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Communications Regulation

Irish Communications Market

Quarterly Key Data Report

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An Coimisiún um Rialáil Cumarsáide

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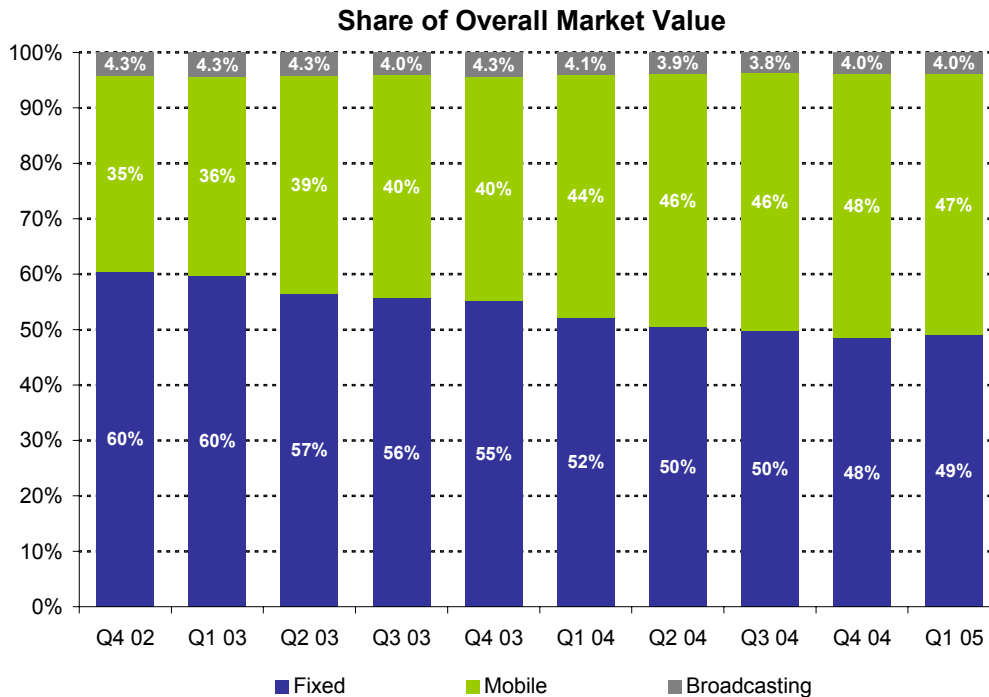
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1 Overall Market Data

The data in this review is based on returns from authorised operators for the period starting 1 January to 31 March 2005. The report is based on submissions from 40 operators, which represent approximately 99% of total market activity.

1.1 Overall Electronic Communications Revenues¹

Figure 1.1.1– Fixed, Mobile & Broadcasting as a % of Total Revenues²



Overall electronic telecommunications network and service revenues at the end of March 2005 were approximately €4.1 billion per annum on an annualised basis. This represents an increase of 1% from last quarter and approximately 9% since June 2004. The growth in total revenues since last quarter is mainly due to growth in fixed revenues.

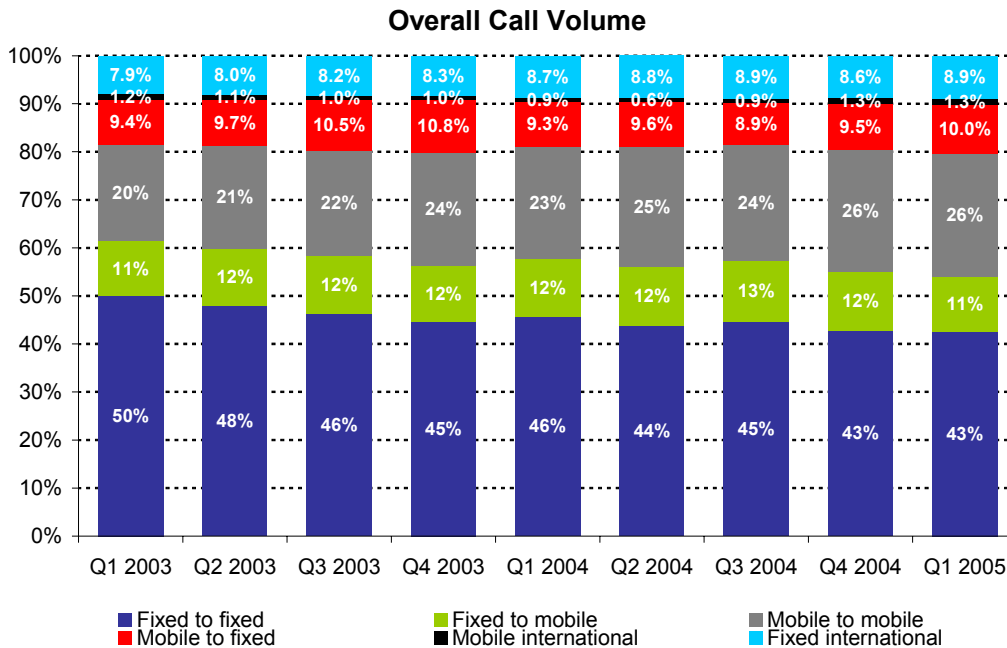
Figure 1.1.1 shows a breakdown of revenue from each of the main categories of telecommunications services; fixed services, mobile and broadcasting. Growth in the three months to the end of March 2005 was largest in the fixed sector, where revenues grew by 1%. Broadcasting revenues remained static from last quarter while mobile revenue dropped by just under 1% since last quarter. The fall in the level of growth of mobile revenue was most likely due to the very high revenue earned in Q4 2004 which related to seasonal factors. Mobile revenue has increased by over 17% since June 2004.

¹ For further detail on terms and definition see ComReg Document Number 05/44 Explanatory Memorandum to Quarterly Key Data Report.

² The following services are accounted for in the total revenues figure: **fixed** (interconnection, retail narrowband services, leased line & managed services, other (including web-hosting, co-location services, directory publication & other services), **mobile** (connection, voice, data services, roaming) and **broadcasting** (including cable/MMDS broadcasting services, connection, rental and other charges).

1.2 Overall Call Volumes

Figure 1.2.1 Share of Total Voice Call Volumes



The end of March 2005 saw a further increase in the total proportion of voice traffic carried over mobile networks, reflecting both a reduction in fixed voice traffic and the number of fixed voice lines. Figure 1.2.1 shows that the overall percentage of Irish inland voice calls which either originated or terminated (or both) on a mobile network has increased over the past two years. However, the proportion of international calls originating on fixed networks is greater than mobile networks. This may indicate that there are lower costs for fixed line rather than mobile international tariffs.

1.3 Number of Authorisations

Figure 1.3.1 Total Number of Authorisations

Total Authorisations	June 2005
No. of fixed and wireless authorisations	280
No. of mobile telephony authorisations	4
No. of broadcasting (incl. Cable TV, MMDS, Deflectors)	45
Total Number	329

Before providing networks or services to third parties operators are required to submit a notification to ComReg for the purposes of compiling a register of such operators. At the date of publication of this report there were 329 authorised undertakings in Ireland. The main area of growth in the number of authorisations is in those undertakings providing voice and data services (other than broadcasting

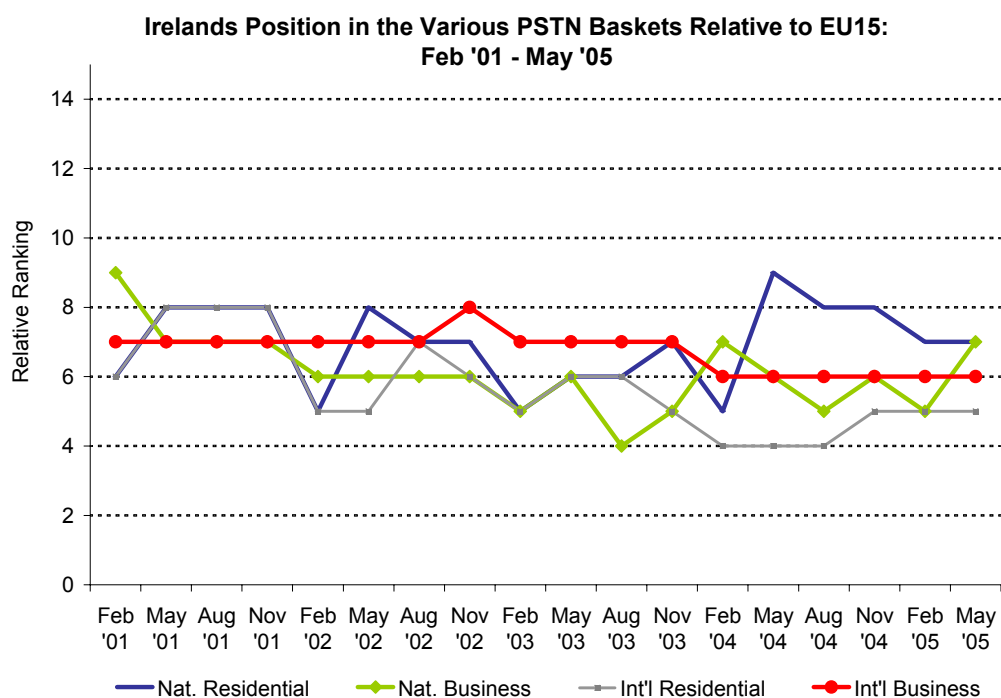
services) to fixed locations, and reflects growing competition in the Internet or ISP space and in the provision of voice telephony using Carrier Pre-selection (CPS) and Wholesale Line Rental (WLR).

1.4 Pricing Overview

1.4.1 PSTN

Figure 1.4.1 shows the movement in Ireland’s position relative to the EU (ranking out of 25 Member States, 1 being the cheapest³) in all PSTN baskets since February 2001. Since last quarter, Ireland’s relative position has fallen by two places in the national business basket but has remained unchanged in the residential national and international and business international baskets.

Figure 1.4.1: Ireland’s Relative Position for PSTN Baskets: Feb '01 – Feb '05

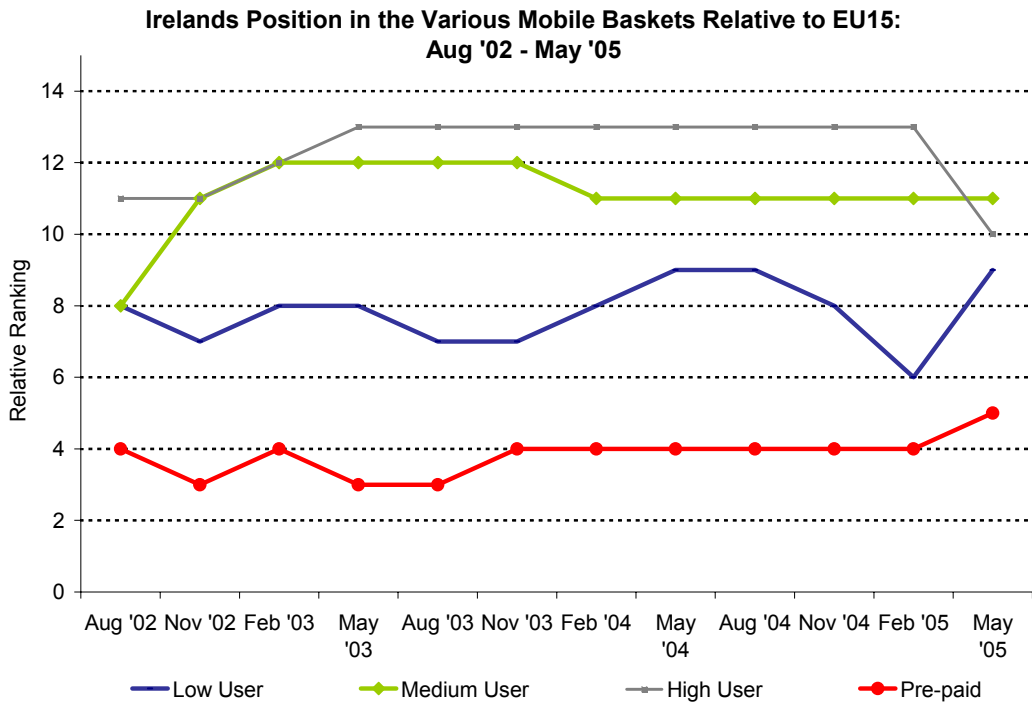


1.4.2 Mobile

Figure 1.4.2 shows the movement in Ireland’s position relative to the EU in all mobile baskets since August 2002. Since last quarter, there was significant change to Ireland’s relative position in the mobile baskets. Ireland’s position has fallen by three places in the low user basket, remains unchanged in the medium user basket, improved by three places in the high user basket and dropped one place in the prepaid basket to fifth place. Further detail on mobile tariffs is provided in Section 3, Mobile Market Data.

³ The same applies to all baskets.

Figure 1.4.2: Ireland's Relative Position for Mobile Baskets: Aug '02 – Feb '05



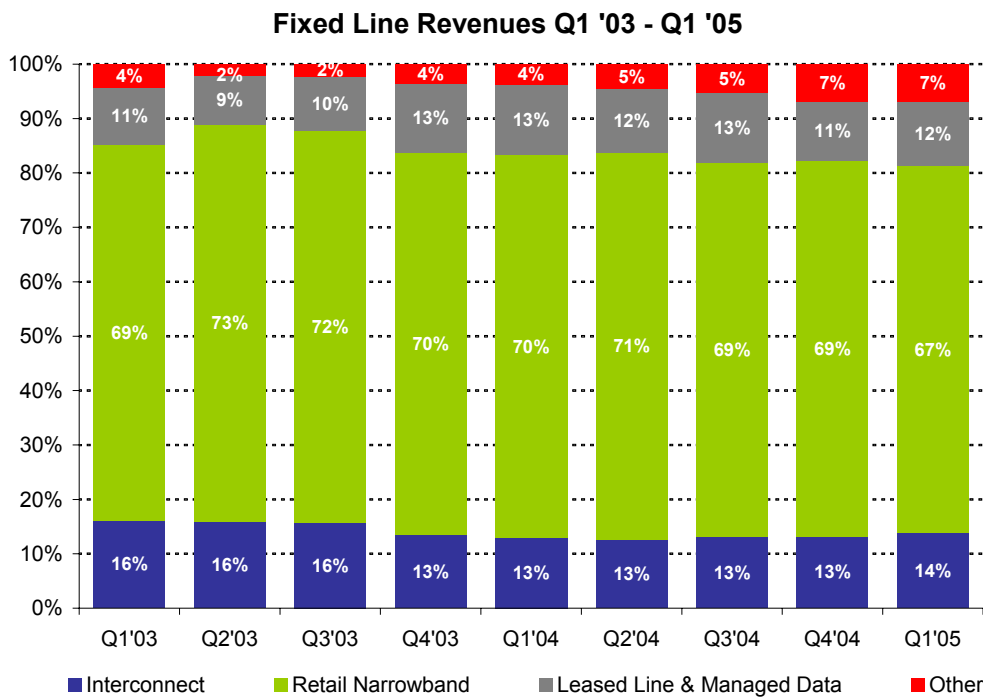
2 Fixed Market Data

2.1 Total Fixed Line Revenues

2.1.1 Total Fixed Line Revenue

Total fixed line revenues are at €504 million this quarter, an increase of 2% since last quarter. As can be seen in figure 2.1.1 the relative proportion of revenues in each category has not fluctuated by much in recent years, although the Other category (including web-hosting, co-location services, directory publication & other services), has risen somewhat, while retail revenues⁴ have fallen slightly since last quarter.

