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Commission for Communications Regulation

SME & Corporate ICT Research – Wave 1 2005

Presentation of Findings

June, 2005

41103420 BMC/PM

Presentation Outline

- Introduction
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  - Internet and broadband communications
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Introduction

Research Objectives

- This is the first wave of a new business market tracking research programme being undertaken on behalf of ComReg.
- The main purpose of the research is to gain an in-depth understanding of current information and communication technology (ICT) usage and attitudes to ICTs among a representative sample of Irish SMEs and large Corporate businesses.
- The specific areas to be explored in the first wave of research included:
  - Fixed line market
  - Mobile market
  - Internet and broadband communications
  - Awareness of ComReg
- The survey findings will be used by ComReg for market understanding, future planning and policy formulation, and public dissemination.

Methodology

- Telephone interviews were conducted with a sample of 500 SMEs and 50 Corporates.
- SMEs were defined as companies with less than 100 employees
- Quota controls set for company size were based on the total number of employees each company size segment accounts for. Representative quota controls were also set for industry sector.
- Large corporates were defined as companies employing 100 or more employees. Quota controls were set to ensure that 50% of the sample employed 100-299 employees, and 50% of the sample employed 300+ people. Representative quota controls were also set for industry sector.
- Interviews were held with the person in the company responsible for decision-making in relation to telecommunication and IT services.
- The fieldwork was conducted between May 9th and June 10th 2005.

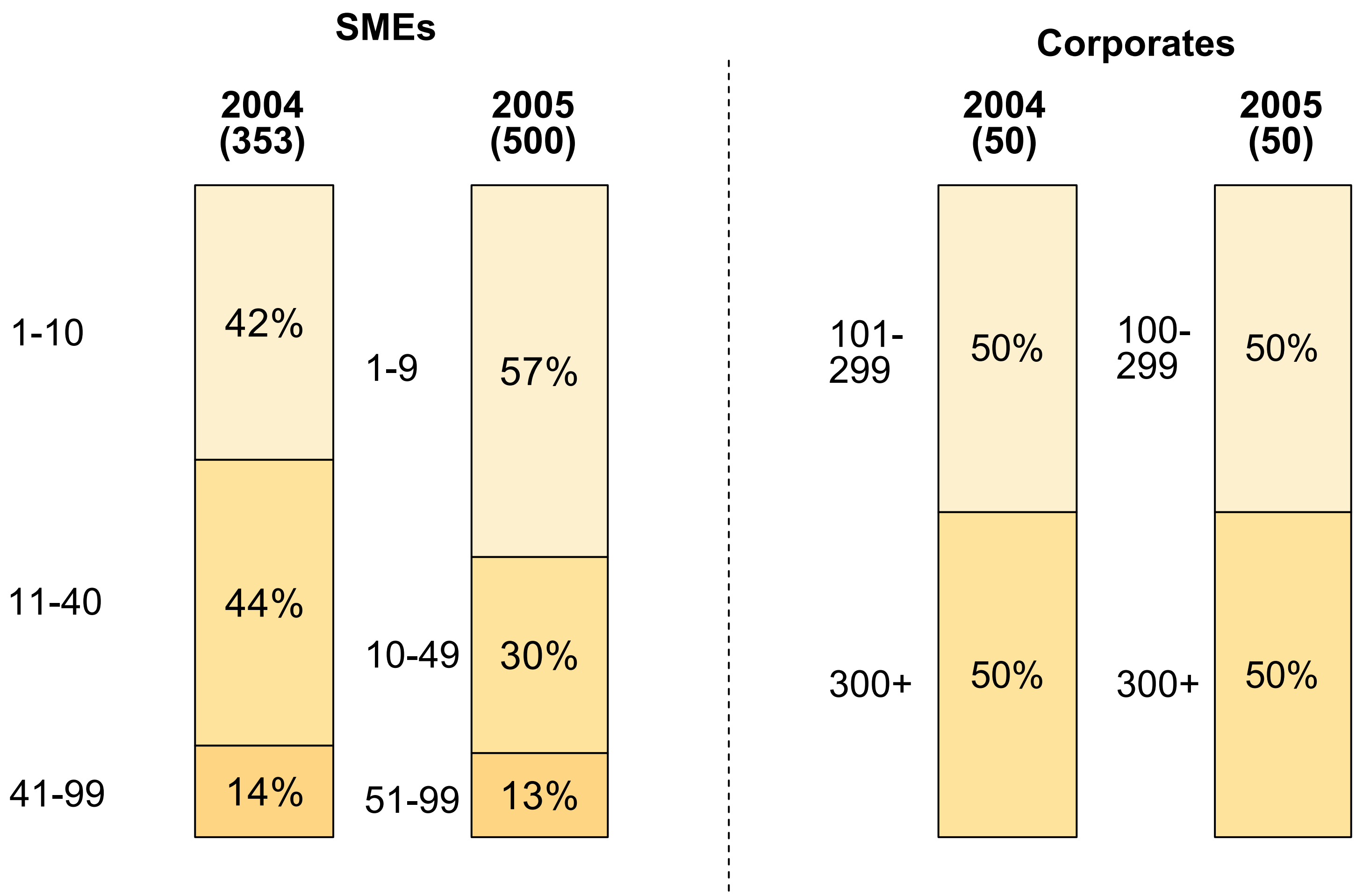
Sample Structure

- The sample structure has been changed for this research programme, compared to previous business research under-taken by ComReg.
- The main change that has occurred is the sample distribution across SME company size segments.
- There is now a greater representation of small companies (those with less than 10 employees) in the sample.
- The distribution of the SME sample across each of the company size segments has been determined by the number of employees each company size segment accounts for i.e it is estimated that 57% of all employees are employed in companies employing less than 10 people, as such 57% of the SME sample is made up of companies employing 1-9 people.
- This change has implications for the interpretation of any tracking data shown in the survey. Smaller companies tend to be less technically sophisticated and their use of ICTs tends to be lower than larger organisations. As a result some of the ICT tracking figures may show a decline. However, much of this apparent decline is likely to be largely explained by the change in company size distribution in the sample.
- The industry sector segmentation structure has also been changed. Different industry sector definitions have been used. Quota controls were set based on the number of employees estimated to be in each industry sector.

Sample Profile – Number of Employees

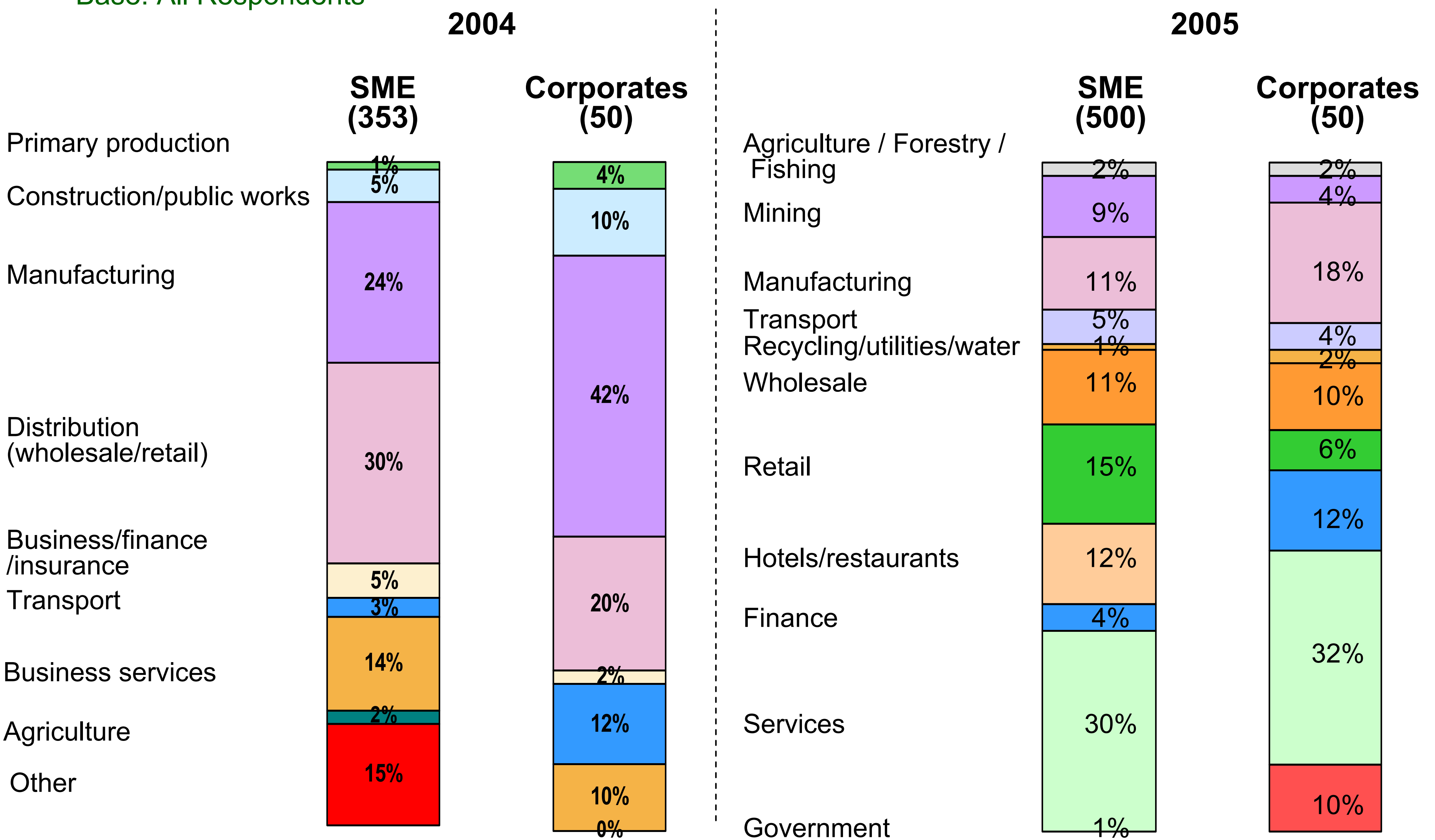
Base: All Respondents

The 2004 SME figures relate to the sample used for the SME Telecommunications Survey 2004. The Corporate figures relate to the Broadband Data and Communications Survey 2004.



Sample Profile – Industry Sector

Base: All Respondents



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Research Findings

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Fixed Line Market

Main Fixed Line Supplier

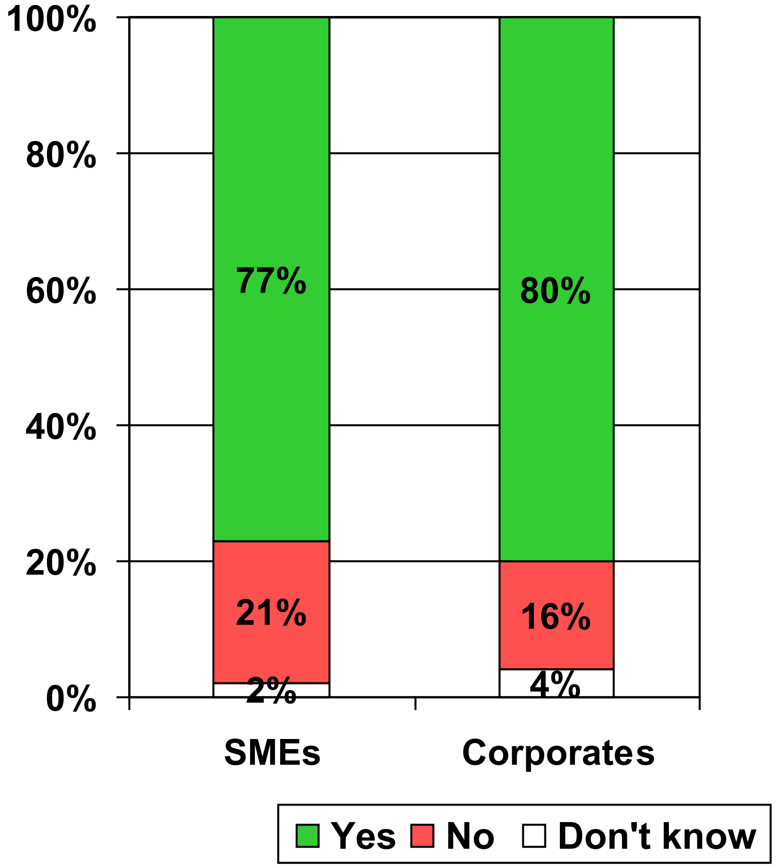
Q. Which line phone services provider does your company use for its voice call?

	Total %	SME %	Corporates %
Eircom	79	79	82
BT Ireland	6	6	8
Access	4	3	8
Euphony	3	4	2
Smart Telecom	2	2	-
WorldCom (MCI)	2	2	4
NewTel	1	1	-
Pure Telecom	1	1	2
Cinergi/Speedial	1	1	-
NTL Business/NTL	1	1	-
Perlico	1	*	2
Other	5	5	-
Don’t know/refused	1	1	-

Base: All respondents (n=550)

Approaches by Telecoms Providers

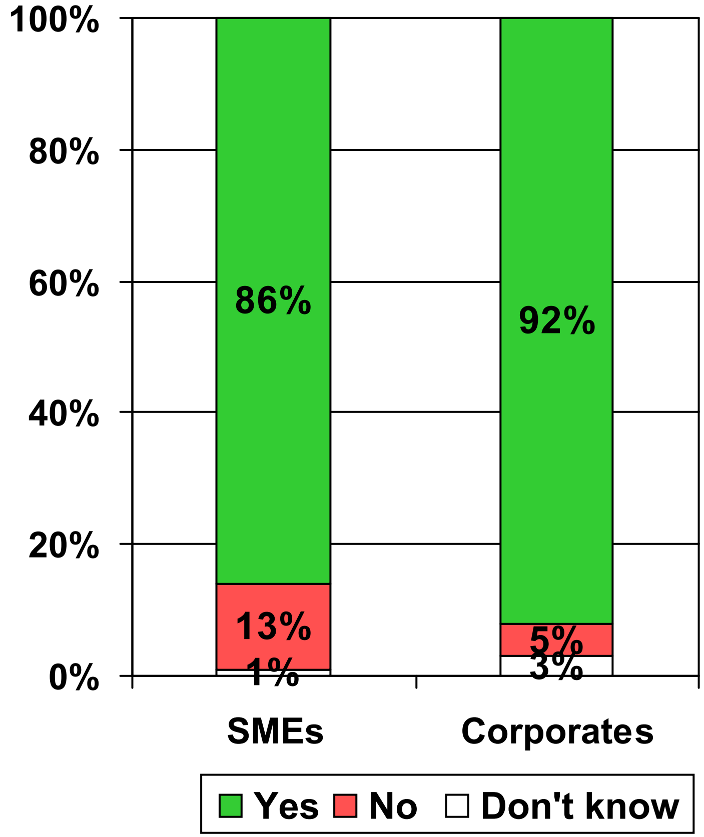
Q. Have you been approached by a telecom supplier in the past year regarding switching some or all of your fixed line telephone business?



- Direct marketing activity by fixed line providers appears to have ben high over the last 12 months.
- Seventy-seven percent of SMEs claim to have been approached by a fixed line supplier in the past year regarding switching some or all of their fixed line phone business.
- In 2004 75% of SMEs were approached by a supplier other than eircom. In 2002 the figure was 61%.
- Thirty-two percent of those approached by another fixed line supplier in the last 12 months have switched operator during that time.

Awareness of Carrier Pre-Selection

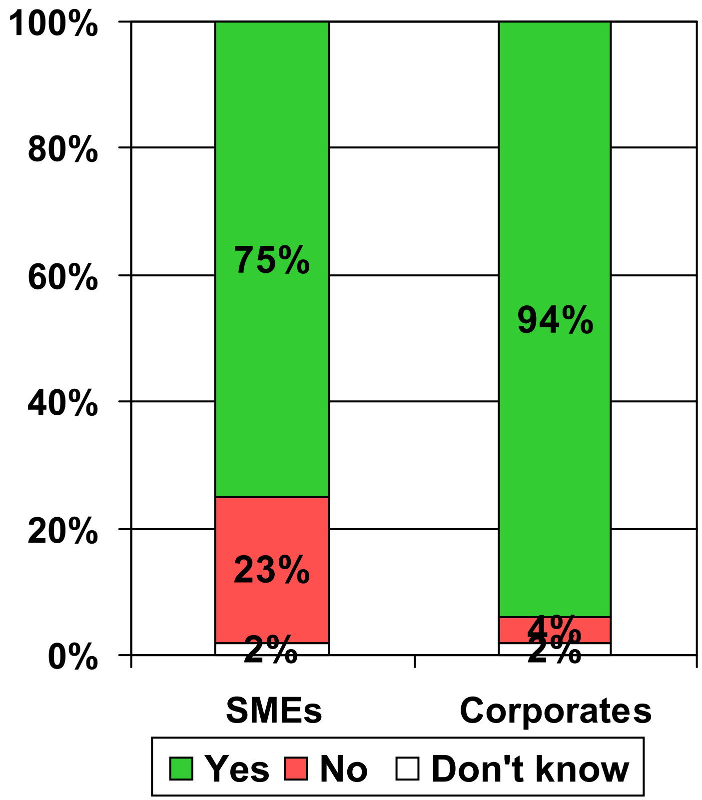
Q. Are you aware that you can now select an operator other than eircom to carry your fixed line telephone calls? This is sometimes referred to as Carrier Pre Selection.



- Awareness of Carrier Pre-Selection continues to rise.
- Over 86% of SMEs claim to be aware of it. This is up from 79% in 2004 and 78% in 2003.
- Over 9 in 10 (92%) of large Corporates are aware of it.
- Awareness was found to be lowest among companies with 1-9 employees.

Awareness of Single Billing

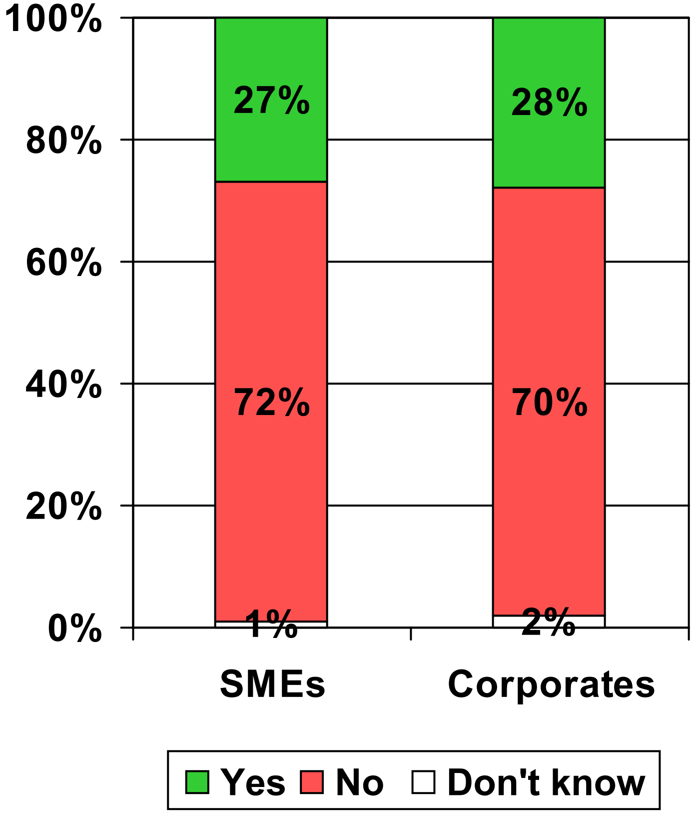
Q. Are you aware that you can now select a telecom supplier other than eircom to provide your fixed telephone calls and line rental and receive a single bill? This is sometimes referred to as single billing.



- Awareness of single billing among SMEs has increased from 60% in 2004 to 75% in 2005.
- Almost all (94%) large Corporates are aware of single billing.
- Lack of awareness is highest among companies with less than 10 employees.

Fixed Line Switching Activity

Q. Have you switched supplier for any of your fixed line services in the past 12 months?



- In line with the increase in fixed line supplier approaches, the number of companies who have switched any of their fixed line phone services in the last 12 months, has also increased.
- Twenty-seven percent of SMEs say they have switched in the last 12 months. This compares with 16% in 2004.
- Almost 3 in 10 (28%) large Corporates have switched.

Reasons for Having Switched Fixed Line Provider

Q. Why did you switch?

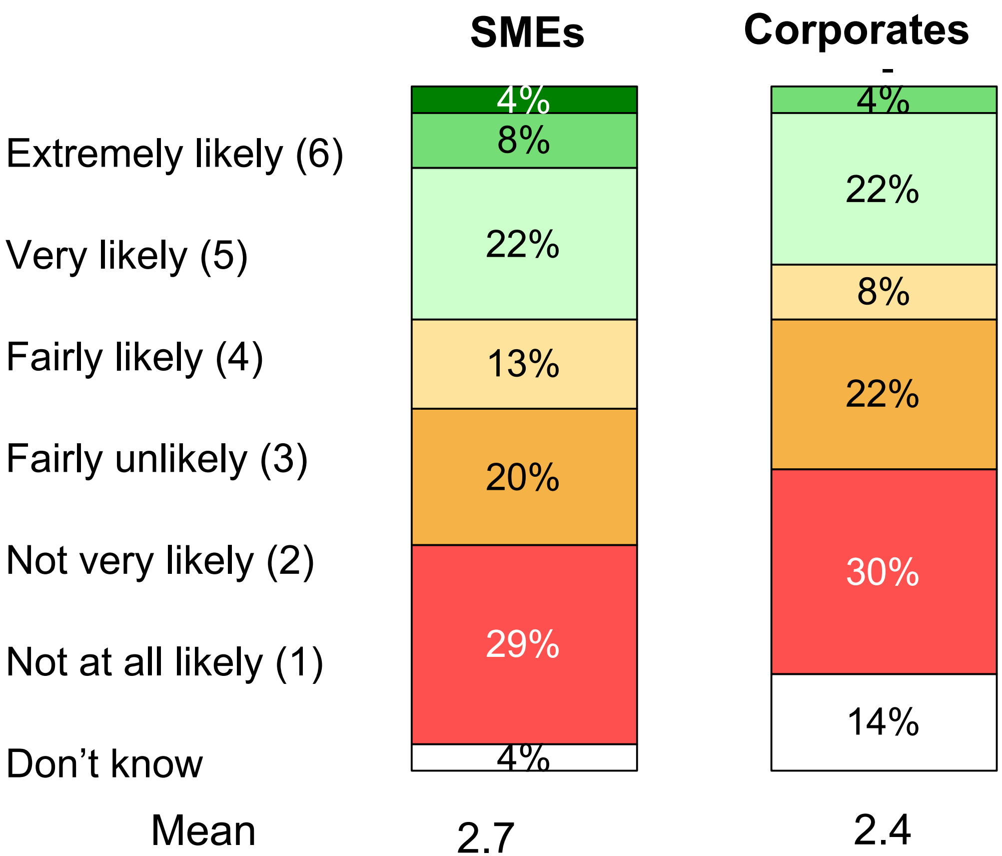
	SMEs %	Corporates* %
Better pricing deal/Better value for money	85	71
Recommendation from business associate/friend	8	-
Enhanced/better services	6	14
Not satisfied with previous supplier	2	-
More up-to-date technology from new supplier	2	7
Wanted a single supplier for all telecoms services	2	1
Other	3	14
Don't know	1	7

- Price continues to be the main reason for switching. In 2004 73% of those SMEs that had switched claimed price/cost reductions as the main reason for switching.
- Corporates are more likely than SMEs to cite enhanced services as a switching motivator.

