Narrowband Market Review 2017
Chart pack

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Fieldwork: April to May 2017

Background and Objectives

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Research to support the 2017 Narrowband Market Review (NMR)

- Reviewing 5 UK wholesale markets that underpin the delivery of retail fixed voice telephone services
- Previous reviews conducted in 2009, 2012 and 2015

Three quantitative surveys – representative of telecoms decision makers:

- Residential consumers of fixed lines and calls
- Business (SME) consumers of fixed lines and calls
- Business users of ISDN and VoIP lines

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Section 1
Residential consumers

Methodology – Residential consumers

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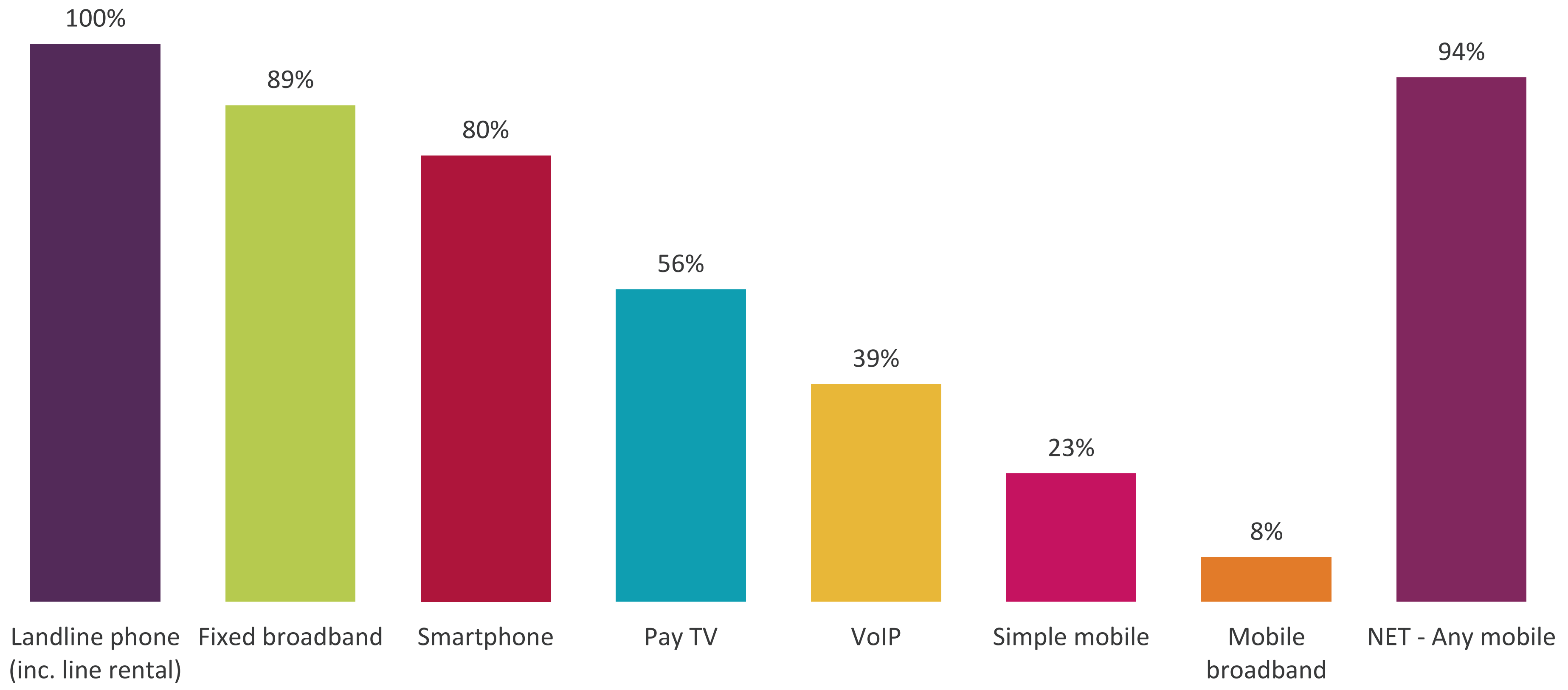
Sample	• 2000 UK adults aged 16+ in homes with a landline, plus 700 boost interviews with those using different suppliers for landline and fixed broadband (200) and those using the same supplier (500) • Quotas for core sample set on region, gender, age, and socio-economic group using Census data and modified to match the population with a landline at home
Data collection	• Face-to-face in-home interviews conducted from 25th April to 27th May 2017, using RED/ Quadrangle Operations, 25 minute questionnaire • Online boost interviews using the same questionnaire conducted from 9 to 15 May 2017, using SSI's consumer panel
Data reporting	• Data collected face-to-face was initially weighted to the profile of those with a landline, using Ofcom's Technology Tracker H1 2017 • Extra weighting applied to correct the over-sampling of those using different suppliers for landline and fixed broadband and to correct for differences between the online and face-to-face samples • Data available in pdf tables (aggregated), SPSS and CSV (respondent level) • Significance testing applied at the 95% confidence level

Almost all landline households also have a mobile phone, while four in ten have VoIP

Products/ services have at home - 2017



Source: Ofcom NMR 2017 Residential Consumer Survey

S5. Which of the following do you have at home - either you personally or anyone else in the household? (MULTI CODE)

Base: UK adults aged 16+ with a landline phone service (2784)

Older adults aged 65+ are less likely to have each service, bar simple mobile phones. Close to half aged 16-44 or ABC1 have a VoIP service.

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Products/ services have at home – 2017 sub-groups

	Total	16-24	25-44	45-64	65+	ABC1	C2DE
Base	2784	198	886	964	736	1559	1222
Fixed broadband	89%	96% ▲	95% ▲	92% ▲	71% ▼	93% ▲	83%
Smartphone	80%	99% ▲	95% ▲	83% ▲	43% ▼	84% ▲	75%
Pay TV	56%	60%	61% ▲	61% ▲	40% ▼	57%	55%
VoIP*	39%	49% ▲	48% ▲	39%	19% ▼	47% ▲	28%
Simple mobile phone	23%	11% ▼	11% ▼	23%	48% ▲	22%	24%
Mobile broadband	8%	12%	9%	9%	4% ▼	10% ▲	6%
NET – Any mobile	94%	100% ▲	99% ▲	96%	83% ▼	96% ▲	92%
NO LL PHONE – LINE RENTAL FOR FB ONLY	4%	18% ▲	5%	1% ▼	0% ▼	5%	3%

*Prompted as 'a service like Skype, Vonage, FaceTime or WhatsApp to make voice or video calls over the internet - also known as Voiceover IP or VoIP'

Around 1 in 5 of 16-24 year olds with a landline (LL) say they only have it so they can get fixed broadband (FB); this is much less common for other age groups

Source: Ofcom NMR 2017 Residential Consumer Survey

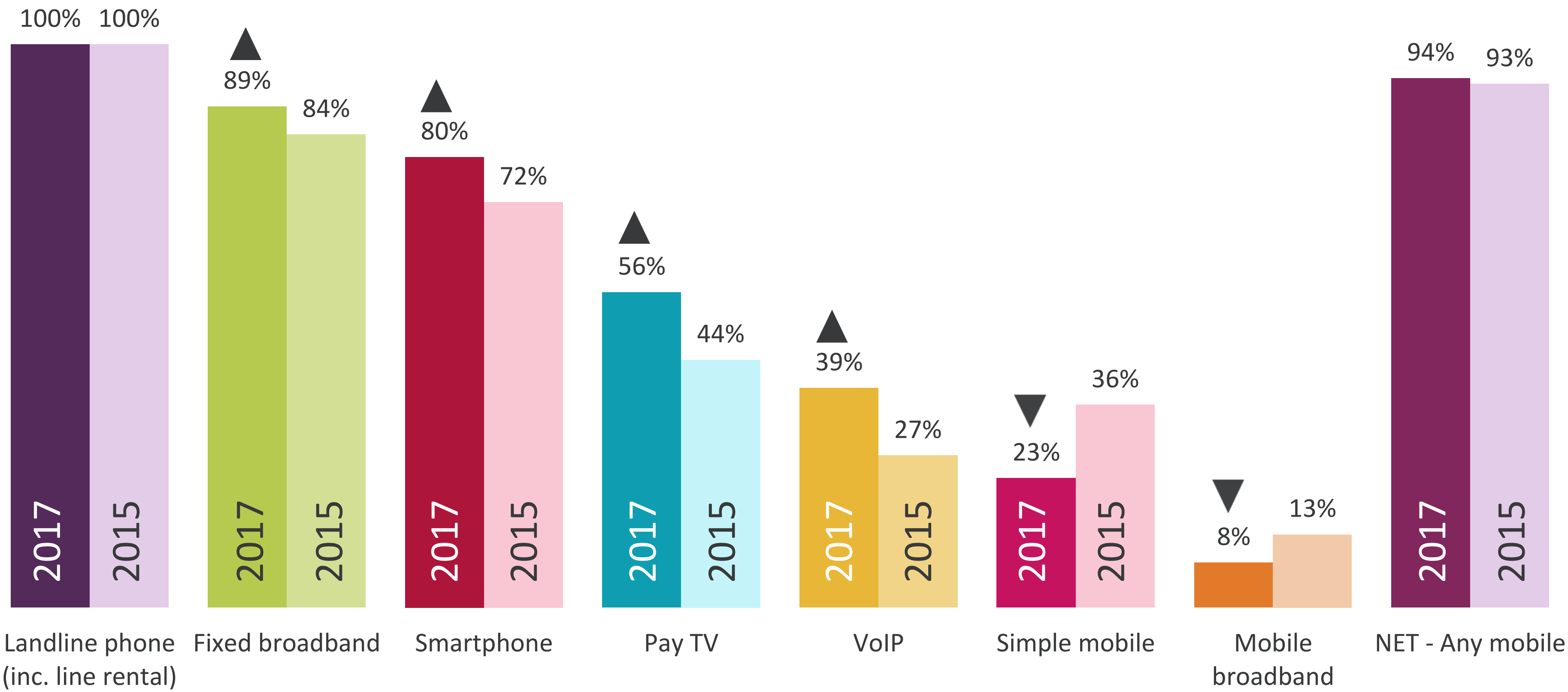
S5. Which of the following do you have at home - either you personally or anyone else in the household? (MULTI CODE)

Base: UK adults aged 16+ with a landline phone service (see table for base sizes).

Arrows indicate significant differences (at the 95% level) between 1) any age group compared to all landline households, and 2) between the two socio-economic groups

Compared to 2015, landline households are more likely to have fixed broadband, smartphone, Pay TV and VoIP

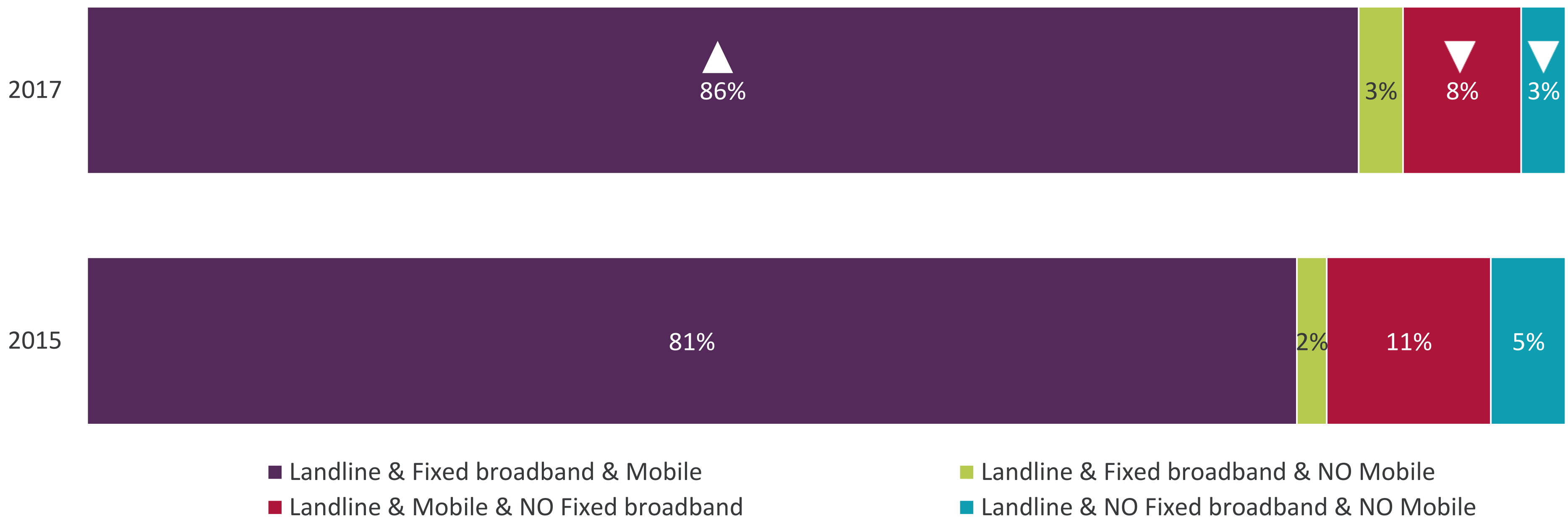
Products/ services have at home – 2017 and 2015



Source: Ofcom NMR 2017 and NMR 2015 Residential Consumer Survey
S5. Which of the following do you have at home - either you personally or anyone else in the household? (MULTI CODE)
Base: UK adults aged 16+ with a landline phone service (2017 n=2784) (2015 n=1354).
Arrows indicate significant differences (at the 95% level) between landline households in 2017 and 2015

Over eight in ten landline households also have both fixed broadband and a mobile and very few only have a landline

Ownership of fixed broadband and mobile in landline households – 2017 and 2015



- Few (4%) say they pay the line rental for their landline (LL) 12 months in advance to receive a discount – higher for 65+ (7%)
- Most say they think about the costs for line rental and calls together (69%), but this is less likely (48%) among those who don't use the LL for calls (16% of all)
- Almost all (92%) with LL and fixed broadband (FB) from the same supplier (84% of all) say they receive one bill covering both

Source: Ofcom NMR 2017 and NMR 2015 Residential Consumer Survey

S5. Which of the following do you have at home - either you personally or anyone else in the household? (MULTI CODE)

Base: UK adults aged 16+ with a landline phone service (2017 n=2784) (2015 n=1354).

