Commission for
**Communications Regulation**

Irish Communications Market

# Quarterly Key Data

## December 2003

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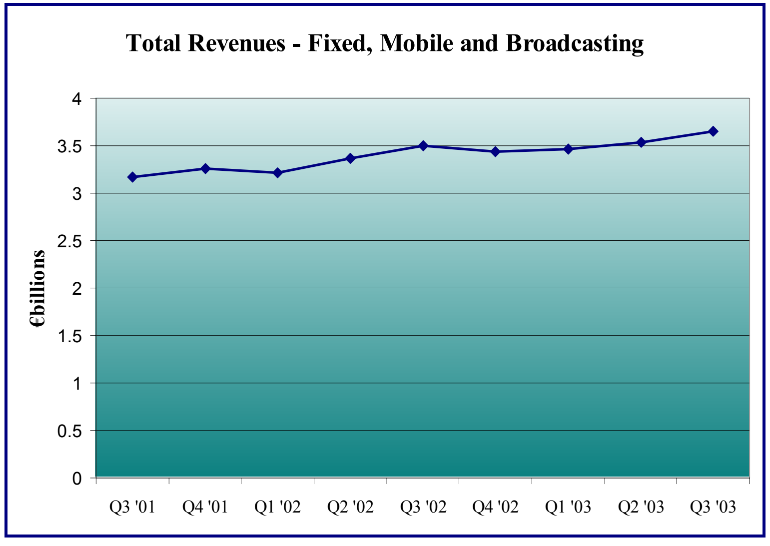
# 1 Overall Market Data

The data in this review is based on returns from authorised operators for the period 1st July 2003 to 30th September 2003. The report is based on submissions from 40 operators[1] which represent approximately 99% of total market activity[2].

## 1.1 Overall Electronic Communications Revenues

**Figure 1.1.1 Total Revenues – Fixed, Mobile & Broadcasting**




[1] List of general authorisations is available on www.comreg.ie

[2] ComReg does not collect data from operators not receiving an authorisation.

- Total revenues for fixed, mobile & broadcasting markets now stands at an estimated €3.65 billion per annum on an annualised basis.
  - Increase of approximately 3% since last quarter mainly due to mobile revenues.
  - Increase of approximately 4% since 2002 and 14% since 2001.

## 1.2 Telecoms Sector as a % of GNP

- Telecoms sector is estimated to account for approximately 3.5% of Irish GNP (2002)[3] compared to 3.4% in 2002 and 3.3% in 2001[4].

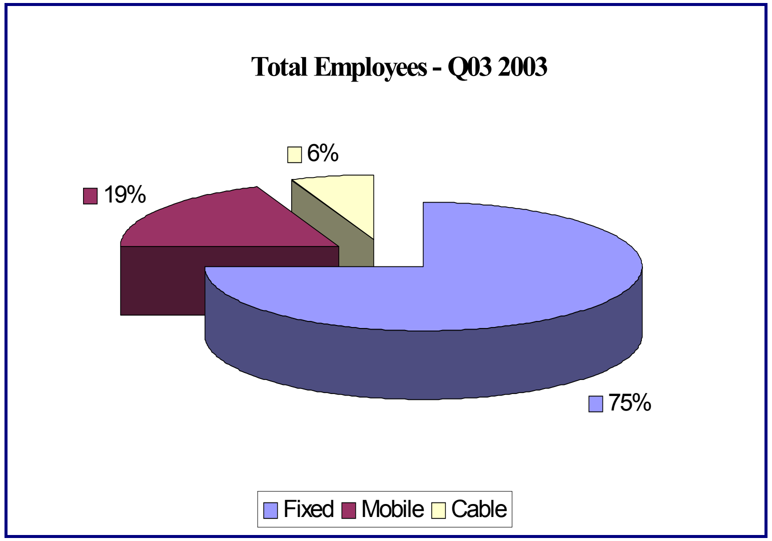
[3] Figure was calculated using GNP at market price (2002) – ESRI Quarterly Economic Commentary, Autumn 2003.

[4] Calculated using GNP at market prices (2001) – ESRI Quarterly Economic Commentary, Autumn 2003.

## 1.3 Employees

- The number employed in the telecommunications sector is 14,810.
  - Increase of 2% since last quarter, attributable to all three sectors.
  - Decrease of 3% since last year.
- The fixed, mobile & broadcasting markets account for approximately 75%, 19% and 6% of the total figure respectively. These proportions have remained unchanged since last quarter.

**Figure 1.1.2 Total Employees**



# 2 Data By Sector

## 2.1 **Fixed Line**

### *2.1.1 Fixed Line Revenue*

- Total fixed line revenue[5] is approximately €507 million.
    - Increase of approximately 1% since last.
    - Annualised fixed line revenue figure accounts for 56% of total telecoms revenue as compared with 60% last year.

### *2.1.2 Other Authorised Operators (OAO) Market Share*

- OAO market share is approximately 20%.
    - Remains unchanged since last quarter.
    - The market share has been in the 20-21% range for the last two years.

**Figure 2.1.1 OAO Market Share**


Source: ComReg Quarterly Review Questionnaire

[5] This figure includes revenue from retail traffic (local, national, international, mobiles, internet, payphone & other), Internet services, leased lines, switched data and other services such as directory publication and maintenance of customer equipment. Data based on returns from authorised operators only.

### *2.1.3 Carrier Pre Selection*

Our review of the CPS data supplied to us is ongoing and we are currently conducting an audit of numbers supplied by both eircom and OAOs to establish a clear picture of the level of CPS use in the market. We would anticipate this review being completed before the next Quarterly Report and pending a satisfactory outcome, the CPS data for this quarter will be published retrospectively.

### *2.1.4 Telecom Access Paths*

- There are approximately 5.13 million telecom access paths[6].
  - No change since last quarter.
  - Increase of approximately 4% since last year.

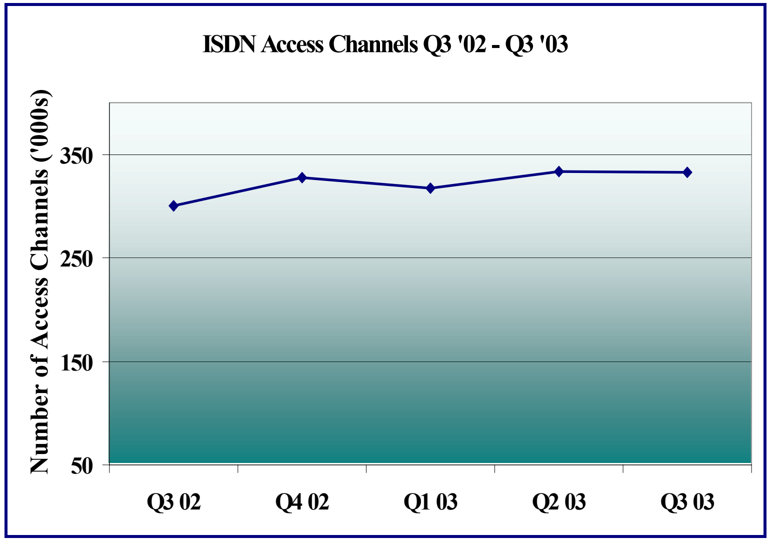
### *2.1.5 PSTN Lines*

- Total of 1.6 million lines.
  - Remains constant since last quarter.
  - Accounts for 31% of total access paths as compared with 32% last year.

[6] Due to a reporting error, the correct figure for Q2 2003 was 5.13 million and not 5.16 million. Total access paths consist of PSTN, ISDN and mobile.

### *2.1.6 ISDN Access Channels*

**Figure 2.1.2 ISDN Access Channels**




- Approximately 333,000 ISDN access channels[7].
  - Decrease of 0.3% since last quarter.
  - Accounts for 6.5% of total access paths
  - The proportion of primary, fractional & basic rate ISDN is 43%, 6% and 51% respectively of the total number of ISDN access

[7] Due to a reporting error, the true figure for Q2 2003 was 334,000 access channels and not 388,000. Previous quarters also contained this overestimation. The trend graph above has been corrected for this error using estimated figures from *eircom* for the period Q3 '02 to Q1'03.

channels compared to 44%, 6% and 50% for the same quarter last year.

### 2.1.7 Mobile Subscribers

- 3.2 million mobile subscribers up from 3 million for the same quarter last year.
- Mobile subscribers account for approximately 62% of total access paths compared with 61% last year.

### 2.1.8 DSL

- Approximately 13,350[8] DSL lines had been installed by the end of September, increased from 7,350 last quarter. Orders are now being placed at over 1000 per week.

### 2.1.9 Cable Modems

- Approximately 4,500 cable modems[9].
  - Increase of 50% since last quarter, mainly attributable to Ntl.

### 2.1.10 FRIACO

- As at the end of October there were approximately 30,000 FRIACO subscribers, up from 6,500 last quarter. Well over 2,000 orders a week are being signed with operators such as eircom, EsatBT and UTV.

[8] This figure includes the incumbent and OAO lines and is based on the number of lines installed.

