the total spend above

The issues identified were an over-reliance on presentations made to the Project Steering Committee and confirmation from the external consultant that proper tests were done before going live, for which Telecom Namibia and Huawei are taking full responsibility.

A well specified, tested and implemented new billing platform will in all likelihood takes the best part of 24 months. By then the existing billing platform will be in service for more than four years and in making for more than six years.

The single biggest insight gained is to approach it in the broader aspect of BSS/OSS, not to expect all functionalities from a single vendor but to ensure that the core architecture is right with a strong middleware layer for third party application integration and an integrated user access and customer view, an aspect not covered by the current billing platform.

An investigation is being conducted by Ernst & Young. A draft report with recommendations was received on 14th September 2015. Further action and the

completion of the investigation will reveal possible irregularities by Telecom Namibia staff and consultants.

The tender request for a new billing platform is not issued yet.

CISCO/JUNIPER

The IP transport layer for any carrier is typically built in three layers:

- 1. Metro Ethernet Access
- 2. Aggregation Edge (PE nodes)
- 3. Routing and transport Core (P nodes)

Various manufacturers are specialising in some layers for IP transport. Telecom Namibia had a limited metro Ethernet layer supplied by Tellabs and Cisco equipment for the P- and PEnodes implemented in 2006.

In following a two vendor strategy a request for interest was issued to Tellabs, Cisco and Juniper under tender TN/0015/2013/Q. This process was open to the above mentioned suppliers to offer their best to Telecom Namibia.

The Cisco network being referred to is still in service in its totality, even though the equipment has already reached its end of life after nine years. The newly acquired Juniper equipment is complementing the Cisco platform on the edge (access and aggregation), while the aged Cisco equipment is still being used in the core (transport).

It is therefore wrong to suggest that the Cisco network was scrapped and replaced with another network.

The request for the supply of Juniper equipment was an open tender process and XON Systems emerged as the only successful vendor to supply the equipment to Telecom Namibia as and when required. The Preferred Supply Agreement was concluded on 1st January 2012 for a three year period.

The best offer in terms of end-to-end management and the best price was received from Juniper (more than half the cost of Cisco), hence the reason why the <u>EXTENSION</u> of our IP transport layer was done with Juniper equipment.

BAILING OUT

Regarding the remaining instalment Telecom Namibia, has one bond of N\$ 54 Million, maturing in February 2016 which can be redeemed out of own resources.

Since inception in 1992, Telecom Namibia invested N\$ 4.2 billion towards ICT infrastructure in Namibia. This was done with own funds, commercial loans or bonds on the open market.

The N\$ 400 million equity injection received from NPTH in 2015 is the first in the history of Telecom Namibia. The major contributing factors for the financial crunch in 2013/2014 were.

- 1. The launch of the new billing platform in November 2013 was met with serious challenges, which had implications on the installation of new services, faults and the ability to collect on accounts due.
- 2. Delays experienced in the GSM roll-out.
- 3. The impairment of the foreign ventures in Angola and South-Africa
- 4. The downgrading of our Fitch Rating.

The N\$ 400 million equity injection was used to redeem the bonds of N\$ 93 million and N\$ 200 million and N\$ 107 million was applied to the short term facilities with FNB and Nedbank.

The current loan position of TN:

TOTAL	<u>463,551,000</u>	
		Paid in full from own resources in February 2016.
BONDS	54,000,000	Will pay N\$ 14 million and N\$ 40 million to be rolled or
DBN	105,000,000	To be termed – in progress
FNB	151,551,000	To be termed – in progress
Nedbank	153,000,000	Secured and honored

I thank you