Arrows indicate significant differences (at the 95% level) between landline households in 2017 and 2015

Access to both fixed broadband and mobile is less likely for older adults, C2DE and BT brand landline households

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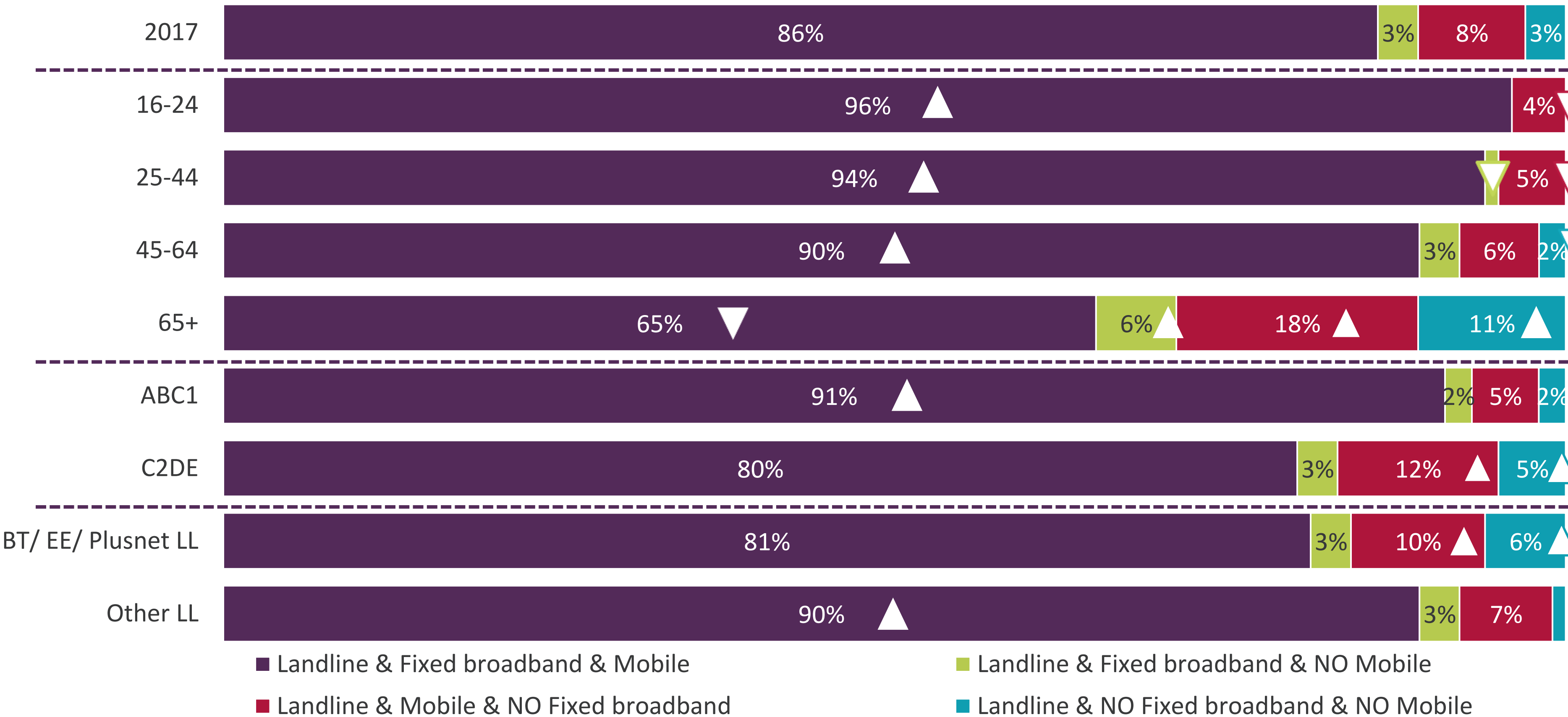
Access to fixed broadband and mobile in landline households – 2017 sub-groups



Source: Ofcom NMR 2017 Residential Consumer Survey

S5. Which of the following do you have at home - either you personally or anyone else in the household? (MULTI CODE)

Base: UK adults aged 16+ with a landline phone service (2784). Arrows indicate significant differences (at the 95% level) between 1) any age group and all landline households, 2) between socio-economic groups, and 3) between those using BT, EE or Plusnet for their landline (83%/8%/9%) and those using other landline providers

The top four providers account for close to nine in ten of those with a landline or fixed broadband – very similar profile to 2015 data

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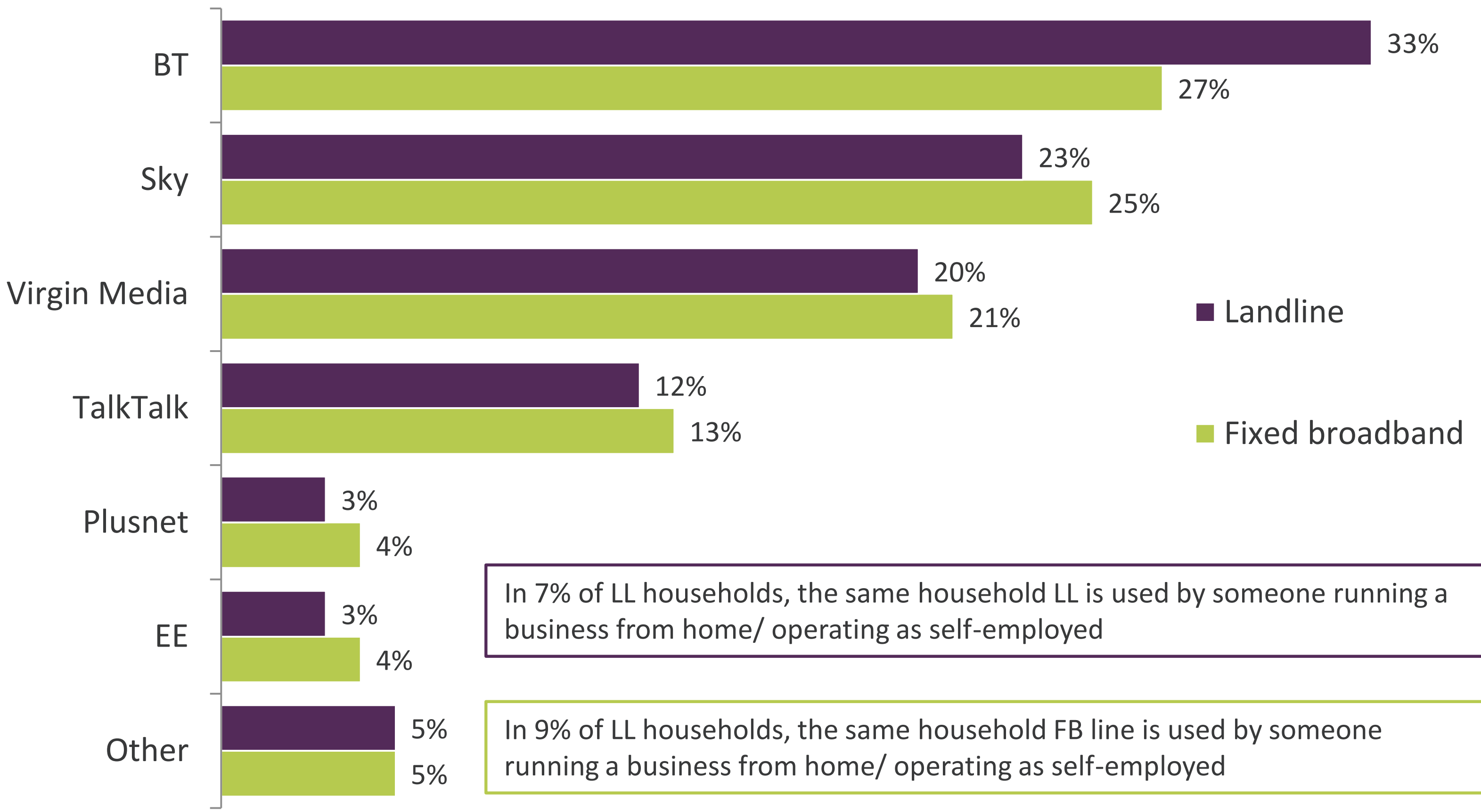
Providers used for landline and fixed broadband – 2017 and 2015



In 7% of LL households, the same household LL is used by someone running a business from home/ operating as self-employed

In 9% of LL households, the same household FB line is used by someone running a business from home/ operating as self-employed

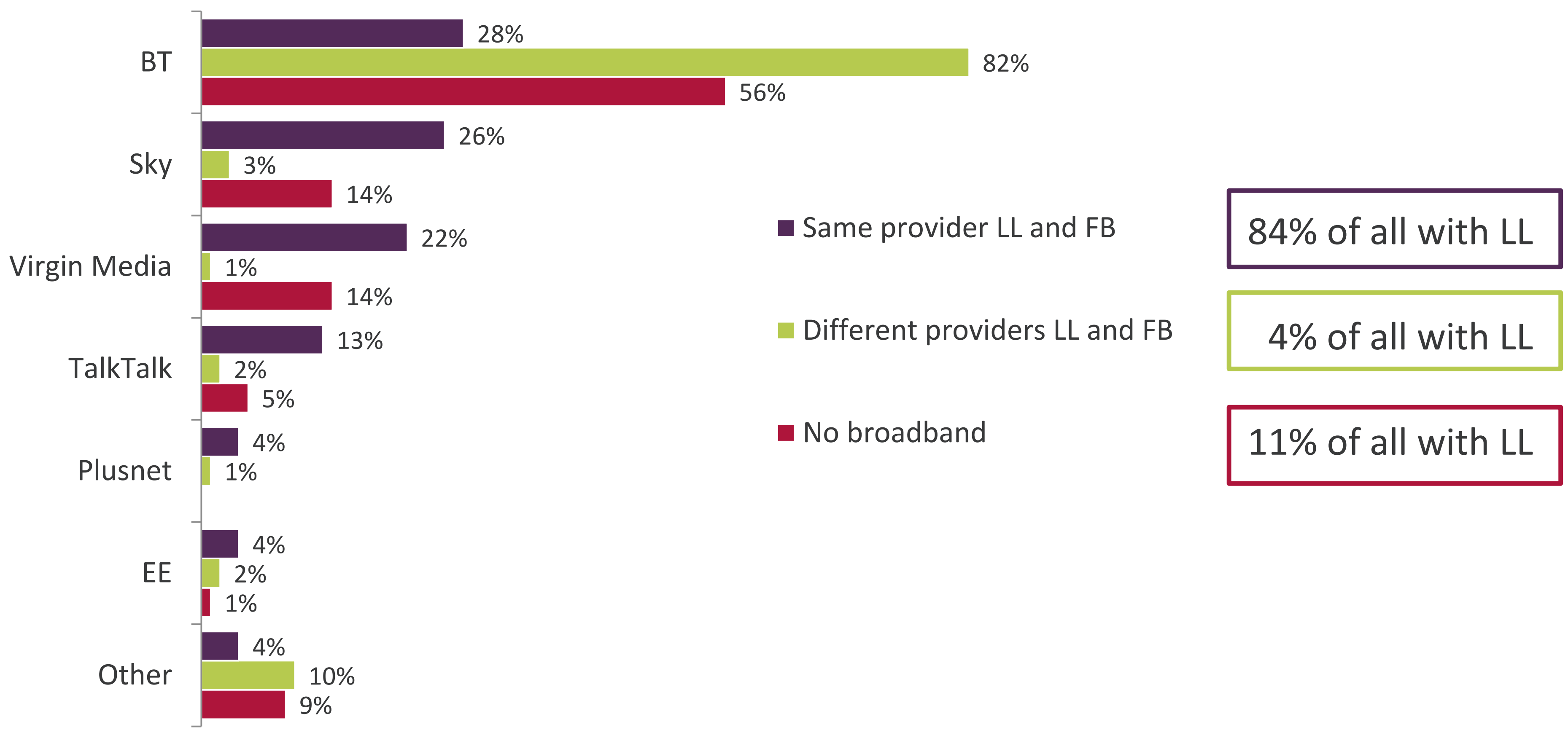
2015

	Landline	Fixed broadband
BT	36%	28%
Sky	22%	25%
Virgin Media	17%	20%
TalkTalk	12%	14%
Plusnet	2%	3%
EE	3%	2%
Other	8%	6%

Source: Ofcom NMR 2017 and NMR 2015 Residential Consumer Survey
Q1. Which company do you pay line rental to for your households landline (home phone)? Q2. Which company do you pay for your household's fixed broadband service?
Base: UK adults aged 16+ with a landline phone service (2784), with landline and no fixed broadband (266), with a fixed broadband service (2518)

Those using the same provider for LL & FB are equally likely to use BT or Sky, but BT dominates when using different LL & FB providers

Provider used for landline – 2017 landline user sub-groups



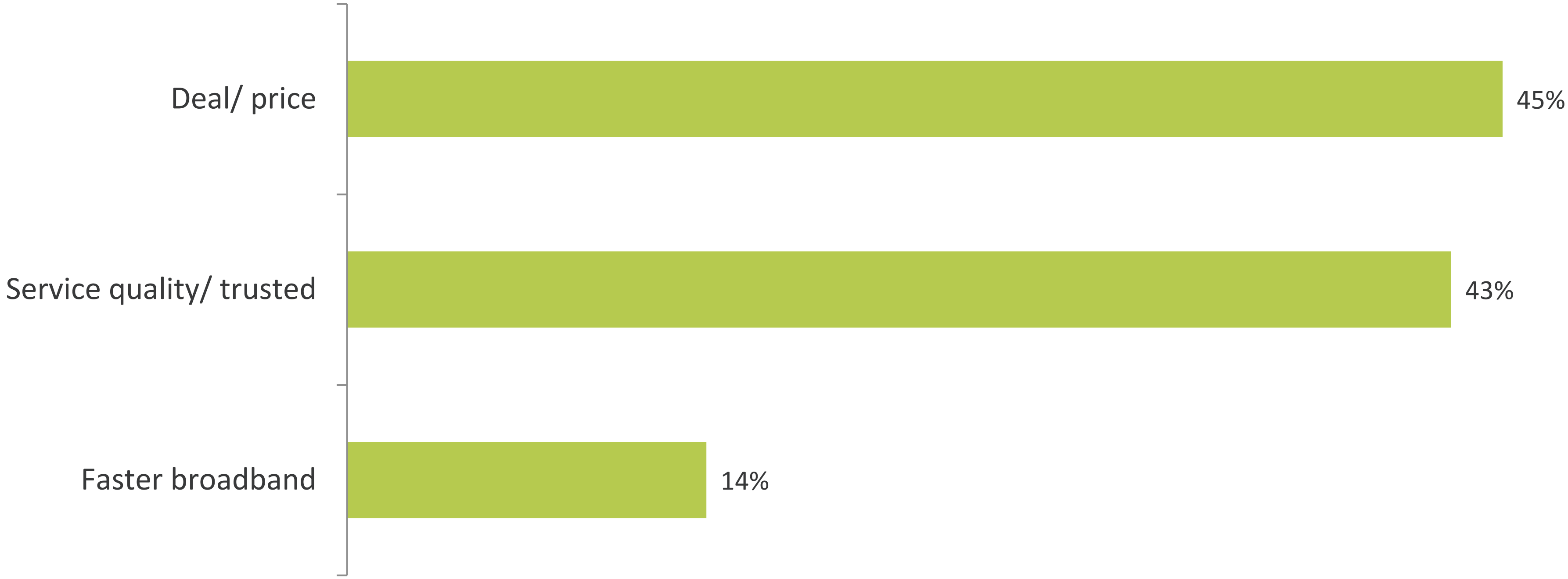
Source: Ofcom NMR 2017 Residential Consumer Survey

Q1. Which company do you pay line rental to for your households landline (home phone)?

Base: UK adults aged 16+ with a landline phone service using the same provider for landline and fixed broadband (2223), using different providers for landline and fixed broadband (282), with landline and no fixed broadband (266)

Price and service quality are the main reasons given for using different suppliers for FB and LL

Reasons for using a different fixed broadband supplier to landline supplier



Source: Ofcom NMR 2017 Residential Consumer Survey

Q14. Why do you use (BROADBAND SUPPLIER) for your broadband service rather than using (LANDLINE SUPPER) for your broadband and your landline?

Base: UK adults aged 16+ with a landline phone service using different providers for landline and fixed broadband (282)

Older adults and those in AB households are more likely to use BT for their landline (not shown - similar profile for fixed broadband users)

