Commission for
Communications Regulation

General

The Internet and Broadband Experience for Business Users

Document No:	**07/23**
Date:	**01 May 2007**

An Coimisiún um Rialáil Cumarsáide
Commission for Communications Regulation
Abbey Court Irish Life Centre Lower Abbey Street Dublin 1 Ireland
Telephone +353 1 804 9600 *Fax* +353 1 804 9680 *Email* info@comreg.ie *Web* www.comreg.ie

Contents

1 Introduction

Since June 2005, ComReg has commissioned Millward Brown IMS to carry out half – yearly surveys[1] among the business community in Ireland to ascertain their views and experiences with regard to the use of information and communication technologies in their workplace. Whilst respondents are asked their views on fixed line, mobile and Internet communications, this report specifically discusses trends around Internet and broadband usage by companies, based on analysis across all of the surveys carried out to date. It focusses on trends in uptake of broadband, types of Internet services used, the perceived benefits of broadband and the future of broadband for businesses.

The results analysed within this report are based on telephone interviews carried out every six months with a sample of around 550 Irish businesses. The fieldwork for the most recent survey was carried out between November 2006 and January 2007. Quotas are set on industry sector (as defined by ISIC codes combined with Central Statistics Office (CSO) industry employment data) and company size. Of the 550 interviews, 50 are conducted among large corporate companies (defined as those with 100 or more employees), and 500 among SMEs (defined as those with less than 100 employees). In H2 2006 slight adjustments were made to sampling to reflect the changing profile of Irish industries. This resulted in an increase in the representation of the Construction and Financial sectors in particular, and a decrease in the proportion of sampled companies in the Retail and Services Industries.

While there is no definitive figure for the total number of businesses in Ireland, the Companies Registration Office reported that there were a total of 160,707[2] companies registered at the end of 2005. This figure only accounts for registered companies, and thus underestimates the total number of businesses operating in Ireland.

[1] For brevity, the naming convention used to describe each wave of the survey is H1 for the first survey of the year and H2 for the second, i.e. the first survey conducted in 2005 would be H1'05 etc.

[2] CRO: Companies Registration Office, 2005

Figure 1.1.1: Sample Profile – Number of Employees H2'06

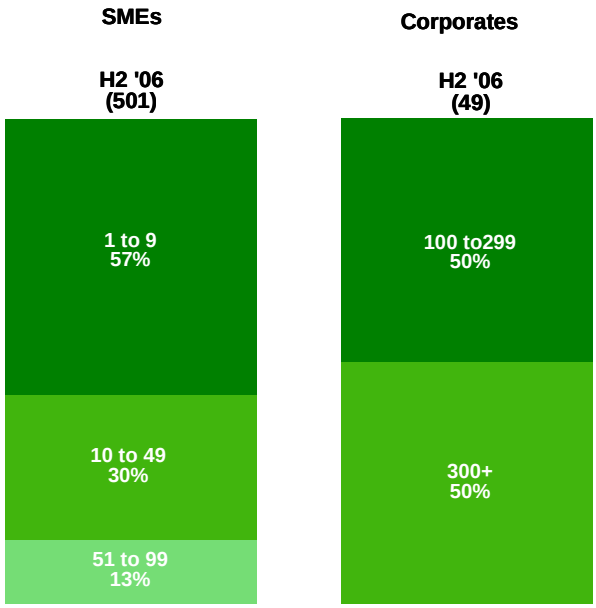
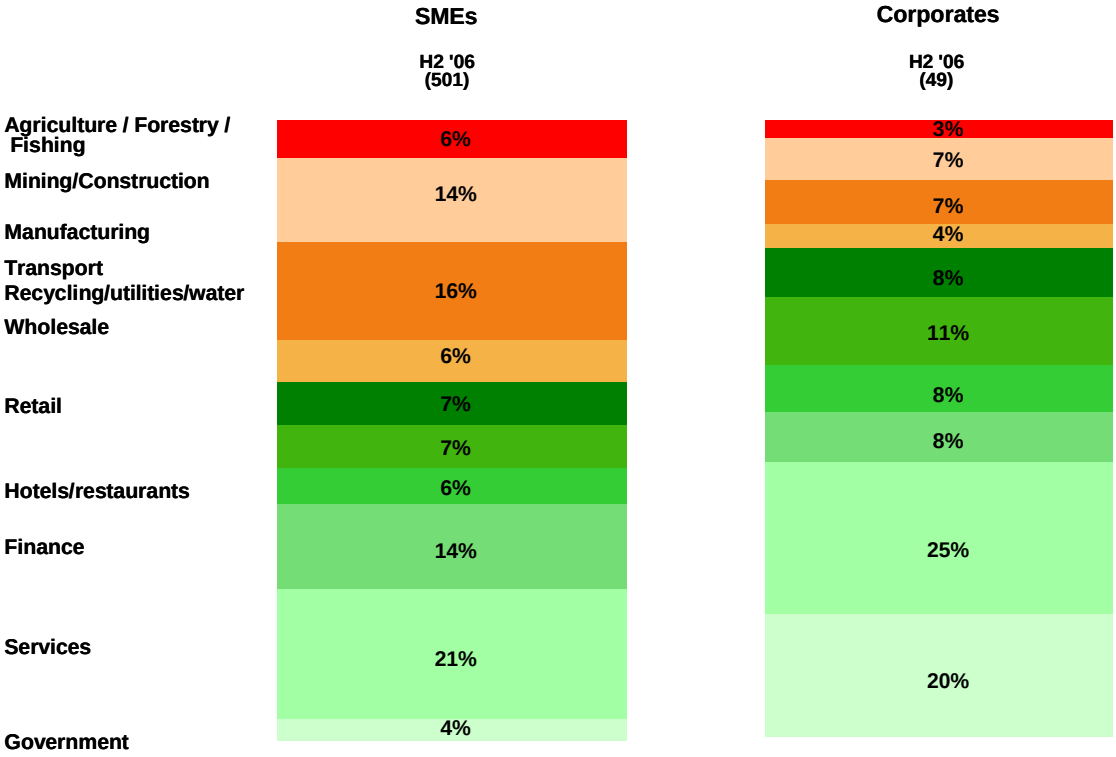


Figure 1.1.2: Sample Profile – Industry Sector H2'06



Additionally, qualitative research using focus groups was conducted among business users in October 2006 which afforded an opportunity to explore ICT issues more deeply

than was possible via the half-yearly quantitative research. Some of the insights gained from the focus group research about business Internet and broadband use are also included in this report. Comparative data from other EU countries is included, where available, to illustrate how Irish businesses compare to their European counterparts, in terms of Internet and broadband uptake and usage.

