

SME Telecommunications Services Study 2004

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Introduction

Introduction

- A telecommunications survey is conducted annually, on behalf of the Commission for Communications Regulation (ComReg), amongst a nationally representative sample of small and medium sized companies (SME's) in the Republic of Ireland.
- The survey measures SME sector usage and attitude trends in the areas of fixed, mobile and Internet services.
- This summary report reviews the findings of the 2004 survey, conducted by TNS mrbi.
- 300 CATI (Computer Assisted Telephone) interviews were conducted with the person responsible in SME's for telecommunications decision making, between 17th November – 14th December, 2004.
- Quotas were set on company size/number of employees.
- The same questionnaire was used as in 2003, and included some additional questions.

Summary of Findings

Summary of Findings

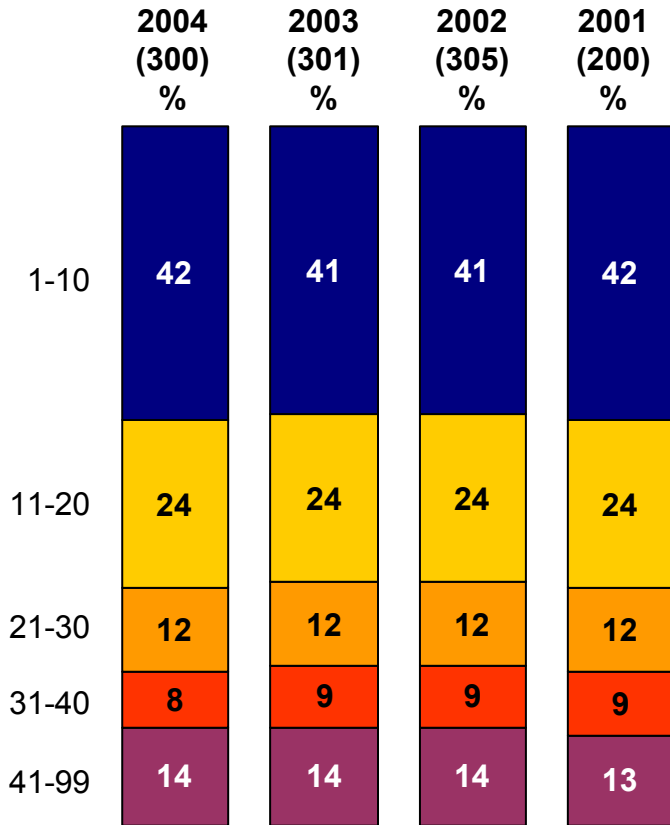
- 71% of SME respondents believe there are savings to be gained by changing telecoms supplier, up from 64% in 2003.
- Just under a third of SMEs are likely to invest in a range of telecoms solutions in the coming year including, fixed wireless access, firewall security technology, IP telephony and 3G telephony
- Awareness of carrier pre-select remains high among respondents, although 54% of consumers who have availed of this service in the past have switched back to *eircom*.
- Wholesale line rental has been adopted by 8% of SMEs since its launch in 2004. ComReg expects adoption of this service to increase in 2005.
- Price is the primary driver for SMEs when selecting a supplier of fixed line or mobile services
- SMEs are increasingly adopting DSL as their preferred method of internet access at the expense of Dial up and ISDN connections. In 2004, 28% of respondents stated that they use DSL, compared with just 10% in 2003
- SMEs are increasingly using the internet as a business tool in transactions with suppliers and customers, availing of more sophisticated applications such as online purchasing and payment

Charted Findings

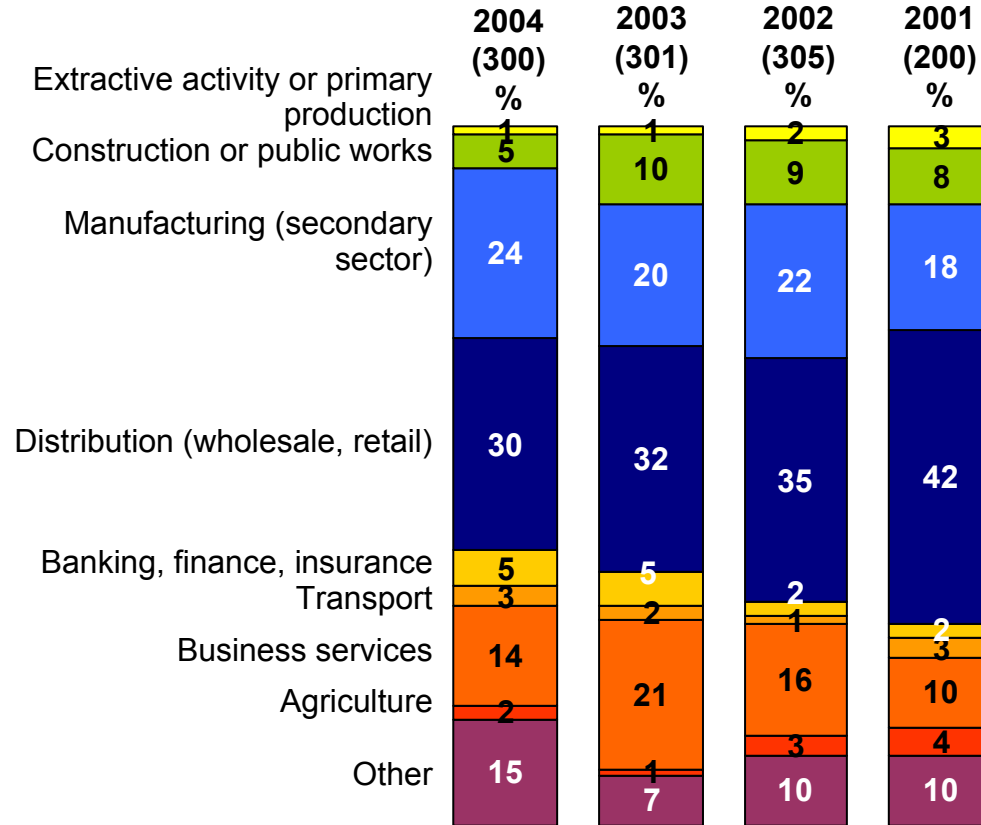
Company Profile - I

Base: All Respondents

No. Of Employees In Ireland



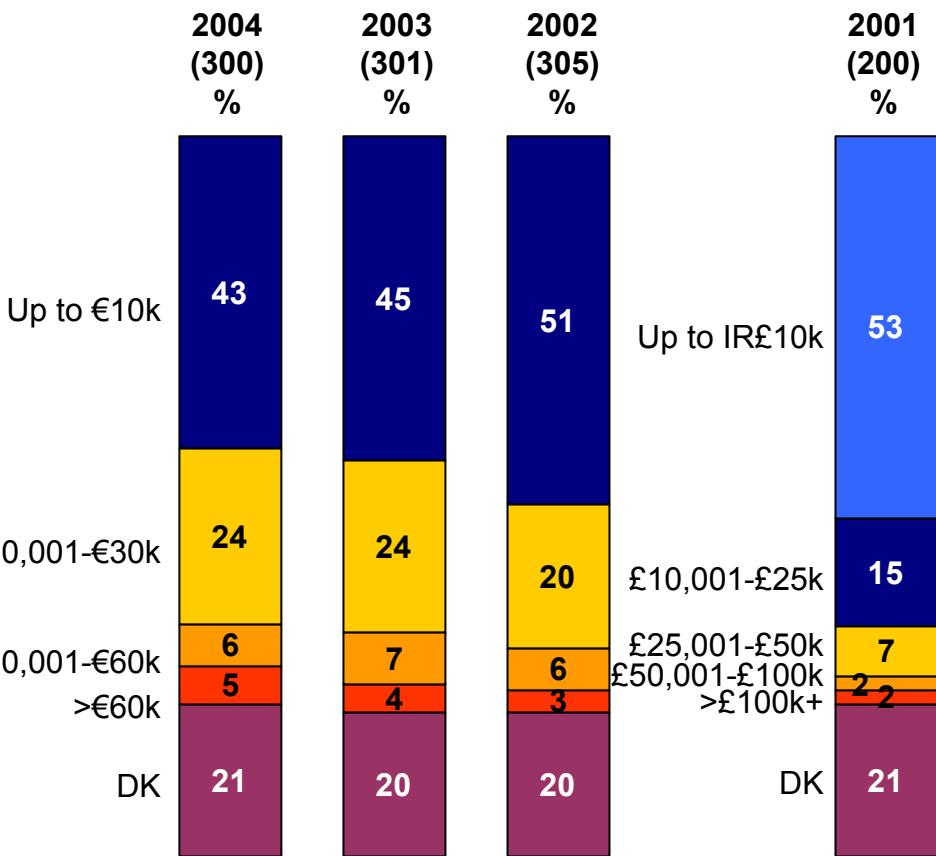
Industry Sector



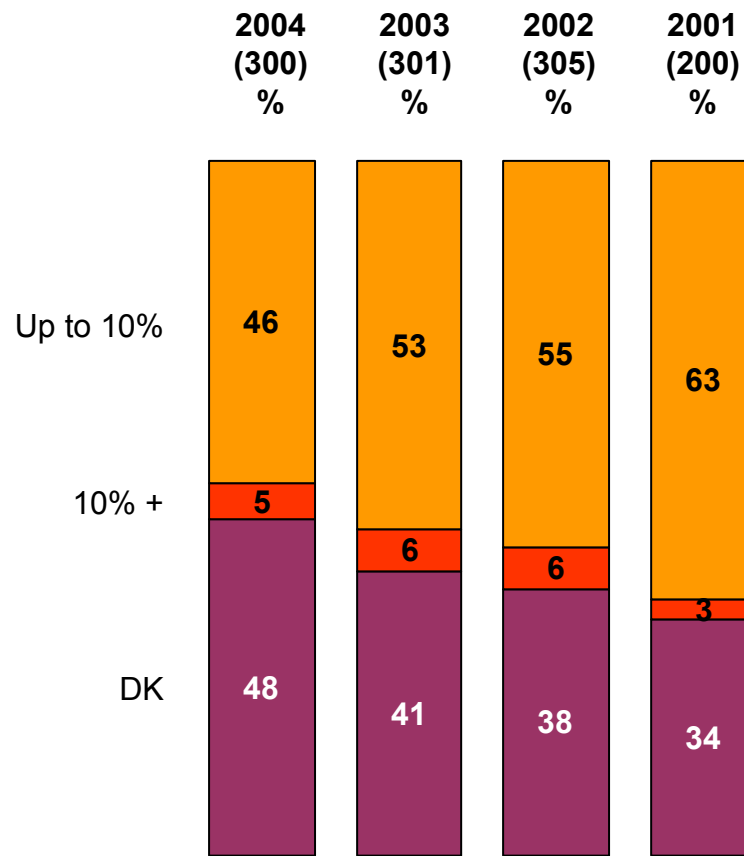
Company Profile – II

Base: All Respondents

Amount Spent On Telecommunications



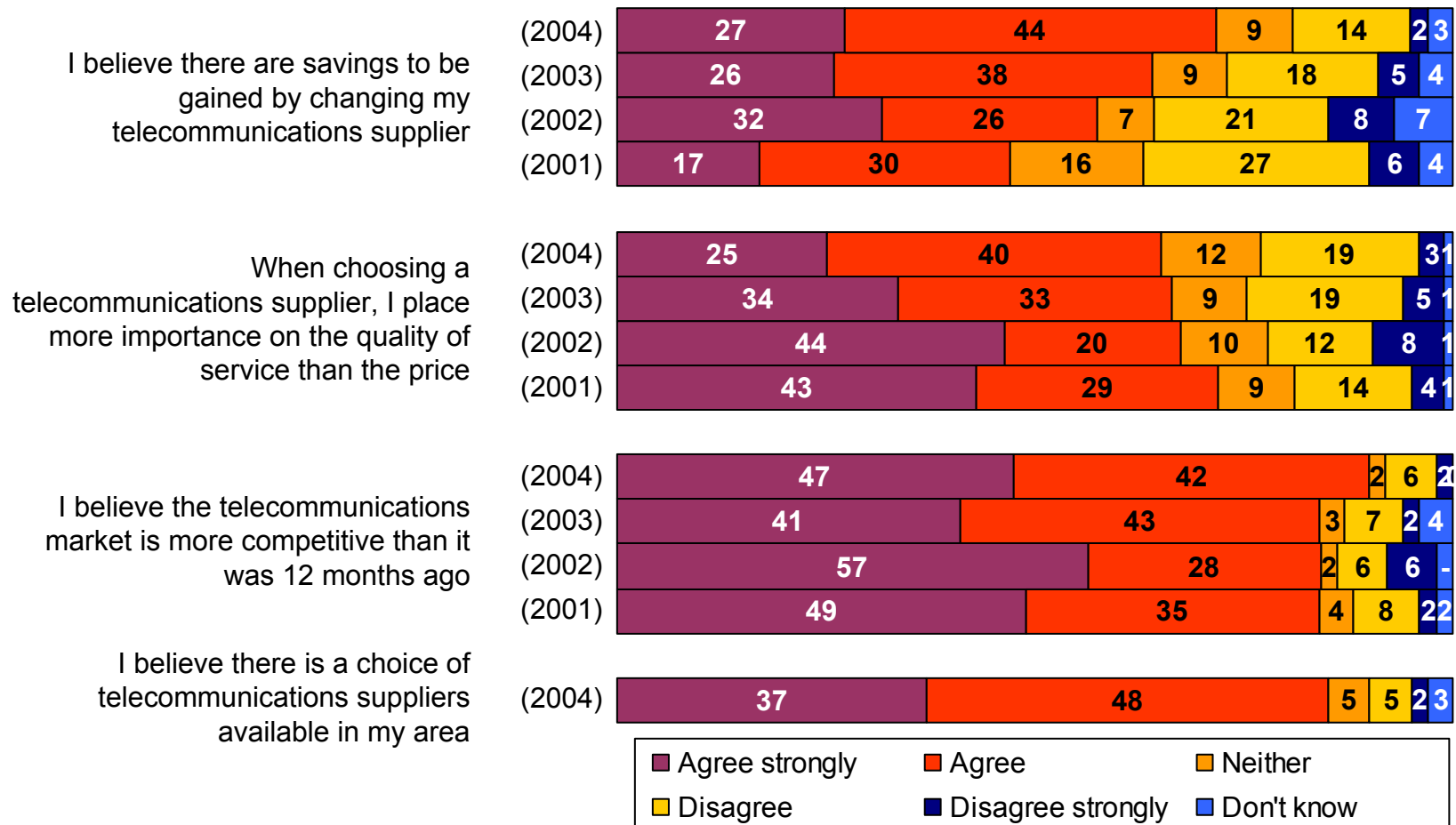
Proportion Of Company's Total Costs



General Attitudes To Telecommunications

Base: All Respondents:

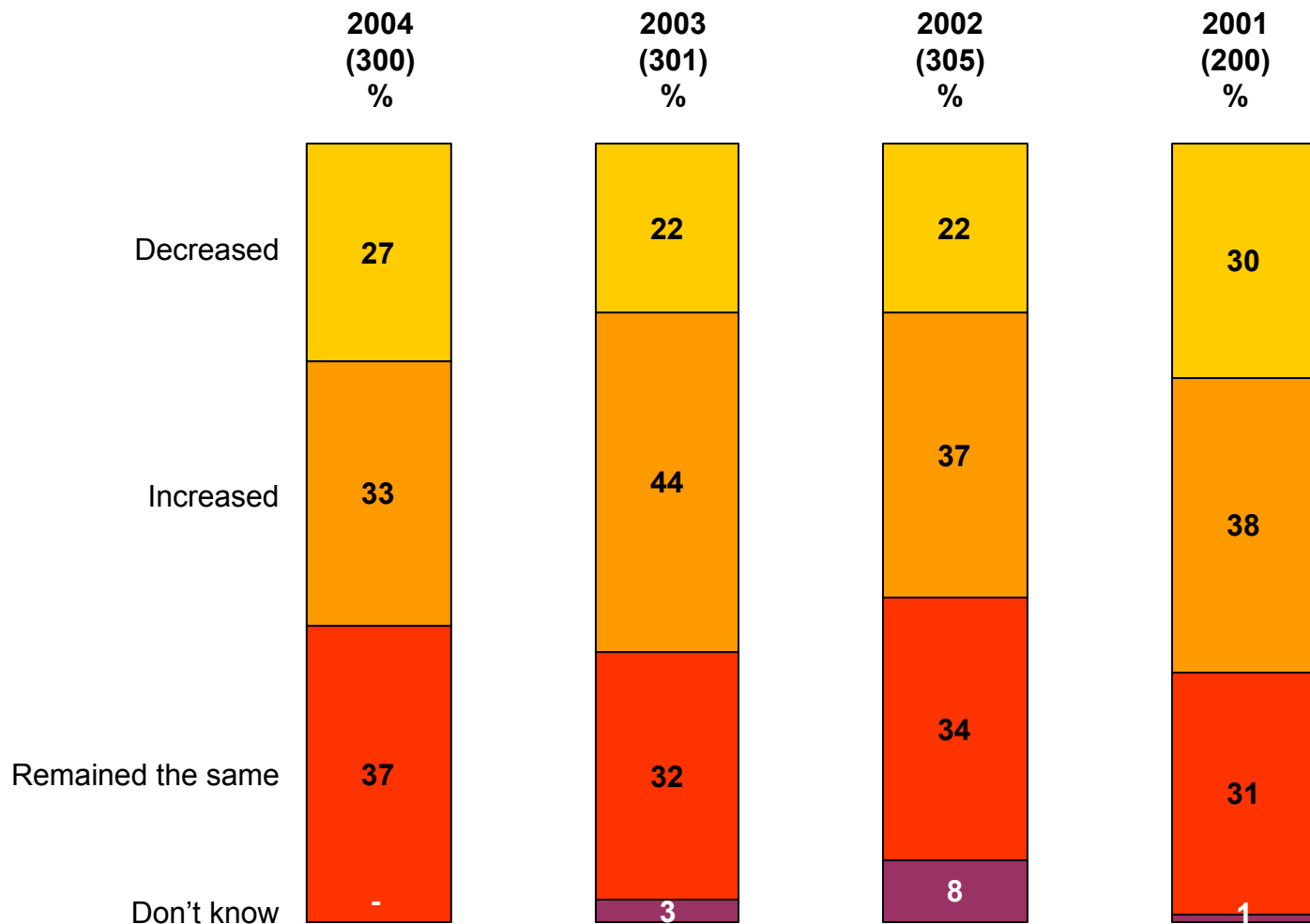
2004 (300); 2003 (301); 2002 (305); 2001 (200)



Q.47 How strongly do you agree or disagree with each of the following statements?