*Base: All companies who have switched telecoms supplier in the last 12 months (n=147) *Note – Small base of Corporates (n=14)*

Likelihood of Switching

Q.	How likely are you to switch to another fixed line phone services provider in the next 12 months?



- In 2004 the mean score for likelihood of switching among SMEs was 2.8 (out of 6).
- It has fallen marginally to 2.7 this year.
- However, given the rise in switching activity already noted, perhaps those most keen to switch have already switched and are unlikely to do so again in the next 12 months.

Reasons for Switching

Q. Why are you likely to switch supplier in the next 12 months?

	SMEs %	Corporates %
Believe there are price savings to be made/ better value for money	86	85
Not satisfied with current service	12	23
Want to try another supplier	3	8
Due to re-tender for telecoms services	1	-
Have been approached by a sales representative	1	-
Other	2	-

- Price savings and better value for money are the main motivators for future switching.
- Corporates are almost twice as likely than SMES to say they are not satisfied with the current service they receive.

Base: All companies likely to switch telecoms supplier in the next 12 months (n=183)

Reasons for Not Switching Fixed Line Provider

Q. Why are you not likely to switch supplier in the next 12 months?

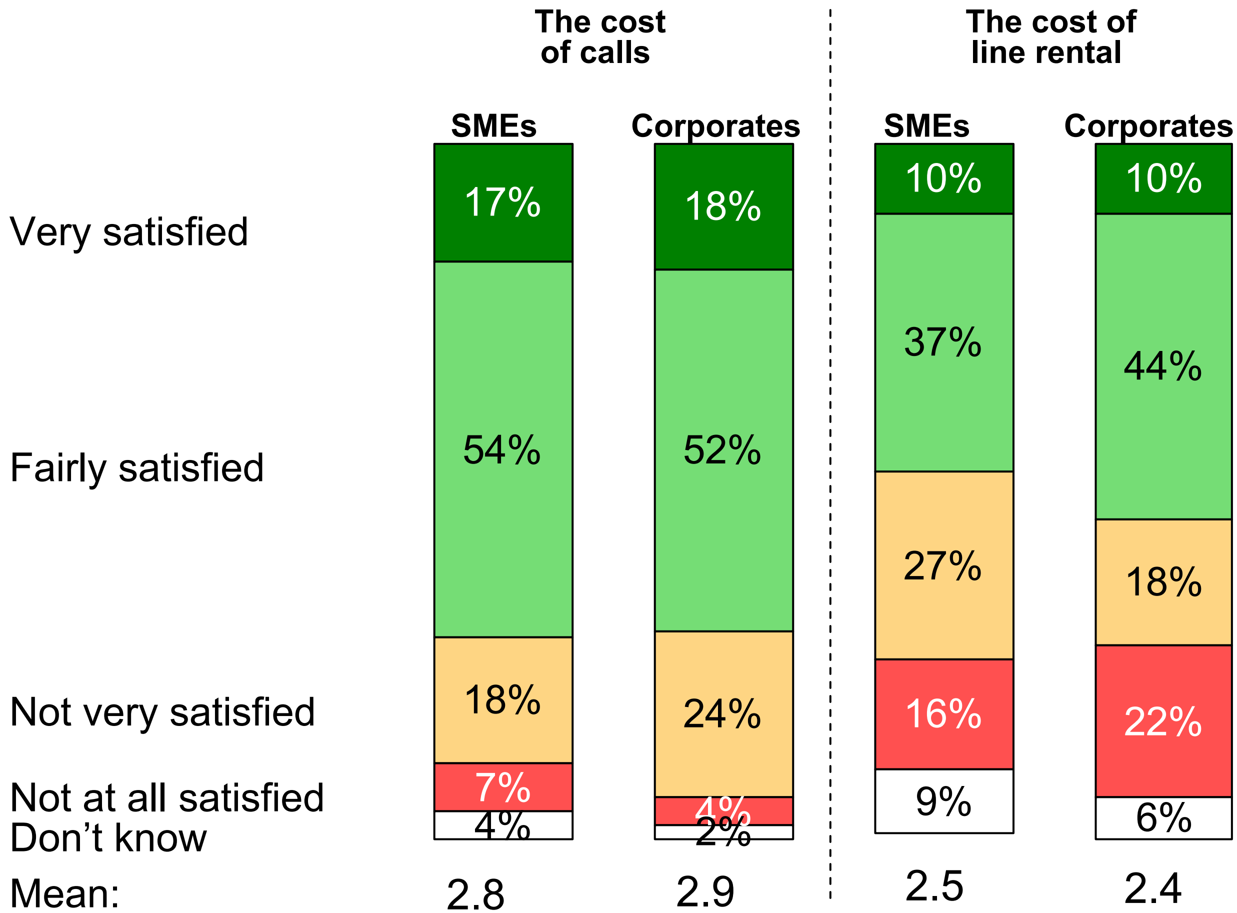
	SMEs %	Corporates %
Satisfied with current level of service	53	37
Satisfied with current prices/value for money	20	17
Too much hassle	20	10
Loyal to my current supplier	8	27
No time/ resources to consider moving supplier	4	3
Already switched supplier	4	7
Have not been approached/Not aware of other suppliers	2	-
Decision made elsewhere by head office	2	3
Because of government package	1	7
Other	6	-
Don't know	1	7

- Reluctance to change fixed line provider seems to be largely driven by satisfaction with current service levels.
- The perceived hassle factor appears to be much more of an issue among SMEs than it is among Corporates.
- While personal relationships or loyalty to a current supplier is a greater issue for Corporates.

Base: All companies not likely to switch telecoms supplier in the next 12 months (n=342)

Satisfaction with Call Costs and Line Rental

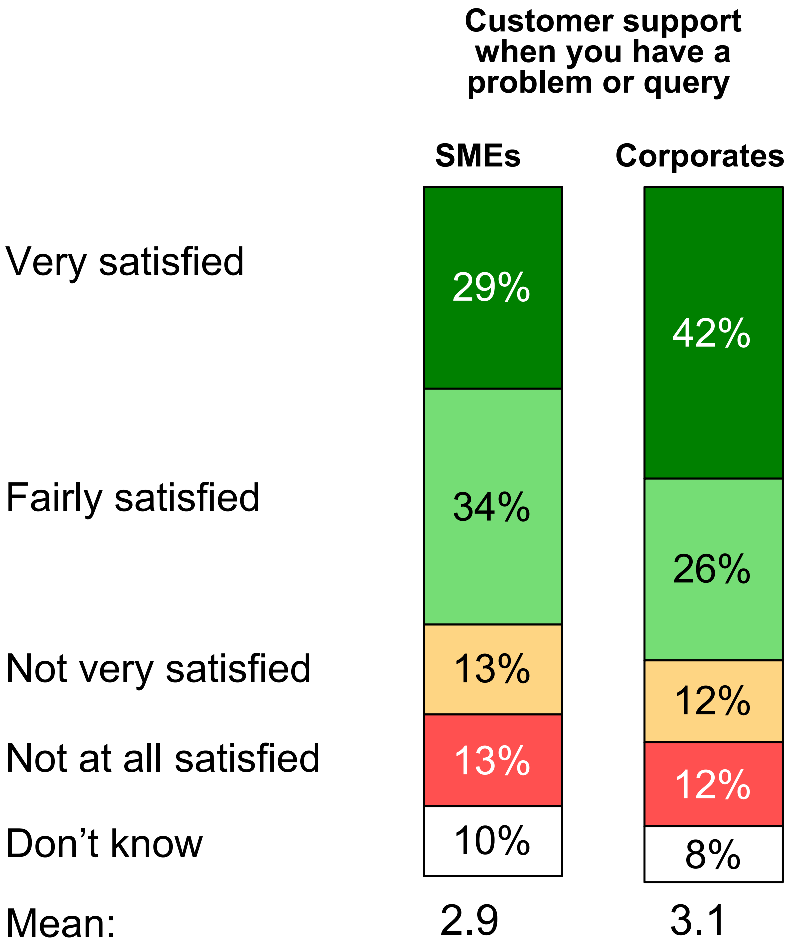
Q. Overall how satisfied are you with the following aspects of your MAIN fixed line phone service provider.



- Seventy-one percent of SMEs and 70% of Corporates indicate that they are either very satisfied or fairly satisfied with the cost of fixed line calls.
- Satisfaction with line rental is lower. Just over 1 in 4 Corporates (22%) are not at all satisfied with the cost of line rental.

Satisfaction with Customer Support

Q. Overall how satisfied are you with the following aspects of your MAIN fixed line phone service provider.

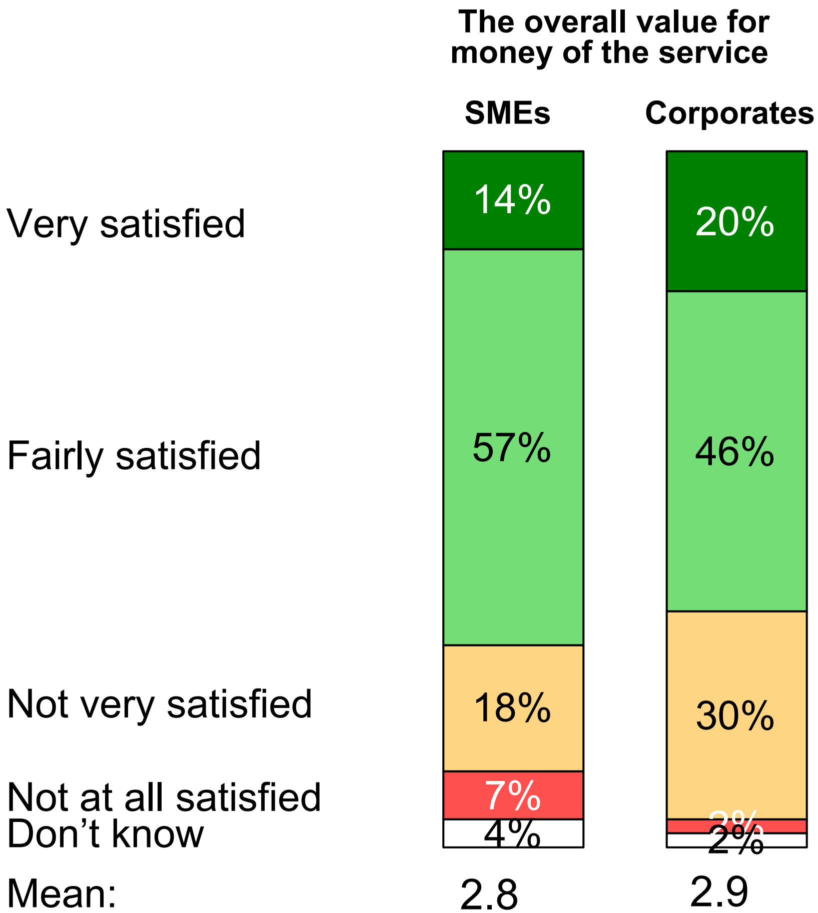


- Customer service ratings are signficantly higher among larger organisations.
- This is likely to be partly driven by larger organisations having account managers more so than smaller organisations.
- Overall 63% of SMEs and 68% of Corporates are satisfied with customer support when they have a problem or query.

Base: All respondents (n=550)

Satisfaction with Value for Money

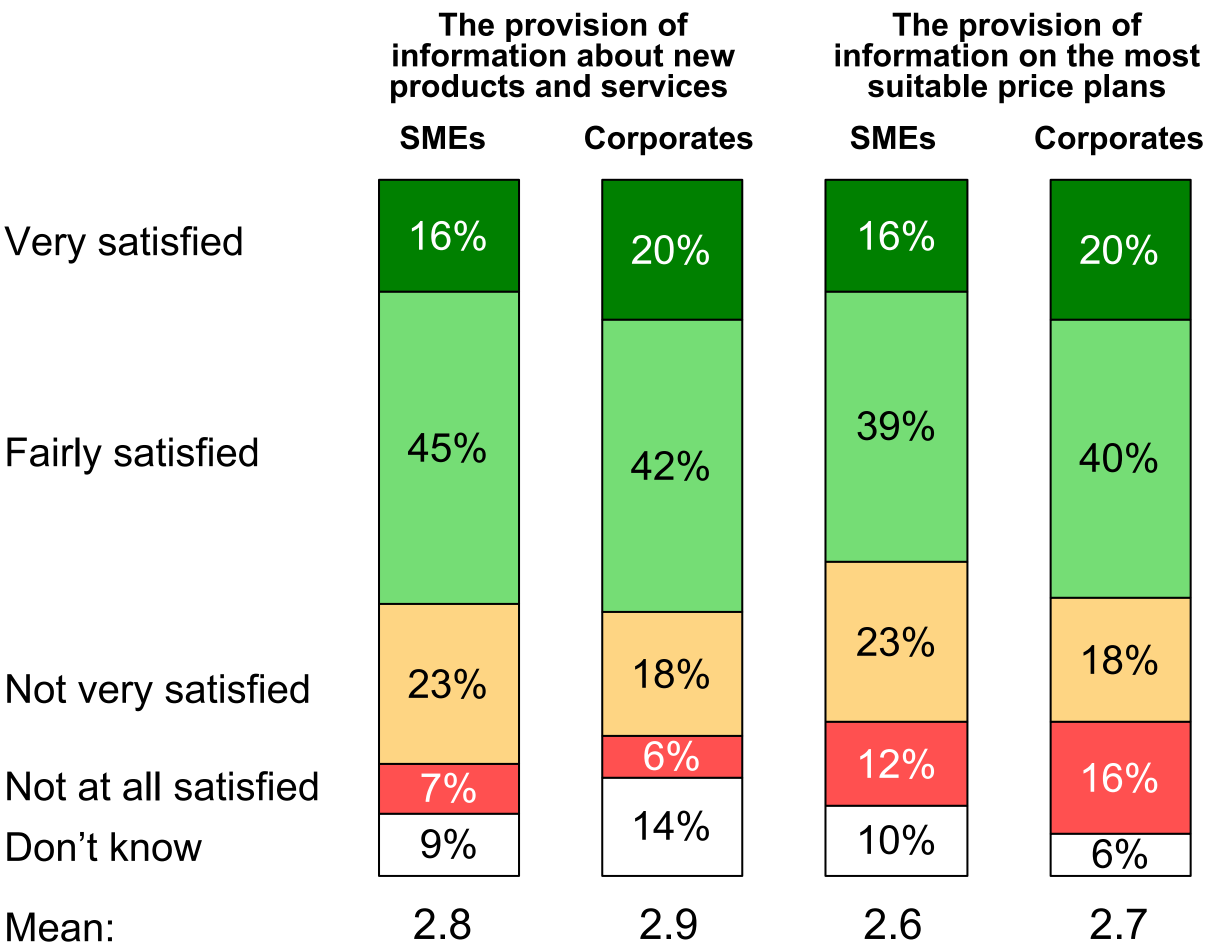
Q.	Overall how satisfied are you with the following aspects of your MAIN fixed line phone service provider.



- Value for money ratings are marginally higher among Corporates than SMEs.
- Interestingly there is no difference in value for money ratings among those who have switched supplier in the last 12 months compared to those who have not switched.

Satisfaction with Product and Price Information

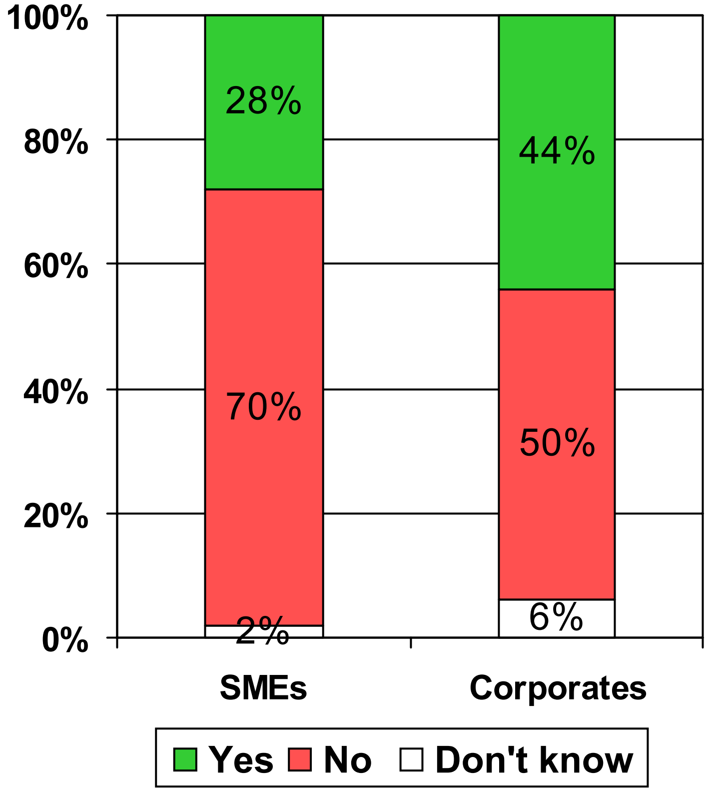
Q. Overall how satisfied are you with the following aspects of your MAIN fixed line phone service provider.



- Overall 61% of SMEs and 62% of Corporates are satisfied with the provision of information about new products and services from their main fixed line phone services provider.
- Those in the manufacturing and construction sectors are least satisfied with the provision of information about new products and services.
- Mean satisfaction scores are lower for the provision of information on the most suitable price plans.

Complaints Made to Fixed Line Service Provider

Q. Over the last 12 months did you make any complaint to your fixed line phone service provider on any aspect of the service you received?

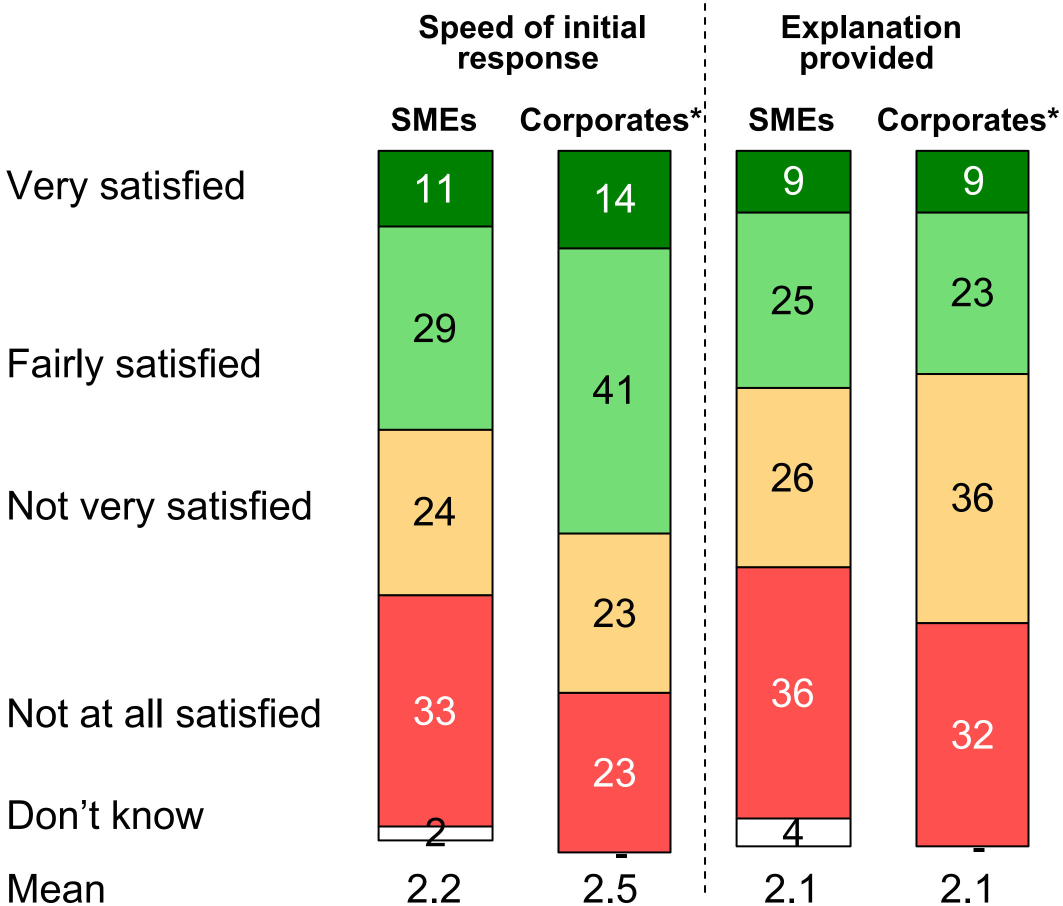


- Almost 3 in 10 SMEs have complained to their fixed line phone service provider in the last 12 months. This rises to over 4 in 10 among Corporates.

- Companies in the services sector were most likely to file complaints with their fixed line service provider, with 40% having made a complaint compared to a national average of 30% across SMEs and Corporates.

Satisfaction with Aspects of Complaint - I

Q. How satisfied were you with the following aspects of your complaint…

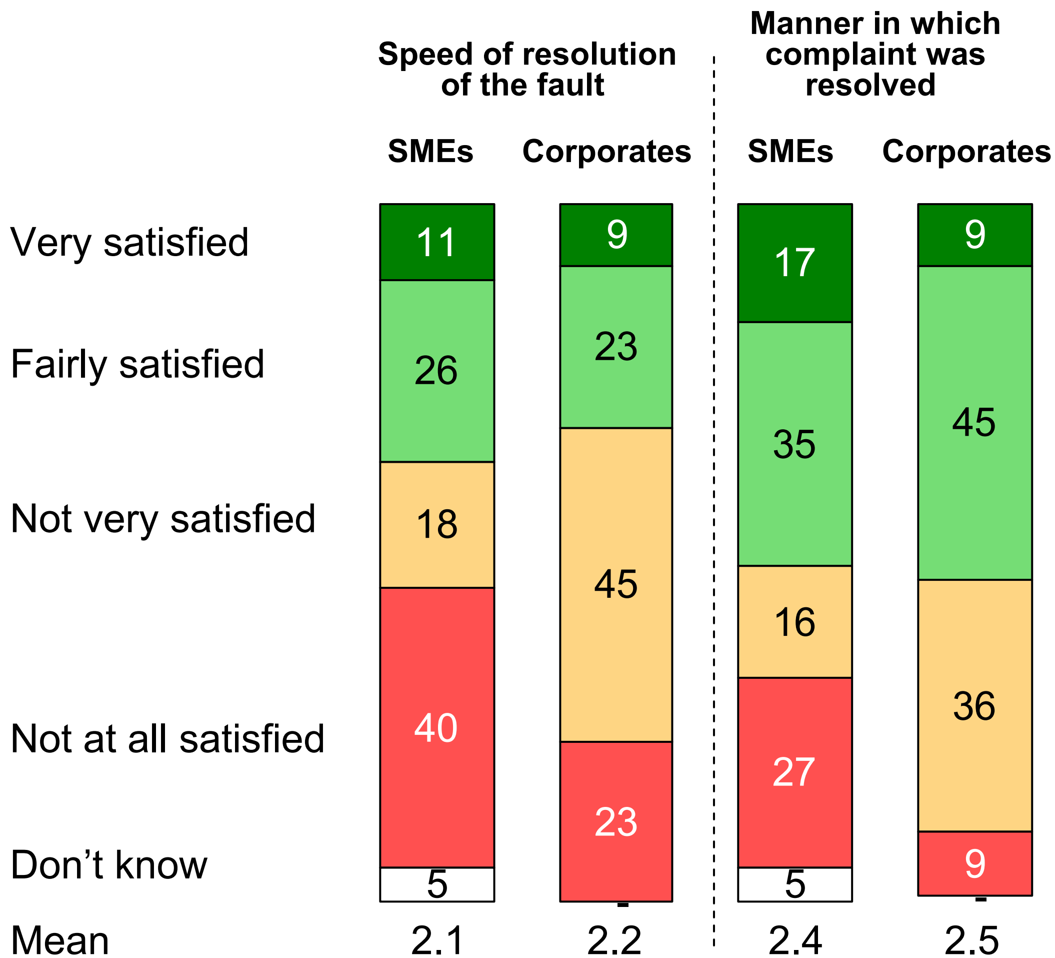


- A majority of the SMEs who made a complaint were not satisfied with the speed of the initial response they received.
- Only a small minority (9%) of both SMEs and Corporates were very satisfied with the explanation provided for their complaint.