1.1 Summary of Key Findings

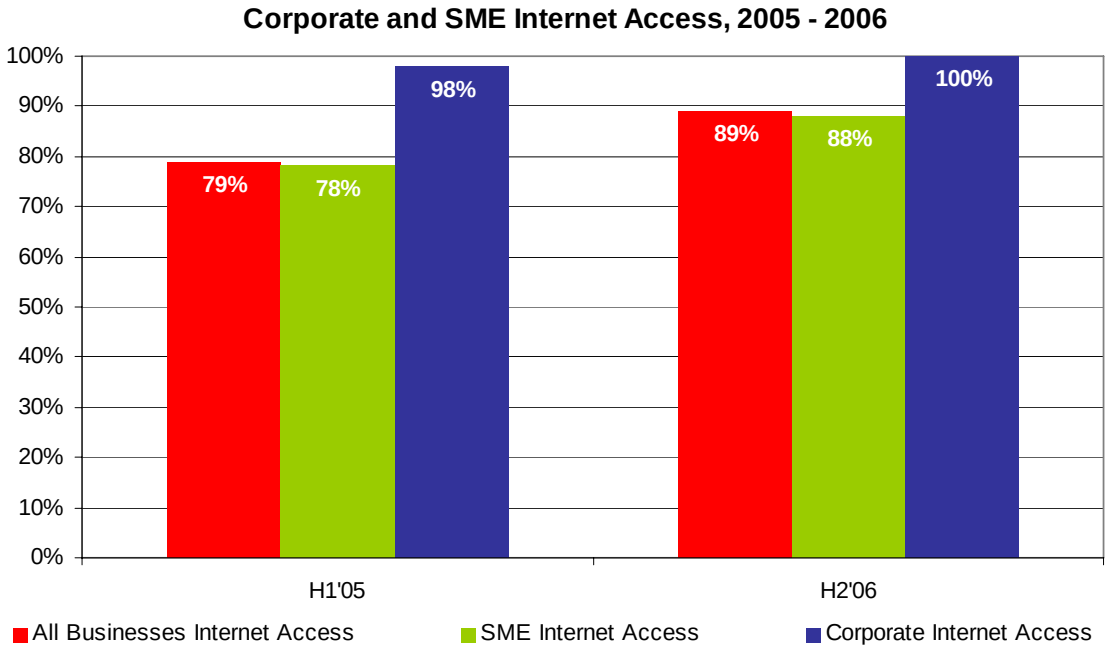
- By June 2006 89% of businesses had access to the Internet with penetration levels highest among businesses in the Finance, Construction and Services Sectors. Larger companies are more likely to be connected; businesses with between 1 and 9 employees have the lowest uptake of Internet services.
- Narrowband connections are more likely to be used by businesses operating in the Connaught-Ulster area, and on an industry level, by those companies operating in the retail sector.
- In H2'06 there was evidence to suggest that narrowband users were migrating to broadband, in addition over a quarter of businesses that were connecting to the Internet for the first time were connecting via broadband.
- 69% of those who access the Internet do so using a broadband connection. This is up from 60% at the outset of this survey series. Finance and Construction industries are most likely to be connected via broadband, with Retail and Wholesale Businesses being the least likely. At a regional level, businesses operating in Dublin are a lot more likely to use a broadband connection.
- The main reasons cited for not taking up broadband included lack of relevance and lack of availability. The key benefits to those businesses using broadband included increased efficiencies and productivity, as well as time savings.
- As a tool for converged communication, the future of broadband for business users is in utilising it for both voice and data services. However, at present, the survey indicates that usage of voice services such as VoIP is relatively low within SMEs in Ireland.

2 Overall Use of the Internet Among Businesses

2.1 Internet Access and Usage

The most recent Millward Brown IMS survey results, conducted between November 2006 and January 2007 show that almost 9 in 10 (89%) of all companies in Ireland have access to the Internet. Broken down by company size, access has become almost universal among large corporate businesses over the two year period, while the stated Internet access among SMEs has increased from 78% at the beginning of the research period, to 88% in H2'06.

