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Commission for Communications Regulation

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Presentation Outline

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Introduction

Research Objectives

- This qualitative piece of research was commissioned by ComReg in order to gain a clear understanding of SME attitudes to the fixed line, mobile and Internet markets.
- Issues explored included the following:
  - General business climate in Ireland
  - Importance of ICTs to businesses
  - Perceptions of choice and value for money across the fixed line, mobile and Internet sectors
  - Expectations and technological needs for the future

Methodology

- The methodology used in the research was qualitative which enabled us to explore more deeply ICT issues in Ireland than is possible via quantitative research.
- Eight focus groups were conducted by MBIMS at various locations around the country between 19th September and October 11th, 2006.
- Participants were company telecommunications and IT decision makers. In small businesses the participants were often owner/managers, while larger companies were more likely to have a dedicated IT and telecoms person.
- We recruited across a broad range of industry sectors and each group compromised of a good mix of private companies and public sector organisations.
- The groups were also constructed in such a manner that there was a mix of technology sophistication across the groups i.e. dial-up or ISDN Internet connection would imply low technology usage and broadband and/or use of data services would imply a higher level of technology sophistication.
- Efforts were made to recruit dial-up users in both Dublin and Cork. However, recruiters struggled to find businesses in these areas relying solely on dial-up. As a result, groups conducted in Dublin and Cork were predominately held with SMEs using broadband.

Group Structure

Group #	#. of Employees	Location	Technology Usage	Internet Connection
1.	Less than 10	Dublin	Medium	Any broadband
2.	10+	Dublin	High	Any broadband
3.	Less than 10	Cork	Medium	Any broadband
4.	10+	Cork	High	Any broadband/ leased line
5.	Less than 10	Sligo	Low	Dial-up/ISDN
6.	10+	Sligo	High	Any broadband/ leased line
7.	Less than 10	Athlone	Low	Dial-up/ISDN
8.	10+	Athlone	Low	Any broadband

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Research Findings

Current Business Climate in Ireland

Strengths

Property Sector

Growing population

High levels of consumer spending/SSIA maturity

SPEND YOUR SSIA
Great Ideas, Fantastic Offers

Threats

Over-reliance on construction/ property sector

Poor infrastructure

Rising costs, especially energy

Increased competitiveness

Importance of Technology to Irish Businesses

- Fundamental to almost all Irish businesses.
- Ireland's relatively poor infrastructure (in terms of road networks and transport links) was considered by some to be responsible for pushing businesses online as much as possible

"One of the biggest problems I suppose in this country is lack of infrastructures…and that's why we are reliant so much more on the Internet, as opposed to getting in the car and going from place to place" – Less than 10 employees, Dublin, Broadband user

- Some undercurrents of an over-dependence on technology, continually reinforced when e-mail or Internet connections go down.
- Minority expressed some cynicism in new technology (in that "work always got done before")

- Importance of one technology over another was very much driven by the nature of the business e.g. those with a large off-site sales force were very reliant on mobile communications, while those communicating with overseas customers were very reliant on the Internet and email and having a company website.

General Attitudes to ICT Costs

- Most companies did not consider ICT costs to be overly burdensome. Relative to other business costs such as labour, insurance and energy costs they were not considered to be a major business expense.

"It's a significant cost but it's accepted that it's a necessary part of the business and you can't do without comms or the Internet" - Dublin 10+ employees, Broadband user

- Many felt that ICT costs had fallen over the last few years, especially among those who had up-graded to broadband from ISDN or dial-up. It was also widely acknowledged that many fixed line call costs had come down.
- Despite this, there was a strong feeling that they were still being taken advantage of (particularly with landline rental, mobile roaming charges and fixed to mobile calls).

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Fixed Line Market

General Attitudes to Fixed Line Sector

- Few businesses would be interested in operating without a landline phone.
- A landline was often seen as "**adding credibility**" to a business and not being seen as a "fly by night".
- Ultimately a fixed line reassured their customers and acted as a "**base contact point**" for many Irish businesses.
- Some businesses did claim to be more reliant on their mobile phones than their fixed lines but nonetheless felt that they would still need to retain their fixed line as their **main contact point.**
- While many felt that other forms of communication such as email were reducing reliance and usage of landlines, there was nonetheless a very strong reluctance to do without one altogether.
- While some did spontaneously mention **VoIP as a viable alternative**, most businesses appear to have limited understanding of VoIP or its potential benefits in a business environment.

What do companies look for in a Fixed Line Provider?