Base: All companies who have complained to their fixed line provider over the last 12 months (n=163) **Note: small base of Corporates (n=22)*

Satisfaction with Aspects of Complaint- II

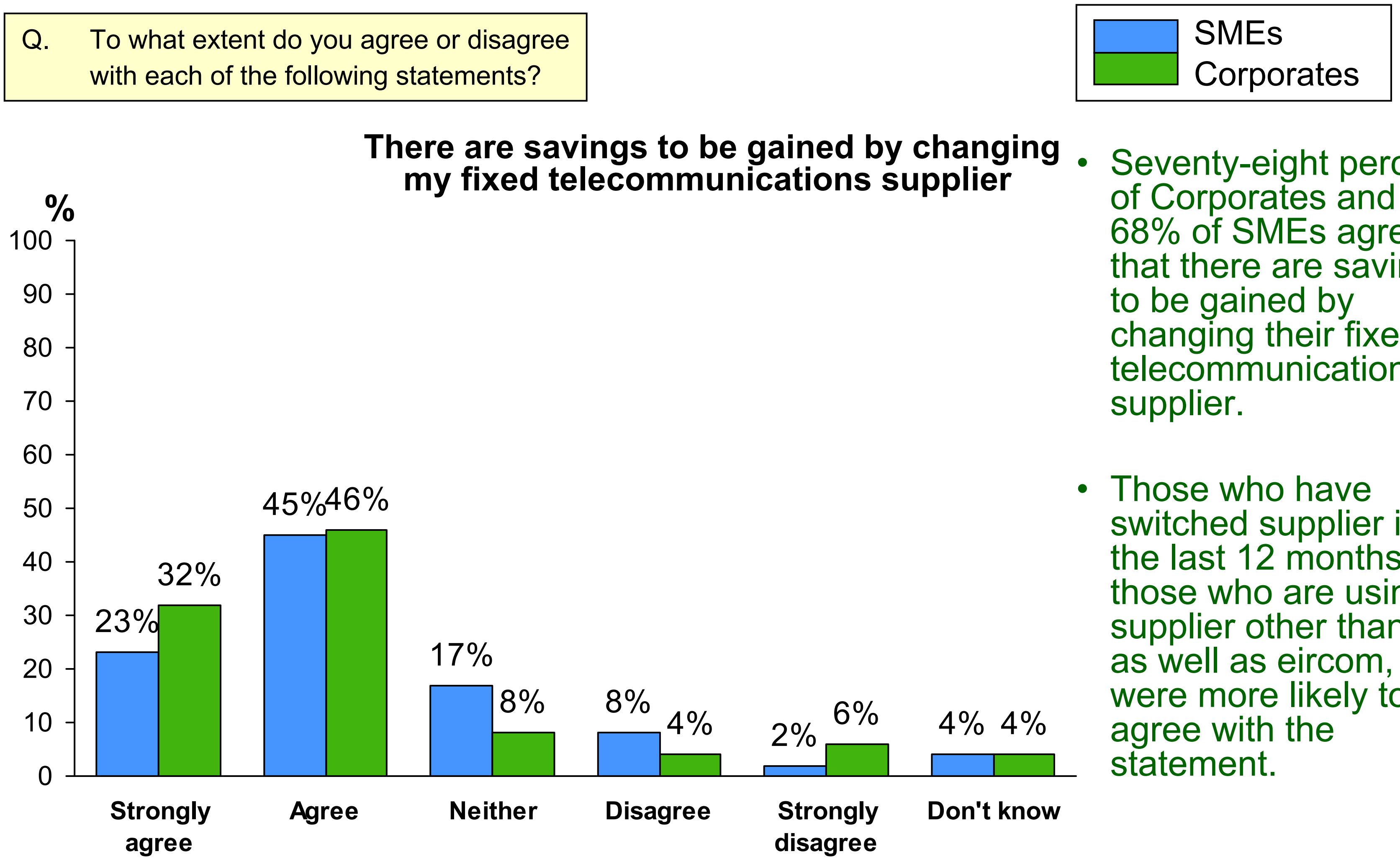
Q. How satisfied were you with the following aspects of your complaint…



- Satisfaction is low with the speed of fault resolution. Only about 1 in 10 claimed to be very satisfied.
- Regarding the manner in which the complaint was resolved, 52% of SMEs and 54% of Corporates were satisfied.
- SMEs were three times more likely than Corporates to be not at all satisfied with the complaint resolution.

Potential Savings from Switching Fixed Line Provider

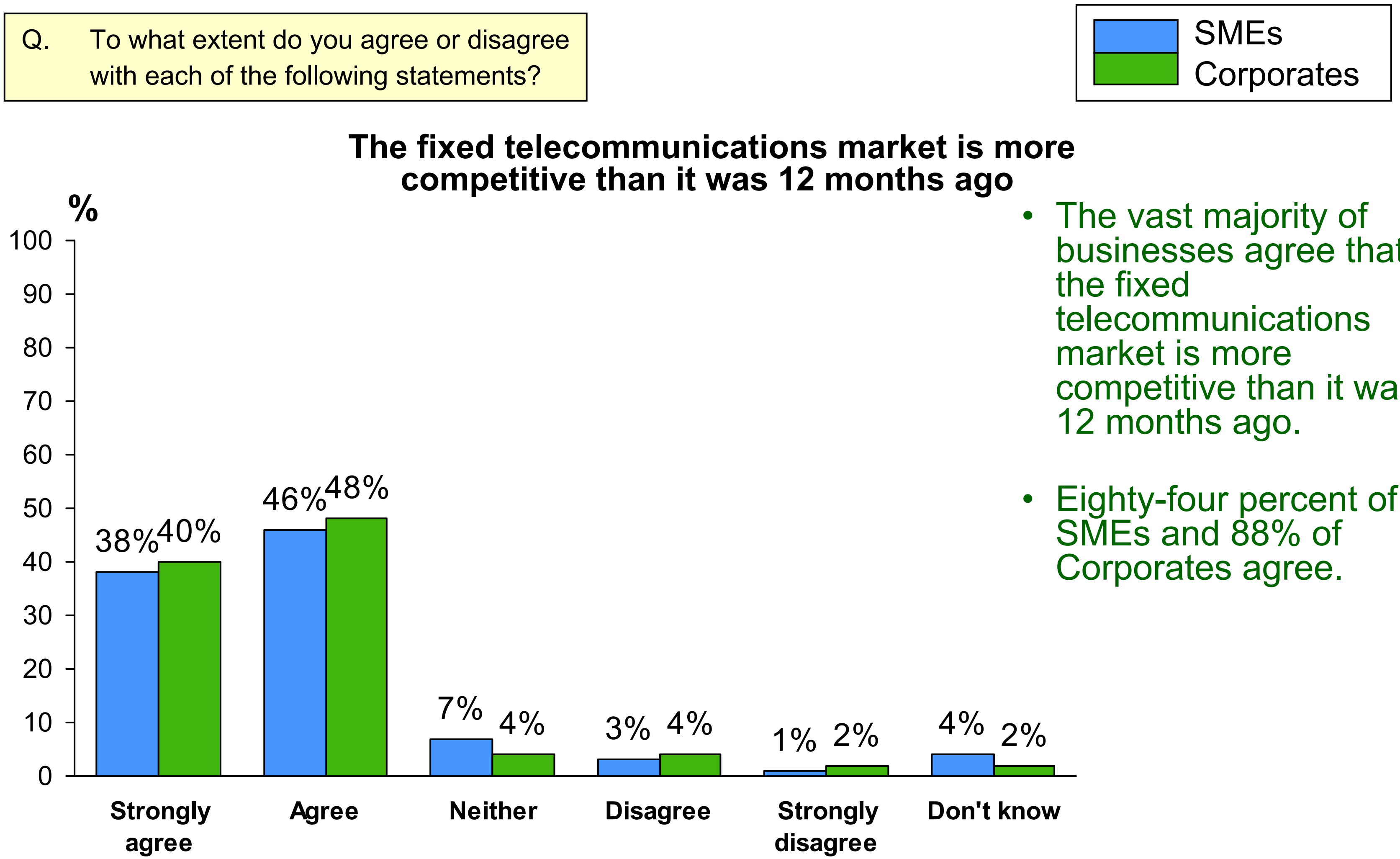
Q. To what extent do you agree or disagree with each of the following statements?



- Seventy-eight percent of Corporates and 68% of SMEs agree that there are savings to be gained by changing their fixed telecommunications supplier.
- Those who have switched supplier in the last 12 months or those who are using a supplier other than, or as well as eircom, were more likely to agree with the statement.

Competitiveness of Fixed Line Market

Q. To what extent do you agree or disagree with each of the following statements?

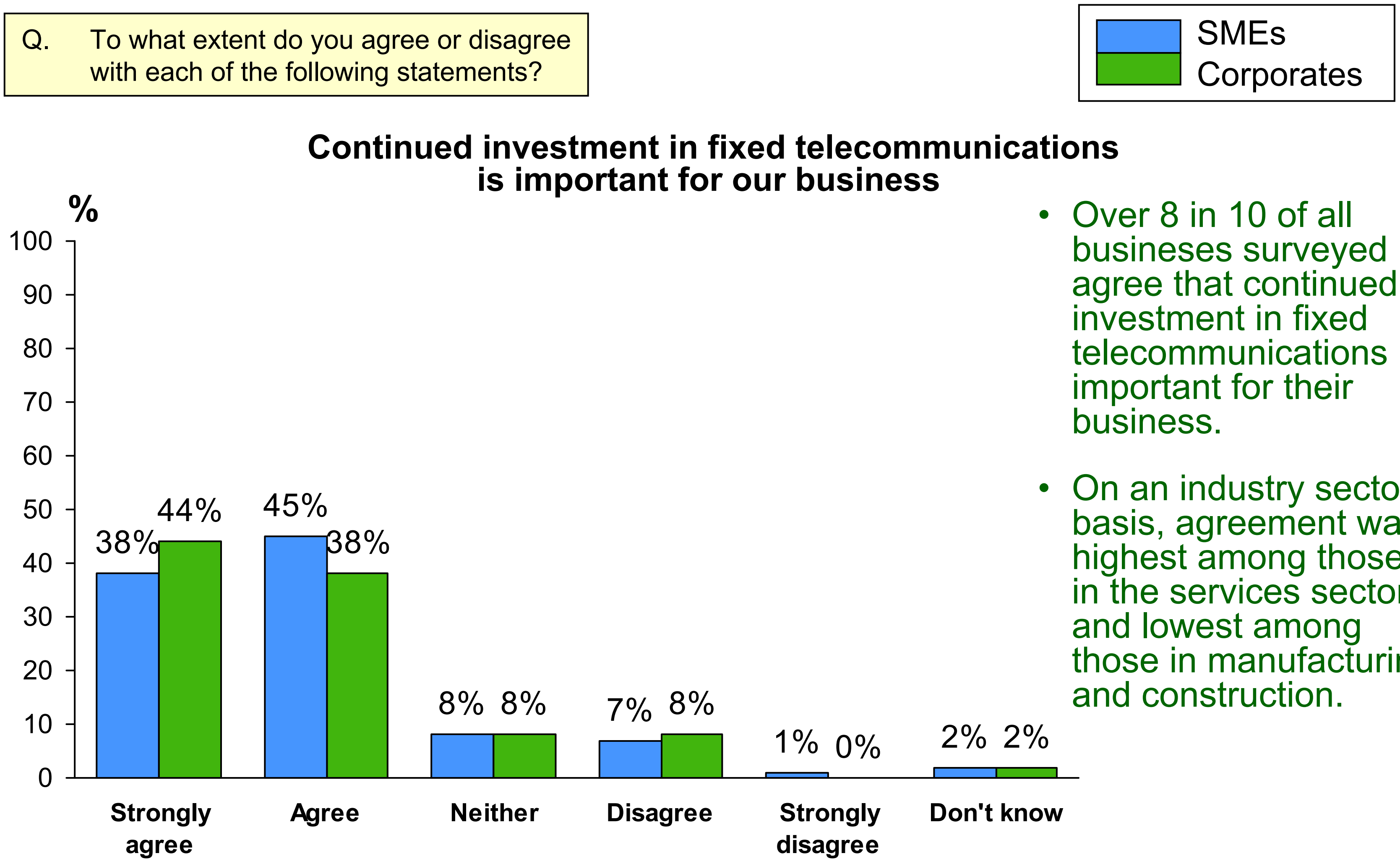


- The vast majority of businesses agree that the fixed telecommunications market is more competitive than it was 12 months ago.
- Eighty-four percent of SMEs and 88% of Corporates agree.

Base: All respondents (n=550)

Importance of Fixed Line Investment

Q. To what extent do you agree or disagree with each of the following statements?



- Over 8 in 10 of all businesses surveyed agree that continued investment in fixed telecommunications is important for their business.
- On an industry sector basis, agreement was highest among those in the services sector and lowest among those in manufacturing and construction.

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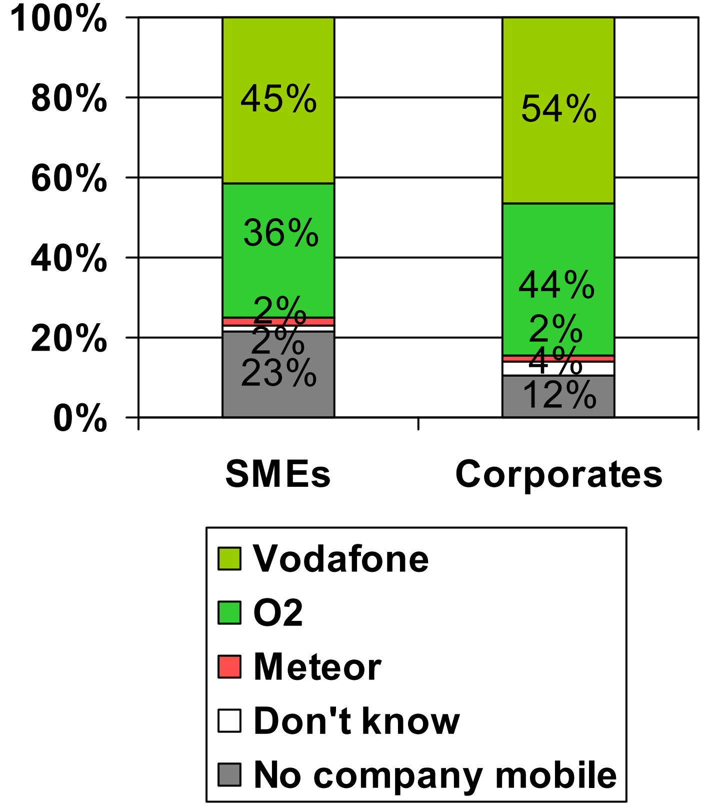
Mobile Market

Mobile Phone Market Share

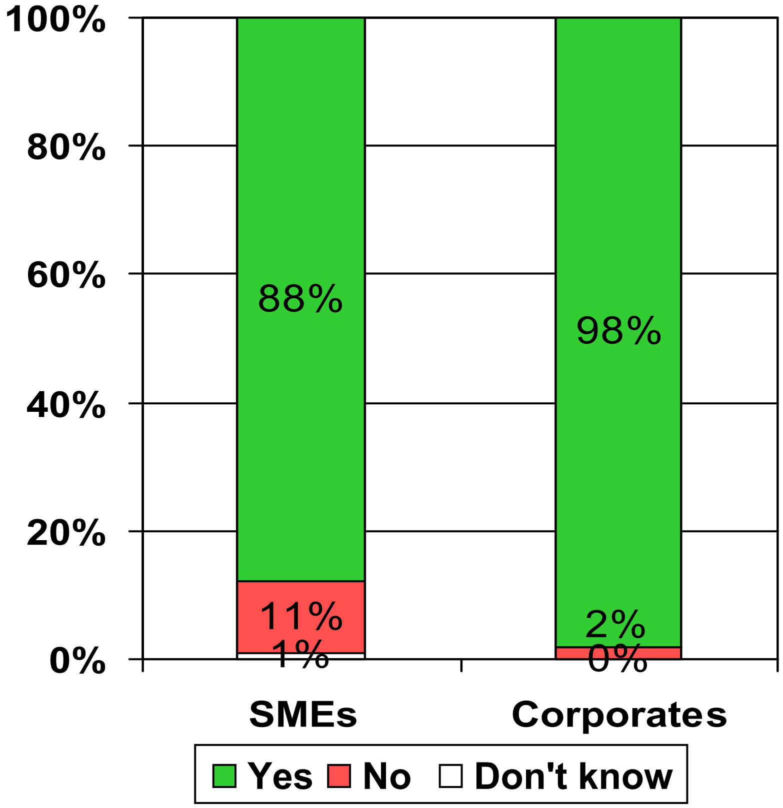
Q. What company supplies your mobile telephone calls?



- Seventy-seven percent of SMEs and 88% of Corporates have company mobile phones.
- Vodafone appears to have a slight edge on market share across both SMEs and Corporates.
- In 2004 Vodafone had 46% of the SME market.
- Meteor has yet to make significant in-roads in the business market.

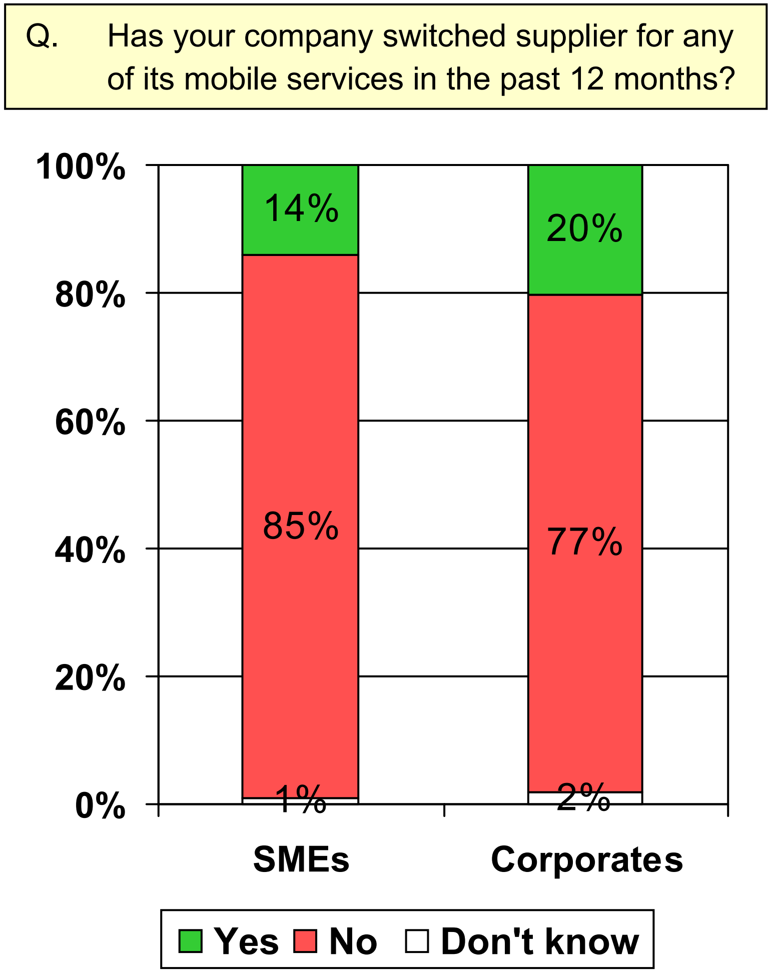
Awareness of Mobile Number Portability

Q. Are you aware that you can now switch your mobile operator from one mobile network to another without having to change your company mobile numbers?



- Awareness of mobile number portability is widespread, particularly among large Corporates.
- Lack of awareness was lowest among companies with 1-9 employees, and companies in the wholesale and retail sectors.

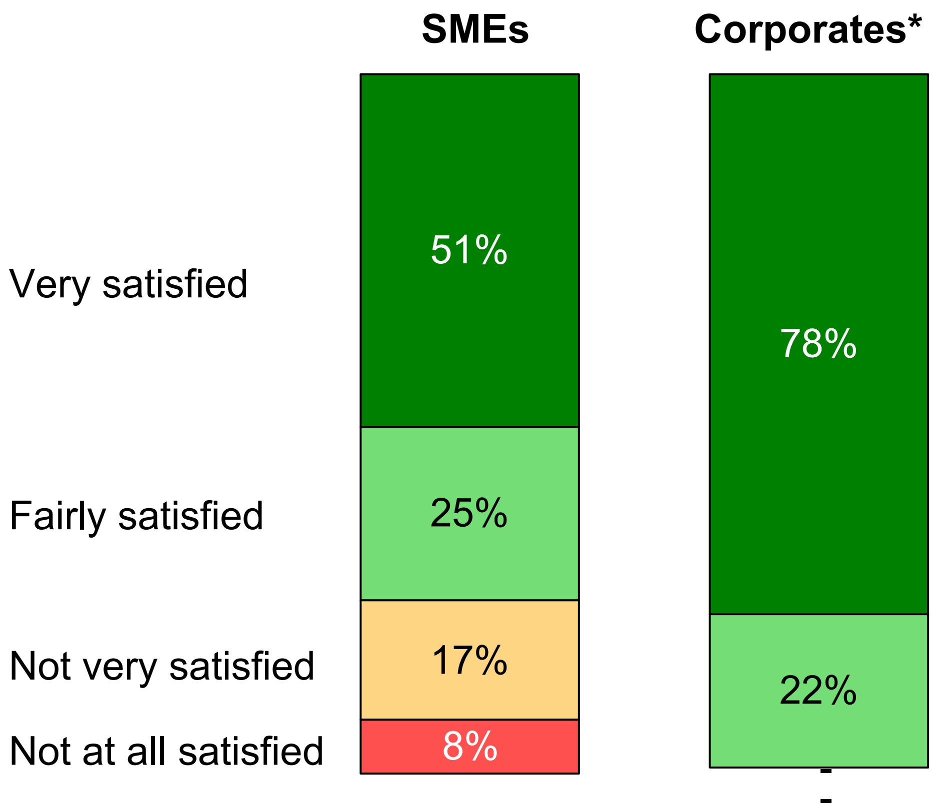
Mobile Provider Switching Activity



- Switching mobile supplier is far less prevalent than switching fixed line supplier.
- Only 14% of SMEs have switched in the last 12 months. The figure among Corporates is higher at 20%.
- In addition, there appears to be a slight slowdown in SME switching activity. In 2004, 20% of SMEs had switched mobile supplier in the previous 12 months.
- Switching was found to be highest among those in the hotel and restaurant sector.