Telecommunication Costs In The Past Year

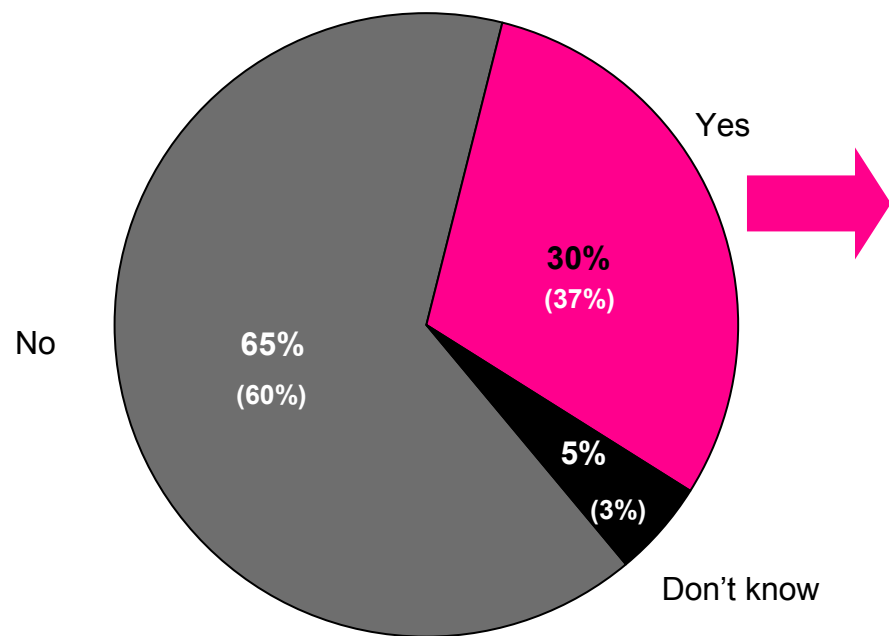
Base: All Respondents



Whether Intend To Invest More Or Less In Telecommunications Services In Coming 12 Months

Base: All Respondents: 300

Services Likely To Invest In



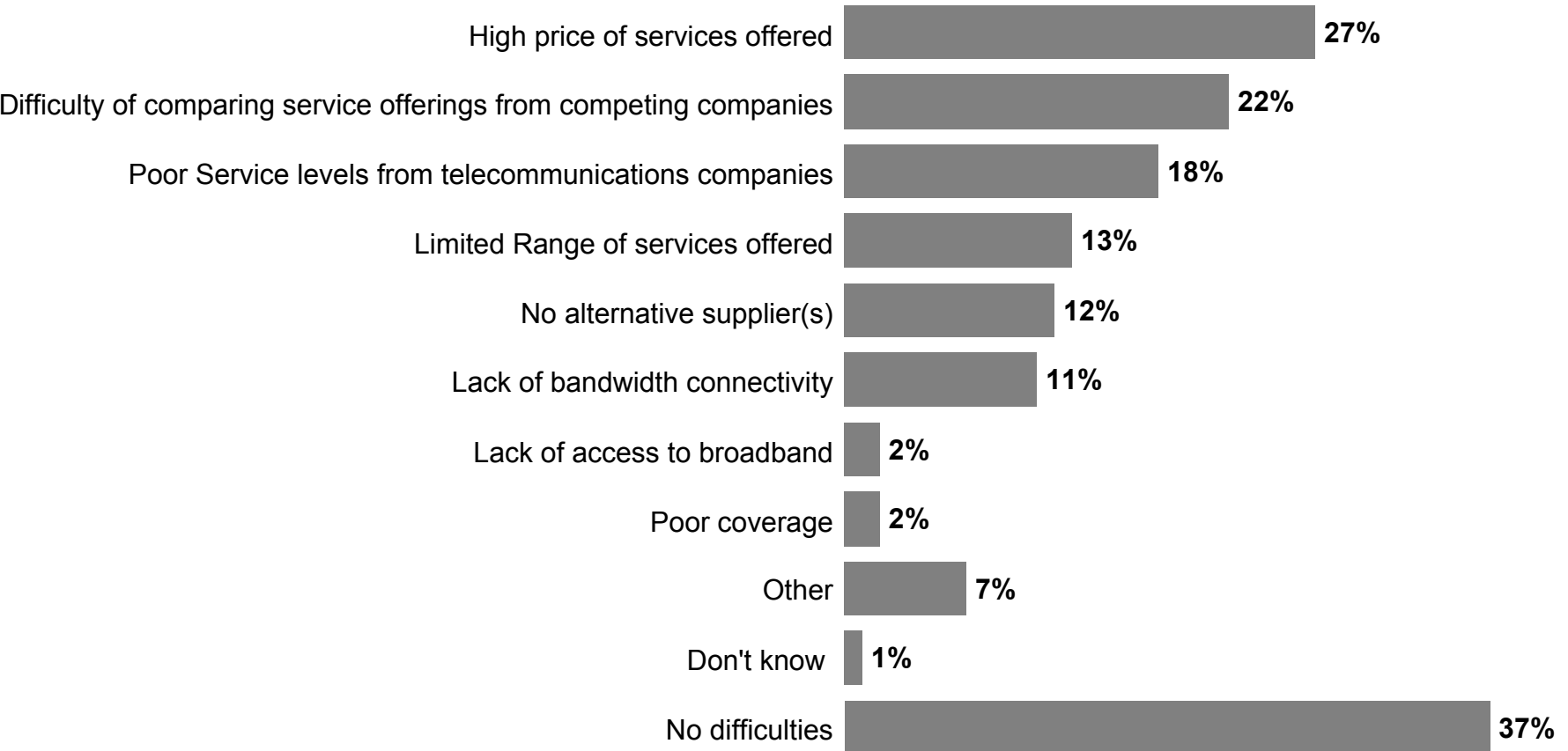
	2004	2003	2002
Base:	(90) %	(112) %	(109) %
Internet/web development	52	(62)	(70)
Fixed wireless access or WiFi	20	(n/a)	(n/a)
Firewall/security solution	26	(n/a)	(n/a)
ISDN telephone line	24	(25)	(35)
3 rd generation mobile telephony	19	(n/a)	(n/a)
Leased line(s)	18	(13)	(22)
IP telephony/voice over IP	13	(n/a)	(n/a)
VPN (Virtual Private Network)	12	(n/a)	(n/a)
Satellite	8	(n/a)	(n/a)
Broadband	7	(n/a)	(n/a)
DSL (Digital Subscriber Line)	26	(46)	(18)
Other	4	(6)	(2)
Don't know	4	(4)	(4)

Q.7a Does your company intend to invest more in telecommunications devices/services or e-commerce in the coming 12 months?

Q.7b Will you be investing in any or all of the following?

Difficulties With Services To Points Of Operation

Base: All Respondents: 300



Fixed Voice Market

Suppliers Used For Different Call Types

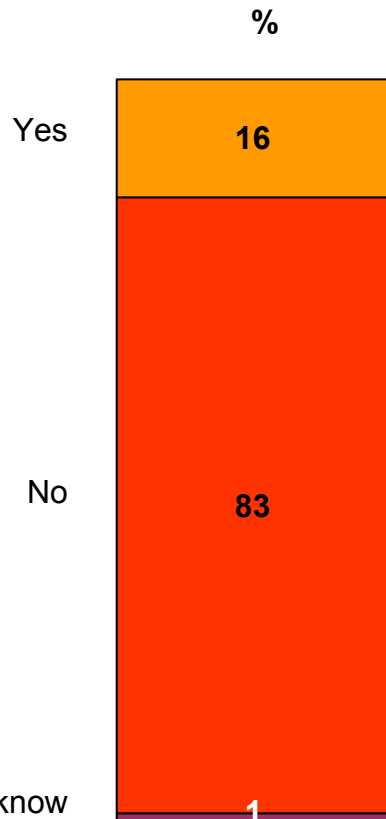
Base: All Respondents: 300

	Fixed Telephone Line	Local Landline Telephone Calls			National Landline Telephone Calls			International Landline Telephone Calls			Leased Lines			ISDN Telephone Line		
		2004	'04	'03	'02/'03	'04	'03	'02/'03	'04	'03	'02/'03	'04	'03	'02/'03	'04	'03
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
ircom	86	72	75	(77/84)	71	75	(76/81)	69	73	(74/77)	28	14	(10/12)	56	51	(41/45)
ast BT (Clear)	4	7	7	(10/8)	8	7	(10/8)	7	9	(10/8)	2	1	(1/1)	2	5	(5/4)
uphony	1	3	-	-	3	-	-	3	-	-	1	-	-	*	-	-
orldCom	-	1	4	(5/7)	1	4	(6/7)	1	4	(7/7)	*	1	(1/1)	-	1	(1/1)
ther operators	7	15	13	(5/12)	15	13	(4/10)	16	13	(3/12)	4	2	(1/5)	5	3	(-/-)
on't know	1	-	1	(7/-)	1	1	(7/2)	2	1	(7/3)	1	-	(1/2)	1	2	(3/2)
ot applicable	1	-	-	-	1	-	-	3	-	(1/3)	64	82	(87/83)	35	38	(50/45)

Q.10 Who is your company's supplier for?

Switched Supplier For Fixed Telephone Lines In The Past 12 Months

Base: All Respondents: 300



Main Reason(s) For Switching	
Base:	48
	%
Price/cost reductions	38
Cheaper/cost savings	35
Poor service – sought better service	8
Only one bill	4
Happier with eircom	2
Eircom came back with a better deal	2
Advised to switch	2

Difficulties Encountered	
Base:	48
	%
No difficulties	88
Other	13

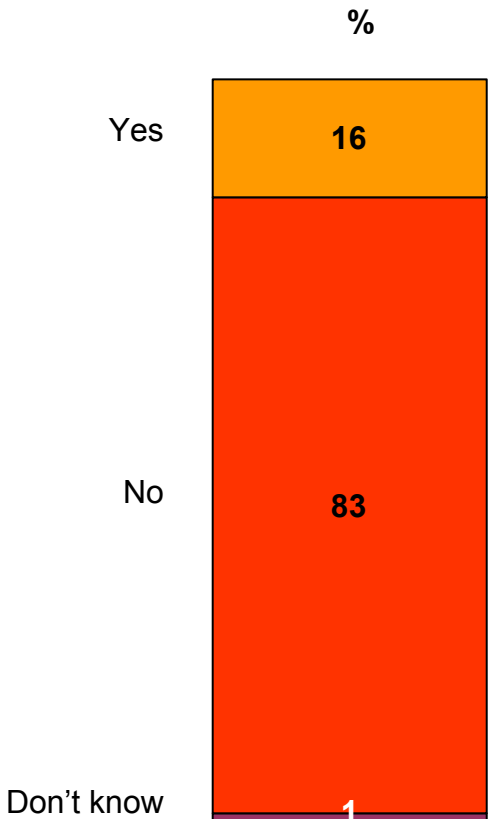
Q.11 Have you switched supplier for any of the following services in the past 12 months?

Q.12a What were your main reasons for switching your supplier of

Q.12b What if any difficulties did you encounter when switching

Switched Supplier For Fixed Telephone Lines In The Past 12 Months (Cont'd)

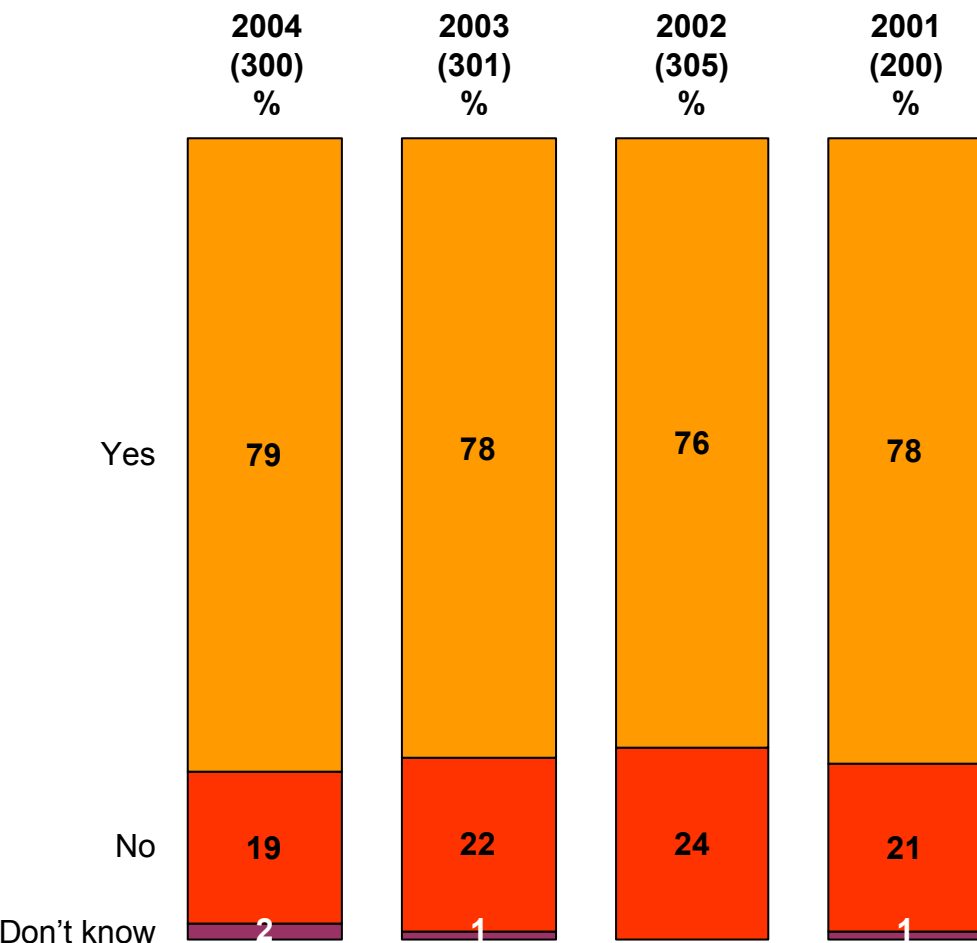
Base: All Respondents: 300



Reasons Why Not Considered Changing Supplier	
Base:	250
	%
Satisfied with current supplier/level of service	29
No need/benefit/savings not high enough	8
Too busy haven't got around to it	7
Currently changing/considering changing/ have changed recently	7
Happy with current deal/best rates/most competitive	5
Not aware of options open	4
No reason/not considered it	4
No alternative supplier	3
Too much hassle	3
Business agreement/part of contract	3
Do not want two bills	3
*Range of others 2% or less	

Awareness Of Carrier Pre-Selection

Base: All Respondents: 300



Spontaneous Awareness Of Operator Who Offers Carrier Pre-Selection

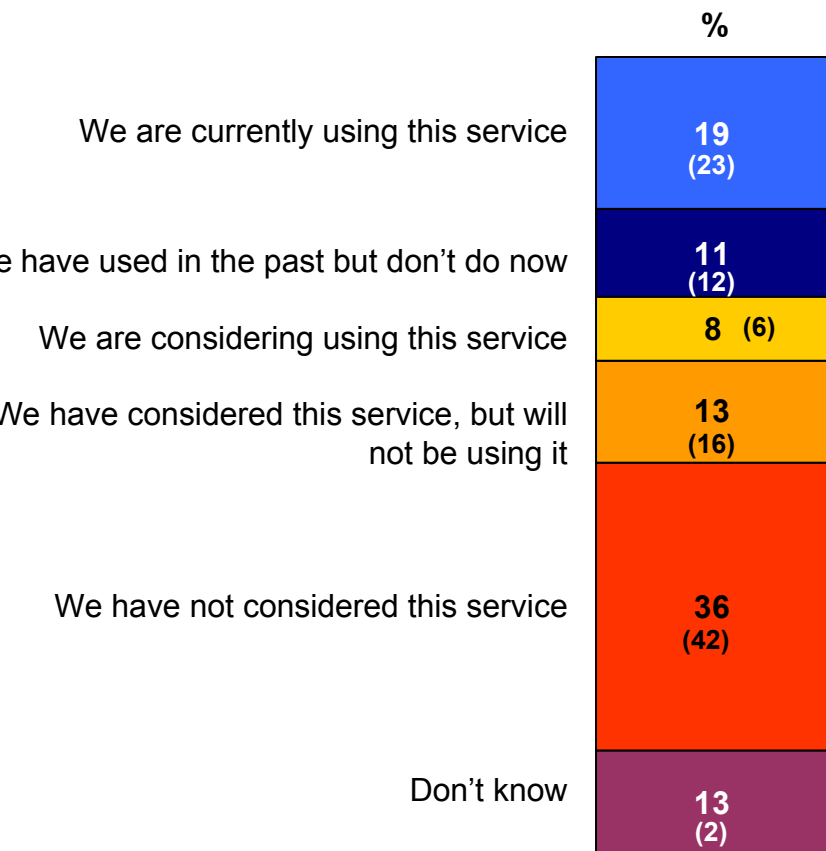
Base:	300 %
<i>Any Esat BT/BT</i>	50
Smart Telecom	13
WorldCom	8
Newtel	4
ntl	4
BT	6
Euphony	7
Cable and Wireless	1
Switchcom	1
Perlico	4
Ryanair - Telecom	2
Don't know	24

Q.14 Thinking now about fixed line telephone calls. Were 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.