Figure 2.1.1 Total Revenue Per Service

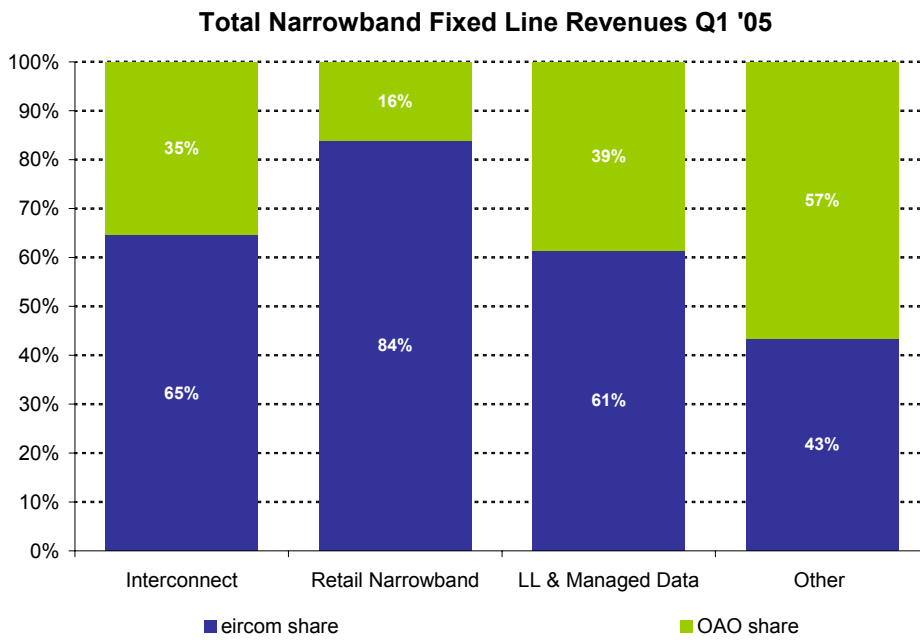


2.1.2 Other Authorised Operators (OAO) Share of Overall fixed Line Revenues

Other Authorised Operator (OAO) share of each area of the fixed line sector is set out in figure 2.1.2 below. Each area bundles a number of services that are somewhat related to each other and does not reflect the specific markets identified in the recent market review process. As can be seen, eircom revenues represent a large share of each area with the exception of the 'Other' category (which includes web-hosting, co-location services, directory publication & other services). At 84% of the total, eircom has a large proportion of overall retail narrowband fixed line revenues.

⁴ Retail services include connection, installation, line rental and call minutes.

Figure 2.1.2 OAO Market Share

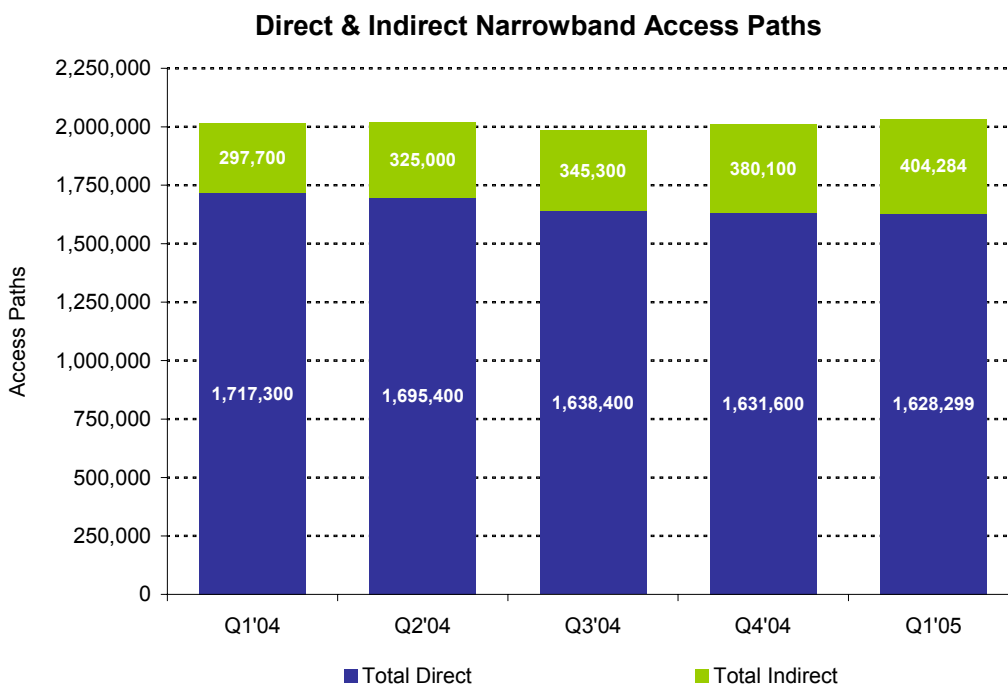


2.2 Fixed Line Access

2.2.1 Access Paths

The following graph shows the total number of fixed access lines (PSTN and ISDN) broken out by direct and indirect on an historical basis. It can be clearly seen that the proportion of indirect access paths as a percentage of the total has been steadily increasing since Q1 2004, while the total number of access paths has remained relatively stable.

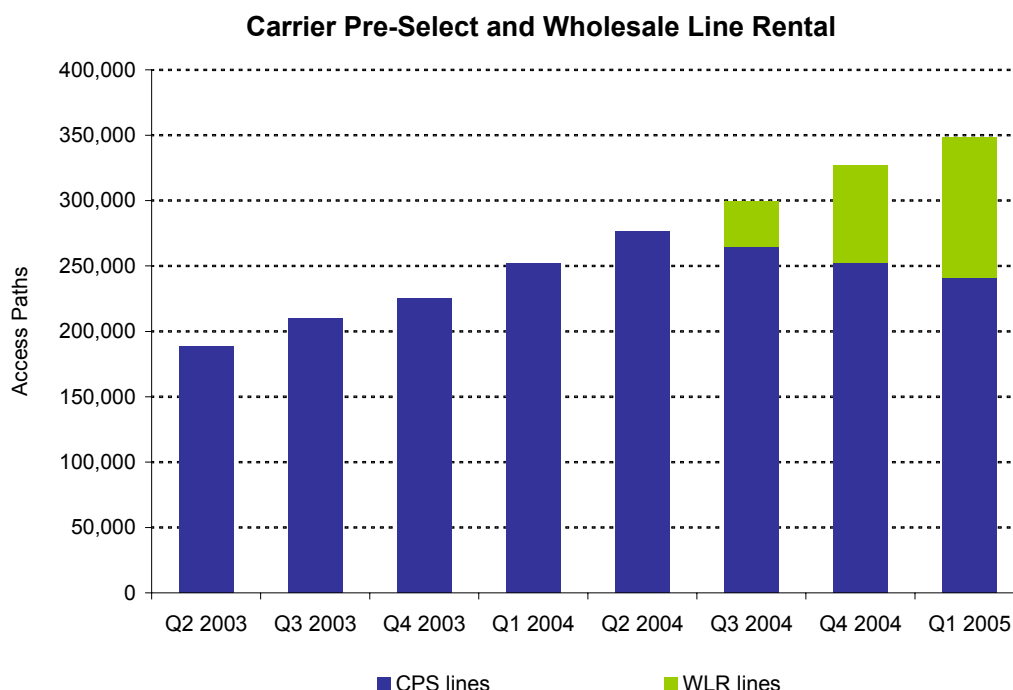
Figure 2.2.1 Fixed Access Lines



2.2.2 Indirect Access and Calls

The relative proportion of direct to indirect access paths has been decreasing. This is further reflected in figure 2.2.2 below, with the overall number of lines provided by means of Carrier Pre-Selection (CPS) and Wholesale Line Rental (WLR) increasing steadily since Q2 2003. There has been a rapid increase in WLR take-up since its introduction in June 2004. This clearly illustrates the preference for single-billing from a consumer perspective. A recent survey commissioned by ComReg found that almost 1 in 5 consumers currently take a single-billing offering from an operator other than eircom.⁵

Figure 2.2.2. Indirect Access



2.3 Fixed Voice Call Volumes

Figure 2.3.1 below illustrates the development of fixed voice call volumes since Q1 2003. There has been a fall in the relative proportion of domestic traffic over this period, perhaps reflecting the increased take-up of mobile phone subscriptions. Further, the slight increase in the proportion of fixed to mobile calls over this period may also reflect this trend. Fixed international traffic does not appear to have been affected by this trend, perhaps reflecting the lower cost of making fixed calls abroad relative to mobile services. It is also clear that traffic in the Other⁶ category has increased over the period, although its relative size has remained unchanged over the last four quarters.

⁵ http://www.comreg.ie/_fileupload/publications/ComReg0534b.pdf

⁶ Includes premium rate services, voicemail, operator services, freephone, local, callsave, etc.

Figure 2.3.1 – Fixed Voice Call Volume⁷

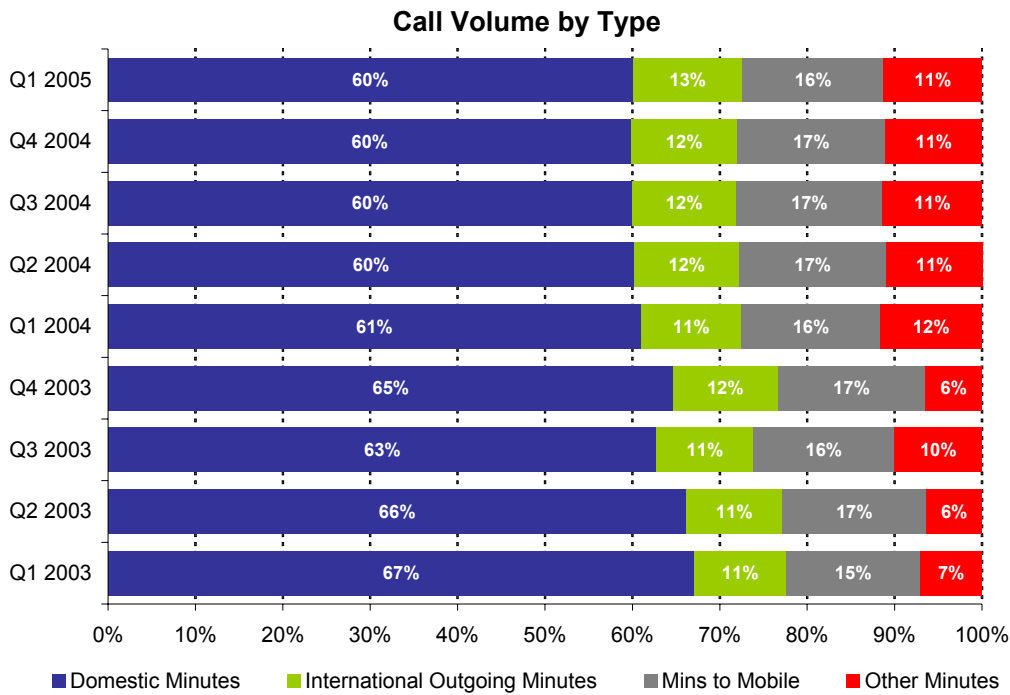
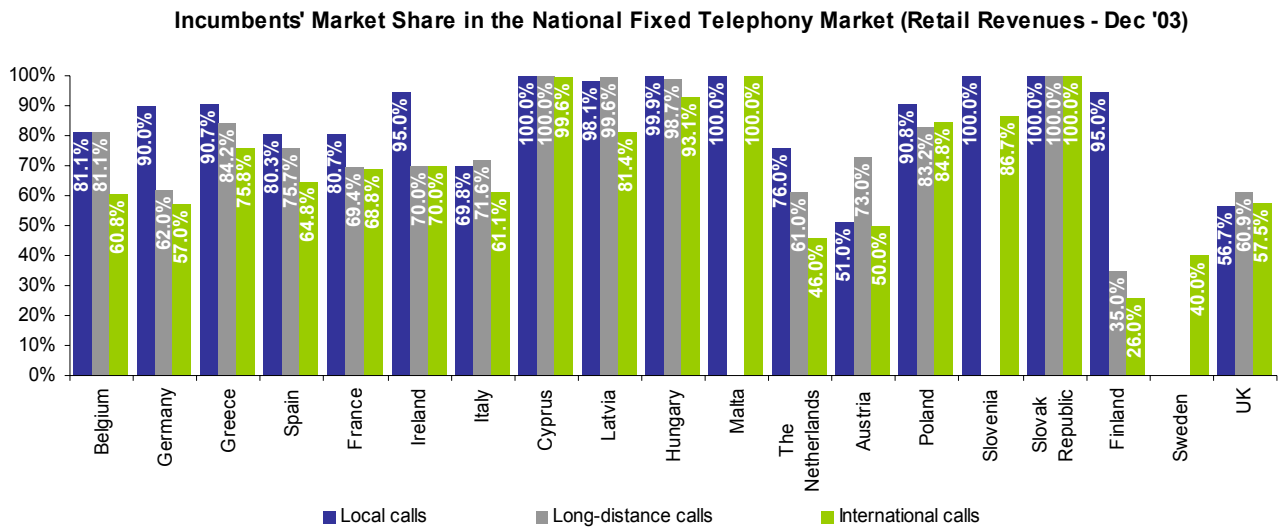


Figure 2.3.2 shows eircom’s share of the fixed call markets remains high for local calls, being in joint 7th highest position – this place was shared with Finland’s incumbent. However, Ireland’s position is relatively better for long distance and particularly international calls, where eircom’s market share of the retail market is 6th lowest in Europe. This reflects a greater level of competition for international calls in the Irish market and provision of service via indirect access operators. This trend of greater competition for international calls is reflected throughout Europe. However, as shown in figure 2.3.2 competition is still at an early stage among recent accession Member States.

Figure 2.3.2 – 10th Implementation Report



⁷ Domestic Calls include local & national calls; other minutes include calls from payphone and 'other calls' categorised by operators.