Satisfaction with Switching

Q. How satisfied were you with the process of switching mobile suppliers?

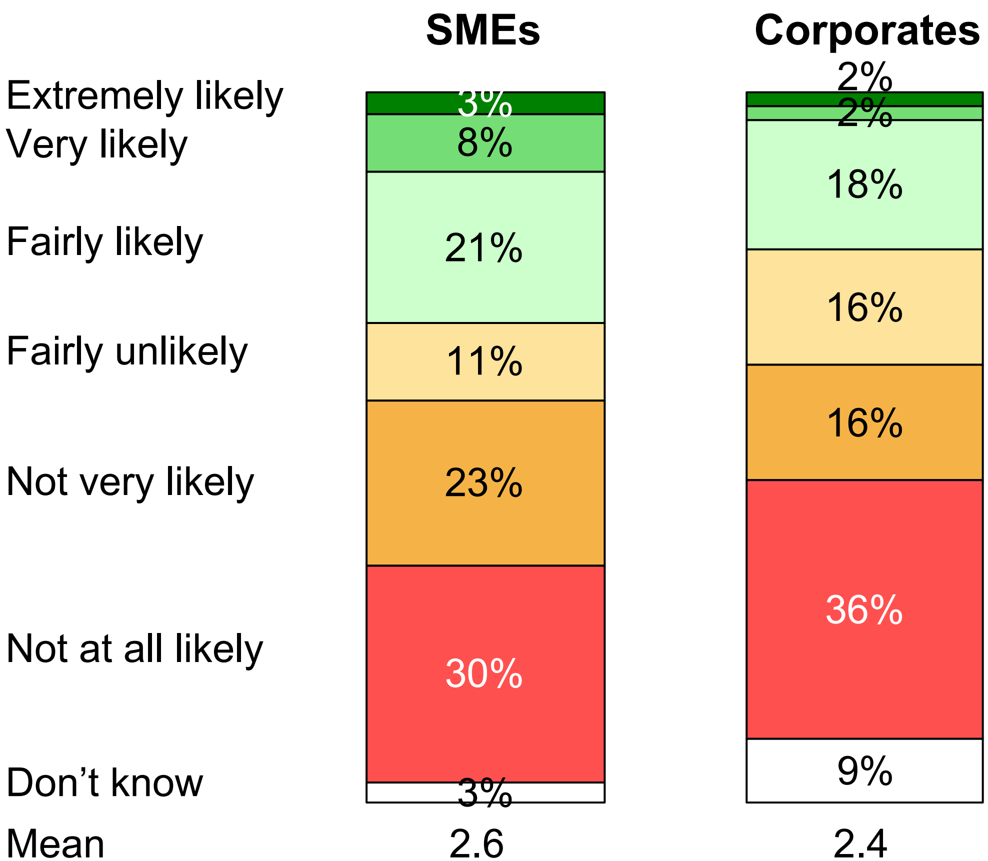


- A majority of respondents were satisfied with the process of switching suppliers.
- Less than 1 in 10 SMEs said they were not at all satisfied with the process.

Base: All companies who have switched mobile supplier in the last 12 months (n=62). Note very small base of Corporates (n=9)*

Likelihood of Switching Mobile Supplier

Q. How likely is your company to switch to another mobile phone service provider in the next 12 months?



- Likelihood of switching mobile supplier over the next 12 months is quite low.
- 64% of SMEs and 68% of Corporates say they are unlikely to switch.
- Likelihood is highest among those who have already switched mobile supplier. It is also higher among those who have switched fixed line provider in the last 12 months.

Base: All businesses with company mobile phones (n=429)

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Reasons for Wanting to Switch

Q. Why are you likely to switch supplier in the next 12 months?

	SMEs %	Corporates* %
Believe there are price savings to be made/ better value for money	81	60
Not satisfied with current service	15	10
Want to try another supplier	8	-
Due to re-tender for mobile services	-	10
Have been approached by a sales representative	-	-
Other	2	30

- Similar to switching fixed line provider, the main motivation for switching mobile provider is potential cost savings.

*Base:All businesses likely to switch mobile supplier in the next 12 months (n=134) *Note: Very small base of Corporates (n=11)*

Reasons for Not Wanting to Switch

Q. Why are you not likely to switch supplier in the next 12 months?

	SMEs %	Corporates %
Satisfied with current level of service	65	53
Satisfied with current prices/value for money	23	23
Too much hassle	14	3
Loyal to my current supplier	8	10
No time/ resources to consider moving supplier	4	3
Have not been approached/Not aware of other suppliers	2	-
Already switched supplier	2	3
Decision made elsewhere by head office	-	3
Because of package	-	10
Other	3	13

- The main barrier to switching mobile supplier among both SMEs and Corporates is satisfaction with the current level of service received.
- Hassle is not perceived to be such an issue as it is with switching fixed line provider.

Base: All businesses not likely to switch mobile supplier in the next 12 months (n=344)

Mobile Devices Provided

Q. Does your company provide any of its employees with any of the following mobile devices?

	SMEs %	Corporates %
Wireless LAN cards	10	45
PDAs or Personal Digital Assistants	7	43
GPRS or 2.5G phones	7	43
3G phones	6	18
Global Positioning System devices	3	18
Other	2	11
None	77	30

- Penetration of mobile devices is signficantly higher among Corporates than it is among SMEs.
- Over 4 in 10 Corporates provide its employees with PDAs, 2.5G phones and wireless LAN cards.
- Eighteen percent of Corporates claim to have provided some of their employees with 3G phones compared to only 6% of SMEs.
- Use of GPS devices was found to be highest among those in the transport and communications sector.

Base: All businesses with company mobile phones (n=429)

Mobile Date Applications Provided

Q. Which, if any, of the following mobile data **applications** does your company provide for its employees?

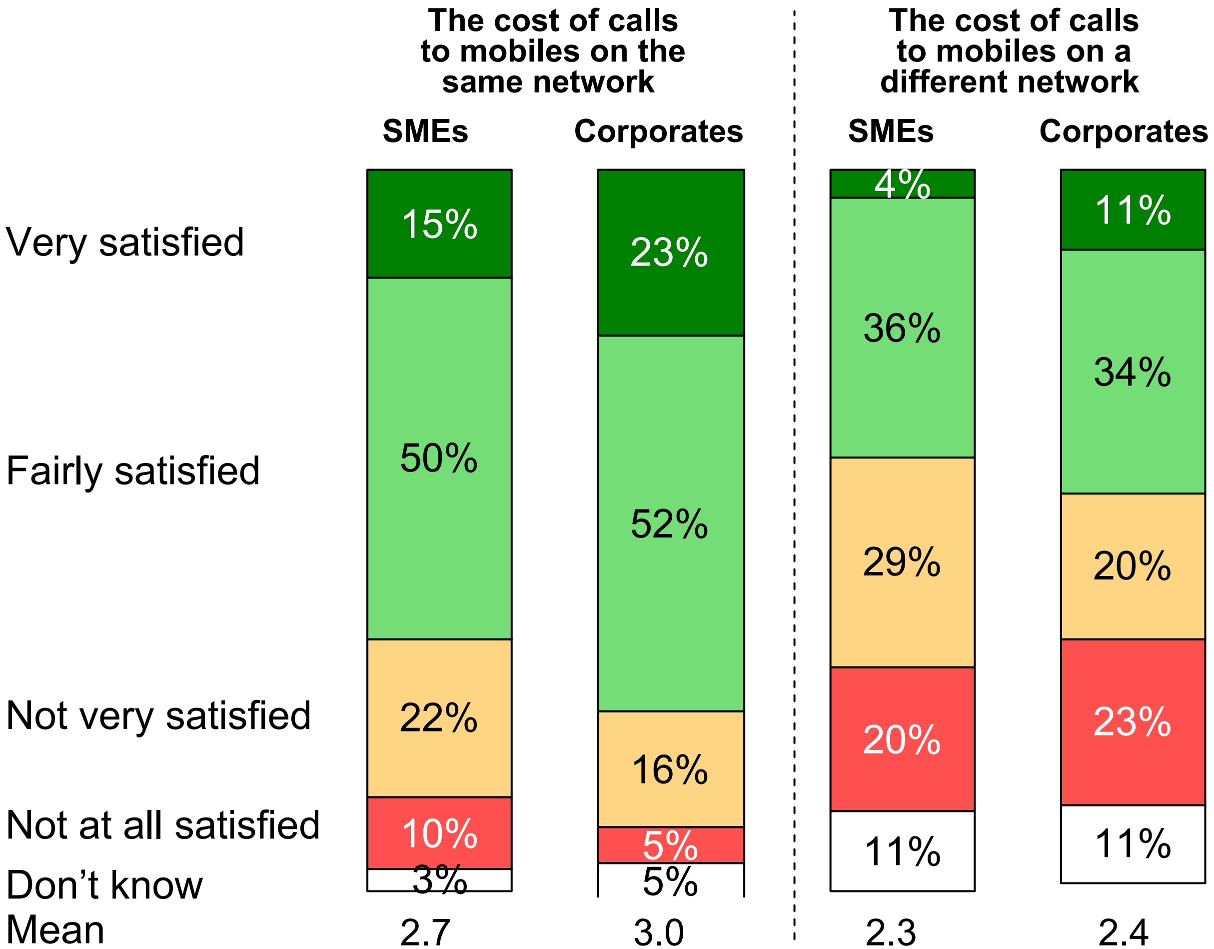
	SMEs %	Corporates %
Wireless Internet browsing	15	50
Wireless email	15	59
Instant messaging	14	34
Multimedia messaging services	12	27
None	72	30

- Use of mobile data applications is significantly higher among Corporates than it is among SMEs.
- On an industry sector basis, those in the services sector are most likely to be using mobile data services.
- In 2004 12% of SMEs were using wireless email, 11% MMS and 15% wireless Internet browsing.

Base: All businesses with company mobile phones (n=429)

Satisfaction with Mobile Call Costs

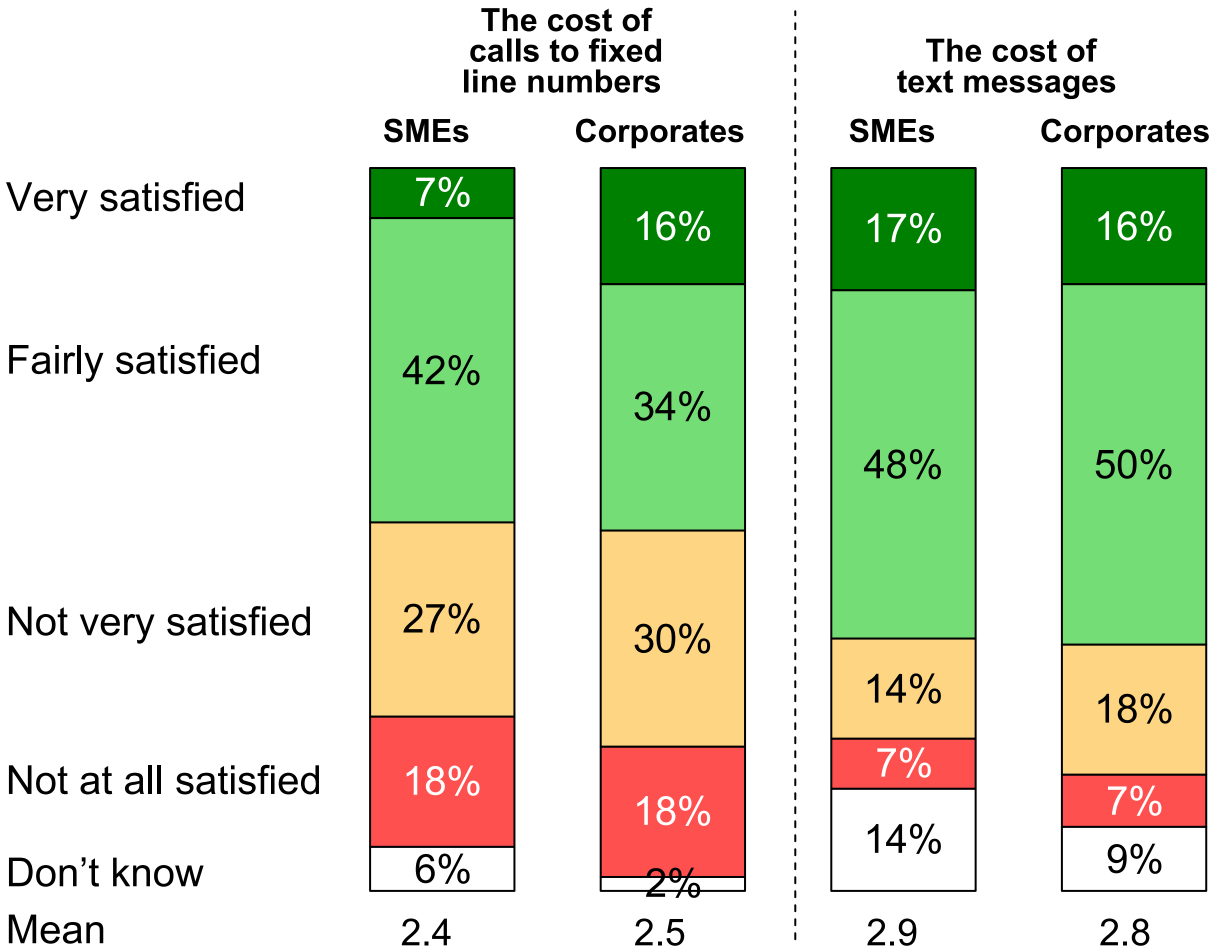
Q. Overall how satisfied are you with the following aspects of your company's mobile phone service?



- Satisfaction with the cost of calls to mobiles on the same network is significantly greater than satisfaction with the cost of calls to mobiles on a different network.
- Companies who have a mobile spend greater than their fixed line spend are more likely to be dissatisfied.

Satisfaction with Cost of Calls and Texts

Q. Overall how satisfied are you with the following aspects of your company's mobile phone service?

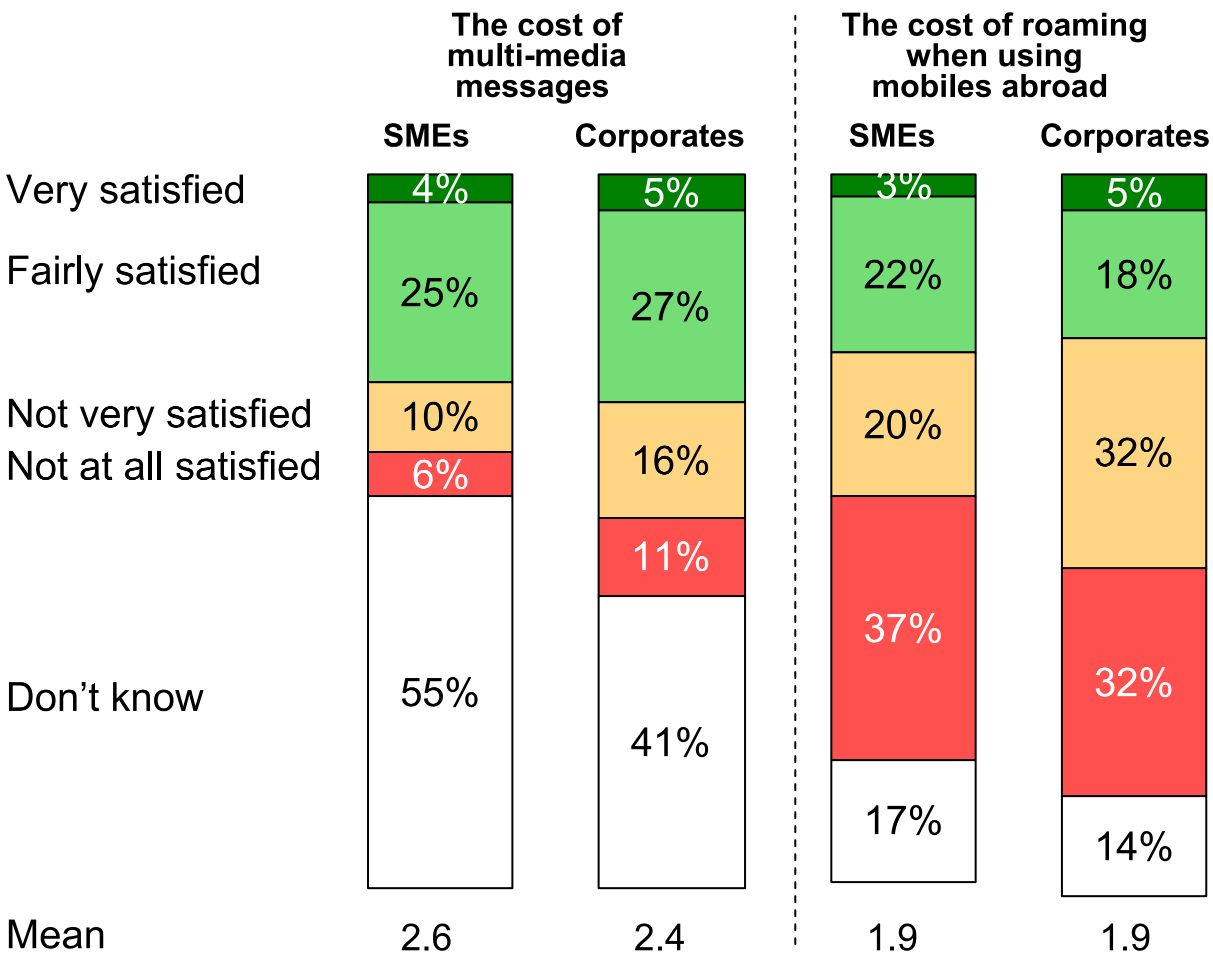


- Satisfaction with the cost of calls to fixed line numbers is low.
- Only 7% of SMEs and 16% of Corporates are very satisfied.
- However, satisfaction with the cost of text messages is significantly higher. Well over six in ten claim to be satisfied.

Base: All businesses with company mobile phones (n=429)

Satisfaction with Cost of MMS and Roaming

Q. Overall how satisfied are you with the following aspects of your company's mobile phone service?

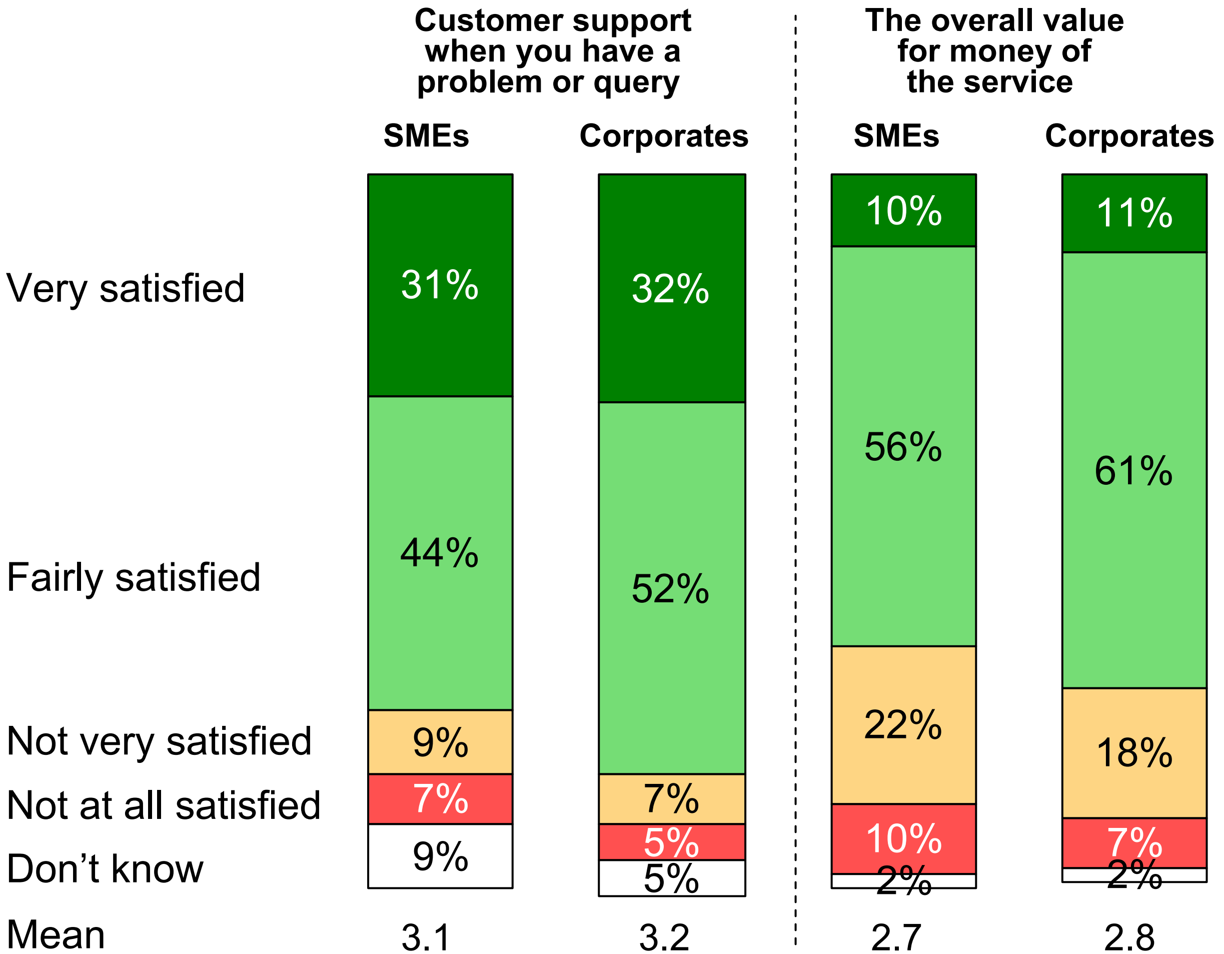


- Awareness of the cost of multi-media messaging appears to be low. Over half of all SMEs surveyed could not respond to the question.
- The cost of mobile roaming is the area which generates the highest levels of dissatisfaction, with well over half of all respondents saying they are dissatisfied.