Q.19a Which companies, other than eircom, can you think that are able to provide an alternative telephone service?

Use Of Carrier Pre-Selection

Base: All Respondents: 300



Approached To Go Back To Eircom	
Base:	64 %
Yes	56
No	39
Don't know	5

Reason(s) For No Longer Using	
Base:	32 %
Eircom came back to us with a cheaper rate/better deal	19
Price – no difference	13
Service was poor/unreliable	25
Better to have one supplier	9

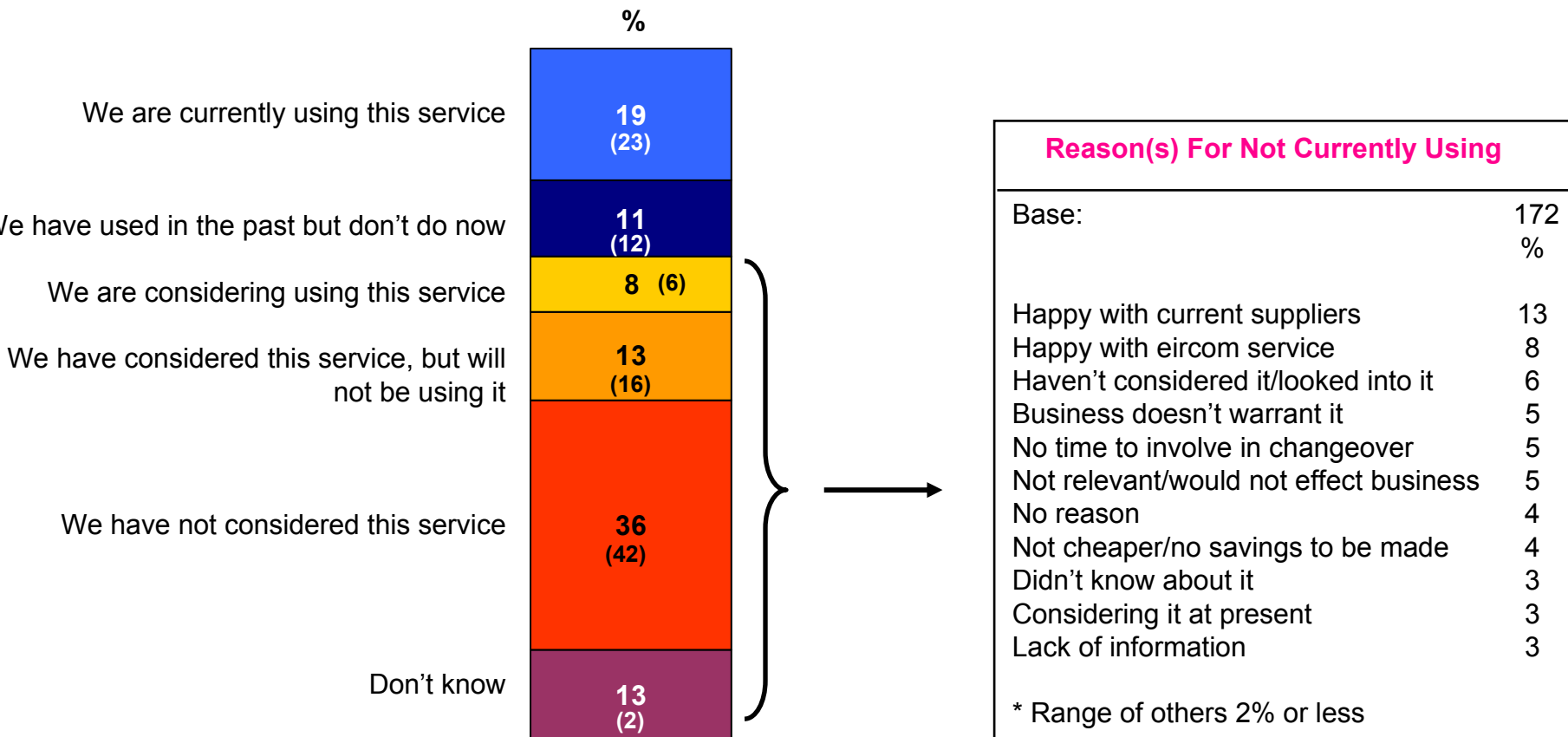
Q.15a Which one of the following best describes your company in relation to the use of Carrier Pre Selection i.e. use of operators other than eircom for your fixed line telephone calls?

Q.15c Why do you no longer use this service?

Q.18 Have you ever been approached to go back to eircom?

Use Of Carrier Pre-Selection (Cont'd)

Base: All Respondents: 300

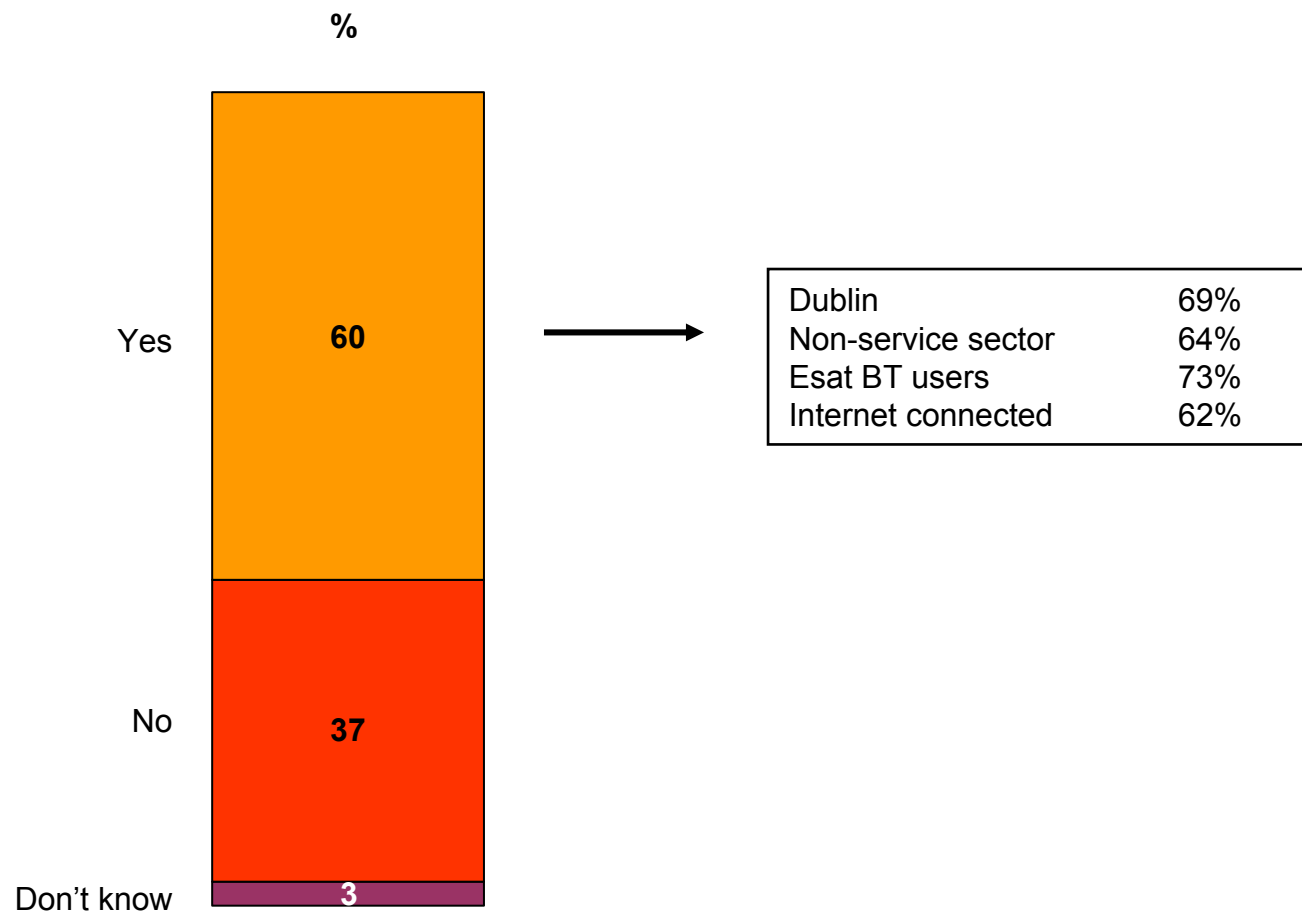


Q.15a Which one of the following best describes your company in relation to the use of Carrier Pre Selection i.e. use of operators other than eircom for your fixed line telephone calls?

Q.15b Why don't you currently use Carrier Pre Selection?

Awareness Of Wholesale Line Rental

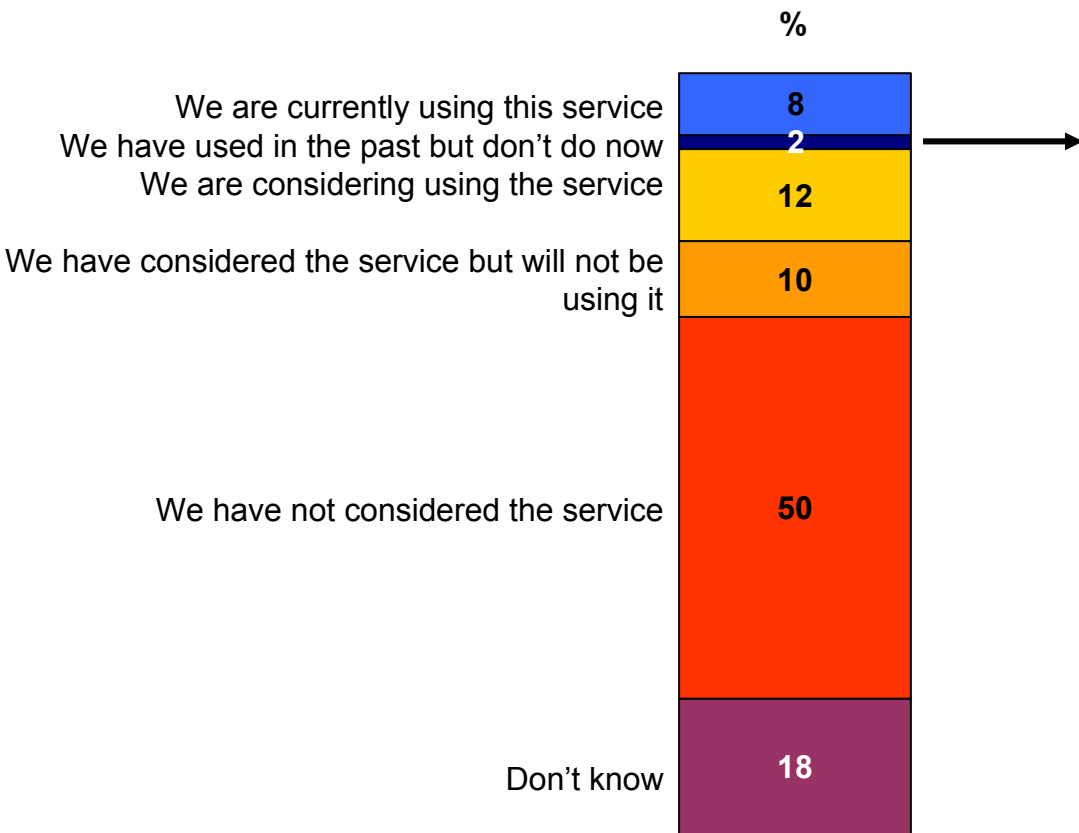
Base: All Respondents: 300



Q.16 Thinking now about fixed telephone line rental, were you aware that you can now select an operator other than eircom to provide your fixed telephone line? This is sometimes referred to as Wholesale line rental.

Use Of Wholesale Line Rental

Base: All Respondents: 300



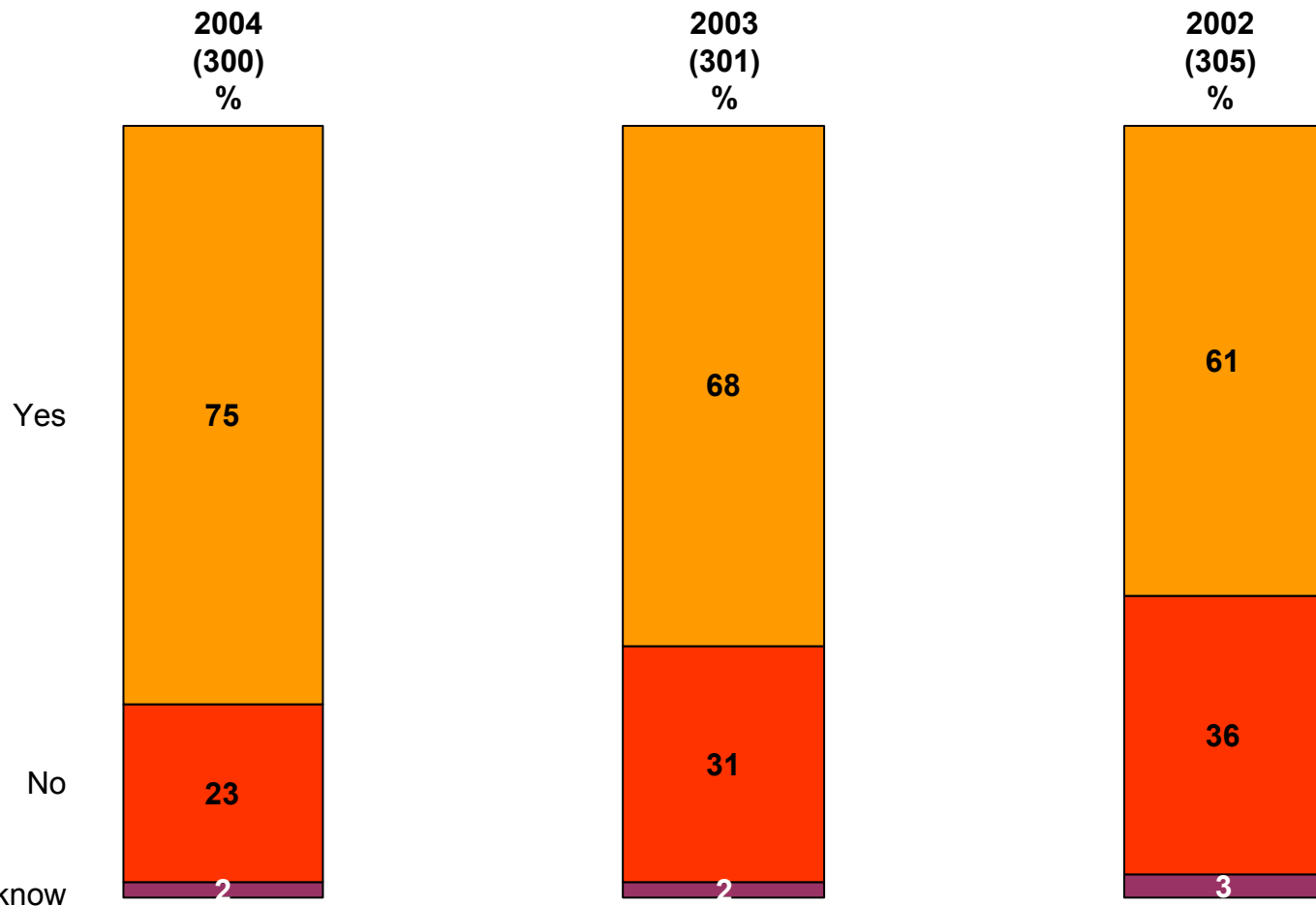
Reasons For No Longer Using	
Base:	7
	%
Charges/too expensive	3
Other	5
Don't know	1

Q.17a Which one of the following best describes your company in relation to the use of Wholesale line rental i.e. use of operators other than eircom for your fixed telephone line rental?

Q.17c Why do you no longer use this service?