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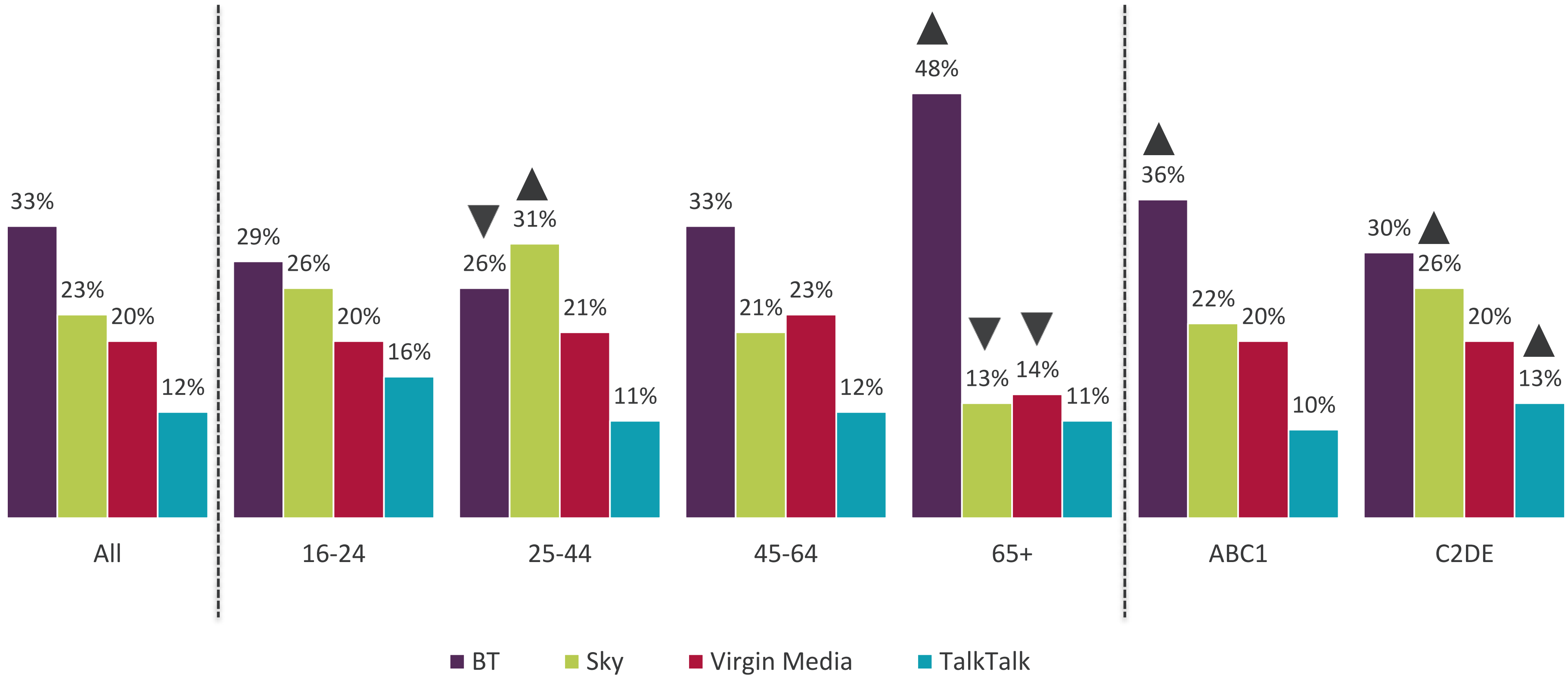
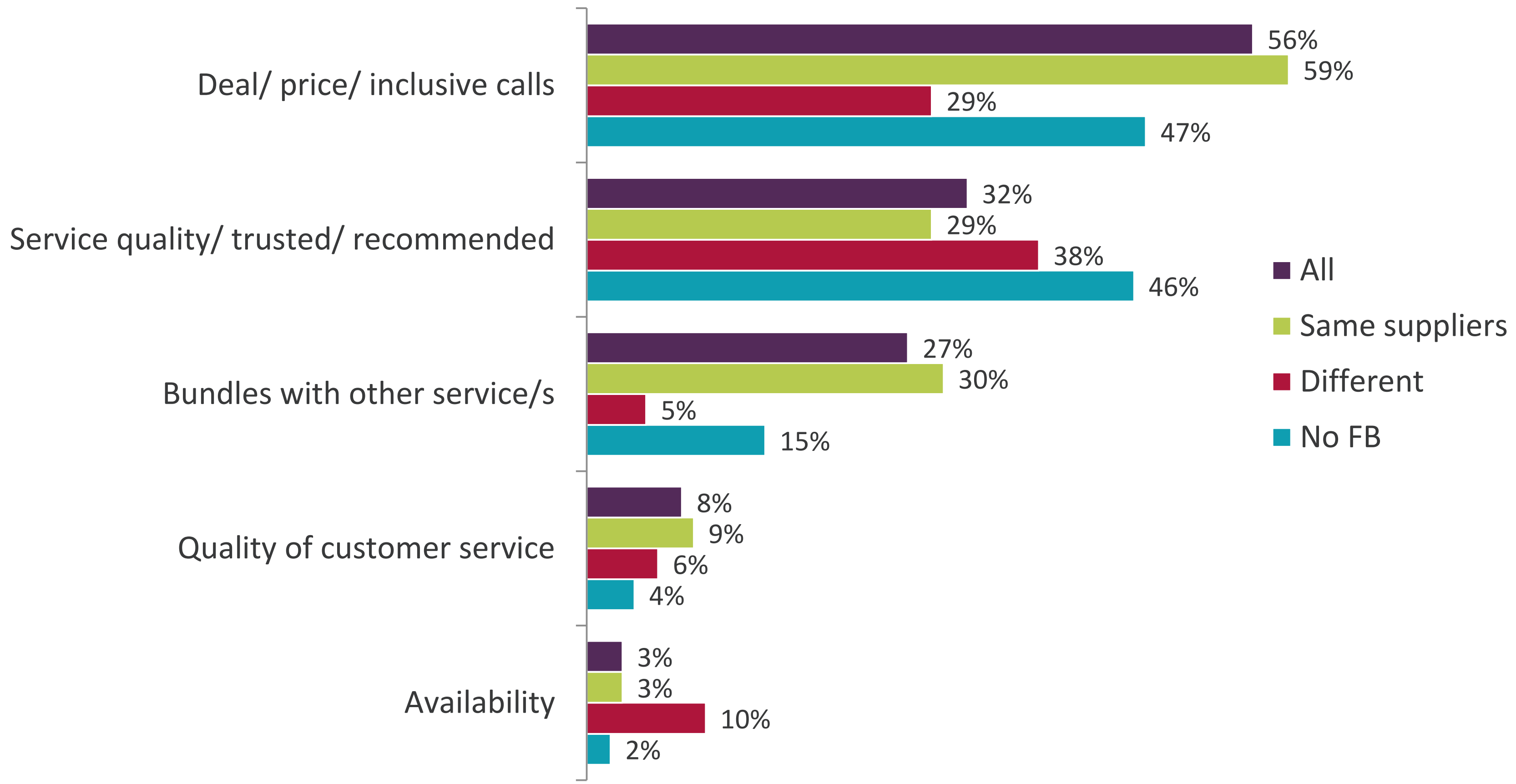
Providers used for landline – 2017 sub-groups



Source: Ofcom NMR 2017 Residential Consumer Survey
Q1. Which company do you pay line rental to for your households landline (home phone)?
Base: UK adults aged 16+ with a landline phone service (2784)
Arrows indicate significant differences (at the 95% level) between 1) any age group and all landline households 2) between socio-economic groups

LL supplier choice mainly driven by deal/ price, but service quality is at least as important to those using different suppliers or with no FB

Reasons for choosing landline provider



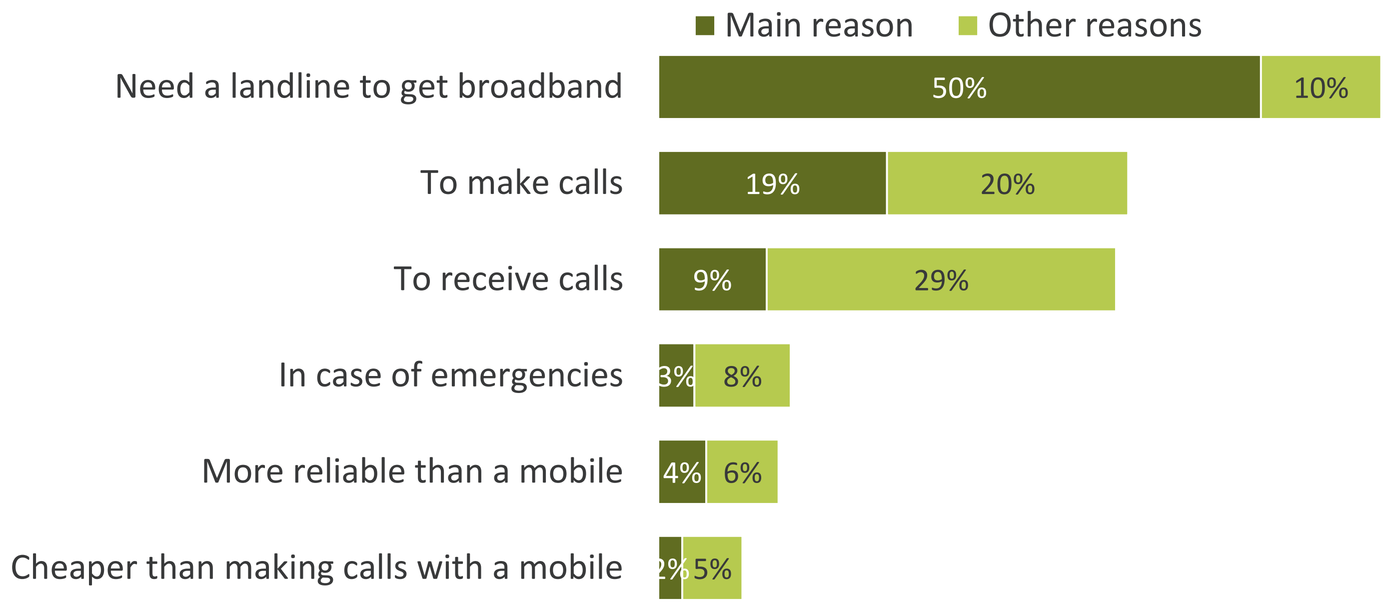
Source: Ofcom NMR 2017 Residential Consumer Survey

Q11. What were the main reasons for choosing (SUPPLIER) as your current landline provider?

Base: UK adults aged 16+ with a landline phone service (2784)

For half of landline households, the main reason given for having a landline is to get broadband – more likely since 2015

Reasons for having a landline – 2017 and 2015



Any mention

	2015	2017
Need a landline to get broadband	51%	60%
To make calls	40%	39%
To receive calls	39%	38%
In case of emergencies	22%	11%
More reliable than a mobile	18%	10%
Cheaper than making calls with a mobile	2%	7%

- Having a landline 'to get broadband' is more likely to be given as a reason by males (63% vs. 58%), 16-24s (77%) and 25-44s (73%), whereas adults aged 65+ are more likely to say it is to make calls (65%) or to receive calls (62%)
- Those using BT for their landline are less likely to give the reason 'to get broadband' (54%) compared to those using TalkTalk (71%), Plusnet (70%), Sky (69%) or EE (66%)

Source: Ofcom NMR 2017 and NMR 2015 Residential Consumer Survey

Q9. Why do you have a landline?/ Q10. What is your main reason for having a landline?

Base: UK adults aged 16+ with a landline phone service (2017 n=2784) (2015 n=1354). Significance testing shows any difference between landline households in 2017 and 2015

Most in landline households say they use their landline to make or receive calls, but a substantial minority say they don't

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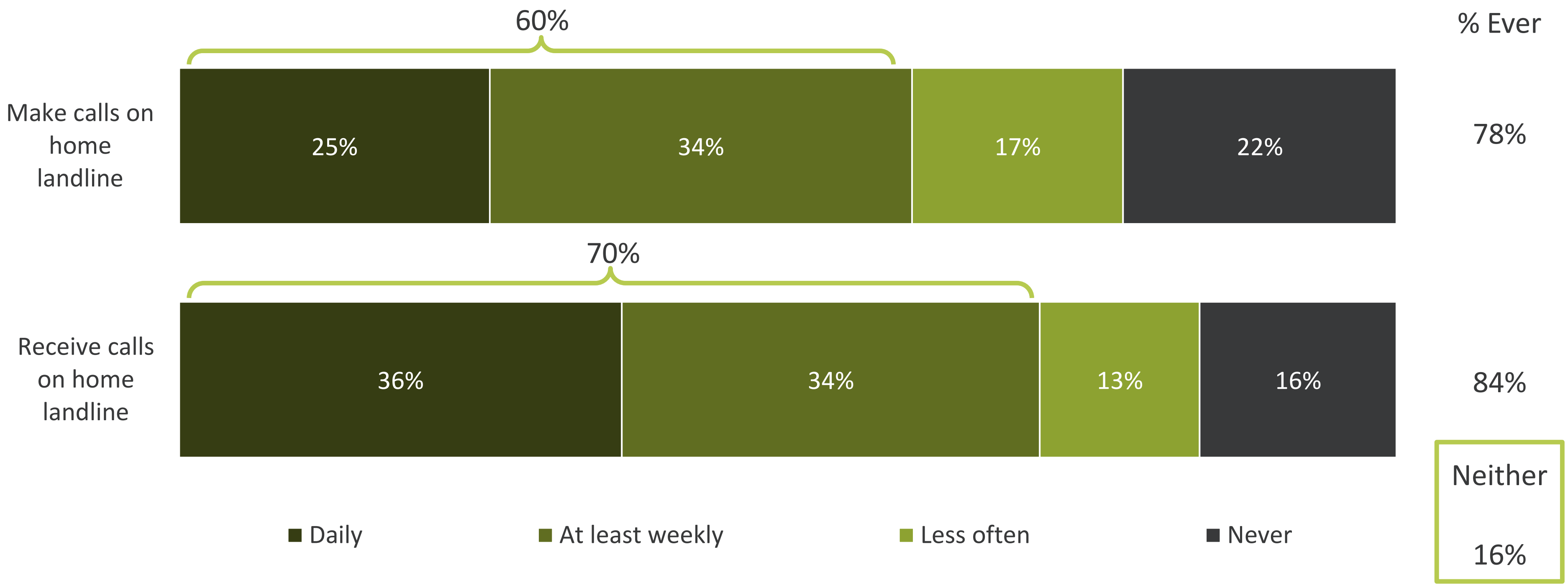
Frequency of use of home landline to make or receive calls



- Strong link with age – adults aged 65+ are more frequent users to make and to receive calls – around 9 in 10 weekly
- Among 16-24s, 38% say the home phone is not used to make or receive calls (vs. 16% of all), followed by 26% of 25-44s
- Difference not seen by socio-economic group or gender

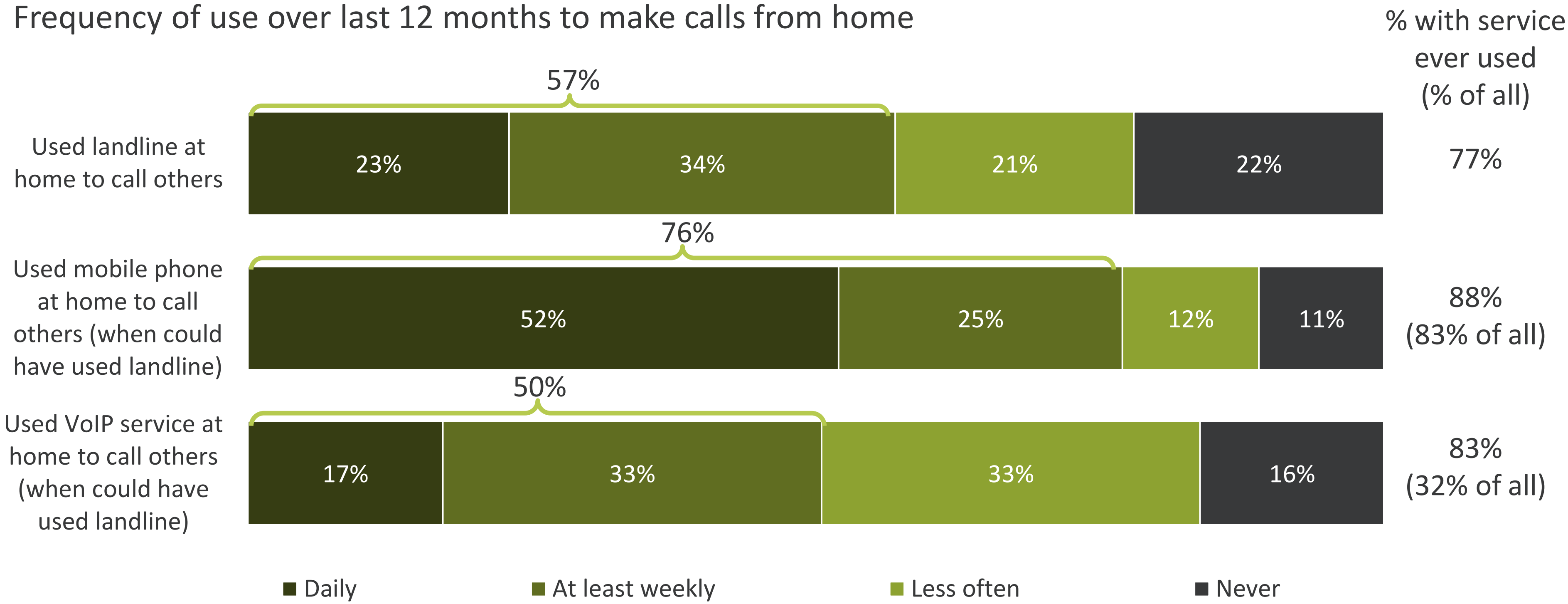
Source: Ofcom NMR 2017 Residential Consumer Survey

Q12. Approximately how often do you or anyone else in your household make calls on your home landline (home phone)?/ Q13. Approximately how often does your household receive calls on your home landline (home phone)?

Base: UK adults aged 16+ with a landline phone service (2784)

In the last 12 months, nine in ten with a mobile and eight in ten with VoIP chose to use the service over landline to make calls

Frequency of use over last 12 months to make calls from home



- In the last 12 months, mobiles are more likely to be used weekly (76%) to replace landline calls from home compared to VoIP (50%), but both have been used by 8 in 10 or more of those with each service
- Compared to 2015, the incidence of replacing calls among those with access is similar – but increased access to VoIP means those replacing calls account for a higher proportion of all landline households (32% vs. 23%)

Source: Ofcom NMR 2017 Residential Consumer Survey

Q26. How often did you use your landline at home to call other people in the last 12 months?/ Q27. How often did you use your mobile phone at home to call other people when you could easily have used your landline instead?/ Q28. How often did you use an online calls service like Skype or FaceTime at home to call other people when you could easily have used your landline instead?

