



Commission for
Communications Regulation

Corporate Depth Interviews

Review of Findings 19th May 2008



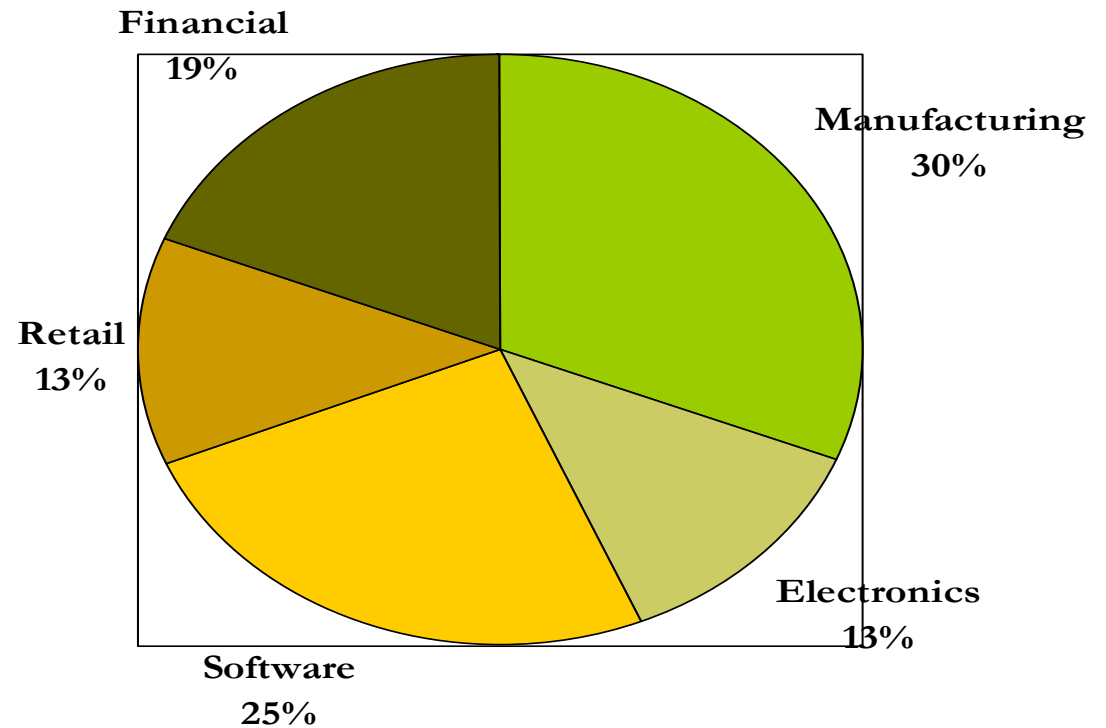
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Background and method

- The purpose of this qualitative research in the corporate sector was to provide a complement to the quantitative research in the SME and corporate sectors which has been reported separately.
- Sixteen informal, discursive, qualitative interviews were conducted by a senior qualitative specialist, respondents being drawn from a list derived primarily from published listings of the Top 50 companies (as ranked by turnover), with the addition of some other large datacommunications users.

Sample breakdown



Converging technologies

- Almost all of the changes which companies reported in their communications practices and needs were ones which are, and will continue to be, dependent on the availability of ever-increasing bandwidth.
- Most companies claimed to make some use of data over one of the mobile networks, if only email on Blackberry devices.
- However, the majority view was that areas poorly served by fixed-wire broadband can also be poorly served by 3G, and the mobile networks were thought a long way from being a close substitute for fixed wire.
- There was very limited experience and even limited knowledge about other technologies such as WiFi or WiMax.
- Although these were in theory seen as competitors with fixed line and 3G for data transmission, they are regarded as being as yet effectively unproven.

"We haven't tried to rush ahead, we don't want to be the last, but we don't want to be the first either. That's kind of our strategy, we haven't, I guess we don't want to spend the time associated with the pain of learning new things that may not work. We prefer to spend our time implementing proven ideas."

Voice issues

- Voice tends now to be regarded as a commodity, and for the majority still using traditional voice circuits, the main remaining issue is cost. The market for voice minutes is thought by many to be quite competitive, and these large companies had often been able to negotiate very favourable deals, although concerns were raised by some about the high cost of access.
- Companies varied considerably in the degree to which they had implemented any form of VOIP.
- Several made the point that while a managed VOIP service could be a great cost saver, this would not necessarily be so and would depend on individual company configurations.

"If you look at the cost of voice minutes at the moment, if you look at the economics of it, what we can get voice minutes for, you know, versus building out our own bespoke point to point network across the country for voice and we looked at it a few years ago and the economics didn't make sense."

- Others had embraced VOIP enthusiastically.