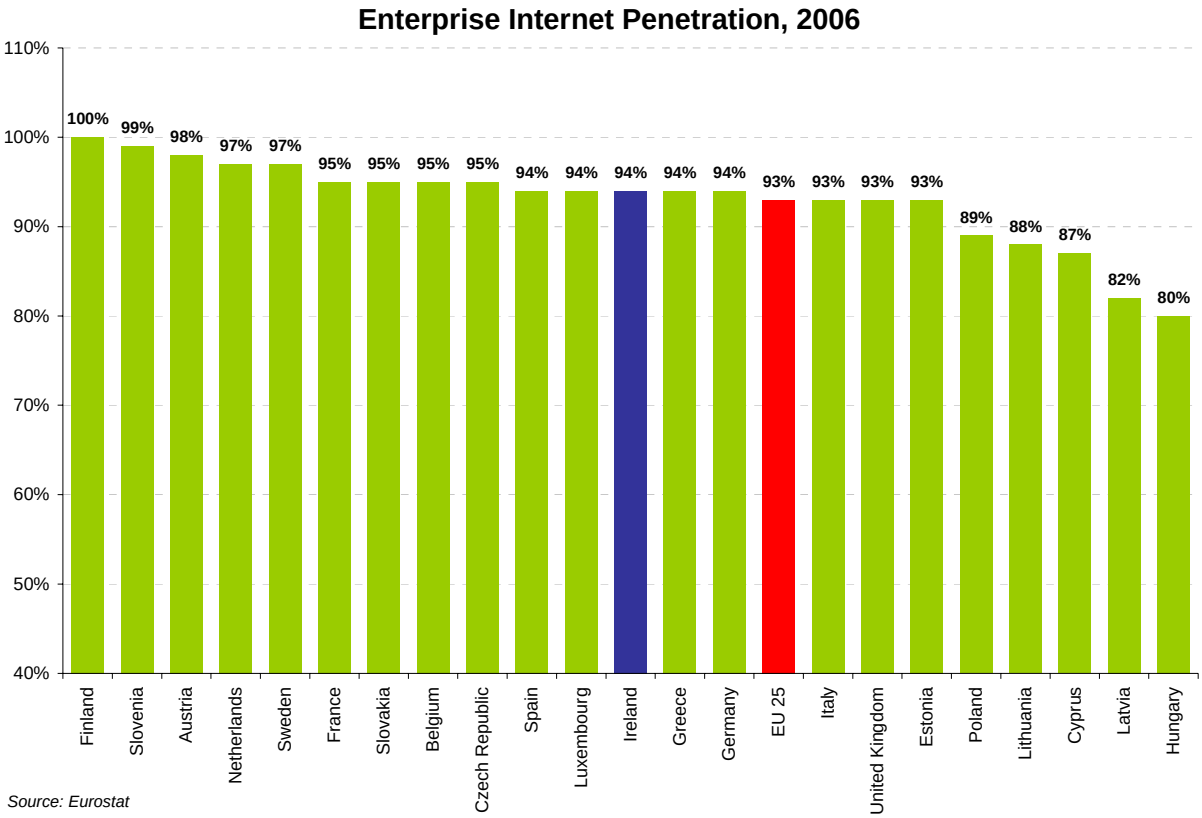
Figure 2.1.1: Business Internet Access in Ireland



The Eurostat graph below illustrates that in 2006 the Internet penetration rate among businesses in Ireland stood at 94%, which is just above the EU average of 93%. The data provided to Eurostat for Ireland is from the CSO's annual E-commerce and ICT survey. This was conducted in March 2006 and was based on a sample of just over 5,000 enterprises with ten or more persons employed in the manufacturing, construction and selected services sectors. It is important to note that the CSO figures can not be directly compared to the Millward Brown IMS survey results as the sampling methodologies differ. The sample that the CSO uses does not include businesses with less than 10 employees, while the Millward Brown IMS survey sample does. This is important in the context of the

survey as 57% of SMEs in Ireland employ less than 10 people, and it is this group of companies that have the lowest Internet penetration rate. Including this group results in an overall Internet penetration rate in the Millward Brown IMS survey that is lower than that reported in the CSO figures provided for the Eurostat survey. The graph is included as it shows Ireland's business (for those companies with over 10 employees) Internet penetration rate compared to other EU countries.

Figure 2.1.2: Businesses in the EU with Internet Access



Source: Eurostat

Lower levels of Internet penetration were consistently noted among the retail sector in Ireland throughout the four waves of survey research, this sector recording either the lowest or second lowest Internet penetration among all sectors. Penetration tended to be highest in sectors such as Finance where, in H2'06, 94% of companies stated that they had Internet access. Other sectors that have particularly high levels of Internet connectivity are the Construction (94%) and Services (91%) industries.

Figure 2.1.3: Internet Penetration by Industry Sector H2'06

Internet Penetration by Industry Sector (%)											
Total %	Agriculture*	Construction	Manufacturing	Transport	Recycling / Utilities / Water*	Wholesale*	Retail*	Hotels / Restaurants*	Finance	Services	Government*
89	68	94	88	86	100	94	78	88	94	91	88

**Caution: Small Base Sizes*

Company size has a bearing on whether or not businesses are connected to the Internet, Internet penetration for those companies employing between 1 and 9 employees is lower than for companies with 10 or more employees across all surveys conducted. Companies of this size are often concentrated in the retail sector such as newsagents, which are traditionally less likely to need an Internet connection to conduct their business.

Figure 2.1.4: Internet Penetration by Company Size H1'05 and H2'06

Internet Penetration by Company Size (%)					
Survey	Total %	1-9 Employees	10-49 Employees	50-99 Employees	100+ Employees
H1'05	79	67	91	94	98
H2'06	89	81	97	96	100

The percentage of companies that are not connected to the Internet has decreased since H1'05. Having tracked the reasons for companies not having an Internet connection in 2005 and 2006, results show that the perceived lack of need for an Internet connection is the most pervasive reason for lack of access to an Internet connection. Lack of relevance is another explanation businesses give for not having Internet access.

Results from the focus group sessions, also conducted by IMS Millward Brown, show that attitudes to the Internet among businesses are generally positive. The Internet is considered a very important business tool in terms of communications (email), using specific applications (e.g. architectural software), marketing via websites, interacting

online with customers and sending and receiving large files.

The Central Statistics Office has also explored the ways in which businesses use the internet. In its Information Society publication[3] it reports that among the businesses it surveyed, the top three reasons given for using the Internet were information searching, banking and financial services and market monitoring. Additionally 77% of enterprises said that they had downloaded forms from a public authority website, while 56% had returned completed forms online.

[3] CSO: Information Society and Telecommunications, 2006

2.2 Types of Internet Connectivity

2.2.1 Broadband v Narrowband

The most noteworthy trend in terms of Internet connectivity among businesses is the move away from narrowband connections to broadband connections. During the course of the survey series, there has been a decrease in narrowband connections, and growth in the percentage of broadband connections. An estimated 69% of all businesses with an Internet connection now connect via broadband compared with just under 60% when the first survey in this series was conducted in H1'05. Narrowband usage among businesses with internet access declined from 37% in H1'05 to 24% at the end of H2'06[4].

On a regional basis, those businesses based in Connaught-Ulster are more likely to have a narrowband connection, and those in Dublin least likely to have a narrowband connection; while on a sectoral basis retail businesses are most likely to use a narrowband Internet connection.