Base: UK adults aged 16+ with a landline phone service (2784), with a mobile phone (2618), who use a VoIP service (1051)

Price is equally likely to drive choice across types, with convenience also equal for landline and mobile; use of features is high for VoIP

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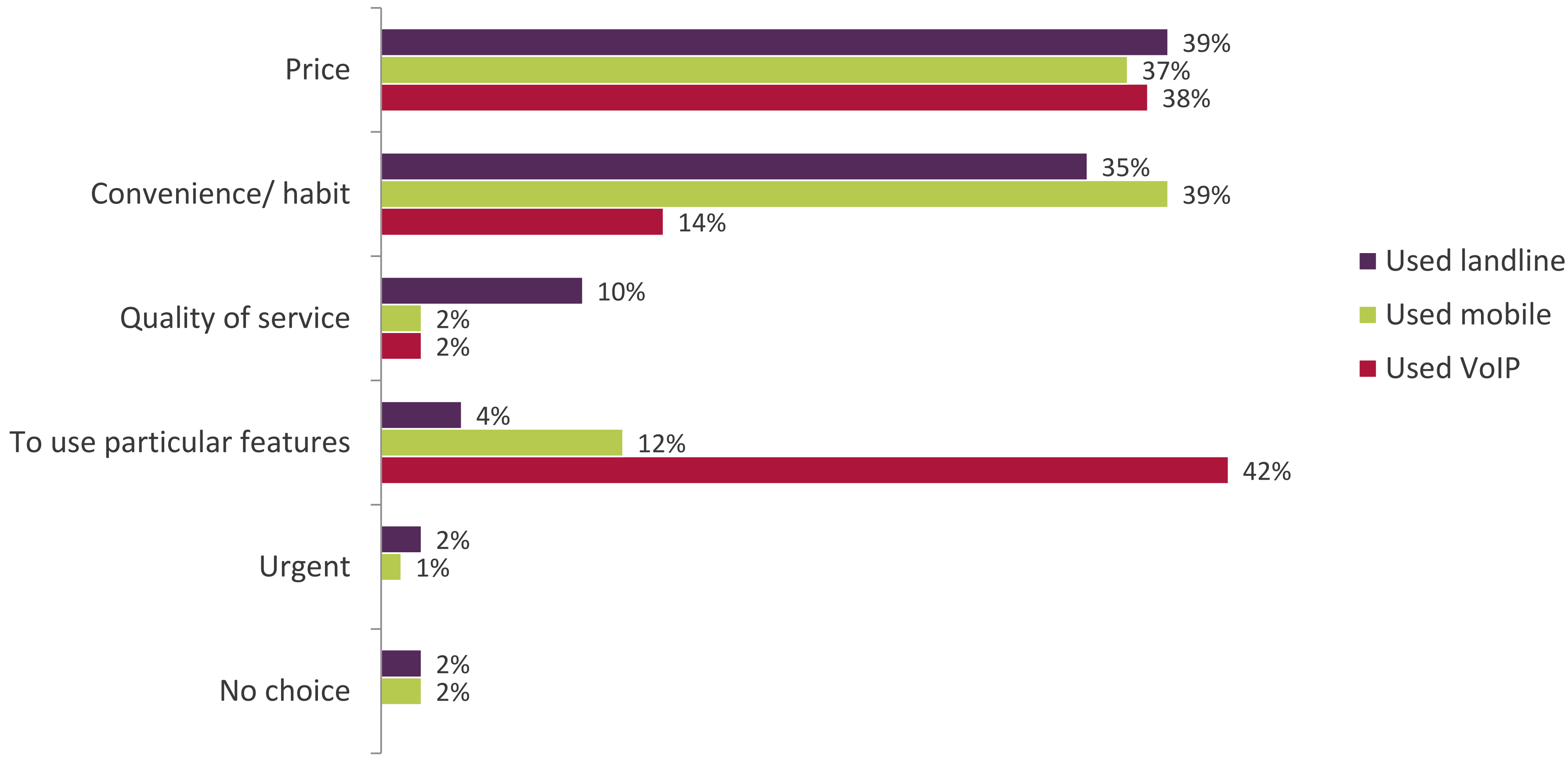
Reasons for choosing landline/ mobile/ VoIP to make calls from home in the last 12 months



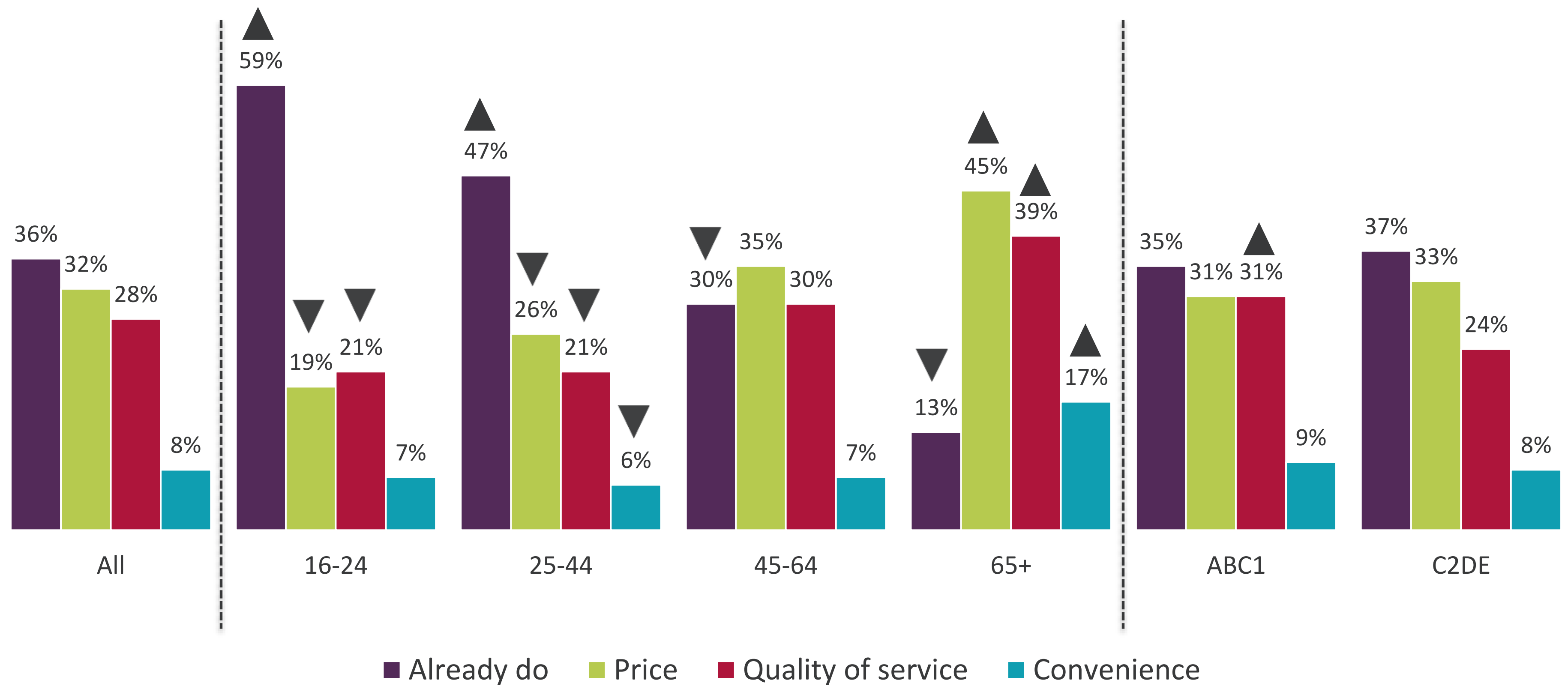
Source: Ofcom NMR 2017 Residential Consumer Survey

Q29/ Q30/ Q31. The last time you used your landline/ your mobile phone/ your online calls service like Skype or FaceTime, what was the main reason you chose to use your landline/ mobile phone/ online calls service to call other people from home (rather than your OTHER SERVICES USED/ your landline)?

Base: UK adults aged 16+ using a landline phone from home in the last 12 months (2256), using a mobile phone instead of a landline (2298), using a VoIP service (868)

Price and quality of service are the main factors deterring more use of mobiles for calls from home – but not for younger users

Reasons for not making all calls by mobile phone when at home – 2017 sub-groups



Source: Ofcom NMR 2017 Residential Consumer Survey

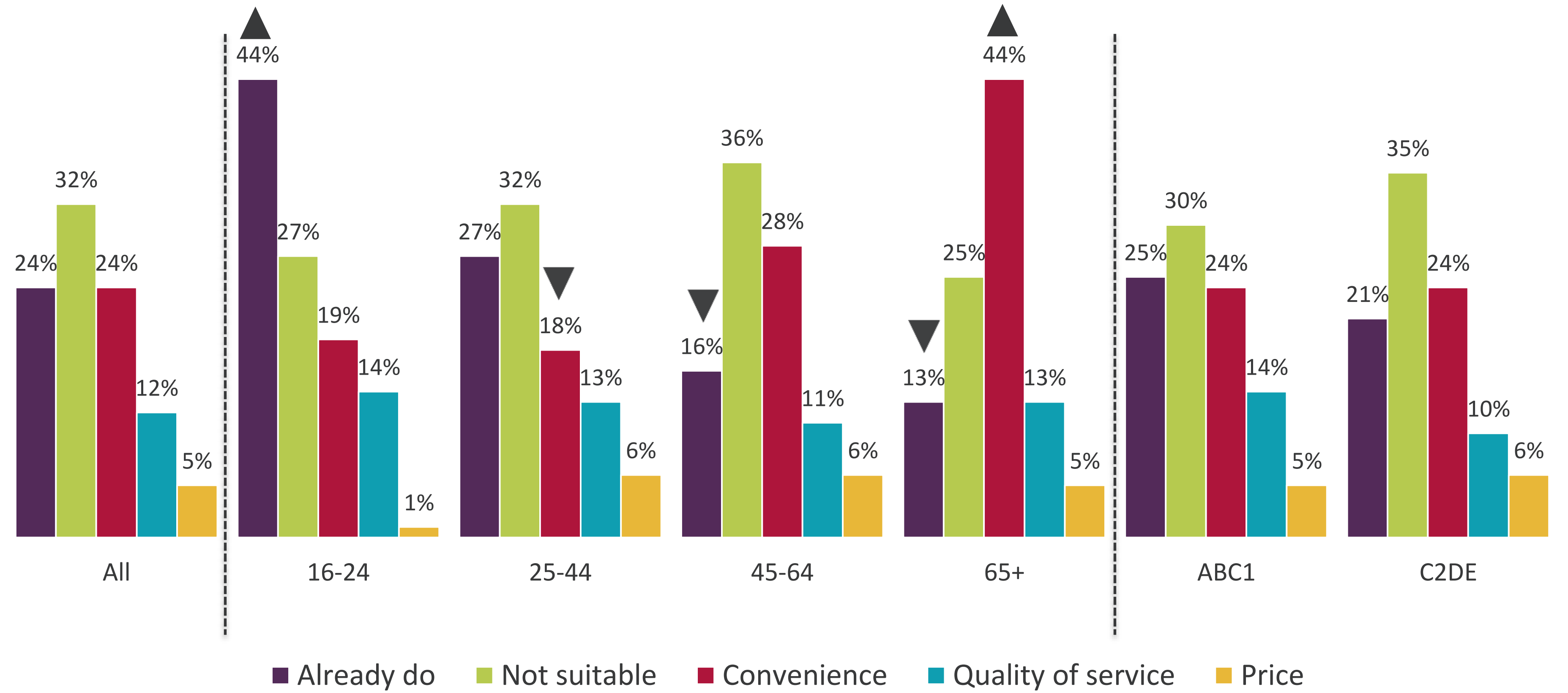
Q35. Why don't you make all your calls by mobile phone when you're at home instead of using your landline?

Base: UK adults aged 16+ with a landline phone service and with a mobile phone (2618)

Arrows indicate significant differences (at the 95% level) between 1) any age group and all mobile users, 2) between socio-economic groups

Not suitable and not convenient are the main factors deterring more use of VoIP for calls from home – 16-24s stand out again

Reasons for not making all calls by VoIP when at home – 2017 sub-groups



Source: Ofcom NMR 2017 Residential Consumer Survey

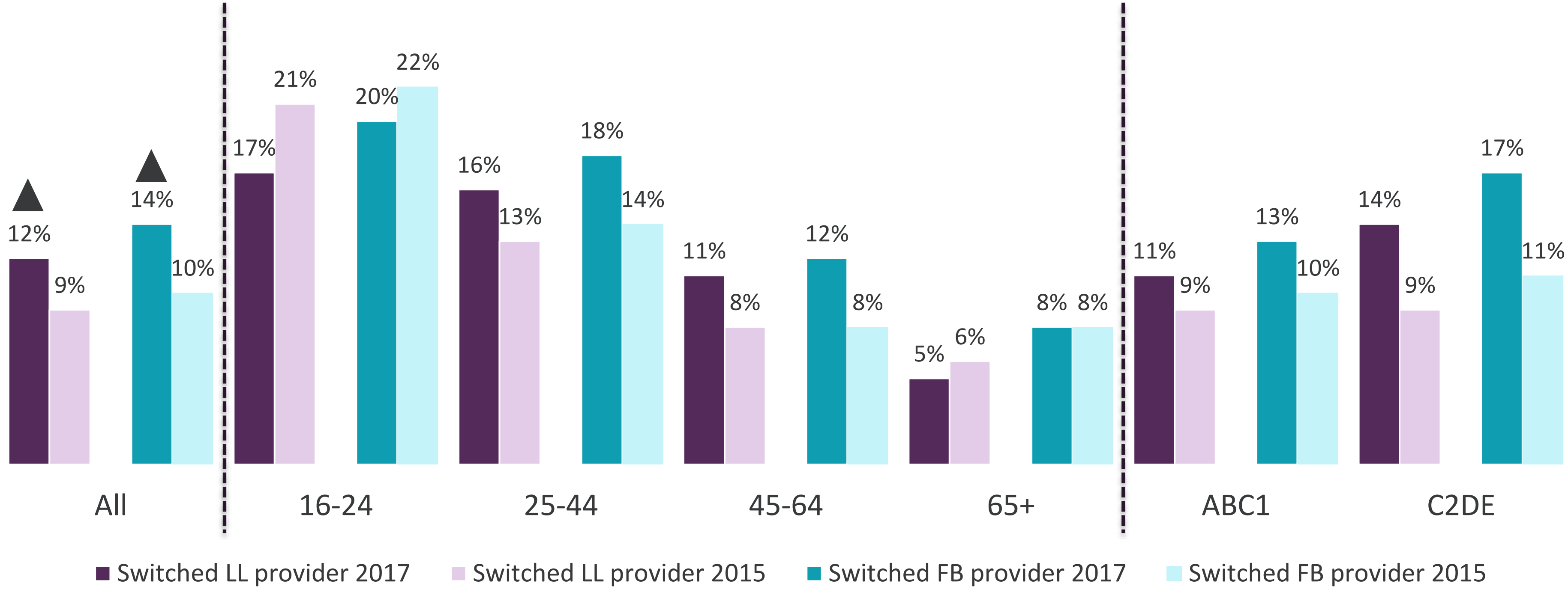
Q36. Why don't you make all your calls by using online call services like Skype or FaceTime when you're at home instead of using your landline?

Base: UK adults aged 16+ with a landline phone service and with a VoIP service (1051)

Arrows indicate significant differences (at the 95% level) between 1) any age group and all VoIP users, 2) between socio-economic groups

Switching in the last 12 months is at higher levels than in 2015 for both LL (12% vs. 9%) and FB (14% vs. 10%)

Whether switched provider in the last 12 months for LL or FB – 2017 and 2015 sub-groups



- Switching LL in the last 12 months is more likely among 25-44s and those in C2DE households (also true for switching FB)
- Switching LL is higher than average among those who <u>do not use</u> the LL to make or receive calls (19% vs. 12%)
- Those using different suppliers for LL and FB and those who only have LL are much less likely to have switched LL supplier in the last 12 months

Source: Ofcom NMR 2017 and NMR 2015 Residential Consumer Survey

Q17. Have you or your household ever changed the company that provides your landline phone service? When did you most recently change supplier?/ Q18. Have you or your household ever changed the company that provides your fixed broadband service? When did you most recently change supplier?