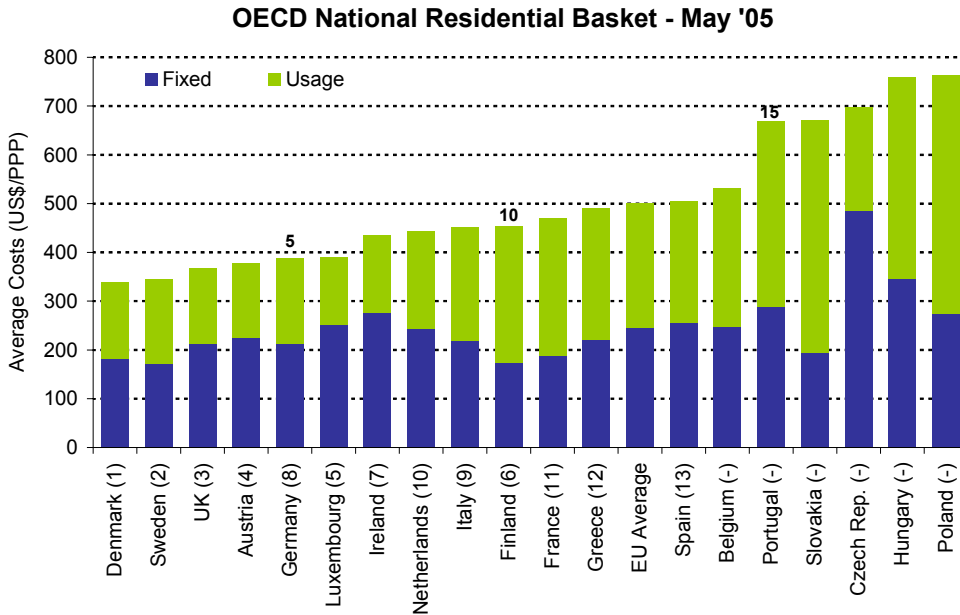
2.4 Fixed Pricing Data

2.4.1 PSTN Baskets

2.4.1.1 National Residential Basket

Figure 2.4.1 shows Ireland’s position in the national residential basket has remained static at 7th place since last quarter. Despite this stability, there has been movement in the basket with Finland’s position moving from 6th to 10th and Germany’s from 8th to 5th. The latter is due in part to the fact that Deutsche Telekom has recently changed all of its PSTN tariffs - the major difference is that they have moved from their traditional unit based charging for local calls, to per second billing for all calls. This has had a positive effect on Germany's position. The improvement is not just down to the change in charge structure, calling is cheaper for the customer in real terms too. Furthermore, with the inclusion of all 25 Member States the EU average has increased in absolute terms, leaving Ireland six places ahead of the average.

Figure 2.4.1 - OECD National Residential Basket –May 2005⁸



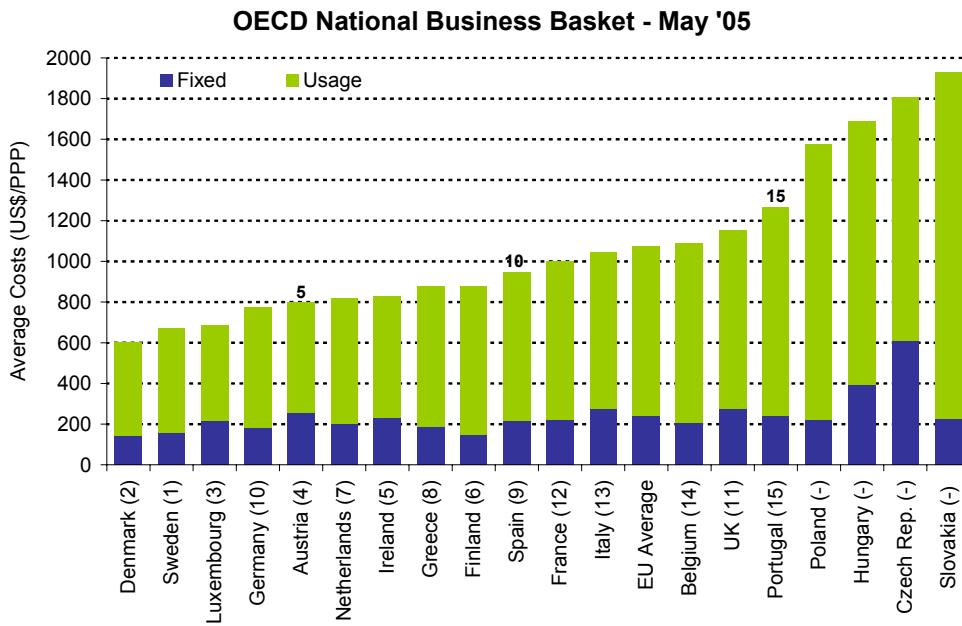
To note: The numbers in brackets represent each Member State's respective rankings as at February 2005

2.4.1.2 National Business Basket

Ireland’s position has fallen by two places from 5th to 7th since last quarter, and is six places ahead of the EU average. Again Germany’s position has improved to 4th position.

⁸ Residential tariffs include VAT. VAT rates vary between member states.

Figure 2.4.2 - - OECD National Business Basket –May 2005⁹

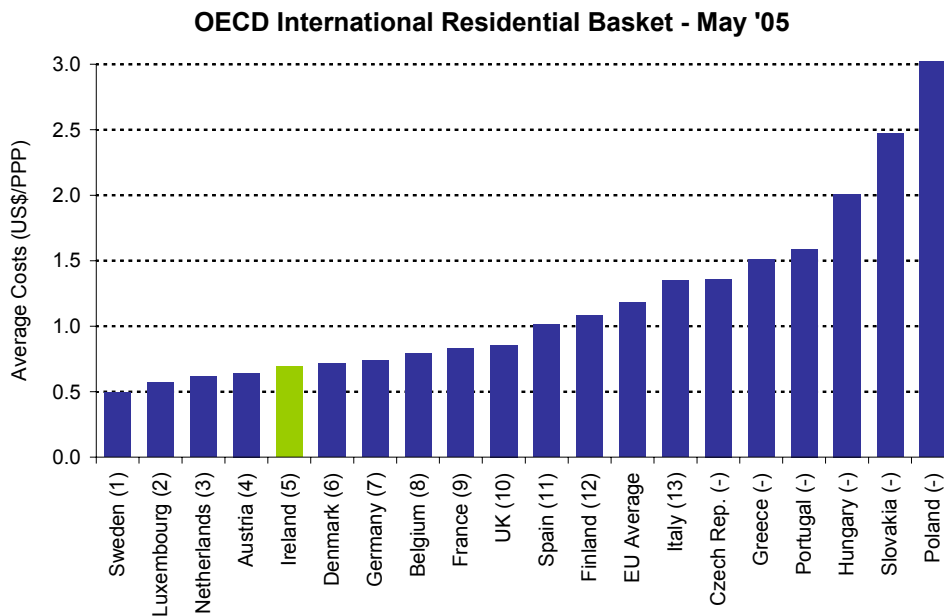


To note: The numbers in brackets represent each Member State's respective rankings as at February 2005

2.4.1.3 International Residential Basket

Figure 2.4.3 shows that Ireland's position has remained unchanged since last quarter, and is eight places ahead of the EU average.

Figure 2.4.3 - - OECD International Residential Basket –May 2005¹⁰



To note: The numbers in brackets represent each Member State's respective rankings as at February 2005

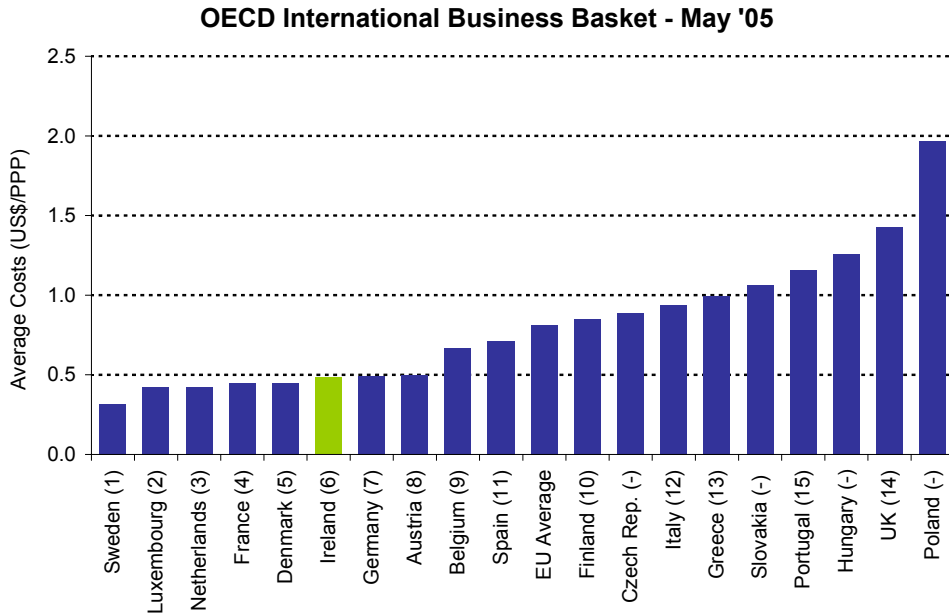
⁹ Residential tariffs include VAT. VAT rates vary between member states.

¹⁰ Residential tariffs include VAT. VAT rates vary between member states.

2.4.1.4 International Business Basket

Ireland position remains unchanged since last quarter, ranked in 5th place and eight places ahead of the EU average.

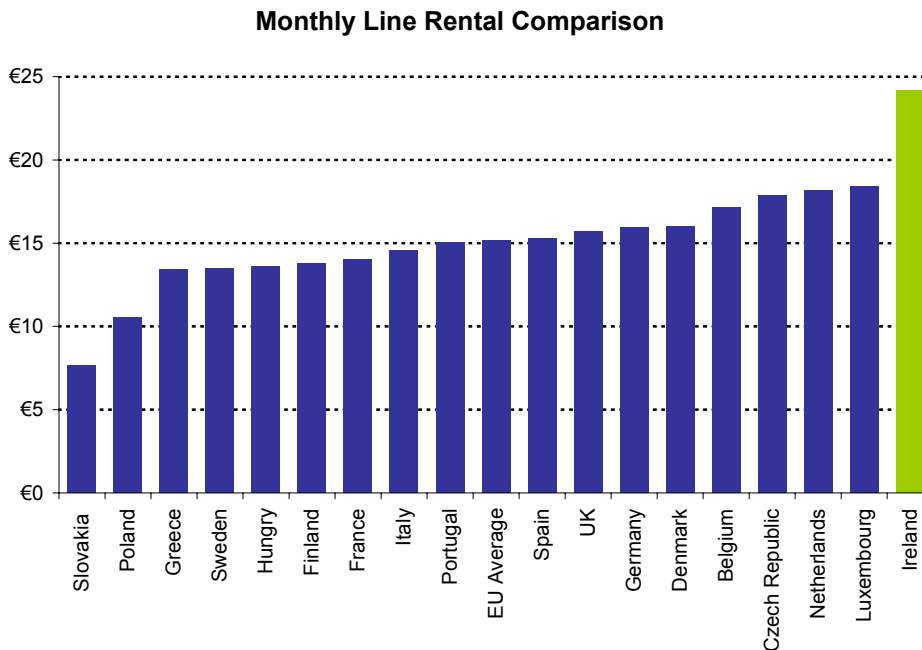
Figure 2.4.4 - OECD International Business Basket – May 2005¹¹



To note: The numbers in brackets represent each Member State's respective rankings as at February 2005

2.5 Pricing Data on Line Rental¹²

Figure 2.5.1 Line Rental Price Comparison between Member States



¹¹ Residential tariffs include VAT. VAT rates vary between member states.

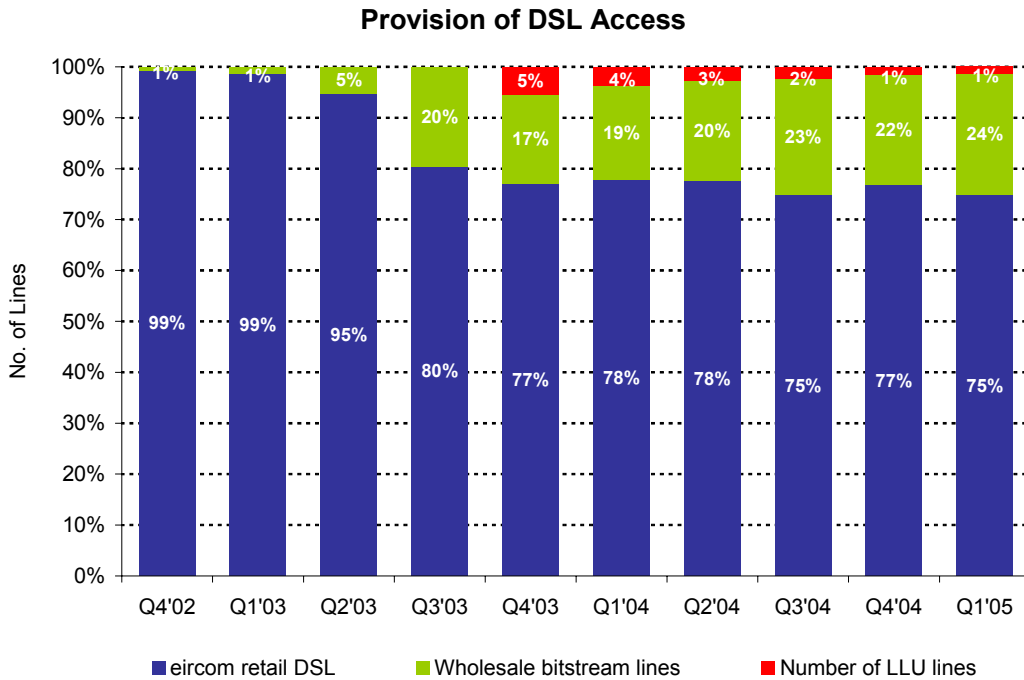
¹² This data is presented in Euros rather than PPP.

Figure 2.5.1 shows Ireland being the most expensive Member State for the residential monthly line rental charge. This is due in part to Ireland’s population spread and the geography of the country. Whereas in other countries population density can reduce cost, Ireland’s population is more dispersed increasing the cost of provision of access.

2.6 Provision of Broadband Access

Figure 2.6.1 shows that since Q3 2003 OAO market share of DSL subscribers has remained within the range of 20 – 25%. This has been achieved primarily through the provision of services via eircom Wholesale’s bitstream product. At the end of March 2005 there were nearly 1,800 local loops either fully unbundled or shared. At the end of 2003, Local Loop Unbundling (LLU) accounted for 5% of all DSL connections; however despite an increase in the actual number of unbundled lines, its proportion of total DSL lines has fallen to 1%. In recent quarters there has been little progress in LLU, in contrast to other Member States such as France, Spain and Germany.