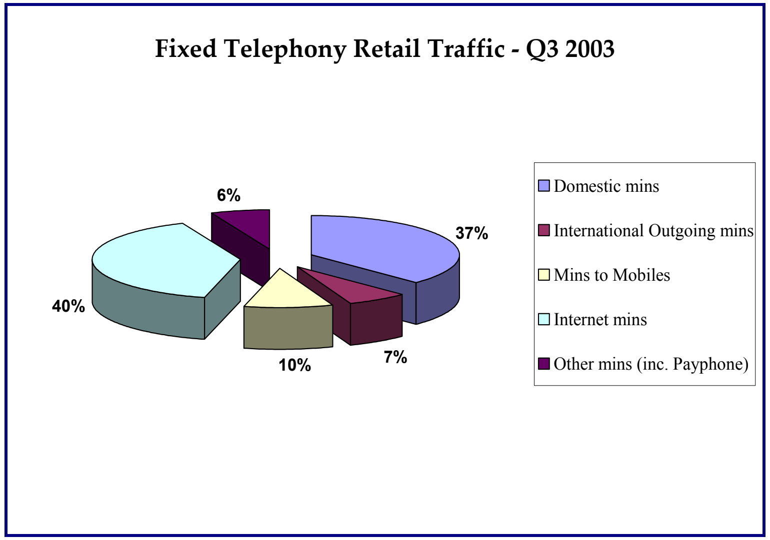
[9] Supplied by a number of operators including Ntl, Chorus and Casey CableVision (Dungarvan).

### 2.1.11 Fixed Wireless Access

- Approximately 6,112 residential and business subscribers.
  - An increase of approx 12% since last quarter due to an increase in both authorised operator and exempt wireless based activity in the market.

### 2.1.12 Fixed Retail Traffic (Minutes)

**Figure 2.1.3 Fixed Retail Traffic**



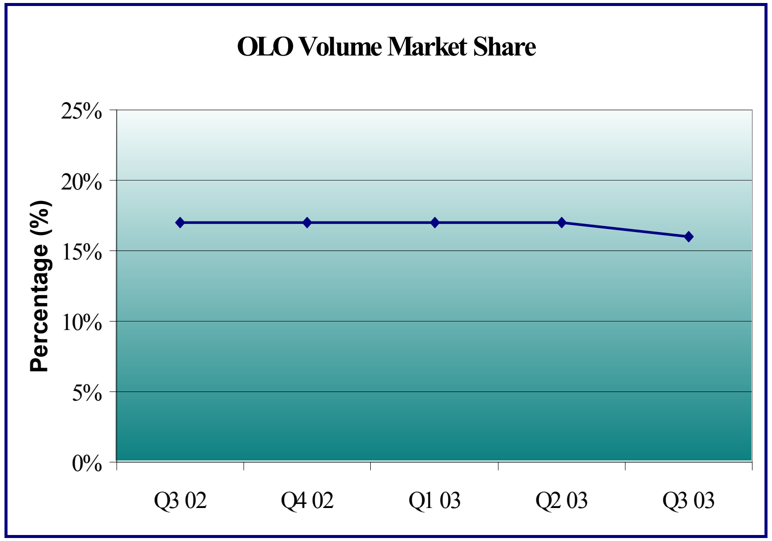

- Retail traffic has decreased by 2% since last quarter.
  - Total minutes remained static in the same quarter last year.

- Domestic minutes now account for 38% of overall minutes, Internet 40%, Mobile 10%, International 6% and Other 6%.

- Over the last year internet minutes, as a proportion of overall minutes, have overtaken domestic and are now the highest proportion of total retail traffic.

- OAO market share based on volumes[10] is 16%

**Figure 2.1.4 OAO Volume Market Share (Minutes)**




[10] Includes domestic, international, mobile, internet, payphone & other minutes from authorised operators only. The volume calculation includes some elements of wholesale traffic in order to give a fair reflection of traffic volumes in the market.

### *2.1.13 Leased Lines*

- There are approximately 21,500 retail leased line circuits, up 500 from last quarter.

- There are approximately 8,700 wholesale leased line circuits, down 300 since last quarter.

The following table sets out the rolling three month average delivery time for circuits delivered by *eircom* to OAOs.

**Table 2.1.1 Rolling Three Month Average Delivery Time for Leased Line Circuits Ordered by OAOs (Working Days)**

| | Aug '03 | Sept '03 | Oct '03 |
|---|---|---|---|
| *All Leased Lines* | *19* | *18* | *17* |
| *Of Which:* | | | |
| *Sub 2Mbit Lines* | *19* | *18* | *17* |
| *2Mbit Lines* | *19* | *18* | *17* |

- The rolling three month average delivery time for 95% of leased line circuits ordered by OLOs for Oct 2002 was between 21 and 25 days[11].

[11] The figures reported above are for 95% of orders i.e. the average of the first 95% of orders to be delivered. This removes the effect that any anomalies may have had on the figures and presents a true reflection of how fast the majority of circuits were delivered. Figures relating to the 100% of orders are published on eircom's website.

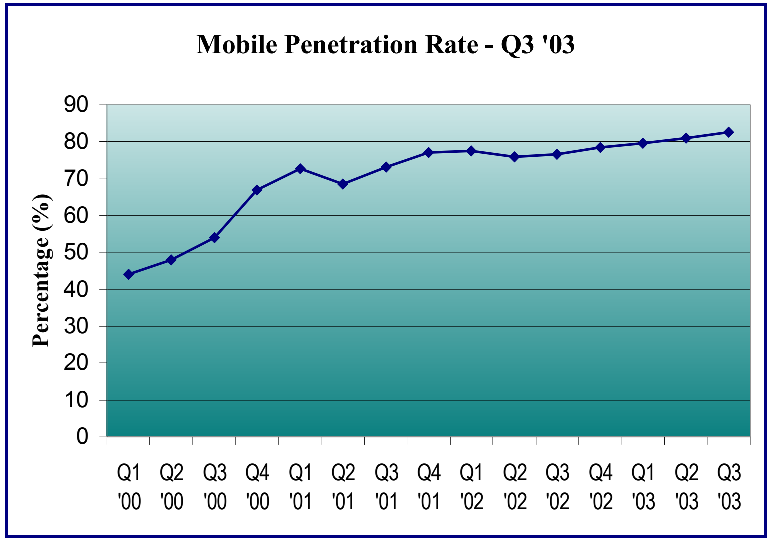
- Since October 2002 the average delivery time for 95% of leased line circuits ordered by OAOs has fallen from 22 days to 17 days for all types[12].

[12] 1) Delivery lead-time is shown for 95% of orders delivered in the period 2) Sub 2mb deliveries include digital circuits with transmission speeds of less than 2mb. 3) The statistics provided relate to orders from other authorised operators only. 4) Other interconnect circuits are not included in the statistics.

## 2.2 Mobile

### 2.2.1 Irish Mobile Penetration Rate

**Figure 2.2.1 Irish Mobile Penetration Rate**

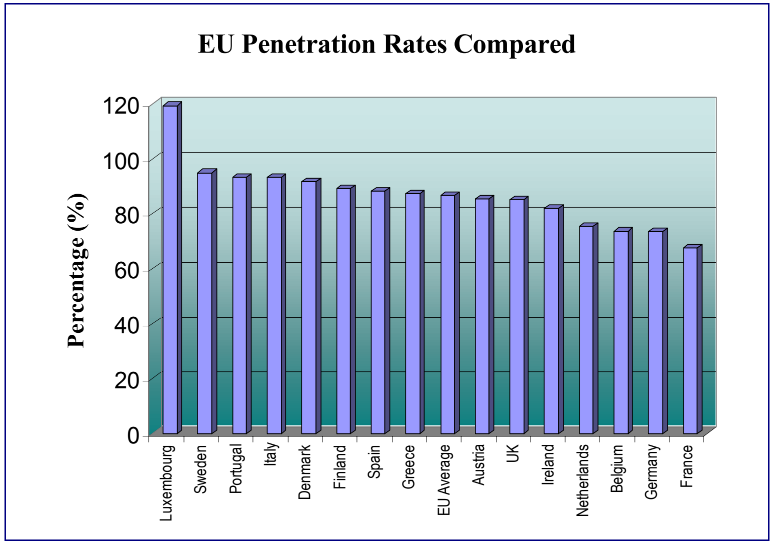



Source: Baskerville and ComReg Estimates

- Irish mobile penetration rate now stands at 83%.
  - ➢ Increase of 2% since last quarter.
  - ➢ Increase of 6% in the last 12 months.

### 2.2.2 EU Penetration Rates

**Figure 2.2.2 EU Penetration Rates**




Source: Baskerville

- At this point most EU countries penetration rate is above 80%.

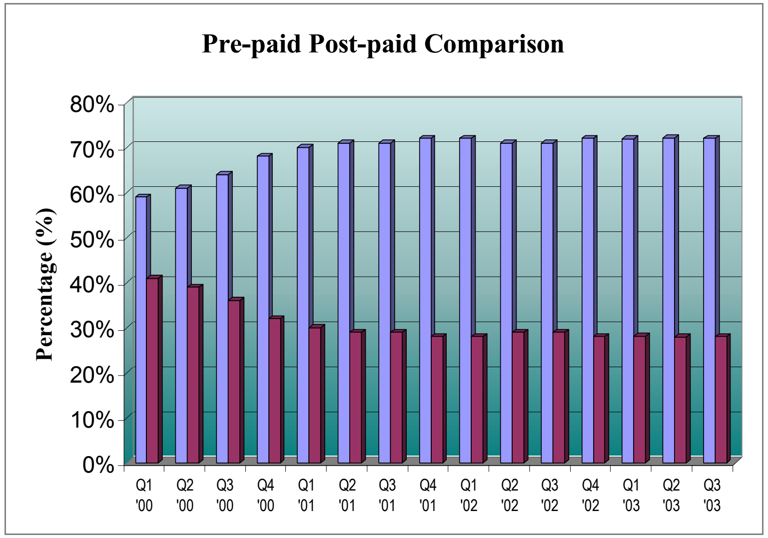
### 2.2.3 Subscribers

- Approximately 3.2 million mobile subscribers at the end of September 2003.
  - ➢ Increasing from approximately 3 million at the end of September 2002.