Quality and reliability of service is paramount to businesses needs and reputations

Reliable and quality service

Well known, established brand

Businesses need to have confidence that they will receive uninterrupted service And that voice communications will be of a high quality

Value for money

Value for money is an Important factor for all businesses and is a significant factor in deciding which fixed line provider to use.

Provision of Broadband Services

Some businesses had a strong preference for one bill only and thus their fixed line provider being able to provide broadband as well was a big priority

Providers Used

- Across almost all focus groups, eircom was the dominant provider.
- Other providers mentioned include those noted opposite.
- Quite a number indicated that they had previously moved from eircom but after a period of time had chosen to return to eircom.
- Some spoke of being targeted directly by eircom and being lured back by competitive offers.
- Others had a poor service experience or savings promised did not materialise and chose to return to eircom.
- However, among those currently not using the incumbent, satisfaction with service and value for money was generally high.

Perceptions of Choice

- General consensus that there is a lot **more choice**
- **Greater awareness** of alternate operators.
- High level of **sales calls** received
- But **eircom** was still considered to have a **strong hold on the business market**.
- **Local loop unbundling** was raised as having a major impact on "real" competition in the fixed line sector.

"There really isn't anyone in competition with eircom that are actually providing their own lines…anyone in competition with eircom are renting the lines off them" – 10+ employees, Sligo, broadband user

Switching Experiences

- Switching experiences have been **mixed**.
- Some have been very happy with their new provider, and believe they are **saving money compared to their previous provider** (generally eircom).
- Others had run into problems with alternate providers. Some had issues with the **quality of their lines** and voice calls and they often felt **problem resolution took too long.**
- Others were hassled by getting **multiple bills** e.g. one from eircom and one from their new provider.
- There was evidence of quite a bit of **switching back**, where companies had moved from eircom, only to be lured back a few months later from a direct offer from eircom which closely matched the competitor offering.
- Given that many companies don't feel their fixed line costs are that high they are **reluctant to switch for a saving of 10-15% to a company that they are not familiar with**.

Barriers to Switching - I

Lack of trust in "new" providers

Some businesses are cautious about switching to less well-known established providers. This is likely to be more pronounced following Smart's withdrawal from the fixed voice market.

"Better the devil you know" – Sligo, 10+ employees, broadband users

"Service is absolutely vital….I have other contacts working with similar sized operations and their bills are lower, considerably lower but we need to be contactable at all times" – less than 10 employees, Dublin, broadband user

Barriers to Switching - II

Differing Service levels

Certain level of **fear and distrust associated with** switching. Quite a number of businesses feel that they are better off remaining with eircom and perhaps paying a premium for staying with eircom on the basis that if something goes wrong with their lines, they are more likely to get it resolved as an eircom customer, than if they were a customer of another provider.

"eircom have that kind of grip over you, because if you switch and the next thing the line goes down, they'll say we're not going to fix it and you know it's 36 hours before they come and see you" –Sligo, 10+ employees, broadband user

Perceived Hassle Factor

A lot of people associate switching with potential "hassles" and difficulties.

"All the hassles with bills to make sure it is set-up properly and it takes them about 2 months to set it all up and that's too slow" – Dublin, 10+ employees, broadband users

"I would imagine it must involve some sort of hassle maybe having to come in and get the box changed" Sligo, 10+ employees, broadband user

Barriers to Switching - III

Poor experience of switching in the past

A number of participants felt they had been let down by new providers in the past and having returned to eircom were reluctant to consider switching again.

"We had a bad experience a couple of years ago..and it took us a while to get around to changing again. Once you have had a bad experience it takes a while for you to get over that and move on" - Dublin, 10+ employees, broadband users

Time

Many businesses simply don't have the time to explore different options and choose the best one for them.

"I look through the bills sometimes and I think that is very high and I flick through and I think oh I must come back to that now. If I had the time I would suss out a few of them and maybe change and monitor it. But I just don't have the time to do that.– Less 10 employees, Dublin, broadband user

Motivations to Switching

Price Savings

Price savings is by far the **main switching motivator**. This is particularly true among companies with very significant fixed line bills or those undergoing a proactive drive to reduce overheads.

Proactivity of Competitors

Many participants experience a barrage of communications and calls from competing fixed line providers offering to conduct the likes of bill analysis for them to illustrate cost savings. While many believe that eircom have responded to this level of competition by offering more competitive rates, **eircom is still regarded as being less proactive in vying for business than some of the alternate providers.**

Bad Service Experience

Many participants felt that if they were to have a bad experience with their provider that they would be motivated to switch. However, until this happens, the majority felt that they would stay with their current provider

Attitudes to Value for Money - I

- There is a widely held view that **prices have fallen** as new providers have entered the market and that Irish businesses are getting **greater value for money** than they would have a few years ago.