Figure 2.2.1: % of Businesses with Narrowband Internet Access

Narrowband Internet Connection by Region (%)				
Survey	**Dublin**	**Rest of Leinster**	**Munster**	**Connaught - Ulster**
H1'05	29	42	42	47
H2'05	21	39	37	52
H1'06	15	29	31	26
H2'06	14	28	25	36

2.2.2 Internet Connection Types

DSL has consistently been the most frequently used connection type among both SMEs and Corporate organisations over the period of analysis. However the use of other types of broadband Internet connections has increased over the same period, specifically the use of wireless broadband among both SMEs and corporates, and dedicated leased lines

[4] "Other" and "Don't Know" answers are not included in these figures.

among corporates. Fibre optic cable was included as a broadband option for the first time in the H2'06 questionnaire; therefore there is no directly comparable data for fibre across all four waves of the survey. On the whole the percentage of businesses connecting via narrowband means, such as dial-up or ISDN, has decreased.

Figure 2.2.2: Type of Internet Connection[5]

	SMEs				*Corporates*			
	H1'05	H2'05	H1'06	H2'06	H1'05	H2'05	H1'06	H2'06
DSL Connection	49	57	59	52	51	67	57	29
Dial-up	27	24	19	17	2	6	2	7
ISDN Line	15	13	9	9	8	13	4	3
Wireless Broadband	4	2	4	9	2	6	4	12
Dedicated Leased Line	3	3	9	2	22	13	24	33
Fibre Optic Cable	-	-	-	1	-	-	-	9
Satellite	1	1	2	3	-	2	-	-
Other	1	2	-	2	2	8	5	10
Don't Know	4	4	6	6	14	6	14	3

2.2.3 Irish and UK SME Internet Access Compared

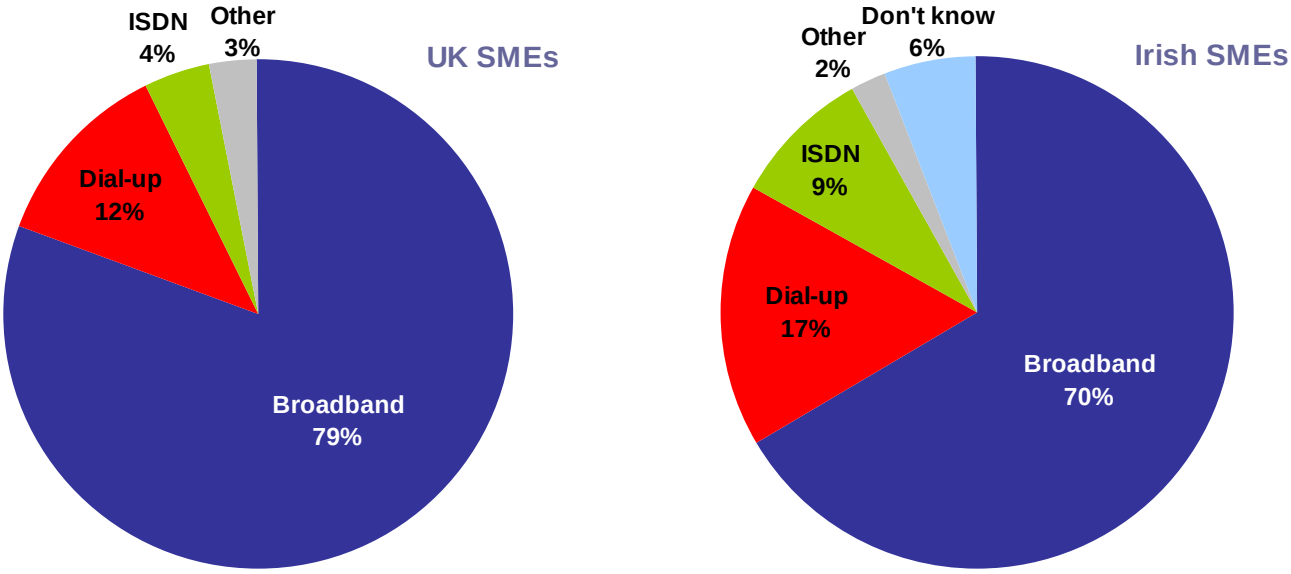
According to a recent Ofcom survey report[6] 79% of UK SMEs with Internet access connect to the Internet using a broadband connection, while 12% of SMEs connect using a dial-up connection, 4% use ISDN, while 3% of SMEs connect via other methods such as leased lines, satellite and wireless broadband. Ofcom defines an SME as a company with 1 – 250 employees, while ComReg defines SMEs as companies with less than 100 employees to more accurately reflect the universe of small businesses in Ireland. The differences in these definitions should be considered when comparing survey results, however there are similarities in the results, for example DSL is the dominant access technology among SMEs in both countries, with dial-up being the second most utilised Internet connection type. Wireless broadband however is an access technology that

[5] Figures may add up to over 100% as businesses may have multiple Internet connection types; for example, a corporate business may have a broadband connection as its main connection and a dial-up connection as a back-up connection.

[6] OFCOM: The Communications Market: Broadband – Digital Progress Report, 02 April 2007

appears to have higher uptake among SMEs in Ireland than in the UK, with 9% of SMEs in Ireland claiming to have a wireless Internet connection in H2'06[7].