Base: UK adults aged 16+ with a landline phone service (2017 n=2784, 2015 n=2137), with a landline phone service and fixed broadband (2017 n=2518, 2015 n=1657)

Arrows indicate significant differences (at the 95% level) between those who switched providers in 2015 and 2017

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Most switching landline provider in the last 12 months say they switched from either BT or Sky

Previous and current landline provider among those switching in the last 12 months

		CURRENT LANDLINE PROVIDER				
		Total	BT*	Sky*	Virgin Media *	TalkTalk*
SWITCHED FROM	Base	295	67	83	51	29
BT		29%	-	52%	22%	36%
Sky		29%	45%	-	43%	40%
Virgin Media		12%	15%	21%	-	7%
TalkTalk		16%	23%	17%	20%	10
Others		11%	14%	10%	13%	11%

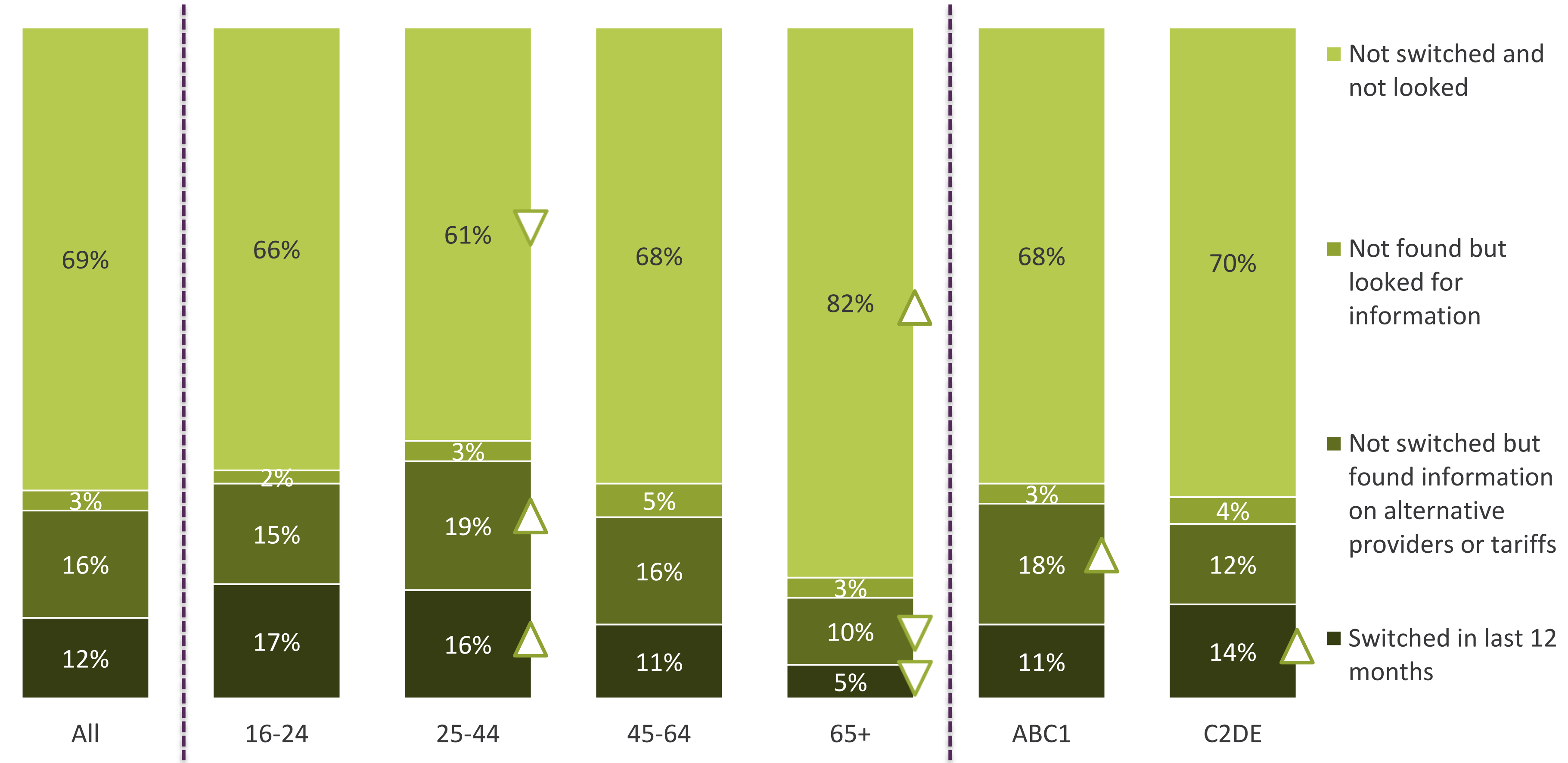
- Four in five (81%) of those switching from one of the four main landline providers in the last 12 months switched to another of the four main landline providers
- Compared to 2015, fewer have switched from BT (29% vs. 38%) and more have switched from Sky (29% vs. 20%)

- Reasons for switching are dominated by deal/ price (72% LL, 69% FB) followed by service quality (37% LL, 39% FB), with few saying it was to bundle with other services (7% LL, 8% FB)
- Reasons for not switching mostly relate to satisfaction/ trust with current provider (65%, higher 65+ & C2DE), no perceived cost benefit (23%) and perception this is time consuming/ can't be bothered (20%, higher ABC1)

Source: Ofcom NMR 2017 Residential Consumer Survey
Q19. Which landline call service provider did you switch from (in the last 12 months)?
Base: Those who have switched landline phone service provider in the last 12 months (295) *Caution: Low base sizes, treat as indicative only

Most landline households have not switched and not looked for information on alternative providers or tariffs in the last 12 months

Summary of engagement with landline market in the last 12 months



Source: Ofcom NMR 2017 Residential Consumer Survey

Q17. Have you or your household ever changed to company that provides your landline phone service?/ Q24. IN the last 12 months have you tried to get any information about alternative landline providers or tariffs that you could use?/ Q24b. Did you find the information you needed?

Base: UK adults aged 16+ with a landline phone service (2784)

Arrows indicate significant differences (at the 95% level) between 1) any age group and all landline households, 2) between socio-economic groups

Most 16-44s say they would to be prepared to give up the ability to make and receive calls from the LL under certain circumstances

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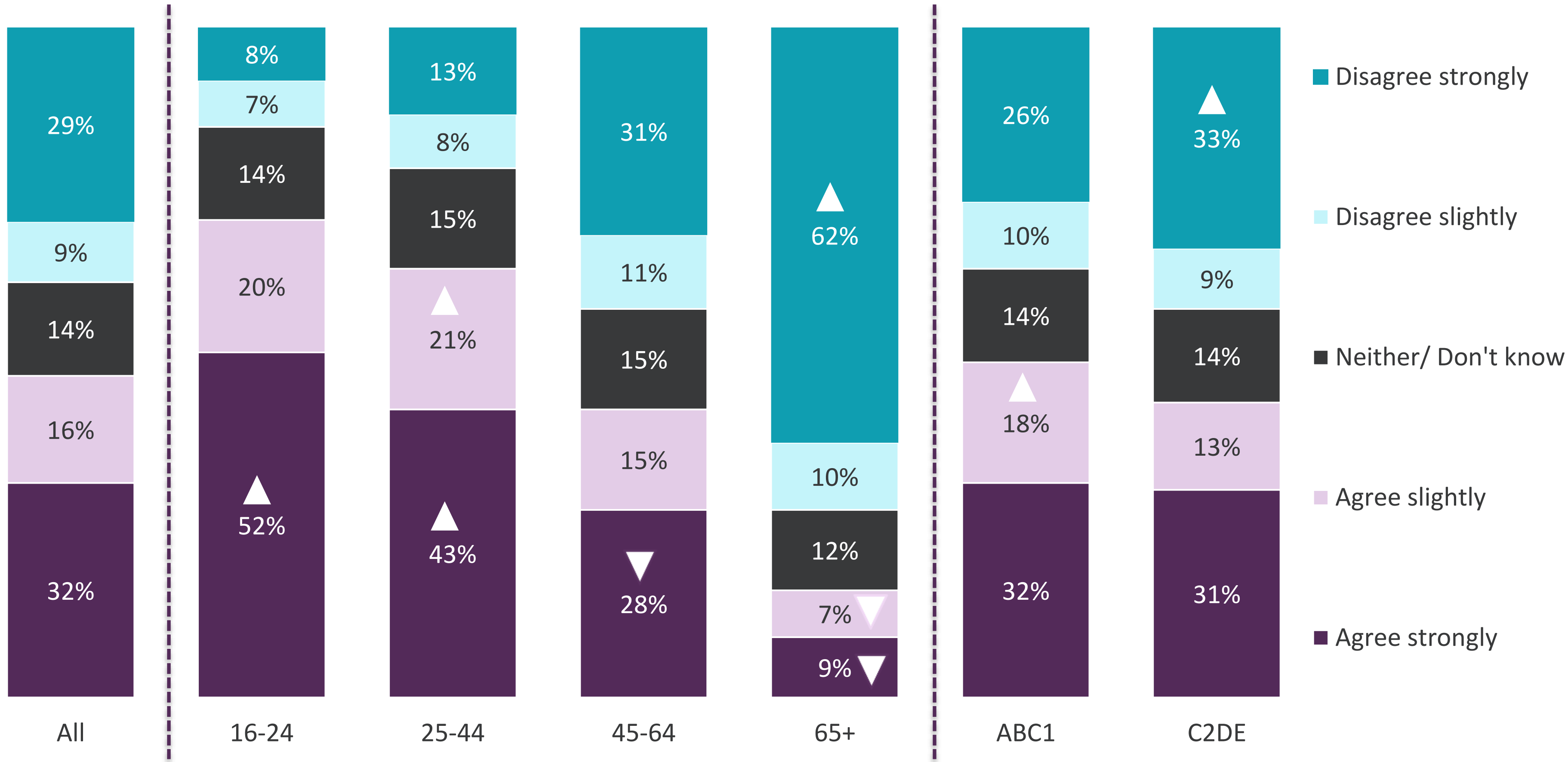
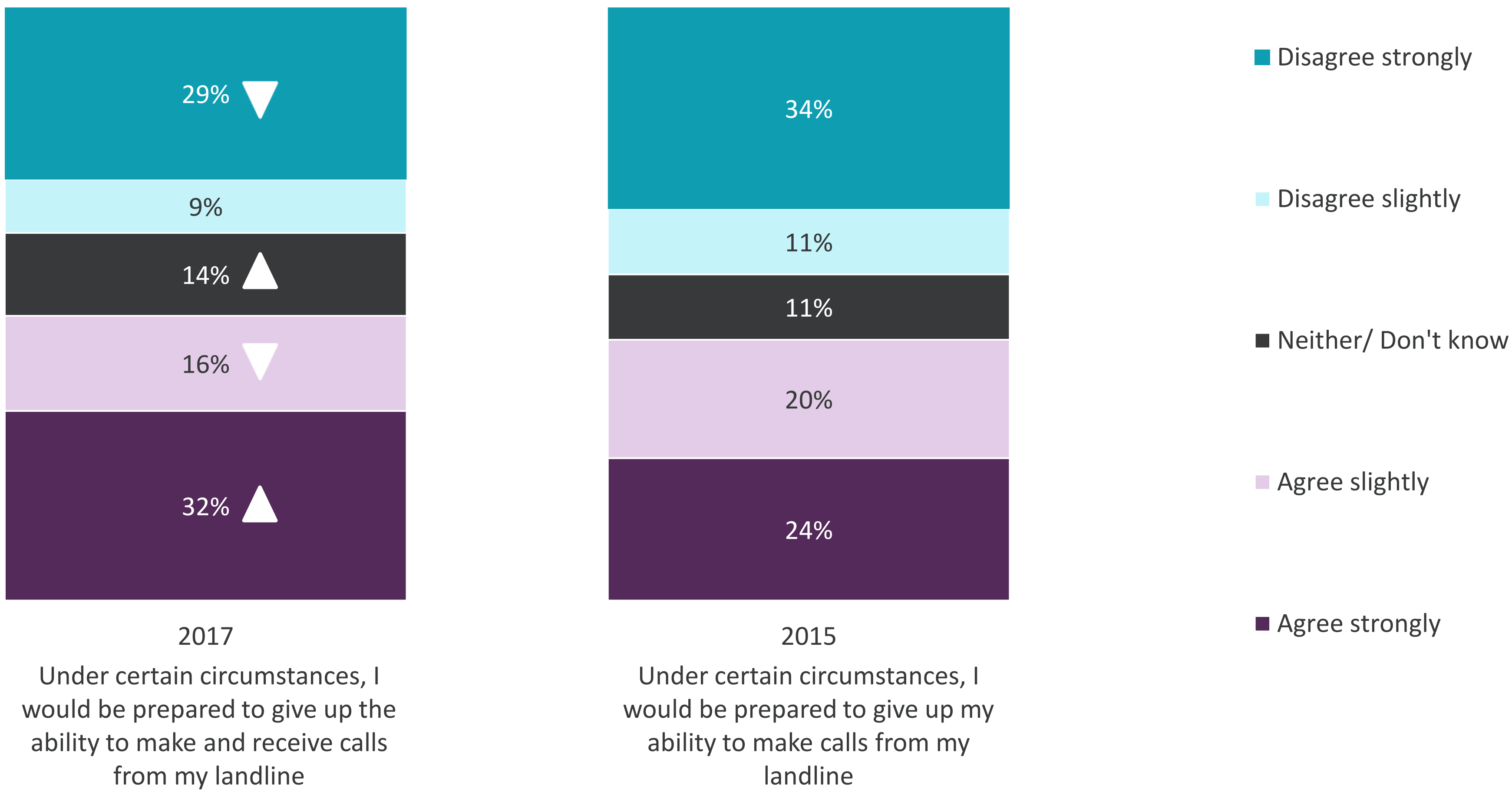
Agreement with statement regarding giving up ability to make and receive calls from LL – 2017 sub-groups



Source: Ofcom NMR 2017 Residential Consumer Survey
Q32. AGREEMENT WITH STATEMENT “Under certain circumstances, I would be prepared to give up the ability to make and receive calls from my landline”
Base: UK adults aged 16+ with a landline phone service (2784)
Arrows indicate significant differences (at the 95% level) between 1) any age group and all landline households, 2) between socio-economic groups

Higher agreement with the 2017 statement (make & receive calls) compared to the 2015 statement (make calls)

Agreement with statements – 2017 and 2015



Source: Ofcom NMR 2017 and NMR 2015 Residential Consumer Survey
Q32. AGREEMENT WITH STATEMENT "Under certain circumstances, I would be prepared to give up the ability to make and receive calls from my landline"
Base: UK adults aged 16+ with a landline phone service (2017 n=2784, 2015 n=1354 Arrows indicate significant differences (at the 95% level) between 2017 and 2015
NOTE – 2015 statement was "Under certain circumstances, I would be prepared to give up my ability to make calls from my landline" (excludes receiving)

Preparedness to give up landline (LL) decreases for those with fewer or no alternative methods

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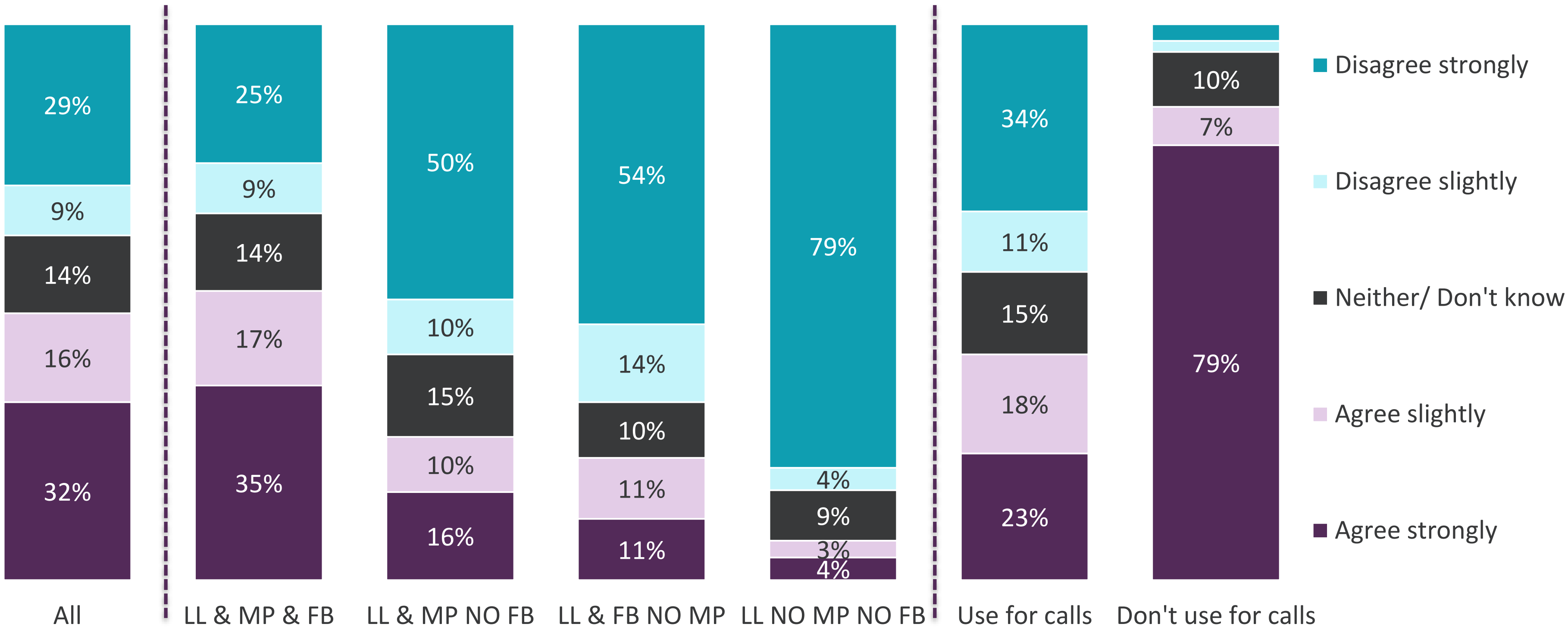
Agreement with statement regarding giving up ability to make and receive calls from LL – 2017 sub-groups