Base: All businesses with company mobile phones (n=429)

Satisfaction with Customer Support and Value for Money

Q. Overall how satisfied are you with the following aspects of your company's mobile phone service?

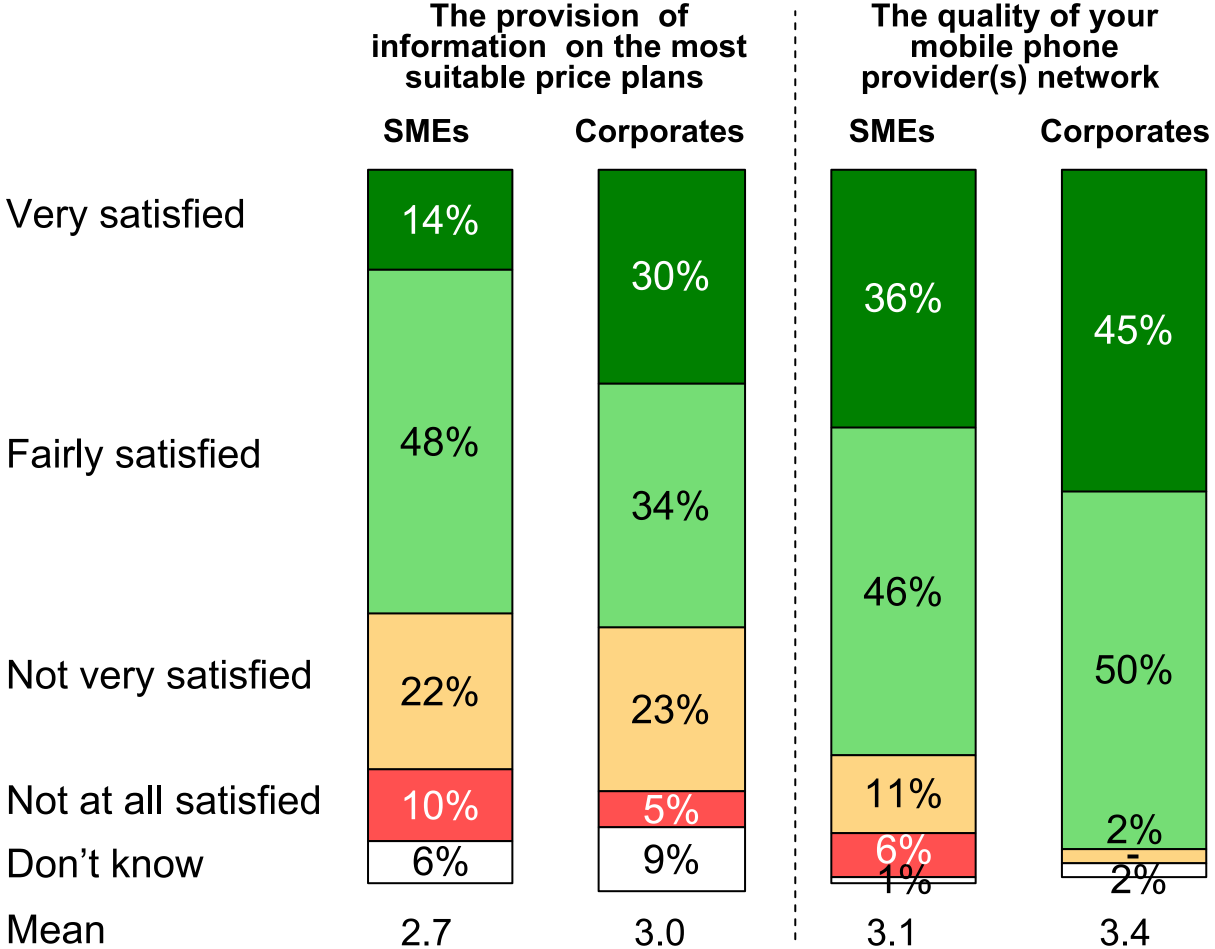


- Ratings for customer support are relatively high among both SMEs and Corporates.
- On an overall level, most businesses also appear satisifed with the value for money of their mobile service, despite low ratings for roaming and calls to fixed lines.

Base: All businesses with company mobile phones (n=429)

Satisfaction with Information Provision and Mobile Network

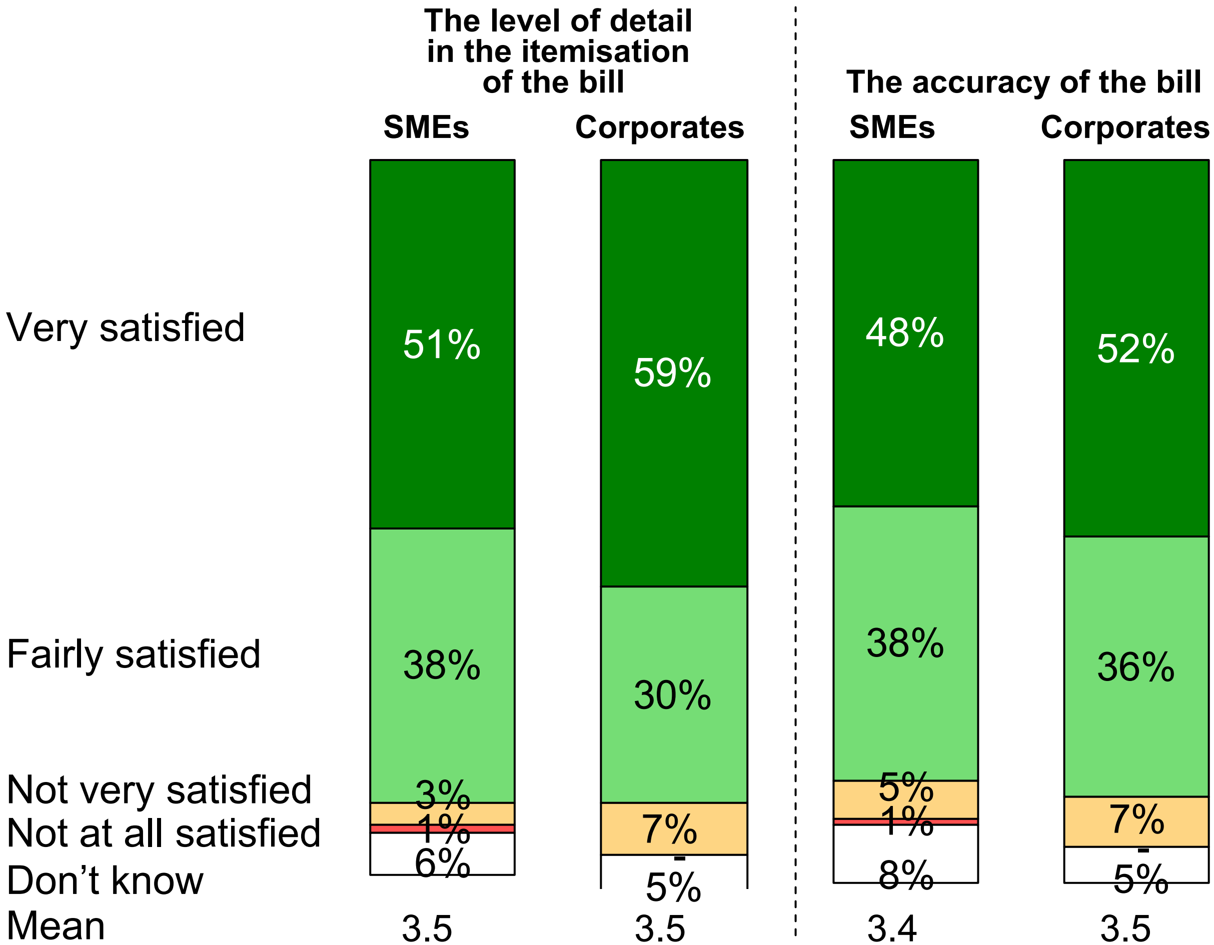
Q. Overall how satisfied are you with the following aspects of your company's mobile phone service?



- Corporates are more than twice as likely to be very satisfied with the provision of information on the most suitable price plans than SMEs. Dissatisfaction was particularly evident among companies with 1-9 employees.
- Satisfaction with the network quality is generally high among both SMEs and Corporates.

Satisfaction with Mobile Phone Bills - I

Q. Thinking about the current bills your company receives from its mobile service provider(s), how satisfied are you with following?

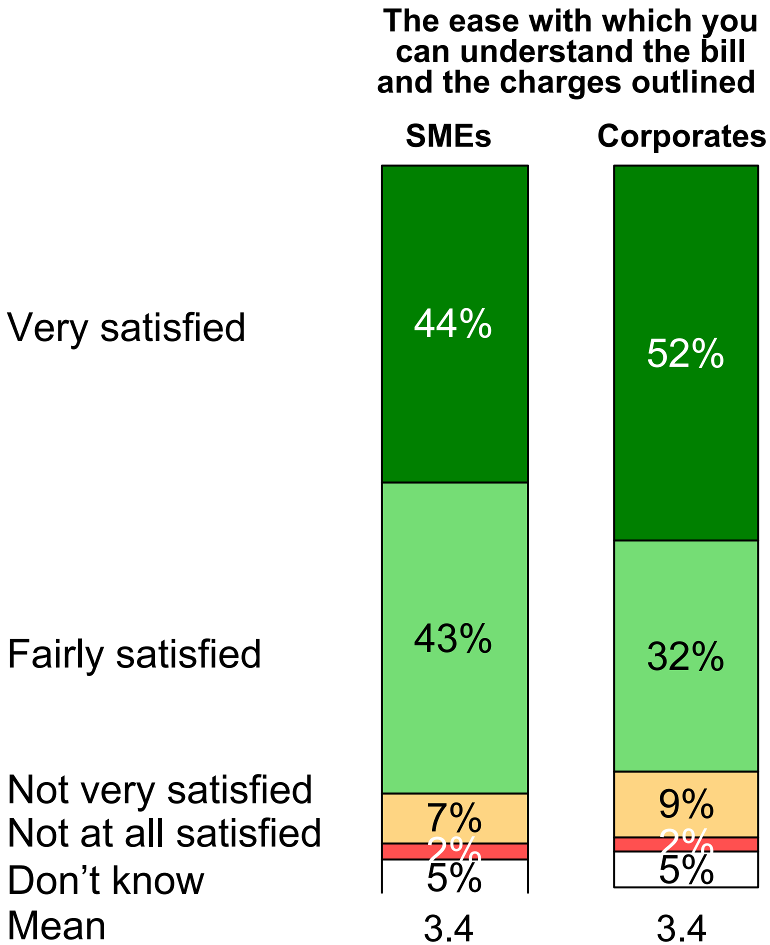


- A majority of both SMEs and Corporates are very satisfied with the level of detail provided in their itemised mobile bills.
- Similarly, satisfaction with mobile bill accuracy is high with very few respondents indicating dissatisfaction.

Base: All businesses with company mobile phones (n=429)

Satisfaction with Mobile Phone Bills - II

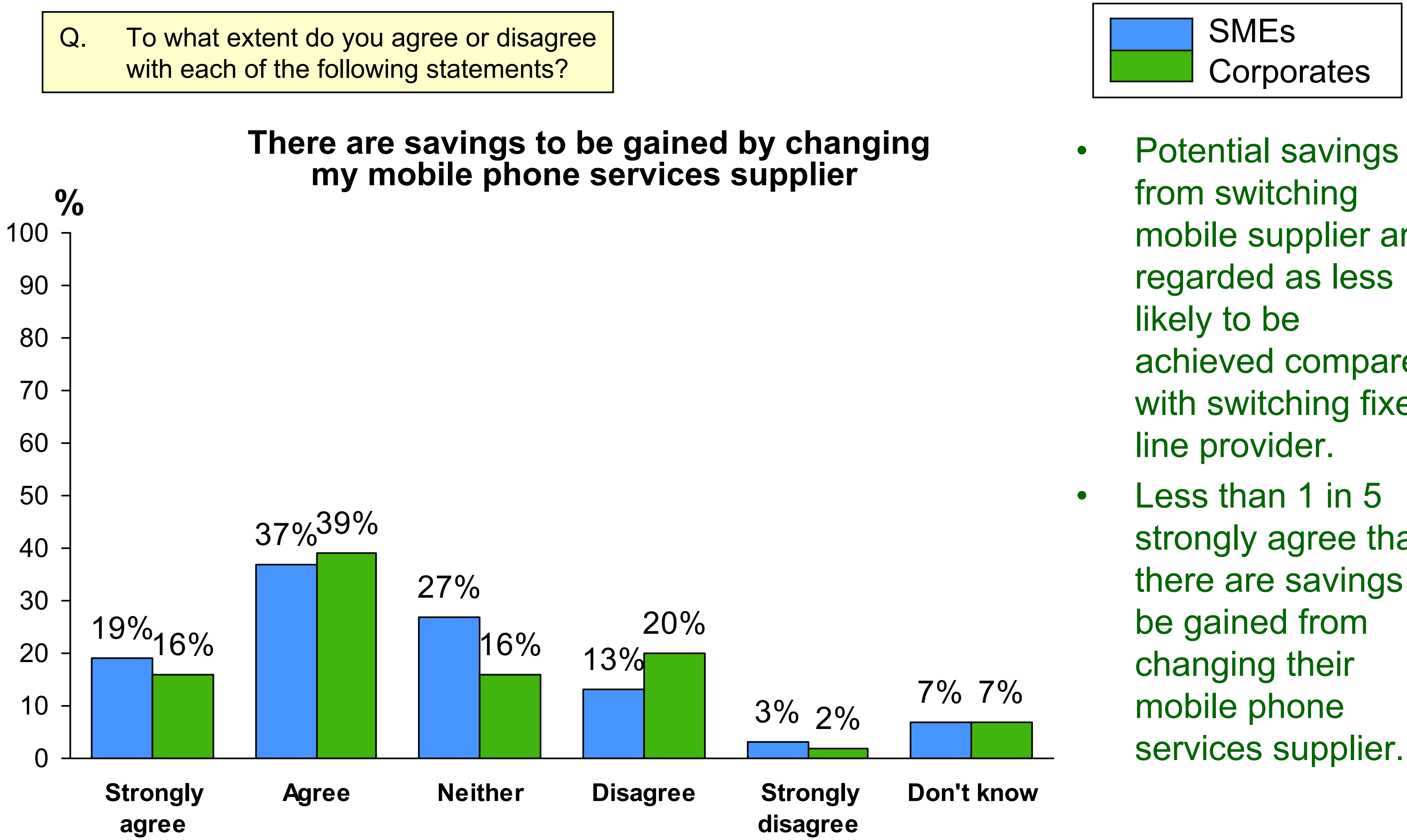
Q. Thinking about the current bills your company receives from its mobile service provider(s), how satisfied are you with following?



- Ease of bill comprehension is high among all respondents.
- Only a small minority of both SMEs and Corporates indicate dissatisfaction.

Potential Savings from Switching Mobile Services Provider

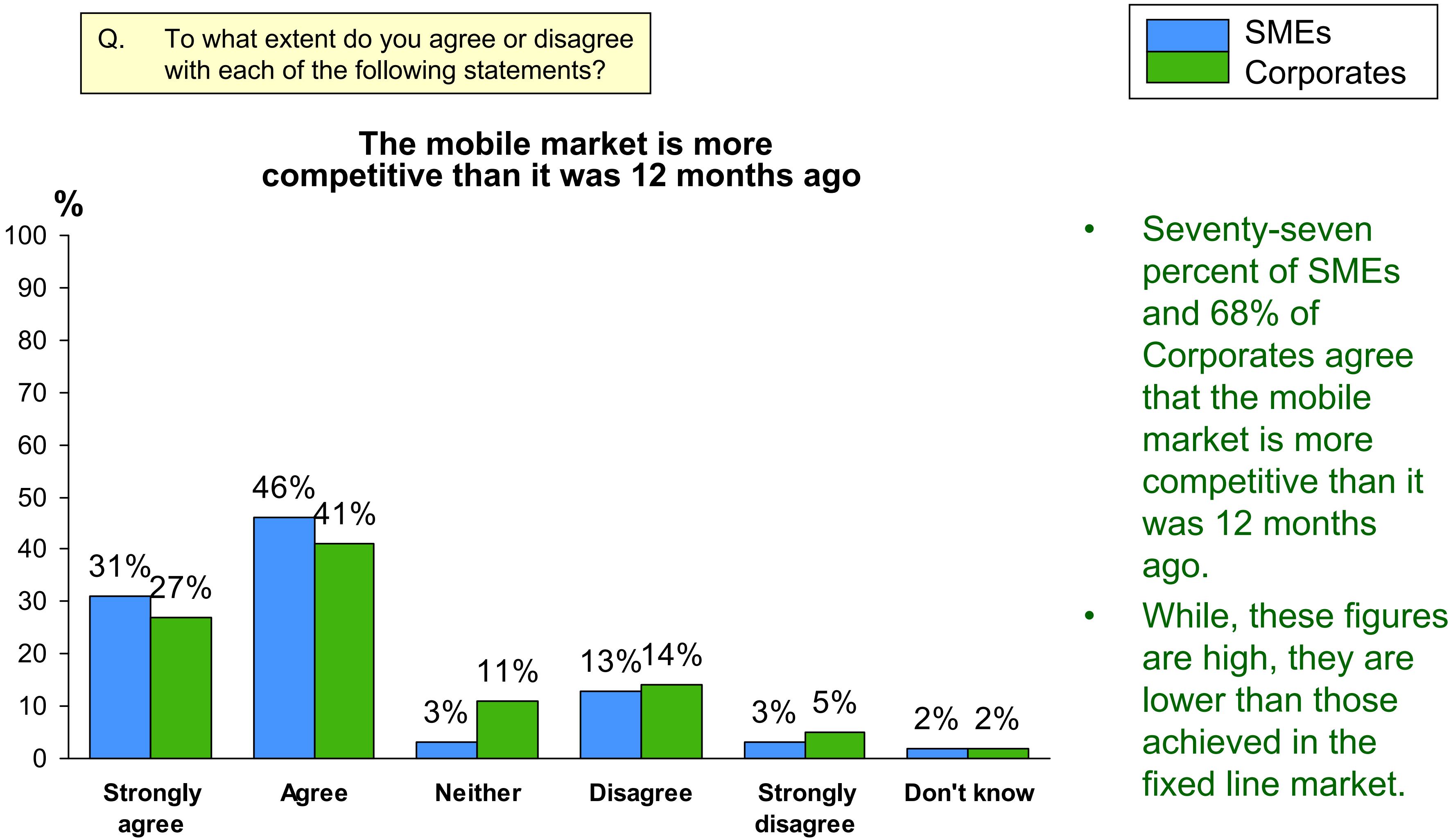
Q. To what extent do you agree or disagree with each of the following statements?



- Potential savings from switching mobile supplier are regarded as less likely to be achieved compared with switching fixed line provider.
- Less than 1 in 5 strongly agree that there are savings to be gained from changing their mobile phone services supplier.

Competitiveness of Mobile Phone Market

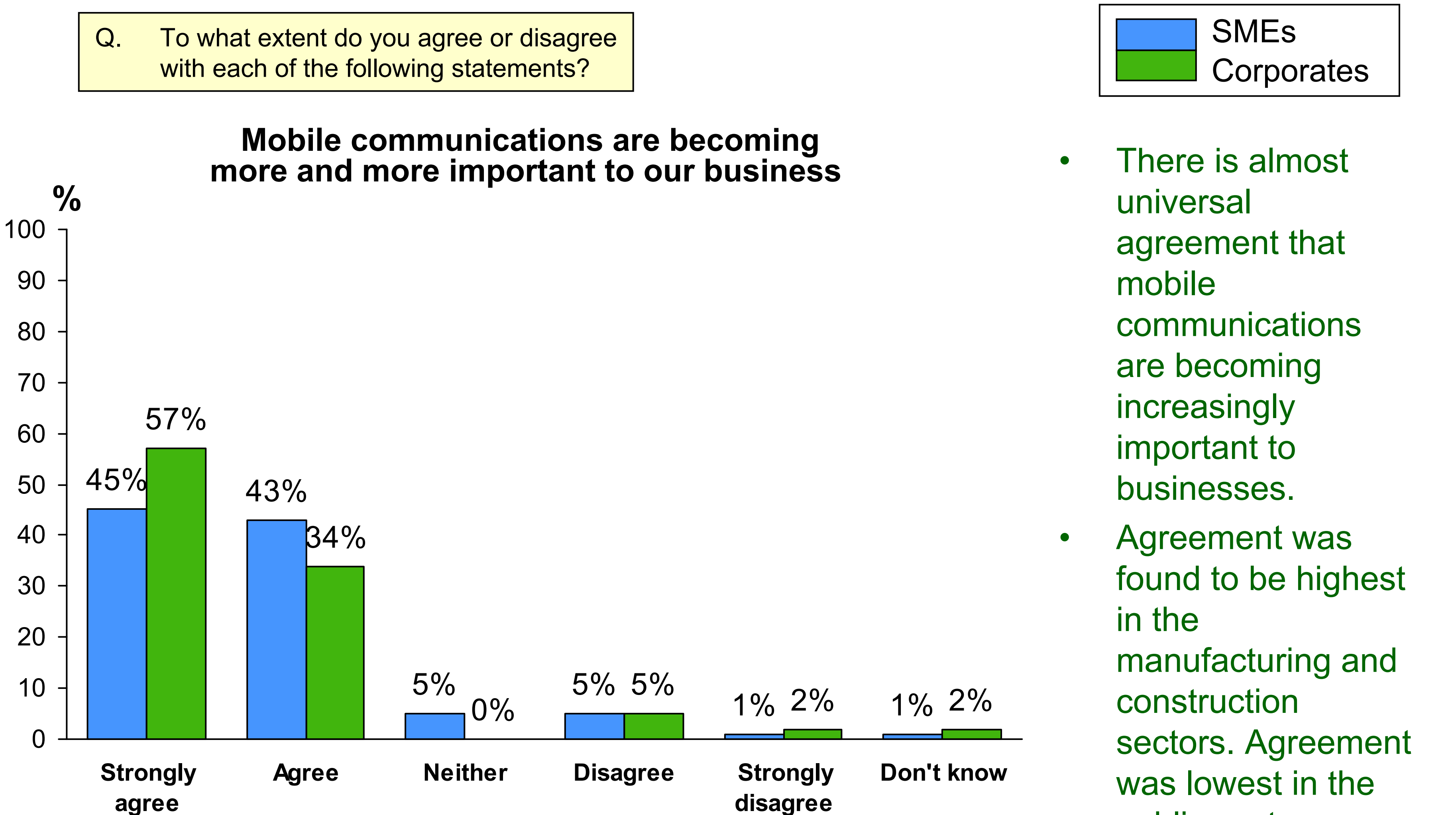
Q. To what extent do you agree or disagree with each of the following statements?



- Seventy-seven percent of SMEs and 68% of Corporates agree that the mobile market is more competitive than it was 12 months ago.
- While, these figures are high, they are lower than those achieved in the fixed line market.

Importance of Mobile Communications

Q. To what extent do you agree or disagree with each of the following statements?

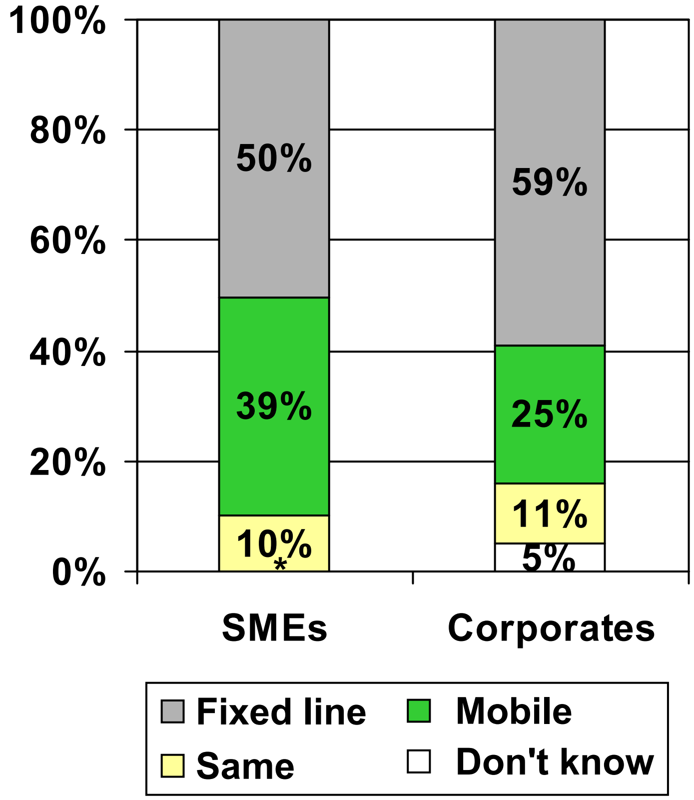


- There is almost universal agreement that mobile communications are becoming increasingly important to businesses.
- Agreement was found to be highest in the manufacturing and construction sectors. Agreement was lowest in the public sector.