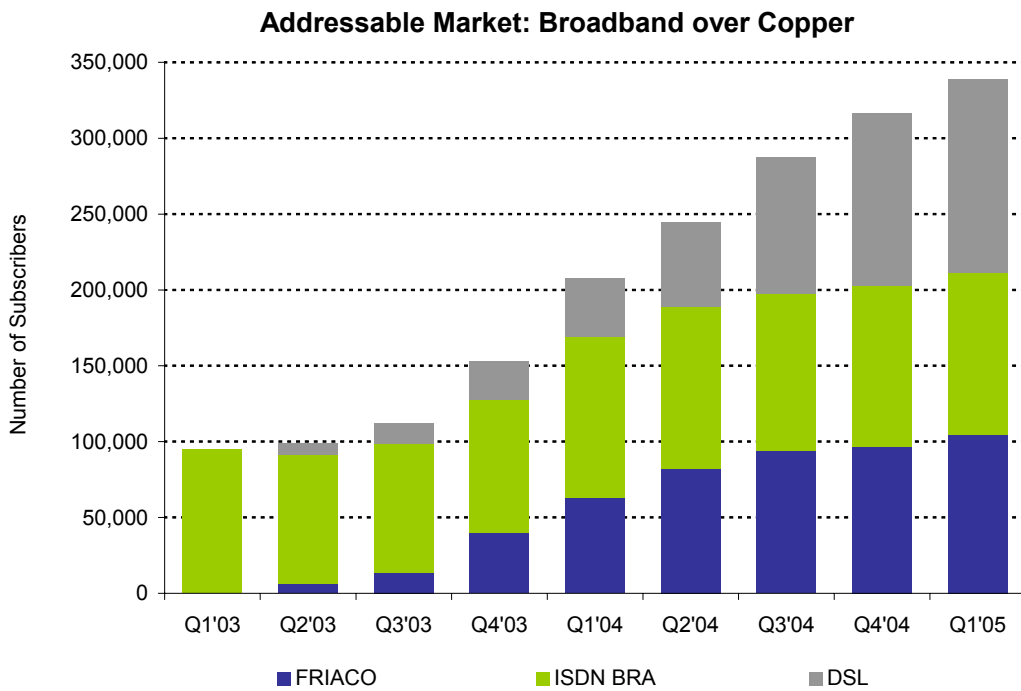
Figure 2.6.1 Graph on historical basis; retail DSL, Bitstream, LLU



2.7 Retail Broadband

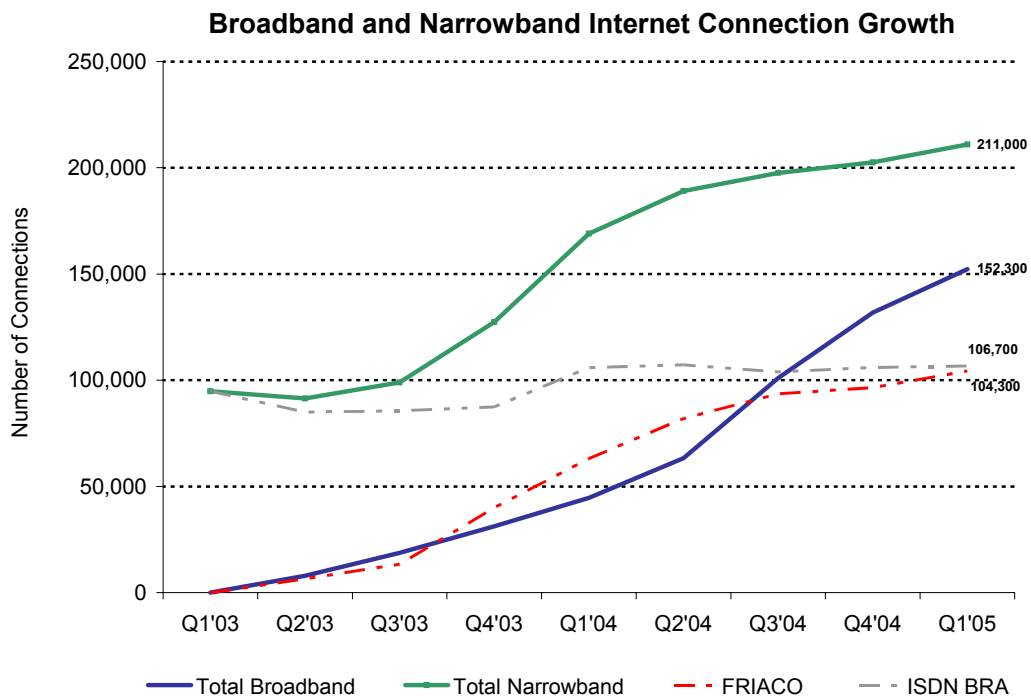
Figure 2.7.1 represents the addressable retail market for the provision of broadband services over copper, representing the total number of narrowband and broadband data subscribers. It should be noted that pay-as-you-go dial up subscribers are not represented. The graph shows that the number of direct and indirect ISDN Basic Rate Access (BRA) subscribers has remained relatively stable at approximately 100,000. Additionally, the number of Flat Rate Internet Access Call Origination (FRIACO) access lines is still increasing, albeit at a slower rate of growth to the number of DSL lines which represents approximately 38% of the total number of access lines. Figure 2.8.1 compares the take up of narrowband and broadband services.

Figure 2.7.1 Retail DSL, FRIACO, ISDN Subscribers



2.8 Broadband and Narrowband Comparison

Figure 2.8.1 – Number of Subscribers: Narrowband¹³ Vs Broadband¹⁴



¹³ This includes FRIACO and ISDN BRA subscribers.

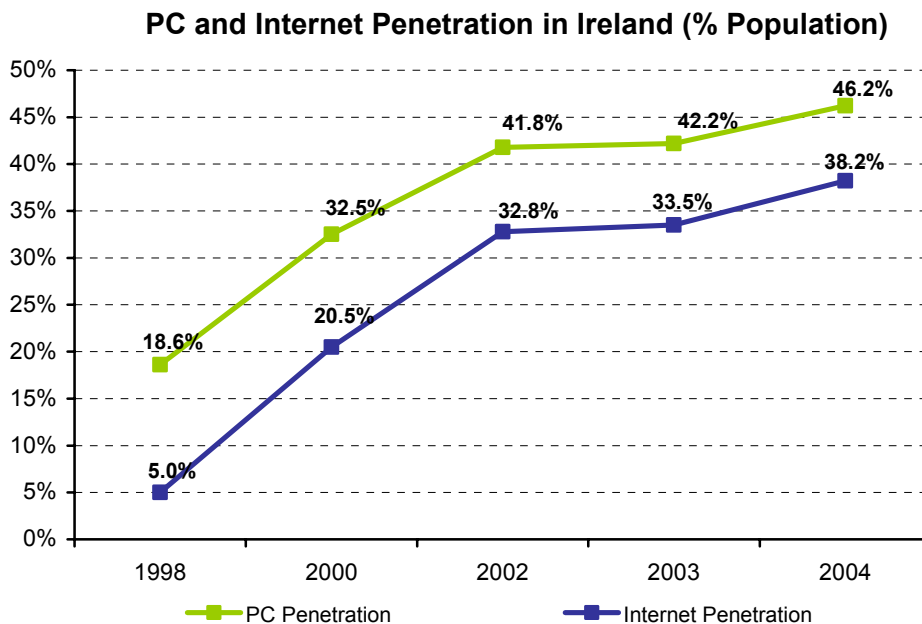
¹⁴ This includes number of DSL, cable modem and FWA subscribers.

Figure 2.8.1 provides details of the take-up of broadband and narrowband services in Ireland. The narrowband figures are based on FRIACO and ISDN BRA services, which are individually represented by dotted lines. The total broadband figure accounts for all DSL, cable and FWA broadband subscribers. From the graph it is evident that both narrowband and broadband services are increasing, however broadband services are increasing at a greater rate. In the three months up to the end of March narrowband services increased by 4% while broadband services increased by 16%.

2.9 Residential Internet

Under the European Commission's e-Europe 2005 Action Plan, the Central Statistics Office collects annual data on access to and use of the Internet by both residential and business users. Collection began in 2003 and survey results for 2003 and 2004 are available on the CSO's web site¹⁵. Data for 2004 suggests internet penetration in 2004 is 38.2% of the population, an increase of 4.7% on the 2003 penetration rate.

Figure 2.9.1 PC and Internet Penetration Rate



During the same period PC penetration increased by 4% in Ireland from 42.2% in 2003 to 46.2% in 2004.

2.10 Provision of Broadband Services

Figure 2.10.1 shows that in terms of the number of subscribers DSL continues to be the fastest growing retail broadband platform. This is due in part to historic low levels of penetration, changes in price and special offers and strong marketing efforts of DSL providers. Subscriber numbers continue to increase on cable and Fixed Wireless Access (FWA) platforms. FWA is provided over licensed and unlicensed spectrum. The main providers of cable modem services also provide Pay TV services.

¹⁵ CSO Ireland, Information Society Statistics www.cso.ie

Relative to other member states the provision of cable services remains relatively low in Ireland. The OECD average number of cable modem households per 100 inhabitants was 3.4, while in Ireland it was 0.2 per 100 in December 2004.

Figure 2.10.1 – Broadband Subscribers by Platform

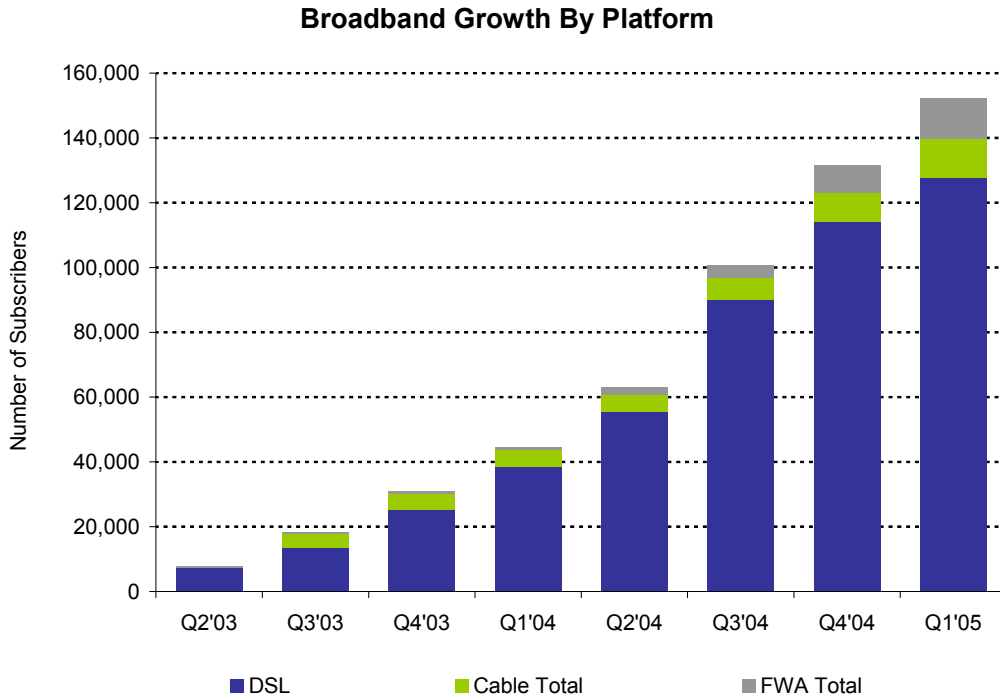


Figure 2.10.2 – Broadband Penetration Rate

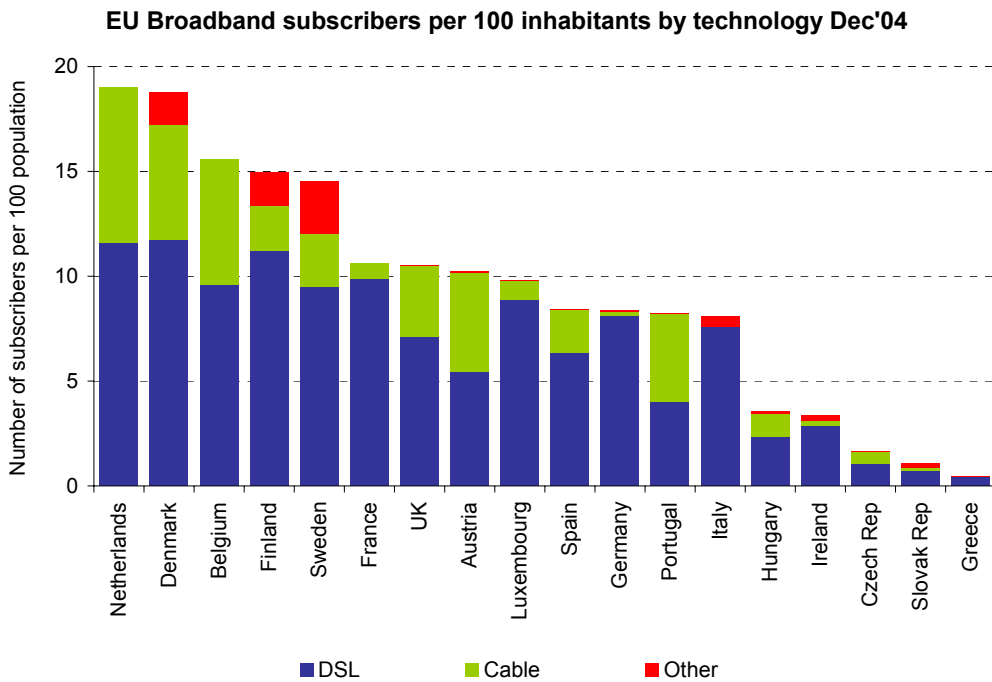
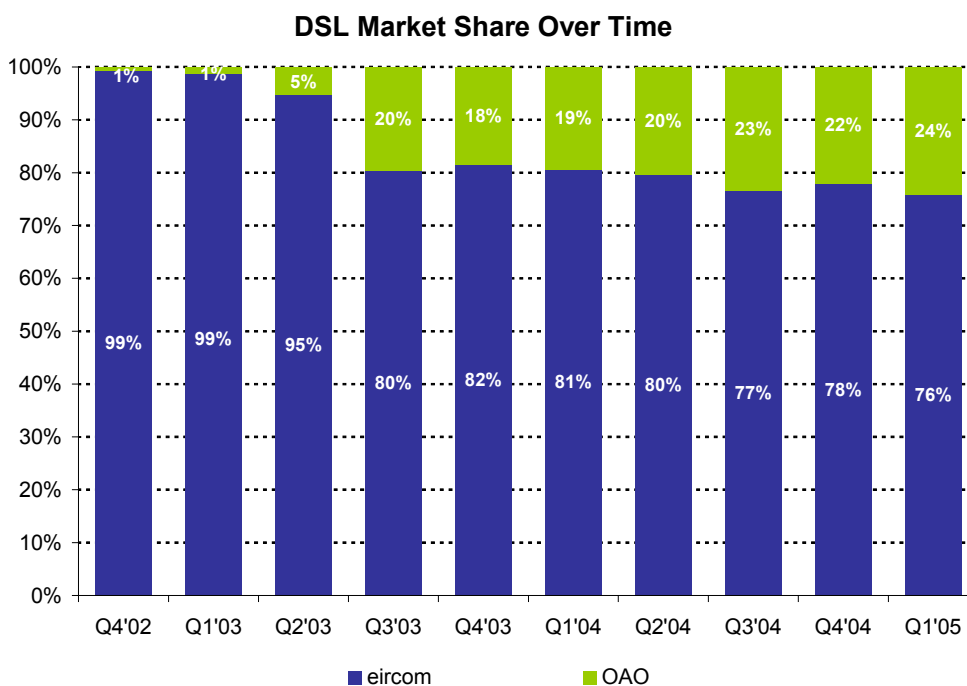


Figure 2.10.2 represents the latest figures from the OECD which show that Ireland’s broadband penetration rate is one of the lowest in Europe. However this figure has improved over the past two years. The number of broadband subscribers per 100 inhabitants was 0.3 and 0.8 for 2002 and 2003 respectively. Member states with high broadband penetration rates such as the Netherlands, Denmark and Belgium had high take up of broadband services on cable and other platforms. Other networks include fibre optics, satellite and fixed wireless. Ireland has suffered from not having a strong cable network. However there are indications of investment to upgrade cable networks for the provision of broadband services which is welcomed. Additionally, to address the lack of infrastructure-based competition ComReg has launched an initiative to licence Fixed Wireless Access Local Area (FWALA) Licences. There are currently nine operators providing retail broadband services via FWALA.

Figure 2.10.3 shows the total number of DSL services broken down by eircom and OAOs. There are currently nine operators providing services using eircom Wholesale’s product. Other ISPs using eircom’s wholesale products had gained 24% of the DSL market by March 2005.