- Two-thirds (64%) of those prepared to give up say (NB unprompted) this would be if they didn't need a landline in order to get broadband (equivalent to 30% of all LL users)
- Those not prepared to give up say (NB unprompted) this is because of the reliability of the LL connection (35%), preference to use LL (32%) and needing a LL to get FB (23%)

Source: Ofcom NMR 2017 Residential Consumer Survey

Q32. AGREEMENT WITH STATEMENT "Under certain circumstances, I would be prepared to give up the ability to make and receive calls from my landline"

Base: UK adults aged 16+ with a landline phone service (2784)

Reaction to pricing changes – £ values used

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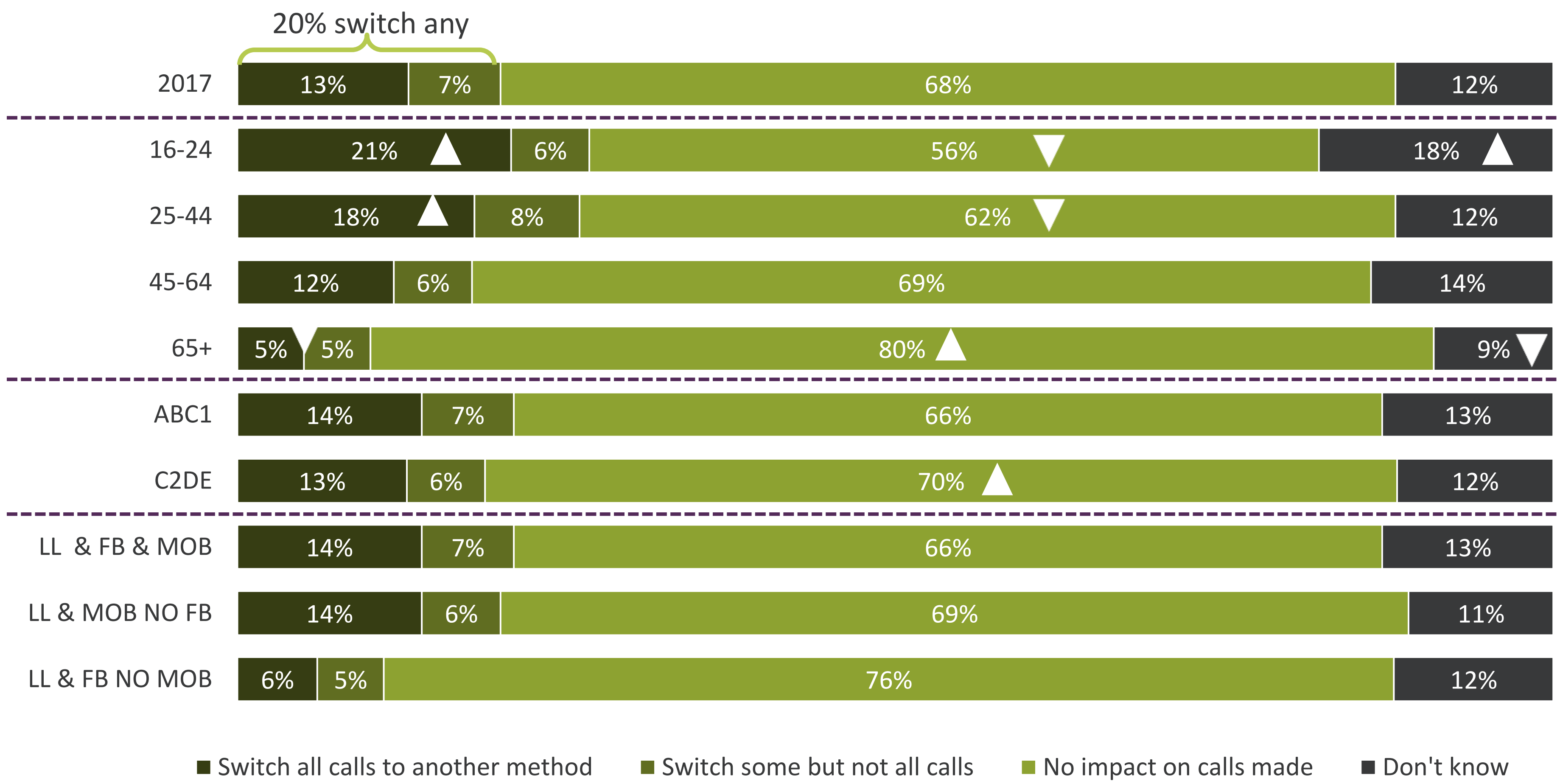
- Over six in ten landline decision makers (64%) could estimate their household's monthly spend on landline services in total
  - £32.50 per month on average - median value of £25
- Of these, seven in ten (72%) could estimate their household's monthly spend on line rental for the landline
  - £16.50 per month on average – median value of £17
- Where both values were given (46% of all) – the estimated monthly spend on landline calls was calculated
- Where one or both values were not given – used examples for spend of £6 per month on calls and £23 per month on total bills (based on most recent Ofcom/Operator data)

- Value used for 10% increase in monthly cost of calls – average of £0.93, with 78% under £1.00
- Value used for 10% increase in monthly cost of total bill – average of £2.90, with 70% under £3.00

One-fifth say they would switch all (13%) or some (7%) calls away from LL to another method with a 10% increase in call costs

Reaction to hypothetical 10% increase in price of landline calls (average value of £0.93 per month)



Source: Ofcom NMR 2017 Residential Consumer Survey

Q39. If the price of your landline calls increased by 10%, so an extra £X each month, how likely would you be to change the way you make calls from home?

Base: UK adults aged 16+ with a landline phone service (2784). Arrows indicate significant differences (at the 95% level) between 1) any age group and all landline households, 2) between socio-economic groups, and 3) between those who have access to other services and all landline households

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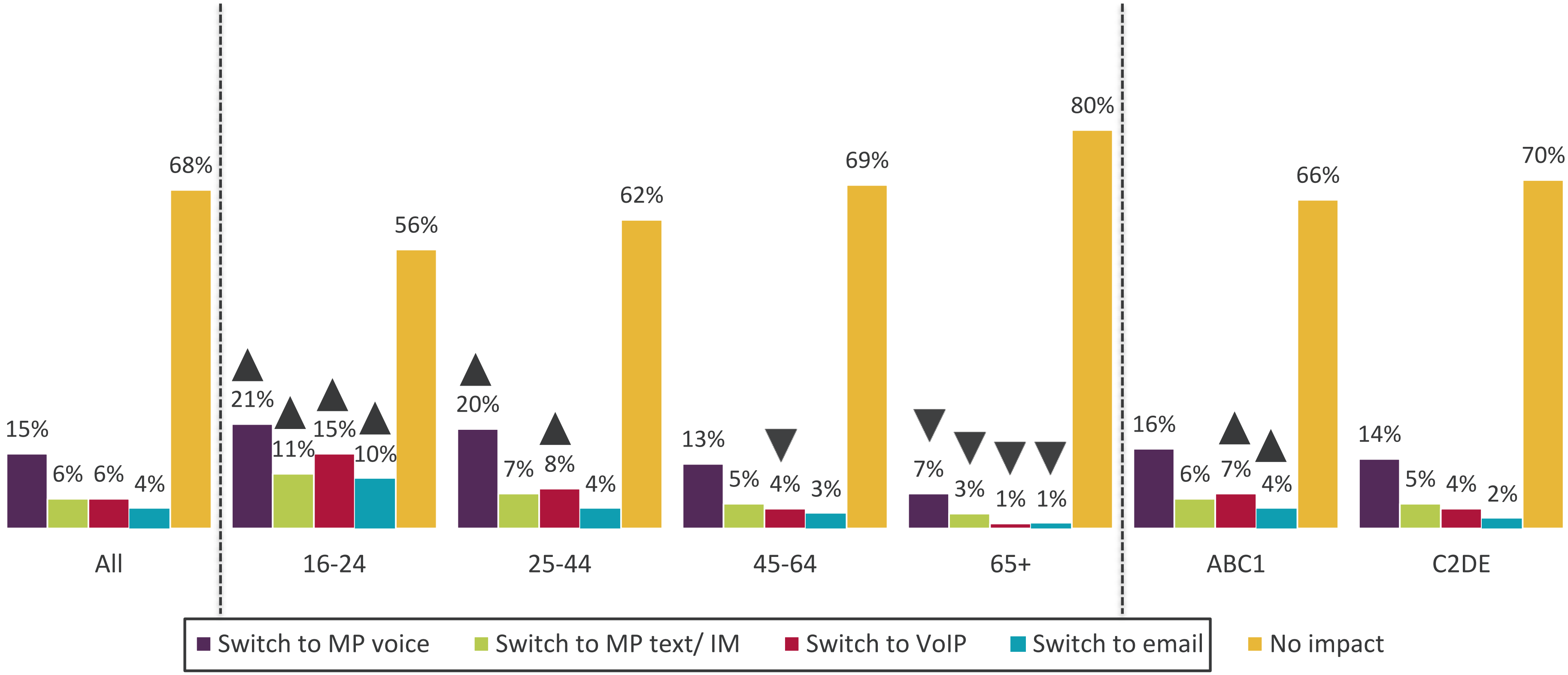
Of those who say they would switch any calls to another method (20% of all) most say MP voice (15% of all)

Reaction to hypothetical 10% increase in price of landline calls (average value of £0.93 per month)



- Method/s would use instead to make calls if the price of landline calls increased by 10% - from list provided
- Most (85%) nominated an alternative call (not text/ IM) method
- Most (62%) nominated one alternative method

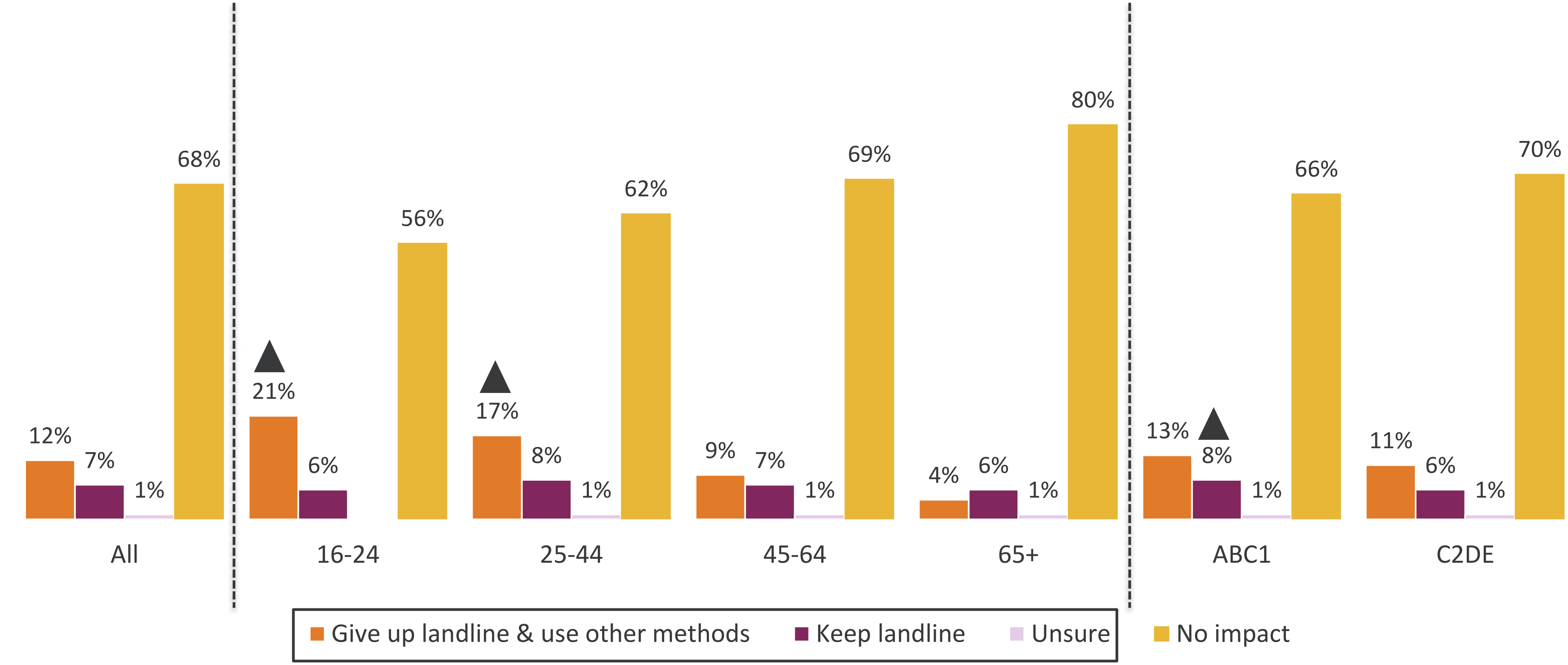
Source: Ofcom NMR 2017 Residential Consumer Survey

Q39. If the price of your landline calls increased by 10%, so an extra £X each month, how likely would you be to change the way you make calls from home?/ Q40. Which of these would you use instead to make calls if the price of landline calls increased by 10%?

Base: UK adults aged 16+ with a landline phone service (2784). Arrows indicate significant differences (at the 95% level) between 1) any age group and all landline households, 2) between socio-economic groups. Note: Don't know responses not shown.

Of those who say they would switch any calls to another method (20% of all) six in ten say they would give up their landline (12% of all)

Reaction to hypothetical 10% increase in price of landline calls (average value of £0.93 per month)



- Whether would rely on other method/s and give up the landline if the price of calls increased by 10% - 'even if it meant that you couldn't have a fixed broadband service at home, unless this was from Virgin Media'
- 59% who say they would switch any calls say they would give up their landline (equivalent to 12% of all)

Source: Ofcom NMR 2017 Residential Consumer Survey

Q39. If the price of your landline calls increased by 10%, so an extra £X each month, how likely would you be to change the way you make calls from home?/ Q41. Would you rely on that other method/ those other methods and give up your landline if the price of landline calls increased by 10% - even if it meant that you couldn't have a fixed broadband service at home, unless this was from Virgin Media? Base: UK adults aged 16+ with a landline phone service (2784). Arrows indicate significant differences (at the 95% level) between 1) any age group and all landline households, 2) between socio-economic groups. Note: Don't know responses not shown.

For most 'no impact' groups (68% of all) most likely reason relates to hassle/ not worth action, but tie to broadband for younger adults

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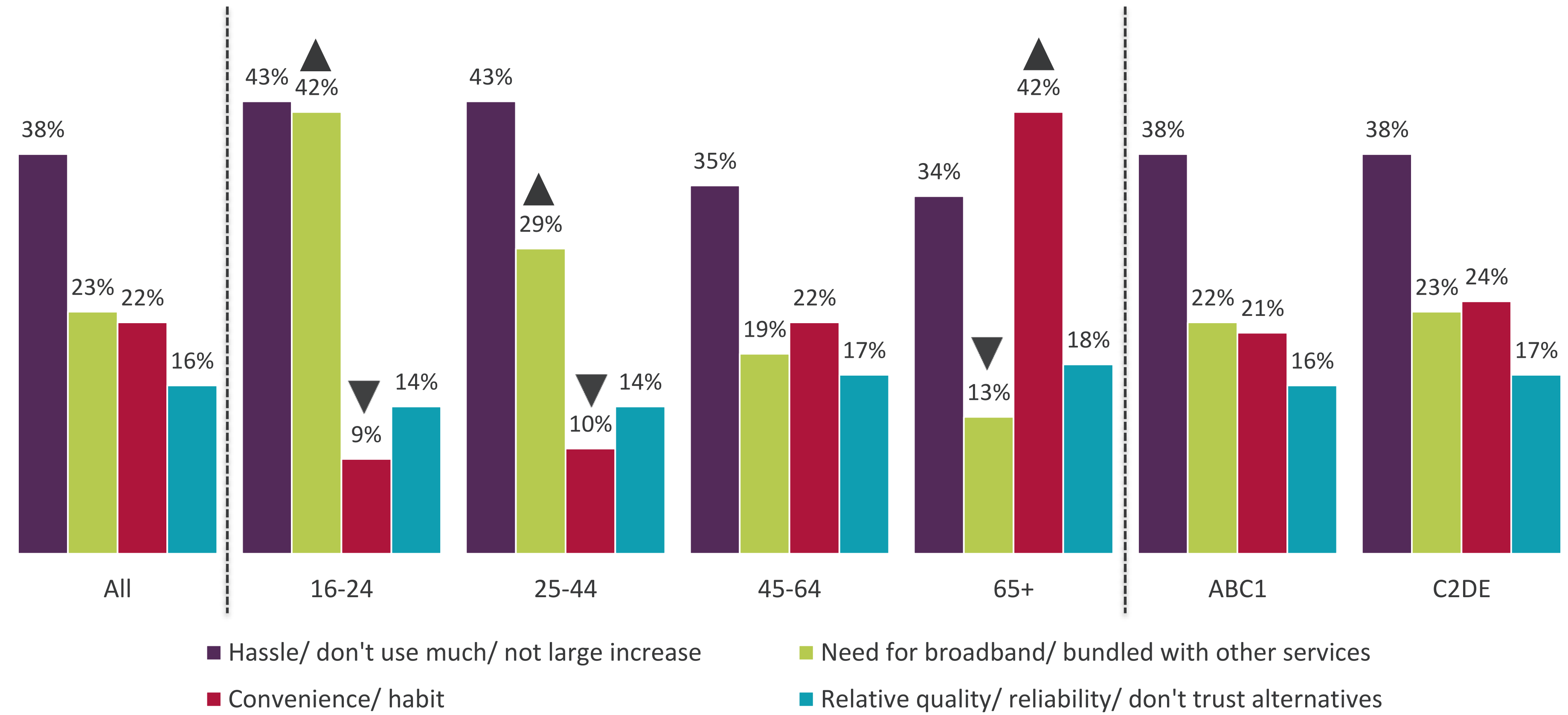
Reasons for not switching any calls given a 10% increase in price of landline calls – 2017 sub-groups



Source: Ofcom NMR 2017 Residential Consumer Survey
Q42. Why would you be unlikely to consider taking any action if the price of landline calls increased by 10% so an extra (10% OF SPEND ON CALLS) each month?
Base: UK adults aged 16+ with a landline phone service saying there would be no impact on calls made given a 10% increase in the price of landline calls (1876)
Arrows indicate significant differences (at the 95% level) between 1) any age group and all landline households, 2) between socio-economic groups.