- Since the introduction of Mobile Number Portability (MNP) approximately 40,000 subscribers have ported their number.

### *2.2.4 Pre-Paid / Post Paid Comparison*

**Figure 2.2.3 Pre-Paid / Post Paid Comparison**

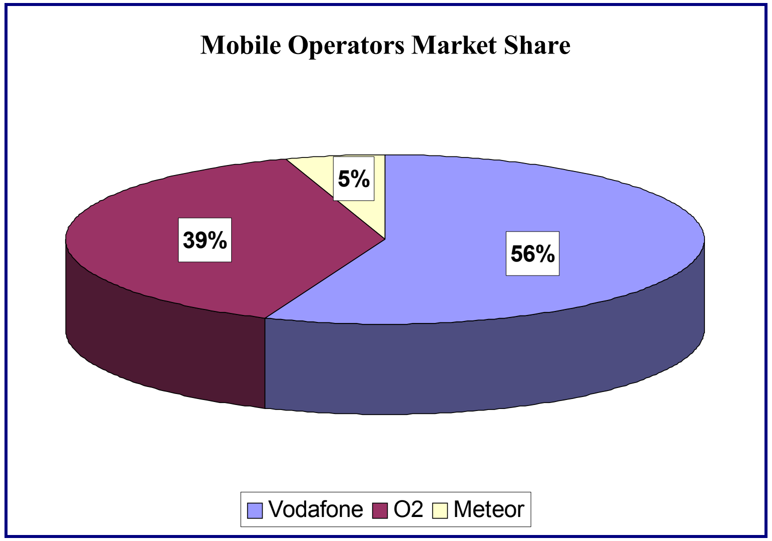



Source: ComReg Quarterly Review Questionnaires

- Pre-paid and Post-paid subscribers account for 72% and 28% of the overall mobile subscribers respectively.

### *2.2.5 Market Shares*

**Figure 2.2.4 Mobile Operators Market Share[13]**



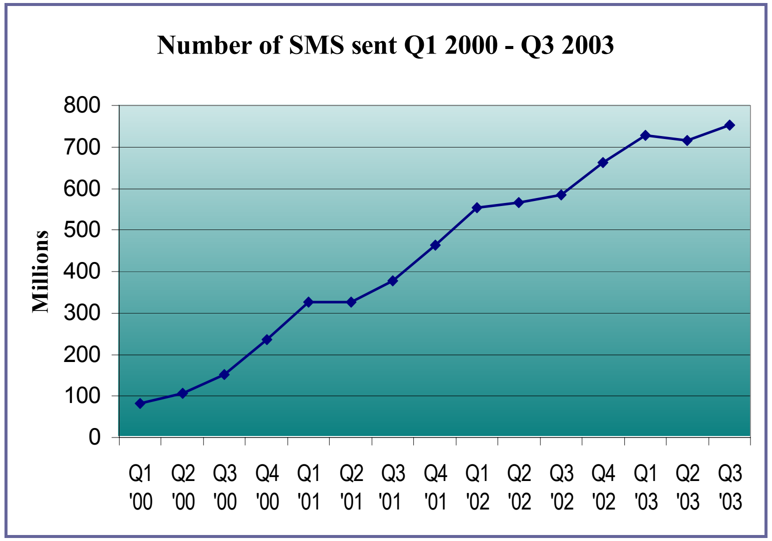

Source: ComReg Quarterly Review Questionnaire

- Vodafone - 56%, no change in the last quarter
- $0_2$ – 39%, a decrease of 1% in the last quarter
- Meteor - 5%, an increase of 1% in the last quarter
- All operators increased their subscriber base during the quarter

[13] Market share based on the number of subscribers

### *2.2.6 SMS*

**Figure 2.2.5 Number of SMS Messages sent**

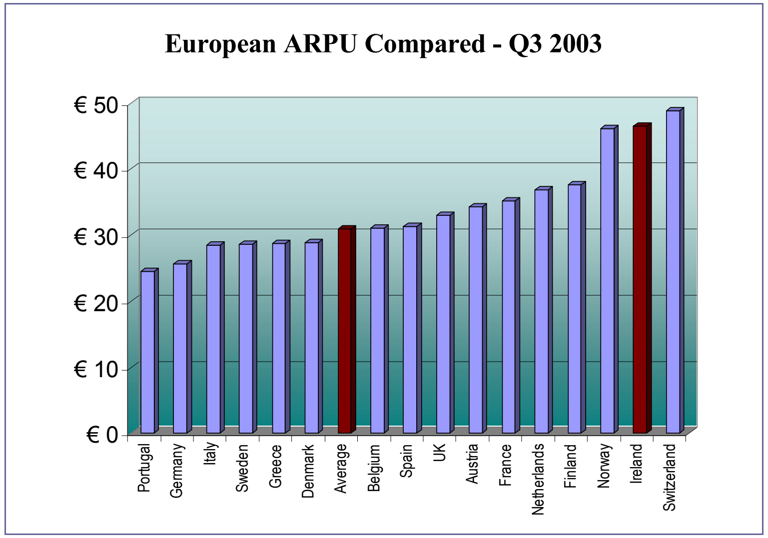



Source: ComReg Quarterly Review Questionnaire

- Approximately 753 million messages sent during the quarter.
  - 78 SMS messages sent on average per month, increase of 5% on the previous quarter.
  - 29% increase in the number of messages sent in 12 months.

### *2.2.7 ARPU*

**Figure 2.2.6 European ARPU Compared**




Source: The Yankee Group

- Irish Mobile Operator's ARPU is estimated at €46 per month, remaining the same since the last quarter, while the EU average is €31[14].

[14] As far as possible, ARPU figures are obtained directly from operators. Where unavailable, ARPU is calculated by dividing annual service revenues by the mid-term installed base (the sum of the opening and closing customer bases for the period divided by two). Once the Yankee group has obtained or calculated all individual ARPU figures, they are applied to each operator's mid-term user base to obtain service revenues by operator, which are then combined to obtain a country total. This total revenue figure is then divided by total mid-term users to derive country-level ARPU

- Irish Mobile Operators' ARPU is the 2nd highest of the European countries.

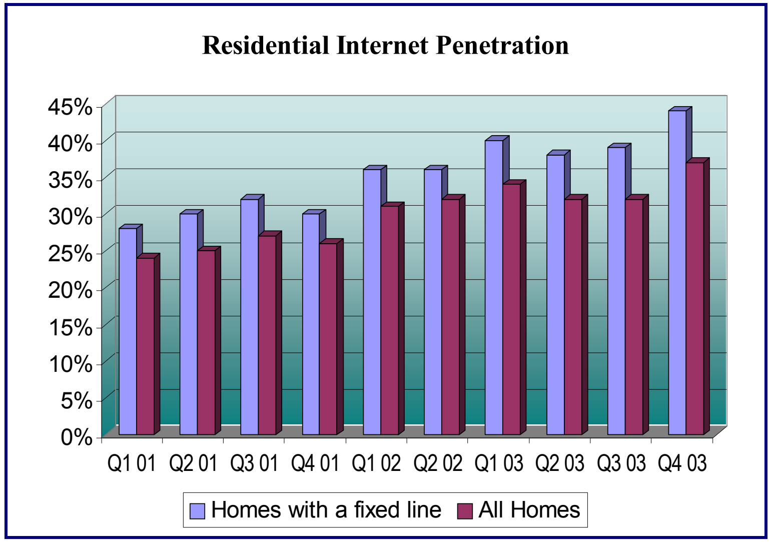
## 2.3 Residential Internet

The results of the *Amárach* Internet research, commissioned by ComReg, are referred to throughout this section. The entire results of the survey are published separately with this report. Internet research is among a nationally representative sample of 1,000 adults aged 15 – 74[15]. Of those surveyed 83% have a fixed line at home. The results of *Amárach's* research will refer to those with a fixed line unless otherwise stated. The survey was carried out during October 2003.

Residential Internet penetration stands at 44%. It should be noted however that by including those who do not have a fixed line the Internet penetration figure would be 37% of households in Ireland.