"I guess voice and data are merging all over the place... voice is an application on a network as far as I'm concerned"

Service provision

- With these being very important customers for any service provider, the providers have not surprisingly bent over backwards to keep them happy, and most were very satisfied with their existing relationships, although they would still regularly put business out to tender.
- One improvement which was commonly noted, though attributable more to competition in general than to any individual provider, was in relation to price – although for some cost remains an issue, it was acknowledged that competition has succeeded in driving it down.

“On the landline side, we have seen a huge drop in cost. For example we did a voice tender there 2 years ago for all our site traffic, so all our outbound voice traffic and we made savings of close on 75% of what we were paying for the previous 2 years so over the last number of years, what we do is we actually go to tender, we tender out the minutes and using that, over the last probably maybe 6-8 years we’ve probably saved close on 90% over what I suppose the published figures, the different carriers would be. But then again we’ve got huge huge volumes. I think the last time we went out we had over 20 million minutes per year is what we were auctioning.”

- These companies also noted that quality of service and levels of professionalism had generally improved in recent years.

Data issues

There were several very distinct perspectives from which data issues were viewed by these companies.

Corporate/
Enterprise

Remote
worker

Supplier

Customer

National

- It was notable that almost all companies expressed dissatisfaction with available data infrastructure at one of these levels at least.
- In particular, some who were very satisfied with their provision at corporate level, were concerned about the services available to other segments of the market.

Data at corporate level

- Generally, these large corporates admitted that they are somewhat privileged, as they can usually afford to get whatever connectivity they need, though at a price.
- The level of satisfaction of these companies at corporate level depended very much on the geographical distribution of their sites.
- At one extreme, some who have a small number of sites, especially if these are in large urban areas, had no complaint at all.

"From a business perspective we've no problems, we've never had any problems. We've got physical and logical diversity with multiple carriers, that's our model and it's working. We've always had a good relationship with the carriers, we've always got the service we've asked for and we've been able to receive the bandwidth when we required it."

- By contrast, others who were either headquartered in a more remote location, or had a widespread distribution of sites, had experienced difficulties accessing the services they want.

"We would feel that it's real hard work, and it's extremely expensive."

- Those with the ability to make international comparisons on cost had often found these to be unfavourable, but generally, there was a sense that although a lower cost would always be preferred, the situation has at least improved.

Data at remote worker, supplier and customer level

- Many of these companies were keen to facilitate employees who wish to work from home, whether full-time, part-time, or just in the evenings or at the weekend.
- The ability to enable this is seen to be entirely dependent on the availability of broadband in the areas where employees live, and this is often described as patchy and insufficient.
- For some a particular frustration had been that the location of some of their suppliers in areas of limited broadband connectivity had impaired their ability to trade with them electronically.
- Those whose customers are companies experienced similar difficulties due to some of these companies' location, which had again proved a barrier to the development of electronic trading.

"More and more the model these days is about electronic trading, everything is being done on the web, but often our customers don't have access to the sort of speeds that would allow this to happen"

- For those dealing also or mainly with the general public, who are even more widely dispersed, the issue is effectively that of national broadband availability, which as noted above is still regarded as patchy.

Infrastructure and FDI

- Given the decline in traditional manufacturing, and our stated objective to thrive as a “knowledge economy”, it is thought particularly important that potential investors should be reassured about our technology infrastructure.
- Overall, there was a sense that a development strategy exists, indeed has existed for some time, but that more evidence was needed that this strategy is actually being implemented.
- However, despite some misgivings about the telecoms infrastructure, it was pointed out that our success in attracting inward investment to date surely shows that we cannot be too far behind, and most said they were well-served themselves.

“Has it been a barrier to us doing business here? Well I would say no. Clearly we’ve managed to secure new investment and we’ve managed to build a successful business and day to day it’s not an obstacle for us. I’m not governed day to day by any bandwidth restriction. I have fantastic, you know we have fantastic broadband connectivity.”

“We’ve always been able to get bandwidth. I don’t see that we’re lagging other parts of the world, we seem to have opened up in the late 90’s and we seem to have benefited as an economy by doing that. I think for the industrial scale companies I think we’re fine, I think we’re in good shape. For us as a company the problem is over in Asia definitely a very different situation entirely. We’ve invested heavily in China and India and we’ve struggled to get connectivity and then to maintain it.”



Summary and conclusions

- The majority of large corporates expressed a high level of satisfaction overall and are able to get more or less whatever telecoms service they wanted. They were able to do so at very favourable prices particularly for voice although some concerns were expressed about the price of data services.
- Tending to be less satisfied are companies with a wide national distribution, who reported having experienced difficulties getting adequate data connections to sites outside the main urban areas.
- Companies have also encountered problems with inadequate data connectivity in respect of employees working remotely, suppliers and customers.
- While it was generally agreed that the current infrastructure has clearly not been a barrier to foreign direct investment, it was felt that for this to continue to be the case, and to ensure that we are in a position to take full advantage of new technologies such as electronic trading and remote working, further and continuing investment will be needed in our telecommunications infrastructure.



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