One quarter say they would switch all (17%) or some (10%) calls away from LL to another method with a 10% increase in total bill costs

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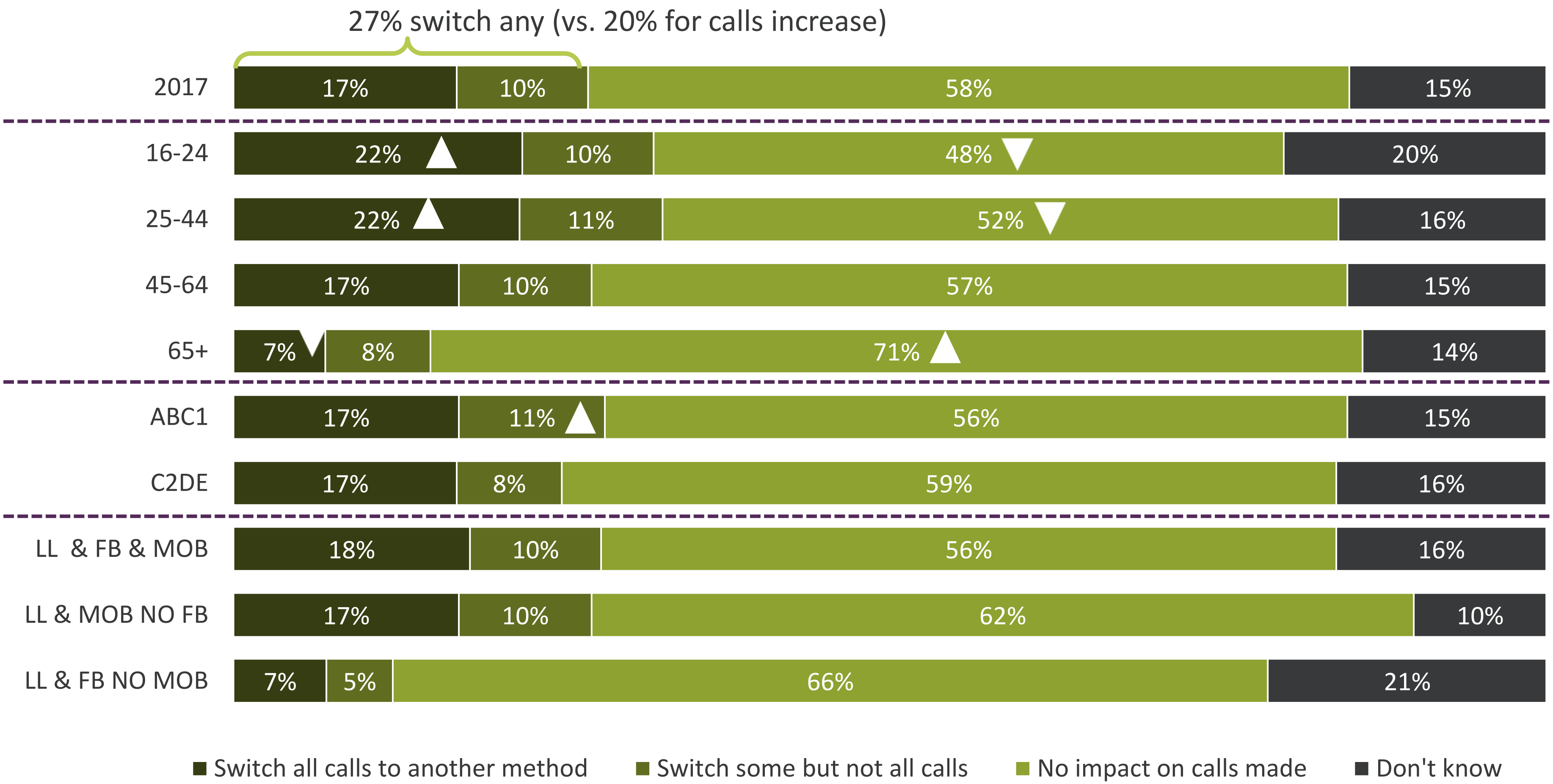
Reaction to hypothetical 10% increase in price of total landline bills (average value of £2.90 per month)



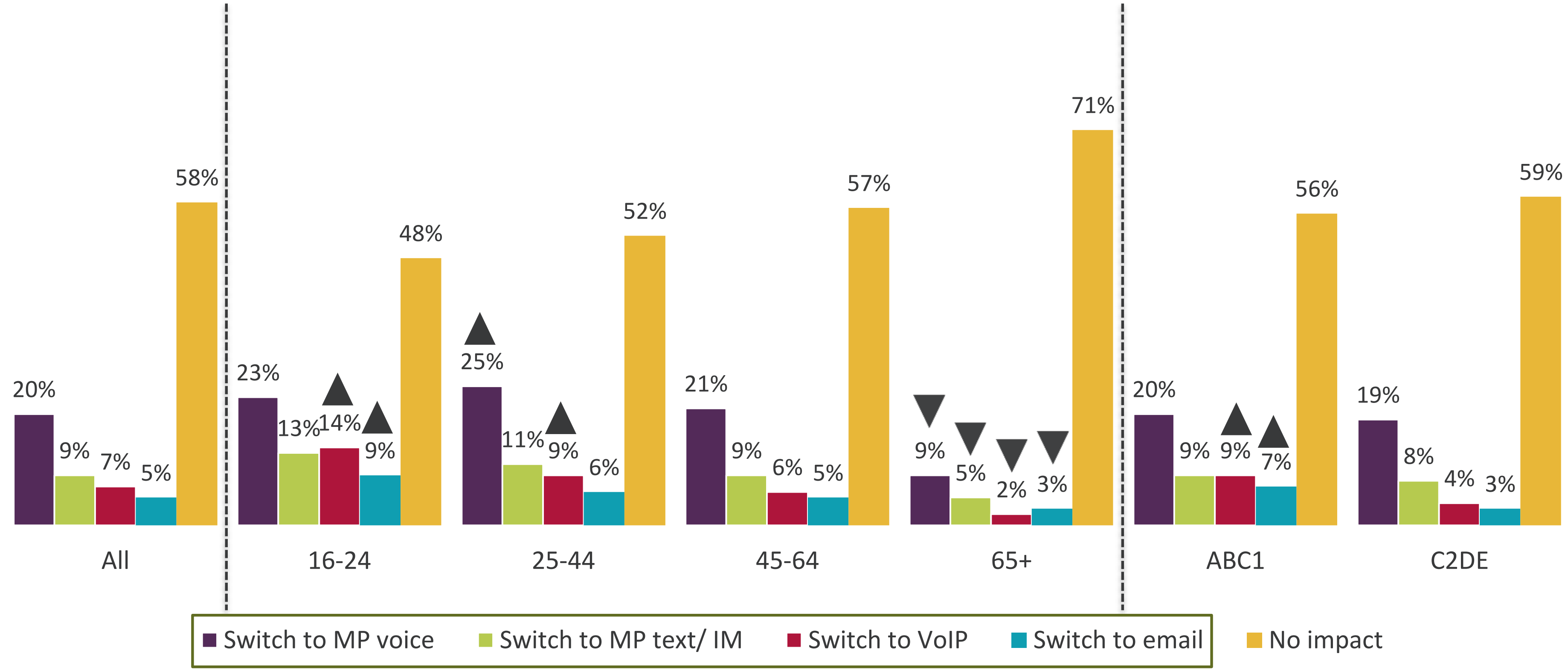
Source: Ofcom NMR 2017 Residential Consumer Survey

Q43. If the price of your total landline bill – not just the cost of calls - increased by 10%, so an extra £X each month, how likely would you be to change the way you make calls from home?

Base: UK adults aged 16+ with a landline phone service (2784). Arrows indicate significant differences (at the 95% level) between 1) any age group and all landline households, 2) between socio-economic groups, and 3) between those who have access to other services and all landline households

Of those who say they would switch any calls to another method (27% of all) most say MP voice (20% of all)

Reaction to hypothetical 10% increase in price of total landline bills (average value of £2.90 per month)



- Method/s would use instead to make calls if the price of total landline bills increased by 10% - from list provided
- Most (80%) nominated an alternative call (not text/ IM) method
- Most (62%) nominated one alternative method

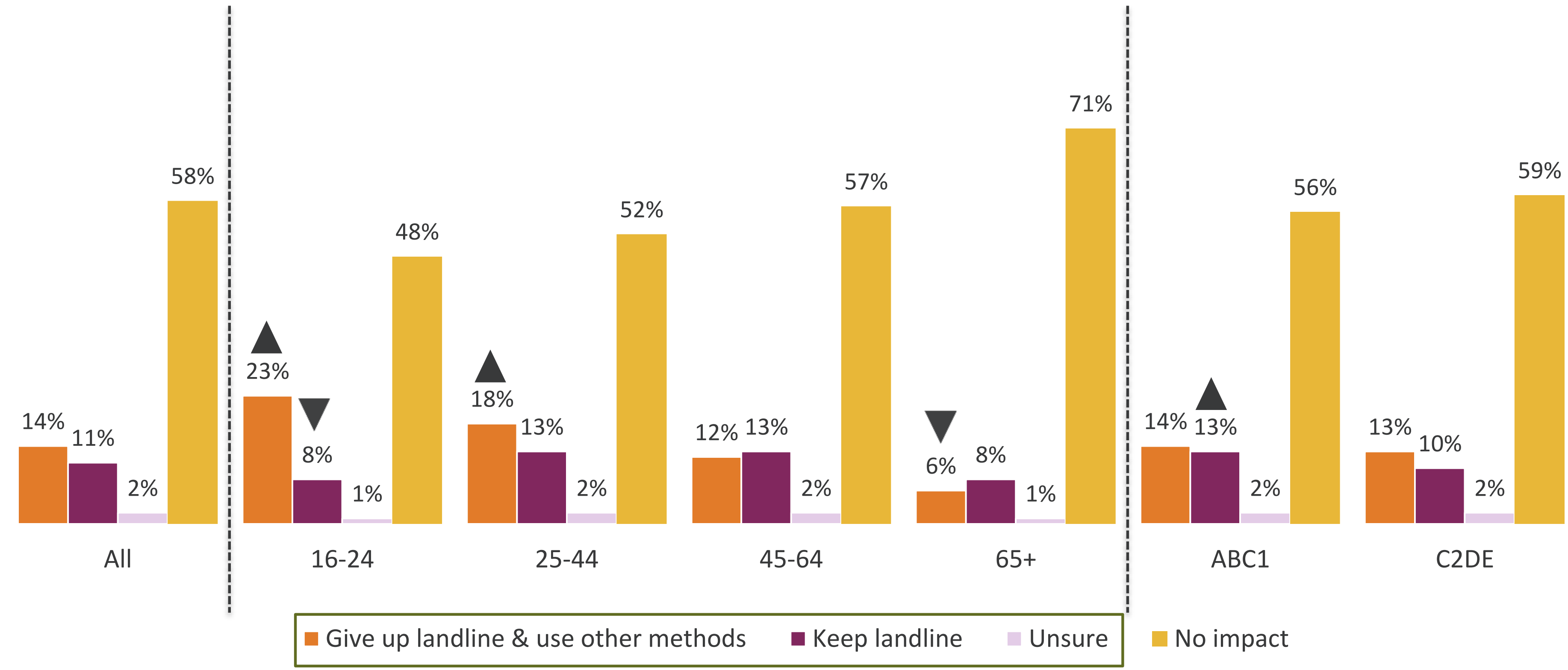
Source: Ofcom NMR 2017 Residential Consumer Survey

Q43. If the price of your total landline bill – not just the cost of calls - increased by 10%, so an extra £X each month, how likely would you be to change the way you make calls from home?/ Q44. Which of these would you use instead to make calls if the price of total landline bills and not just calls increased by 10%?

Base: UK adults aged 16+ with a landline phone service (2784). Arrows indicate significant differences (at the 95% level) between 1) any age group and all landline households, 2) between socio-economic groups. Note: Don't know responses not shown

Of those who say they would switch any calls to another method (27% of all) half say they would give up their landline (14% of all)

Reaction to hypothetical 10% increase in price of total landline bills (average value of £2.90 per month)



- Whether would rely on other method/s and give up the landline if the price of total bills increased by 10% - ‘even if it meant that you couldn’t have a fixed broadband service at home, unless this was from Virgin Media’
- 50% of those who say they would switch any calls say they would give up their landline (equivalent to 14% of all)

Source: Ofcom NMR 2017 Residential Consumer Survey

Q43. If the price of your total landline bill – not just the cost of calls - increased by 10%, so an extra £X each month, how likely would you be to change the way you make calls from home?/ Q45. Would you rely on that other method/ those other methods and give up your landline if the price of total bills increased by 10% - even if it meant that you couldn't have a fixed broadband service at home, unless this was from Virgin Media? Base: UK adults aged 16+ with a landline phone service (2784). Arrows indicate significant differences (at the 95% level) between 1) any age group and all landline households, 2) between socio-economic groups. Note: Don’t know responses not shown

For most ‘no impact’ (58% of all) most likely reason relates to hassle/ not worth action, but tie to broadband for younger adults