Base: All businesses with company mobile phones (n=429)

Mobile Versus Fixed Line Spend

Q. Overall, does your company spend more on fixed line phone services or mobile phone services?



- Fifty percent of SMEs and 59% of Corporates spend more on fixed line phone services than mobile services.
- Greater relative mobile spend was most evident in companies employing less than 10 people, and those operating in the manufacturing and construction sectors.
- Fixed line spend dominates in the hotel and restaurant sector and in public services.

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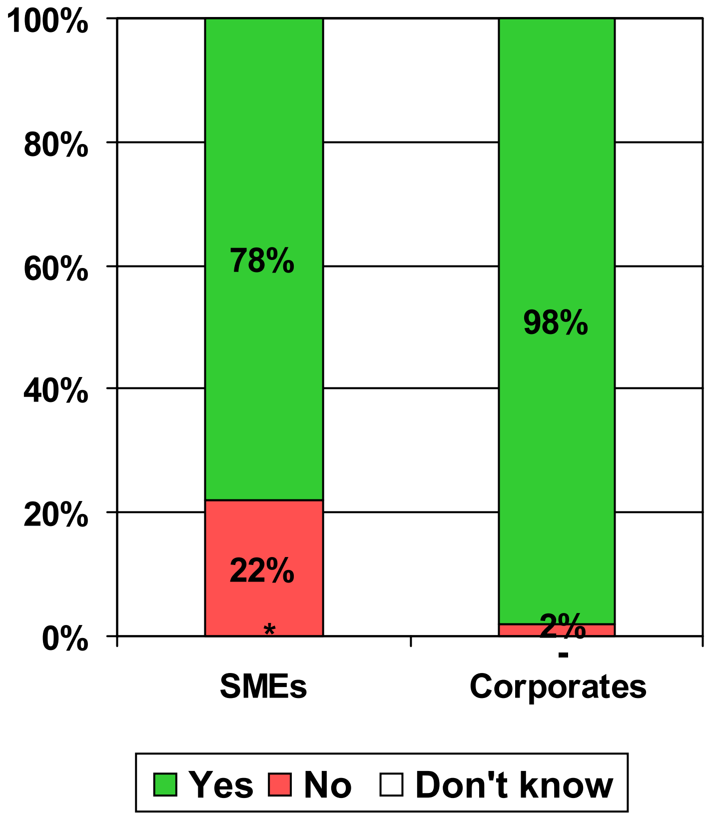
Internet & Broadband Communications

Internet Access

Q. Is your company connected to the Internet?



- In 2004 87% of SMEs were connected to the Internet. While it might appear that there has been a decline in SME Internet penetration levels, the fall is likely to be due to the change in the sample structure.
- Companies with less than 10 employees make up a greater percentage of the sample than they did previously.
- Smaller companies are least likely to have Internet access.
- On an industry basis, Internet penetration was lowest among those in the wholesale and retail sectors.

Internet Supplier Used

Q. What internet supplier does your company use for connecting to the internet?

	SMEs %	Corporates %
eircom	66	61
BT Ireland (Esat BT)	6	16
Irish Broadband	4	2
IOL	2	-
Leap Broadband	1	-
DigiWeb	1	-
NTL	1	-
MCI (Worldcom)	1	2
Net Source	1	2
Smart Telecom	1	-
UTV Internet	1	-
Unison	1	-
Indigo	1	-
Oceanfree.net	1	-
Gallileo	1	-
Cable & Wireless	-	2
Other	6	10
Don’t know	6	4

- eircom is the clear market leader in the provision of Internet access among both SMEs and Corporates.
- Other than *eircom*, only BT Ireland appears to have sizeable market share.

Base: All businesses with Internet access (n=437)

Type of Internet Connection Used

Q. What type of internet connection does your company use?

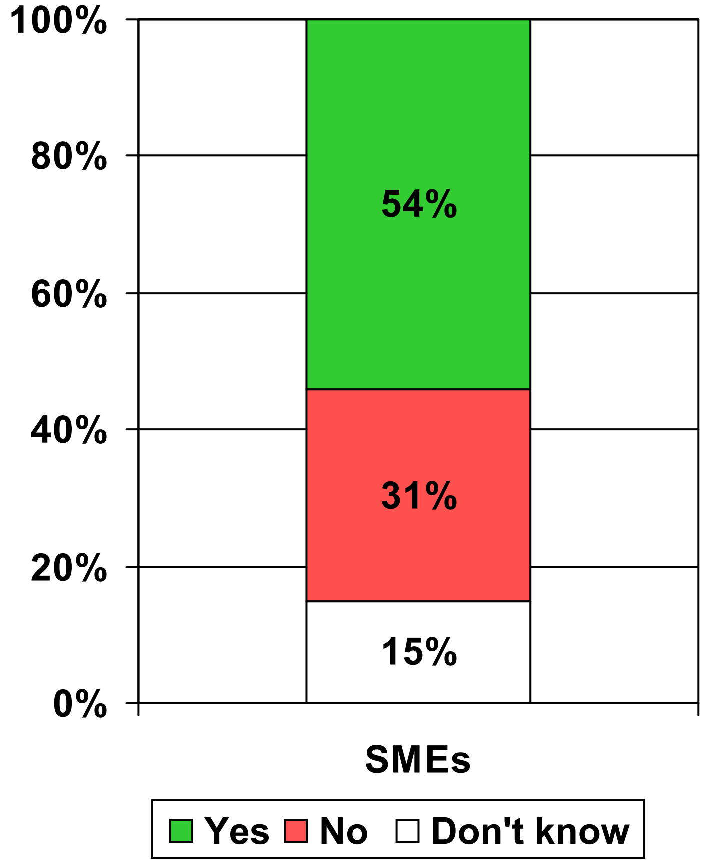
	SMEs %	Corporates %
Broadband/DSL connection	49	51
Regular phone line	27	2
ISDN line	15	8
Wireless broadband	4	2
Dedicated leased line	3	22
Satellite	1	-
Other	1	2
Don’t know	4	14

- Broadband usage has increased very significantly since 2004.
- In 2004 28% of SMEs were using a broadband/DSL connection.
- Much of the increase in SME broadband take-up appears to have come from companies up-grading from ISDN rather than PSTN.
- Since 2004, ISDN penetration has declined by 20% while PSTN usage has declined by 7%.

Base: All businesses with Internet access (n=437)

Broadband Access

Q. Is broadband available in your area?

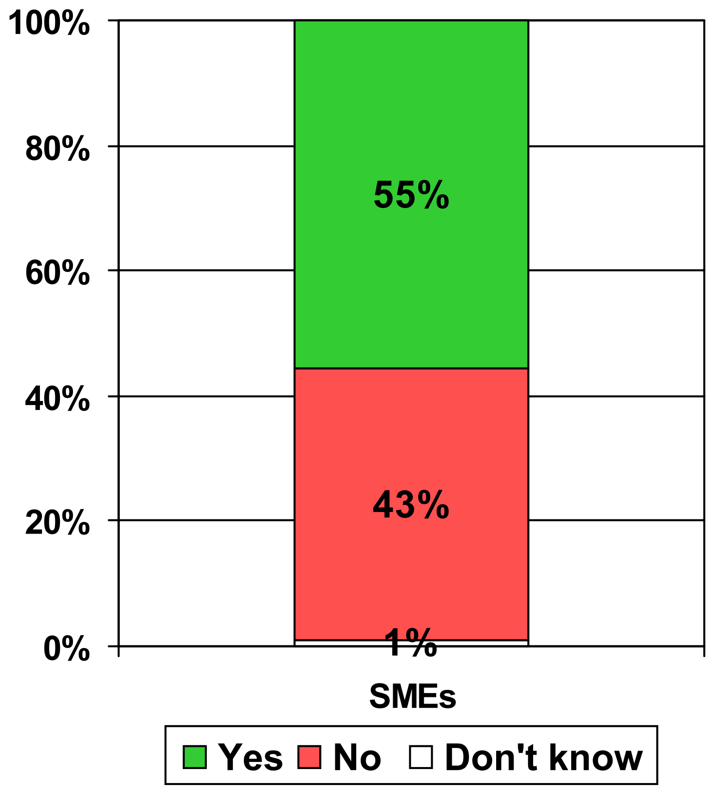


- SMEs not using the Internet at all or those relying on dial-up or ISDN were asked if broadband was available in their area.
- Just over 3 in 10 said it was not available.
- Access was highest in Dublin and lowest in Connaught/Ulster.
- Companies with less than 10 employees were more likely not to be aware whether it was available or not.
- The number of Corporate respondents was too low to chart (5 respondents).

Base: All businesses using dial-up and ISDN and those not using the Internet at all (n=265)

Business Impact of Lack of Broadband Access

Q. Is the lack of availability of broadband a disadvantage to your business?

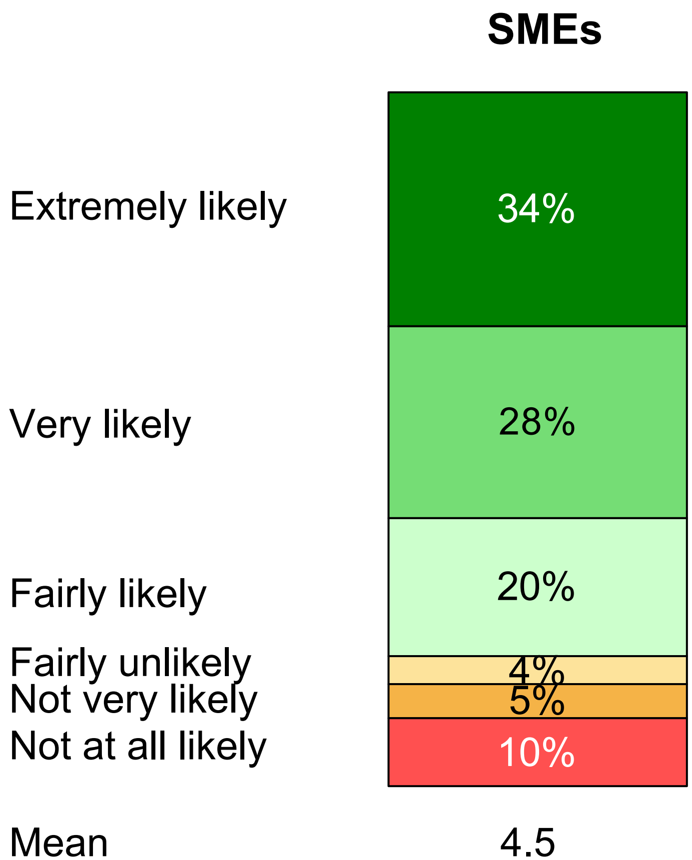


- The importance of broadband to businesses has increased significantly since 2004.
- Over half of SMEs who do not have access to broadband believe that it is a disadvantage to their business.
- In 2004 only 18% claimed the lack of broadband was a disadvantage
- Corporate responses have not been charted as the sample base size is too small (3 respondents).

Base: All businesses using dial-up and ISDN and those who do not use the Internet at all, who do not have access to broadband (n=83)

Likelihood of Getting Broadband Were it Available

Q. If broadband was available in your area, how likely would your company be to get a broadband connection?

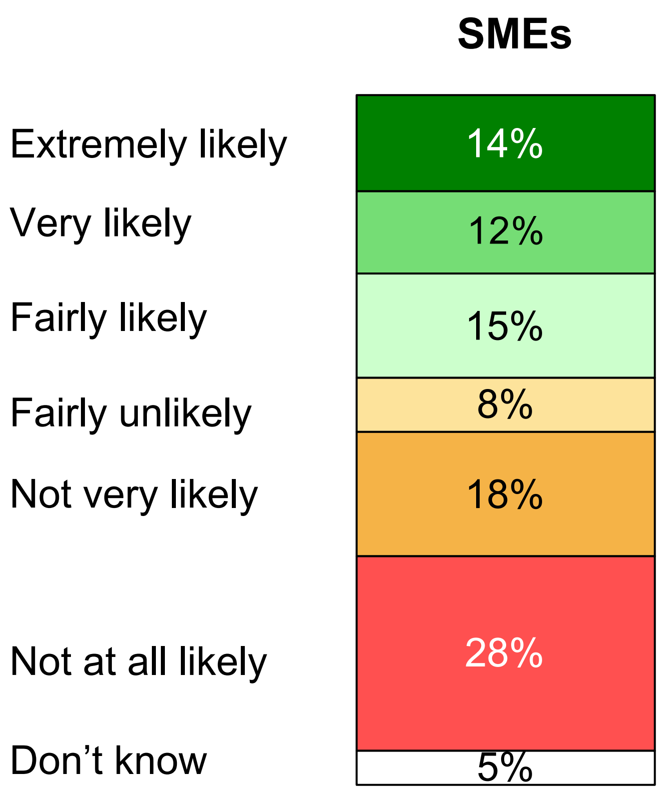


- Among those who currently do not have access to broadband in their area, 62% say they would be extremely or very likely to get it were it available to them.
- Corporate responses have not been charted as the sample base size is 3.

Base: All businesses using dial-up and ISDN and those who do not use the Internet at all, who do not have access to broadband (n=83)

Likelihood of Connecting to Broadband

Q. How likely is your company to get a broadband connection in the next 12 months?

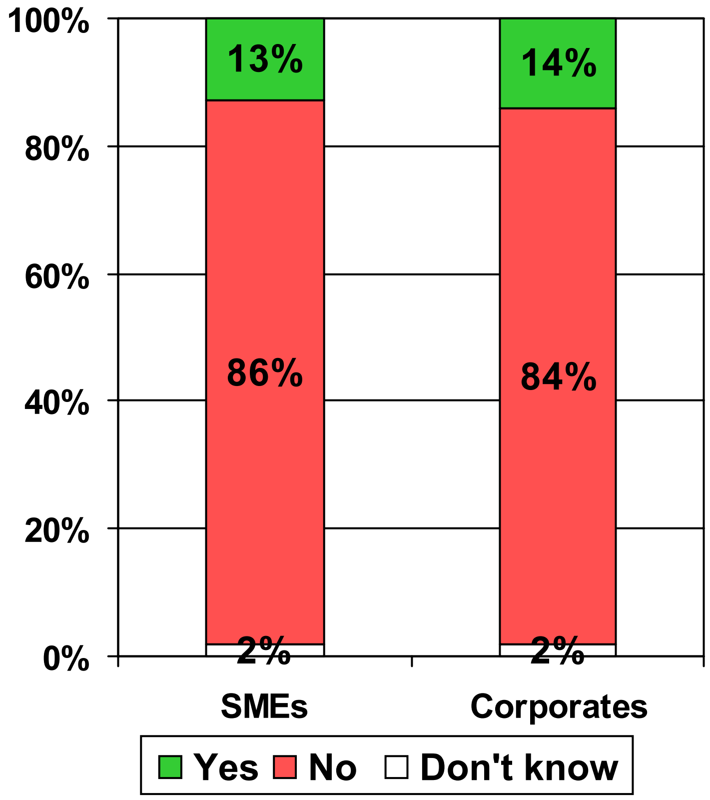


Mean: 3.0

- Forty percent of SMEs who have access to broadband but are not currently using it say they are likely to get it in the next 12 months.
- Likelihood is directly related to company size.
- Sixty-two percent of companies with 50-99 employees say they are likely to get broadband. This falls to 44% among companies with 10-49 employees and 37% among companies with less than 10 employees.

Internet Supplier Switched?

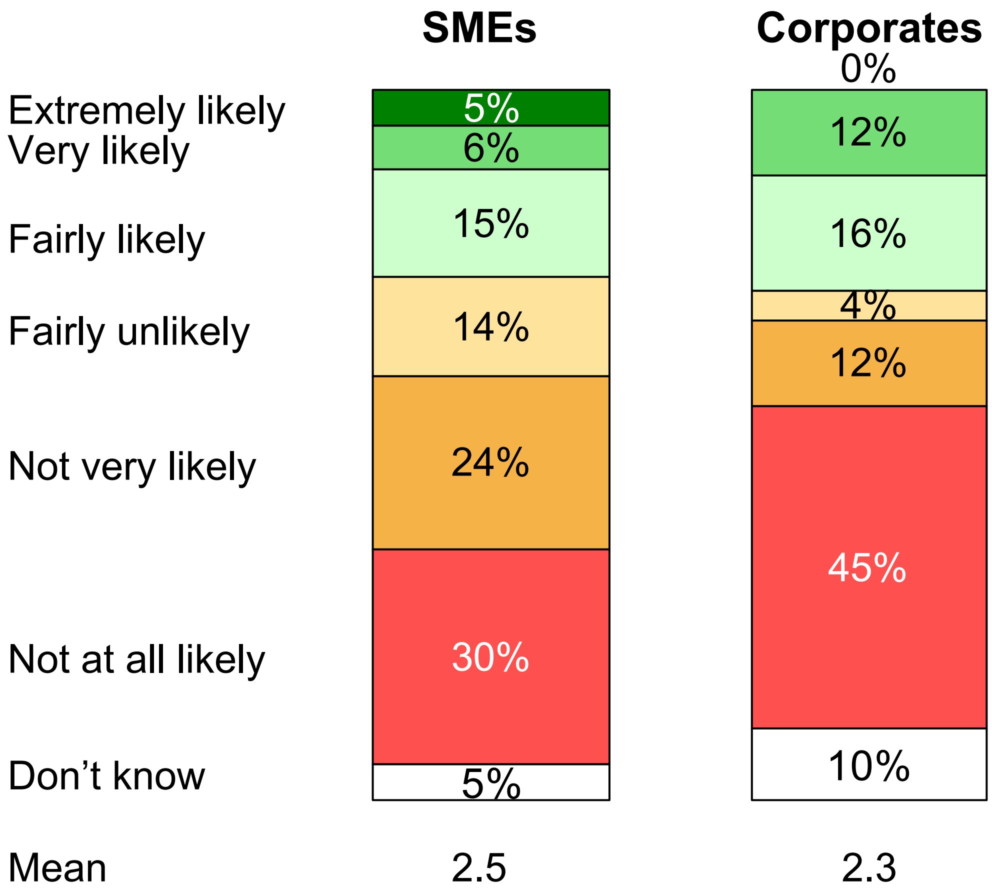
Q. Have you switched suppliers for any of your Internet services in the last 12 months?



- Only a small minority have switched Internet supplier in the last 12 months.
- Switching was most evident among those who have broadband access. It was also more evident among those who have switched their fixed line provider in the last 12 months.
- On an industry basis, switching was highest among those in the services sector.

Likelihood of Switching Internet Supplier

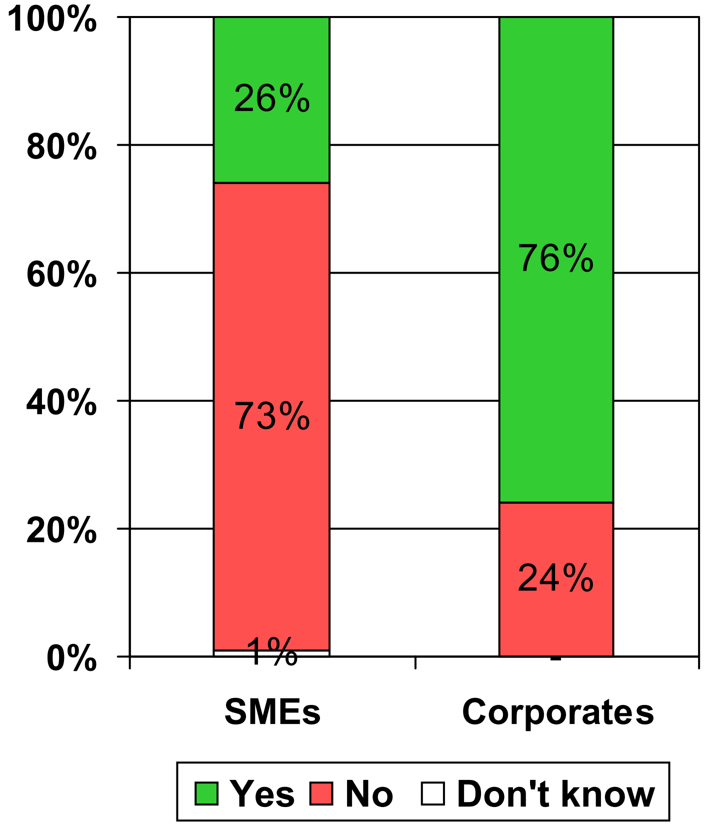
Q. How likely is your company to switch to another supplier for any of its Internet services in the next 12 months?



- Likelihood of switching Internet supplier is quite low.
- Sixty-eight percent of SMEs and 61% of Corporates describe themselves as unlikely to switch Internet supplier.
- Likelihood was lowest among those who have already switched in the last 12 months.

Employees Connected to Network Remotely

Q. Does your company have any employees who connect to the company network from locations outside of the office?



- About 1 in 4 SMEs and 3 in 4 Corporates have employees who connect to the company network from locations outside of the office.
- In 2004 39% of SME’s had employees using remote access. Once again, the decline is likely to be mainly a result of the changed sample structure.
- Remote access was most evident in the transport and communications sectors. It was also a lot higher among companies with broadband access.