"Prices are coming down over the last few years. There has been an awful lot of competition and we have … gone with ntl for both voice and Internet. And that was on the basis that we managed to negotiate a very good deal and we signed up to a 3 year contract" – 10+ employees, Dublin, cable BB user.

- However, there are a number of areas where companies feel they are not getting value in the fixed line market. These are:
  - Fixed line rental
  - VAT
  - Fixed to mobile calls. It is widely assumed that fixed line providers benefit from the relatively high cost of fixed to mobile calls, rather than mobile providers.

Attitudes to Value for Money - II

- There is a general perception that businesses need to be very proactive in securing the right deal for their business in terms of choosing the most advantageous package.
- It was noted that **few are proactively contacted by their eircom account manager informing them of any new offers** that could save them money.
- Those using a provider other than eircom, tended to indicate a higher level of satisfaction with the value for money they were getting.

"My bills have gone down drastically since I moved to Imagine" -
Less 10 employees, Dublin, broadband user

Satisfaction with Fixed Line Service Levels

- **High level of variation** in satisfaction levels
- Smaller businesses generally felt less valued as a customer than larger businesses and felt they struggled more to get problems resolved.
- Those who had a dedicated account manager were generally more satisfied than those who were reliant on making contact via a general number.

"It's very frustrating for a smaller business going through these kind of voice prompts and menus" – Cork, Broadband user. 10+ employees

- Only a small number of companies, with a high level of voice traffic and communication needs were found to have Service Level Agreements

"Since they started doing mission statements and since they stepped up to the mark and it's because of regulation and also because of competition,..the general levels, the response times has improved significantly" Cork, Broadband user. 10+ employees

- **Very few businesses outsourced** their communication purchase decisions, almost all participants were dealing directly with their provider.

Impact of Smart's Exit from the Fixed Voice Market

- The Athlone focus groups were conducted after Smart customers had lost their service. There was a number of Smart customers in Athlone.
- They were deeply **unhappy and frustrated** with what had occurred.
- Most had been very happy with the service they were receiving from Smart and felt that they had being **getting good value for money** from them.

"I don't want to leave Smart, but I have to in the next 2 weeks or so. Reluctantly I have to go back to eircom"

- There is no doubt that the Smart debacle will **benefit the incumbent provider**.
- Apart from Smart customers moving back to eircom, businesses and consumers who were considering leaving eircom are less likely to consider a switch any time soon.
- It has exposed eircom as having what might be perceived as an unfair level of control over the fixed line market and it is likely to bring about **increased pressure for LLU**.

"They are a private monopoly now, which is way worse than the public one which it was before. No matter who you go with, you are still paying eircom"

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Mobile Market

General Attitudes to the Mobile Market

- **Use** of company mobiles across group participants **varied depending on the nature of their business.**
- Those with predominately office based employees have little use for company mobiles, while those with a sales force out on the road find mobiles critical to their communications and general efficiency.
- Those reliant on them would at this stage feel “very lost” without them.
- The **convenience** in being able to make and receive calls anytime anywhere is highly valued by the business community.
- Although some might make reference to their negative impact on having a **work-life balance**, overall none would be willing to give them up.

Perceptions of Choice in the Mobile Market

- It was fairly widely felt that **competition in the mobile sector has improved**.
- While, choice was considered fairly **limited for businesses**, with most, particularly those based in Dublin would only consider O2 or Vodafone as business suppliers) the arrival of new operators appears to be having an **impact on the competitiveness of O2 and Vodafone offerings.**

"There are more there now and they have to compete with each other" – Less than 10 employees, Dublin, Broadband user

- With the exception of a number of small businesses in Athlone who used **Meteor**, **Vodafone and O2** were considered the two most credible operators for business users.

"If you go to Kerry or Donegal you have no reception with Meteor..They do cater a lot for the younger generation ..you wouldn't really see them in the Corporate side of things at all" Dublin, 10+ employees, broadband user

- **Awareness of 3 was limited** and most seem to think it **catered for consumers** more so than businesses.

"There is a huge choice for kids and there is very little choice for business packages. I think there are two choices for business, O2 and Vodafone. Vodafone and O2 have been in existence for the longest and have the best probably infrastructure, coverage and technology" – Less than 10 employees, Dublin, Broadband user

Barriers to Switching Mobile Provider- I

Lack of choice/ Real cost savings

Lack of real choice was one of the key barriers to switching mobile provider. Many businesses felt, particularly those in Dublin, that they only really had a choice between O2 and Vodafone and most found it **difficult to identify any real differences in their service and price offering**.