Figure 2.10.3 – DSL Market Share



2.11 ADSL Baskets¹⁶

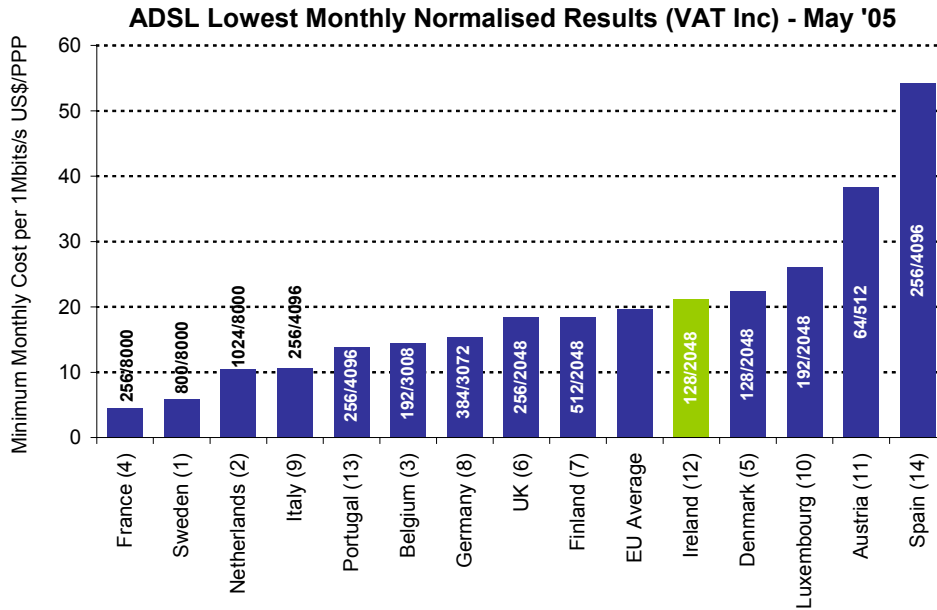
The following two ADSL baskets should be looked at together to get the most complete picture of ADSL prices across the EU.

¹⁶ This section does not include ADSL tariff packages that are offered as special promotions. All tariffs are inclusive of VAT. VAT rates vary between Member States.

Lowest Monthly Rental ADSL Basket (Normalised)¹⁷

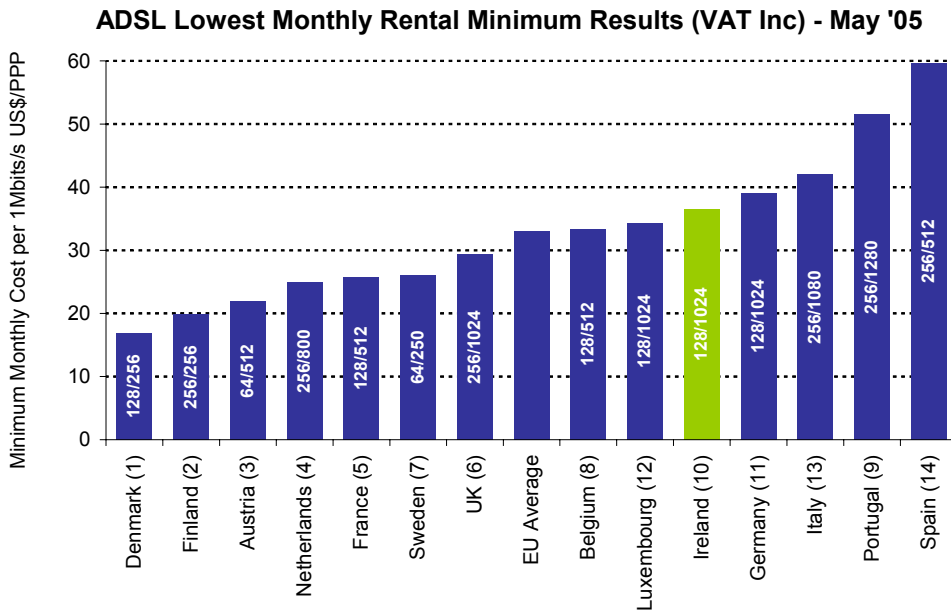
Ireland's place has increased by two places to 10th and is now one place behind the EU average. It should be noted that in March eircom increased the download speed on its entry-level broadband offering to 1Mb, which may lead to a more competitive position in this basket in the next Quarterly update.

Figure 2.11.1 – Lowest Monthly Rental ADSL Basket (Normalised) – May '05



N.B. Greece has not yet been included because the pricing of the ADSL product available is excessive

Figure 2.11.2 – Lowest Monthly Rental ADSL Basket (Minimum) – May '05



N.B. Greece has not yet been included because the pricing of ADSL product available is excessive

¹⁷ 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.

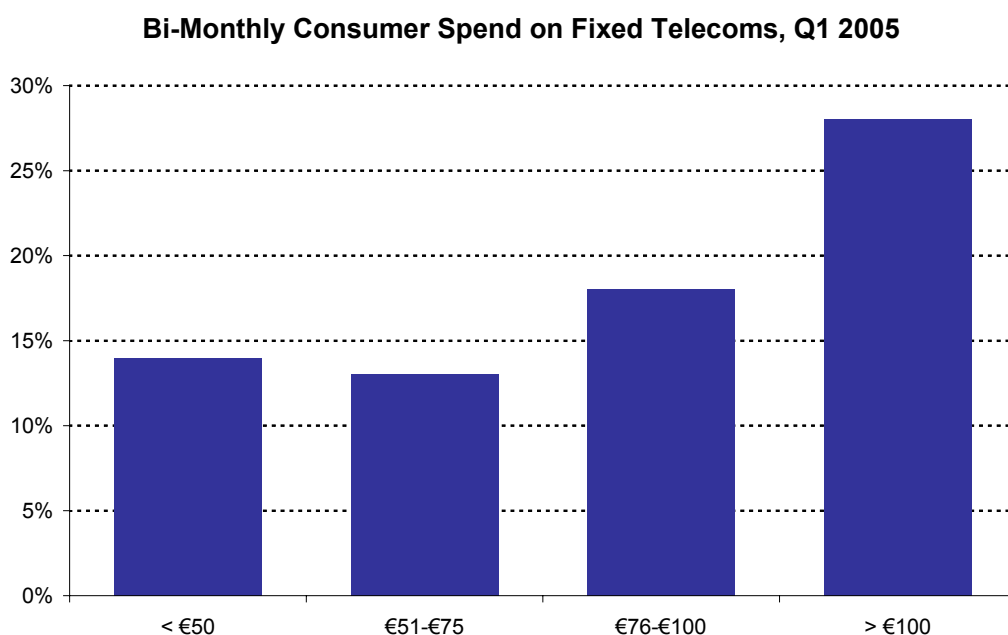
Lowest Monthly Rental ADSL Basket (Minimum)¹⁸

Ireland's position has remained unchanged since last quarter in this basket and remains at 10th place, three places behind the EU average.

2.12 Consumer Spend

Figure 2.12.1 is taken from Amarach Consulting's residential survey for ComReg which was carried out in 2004. The survey suggests a wide divergence in the level of fixed line telecoms spend within the residential market in Ireland. The average bi-monthly spend on fixed line telephony was €102. Spend was highest among 35-44 year olds, those in Leinster and those in social class ABC1.

Figure 2.12.1 – Bi-Monthly Consumer Spend on Fixed Telecoms



Source: Amarach Trend Series, Wave 1, 2005

2.13 Leased Line Tables

Figure 2.13.1 shows the total number of traditional point to point leased lines provided at the wholesale and retail level. It can be seen that the total number of circuits has decreased over the past year, this is likely to be due to substitution by alternative managed services such as IP and ATM, VPN and Ethernet circuits. Leased lines are used to provide dedicated data services to medium and large businesses.

¹⁸ 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.

Figure 2.13.1 – Fixed Data Access Lines

Platform	Q1 2004	Q 2 2004	Q3 2004	Q4 2004	Q1 2005
Leased lines (retail)	19,922	18,930	18,801	18,669	18,231
Leased lines (wholesale)	11,655	8,440	8,508	8,319	9,092

2.14 Emerging Trends: Voice over Broadband

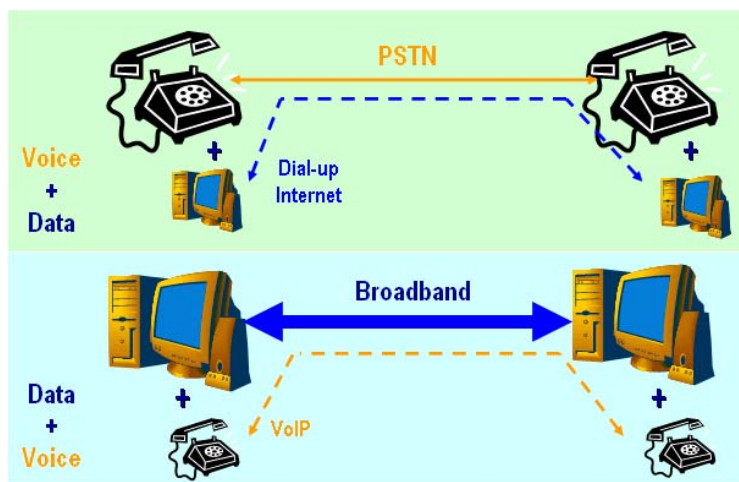
The past few years have seen increased focus on the rollout of broadband networks by communications companies in Europe, and strong customer demand for broadband. Broadband, because of the high bandwidth it offers users, can support applications such as video over broadband and voice over IP (sometimes known as Voice over Broadband). Business and consumer VoIP services are expected to generate more minutes of traffic than the PSTN within four-to-five years, according to the results of a survey commissioned by Sonus Networks.¹⁹

What is VoIP?

Voice over Internet Protocol (sometimes known as Voice over Broadband) is a technology that allows users to make and receive calls over an Internet Protocol (IP) transmission network (including the Internet) rather than the public switched telephone network. IP is the shorthand term for a group of communications protocols, which enable information to be sent over most packet networks including the internet.

With broadband, voice can be treated as just another application or service carried over the broadband data connection (i.e. 'Data + Voice'), whereas previously voice was the main purpose of the network, and data (e.g. dial-up Internet access) was carried as an additional service over the telephone network (PSTN – Public Switched Telephone Network), i.e. 'Voice+Data'.

Figure 2.12.1 –With VoIP and Broadband voice is simply another service.

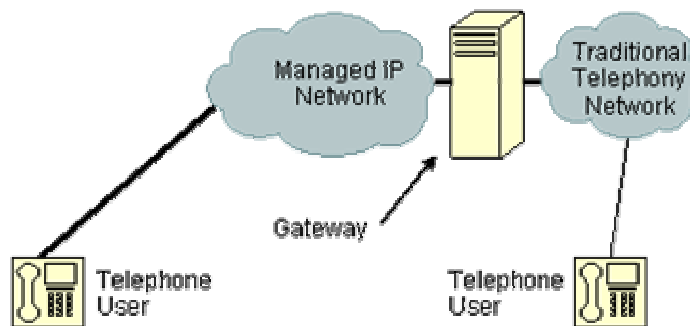


¹⁹ <http://www.totaltele.com/view.asp?articleID=112636&pub=tt&categoryid=0>

There are currently two main categories of VoIP:

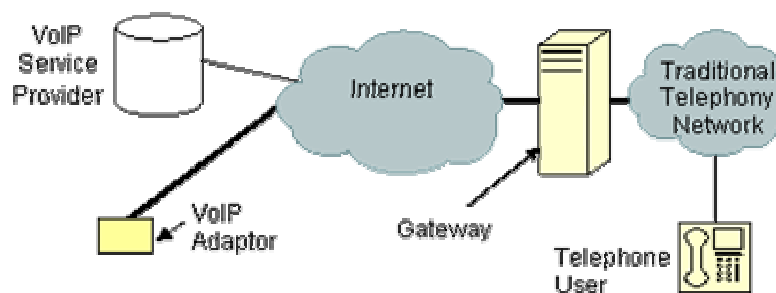
Managed VoIP: This is typically operated over a managed IP network ensuring that quality of service is maintained. Managed VoIP may be used in a portion of a voice operator’s network without them necessarily offering a VoIP service to end users. This type of VoIP is typically used by businesses that require a guaranteed level of quality of service, and indeed large corporates have been the leading drivers of VoIP deployment to date, primarily by means of in-house IP networks or Virtual Private Networks (VPNs).

Figure 2.12.1 – Example of a VoIP call on a managed IP network to a traditional telephone user



Unmanaged VoIP: Voice over broadband is also of value to home Internet users by means of unmanaged VoIP. These services are typically free over the Internet with charges only occurring for calls to fixed or mobile numbers, or for additional services (e.g. voice mail). Common examples of this are Skype (www.skype.com), Vonage (www.vonage.com) and in Ireland, Blueface (www.blueface.ie).

Figure 2.12.1 – Example of an un-managed VoIP call between a VoIP user and a traditional telephone user



Benefits of VoIP

One of the key benefits is that VoIP can result in lower call costs. In some cases calls may even be free (for instance calls to users on the same network may be free of charge). New services such as enhanced conference calling, video calling, and the ability to send one's voicemail forward to e-mail will also be possible. Nomadic operation (i.e. unplugging the telephone handset, travelling to a new location (potentially anywhere in the world), re-plugging it and carrying on exactly as if at home) is also possible with VoIP.

VoIP Numbers

Both traditional geographic numbers and the new VoIP numbers, beginning with the code "076" will be available to service providers offering VoIP services. ComReg set out some initial terms for the use of this non-geographic number range in March 05 (Decision D5/05 - ComReg doc. 05/23).

Access to Emergency Services

One concern that is frequently raised when talking about VoIP is access to the emergency services. Because VoIP relies on an Internet connection, and because outside forces such as power failures can affect this connection, VoIP services are not yet as robust as traditional fixed line services. Consumers should be aware of these issues and make their decision accordingly. Other issues that consumers should look out for are discussed in more detail in ComReg document 04/103a "Voice over Internet Protocol: a guide", which is available from our website²⁰.