### *2.3.1 Ireland's Internet Penetration Rate*

**Figure 2.3.1 Ireland's Internet Penetration Rate**

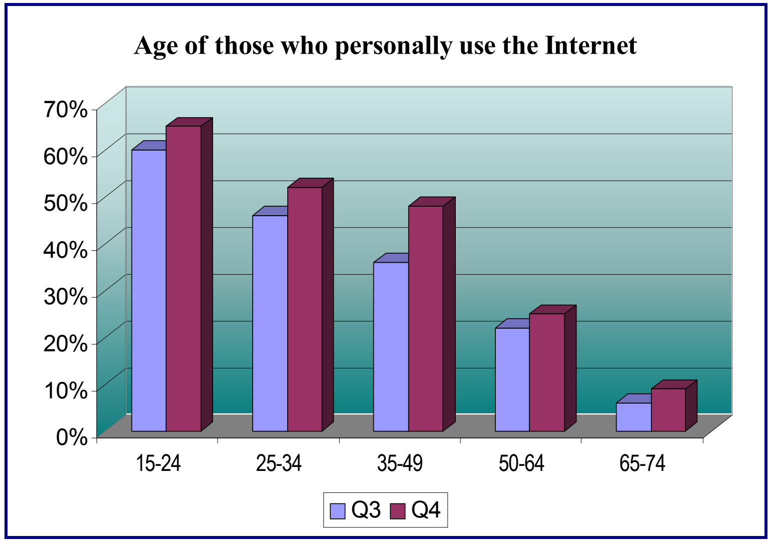



- Residential Internet penetration is estimated at 44%.
- An increase of 5% in the last quarter

[15] *Amárach* carried out face to face research of 1,018 adults aged 15 – 74 years during October 2003. The Internet penetration figure is nationally representative of the adult population with a fixed line, with a margin of error of +/- 3.4%.

### 2.3.2 Average Internet Usage

**Figure 2.3.2 Age of those who personally use the Internet**



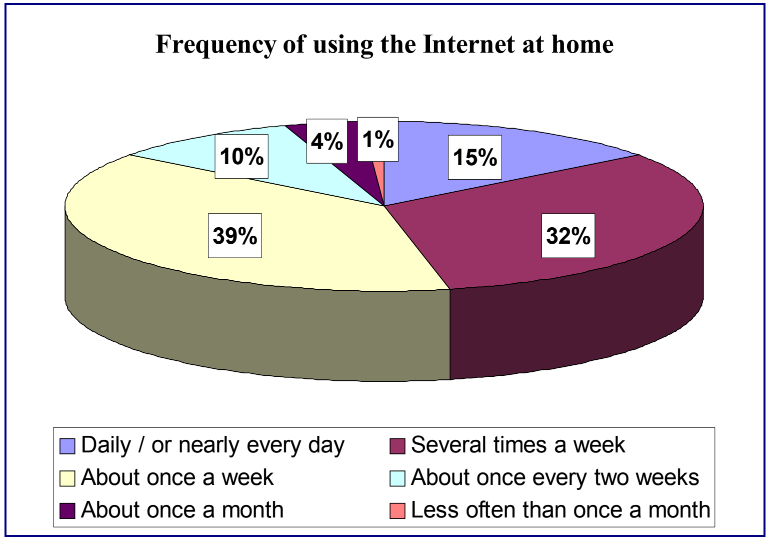

- Usage is highest amongst 15 – 24 year olds (65%), 25 -34 year olds (52%) and 35 – 49 year olds (48%).

### 2.3.3 Methods of access to the Internet at home

- PSTN is the predominant form of home Internet access (84%) followed by ISDN (7%) and ADSL (2%).

### 2.3.4 Frequency of using the Internet at home

**Figure 2.3.3 Frequency of using the Internet at home**

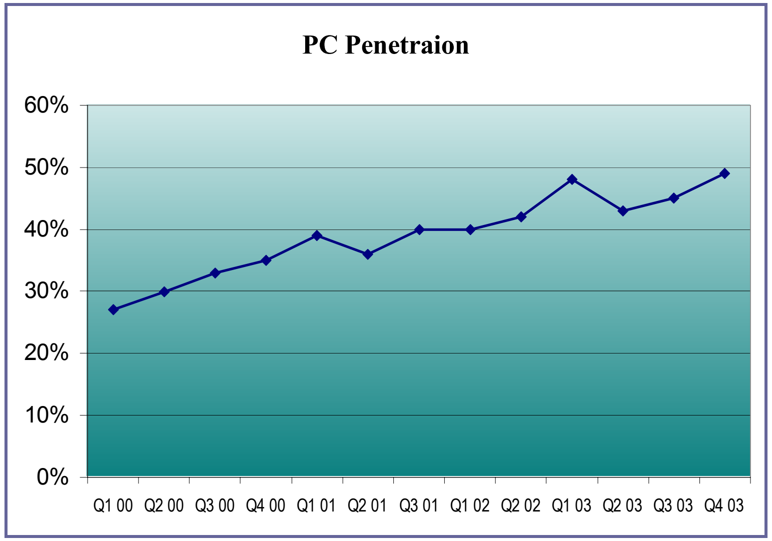


- Of those who personally use the internet at home, 15% use it daily or almost every day; while 32% use it several times a week.

- On average those who personally use the Internet at home estimate that they spend 3 hours on line in a typical week, a decrease of 1 hour since our last survey[16].

### *2.3.5 Residential PC Penetration*

**Figure 2.3.4 Residential PC Penetration**




- 49% indicate that they have a home PC, an increase of 14% in 3 years

### *2.3.6 E-Commerce*

- 38% have used the Internet to purchase a product or service in the last three months.

- The most common products or services purchased on the Internet in the last three months were airline tickets (62%), concert tickets (29%) and package holidays (27%).

- 4% indicated that they have used their mobile phone text or internet function to purchase a product or service.

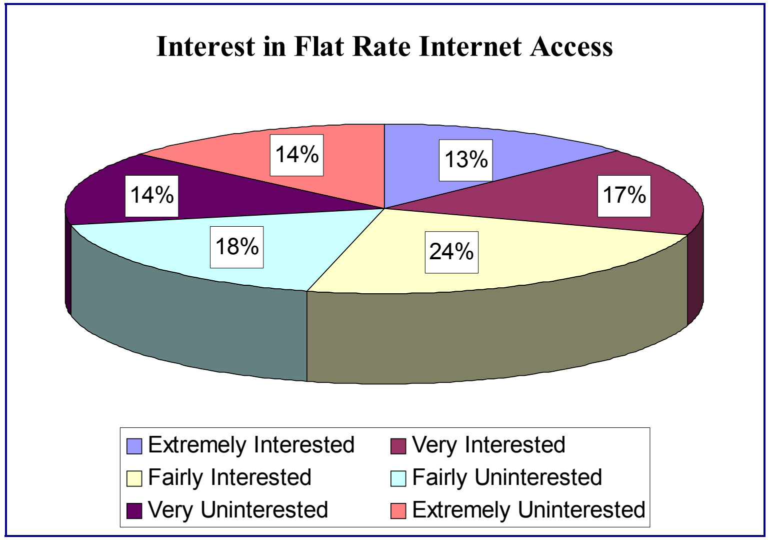
### *2.3.7 Internet Minutes*

- Internet minutes account for 40% of all fixed retail traffic.

[16] It should be noted that estimates of time spent on-line are based on respondent's perceptions.

### *2.3.8 Flat Rate Internet Access*

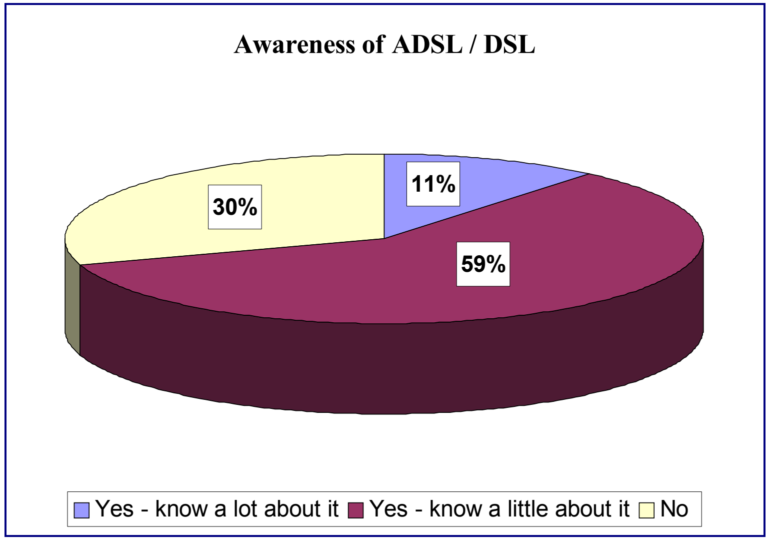
**Figure 2.3.5 Interest in FRIACO**




- 53% demonstrate some interest in a flat rate option, an increase of 5% in the last 6 months.
- The main reasons given for interest in a flat rate service were, cost savings (43%), and cost control (32%).

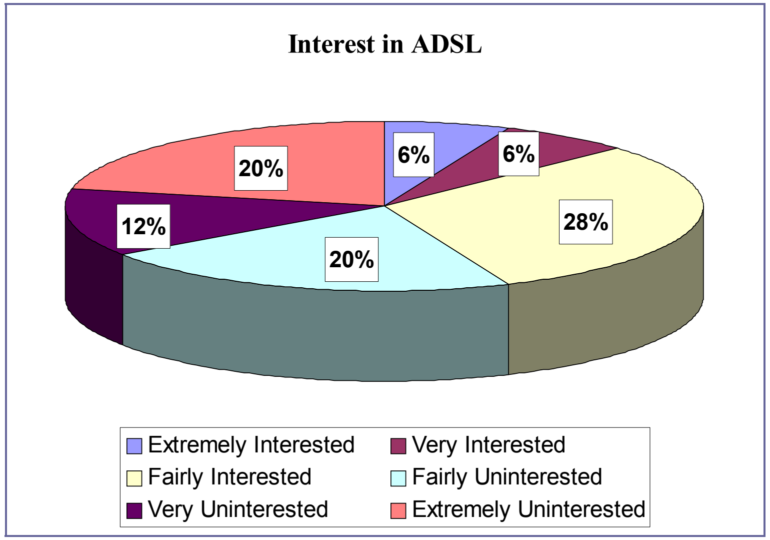
### *2.3.9 ADSL*

**Figure 2.3.6 Awareness of ADSL / DSL**




- Over 70% were aware of ADSL or DSL, an increase of 14% in the last 6 months.