"There's very little difference in prices, no matter what way you slice and dice your mobile phone usage between all the players" –Cork, 10+ broadband user

Lack of transparency and clarity in pricing

A lot of businesses seem to **struggle understanding mobile price plans** and figuring out which one will work most well for them. Few were aware of callcosts.ie and among those that were, they tended to associate it more as an aid for consumer rather than business decision-making.

Coverage Concerns

Some SMEs expressed concern that if they did switch, coverage may not be on a par with the current levels they receive.

"If you go and change from Vodafone to O2 and the CEO's house is in a bad area for O2, you know you are going to hear about it very quickly" -Dublin, 10+ employees, broadband user

Barriers to Switching Mobile Provider- II

Time

Similar to the fixed line market finding the time to investigate alternate offerings can be difficult.

High levels of satisfaction

Generally businesses seemed happy with their mobile service provider. Few had many major points of dissatisfaction with service levels received. As a result many are simply **not motivated enough to consider switching given high levels of satisfaction**.

Contracts/ Up-grades

Commitment to contracts were noted as a barrier to switching mobile provider. Most businesses seemed to be on 12 month contracts and as a result felt tied to their current provider for that period at least. It was also noted that **up-grades are generally tied into length of service**, so this can be another factor encouraging businesses to remain with their current provider.

Switching Experiences

- Switching seemed to be higher outside of Dublin than in Dublin.
- However, on an overall level, **switching activity appeared to be low**. Many felt that the threat of switching was often sufficient to secure new packages or offers from their mobile provider.

"If Vodafone came around and said we are going to make a 7,8, 10% reduction in our bills than we would seriously look at it. But I would suspect that O2 would come back in and undercut them and knowing that it is much easier to stay" – Dublin, 10+ employees, broadband user

- Those who had switched were motivated by an expectation of costs savings as well as items such as new handsets, car kits, PDAs, Bluetooth headsets.
- **Coverage was a big issue** when switching particularly outside of large urban areas

"We switched about three years ago to O2 but just for coverage we had to, we went back to Vodafone" – Sligo, 10+ employees, broadband user

Attitudes to Value for Money in the Mobile Market

- While it is **widely undisputed that mobile calls are relatively more expensive than fixed line calls**, when commenting on value for money businesses don't think merely of the cost of the calls.
- They tend to **take account of other factors such as convenience**.
- As a result, **value for money perceptions in the mobile market are reasonable** because being able to receive or make an important business call anytime, anywhere is at times invaluable to the business user.
- Notwithstanding this, most Irish businesses do believe they are over-paying for their mobile calls relative to for example, mainland Europe. This is felt to be particularly true of **roaming charges**.
- Newer entrants to the market are welcomed, even if they are not perceived as specifically catering for the business market, as they appear to be having an impact in making O2 and Vodafone more competitive.

"We found it's cheaper for everybody in the company to have mobile phones than to be using the landlines and mobiles..each member of staff would instead of ringing back to the receptionist ring back the secretaries, they have mobiles on their desks now" –Sligo, 10+ broadband user

Roaming Charges

- There was universal agreement that roaming charges deliver **very poor value for money.**

- While many did not use company mobiles abroad on a frequent basis, those that did were generally very unhappy with the charges.

"It's much cheaper if you are based in say Spain to roam here than it is vice versa" – Cork, 10+ Broadband user

"You never know about it except when the bill comes in and it's monstrous…and the fact that you have to ring and initiate free roaming with the UK and it's not automatic is ridiculous" –Less than 10 employees, Dublin, Broadband user

"It's just crazy you can fly to anywhere in Europe these days for a fiver and it costs you a fiver to ring home" – Dublin, 10+ employees, broadband user

Satisfaction with Service Levels

- **Coverage problems** was the main service bugbear across the groups. Coverage was a particular issue among those frequently out on the road.

"If you are driving from Cork to Dublin and you can come in and go out all over the place and you lose calls and it's stupid. With the costs we are incurring…it's ridiculous that you can't keep a conversation going the whole way on the main road. I think those days should be well and truly gone ..we pay enough for it". Less than 10 employees, Dublin, broadband user.

- Satisfaction with service in terms of **account management** was generally **quite high** and usually exceeded that experienced with their fixed line account.

- One area where businesses felt there was a shortfall was the fact that most businesses felt they had to seek out the right package for their needs, while most would prefer their provider to proactively recommend the most appropriate package for them.