Figure 2.2.3: Irish and UK SME Internet Access Compared



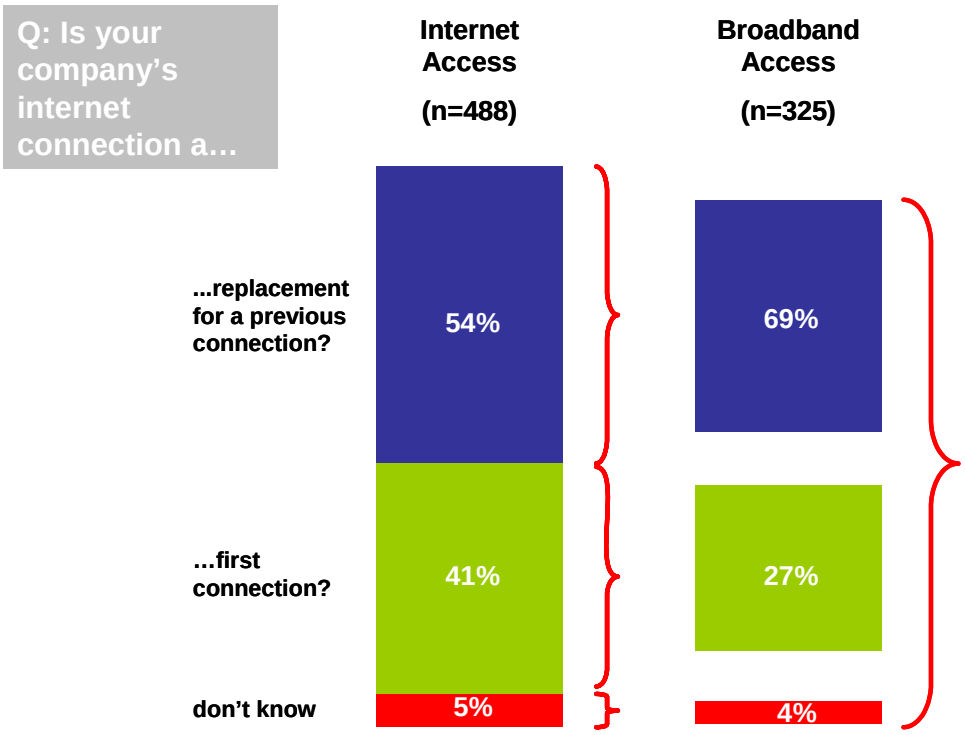
Source: UK data: "The Communications Market: Broadband – Digital Progress Report", OFCOM, April 2007
Source: Irish Data: Survey results, ComReg (Millward Brown IMS), H2'06 (Base: SMEs with Internet access n=362, multiple responses allowed)

[7] Wireless broadband for UK SMEs is included under "other"

2.2.4 Changing Internet Connection Types

In the H2'06 survey businesses were asked whether their current Internet connection was a replacement or a first time connection. Over half (54%) of all respondents with Internet access claimed their connection was a replacement connection. Of those who said it was a replacement connection, 69% were broadband users suggesting that they had migrated from a narrowband connection to a broadband connection. Twenty seven percent of those businesses that connected to the Internet for the first time were using a broadband connection.

Figure 2.2.4: Narrowband to Broadband Migrations



While there was some evidence of businesses switching between different broadband technologies, the majority of respondents that replaced their Internet connection were replacing a narrowband connection. Forty five percent of respondents that had replaced an Internet connection replaced a dial-up connection, while ISDN accounted for 25% of connections replaced. This illustrates the migration from narrowband to broadband technologies by business customers.

3 Broadband Connectivity

3.1 Broadband Usage

The Millward Brown IMS surveys commissioned by ComReg have been tracking broadband penetration in Ireland since early 2005. The latest data from the second half of 2006 indicate that of all business with an Internet connection, around 69% use a broadband connection, up from around 60% when the first survey was conducted in H1'05. When broadband penetration is calculated as a percentage of all companies, 59% of companies connect via some form of broadband technology. The estimated number of business broadband connections in Ireland can be calculated using the most recent ComReg Quarterly Report[8] which estimates that 27% of the total 517,300 broadband connections in Ireland at the end of December 2006 were business broadband connections. This equates to a figure of around 139,700[9] business broadband connections.

Those industry sectors most likely to be using a broadband connection are the financial sector, with 74% of financial companies connected to the Internet using broadband, and the construction sector (72%). Wholesale/retail sector companies are less likely to be using broadband.

Figure 3.1.1: Broadband Usage by Industry Sector

Broadband Usage by Industry Sector (%)											
Broadband usage as a...	Agriculture*	Construction	Manufacturing	Transport*	Recycling / Utilities / Water*	Wholesale*	Retail*	Hotels / Restaurants*	Finance	Services	Government*
% of all companies	51	67	56	48	83	50	42	58	68	62	75
% of companies with Internet access	73	72	63	57	85	61	56	66	74	71	86

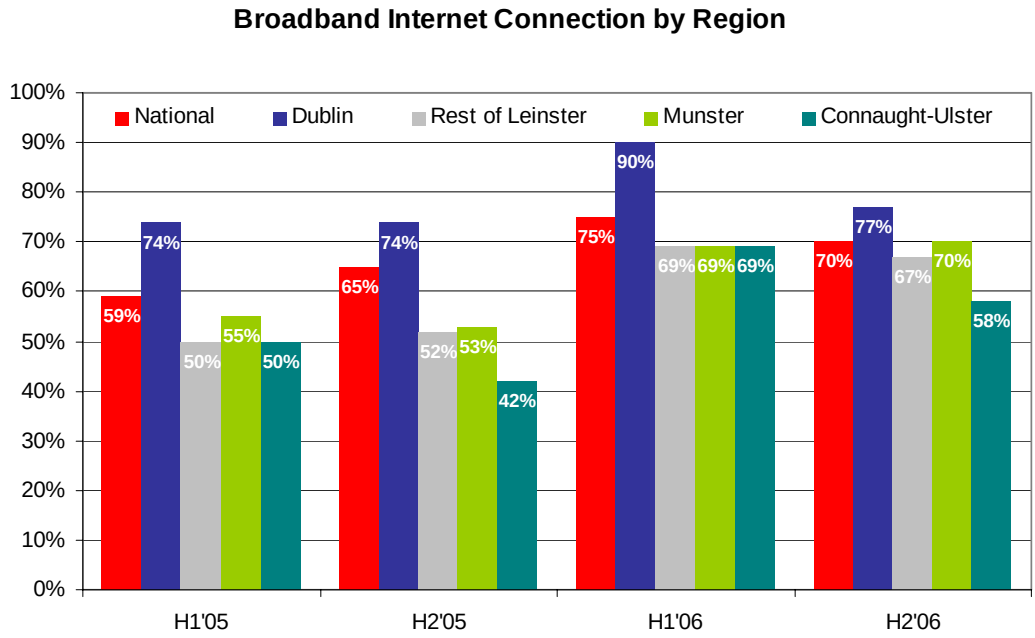
**Caution: Small Base Sizes*

[8] ComReg 07/17

[9] Note that single businesses may have multiple broadband connections

On a regional level, businesses operating in Dublin are much more likely to have a broadband Internet connection, and those in Connaught/Ulster least likely. The graph below illustrates that this has been the case since the survey series began.