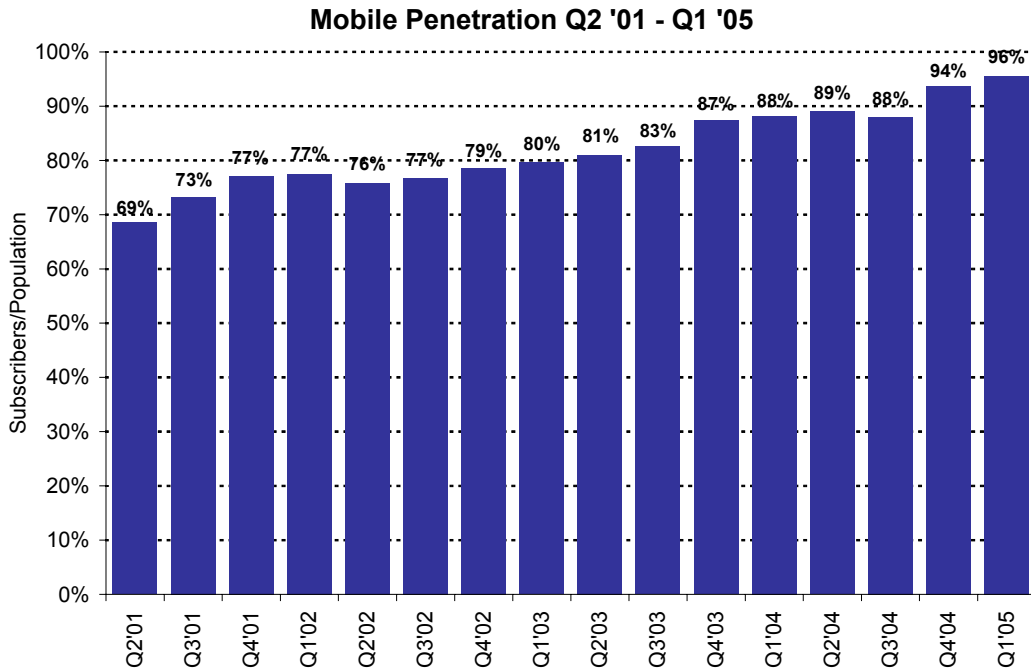
²⁰ <http://www.comreg.ie/fileupload/publications/ComReg04103a.pdf>

3 Mobile Market Data

3.1 Number of Subscribers and Penetration Rate

3.1.1 Irish Mobile Penetration Rate

Figure 3.1.1 – Irish Mobile Penetration Rate

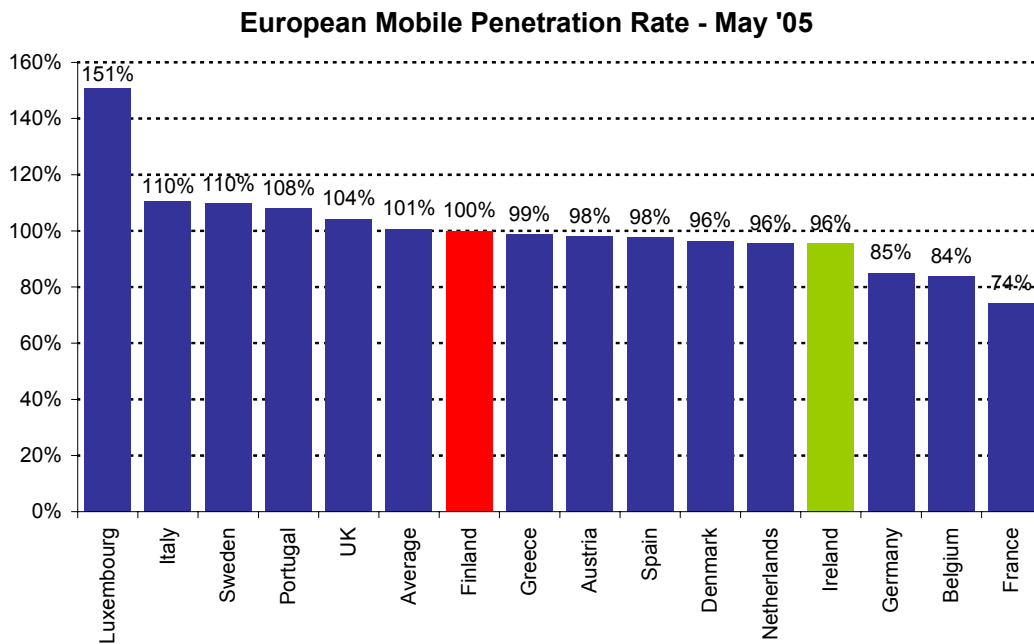


As can be seen in figure 3.1.1, the Irish mobile penetration rate has increased steadily over the last number of years and is currently at 96% of the population. Until recently this increase has been mainly attributable to the two main mobile operators, O2 and Vodafone. In recent quarters, Meteor has also experienced an increase in pre-paid subscribers adding to the overall growth. In certain periods where the growth rate has been relatively static or the penetration rate has even fallen, this has been primarily as a result of a calculation based on the most recent population figure from the CSO.

3.1.2 European Mobile Penetration Rates

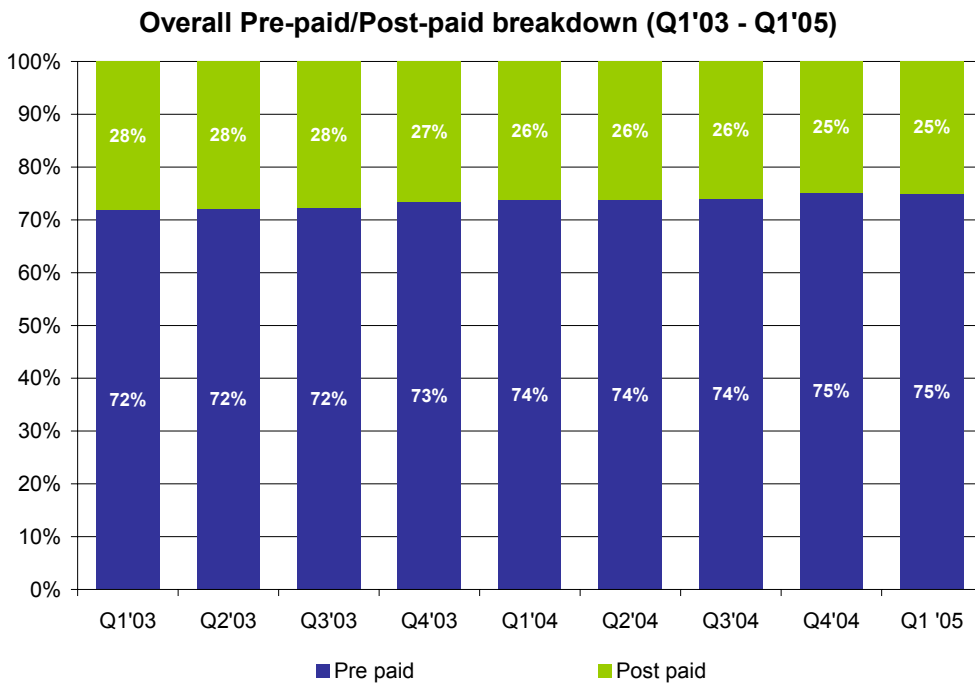
The figure below presents the national mobile penetration rates across the EU. Ireland’s position remains unchanged since January 2005, ahead of Germany, Belgium and France, and 4% behind the EU average. Luxembourg has experienced a large increase in penetration rate from 133%, primarily due to an increase in 3G subscriptions.

Figure 3.1.2 – European Mobile Penetration Rates



Source: Baskerville Mobile Commnications (includes 3G subscriptions)

Figure 3.1.3 – Number of Subscribers (Pre-Paid/Post Paid)



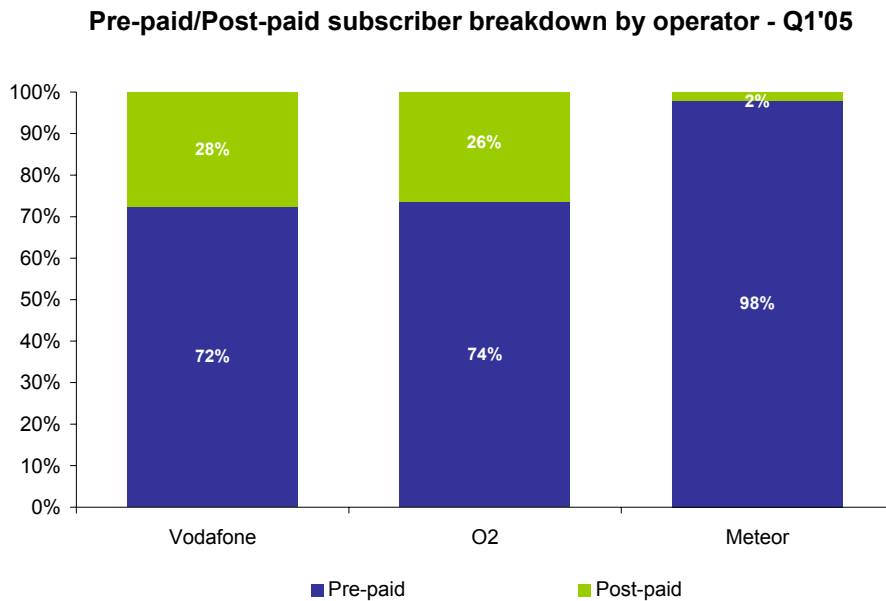
3.1.3 Subscribers Pre-Paid / Post-Paid Comparison

Figure 3.1.3 sets out the division of overall mobile subscriptions between pre-paid and post-paid subscribers. The percentage of subscriptions to pre-paid mobile packages has remained steady at 75% since last quarter, but has increased slightly over the last few years. While the overall mobile

subscriber base has increased over the last number of years this can be attributed more to an increase in pre-paid than post-paid subscriptions.

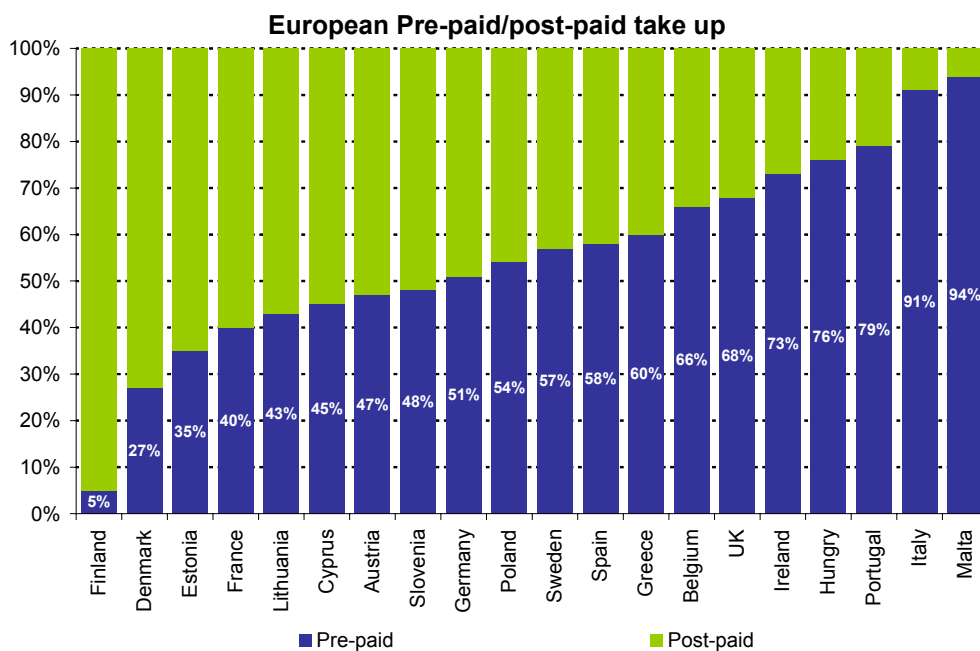
As can be seen in figure 3.1.4 below, Meteor’s subscriber base is almost exclusively pre-paid customers. 98% of all post-paid subscribers are either with O2 or Vodafone.

Figure 3.1.4 – Number of Subscribers (Pre-Paid/Post Paid) – by Operator



In comparative terms, Ireland has a relatively high share of pre-paid subscribers relative to post-paid subscribers. By contrast Scandinavian countries such as Finland and Denmark have very high levels of contract users.

Figure 3.1.5 – Pre-paid and post-paid subscribers in the EU



3.2 Market Shares

As can be seen in figures 3.2.1 and 3.2.2, Meteor has gradually increased its share of revenue and subscribers over the last few years. However Vodafone and O2 continue to account for over 90% of mobile revenues and subscribers.

Figure 3.2.1 – Market Share – Number of Subscribers

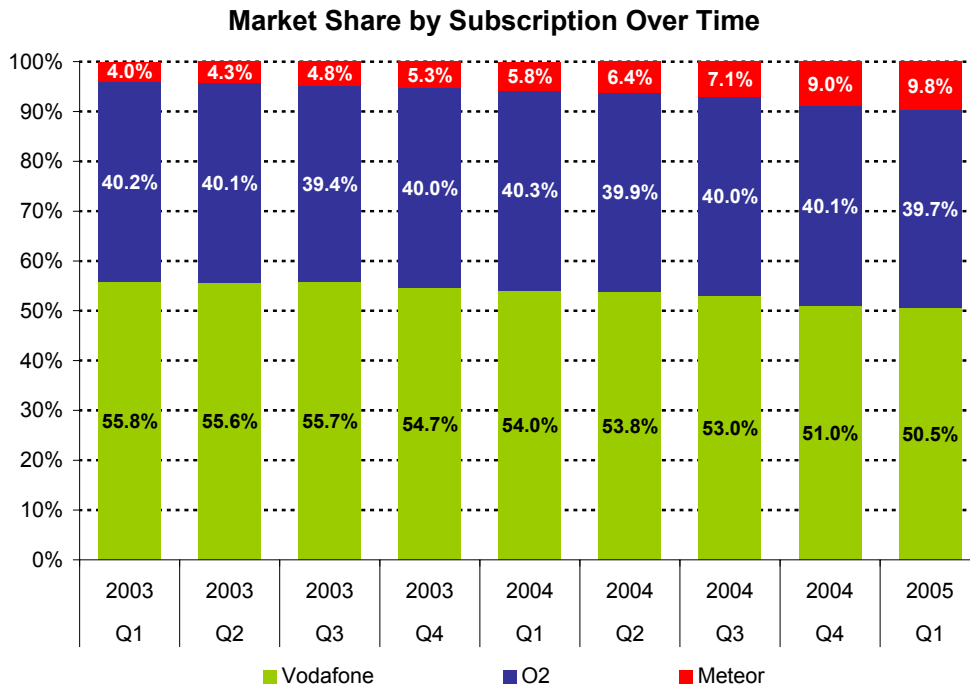
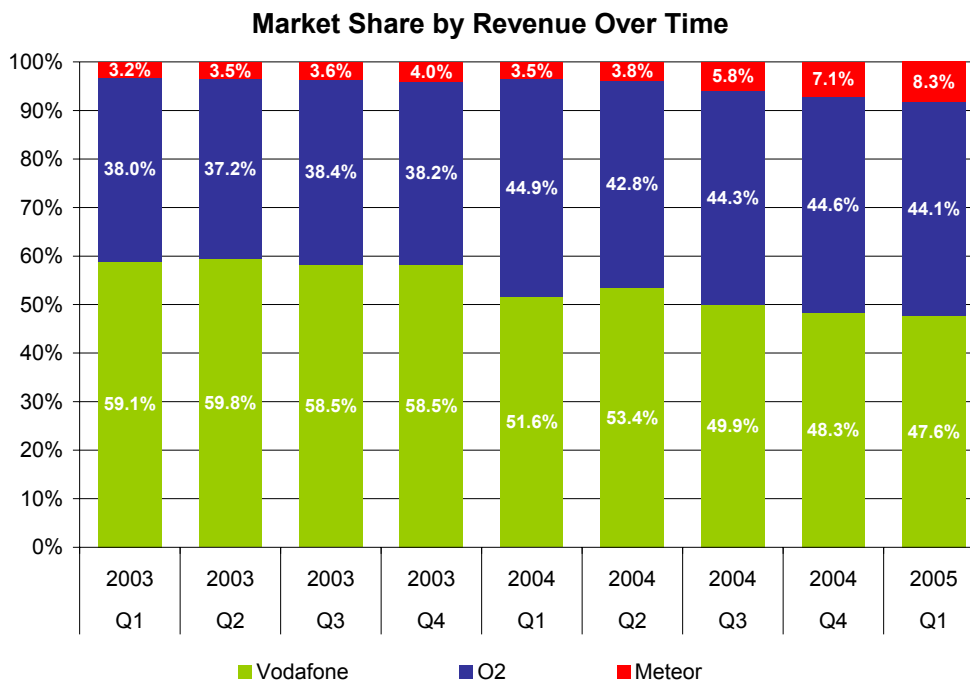