Fixed to Mobile Substitution

- There seemed to be evidence of some **fixed to mobile substitution** where people are in offices with fixed lines free and available to use but employees make calls on their mobiles instead.
- A **small number have policies** in place to encourage mobile usage when calling employees off-site on their company mobiles.
- This is mainly driven by mobile packages which offer free in-company mobile calls e.g. **Vodafone Wireless Office**
- Others just use the mobile phone because it is **more convenient** – they have a number stored in their mobile phone book, or they want to be able to move about the office or site while on their phone.

3G Services

- **Awareness of 3G services and its potential uses for business was limited**.

"Well it seems expensive and I don't know how useful it is going to be for us" – Cork, 10+, Broadband user

- Among those aware of 3G services and keen to use them, their experience to date had **not been overly positive**.
- The main issues raised were **coverage/access and the battery life of 3G handsets**.

"I know in Sligo you couldn't get Vodafone live, you had no access no matter where you were in town so there was no point" – Sligo, 10+ employees, broadband user

"I got a 3G phone and the battery is very bad and the man explained to me that is because when you go into different areas and it's trying to pick up different networks or something and it's using more battery" – Athlone, less than 10 employees, dial-up/ISDN user

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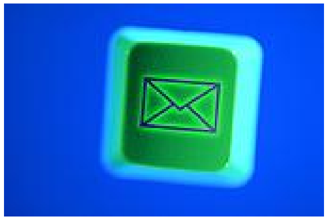
Internet & Broadband Communications

Attitudes to the Internet

- Attitudes to the Internet were **universally positive**.
- It was considered very important to businesses in Ireland in terms of:
  - communication (email)
  - using specific applications (e.g. accountancy packages, architectural software)
  - marketing via websites and interacting online with customers
  - sending and receiving large files.



Providers Used

- Similar to the fixed line market, across almost all focus groups, eircom was the dominant provider.
- This was especially evident in Cork and Dublin.
- Other providers mentioned include those noted opposite.
- A high level of advertising activity by broadband providers was noted across almost all the groups.
- Those who do not currently have access to broadband found this a little frustrating, particularly direct mail advertising.

Key Business Benefits of Broadband

Time Savings/Speed

Business users believe they are more efficient in the workplace working with broadband than dial-up or ISDN. They can **communicate faster**, **source information more efficiently** and download and **upload files more quickly.**

Always on Access

The ability to have the Internet **always on for a flat fee adds to both time-savings and cost-savings**. It can also make communication more efficient. People don't have to dial-in and download emails. Access is immediate.

Value for Money

Always on broadband was widely considered to offer a lot **better value for money than either dial-up or ISDN**, particularly in the last 12 months, when packages on offer have appeared to have become more competitive.

Not tying up a landline

Those who were previously on dial-up find broadband a lot more efficient given that it does not tie up the existing landline.

Interest in Broadband

- Among those relying on ISDN or dial-up, interest in getting broadband was generally **very strong**.
- Most were able to identify its potential benefits to their business, similar to existing broadband users
- For the majority, **lack of access was the main barrier**.

"It would be cheaper for us to get broadband but we can't get it" Athlone, less than 10 employees, dial-up/ISDN user

- A small minority struggled to see how broadband would be relevant to their business dealings and were satisfied with their current service, whether it was dial-up or ISDN.
- These businesses tended to be **small family-run enterprises** with a **relatively mature owner/manager** at the helm e.g. home based building contractor, small rural taxi service.

Access to Broadband - I

- Access to broadband was **not raised as a major issue** among participants operating in major urban centres such as **Dublin and Cork**.
- However, many of those located in Dublin and Cork did speak of problems that work colleagues had in other regional locations in securing a broadband connection.

"There's a slight anomaly about the state of the communications infrastructure in Ireland. You know we are supposed to be broadband enabled and what have you and the reality is it's rolling out very slowly. If we weren't proactive in getting broadband we wouldn't have it and we work within 1.5 kilometers of the main masts here in Cork and yet we can't get it on the landlines which is crazy. We've a technology park and we can't get it and we end up getting wireless" – 10+ employees, Cork, broadband user

- Choice was considered to be a **lot more limited in less urban locations**.

"You have to go with whatever you can get"- –Sligo, 10+, broadband user

- While some did acknowledge that they could probably access **satellite broadband services**, the **expense** of this compared to a DSL service for many small businesses was off-putting and **hard to justify**.

Access to Broadband - II

- Many of those in Athlone and Sligo were frustrated with the lack of access to broadband.