Figure 3.1.2 Broadband Internet Connections by Region



Base: All companies with an Internet Connection

3.2 Reasons for not using a broadband connection

Among business users connected to the Internet, but not using broadband, their primary reason for not doing so is lack of availability. This figure (47%) has remained unchanged between H2'05 and H2'06[10]. On the other hand one in five (21%) businesses in the most recent survey claim that they still use a narrowband connection as they believe this to be the most suitable package for their needs. This would suggest that there are a certain proportion of companies who genuinely feel that they do not need a broadband connection, or else are unaware of the benefits of broadband. This perception is reiterated by one in seven (14%) businesses who claim that they use narrowband rather than broadband, as the Internet is "not an important tool for their business".

Figure 3.2.1: Main Reasons for Businesses using an ISDN or Dial-up Internet Connection[11]

	H2'05	H2'06
Broadband is currently not available to our business	47%	47%
It is the most suitable package for my needs	10%	21%
The Internet is not an important tool for our business	16%	14%
It is the most cost effective way of accessing the Internet	8%	10%
I have not considered moving to a broadband service	7%	3%
I am not sure about the options for a broadband service	5%	5%
These services are compatible with technology used for our business	1%	5%
Other	5%	6%
Don't Know	8%	3%

H2'05 base: All SME companies using ISDN or dial-up (N=154)

H2'06 base: All SME companies using ISDN or dial-up (N=118)

[10] This was from a smaller base in 2006, as fewer SMEs connected via a narrowband connection compared to the previous year.

[11] Figures may add up to over 100% as multiple responses are allowed.

3.3 Broadband Availability

3.3.1 Awareness of Availability

Awareness of the different types of broadband options available to businesses has generally increased since the question was first asked in H2'05. Higher awareness of the availability of satellite broadband and particularly wireless broadband options is noteworthy. This growing awareness has in part been driven by increased marketing activities by broadband service providers. Feedback from the focus groups conducted in October 2006 found that a high level of advertising activity among broadband providers was noted by almost all of the groups. Respondents in the groups who could not access broadband services voiced some frustration at this, particularly when they received direct mail advertising promoting a service that they were unable to get.

Figure 3.3.1: Awareness of Availability of Broadband Services

	Are the following available in your area? H2'05 Yes %	Are the following available in your area? H2'06 Yes %
DSL	19	17
Satellite	17	23
Wireless Broadband	27	38
Leased Lines	9	11
Fibre Optic Cable	n/a	10

H2'05 base: All companies using dial-up or ISDN (N=160)

H2'06 base: All businesses using dial-up and ISDN and those who do not use the Internet at all (N=181)

There was also a definite regional variation in availability that was drawn out in the qualitative results. Participants in focus groups operating in major urban centres such as Dublin and Cork did not raise access as a major issue, however choice was considered to be a lot more limited in less urban locations. It was acknowledged that while access to satellite was possible, the expense of satellite broadband for small businesses compared to a DSL service for example was hard to justify.

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

While broadband availability issues are acknowledged, further analysis of *actual* versus *perceived* availability can be drawn out of the survey results. When respondents were asked about availability of different broadband technologies, and then about their attempts to connect to each type of broadband technology, different results emerged. A higher percentage of businesses claimed that broadband was unavailable to them than had tried to get connected via each technology type. *Perceived* lack of availability, rather than actual unavailability is therefore an issue to consider regarding broadband take-up by businesses. Therefore it would appear that some businesses feel that broadband technologies are unavailable to them, even if they have not actually tried to sign up to such services.

Figure 3.3.2: Awareness of Broadband Availability vs. Attempts to subscribe to Broadband Services

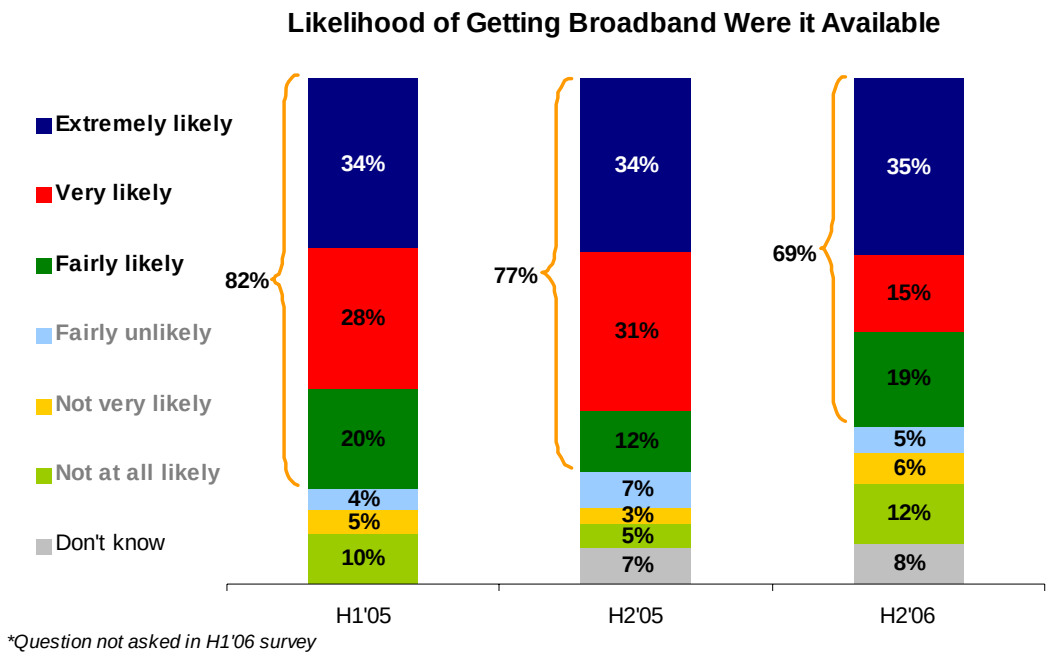
	Are the following available in your area? H2'06 - No %	Have you ever tried to subscribe to any of the following and been told they are not available? H2'06 - Yes %
DSL	35	19
Satellite	31	10
Wireless Broadband	31	15
Leased Lines	26	8
Fibre Optic Cable	41	8