**Figure 2.3.7 Interest in ADSL**




- 40% expressed some interest in ADSL, a decrease of 2% in the last 6 months.
- 16% expressed an interest at a cost of €55 per month.
- Speed of Internet connection was the main reason for those who expressed an interest in ADSL (39%).
- Those who were not interested claimed that ADSL was too expensive (39%).
- 54% of respondents stated that it was not likely that they would subscribe to ADSL.

## 2.4 Cable/MMDS & Satellite

### *2.4.1 Cable/MMDS Subscribers*

- Approximately 542,000 cable/MMDS subscribers to basic television services in Ireland.
  - Decrease of approximately 4% since last quarter[17].

### *2.4.2 Digital Subscribers*

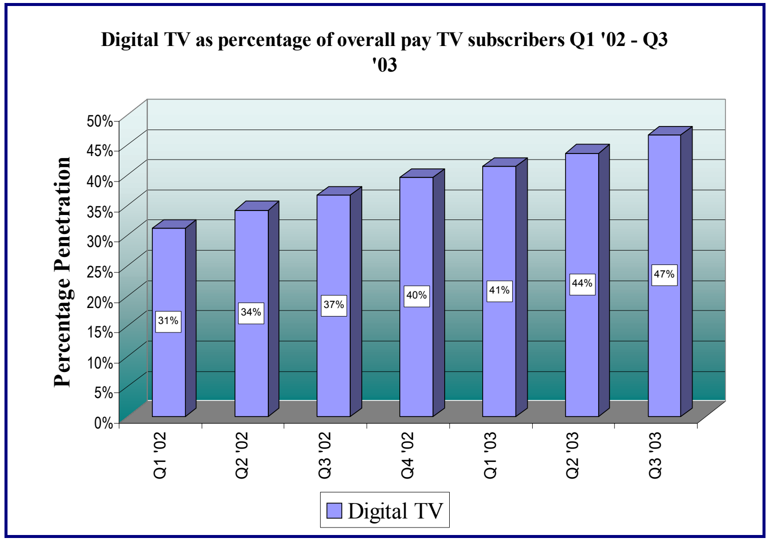
- Approximately 17% of cable/MMDS subscribers have upgraded to digital compared to 9% in December 2002.
  - An increase of 2% since last quarter.
- 297,000 subscribers to BSkyB[18]
  - Increase of 4% since last quarter.
  - This figure has increased by 42,000 since December 2002.
- Approximately 391,000 cable/MMDS and satellite digital subscribers
  - This figure has increased by 83,000 since December 2002.
  - Represents approximately 29% of all households with a television[19].

### *2.4.3 Households Passed*

- Over 1 million households passed.
  - Approximately 66% are passed for digital services.

### *2.4.4 TV Distribution in Ireland*

**Figure 2.4.1 Digital TV as percentage of overall pay TV**

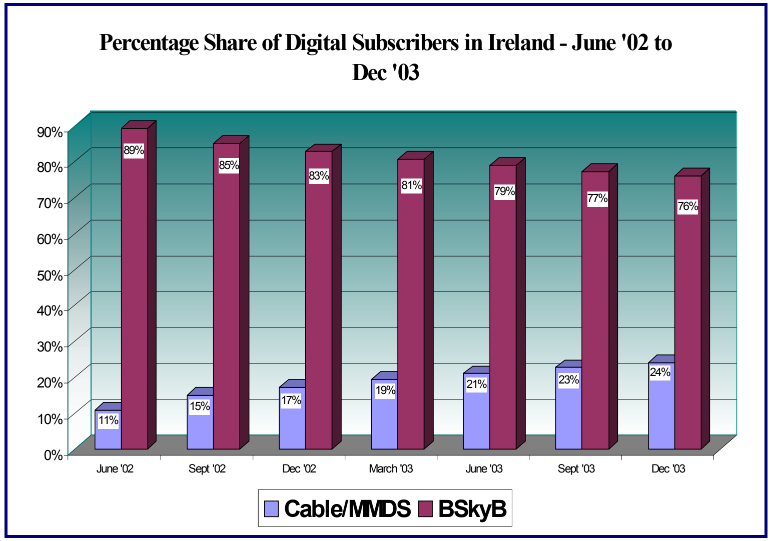



[17] This fall is mostly due to a stricter bill payment regime introduced by one of the larger cable operators, accompanied by an initial large number of disconnections.

[18] BSkyB results for Q3 2003 (14th November 2003)

[19] Figure is now based on a revised CSO estimate of 1.35 million households with a television. Figure used in previous quarters was 1.3 million.

**Figure 2.4.2 Digital TV Distribution in Ireland**




### *2.4.5 Cable/MMDS Revenues*

- Total cable/MMDS revenues have fallen by 2% since last quarter.

# 3 Tariff Data

This section compares movements in incumbents' tariffs for a range of telecommunication services. The tariff comparisons, generated from the pricing of a number of baskets of telecom services, rank Ireland's position against all other Member States in relation to telecom tariffs[20]. It should be noted that competing operators sometimes offer cheaper tariffs and this would also be true in the other countries surveyed. The tariff comparison also reflects only one tariff option per incumbent operator and by definition is not indicative of tariff levels available in other tariff options, which may be offered by operators.

The baskets, which are constructed by Teligen using an OECD approved methodology, provide a "snapshot" of Ireland's position vis-à-vis the other Member States at a particular point in time. The baskets of services examined in this review include:

- National PSTN
- International PSTN
- National Leased Lines
- International Leased Lines
- ISDN and ADSL Baskets
- Pre-paid and post paid mobile baskets

The ISDN and ADSL baskets are not OECD baskets. The ISDN baskets are however constructed by Teligen using the OECD residential and business PSTN usage profiles, plus an internet usage element for basic rate baskets, on the assumption that voice usage would not change and that ISDN is required for simultaneous internet access.

Due to the lack of any ultimate comparison methodology of such a diverse service we feel it is necessary to view the ADSL prices using two methods. The first method, normalised lowest monthly rental (per Mbit/s), reflects the cost of ADSL on a per Mbit basis and may favour operators that offer higher speeds. The second method is minimum monthly rental which shows, regardless of access speeds, the lowest cost for ADSL.

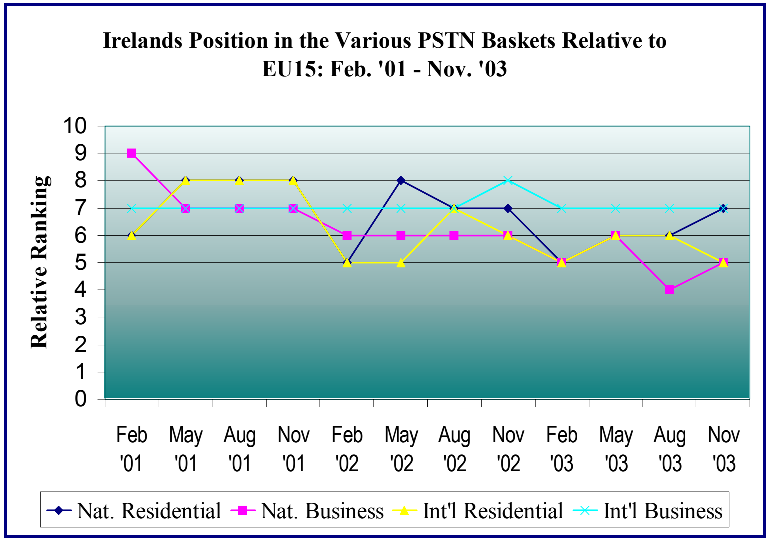
[20] While still using baskets constructed by Teligen using an OECD approved methodology, only comparisons between the 15 Member States are examined.

## 3.1 Overview

### *3.1.1 PSTN*

- Figure 3.1.1 shows the movement in Ireland's position relative to the EU (ranking out of 15 Member States, one being the cheapest[21]) in all PSTN baskets since February 2001. Ireland's relative position has fallen by one place in both the business and residential national baskets, has improved by one position in the international residential basket and has remained the same in the international business basket.

**Figure 3.1.1: Ireland's Relative Position for Various PSTN baskets: Feb. '01 – Nov '03**



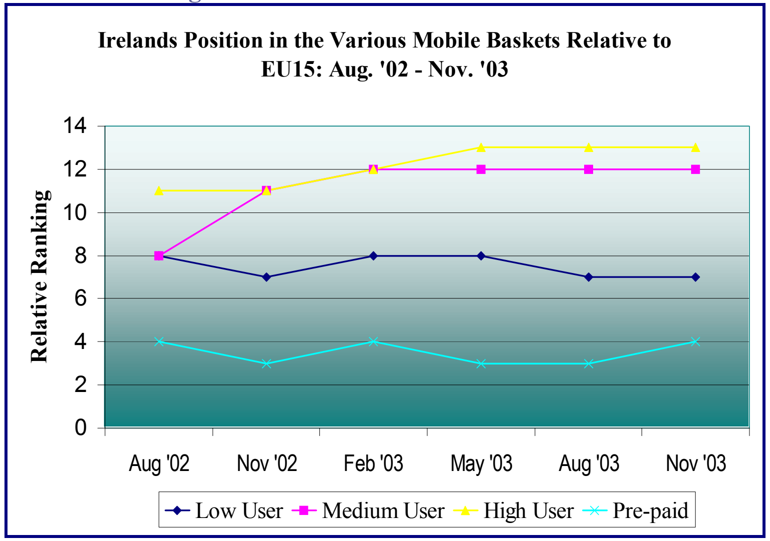

### *3.1.2 Leased Lines*

- Ireland's position remains unchanged in both the national and international Leased Line baskets.