Whether Approached By A Supplier Other Than Eircom To Switch Part/All Of Fixed Line Call Business In The Past Year

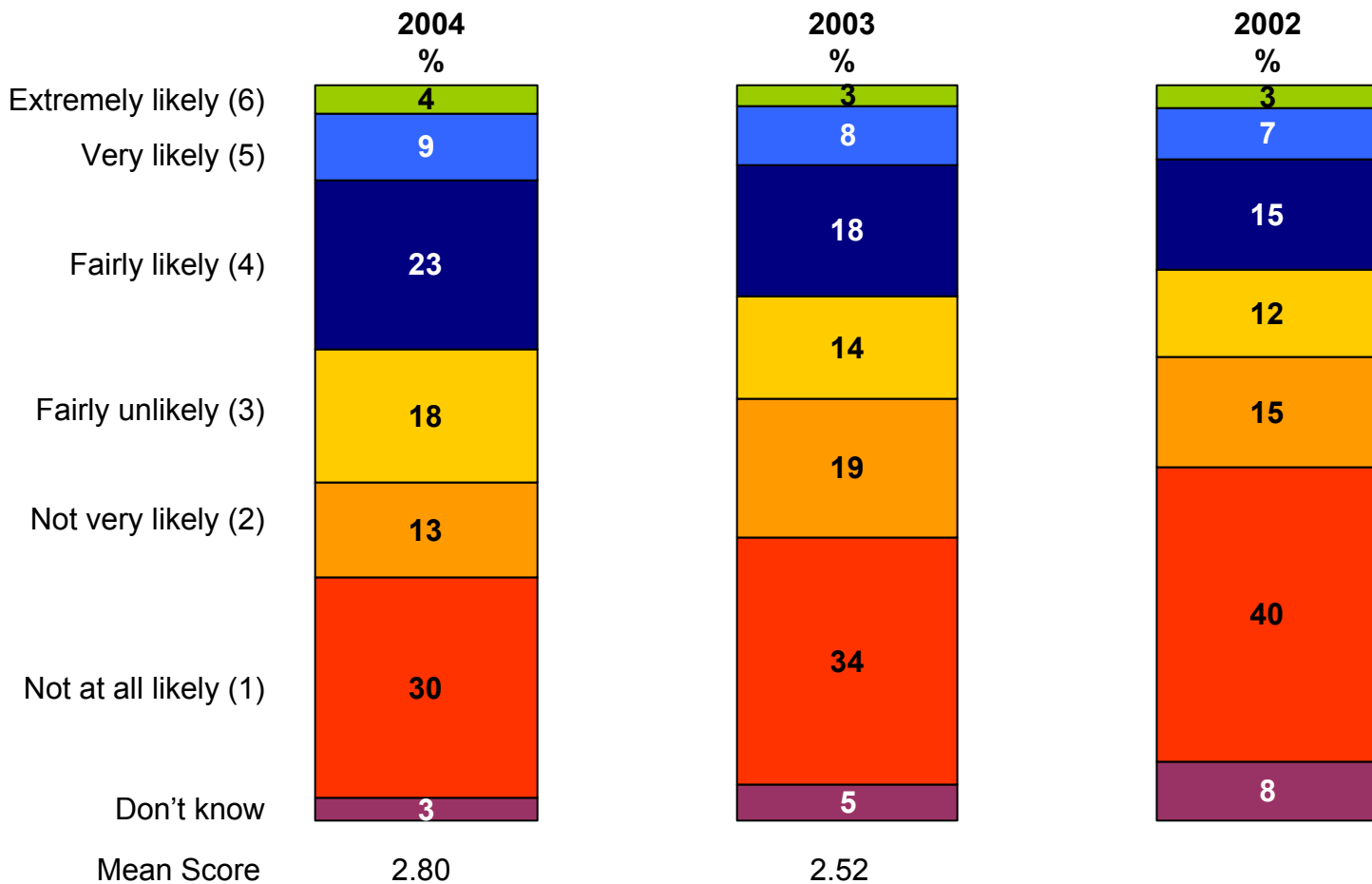
Base: All Respondents



Q.19b Have you been approached by a telecom supplier other than eircom in the past year regarding switching some or all of your fixed line telephone business?

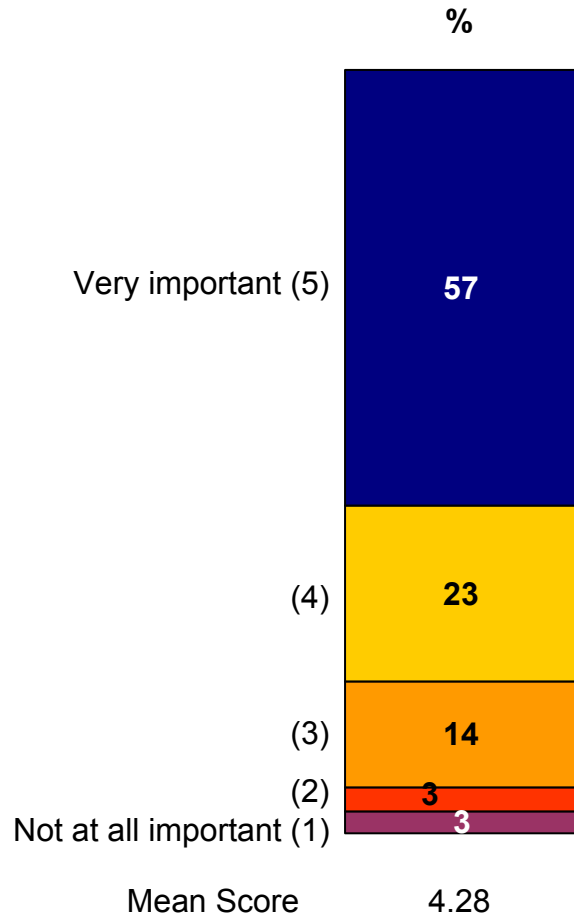
Likelihood Of Switching Fixed Line Telecoms Supplier In The Next 12 Months

Base: All Respondents: 300



Importance Of Price When Choosing Fixed Telephone Service Provider

Base: All Respondents: 300



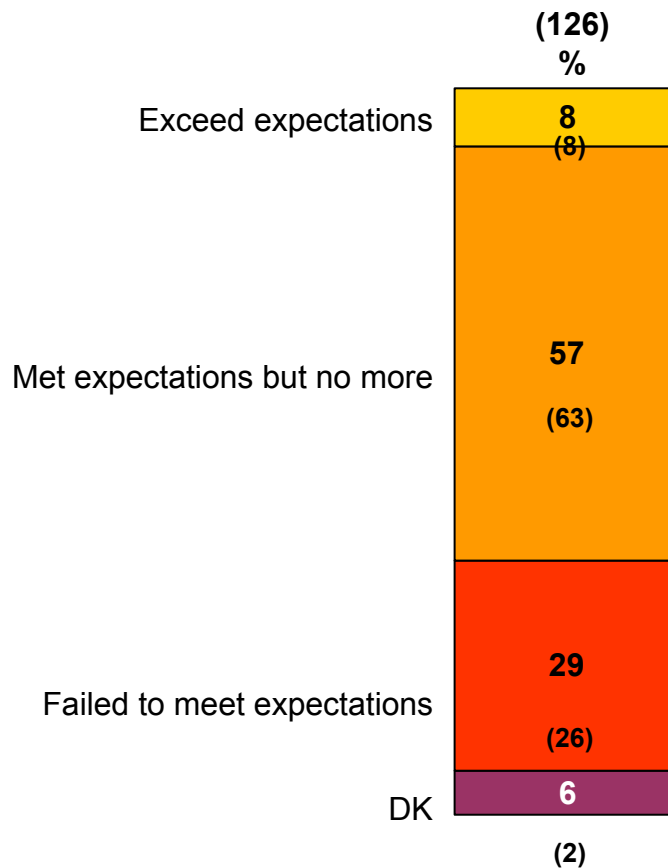
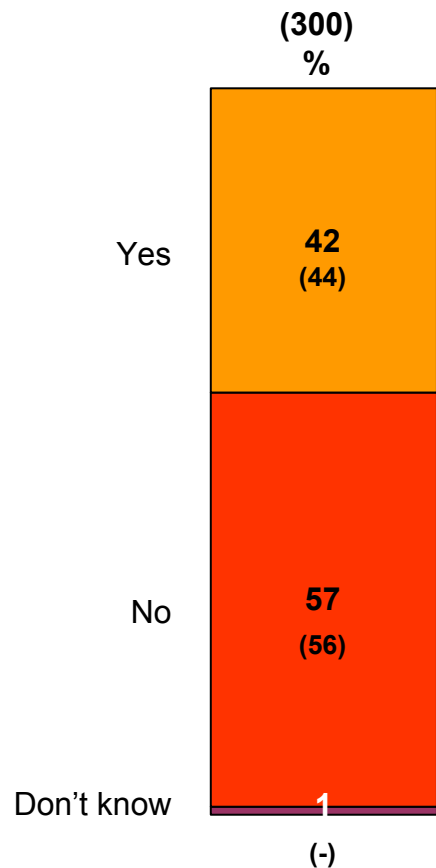
Summary Of Mean Scores	
Region	
Dublin	4.24
RoL	4.34
Munster	4.17
Conn/Ulster	4.37
Company Size	
1-10 employees	4.23
11-20 employees	4.28
21-40 employees	4.39
41-99 employees	4.31
Industry Sector	
Non-Service	4.36
Distribution/Retail/Catering	4.27
Other	4.24
Fixed Users	
eircom	4.26
Esat BT	4.50

Switching Of Any Part Of Fixed Line Telephone Call Business - I

Base: All Respondents: 300

Level Of Service Provided By First Non-eircom Supplier

Ever Switched From Eircom



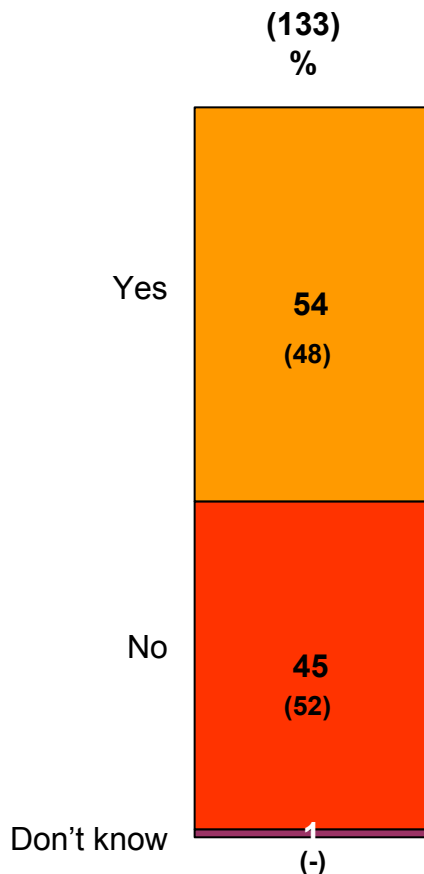
Q.19c Have you ever switched any part of your fixed line telephone business from eircom?

Q.19f Thinking about the overall level of service provided by the first fixed line telecoms supplier you used after switching from eircom, i.e. the level of service provided by your first non-eircom supplier, would you say it ...?

Switching Of Any Part Of Fixed Line Telephone Call Business – II

Base: All Switching Away From Eircom: 126

Ever Switched Back To Eircom



What Prompted Switching Back To Eircom?

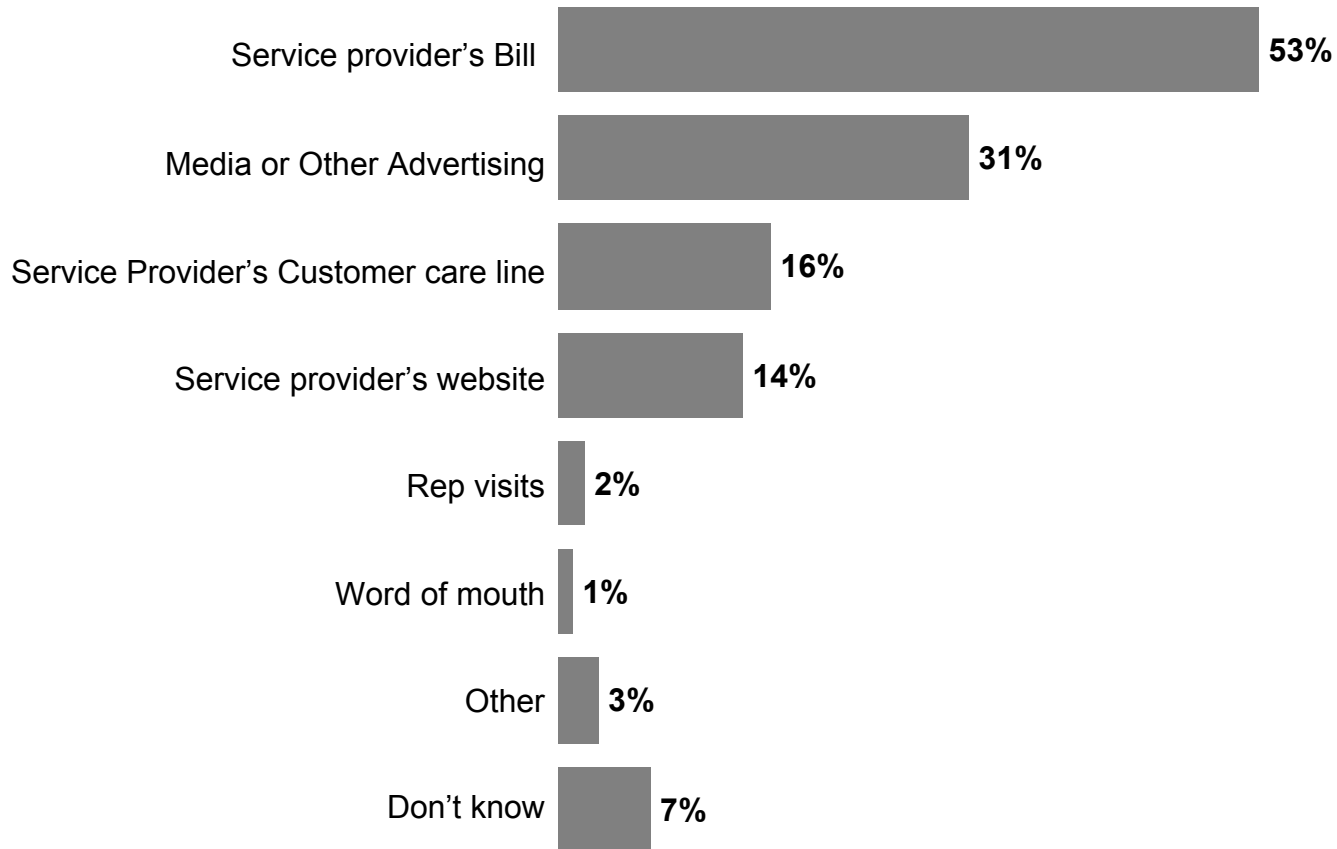
Base:	68%
Visit from a sales person (original telecom supplier)	37
Telephone call from a sales person (original telecom supplier)	26
Advice from internal staff with knowledge	7
Advice from family/friends, general word of mouth	7
Advice from a consultant	6
Direct mail, brochures etc	1
General media	7
Don't know	35

Q.19d Have you ever switched back to eircom?

Q.19e Did any of the following prompt you to switch back to eircom?

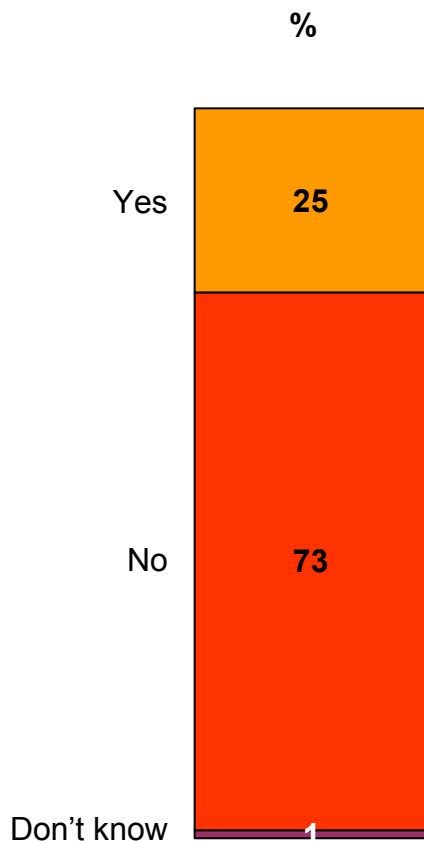
Reliable Sources Of Information On Price Of Fixed Line Telephone Services

Base: All Respondents: 300



Incidence Of Shopping Around for Better Prices

Base: All Respondents: 300



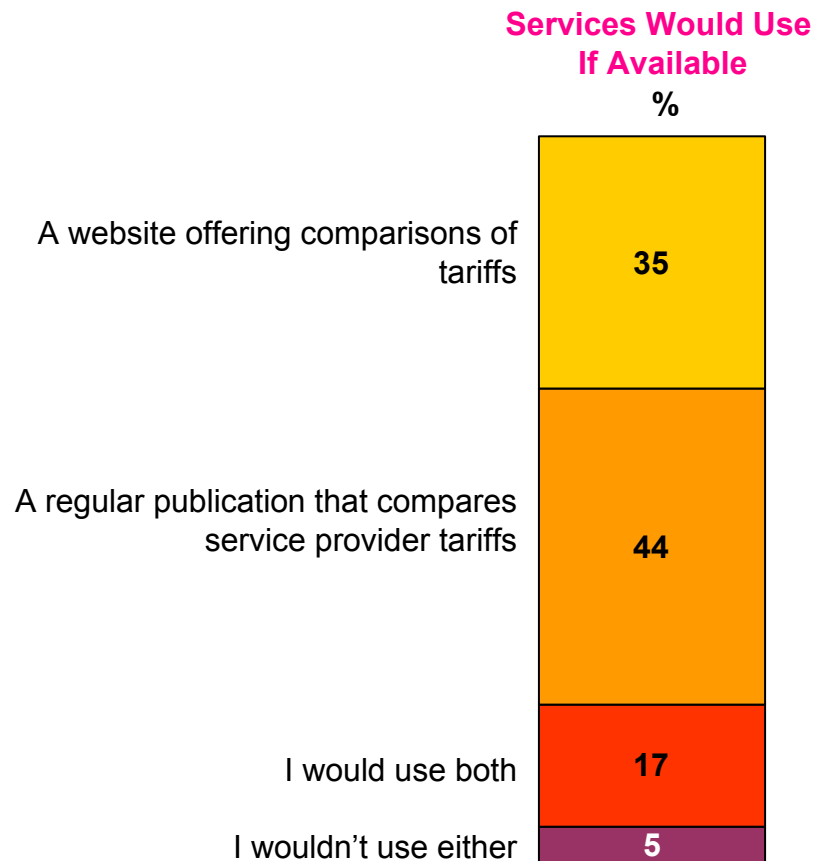
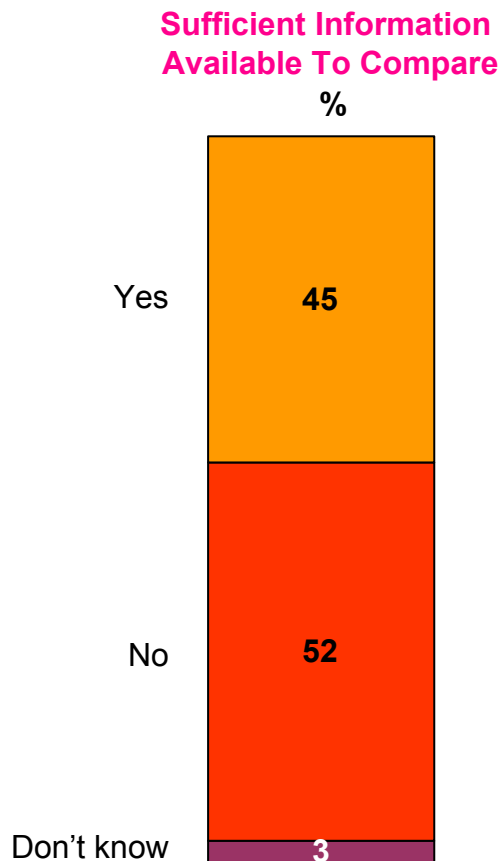
Reasons For Not Shopping Around	
Base:	220 %
No time to look into it/too busy	20
Happy as we are/with current supplier	11
Happy with current prices/a good deal	8
No particular reason	10
Have not been approached	7
Happy with eircom	5
Happy with service/good service	4
* Range of others 2% or less	

Q.20c Have you shopped around for better prices in the last year on your fixed line telephone service?