H2'06 base: All businesses using dial-up and ISDN and those who do not use the Internet at all (N=181)

3.3.2 Likelihood of Future Broadband Connection

Survey results indicate that there is a demand for broadband among those respondents who believe that it is not available to their business. Nearly 70% of SMEs[12] who either do not use the Internet, or use a dial-up or ISDN connection in the H2'06 survey said that they were likely to get broadband if it was available in their area, while 50% were extremely or very likely to do so. However, nearly one in four (23%) did not consider it likely that they would get a broadband connection. When looking at the data for the three waves in which this question was asked, it can be seen that the likelihood of businesses getting broadband, where available, decreases with each wave. This suggests that while there is still demand for broadband services; over time businesses who want the service are being connected, while there is a core number of businesses who, even if given the opportunity to upgrade to a broadband connection, would be unlikely to do so.

Figure 3.3.3: Likelihood of Getting a Broadband Connection if Available



**Question not asked in H1'06 survey*

[12] This analysis has been conducted of SMEs only as the corporate base size for all waves was too small to be statistically robust.

3.4 The Benefits of Broadband

Of the broadband users surveyed, the vast majority have seen a positive impact on their business brought about by the use of broadband. When asked about the benefits broadband has provided to their businesses, 32% stated that broadband has saved them time, with 31% claiming that its installation has resulted in more efficient communication with their customers. Productivity improvements were cited as a benefit by 20% of respondents, and 17% believed broadband afforded them more efficient internal communications. Only one in ten responded that the installation of broadband had made no discernible difference to their business.

Figure 3.4.1: The Benefits of Broadband, H1'06 – H2'06

	SME H1'06 %	SME H2'06 %	Corporate H1'06 %	Corporate H2'06 %
Time savings	45	32	32	32
More efficient communications with customers	22	31	18	27
Productivity improvements	15	19	14	30
More efficient internal communications	15	15	8	34
Has made no real difference to our business	2	9	-	11
IT cost savings	7	5	7	7
Has allowed us to use more advanced IT technology	2	2	3	2
Faster	-	4	-	4
Has helped increase sales	-	5	-	-
Other	-	2	-	2
Don't Know	-	11	-	4

Similar themes emerged from the qualitative focus groups regarding the benefits of using broadband. These can be summarised into four main areas.

- **Time savings/speed**: Businesses believe that by using broadband they can communicate faster, source information more efficiently and download and upload files more quickly than when using a narrowband connection

- **Always on access**: Cost and time savings are made by having always on access for a fixed fee. It makes communications more efficient as access is immediate and there is no need to dial-up.

- **Value for money:** In the last 12 months as broadband packages have become more competitively priced, these packages have begun to offer much better value for money than ISDN or dial-up alternatives.

- **Not tying up a landline:** Previous dial-up users find broadband a lot more efficient as Internet use and landline voice call use can be simultaneous

> **"You can just leave it on 24/7 and you get mail and whatever. It's brilliant and it's actually cheaper to have it on all the time than the dial-up we used to have"** *Cork Group, Company Size – 10+ Employees, Broadband User*

3.5 Broadband Switching

Levels of switching between broadband suppliers were measured in H1'06, and were found to be low among both SMEs (10%) and corporates (4%). Discussions held in focus groups explored the issue of changing broadband providers, and results indicated that there is a reluctance to change broadband provider even if there are cost savings to be made. Companies are concerned that they will make a poor choice and that there will be a loss of service. Another barrier to switching broadband supplier is the time involved in exploring different options and making time to choose the best option.

> **"Business is booming now and because we don't have the time, because we're in growth mode at the moment you seriously don't have time. It's just keep the damn thing going, don't rock the boat"** *Dublin Group, Company Size – Less than 10 Employees, Broadband User*

As levels of satisfaction with service from their Internet Access Providers were mostly high, few businesses felt the need to change their supplier. Generally users were also happy with the speed offered by their broadband connection. Users with heavy Internet usage, or those using leased lines were most likely to have more issues with speed of Internet connection. Opinions given during the focus group research indicated that making small cost savings by switching supplier is less important to businesses than service reliability. Those respondents who had switched supplier seemed to be driven by a combination of higher service expectations i.e. faster speeds, and cost considerations.

The level of switching among SMEs was similar to that reported by Ofcom[13] for UK SMEs, with 11% reporting that they had switched in the previous 12 months. Generally, UK SMEs also show high levels of satisfaction with their broadband service, with 86% stating that they were "highly satisfied" or "satisfied" with it. When rating different features of their service, the highest satisfaction rating was for the reliability of the service (86%), followed by the connection speed (81%).

[13] OFCOM: The Communications Market: Broadband – Digital Progress Report, 02 April 2007

3.6 The Future of Broadband for Businesses

While Irish businesses already identify benefits that they have gained from using a broadband service, the full potential of broadband connections is not yet being fully utilised by these businesses.