"It's only moved out maybe to certain directions, like I think it was out in Strandhill Road and it didn't move out North of Sligo…If it's Dublin, Cork, Galway you're going to have no problems really but if you're moving out the country, you're always going to have problems with broadband" – Sligo, 10+, broadband user

"We are in the middle of the town (Athlone) and they (eircom) said the line is not ready. It would be another 5 or 6 months till the line is ready…it's ridiculous, crazy" - Athlone, less than 10 employees, dial-up/ISDN user

Perceptions of Choice in the ISP Market

- Perceptions of choice were very much **dependent on where the focus groups were held.**
- Those who currently could not access broadband obviously felt there was limited choice available to their business.
- Those in **large populated urban areas felt there was a reasonable amount of choice** but the **quality of services could vary** hugely depending on the location of their business and on whether they could receive a strong signal or not.
- The current **high level of advertising** by broadband providers was noted in many of the groups. There is no doubt that this is **adding to the perception of choice**, particularly among those in a broadband enabled area.
- However, those without access found the **advertising frustrating** as they feel excluded from its message.
- Choice did not really arise among dial-up or ISDN users as most would have a preference for broadband but are currently unable to access it.

Satisfaction with Broadband Services

- Those using broadband were **generally happy** with the service they were getting

"We had ISDN which was absolutely dreadful…so when we got on to eircom about the broadband I must say they delivered it. It worked and just the comparison to the ISDN was glorious" - Less than 10 employees, Dublin, broadband user

- **Up-grading to broadband or connecting** to the Internet for the first time via broadband for most appeared to be a **fairly easy process**.
- Most SMEs, particualarly those with less than 10 employees were fairly **happy with the speeds** they were getting. Few could envisage circumstances where they would require higher speeds.
- Speed tended to be more of an issue for those with very significant levels of Internet usage and those relying on leased lines.

Attitudes to Value for Money

- Broadband was widely considered to offer **good value for money**, particularly when compared to ISDN or dial-up.

"You can just leave it on 24/7 and you get mail and whatever. It's brilliant and it's actually cheaper to have it on all the time than the dial-up we used to have" – 10+ employees, Cork, broadband user.

- The **price for accessing higher broadband speeds was also considered to be decreasing**.

"It has come down dramatically and it can only go lower. We had 1 meg, and then 2 meg and now we are on an 8 meg connection….the prices are coming down over the same periods quite significantly, so by the time we want to double that and go to 16 it might be 1.3 times what we are paying and nothing near twice" – Dublin, 10+ employees, broadband user.

- ISDN and dial-up users were generally not very satisfied with value for money of the service they were getting. Many were aware that switching to broadband would save them money.

Barriers to Switching ISP - I

Service concerns

Similar to changing provider for voice calls, there is a reluctance to change broadband provider even if cost savings can be made.

Companies are concerned that they will make a poor choice or that they will lose service.

Most would want to move to a provider that they feel is well-established and is not going to pose any risks.

Time

A common barrier to switching any type of provider is the time involved in exploring different offerings and making the time to choose the best one for your business. Many owner/managers are so caught up trying to stay on top of pressing business demands that they simply let some areas slide.

"Business is booming now and because we don't have the time, because we're in growth mode at the moment you seriously don't have time. It's just keep the damn thing going, don't rock the boat"
Less 10 employees, Dublin, broadband user

Barriers to Switching ISP - II

High levels of satisfaction

Satisfaction with service from their ISP was generally high (especially among broadband users). As a result many businesses simply don't feel sufficiently motivated to contemplate switching.

Lack of familiarity with alternate providers

Many SMEs simply are not that familiar with alternate providers. They need to have a lot of trust and confidence in their ISP and when approached by a company who they do not consider to be a well-known or an established player they are unwilling to even consider switching regardless of any potential cost savings or promised service improvements (e.g. faster speeds).

Broadband Switching Experiences

- **Low level of switching activity evident**
- Given the general high levels of satisfaction with their existing service and value for money, **few felt any need to change**.
- **Service reliability tends to be more important** to businesses than making small cost savings (especially if they do not consider their ISP charges to be a major business expense).

"It's reliability and that you've got a constant connection there the whole time" – Dublin, Less than 10 employees, broadband user

- Those who had switched, seemed to be driven by a combination of higher service expectations (often wanting faster speeds) and cost considerations. They tended to be larger companies with large spend and often had SLAs with their new provider.

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Future Technological Needs

Future Technological Needs & Expectations - I

- Many businesses are looking for ways to **improve efficiency and help employees be as productive as possible**. Technology is considered fundamental to achieving this.
- **Many SMEs** that we spoke to were self-proclaimed **technology-followers** and had no real understanding of what products and services were around the corner or how their needs might develop.
- Many were only able to proffer very general suggestions such as the Internet becoming “more important” or more video conferencing to take place.
- A minority spoke about developments such as convergence, mobile broadband, VoIP, greater use of 3G services.

“You won’t be able to distinguish between a mobile and a landline. Everything will be IP based” – Dublin, 10+ employees, broadband user

“I want to be able to take my entire office with me wherever I go, whether it’s on a PDA or a laptop whatever..I want instant access to email, the Internet, broadband, the works wherever I am in the country” – Dublin, less than 10 employees, broadband user

Future Technological Needs & Expectations - II

- The technology followers felt that technology would develop more quickly over the next few years and they would **need education** about how to better understand their business technology requirements and understand how these requirements could be met.

- There was a fairly widely held view that existing ICTs costs would fall in the future but **spending on currently un-heard** of or as yet unfamilar services **would increase**.

- Greater facilitation of home working was regarded as highly reliant on ICT developments and many felt that home-working would increase in popularity over the coming years, driven by high house prices in certain urban areas as well as traffic congestion in reaching particular urban locations.

Interest in Bundled Services

- There appeared to be quite a **high level of interest in bundled services**.
- The idea of only receiving **one bill** and having only **one point of contact appeals** to a large number of Irish businesses, in terms of efficiency and convenience.
- However, a number of potential negatives were noted. These included the following:
  - All “**eggs in one basket**” could be risky were services to go down or the company to fail
  - The single provider could feel they are in a **stronger position of power** by controlling all services and take advantage of customers reliance on them via price hikes or service weaknesses
  - The ability to track and **monitor expenditure** across services could be more complicated if all services appear on a single bill.
- Overall the findings suggest that businesses for the most part, would only be open to using a single provider if they had a very high level of trust in them and were **confident of a reliable and honest level of service**.

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Key Findings

Key Findings - Fixed Line Sector

- **eircom's control** of the fixed line network was identified by some as a **major brake on competitiveness in the fixed line sector.**
- Most businesses don't feel that there is real competition in the market if a relationship with eircom (directly or indirectly) needs to be maintained.
- While it is widely acknowledged that fixed line call costs have declined in recent years, this often serves to reinforce weak perceptions of competitiveness. Businesses regard call cost reductions proffered by eircom as a reaction to competitive forces.
- The **cost of landline rental is a specific area where businesses would like to see savings in the future**. They are also **unhappy with the cost of fixed to mobile calls and VAT levels.**
- One of the main stumbling blocks to encouraging switching is that some businesses feel that their **service may suffer as a result of moving from the incumbent**. They believe that any service issues they have with their line will be resolved less efficiently if they are with an alternate provider rather than with eircom. These perceptions, whether justifiable or not, **need to be addressed if Irish businesses are to become more open to shopping around.**

Key Findings – Mobile Sector

- **More competition** in the mobile sector would be welcomed by Irish businesses. While it is widely agreed that competition has increased, businesses feel that the **consumer market is benefiting more so than the business market**.
- Businesses appear to be most **dissatisfied with the cost of international roaming charges and the cost of mobile to fixed line calls**.
- Businesses were generally **fairly satisfied with the level of customer service** they receive from their mobile phone service provider.
- However, they would **appreciate more proactive contact** from their provider in recommending the most appropriate package for their needs.
- **More clarity and transparency in pricing** would also appeal - many struggle to determine which package would be most suitable for their needs when trying to make comparisons between providers.
- **Coverage is an issue** for those operating or travelling outside of certain urban areas and this does **inhibit switching activity** as no provider appears to have complete nationwide coverage.
- **Greater understanding of the potential benefits of 3G services** is needed in the business community. In addition, 3G coverage needs to be improved upon, as does the longevity of 3G handset batteries if more businesses are to be encouraged to consider making use of it.

Key Findings – Internet Sector

- Those **without access to broadband** services are generally **very dissatisfied**. While some cited that in theory they can access a broadband service e.g. a satellite service is available to them, for most small businesses this is not an expense they can justify.
- There is however a **high level of satisfaction evident among existing broadband users**. Most are generally satisfied with the service they receive in terms of both speed and value for money.
- The fact that most companies are satisfied with existing speed levels suggests that many companies simply are **not aware of technological developments** coming down the track and how important faster speeds will be to them in the future.
- Among those based in large urban areas there is a perception that a reasonable amount of choice is available to them, yet most are satisfied with their existing provider (generally eircom) and **switching activity is unlikely to start increasing any time soon.**
- Those operating in less built up areas are more frustrated with the lack of choice.

Key Findings

- On a general level there was **low levels of awareness of callcosts.ie**. Even among those who were aware of it, most viewed it more as a **consumer tool** rather than it having a business application.
- Raising awareness of the website offering and perhaps adapting it more for business users, is likely to have a positive impact in switching across all markets.
- Quite a number of businesses would benefit from a **greater understanding of technology developments and new services such as 3G and VoIP**.
- Many seem content with what they have now and are unable to visualise how their business technology needs may change in the future. In order to **promote the longer term competitiveness of Irish businesses**, the provision of basic guides on likely future services and needs would be beneficial.

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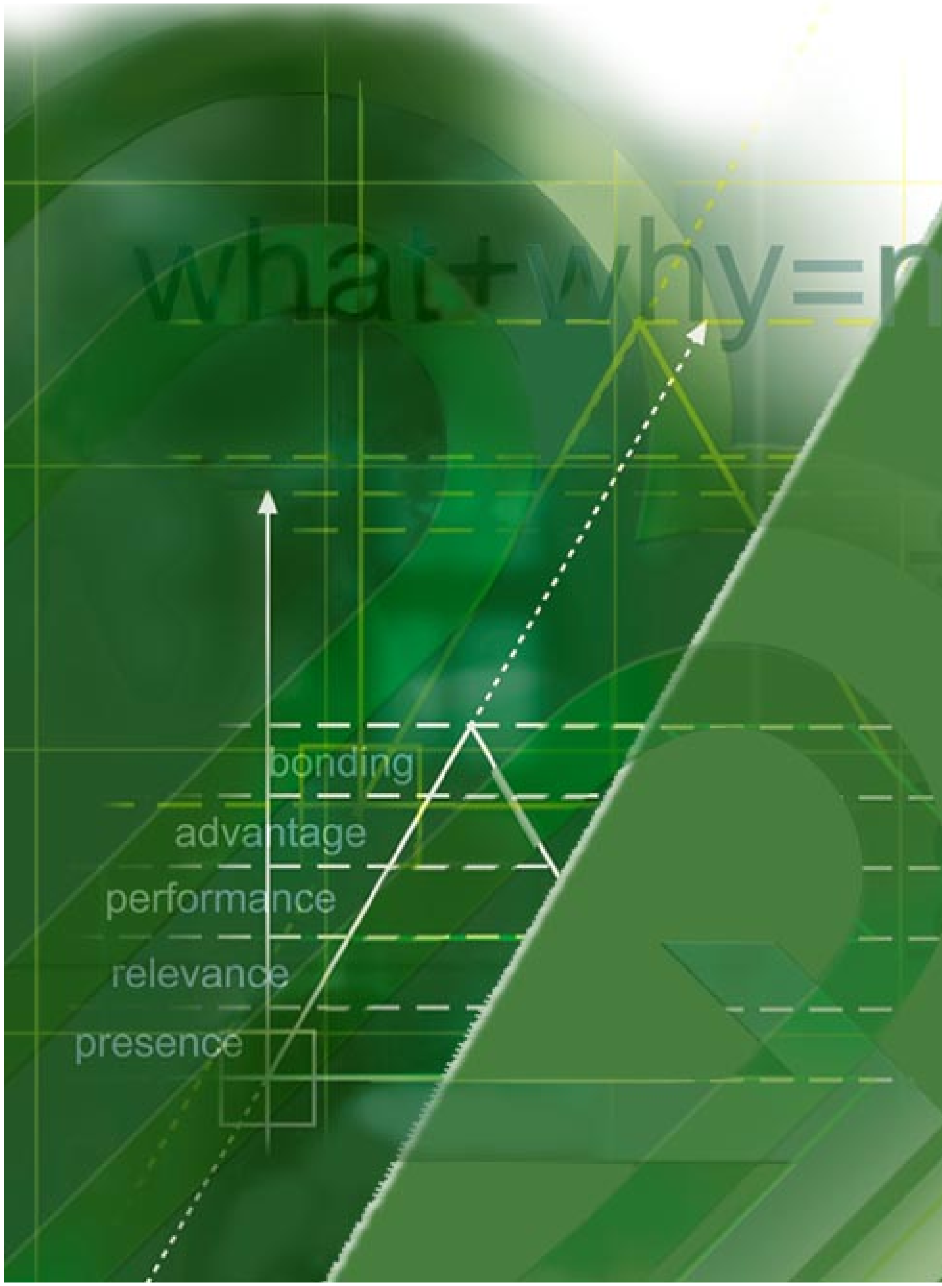

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