Q.20d Why did you not shop around for better prices on your fixed line telephone service in the last year?

Information On Fixed Telephone Tariff Packages

Base: All Respondents: 300

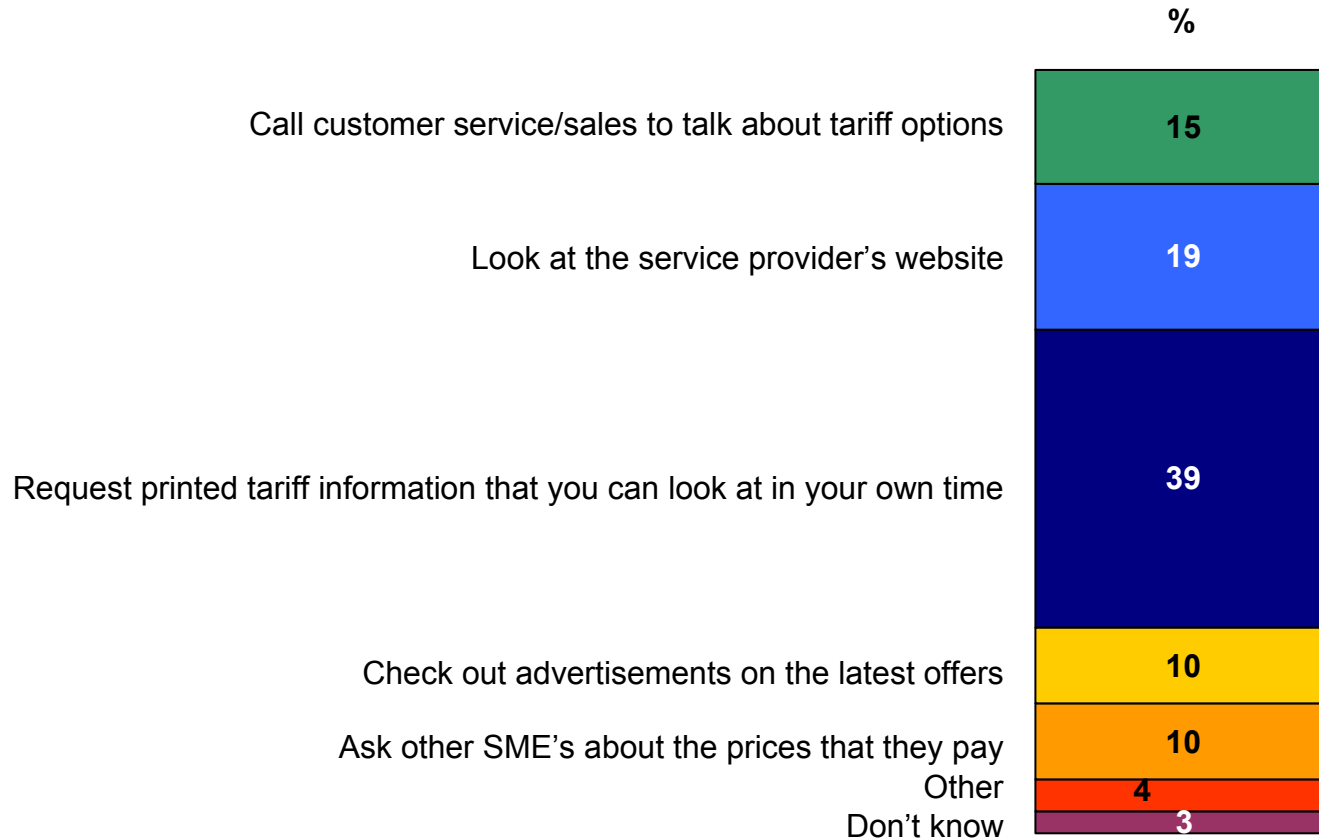


Q.20f Do you feel there is sufficient information for you to compare fixed telephone tariff packages?

Q.20h To ensure you are kept aware of prices from different fixed line telephone service providers which of the following services would you use if they were available?

Best Way To Get Information On Fixed Line Telephone Prices

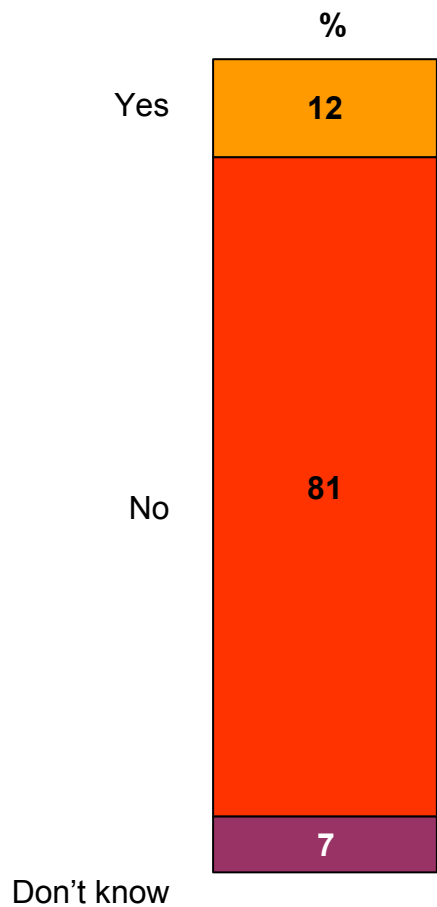
Base: All Respondents: 300



ISDN and Leased Line Market

Switched Supplier For ISDN Lines In Past 12 Months

Base: All Respondents With ISDN Lines: 197



Main Reason(s) For Switching	
Base:	23*
	%
Price/cost reduction	48
Cheaper/cost savings	9
Other	26
Don't know	4

Difficulties Encountered	
Base:	23*
	%
None	91
Other	4
Don't know	4

*Caution: Small base size

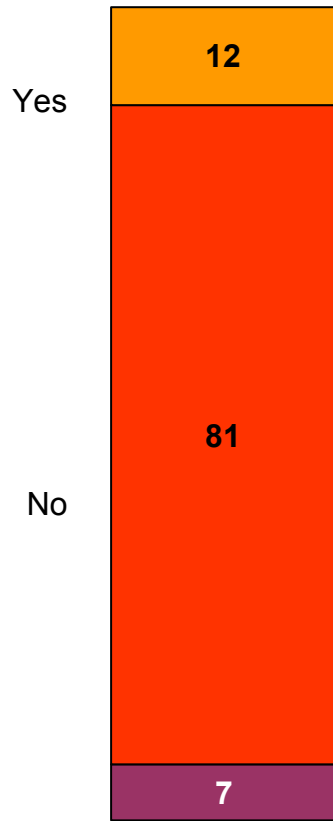
Q.11 Have you switched supplier for any of the following services in the past 12 months?

Q.12a What were your main reasons for switching your supplier of

Q.12b What if any difficulties did you encounter when switching

Switched Supplier For ISDN Lines In Past 12 Months

Base: All Respondents With ISDN Lines: 197



Reason(s) Why Not Considered Changing Supplier	
Base:	162 %
Satisfied with current supplier/level of service	24
Currently changing/considering changing/ have changed recently	6
No need/no benefit/savings not high enough	6
Too busy – haven't got around to it	5
Happy with current deal/rates/most competitive	4
No reason/not considered it	4
Did try another company – disappointed with the results	3
* Range of others 2% or less	

Don't know

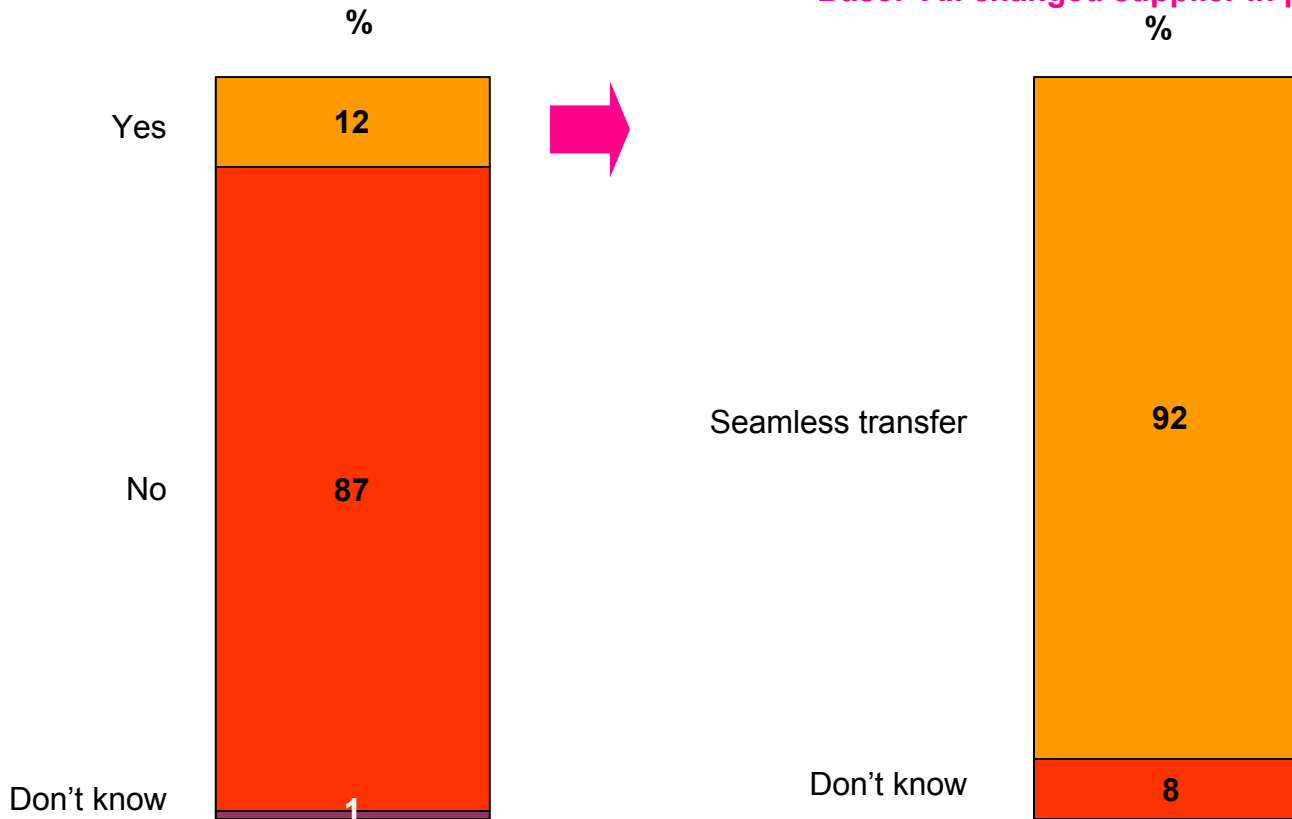


Q.13 Why have you not considered changing your supplier of

Incidence Of Changing Leased Line Supplier In The Past Year

Base: All With Leased Lines: 107

How Change In Leased Line Was Managed
Base: All changed supplier in past year: 13*



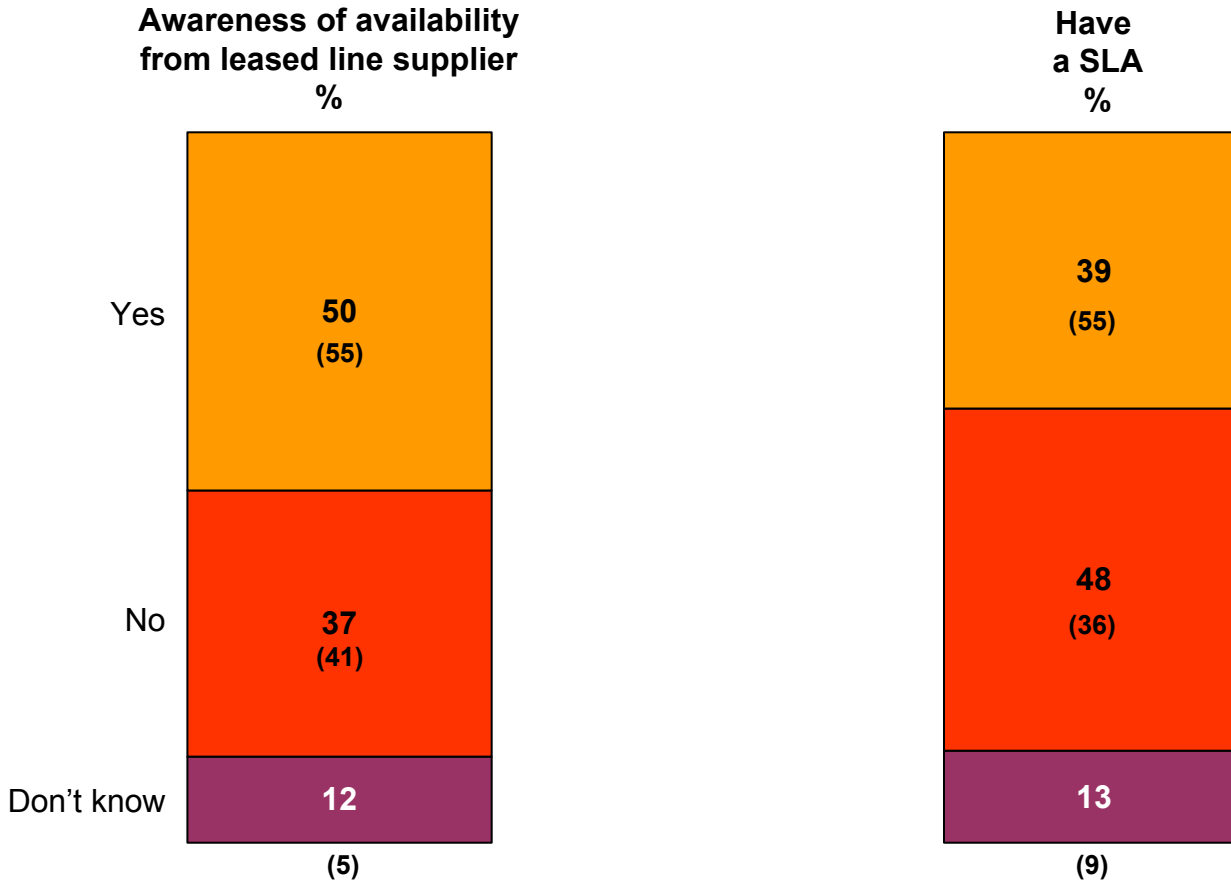
*Caution: Small base size

Q.9i Have you changed your leased line supplier in the last 12 months?

Q.9j Was this managed through a seamless transfer or was a new line provided?