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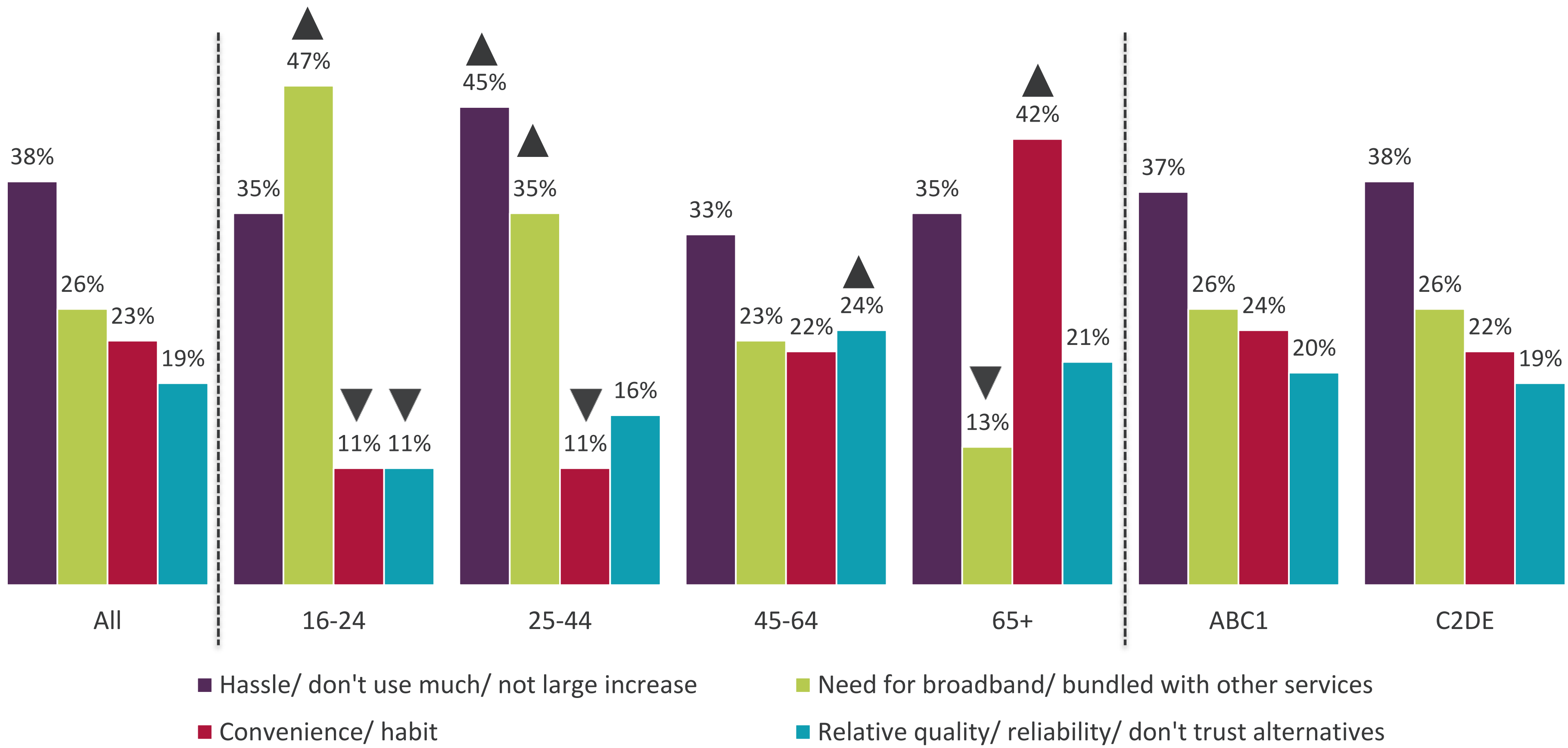
Reasons for not switching any calls given a 10% increase in price of total landline bills – 2017 sub-groups



Source: Ofcom NMR 2017 Residential Consumer Survey

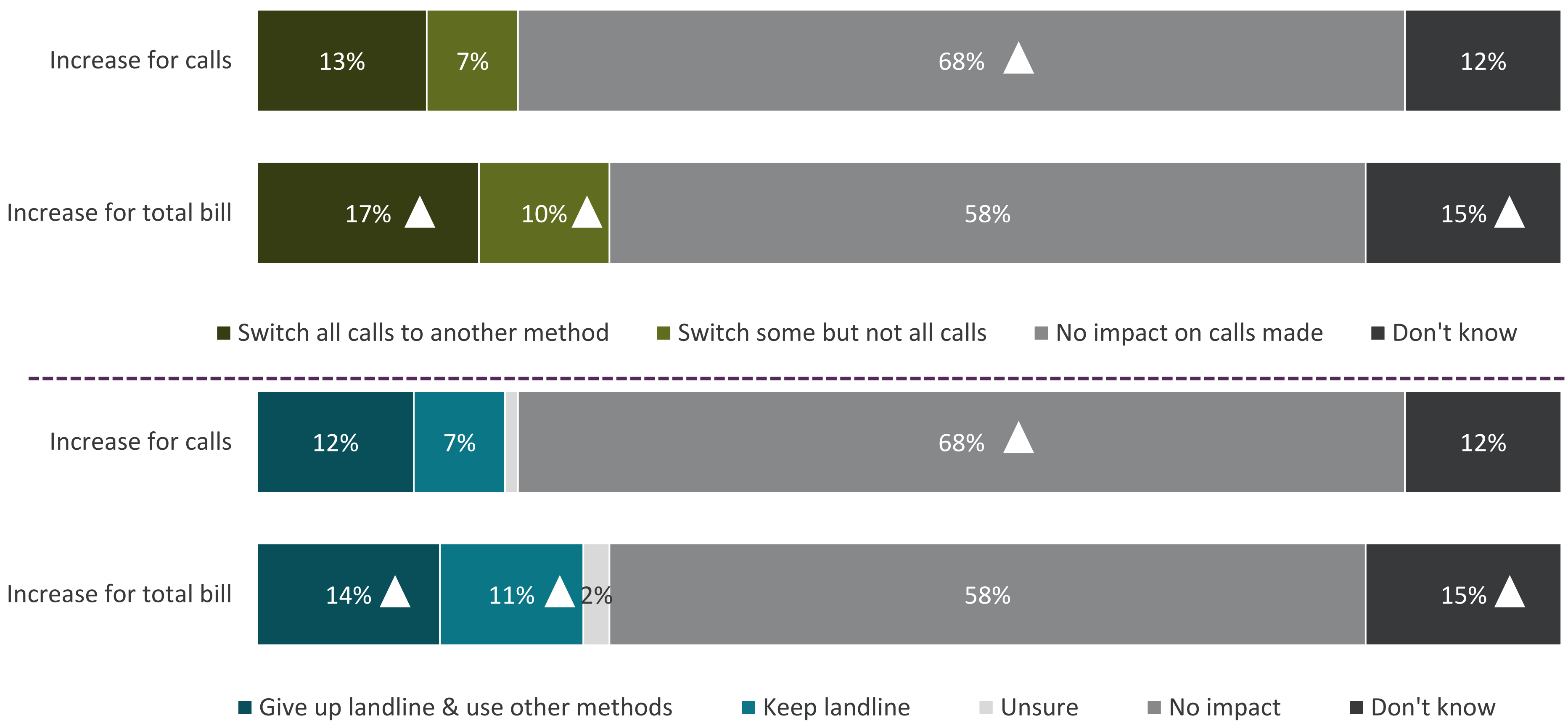
Q46. Why would you be unlikely to consider taking any action if the price of total landline bills increased by 10% so an extra (10% OF SPEND ON BILLS) each month?

Base: UK adults aged 16+ with a landline phone service saying there would be no impact on calls made given a 10% increase in the price of total landline bills (1564)

Arrows indicate significant differences (at the 95% level) between 1) any age group and all landline households, 2) between socio-economic groups

Comparing impact of 10% on calls and 10% on bills - greater impact on switching calls than on giving up landline

Comparing impact of hypothetical 10% increase in price calls and of total landline bills

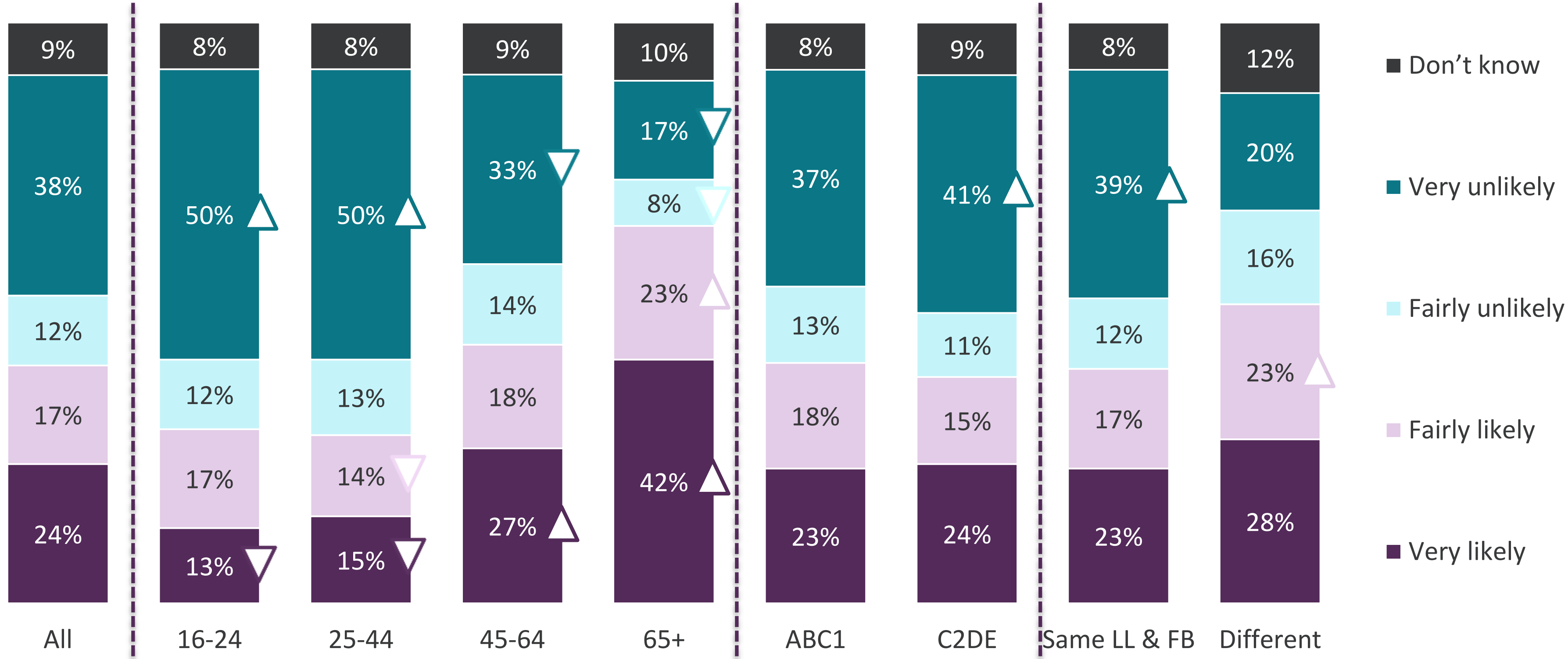


Source: Ofcom NMR 2017 Residential Consumer Survey

Q39. If the price of your landline calls increased by 10%, so an extra £X each month, how likely would you be to change the way you make calls from home?/ Q43. If the price of your total landline bill – not just the cost of calls - increased by 10%, so an extra £X each month, how likely would you be to change the way you make calls from home? Base: UK adults aged 16+ with a landline phone service (2784). Arrows indicate significant differences (at the 95% level) between responses relating to an increase in call costs and an increase in total bills

Half of LL & FB users say they would be unlikely to keep LL service if they could buy FB as a standalone service (45% of all LL households)

Likelihood of keeping LL if could buy FB standalone assuming price drop for LL service – 2017 sub-groups



- When asked 'How much cheaper per month would your landline bill need to be in order for you to choose to keep your landline?' one-third (35%) couldn't answer and one-fifth (21%) said they would not consider only having FB
- Average price drop for the 44% responding was £13.40 per month (41% of the average landline bill stated)

Source: Ofcom NMR 2017 Residential Consumer Survey

Q47. If you could buy broadband as a standalone service without needing to have a landline, how likely would you be to still pay for a landline assuming some price drop for the landline service?

Base: UK adults aged 16+ with a landline phone service and fixed broadband (2518) Arrows indicate significant differences (at the 95% level) between 1) any age group and all landline households, 2) between socio-economic groups, and 3) between those using the same and different suppliers for LL & FB

Section 2
Business (SME) consumers

Methodology – Business (SME) consumers

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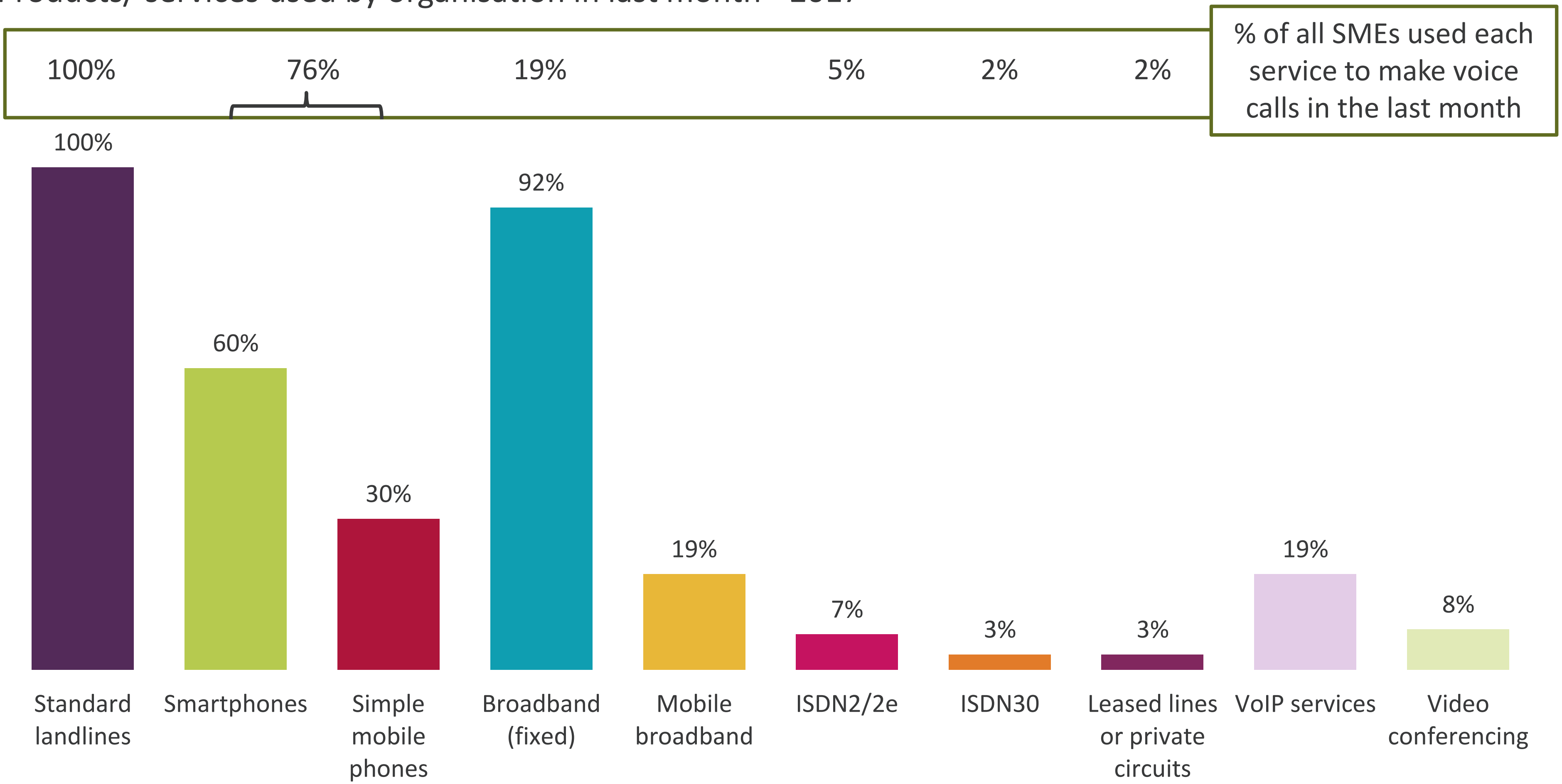
Sample	• 347 interviews with telecoms decision makers within SME organisations with 1-249 employees who use standard landlines • Working from a UK-representative sample by region and business sector • Quotas set to achieve sufficient interviews for analysis for those with 1-9 employees (239 interviews) and 10-249 employees (108 interviews)
Data collection	• Conducted using CATI, 20 minute questionnaire • From 26th April to 19th May 2017 • Using Critical Research
Data reporting	• Weighted to UK SME profile (using ONS data) by employee size, replicating the 2015 weighting for consistency • Data available in pdf tables (aggregated), SPSS and CSV (respondent level) • Significance testing applied at the 95% confidence level

Broadband and smartphones used by a majority of SME organisations with standard landlines, ISDN take-up very low, more using VoIP

Products/ services used by organisation in last month - 2017



Source: Ofcom NMR 2017 Business (SME) Consumer Survey

Q1. Has your organisation used any of the following communications services in the last month? Q2a-f. What have you used each of the following communications services for in the last month?

Base: SME organisations using standard landlines (347)

Larger SMEs are more likely to have used most products/ services, five times more likely to have used ISDN services

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Products/ services used by organisation in last month – 2017 organisation size

	Total	1-9	10+
Base	347	239	108
Standard landlines	100%	100%	100% ▲
Smartphones	60%	59%	72% ▲
Simple mobile phones	30%	30%	34%
Broadband (fixed)	92%	91%	97% ▲
Mobile broadband	19%	17%	31% ▲
ISDN2/2e	7%	5%	24% ▲
ISDN30	3%	2%	11% ▲
Leased lines or private circuits	3%	1%	13% ▲
VoIP services	19%	18%	24%
Video conferencing	8%	7%	16% ▲

72% of 1-9s have 1 standard landline vs. 22% of 10+ SMES

41% of 1-9s have 1 mobile phone vs. 7% of 10+ SMES

87% of 1-9s have 1 broadband connection vs. 64% of 10+ SMES

Source: Ofcom NMR 2017 Business (SME) