

State Of Artificial Intelligence (AI) In Postal & Telecoms Sectors

An Analysis Of POTRAZ's Exploratory Study

10

Telecom
Operators
Surveyed

40%

Telecom
AI Adoption Rate

US\$2.1M+

2023 Industry AI Investment
(Up From US\$1.9M In 2022)

10%

Operators With AI
Strategy
(Econet Only)

This sector intelligence brief analyses findings of the Postal & Telecommunications Regulatory Authority of Zimbabwe (POTRAZ)'s exploratory study on AI adoption in Zimbabwe's postal & telecommunications sectors. That exploratory study was published in November 2023. The study surveyed 10 telecommunications operators and 9 postal & courier operators. A census approach was used, along with semi-structured questionnaires. This brief is intended to inform on the digital readiness & emerging technology landscape in Zimbabwe.

This sector intelligence brief is for informational purposes only & does not constitute investment advice. This brief is primarily based on POTRAZ's exploratory study titled 'State of Artificial Intelligence in the Postal & Telecommunications Sector in Zimbabwe' published in November 2023. It was produced by the POTRAZ Research & Development Department. All data, statistics & findings cited are attributable to POTRAZ. IHC does not warrant the accuracy & completeness of 3rd party source data.

TELECOMMUNICATIONS SECTOR

Perceived Importance & Strategic Intent

The 10 telecoms operators surveyed ALL unanimously agreed that AI is pivotal to sector growth. Some of the core AI benefits they cited were:

- Increased efficiency & OPEX reduction (10 out of 10)
- Streamlining how customers engage with the business (9 out 10)
- Increased innovation & new market opportunities ahead of competition (7 out of 10)
- Automation of areas of knowledge work to reduce costly human resources (7 out 10)
- Availing new strategic insights to business decision makers (7 out 10)

AI Adoption Levels

Despite the apparent consensus, actual adoption remains largely nascent. Only 40% of the operators had AI models actively deployed in some business functions. None of the operators reported widespread adoption across most business functions. One operator was in a trial or pilot phase. Notably, 50% of the operators were not yet using AI but with plans to adopt. Those planning to adopt indicated a target timeline of less than a year i.e. 2024 onwards. It is also worth noting that some operators cited a 'wait & see' position. This was driven by data protection concerns arising from the Cyber & Data Protection Act (Chapter 12:07). Plus, uncertainty around AI-specific regulatory frameworks in Zimbabwe.

AI Use Cases & Technologies

Of the 4 operators with active AI deployments, customer service was the dominant use case. Network optimization was second. The overall summary was as follows:

Business Function	AI Technologies Used
Networks & Infrastructure	GAIA-X 360° customer view, ChatGPT Enterprise network automation, ML Automated Management Systems, Bandwidth filtering algorithms
Customer Service	NLP Chatbots & Virtual Assistants, Google Dialogflow, Einstein GPT
Finance	Machine Learning for financial pattern analysis & fraud detection
Sales & Marketing	Churn Prediction Models, ML, NLP & Recommender Systems
Security & Risk	Anomaly detection models, Knowbe4 AI intruder detection & prevention
Product Innovation or R&D	ML Algorithms, Recommendation Engine, BI Platforms, CoPilot, ChatGPT Enterprise

AI Strategy Availability

Only one operator i.e. Econet had a holistic AI strategy in place at the time of the survey. 9 out of the 10 operators had no AI strategy. However, 8 of them did indicate intent to develop an AI strategy. The lack of strategy presents significant risks. As in, without roadmaps CAPEX on AI solutions may lack governance or alignment to business outcomes.

Barriers To AI Adoption

Core Barriers Cited By Operators

- Policy & Regulatory Complications
- Lack Of Access To Skilled Human Capital
- Lack Of Adequate Infrastructure
- Cybersecurity Challenges
- AI Technology Still Nascent & Unproven
- Lack Of Data For Training Models
- Impact On Employee Morale

Policy & regulatory uncertainty was the most cited structural barrier. High customs duties on computing equipment were cited. Delayed progress on AI-specific policy was also cited. The need for the Cyber & Data Protection Act to clarify obligations around automated decision-making was highlighted as well.