### *3.1.3 Mobile*

- Figure 3.1.2 shows the movement in Ireland's position relative to the EU in all mobile baskets since August 2002. Ireland's relative position has remained unchanged in all mobile baskets except for the pre paid basket where it has fallen one place from 3rd to 4th lowest pre paid tariffs in EU.

**Figure 3.1.2: Ireland's Relative Position for Various Mobile baskets: Aug. '02 – Nov '03**



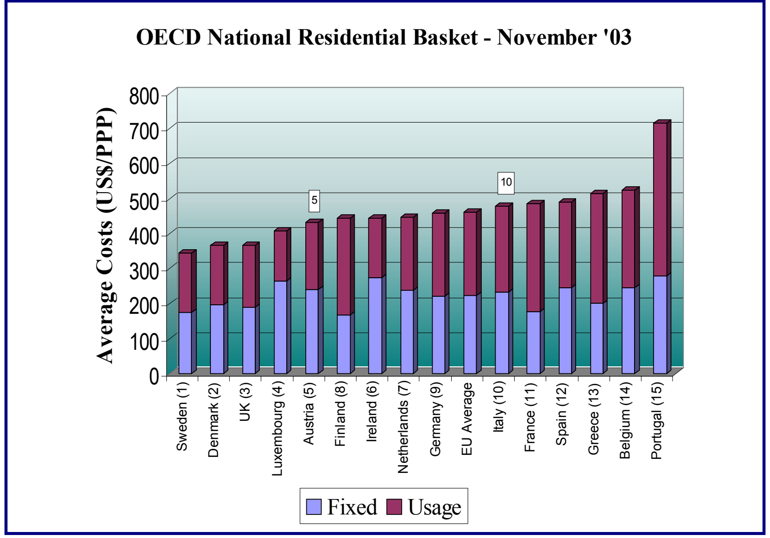

[21] The same applies to all of the remaining baskets.

## 3.2 PSTN Baskets

### 3.2.1 National Residential Basket

- Ireland position has fallen by one place from 6th to 7th since last quarter, three positions ahead of the EU average.

**Figure 3.2.1: OECD National Residential Basket (EU15) – November 2003**

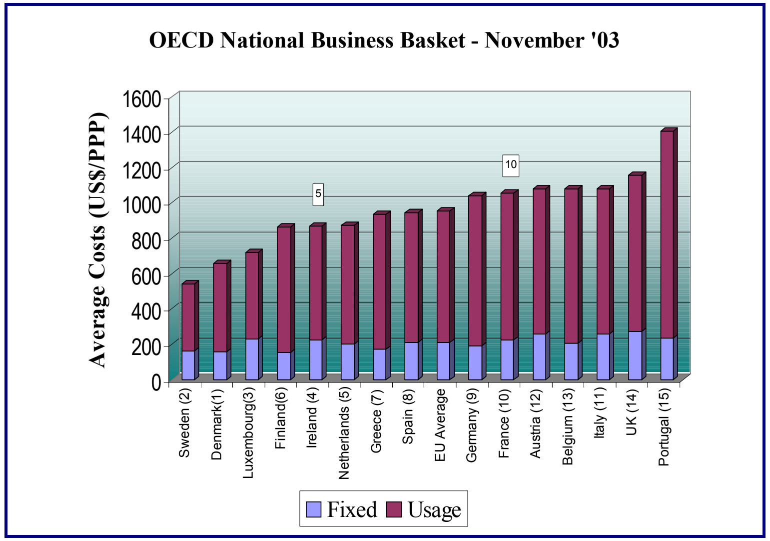



NB: The numbers in brackets represent each Member States respective rankings as at August 2003.

### 3.2.2 National Business Basket

- Ireland position has fallen by one place from 4th to 5th and is now four positions ahead of the EU average.

**Figure 3.2.2: OECD National Business Basket (EU15) – November 2003**

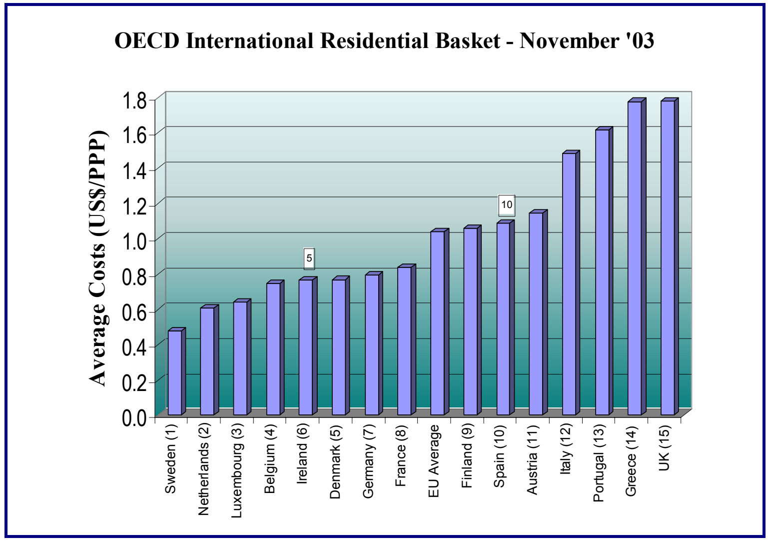



NB: The numbers in brackets represent each Member States respective rankings as at August 2003

### *3.2.3 International Residential Basket*

- Ireland position has improved by one place into 5th since last quarter and four positions ahead of the EU average.

**Figure 3.2.3 OECD International Residential Basket (EU15) – November 2003**

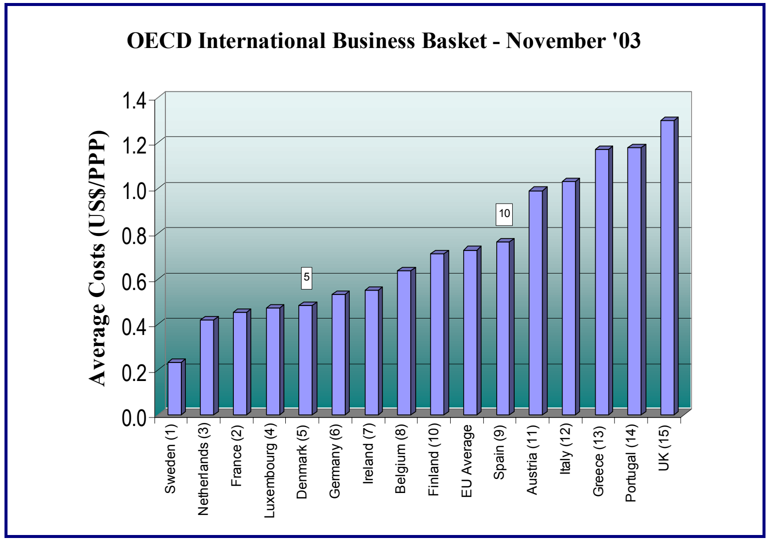



NB: The numbers in brackets represent each Member States respective rankings as at August 2003

### *3.2.4 International Business Basket*

- Ireland position is unchanged in this basket and is now three places ahead of the EU average.

**Figure 3.2.4: OECD International Business Basket (EU15) – November 2003**



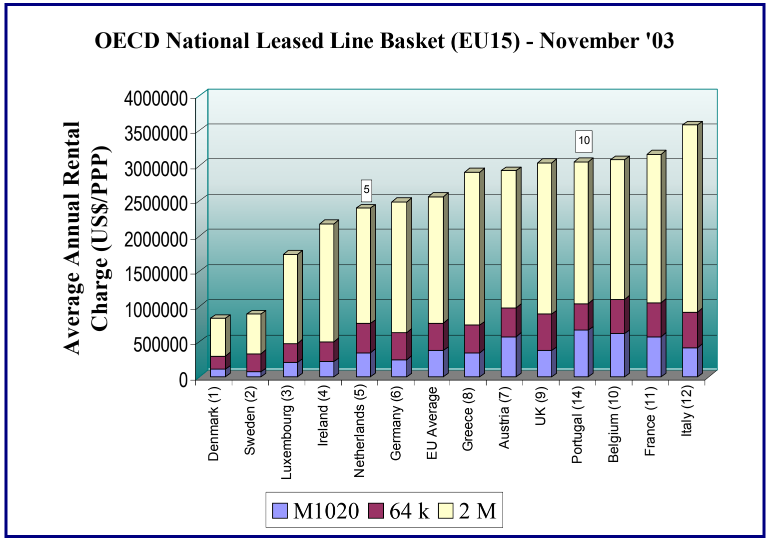

NB: The numbers in brackets represent each Member States respective rankings as at August 2003

# 3.3 Leased Line Baskets

### *3.3.1 National Leased Lines*

- Ireland remains in 4th place and three positions ahead of the EU average[22].

