

Investing in Wireless Communications: POPOTE Wireless Case

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Abstract

Landlines are very much in demand as they are cost effective. Due to the difficulties experienced in obtaining landlines in the past, many Kenyans rely on mobile phones for their communication needs. This is where the Popote services come in handy. This paper presents how Popote Wireless filled in a niche and took advantage of this lucrative communication business.

1. Introduction

Popote Wireless is the brainchild of Eric Muthi and Edwin Muthi who got the idea of wireless landline communications in the United Kingdom and decided to come back to Kenya and make it a reality locally. While in Kenya, they partnered with Ian Kabiru and Fred Gatiramu. Initially the company was registered as EM Communications in 2000. Around that time the telecommunications sector, which had been closed in the previous years, was liberalized and small investors could now tap the lucrative sector.

After registration of the business, it took the four directors two years to set up the operations of the business. During this time, they engaged local investors and vendor financiers to capitalize the business. It was later licensed in 2004 as a Local Loop Operator. EM Communications was a holding company so they wanted a brand that Kenyans could identify with. After a thorough research exercise the directors came up with POPOTE as a brand name. They felt that this name was relevant both locally and worldwide. The brand name was appealing as it was easy to identify and pronounce. Initially the company set up was small but now the company's growth has been phenomenal with 80 employees now working for the company and 300 employees in its distribution network.

2. The Business Niche

Popote Wireless aims at supplementing Telkom Kenya's role of supplying landlines to meet the communication needs of Kenyans. Currently the landline supply is way below the demand from local Kenyans. It is currently at 1 percent which is below the world's average of 10 percent. What this means is that the current landline capacity or lines registered under Telkom Kenya is 500,000 - of