Base: All businesses with Internet access (n=437)

Means of Remote Connection

Q. How do they connect to the company network when they are outside the office?

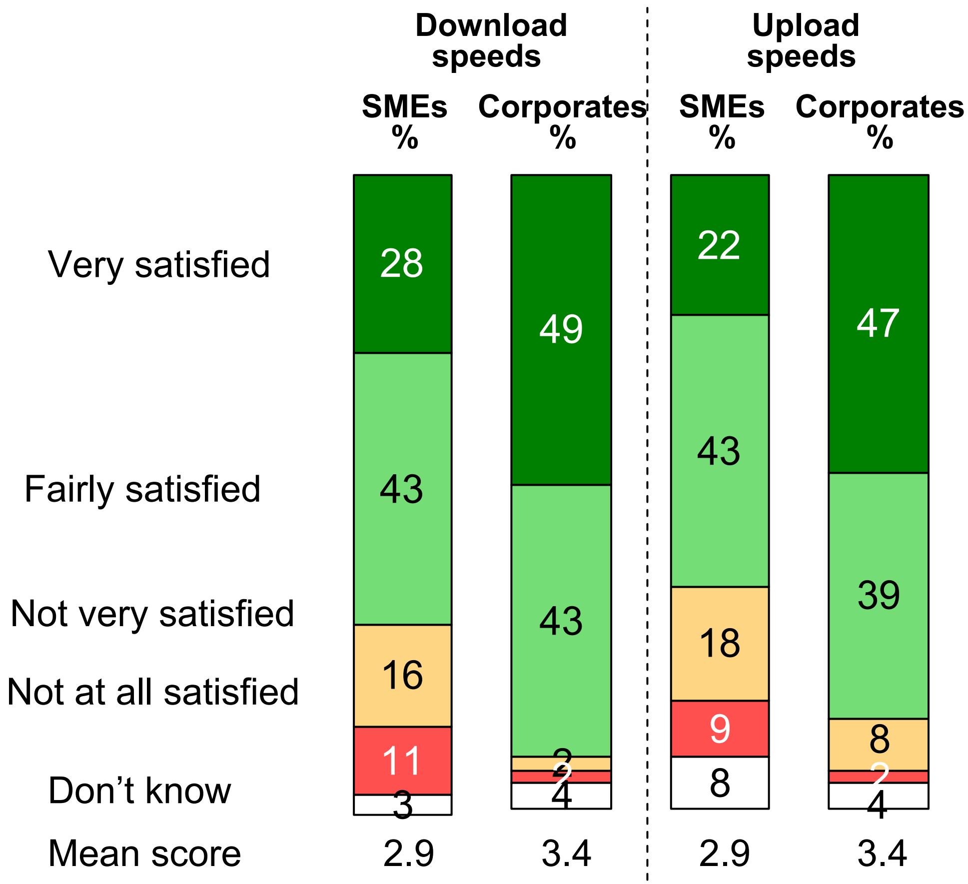
	SMEs %	Corporates %
Using a Remote Access virtual private network Managed In-House	37	57
By Dialling into a Modem Pool Located at the Company's Main Site	27	30
Using a Remote Access virtual private network Managed by a Service Provider	23	27
Other	8	14
Don't know	11	-

- The most common method of employees gaining remote access is via a VPN managed in-house.
- Just under a third are using a modem pool located at the company's main site.

Base: All companies with remote access (n=136)

Satisfaction with Internet Speeds

Q. Overall how satisfied or dissatisfied are you with the following aspects of your company's Internet service

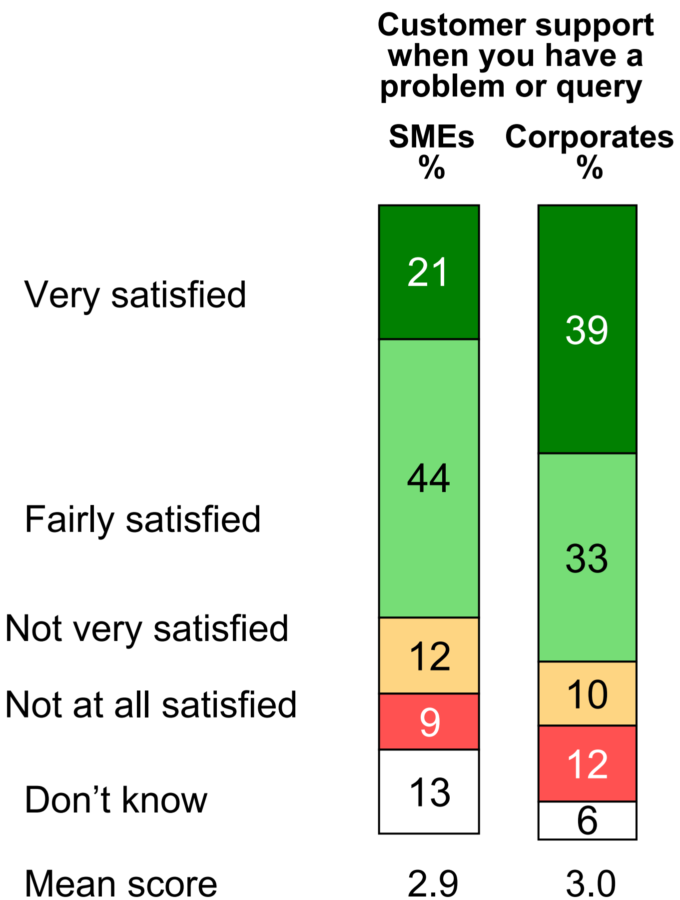


- The level of satisfaction with download and upload speeds is significantly higher among Corporates than it is among SMEs. This is likely to be due to the higher level of broadband use among Corporates.
- Broadband users award an average satisfaction score of 3.3 compared to 2.5 among non-users.

Base: All businesses with Internet access (n=437)

Satisfaction with Internet Customer Support

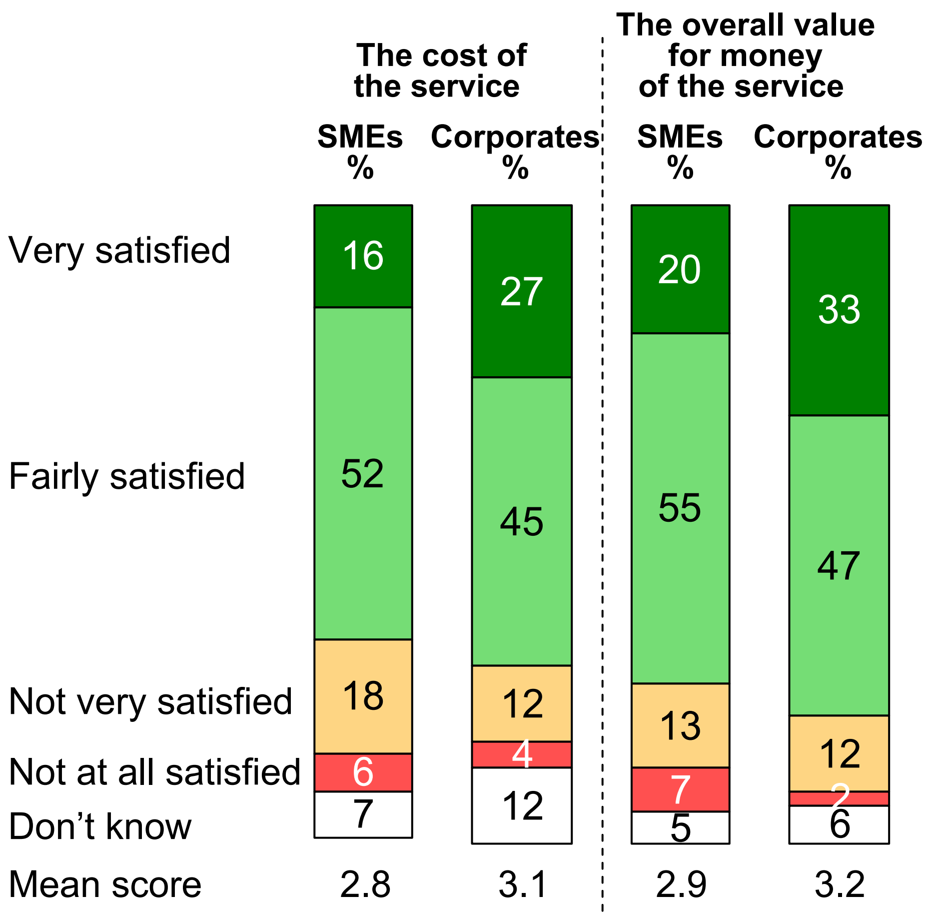
Q. Overall how satisfied or dissatisfied are you with the following aspects of your company's Internet service



- Satisfaction with customer support is higher among Corporates than SMEs.
- Larger organisations are more likely to have a direct account manager with their ISP than SMEs.
- Satisfaction ratings tended to be lowest among companies with 1-9 employees, and among those who do not have broadband access.

Satisfaction with Cost and Value for Money

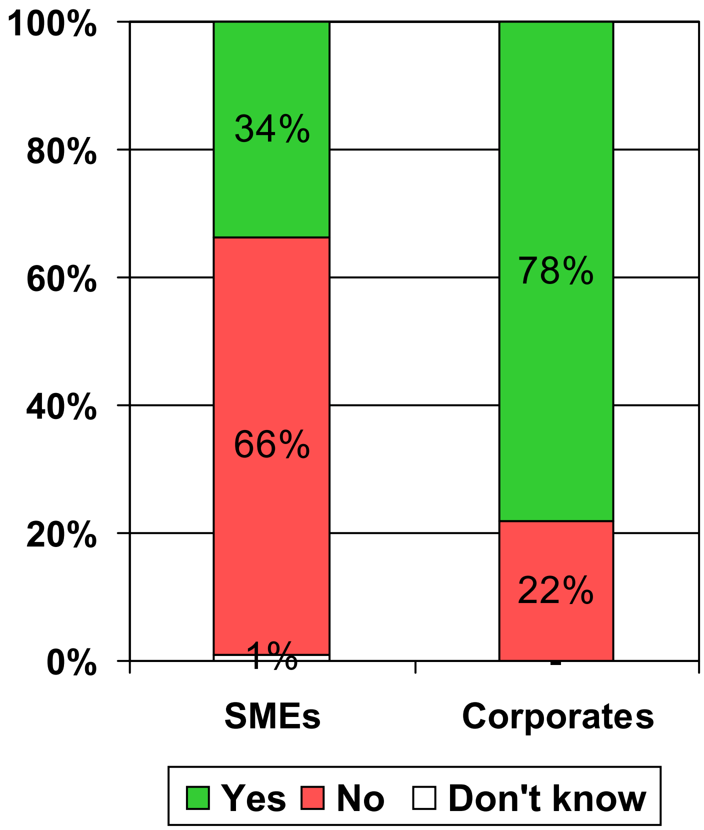
Q. Overall how satisfied or dissatisfied are you with the following aspects of your company's Internet service



- Corporates tended to be more satisfied than SMEs with the cost of their Internet service.
- Those with a broadband service are more likely to be very satisfied compared to those without (21% versus 13%).
- Smaller companies and those with dial-up Internet access were more likely to be dissatisfied with the overall value for money of their Internet service.

Awareness of VoIP

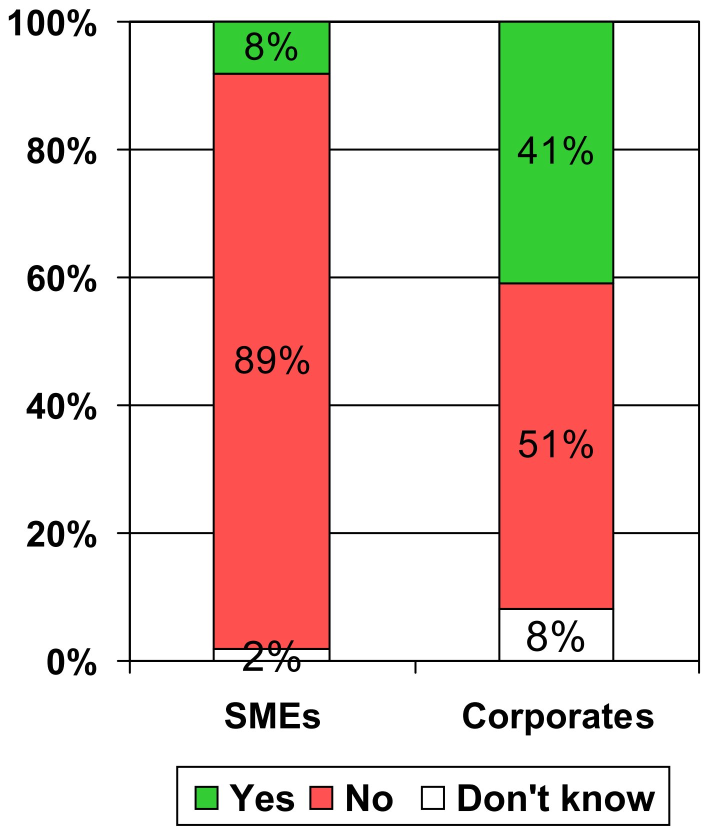
Q. Have you heard of a service called Voice Over IP also known as ‘VoIP’?



- Awareness of VoIP is very high among Corporates but quite low among SMEs.
- Lack of awareness was most evident among companies with less than 10 employees.
- On an industry basis, awareness was lowest among those in the hotel and restaurant sectors, followed by those in wholesale and retail sectors.

Approaches by VoIP Providers

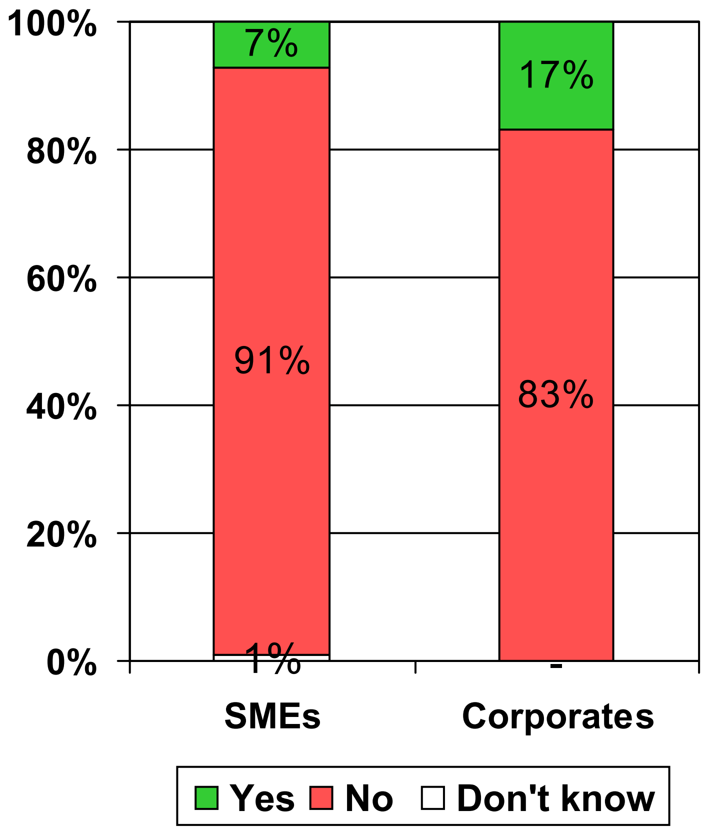
Q. Have you been approached by a Service Provider offering such a service?



- The higher level of awareness of VoIP among Corporates may be partly explained by the high number who have been approached by service providers.
- Four in ten Corporates claim to have been offered the service.
- Only a very small minority of SMEs have been offered VoIP.

Usage of VoIP

Q. Is your company currently using Voice over IP (or VoIP) services?

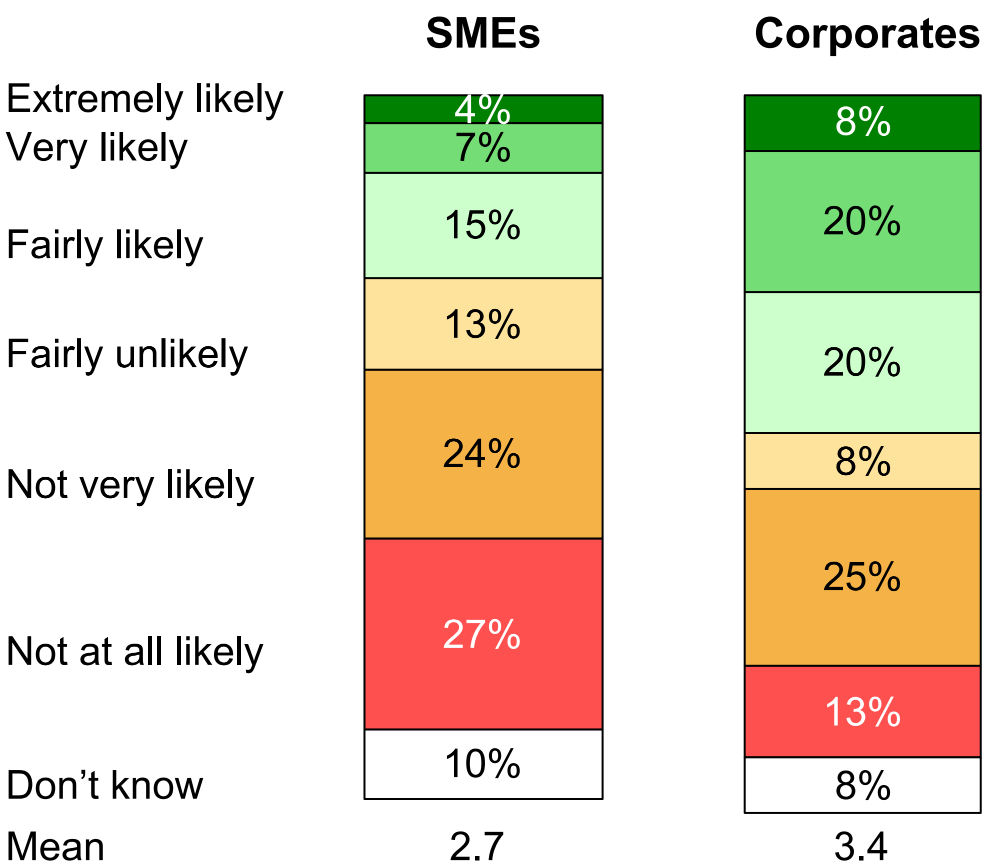


- Of the companies who are aware of VoIP and/or have been approached by a supplier, 9% claim to be using VoIP services.
- Usage is significantly higher among Corporates than it is among SMEs.
- On an overall basis these figures indicate that about 2% of SMEs and 14% of Corporates are using VoIP.

Base: All companies who are aware of VoIP and/or have been approached by a provider (n=183)

Likelihood of Using VoIP

> Q. How likely is your company to start using such a service over the next 12 months?

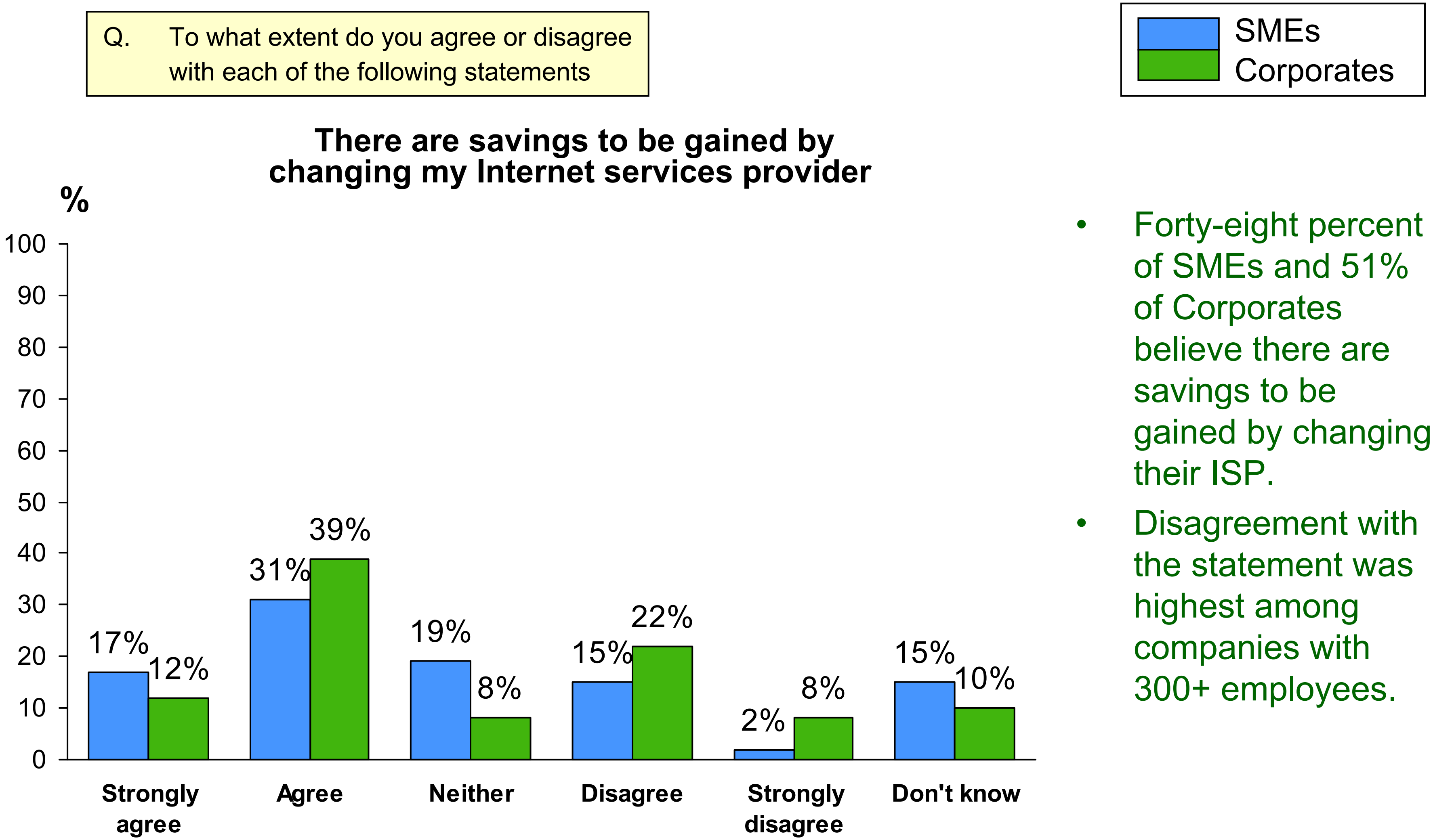


- Interest in VoIP appears to be quite high, particularly among large Corporates.
- Forty-eight percent of Corporates and 26% of SMEs indicate that they are likely to start using such a service in the next 12 months.