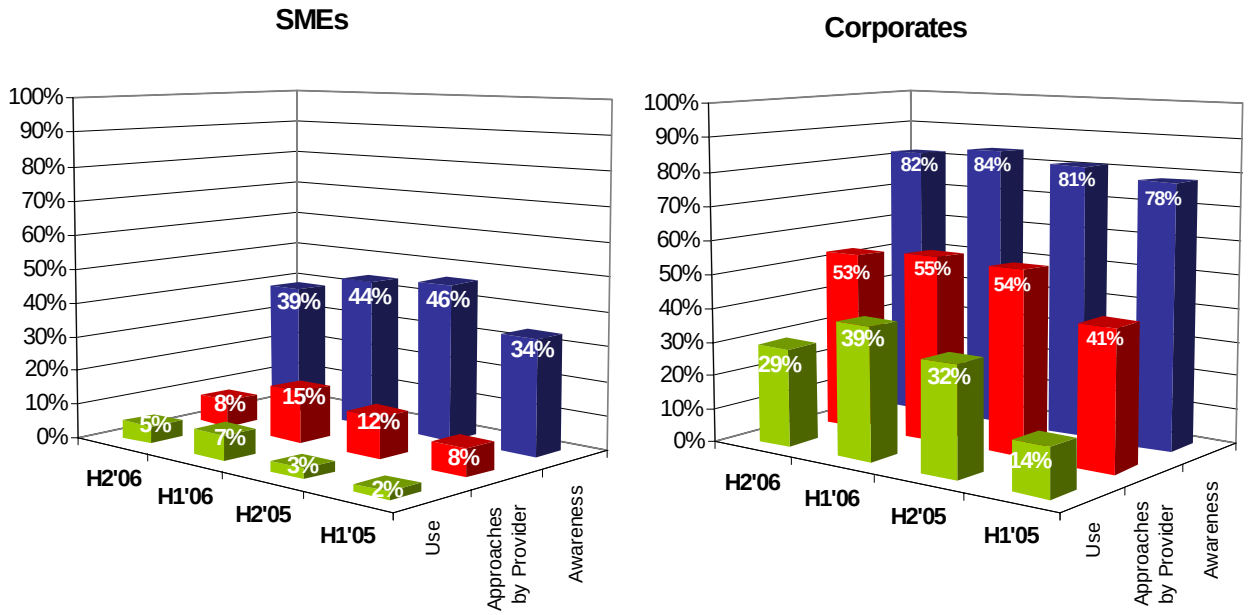
3.6.1 Broadband Applications

One of the main advantages of a broadband connection is that it enables voice and data services to be converged over a single connection. In a research alert[14] discussing what businesses look for in a broadband provider, iReach, noted that leading broadband vendors in the Irish marketplace have seen that on average only 15 – 20% of business broadband users currently use their connection for voice *and* data. Currently the use of broadband data services among businesses is much higher than usage of voice services over a broadband connection.

This lack of advanced usage can further be illustrated by looking again at results of the ComReg surveys in 2005 and 2006. All businesses with Internet access (89% in H2'06) were asked about their awareness of VoIP, if their business had been approached by a provider offering such a service, and if their business had ever used a VoIP service. Corporate businesses were a lot more likely to have responded yes to all three questions. The highest levels of awareness recorded among SMEs were in H2'05 when 46% of SME businesses with an Internet connection responded that they were aware of VoIP, yet only 15% had been approached by a provider offering a VoIP service, and less than one in ten SMEs had used a VoIP service. Comparatively, in the same period 55% of Corporates had been approached by a VoIP provider and up to 39% claimed to have used a VoIP service. Given that SMEs account for a substantial number of businesses in Ireland, there is potential for service providers to offer bundled broadband data and voice services to these businesses.

[14] iReach: What do businesses look for in a broadband provider?, March 2006

Figure 3.6.1: SME and Corporates: VoIP Awareness, Approaches by VoIP Providers and VoIP Usage, H1'05 – H2'06



Forecasts to 2011 by Analysys Consulting show that Irish business spend on fixed services will generally decrease; however, looking at individual elements, Analysys suggests that SME spend on VoIP services (in the region of €2.5m in 2007, and up to €14.3m by 2011); and spend on broadband Internet (in the region of €71m in 2007, and up to €96.8m by 2011) are the two elements showing growth in the Irish fixed market to 2011.

3.6.2 Broadband Speeds

Focus group research conducted in October 2006 found that most SMEs, particularly those with less than 10 employees, were fairly happy with the speeds they were getting from their broadband providers, and few could envisage circumstances where they would require higher speeds. Speed tended to be more of an issue for those with very significant levels of Internet usage, and those relying on leased lines. However, growth in the usage of services such as VoIP and other high bandwidth applications, and increased e-business being conducted by Irish businesses will in turn lead to the need for higher broadband speeds. The Broadband Stakeholder's Group (BSG) in the UK forecast[15] that

[15] The Broadband Stakeholder's Group: Pipe Dreams? Prospects for Next Generation Broadband Deployment in the UK, April 2007

bandwidth demand for the most bandwidth-intensive households could reach 18 Mbps downstream and 3 Mbps upstream by 2008. By 2012, bandwidth demand for the most bandwidth-intensive households could reach 23 Mbps downstream and 14 Mbps upstream. While the BSG does not have forecast data for business broadband, these findings are indicative of future bandwidth requirements for businesses. Increased take-up of business applications such as video-conferencing, fast file transfer and exchange, as well as other as yet-unanticipated applications, will drive demand for higher speeds in the future.

4 Conclusion

This report examined the Internet and broadband experiences of businesses in Ireland using both qualitative and quantitative survey results. Additionally, external sources have been included to show general comparisons between Ireland and other EU countries. As methodologies for these bodies of work differ, direct comparisons cannot be made; however the results do offer additional insight into Ireland's business community's Internet and broadband usage.

Internet penetration among businesses in Ireland has reached nearly 90%, with a small minority not connected to the Internet mainly because of perceived lack of need or business relevance. This is especially true of smaller businesses. Broadband access and penetration have improved since the first survey was conducted in H1'05, and stood at 69% among businesses with Internet access in H2'06. Certain sectors seem more enthusiastic in their willingness to adopt broadband, such as the financial and construction sectors. Sectors slower to adopt broadband include the retail and agricultural sectors.

As availability increases, combined with a better awareness of the business benefits of broadband, uptake will continue to grow. Key to this growth will be for providers to challenge the perceived lack of relevance and need for the Internet and especially broadband that is still evident in certain segments of Irish industry, a view that is particularly concentrated among smaller companies.