Service Level Agreement On Leased Lines

Base: All With Leased Lines: 107



() 2003 figures

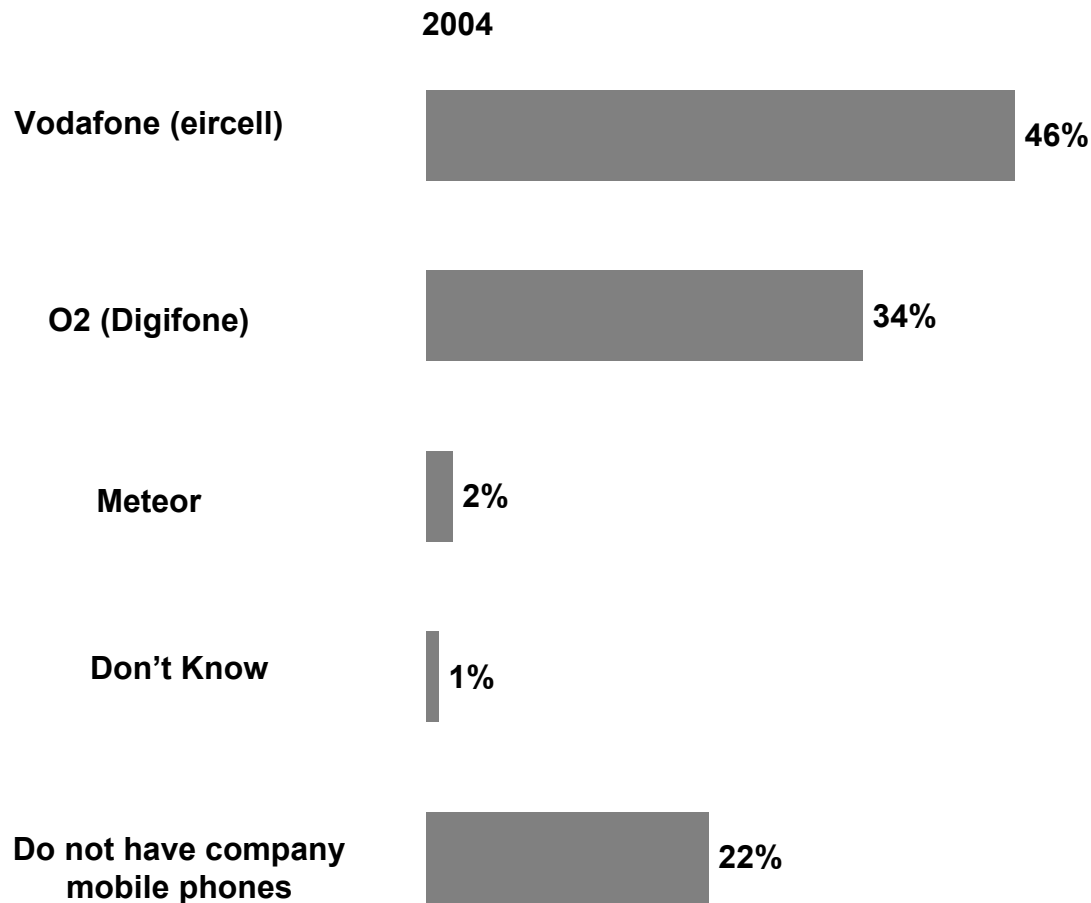
Q.9l Do you have a SLA with your leased line supplier?

Q.9m Are you aware that you can get a SLA (Service Level Agreement) from your leased line supplier?

Mobile Voice

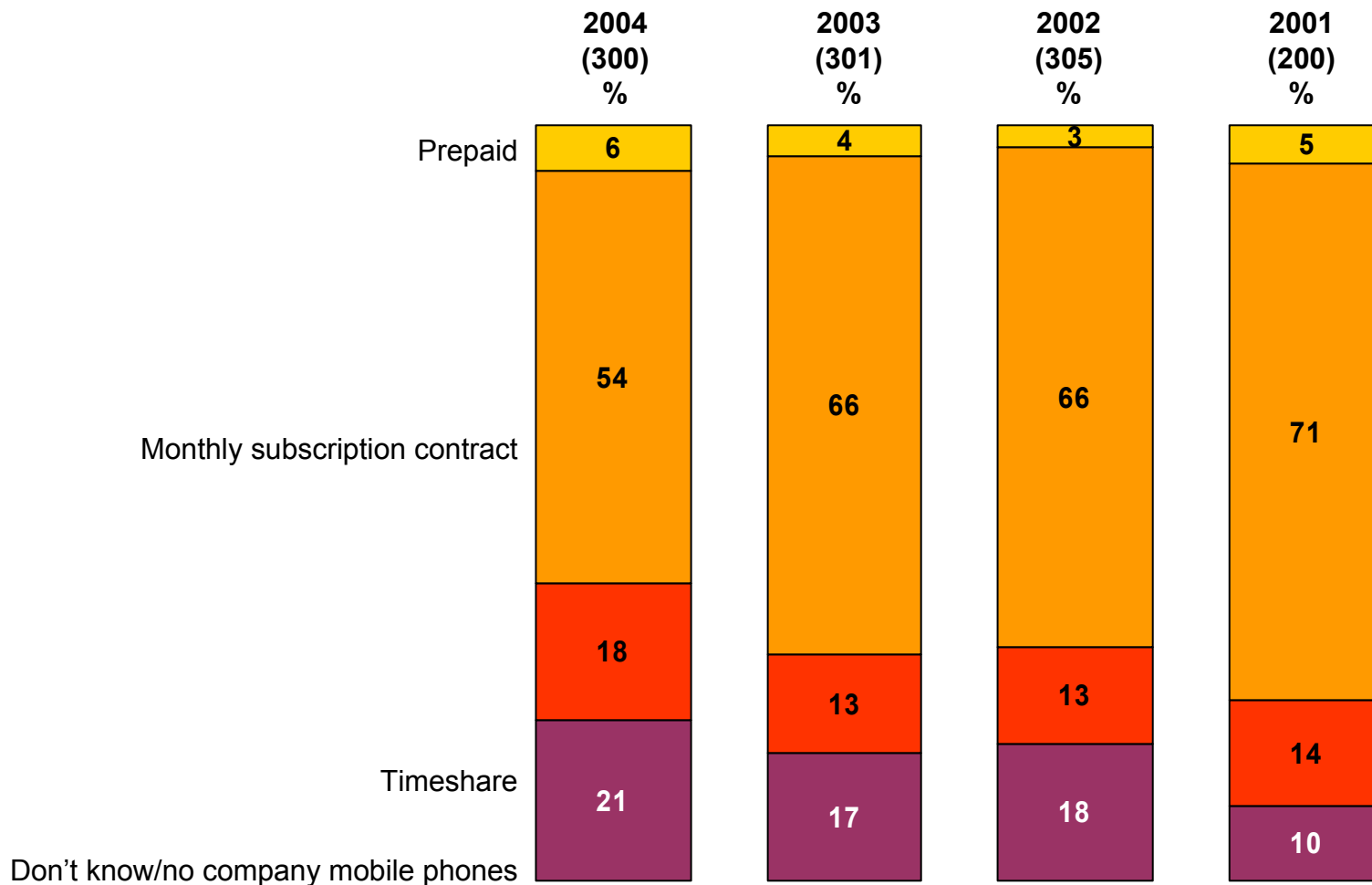
Company's Supplier For Mobile Telephone Calls

Base: All Respondents: 300



Mobile Phone Package Used

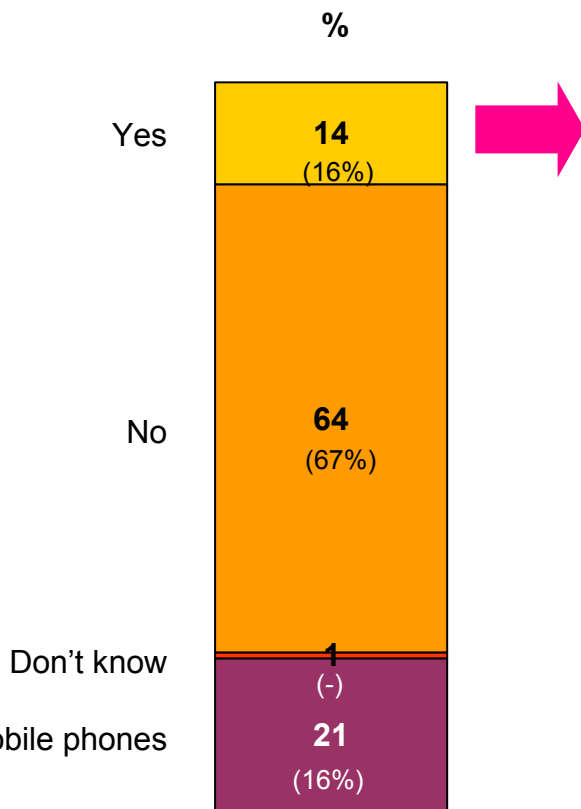
Base: All Respondents: 300



Quality Of Service From Mobile Operators

Base: All Respondents: 300

Any Difficulties Experienced?



Types Of Difficulty Experienced?

	2004	2003
Base:	43	49
	%	%
Poor coverage	35	(49)
Problems with reception/signal	26	(20)
Dropped calls	16	(14)
Network poor/busy	7	(16)
Prices/high charges	2	(8)
Cutting off – no reach	2	(8)
Poor service/response	26	(4)
Don't know	2	(2)

Whether Complaint Made To Operator

	2004	2003
Base:	43	49
	%	%
Yes	65	35
No	35	63
Don't know	-	2

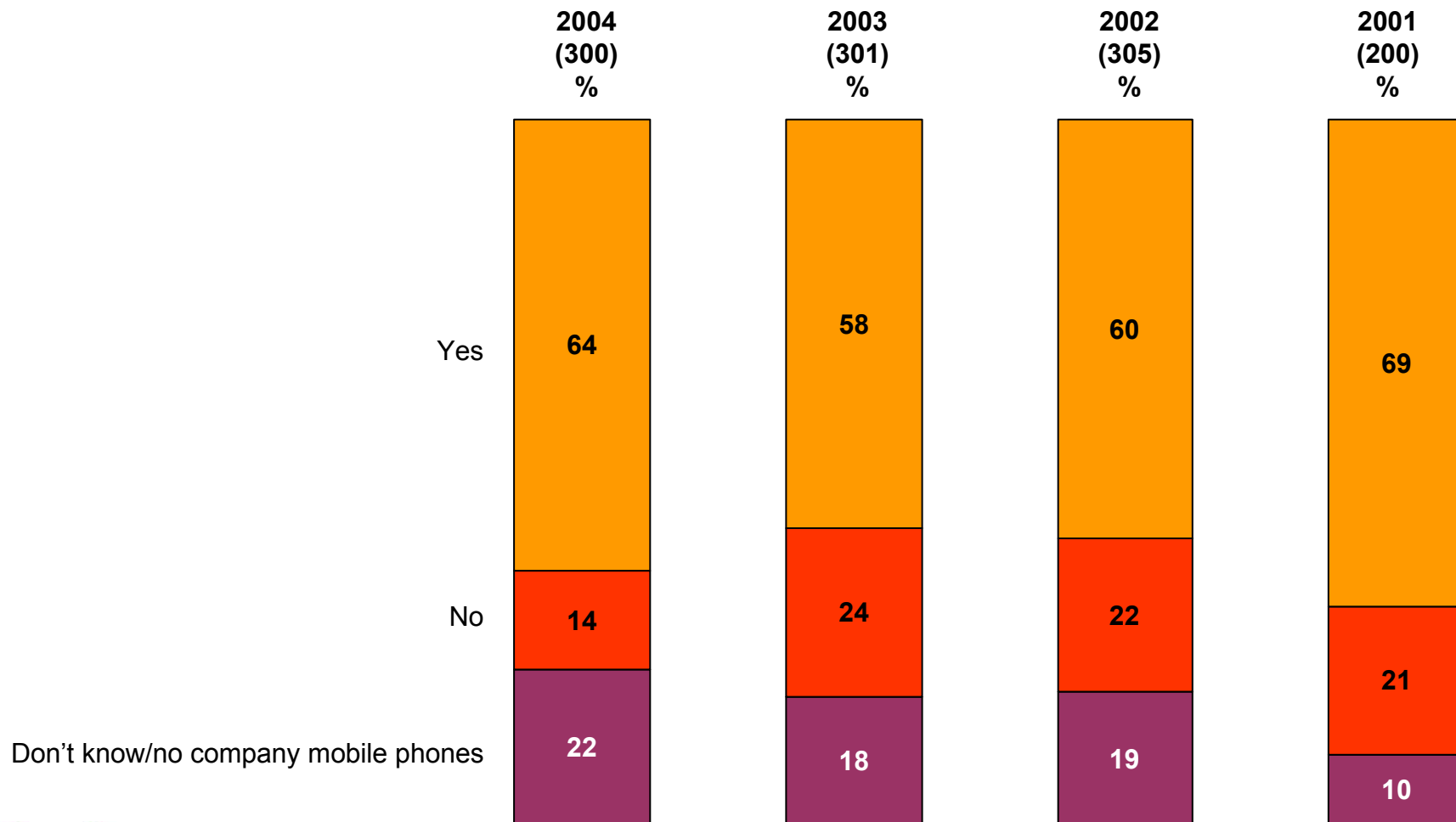
Q.22a Have you experienced any difficulties in relation to the quality of service from your mobile operator?

Q.22b What types of difficulty have you experienced?

Q.22c And have you made a complaint to your mobile operator about this at all?

Awareness Of Difference In Cost Of Calling Another Mobile Network

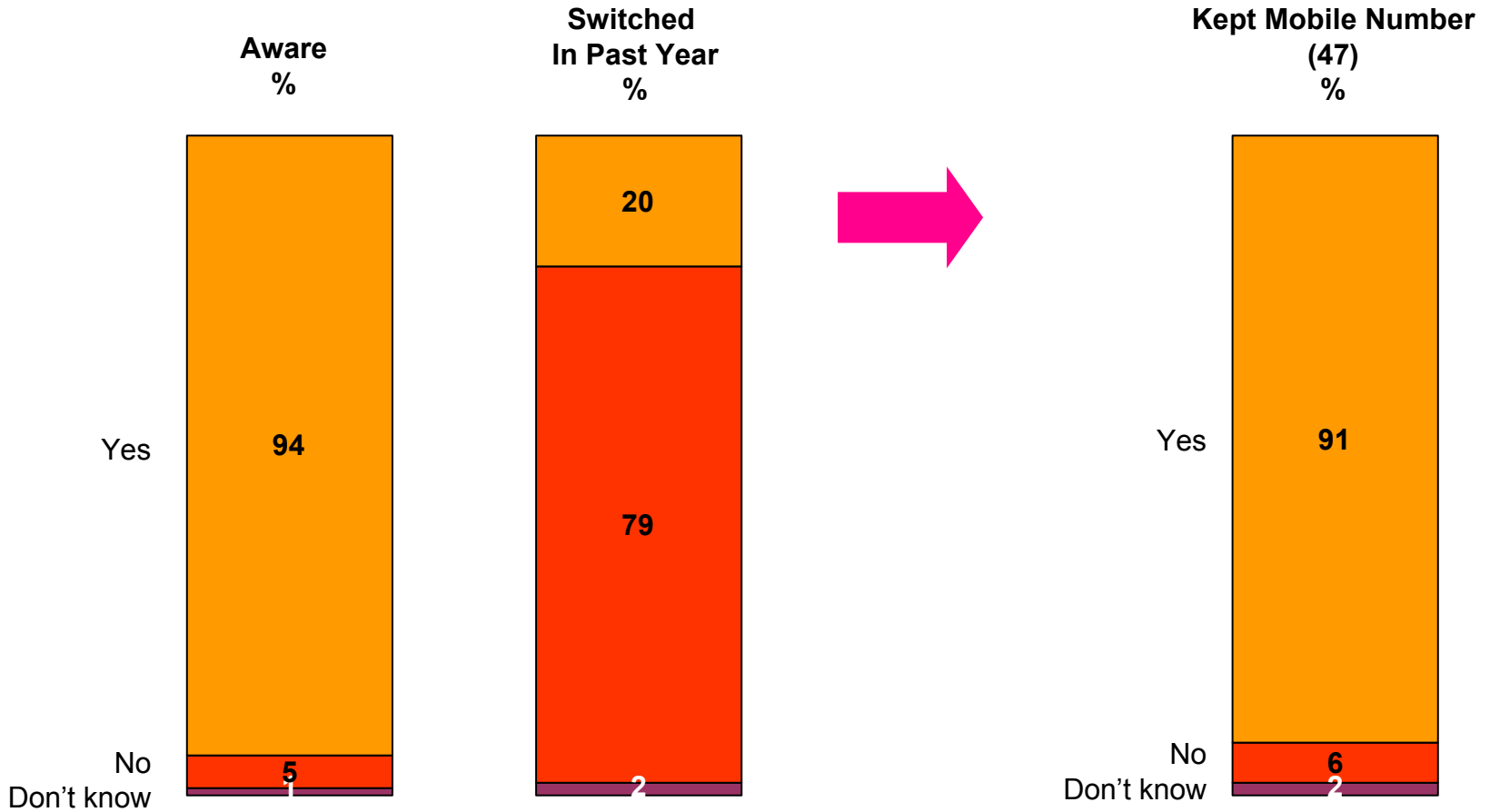
Base: All Respondents



Q.29 Are you aware of the difference in the cost of calling another mobile network, from your mobile phone, rather than calling the same mobile network?

Awareness Of Mobile Number Portability

Base: All Companies With Mobile Phones: 238



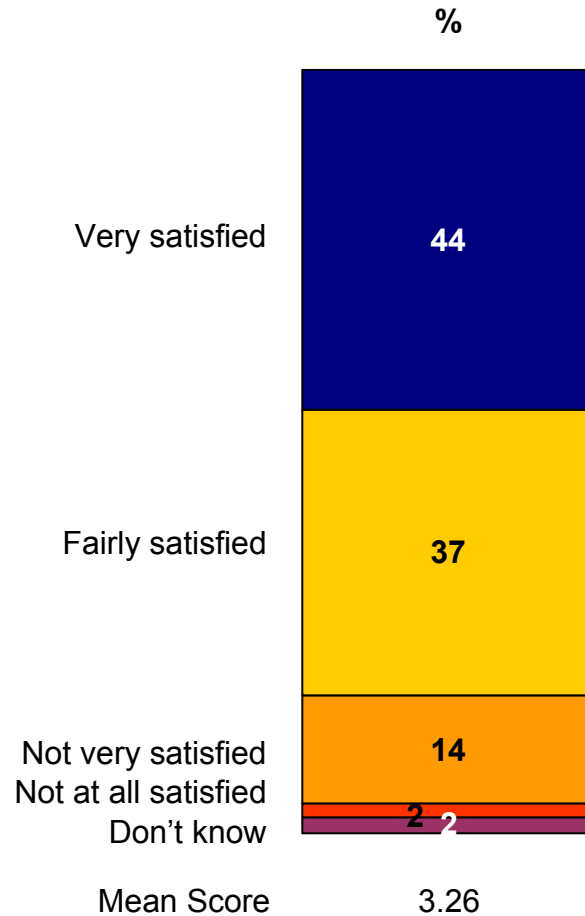
Q.26 Are you aware that you can now switch your mobile operator from one mobile network to another without having to change your mobile number?