Base: All companies aware of VoIP not currently using it (n=363)

Potential Savings from Switching ISP

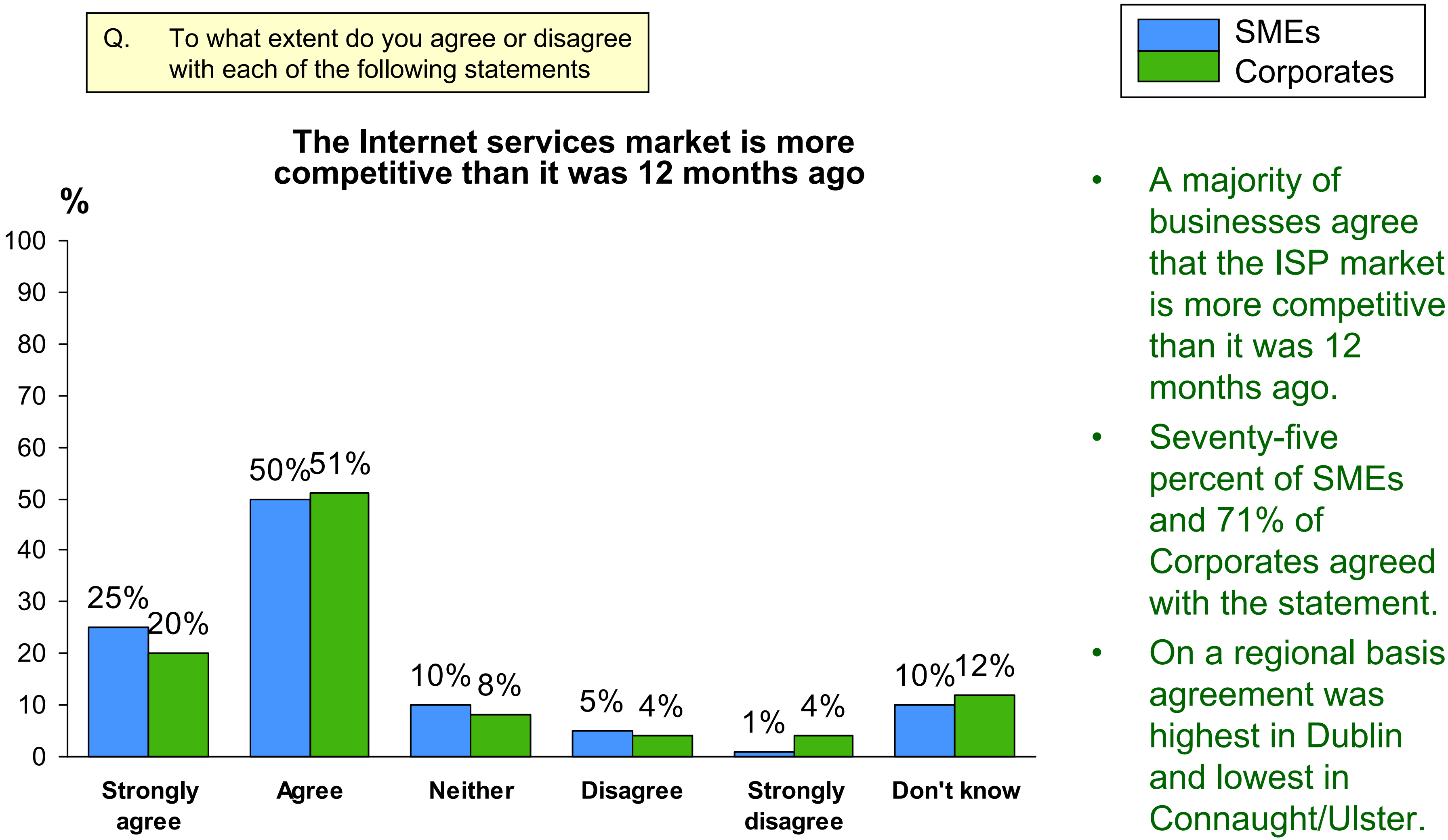
Q. To what extent do you agree or disagree with each of the following statements



- Forty-eight percent of SMEs and 51% of Corporates believe there are savings to be gained by changing their ISP.
- Disagreement with the statement was highest among companies with 300+ employees.

Competitiveness of the ISP Market

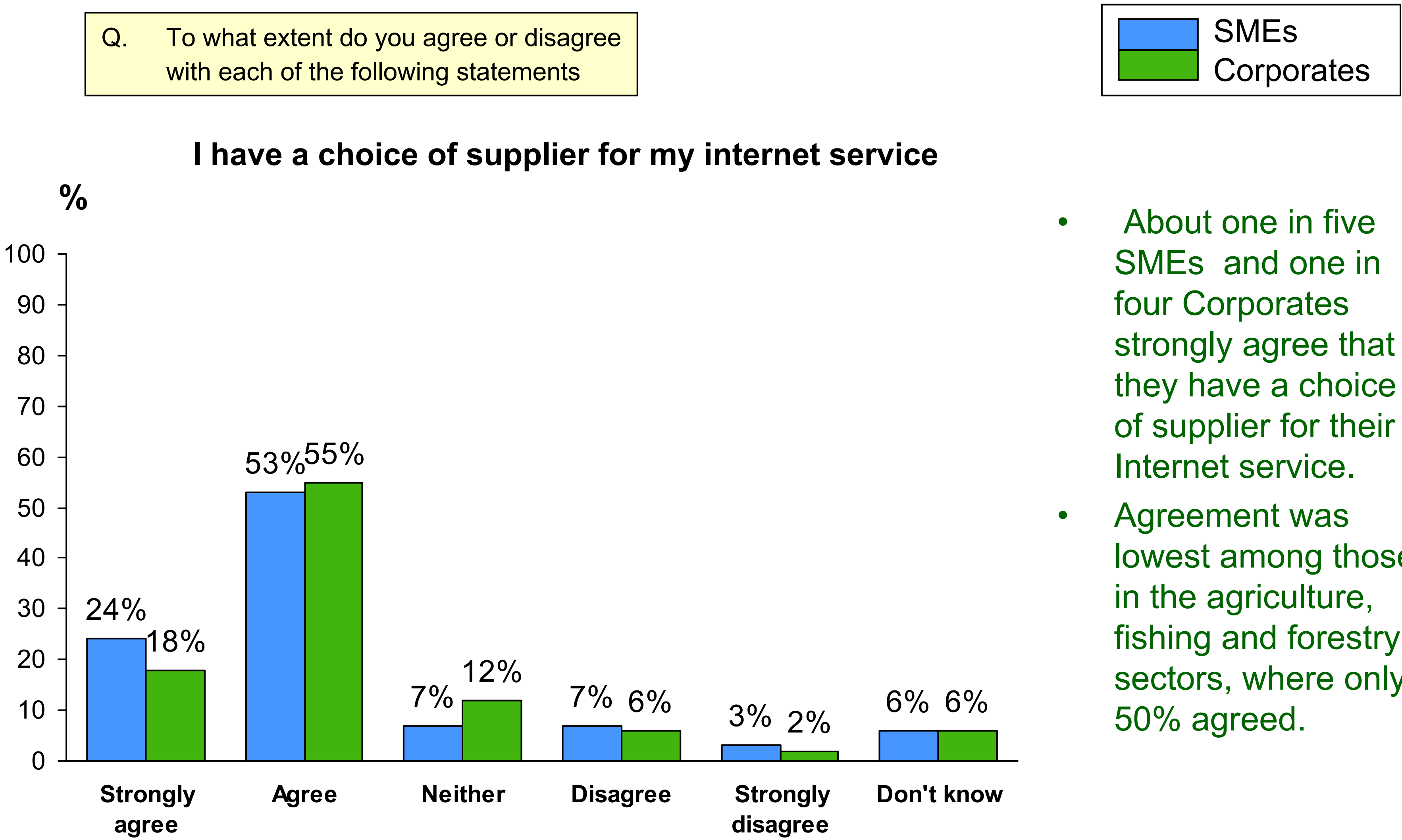
Q. To what extent do you agree or disagree with each of the following statements



- A majority of businesses agree that the ISP market is more competitive than it was 12 months ago.
- Seventy-five percent of SMEs and 71% of Corporates agreed with the statement.
- On a regional basis, agreement was highest in Dublin and lowest in Connaught/Ulster.

Choice in Internet Service Providers

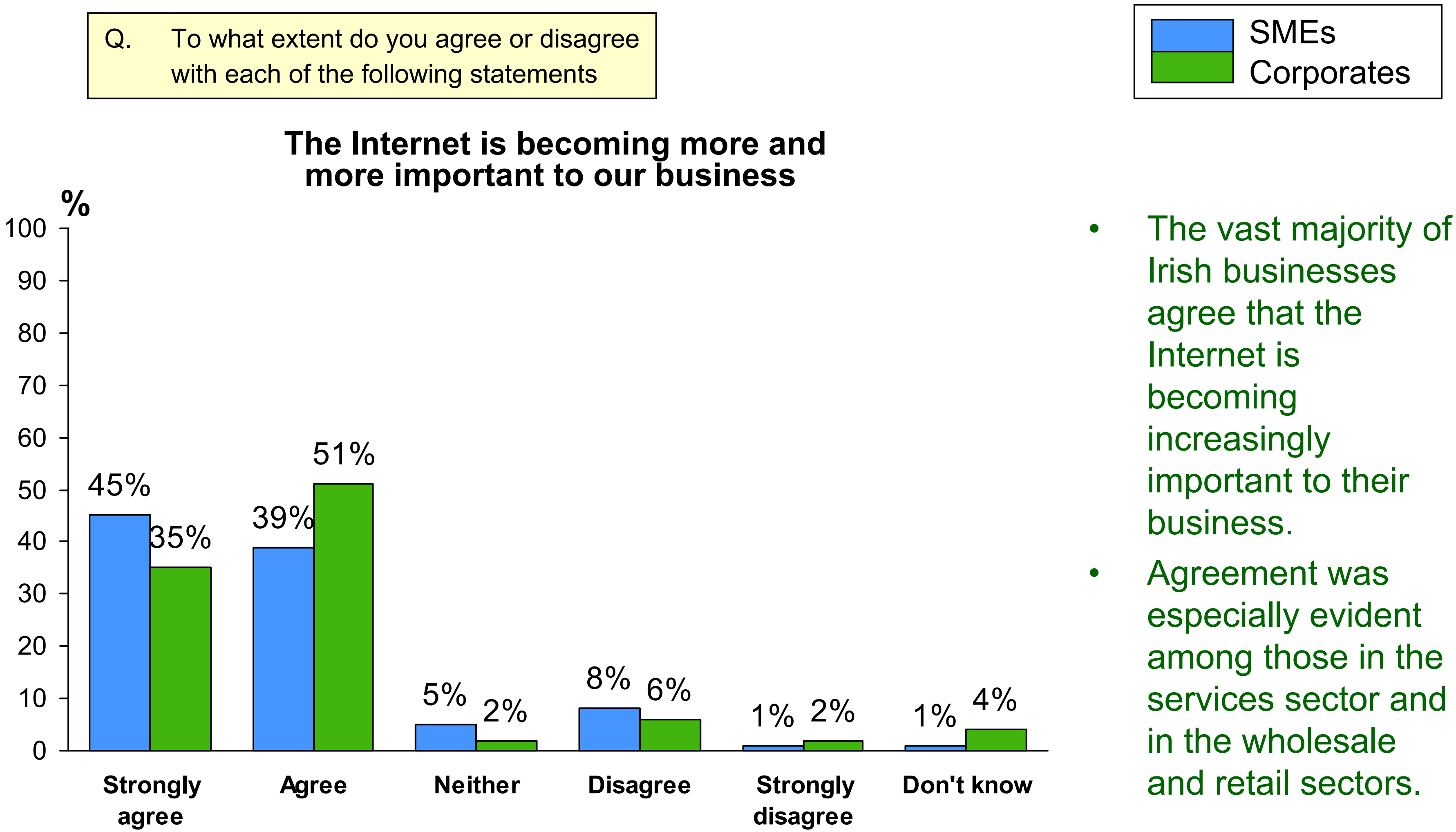
Q. To what extent do you agree or disagree with each of the following statements



- About one in five SMEs and one in four Corporates strongly agree that they have a choice of supplier for their Internet service.
- Agreement was lowest among those in the agriculture, fishing and forestry sectors, where only 50% agreed.

Importance of the Internet

Q. To what extent do you agree or disagree with each of the following statements



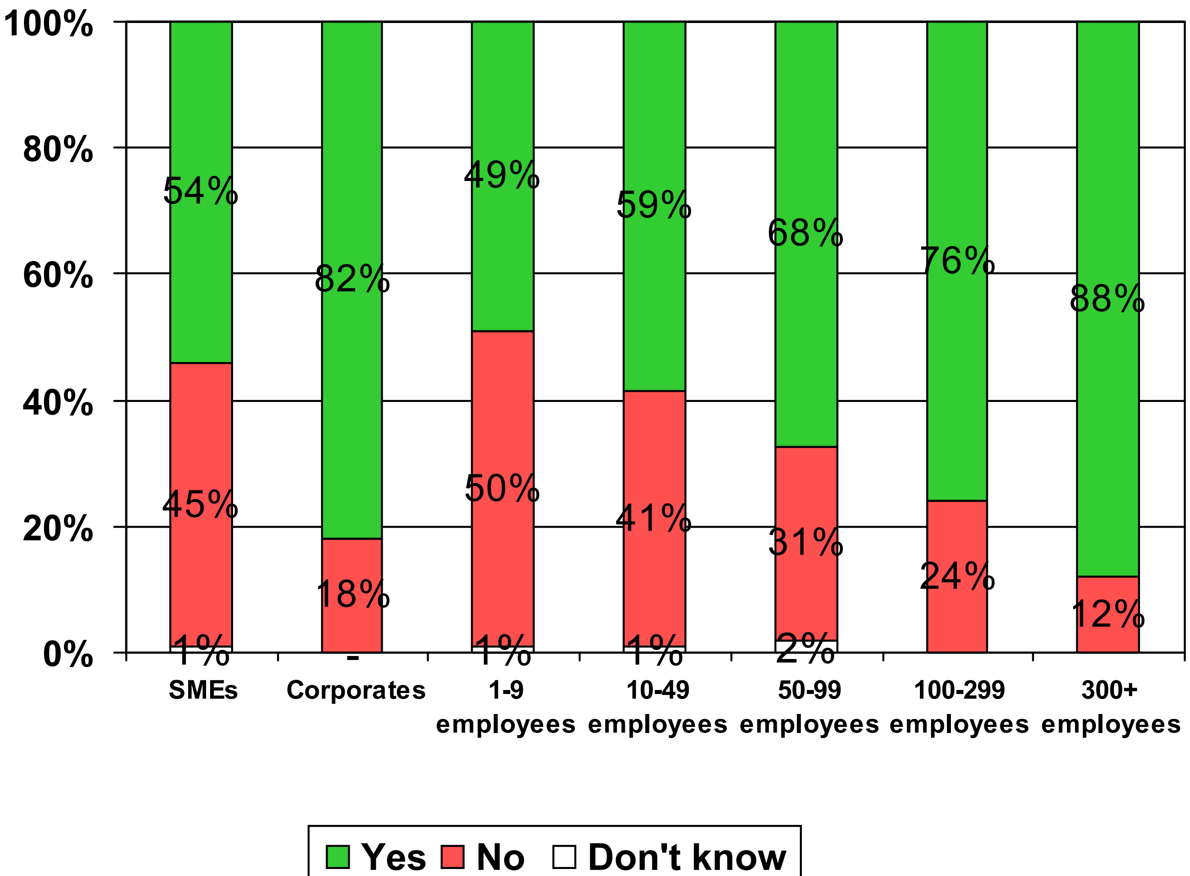
- The vast majority of Irish businesses agree that the Internet is becoming increasingly important to their business.
- Agreement was especially evident among those in the services sector and in the wholesale and retail sectors.

Base: All businesses with Internet access (n=437)

Awareness of and Attitudes to ComReg

Awareness of ComReg

Q. Have you ever heard of the Commission for Communications Regulation, also known as ComReg?



- Over 8 in 10 large Corporates and over half of all SMEs are aware of ComReg.
- Awareness seems to be directly related to company size.
- On an industry sector basis, awareness was higher among those in the tranport, storage and communications sector.
- Awareness was also higher among those who were using a fixed line provider other than eircom and broadband users.

Understanding of ComReg

Q. What responsiblities do you think ComReg has?

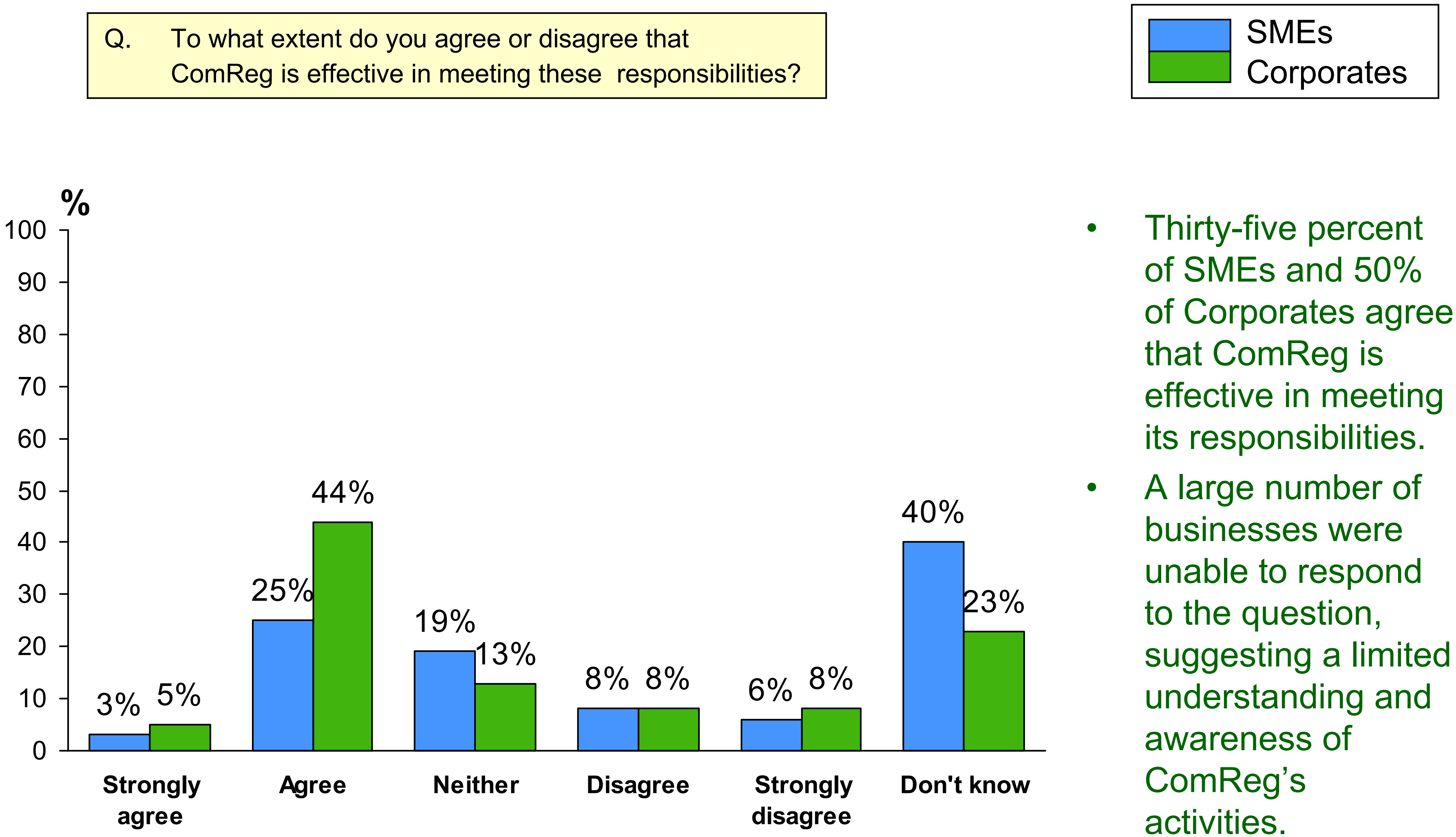
	SMEs %	Corporates %
Regulation of prices	21	22
Regulations of telecommunications industry and it's service providers	19	34
To monitor competition	14	20
Quality of service, customer satisfaction	9	16
Deal with complaints like Ombudsman/watchdog for consumer	5	8
Internet, broadband	3	2
Issuing and monitoring of licenses	2	8
Monitor advertising	1	-
Monitor security, privacy	1	2
Advise/inform customers	1	-
Monitor postal and radio services	1	2
Prevent misuse	*	-
Other	3	4
Don't know/ Refused	48	32

- Regulation of prices and regulation of the telecoms industry were the most frequently cited mentions when asked to describe ComReg's responsibilties.
- Quite a number of respondents were unable to provide an answer.

Base: All respondents (n=550)

Does ComReg meet these responsibilities?

Q. To what extent do you agree or disagree that ComReg is effective in meeting these responsibilities?



- Thirty-five percent of SMEs and 50% of Corporates agree that ComReg is effective in meeting its responsibilities.
- A large number of businesses were unable to respond to the question, suggesting a limited understanding and awareness of ComReg's activities.

Base: All businesses aware of ComReg responsibilities (n=296)

Websites Visited

Q. Have you ever visited the following websites?

	SMEs %	Corporates %
www.comreg.ie (ComReg's main website)	6	22
www.askcomreg.ie (ComReg's consumer website)	2	6

- Over 1 in 4 Corporates claim to have visited ComReg's main website.
- As would be expected the number of businesses who have visited the consumer website is a lot lower.
- Those who have visited ComReg's main site are more likely to have switched mobile and Internet supplier.
- Visiting the site was also more evident among broadband users than non-users.

Reasons for Visiting ComReg Websites

Q. Why did you visit the ComReg website(s)?

	SMEs* %	Corporates* %
Information on the market	26	18
Information on telecoms companies	23	45
General information	19	18
To complain about an operator	16	-
Pricing information	6	-
Licensing information	3	27
Other	13	9
Don't know	3	9

- Among SMEs the main reason for visiting either of the ComReg websites is to access unspecified market information, followed by information specifically on telecoms companies.

Base:All those who have visited at least one of the ComReg websites (n=42)

** Caution: Base sizes of 31 and 14 respectively*

Conclusions

Conclusions - I

- The fixed line market appears to have been quite dynamic over the last year. The vast majority of Irish businesses have been approached in the last 12 months by a telecom supplier regarding switching some or all of their fixed line business.
- This is likely to have directly impacted switching activity. It is also likely to explain some of the increase in awareness of carrier pre-select and WLR.
- Potential cost savings is the main driver to switching, while satisfaction with current service levels is the main barrier. The perceived "hassle" factor is also a major barrier to switching.
- Businesses seem most dissatisfied with the cost of fixed line rental, while customer support scores are relatively high, particularly among larger customers.
- Of the three markets researched - fixed line, mobile and Internet –switching provider in the fixed line market is thought to offer the greatest cost-saving potential. The fixed line market is also considered slightly more competitive over the last 12 months than the mobile or Internet markets.
- Supporting this is the higher level of switching activity in the fixed line market relative to the other two markets
- Despite this, businesses believe that mobile communications are marginally more important to their business than either the Internet or fixed lines.

Conclusions - II

- However, many are not satisfied with certain aspects of their mobile services. This is particularly true in relation to the cost of roaming, the cost of mobile to fixed line calls and the cost of calls to mobile numbers on a different network.
- Broadband take-up appears to have been very strong in the first half of 2005. Over half of all businesses with Internet access are now using broadband. In addition, interest in getting it is also high.
- Among those who do not as yet have access to broadband, a majority consider the lack of access to be a disadvantage to their business.
- Awareness of VoIP is quite high for a relatively new technology. Although usage is still very low, interest in it is reasonably high, particularly among larger organisations.
- Awareness of ComReg and its responsibilities is reasonably high among Corporates but quite low among SMEs. There could be an opportunity for ComReg to communicate more directly with small businesses to highlight its activities and drive increased understanding of the work it undertakes.

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Appendix:
Sample Details

Sample Profile: Location of Business

Q. What region is your workplace in?

	SMEs %	Corporates %
Dublin City	29	38
Rest of Leinster	25	16
Cork City	5	12
Waterford City	3	-
Limerick City	3	2
Rest of Munster	15	24
Galway City	4	-
Rest of Connaught	10	4
Rest of Ulster	6	4

Base: All respondents (n=550)

Sample Profile: Type of Company

Q. Is your company?

	SMEs %	Corporates %
An Irish owned – private company	89	40
An Irish owned – public company	3	8
A Subsidiary of overseas company	6	30
A Semi-State body	1	10
A Government department	1	10
Other	*	-

Base: All respondents (n=550)

Sample Profile: Position in Company

Q. What is your own position in the company?

	SMEs %	Corporates %
IT Manager /IT Director	7	46
CEO/Managing Director/ Owner Manager	45	2
Telecommunications Director/ Telecommunications Manager	1	4
Finance Director/ Finance Manager	8	8
Other Director/Manager	23	26
Administration	10	10
Other	5	4
Refused	1	-

Base: All respondents (n=550)

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