**Figure 3.3.1 OECD National Leased Line Basket (EU15) – November 2003**

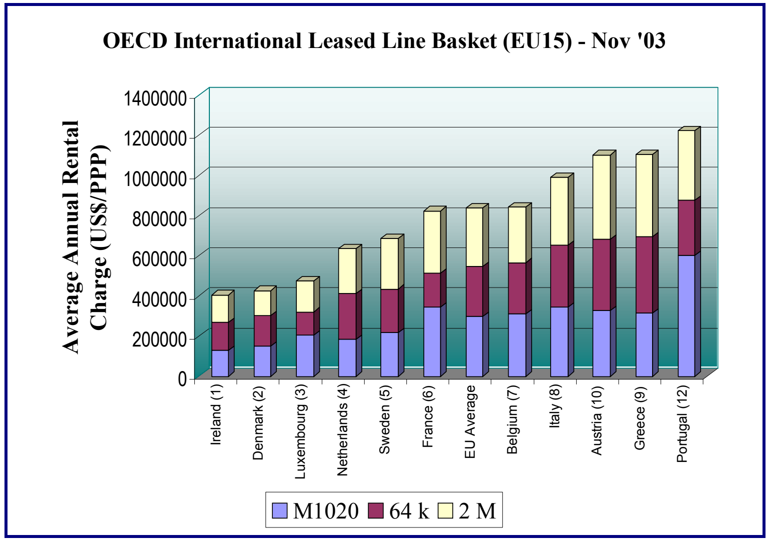



NB: Data for Finland is unavailable. The numbers in brackets represent each Member States respective rankings as at August 2003

### *3.3.2 International Leased Lines*

- Ireland remains in 1st position[23].

**Figure 3.3.2 OECD International Leased Line Basket (EU15) – November 2003**




NB: Data for Germany, Finland and UK is unavailable. The numbers in brackets represent each Member States respective rankings as at August 2003

[22] The "National Leased Line Basket" is based on 100 circuits distributed over 6 distances from 2 to 500 km. Results exclude Vat.

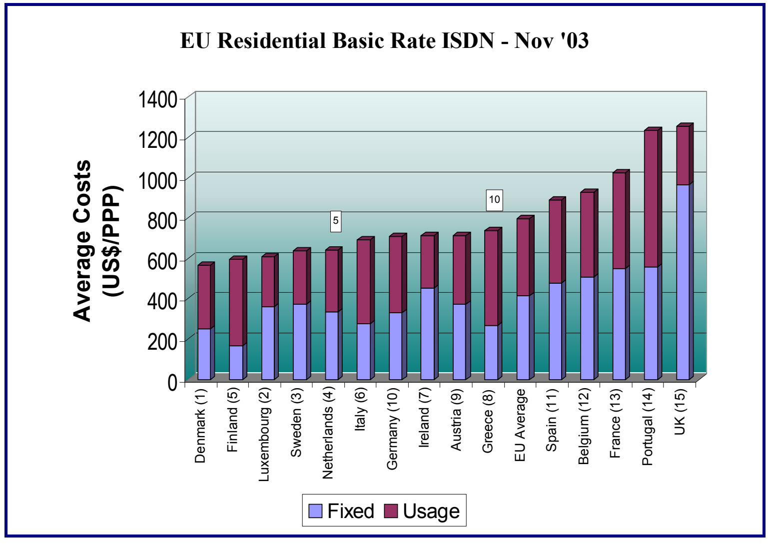
[23] The prices for these circuits are devised from the weighted average of half-circuits to all other OECD countries, using the traffic volume weighting method proposed by Teligen.

## 3.4 ISDN Baskets[24]

### *3.4.1 Residential Basic Rate ISDN Basket[25]*

- Ireland has fallen by one place to 8th and is now three places ahead of the EU average in the residential ISDN basket.

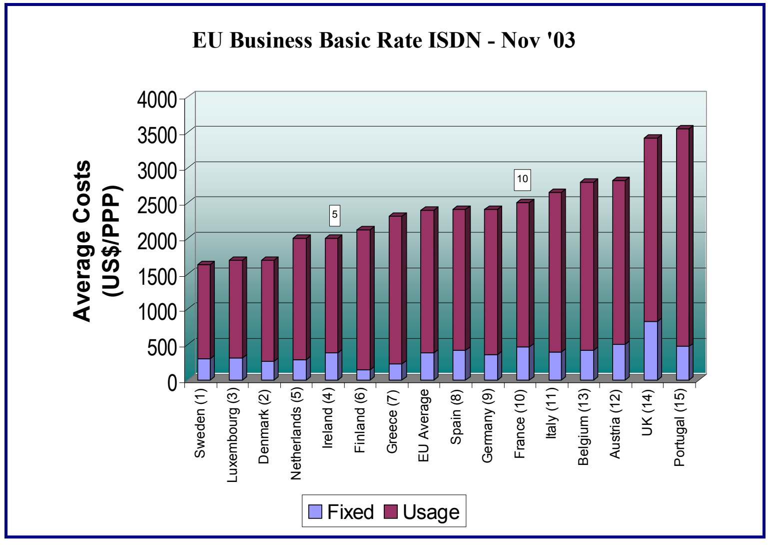
**Figure 3.4.1 Residential Basic Rate ISDN Basket – November '03**




### *3.4.2 Business Basic Rate ISDN Basket[26]*

- Ireland has fallen by one place from 4th to 5th since last quarter and is now three places ahead of the EU average in the business basic rate ISDN basket [27].

**Figure 3.4.2 Business Basic Rate ISDN Basket – November '03**




[24] The ISDN baskets are constructed using OECD PSTN business and residential usage profiles and non-recurring charges (such as installation). Basic Rate ISDN involves 2 user channels while Primary Rate involves 30 user channels.

[25] Same home usage profile as OECD residential PSTN basket with an additional internet usage included for off-peak times.

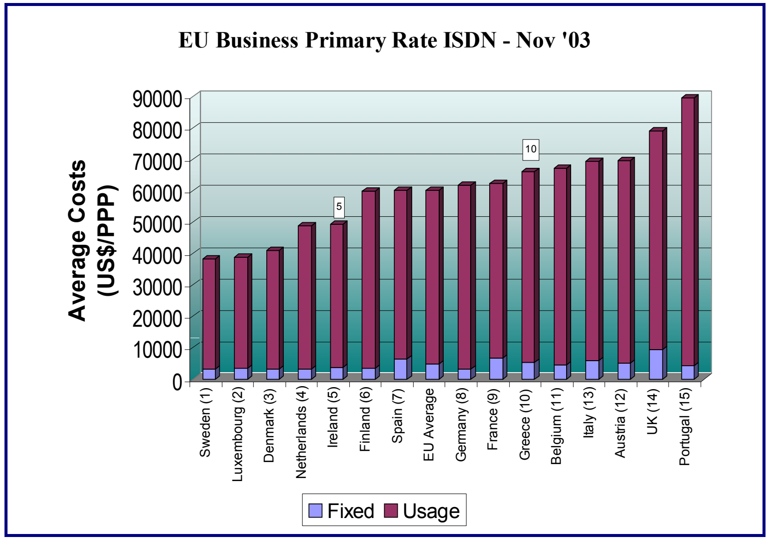
[26] Same usage profile as OECD business PSTN basket with an additional internet usage included for off-peak times.

[27] Going forward, the installation charge for basic rate access (BRA) ISDN, which includes the cost of PSTN connection, should instead be replaced with the charge to upgrade a standard PSTN connection to a BRA-ISDN connection. Several operators provide this alternative, and using these figures in the comparison should give a truer indication of the cost of the service as a customer will more than likely already have an existing telephony connection.

### *3.4.3 Business Primary Rate ISDN Basket*[28]

- Ireland remains in 5th place and is now three places ahead of the EU average in the business primary rate ISDN basket.

**Figure 3.4.3 Business Primary Rate ISDN Basket – November '03**




[28] Same usage profile as OECD business PSTN basket. Internet usage is not included in this basket, as we assume that a company of medium size would use more appropriate means of Internet access, such as dedicated lines.

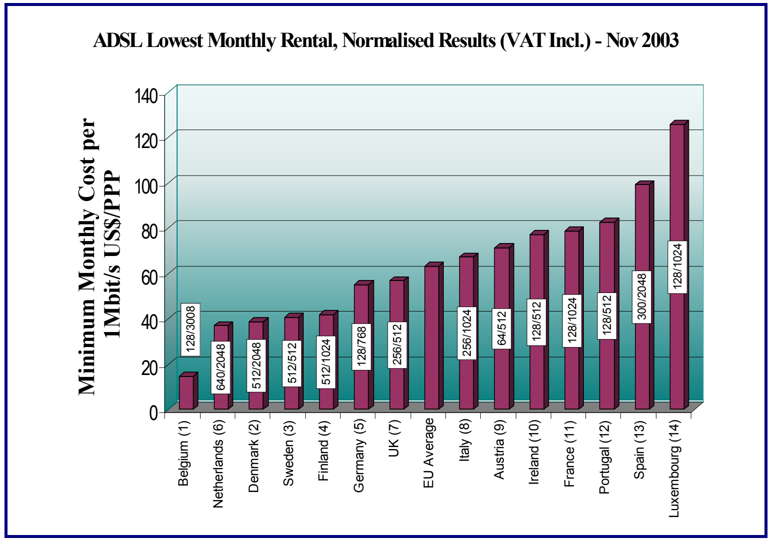
## 3.5 ADSL Baskets

The following two ADSL baskets should be looked at together to get the most complete picture of ADSL prices across the EU.