Q.27a Have you changed your mobile supplier in the past twelve months?

Q.27b Did you keep your number(s) when you switched supplier?

Level Of Satisfaction With Mobile Number Portability Process

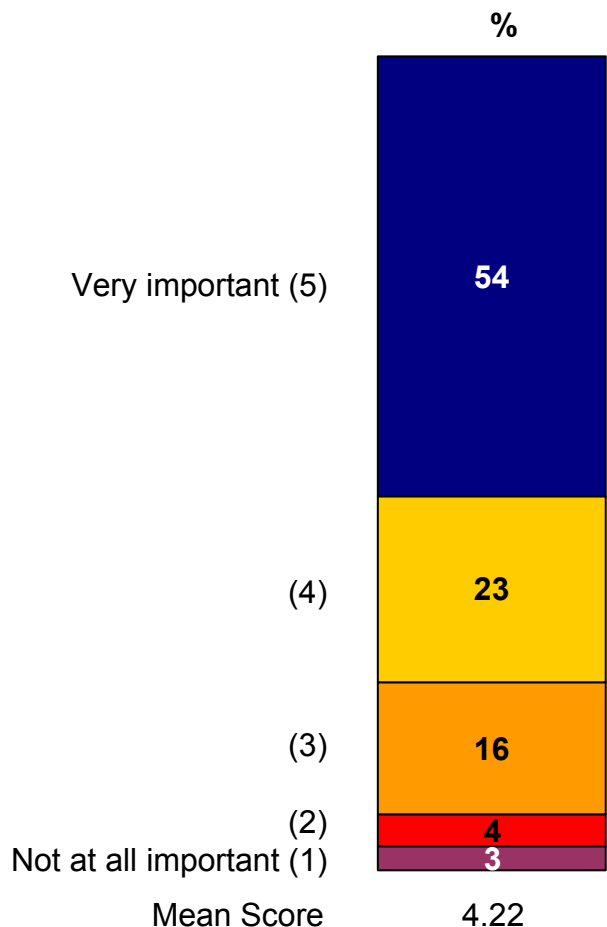
Base: All Who Kept Mobile Number: 43



Q.28 How satisfied were you with the mobile number portability process?

Importance Of Price When Choosing Mobile Phone Service Provider

Base: All Companies With Mobile Phones: 238



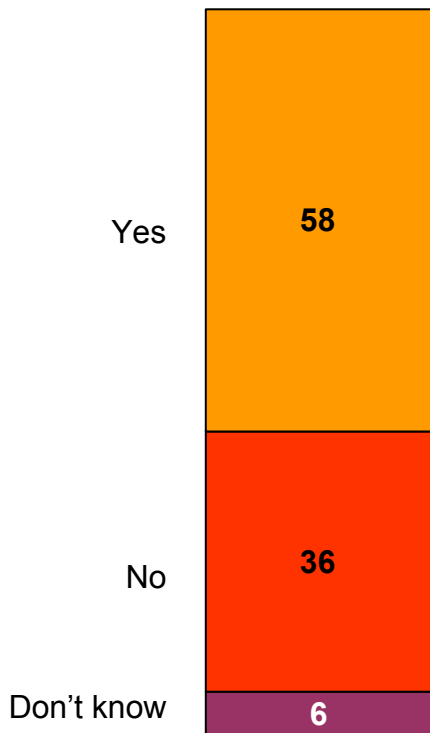
Summary of Mean Scores	
Region	
Dublin	4.29
RoL	3.90
Munster	4.22
Conn/Ulster	4.23
Company Size	
1-10 employees	4.17
11-20 employees	4.27
21-40 employees	4.28
41-99 employees	4.20
Industry Sector	
Non-Service	4.25
Distribution/Retail/Catering	4.33
Other	4.14
Mobile Provider	
Vodafone	4.15
O2	4.31

Information On Mobile Phone Tariff Packages

Base: All Companies With Mobile Phones: 238

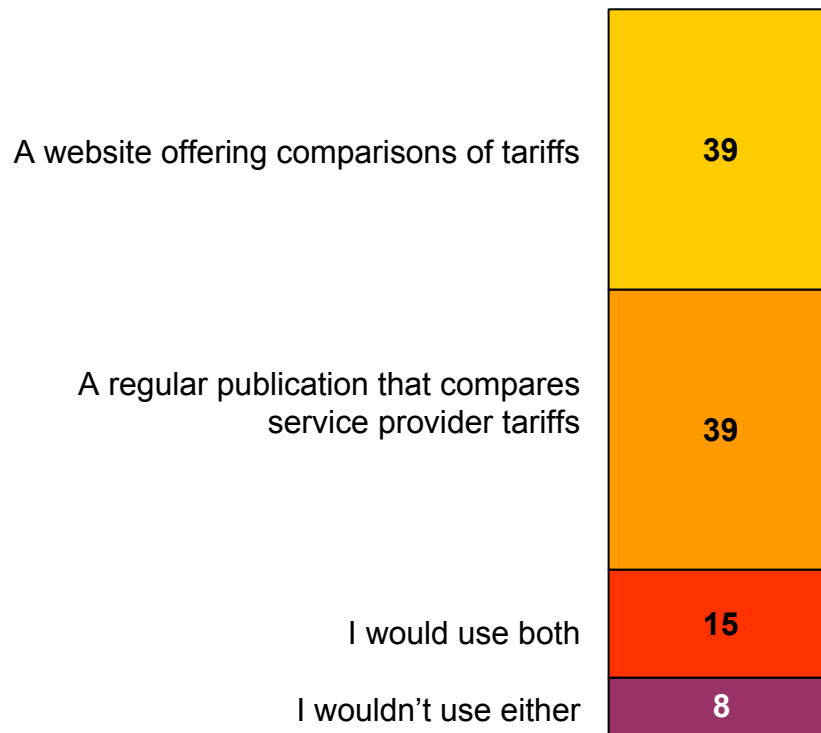
Sufficient Information Available To Company

%



Services Would Use If Available

%

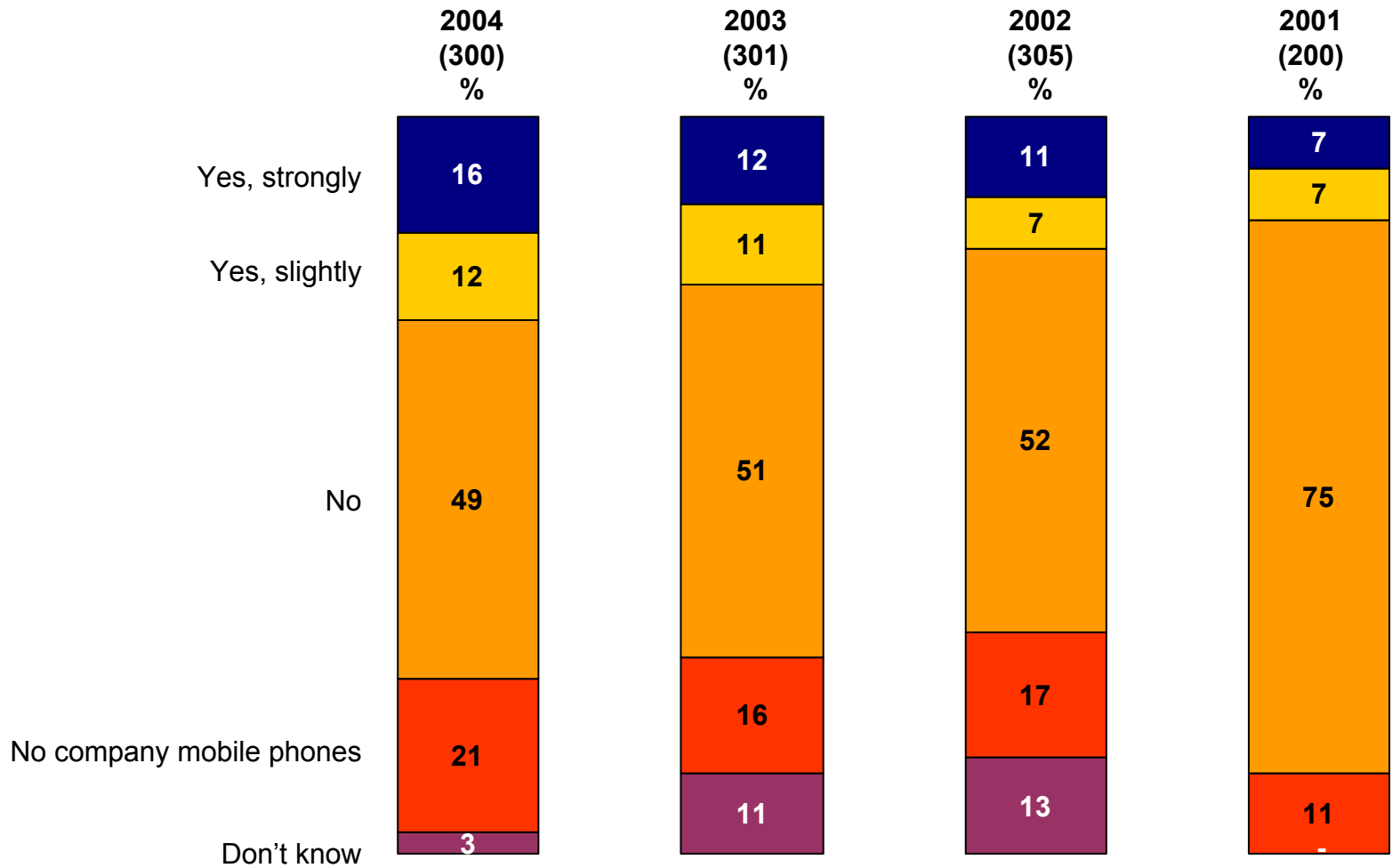


Q.33f Do you feel there is sufficient information for you to compare mobile tariff packages?

Q.33h To ensure you are kept aware of prices from different mobile service providers which of the following services would you use?

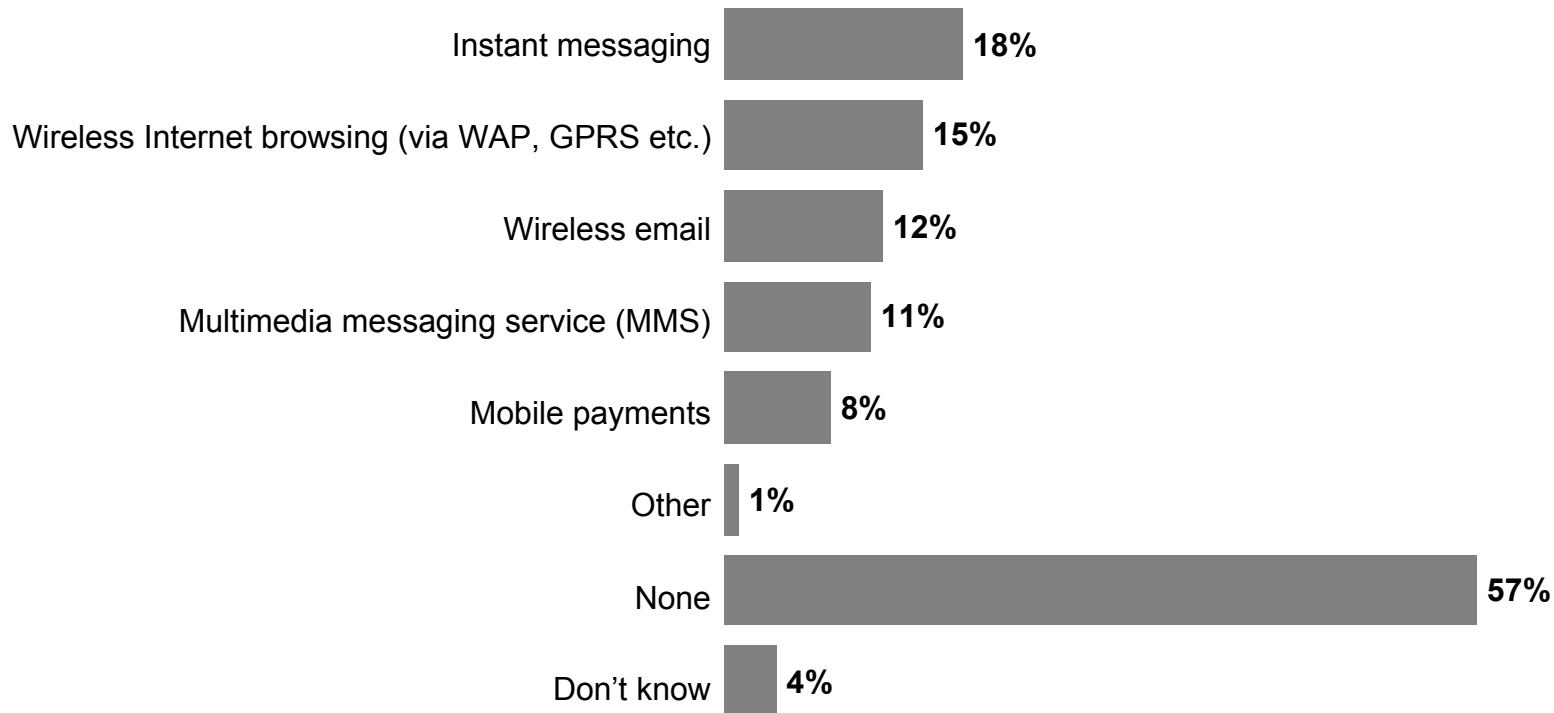
Encourage Text Messaging

Base: All Respondents: 301



Company Access To Mobile Data Applications

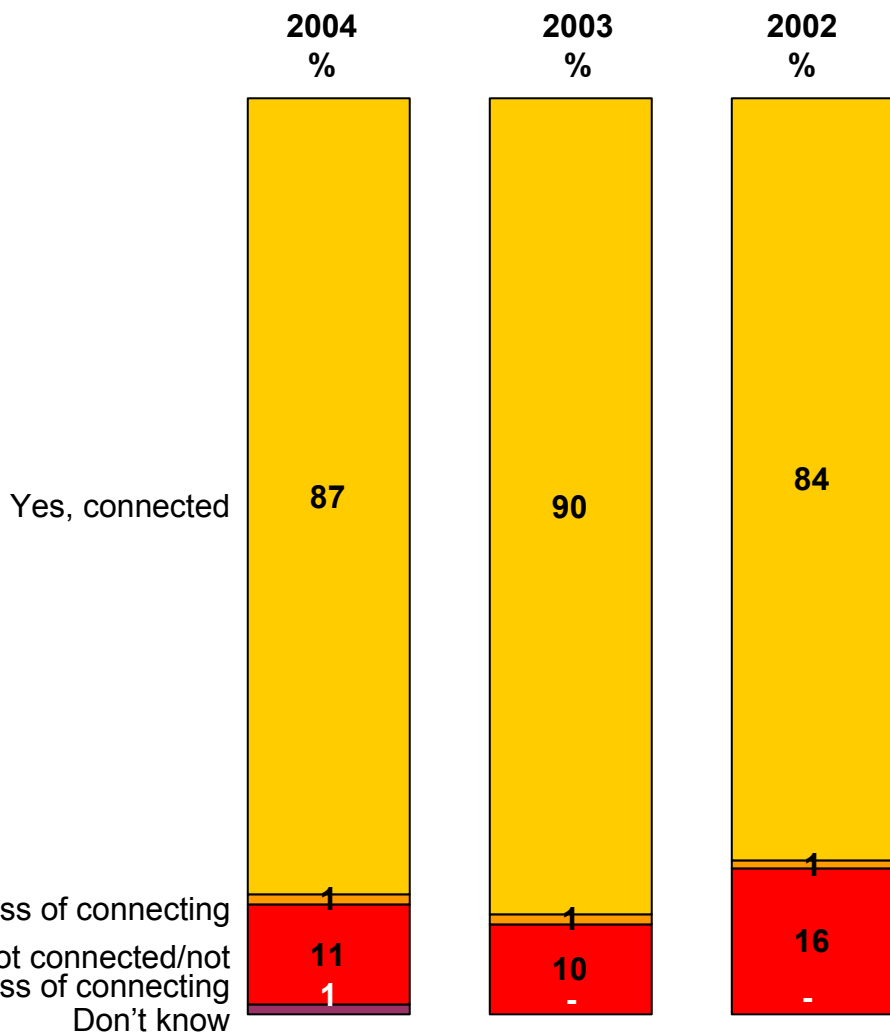
Base: All Companies With Mobile Phones: 238



Internet Usage

Connection To The Internet

Base: All Respondents: 300



Internet Connection Speed		
	2004	2003
Base:	264	(272)
	%	%
Ordinary phone line/dial up access	22	(39)
ISDN line	35	(46)
Dedicated leased line	8	(8)
DSL	28	(10)
Other	5	(4)
Don't know	6	(1)

Yes, in process of connecting
 No, not connected/not in the process of connecting
 Don't know