Figure 3.2.2 – Market Share – Revenue

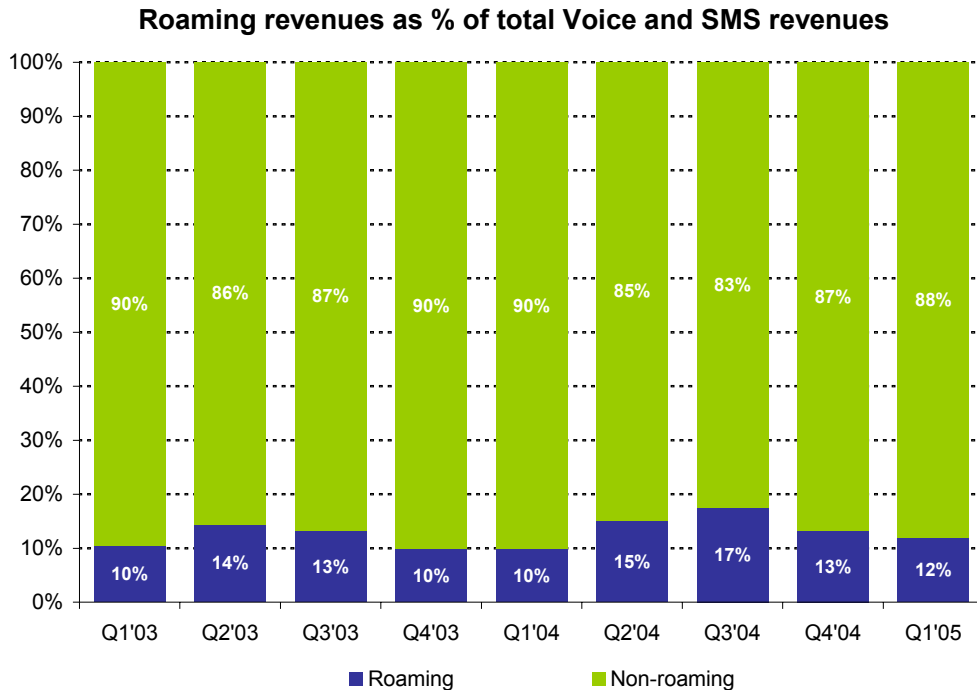


3.3 Mobile Revenues

3.3.1 Mobile Revenues by Voice and Data

Mobile retail revenue for the quarter stood at €482 million. Roaming revenues have accounted for between 10% and 17% of overall revenues for the past two years. Currently roaming revenues account for 12% of revenues and include both revenues from Irish subscribers abroad and foreign subscribers roaming on Irish networks.

Figure 3.3.1 –Revenue: roaming and non-roaming



3.4 SMS Services and Call Minutes

Figure 3.4.1 illustrates the number of call minutes and SMS messages sent each quarter over the past number of years. This has increased substantially over the period and currently each Irish mobile subscriber sends on average of 92 messages per month. The high propensity of Irish subscribers to send text messages is further illustrated in figure 3.4.2 where Ireland has one of the highest levels of average monthly SMS sent per subscriber in the EU.

Figure 3.4.1 –SMS and Call Minutes

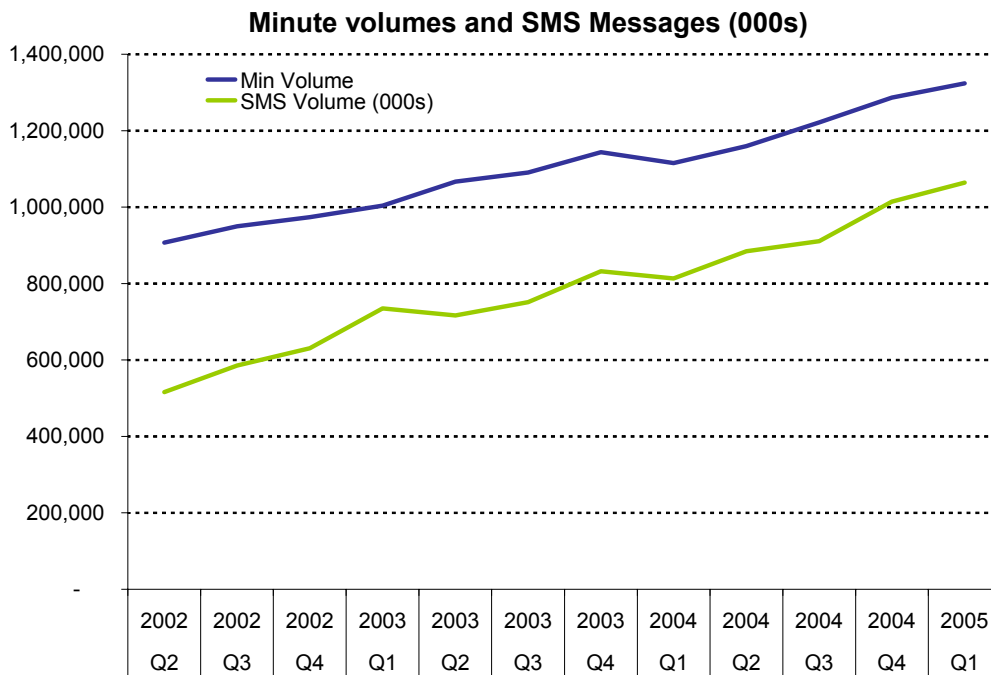
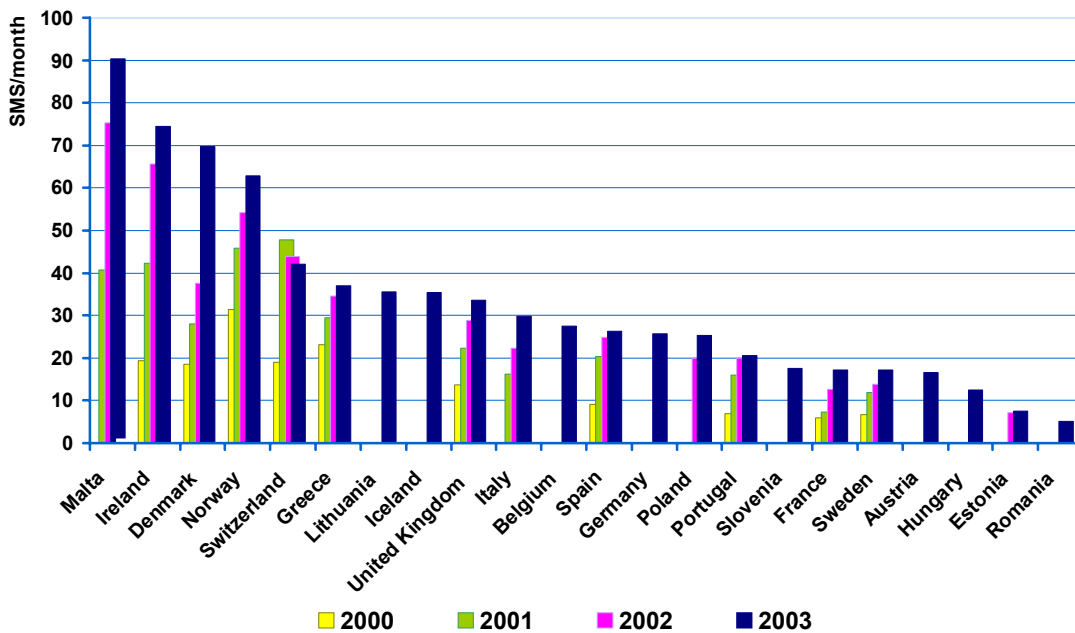


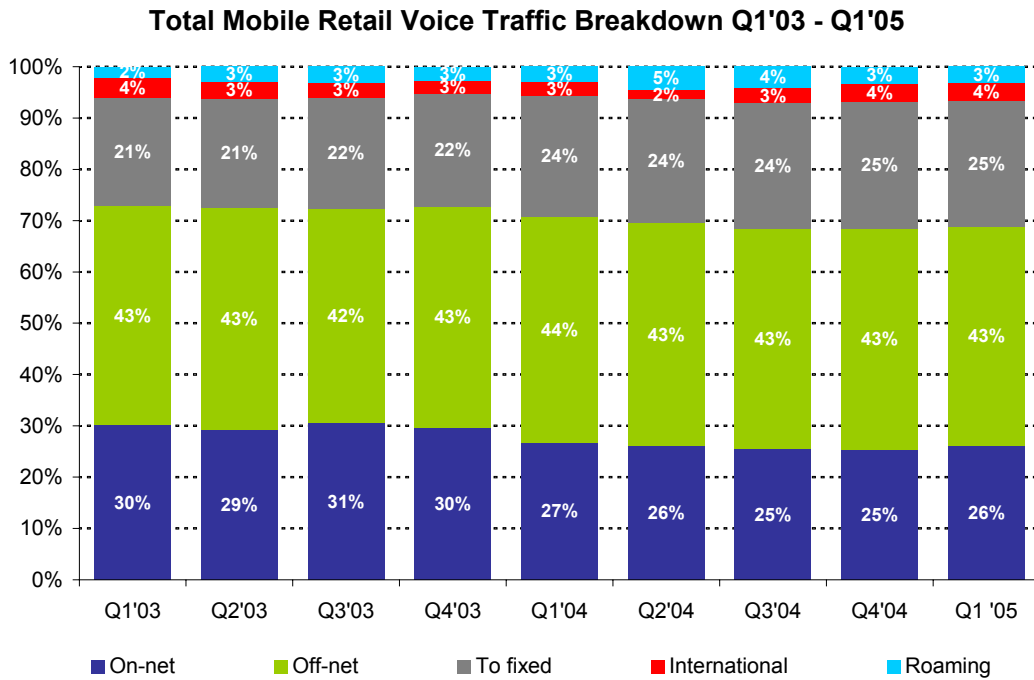
Figure 3.4.2 Number of SMS Messages per subscriber sent in the EU



Source: IRG Working Group. Market Data Analysis, 2004 Report

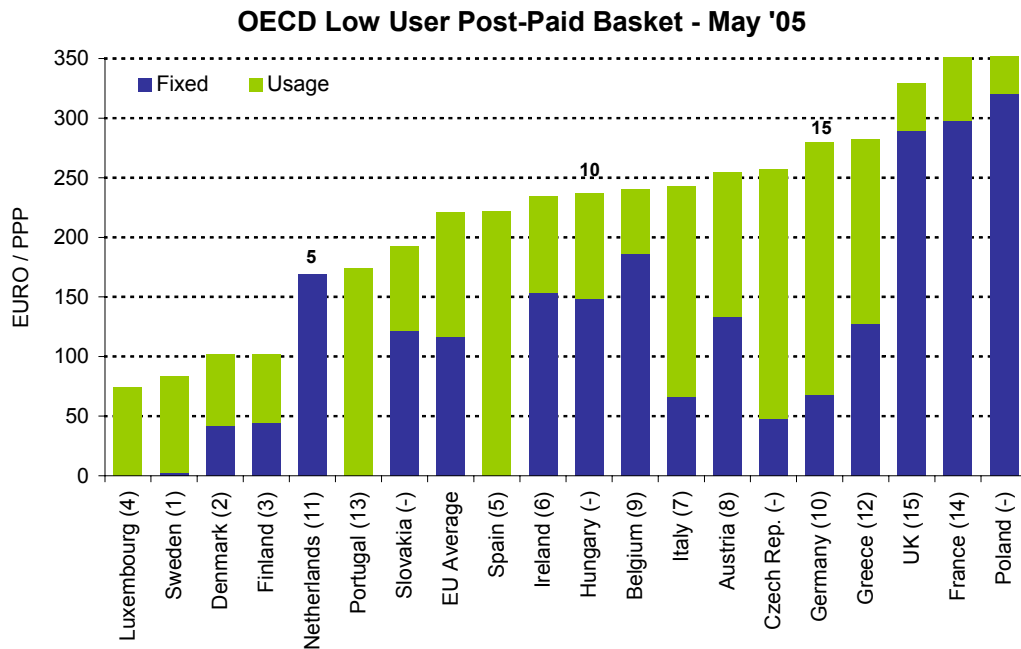
Figure 3.4.3 provides a breakdown of trends in retail mobile traffic over the past two years. As a percentage of overall retail mobile traffic, on-net traffic has fallen while calls to fixed lines have risen over the period. While one might expect a relative increase in on-net traffic with the large increase in mobile subscriptions in Ireland over the period, this trend might reflect the relative costs of such calls.

Figure 3.4.3 Number of Call Minutes/Service



3.5 Mobile Pricing Baskets²¹

Figure 3.5.1 OECD Low User Post Paid Mobile Basket – May 2005



N.B. The numbers in brackets represent the countries respective ranking as at Feb 2005

²¹ The 'Fixed' component of price refers to the standard charges imposed by operators, regardless of the amount of calls made (i.e. installation and rental). T-basket calculation of this figure is made up of: Installation Charge/5 + Rental charge for 1 year. The 'Usage' component of price refers to the charges imposed by operators, arising from the number of calls made by the user.

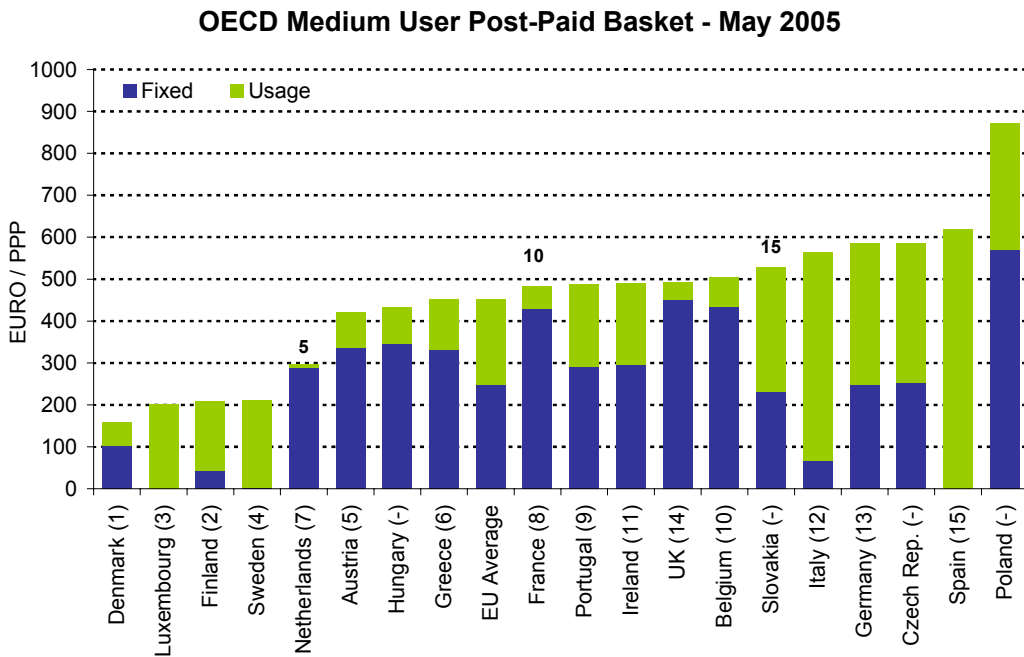
3.5.1 Low User Post Paid Mobile Basket²²

Ireland’s position has fallen three places since last quarter and is now at 9th position, and is two places behind the EU average. This is due to a relatively greater decrease in Ireland’s low user post paid mobile tariffs.