Deployment Environment

AI workloads were split between cloud & on-premises deployments. No operator was running a hybrid environment at the time of the study. However, roughly 9 of the operators identified a hybrid deployment as their intended future architecture. They cited benefits such as data security, latency efficiency & contextual processing.

Economic Impact & Investment

Of the operators already using AI, half of them could not ascertain financial impact. This was largely attributable to the nascency of deployments & short time horizons for returns. About a quarter of them reported annual revenue increases. A quarter of them as well reported cost reductions. Sector AI investment in 2022 was around US\$1.9M with Econet accounting for 50%+ of that. In the 2023, sector AI investment grew to US\$2.1M+. 75% of the operators indicated they planned to increase CAPEX towards AI.

POSTAL & COURIER SECTOR

Perceived Importance & Adoption

This sector showed significantly lower AI readiness than the telecoms sector. Only 67% of the 9 operators surveyed agreed that AI is pivotal to sector growth. A significant 33% were neutral. Only 2 operators had AI models in use in some business functions. 67% of the operators were not yet using AI but expressed plans to do so. However, they did not have defined adoption timelines. One operator explicitly indicated no intention to adopt AI citing that they did not see any strategic advantage.

Use Cases & Barriers

Core Barriers Cited By Operators

- Financial Constraints
- Lack Of Data For Training Models
- Lack Of Adequate Infrastructure
- Cybersecurity Challenges
- Weak Business Case
- Policy & Regulatory Challenges

Investment & Outlook

Only 2 postal & courier operators using AI invested US\$350K+ in 2022. This declined to under US\$200K in 2023 with indications that future expenditure would further decline. Evidently, there is stark contrast with the telecoms sector clearly showing a much lower strategic prioritization of AI.

REGULATORY & POLICY ENVIRONMENT

Both sectors cited POTRAZ as the core enabler of an AI-ready regulatory environment. They both raised the following key expectations:

- Drafting AI & data governance policies suited to the Zimbabwean context
- Enforcing data protection & privacy regulations to prevent AI misuse
- Organizing cross-sector symposiums & conferences to facilitate AI knowledge exchange
- Testing, vetting & advising on AI solutions for security & reliability
- Developing conformity assessment guidelines for high-risk AI applications
- Defining obligations for AI providers & users to create a transparent ecosystem
- Creating an enforcement & governance structure for AI systems
- Lobbying for fiscal support e.g. duty relief on AI-enabling hardware & technologies

KEY STUDY RECOMMENDATIONS

The POTRAZ study made the following principal recommendations to accelerate responsible AI development & adoption in the postal & telecoms sectors:

- It was proposed that the Ministry, POTRAZ, private sector, academia & legal bodies should co-govern AI policy. POTRAZ to be the administrative agency & the Ministry as the lead ministry.
- It was proposed that data availability for AI must be facilitated. It was indicated that there must be a data governance framework enabling access to anonymised or non-personal data from government & private entities. To be modelled on India's Open Data Initiative.
- It was also proposed that a light-touch regulatory framework for responsible AI be developed. Essentially, a risk-based framework with a sandbox approach. Thus, making high-risk use cases subject to binding obligations. Plus, a model AI Governance Framework for organizations.
- Another recommendation was for the establishment of Acceleration Centres & Centres of Excellence. Essentially, industry-academia collaboration to upgrade tech curricula & build local AI talent pipeline.

IHC Investment Insights

- AI adoption in Zimbabwe's telecoms sector is nascent but showing growing commitment. It is apparent from the growing CAPEX & almost universal intent to scale.
- Econet stood out as the dominant AI investor & the only operator with a formal AI strategy. This does indicate first-mover positioning & thus has material competitive implications.
- The regulatory gap i.e. no AI-specific policy framework was the most cited structural barrier. This represented both a risk & opportunity for policy-linked deal structures. (The good thing is that there is now an official Zimbabwe National Artificial Intelligence Strategy (2026 – 2030).
- Skills scarcity & external vendor dependency constrain local value capture. This creates demand for human capital development investments.
- The postal & courier sector presents a lower AI-readiness baseline. There is declining investment & no urgency around adoption. Investment appetite here remains limited in the near term.
- For opportunities in these sectors, AI infrastructure readiness, data governance frameworks & hybrid cloud deployment are core material due diligence considerations.



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