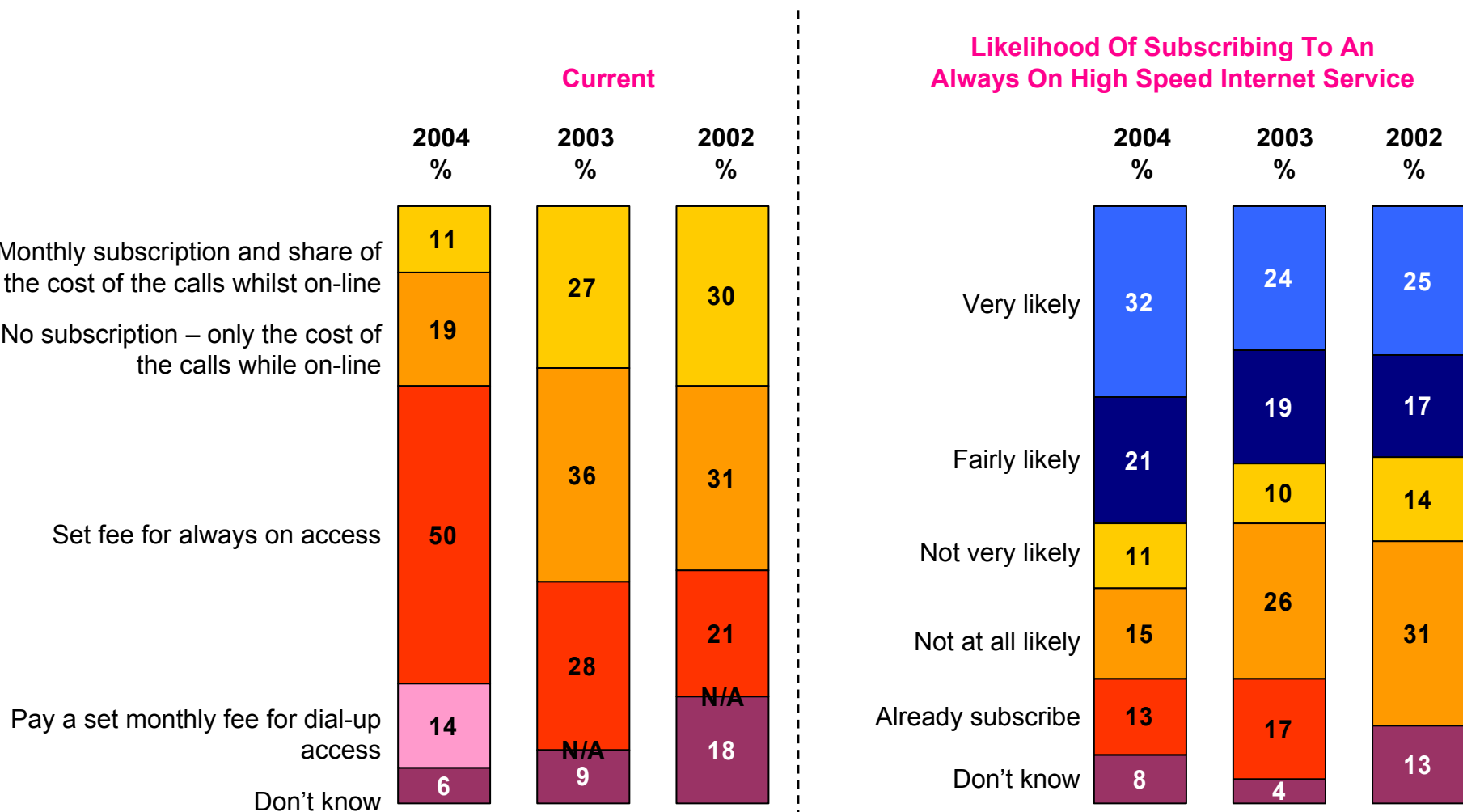
Q.34 Is anyone in your company connected to the Internet or in the process of connecting to the Internet?

Q.36 Which of the following does your company use to connect to the Internet?



Type Of Internet Package Used

Base: All Connected To The Internet: 264

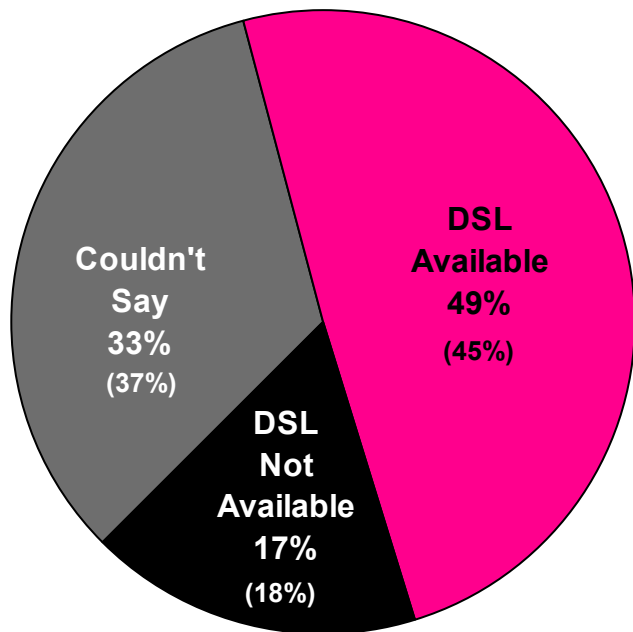


Q.42a What type of Internet package does your company have?

Q.42d How likely are you to subscribe to an "always-on high speed Internet service"?

Availability Of DSL in Customers Area

Base: All Respondents: 301



Reasons Why DSL Not Available?

Base:	152
	%
Location too far from exchange	11
Local exchange not DSL enabled	4
Lines failed the DSL test	1
Other	6
Don't know	78

Whether Lack of DSL a disadvantage to business

Base: 152	%
Yes	18
No	36
Don't know	45

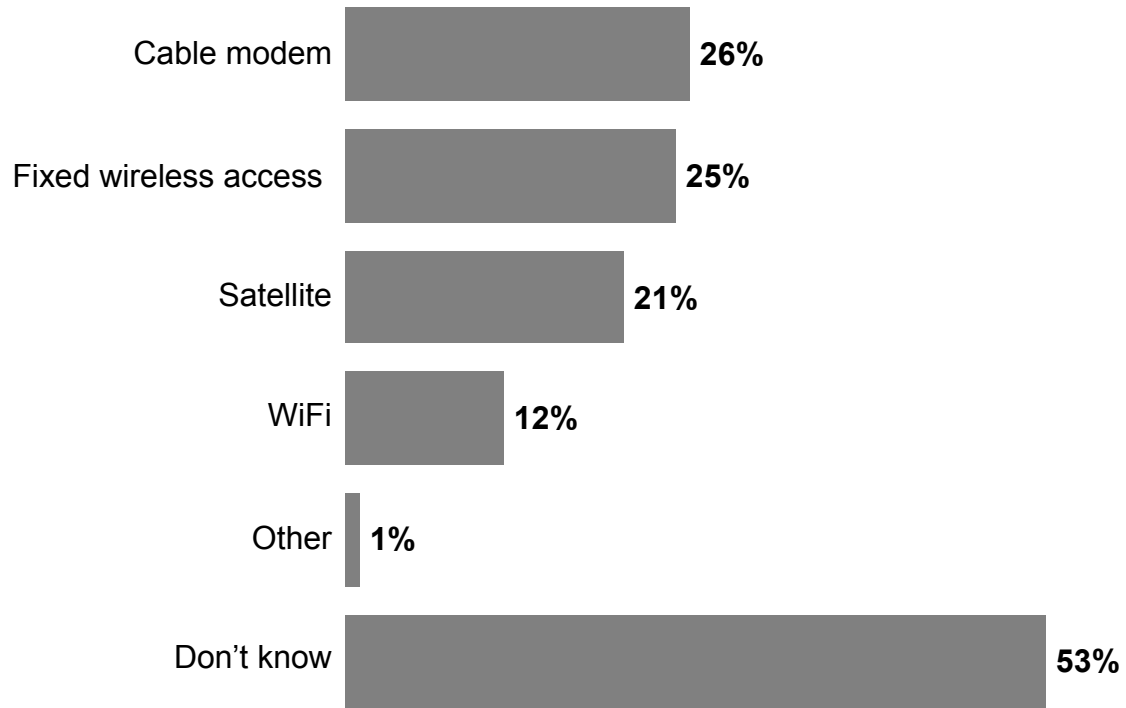
Q.43a As far as you are aware, is DSL (Digital Subscriber Lines) available in your area?

Q.43b Why is DSL not available in your area?

Q.43d Is the lack of availability of DSL in your area a disadvantage to your business?

Other Broadband Services Available In Customers Area

Base: All Respondents: 300



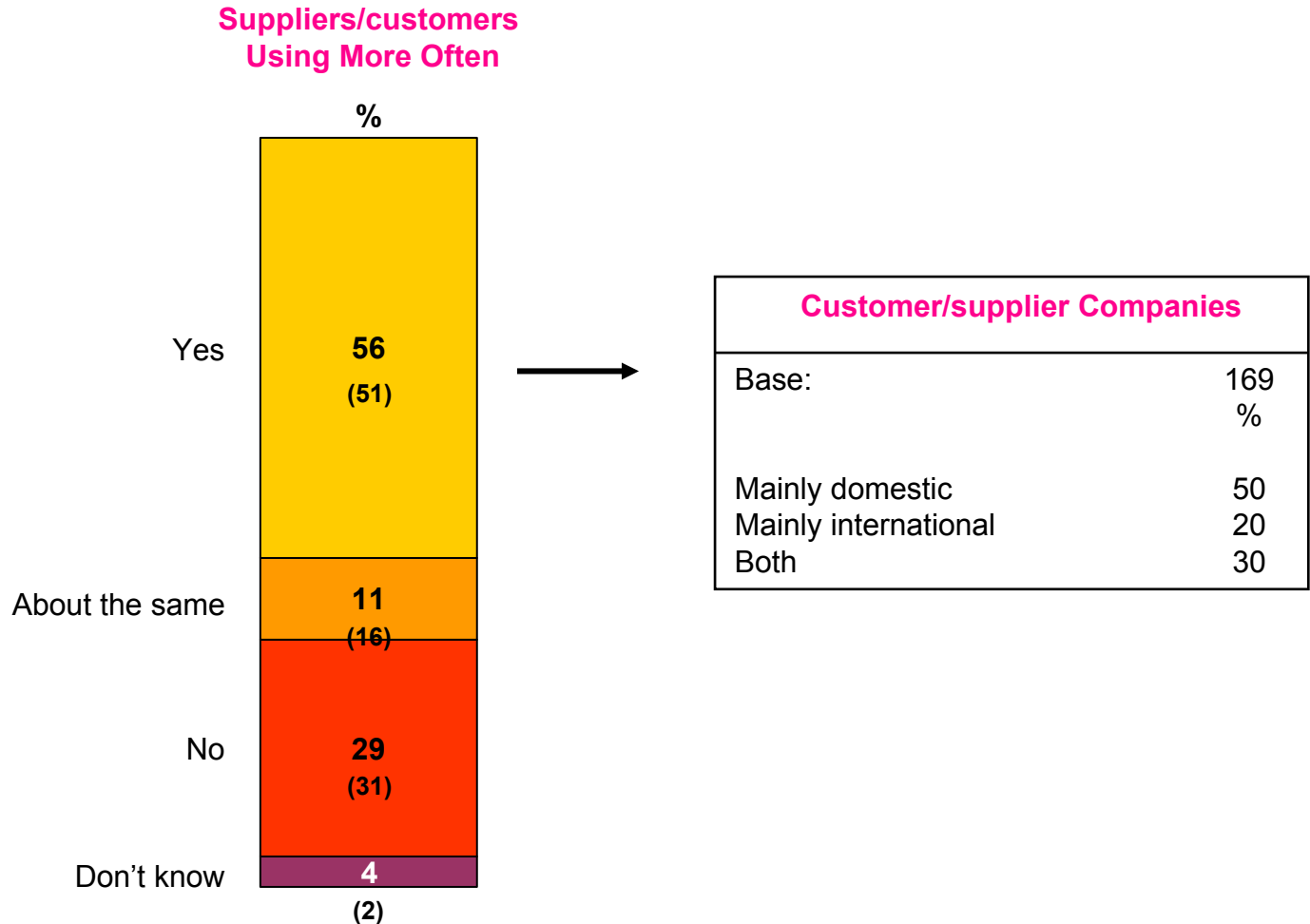
E-Business Applications Used Via the Internet

Base: All Connected To The Internet

	2004 (264) %	2003 (272) %	2002 (259) %	2001 (183) %
Email with suppliers/customers	83	87	79	80
Booking travel/accommodation	79	53	61	n/a
Sourcing competitor, market or other information from websites	69	61	58	84
On-line banking	68	60	56	49
E-mail within company	62	54	44	45
On-line purchasing from suppliers/orders from customers	50	41	39	32
On-line payments to suppliers/from customers	38	29	27	25
Communicating with newsgroups	n/a	19	21	14
Video conferencing	4	6	3	1
Other	2	2	1	1
Don't know	2	-	7	4

Increased Use Of Internet By Suppliers And Customers

Base: All Respondents: 300

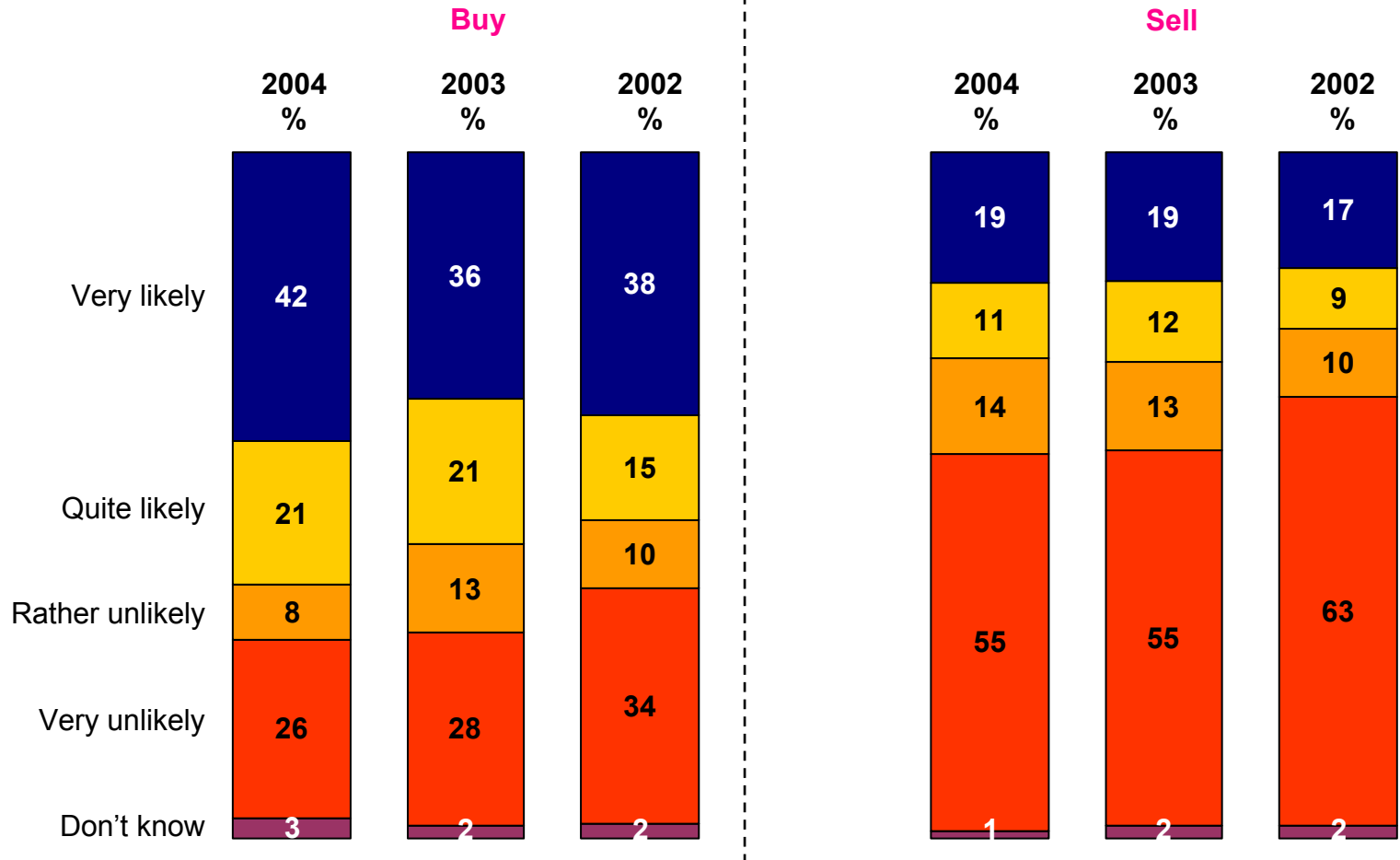


Q.45a *Would you say that your suppliers and customers are now using the Internet more often to do business with you?*

Q.45b *And are these mainly domestic or international companies?*

Likelihood Of Company Buying/Selling Something Over The Internet In The Next 12 Months

Base: All Respondents: 300



Q.44a How likely is your company to buy something on the Internet in the next 12 months?

Q.44b How likely is your company to sell something on the Internet in the next 12 months?

Reasons Why Not Connected To The Internet And Likelihood Of Connecting In Next 12 Months

Base: All Respondents Not Connected: 33*

Main Reason For Not Connecting To The Internet	2004	2003	2002
	%	%	%
Internet could not assist the business in any way	6	(28)	(30)
Content and uses of the Internet are not relevant to the work the company carries out	30	(24)	(28)
Lack of knowledge about the equipment needed and how to use it	6	(10)	(7)
Security fears	6	(-)	(4)
Cost of the equipment	9	(3)	(4)
Call/subscription costs		(-)	(2)
Other	21	(24)	(17)
Need more information on how can benefit business	9	(-)	(-)
Don't know	12	(10)	(-)

Likelihood Of Connecting In The Next 12 Months