3.5.2 Medium User Post Paid Mobile Basket

Ireland’s position remains unchanged at 11th since last quarter but is now three places behind the EU average.

Figure 3.5.2 OECD Medium User Post Paid Mobile Basket – May 2005



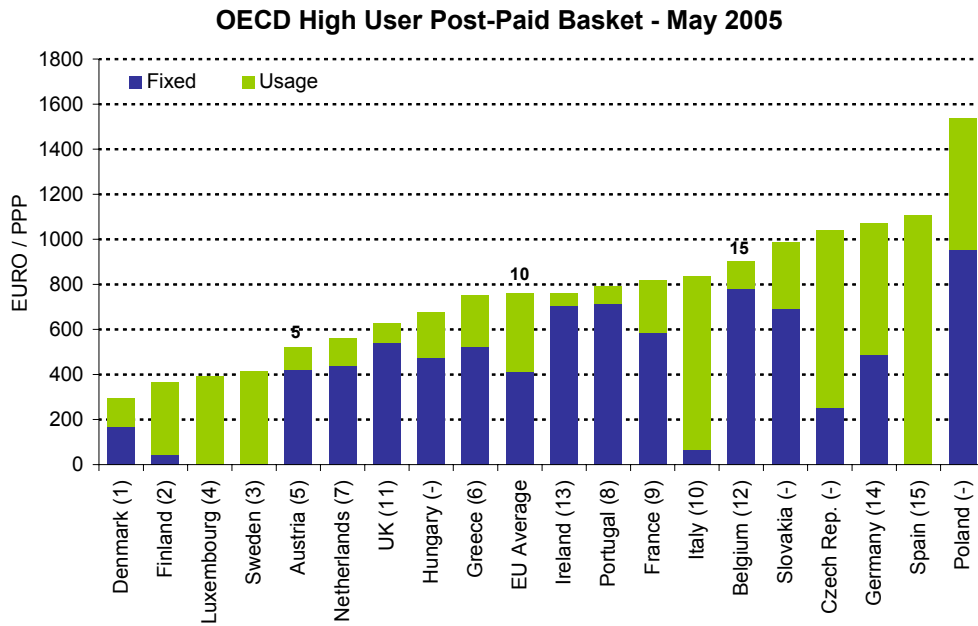
N.B. The number in brackets represent the countries respective ranking as at Feb 2005

3.5.3 High User Post Paid Mobile Basket

Ireland improved three places to 10th position in the high user post paid mobile basket, one place behind the EU average.

²² All tariffs are inclusive of VAT, rates will vary between Member States

Figure 3.5.3 OECD High User Post Paid Mobile Basket – May 2005

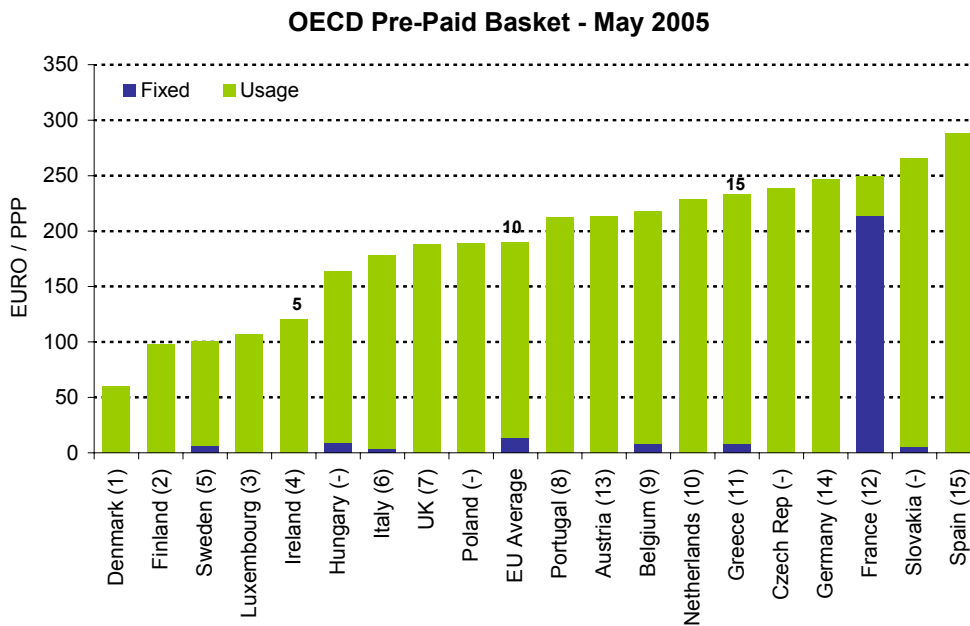


N.B. The number in brackets represent the countries respective ranking as at Feb 2005

3.5.4 Pre-Paid Mobile Basket²³

Ireland fell one position to 5th place and is five places ahead of the EU average in the pre-paid mobile basket.

Figure 3.5.4 OECD Pre-Paid Mobile Basket – May 2005



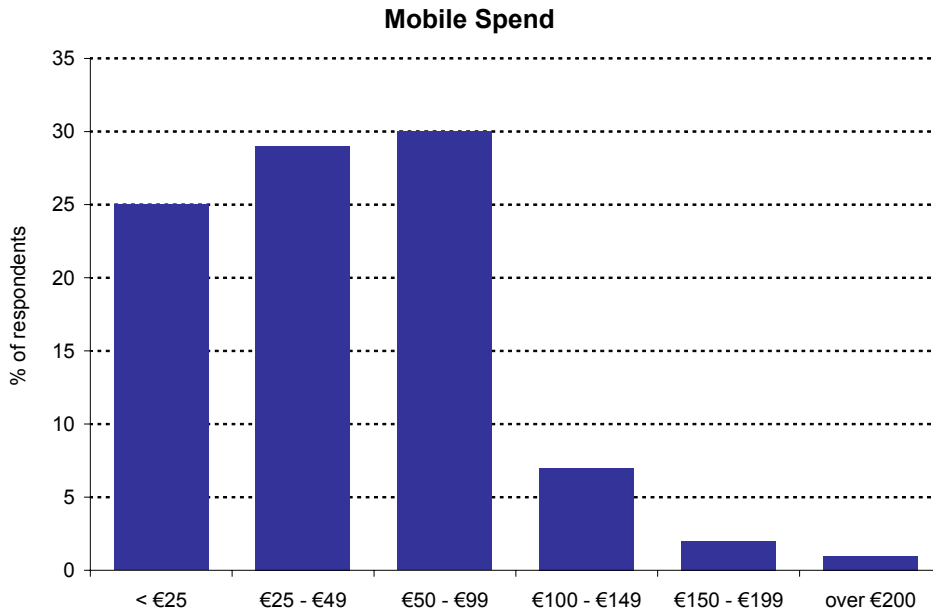
N.B. The numbers in brackets represent the countries respective rankings as at Feb 2005

²³ 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.

3.6 Consumer Spend

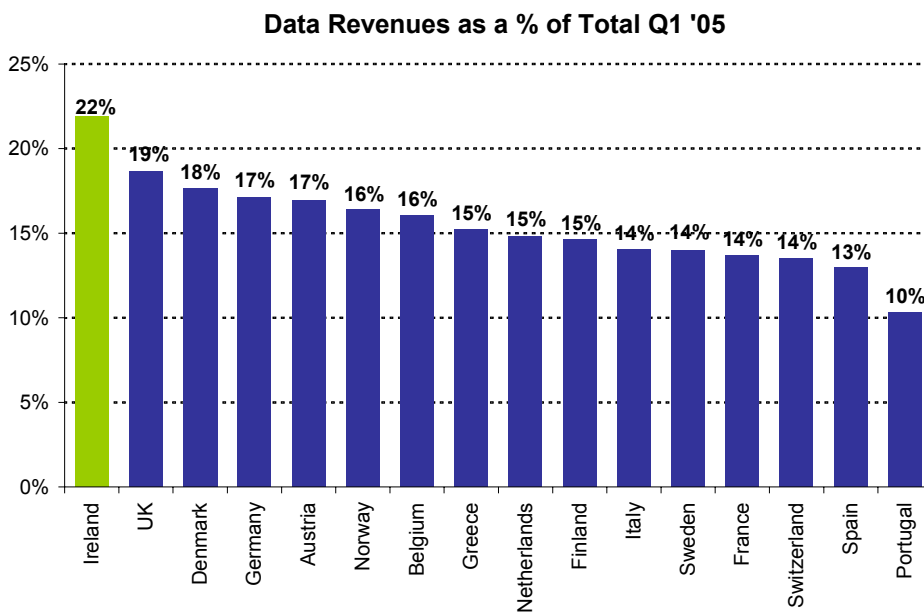
Figure 3.6.1 represents end-user responses to Amárach Consulting Trends survey commissioned by ComReg which suggests that average monthly spend on mobile services in the residential sector is around €53. Spend is highest among 15-34 year olds, whose average monthly spend exceeds €57 per month.

Figure 3.6.1 Consumer spend



Source: Amarach Trend Series, Wave 1, 2005.

Figure 3.6.2 Data Revenues as % of Total Revenue – EU Comparison



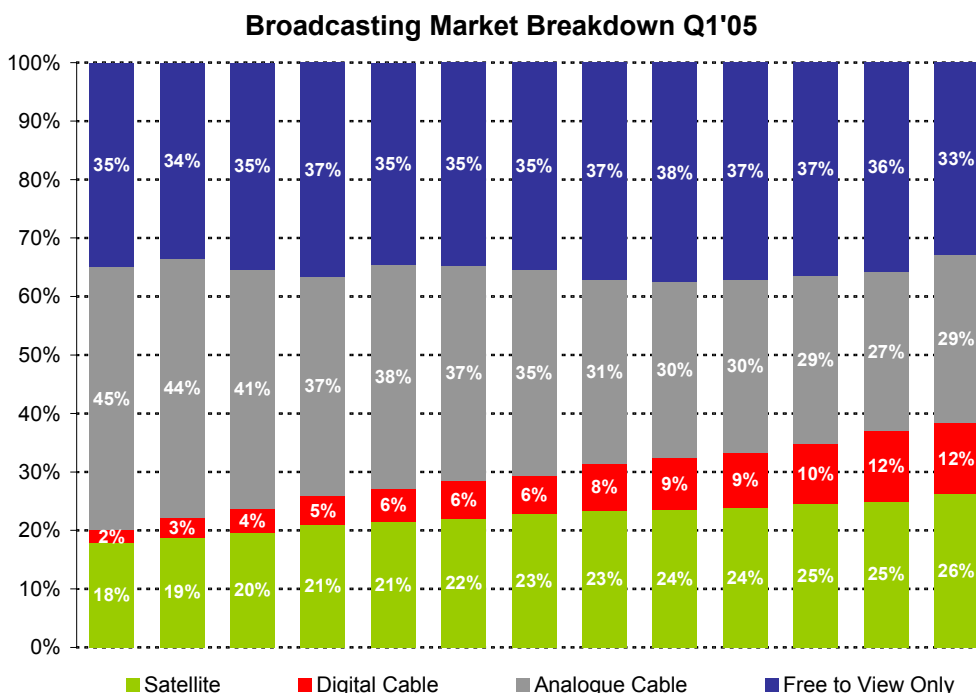
Source: Yankee Group, 2005.

4 Broadcasting

4.1 Cable/MMDS & Satellite

There are approximately 550,000 cable/MMDS subscribers to television services in Ireland, 389,000 of these subscribe to analogue only. 163,000 have upgraded to digital television which represents 30% of total cable/MMDS subscribers. This has increased from 29% last quarter. There were 355,000 subscribers to BSkyB as at May 2004. There are 907,000 (cable/MMDS and satellite) pay TV subscribers of which 59% now subscribe to digital TV.

Figure 4.1.1 Take Up of Broadcasting Services



At the end of March 2005 there were approximately 518,000 cable/MMDS and satellite digital subscribers. Digital households represent approximately 38% of all households with a television²⁴. Over 1.25 million households are passed for cable/MMDS, of which approximately 80% are passed for digital services. This has remained static since last quarter.

²⁴ Figure is based on CSO estimate of 1.35 million households with a television.

Figure 4.1.2 Pay TV Market (Analogue and Digital)

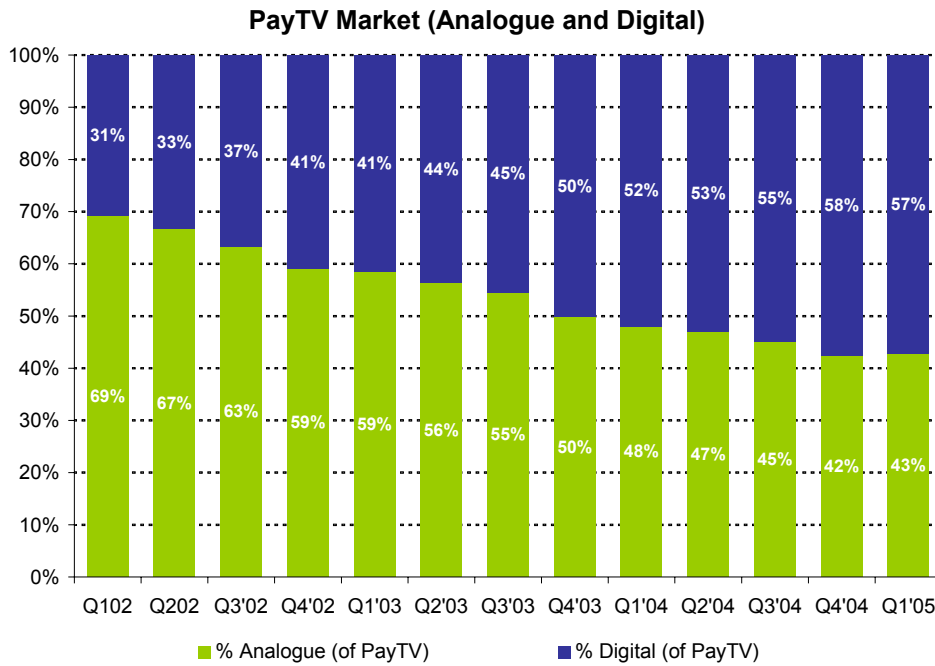


Figure 4.1.3 shows that cable/MMDS now accounts for 32% of all digital subscribers in the country (satellite accounts for the remaining 68%) an increase of 5% since data presented June 2004. By the first quarter of 2002, satellite services accounted for nearly 90% of total digital subscribers. These figures represent a trend towards a greater take up of cable/MMDS services and a migration of existing customers from analogue to digital services.

Figure 4.1.3 Digital TV (Cable and Satellite Breakdown)