### *3.5.1 Lowest Monthly Rental ADSL Basket (Normalised)*[29]

- Ireland remains in 10th place in this basket, three places behind the EU average.

**Figure 3.5.1 Lowest Monthly Rental ADSL Basket (Normalised) – Nov '03**



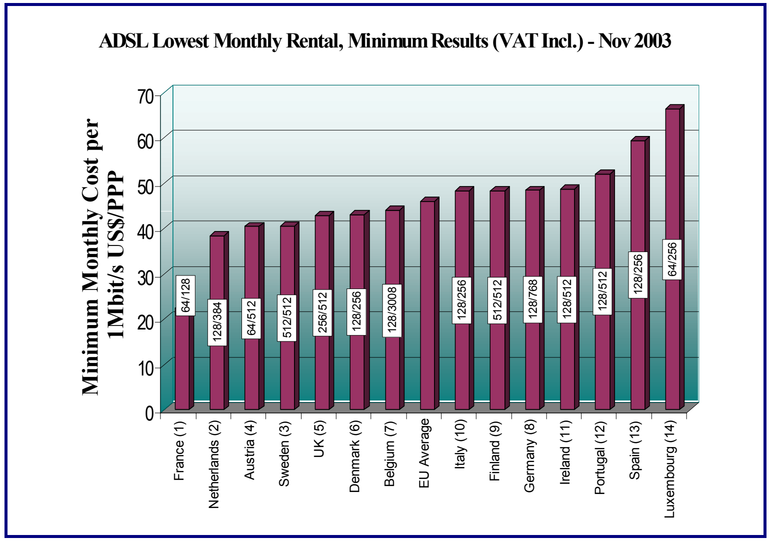

N.B. Greece has been excluded this quarter because the service has only recently been introduced

[29] The normalised (1Mbit/s) results show the cheapest offering in each country, per 1 Mbit/s of service. This method may favour countries offering higher speeds. Figures in boxes represent the upload / download speed (kb/s) of the service offered.

### *3.5.2 Lowest Monthly Rental ADSL Basket (Minimum)*[30]

- Ireland remains in 11th position in this basket, four places behind the EU average.

**Figure 3.5.2 Lowest Monthly Rental ADSL Basket (Minimum) – Nov '03**




N.B. Greece has been excluded this quarter because the service has only recently been introduced

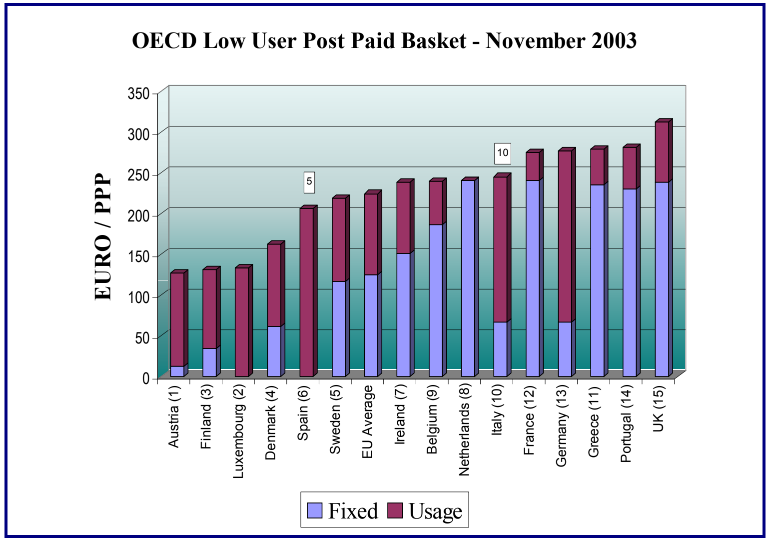
[30] The minimum results show the lowest monthly rental charge offered in each country. This method may favour countries offering lower speeds. Figures in boxes represent the upload / download speed (kb/s) of the service offered

## 3.6 **Mobile Baskets**

### *3.6.1 Low User Post Paid Mobile Basket*

- Ireland remains in 7th position, one place behind the EU average.

**Figure 3.6.1 OECD Low User Post Paid Mobile Basket (EU15) – Nov '03**

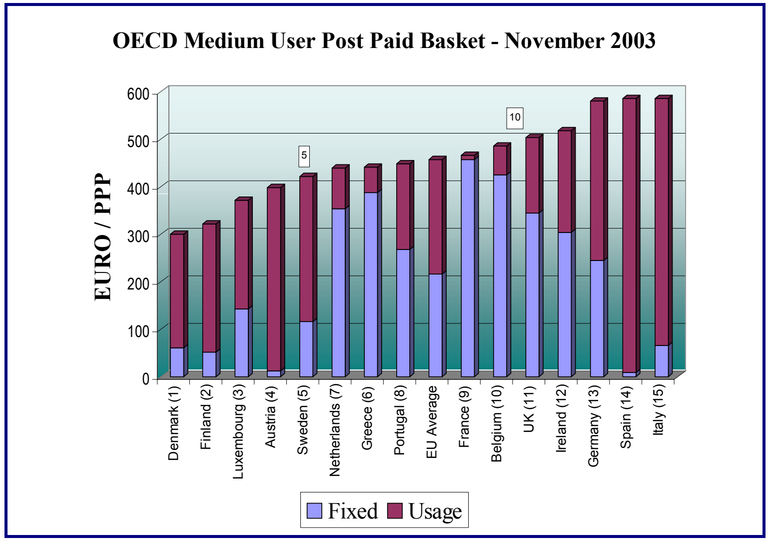



NB: The numbers in brackets represent the countries respective rankings as at August 2003

### *3.6.2 Medium User Post Paid Mobile Basket*

- Ireland position is unchanged since last quarter. Ireland remains in 12th position and is four places behind the EU average.

**Figure 3.6.2 OECD Medium User Post Paid Mobile Basket (EU15) – Nov '03**

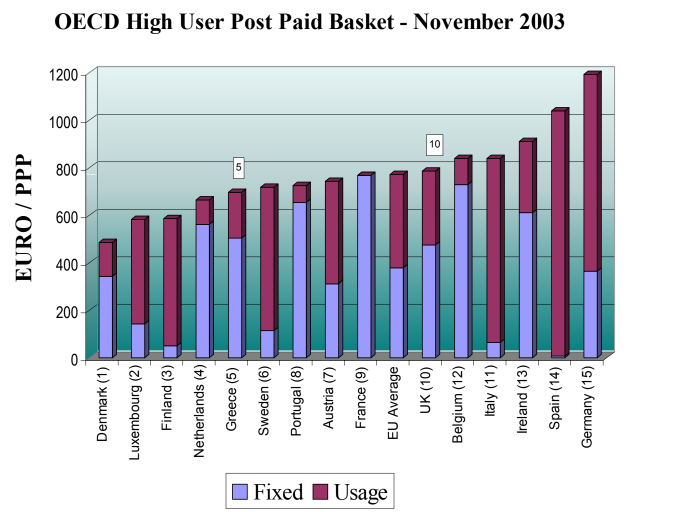



NB: The numbers in brackets represent the countries respective rankings as at August 2003

### 3.6.3 High User Post Paid Mobile Basket

- Ireland remains in 13th position in the high user post paid mobile basket, three places behind the UK and four places behind the EU average.

**Figure 3.6.3 OECD High User Post Paid Mobile Basket (EU15) – Nov '03**

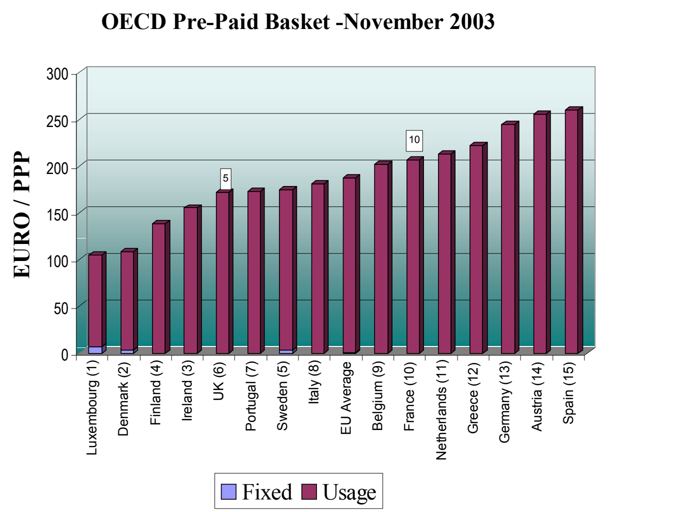



NB: The numbers in brackets represent the countries respective rankings as at August 2003

### 3.6.4 Pre Paid Mobile Basket[31]

- Ireland's position has fallen one place from 3rd to 4th and is five places ahead of the EU average in the pre-paid mobile basket.

**Figure 3.6.4 OECD Pre Paid Mobile Basket (EU15) – Nov '03**




NB: The numbers in brackets represent the countries respective rankings as at August 2003

[31] The OECD has found that there is little difference between the average pre-paid usage and low-user post-paid usage. This pre-paid basket thus refers to the average pre-paid user and is based on low user post-paid usage.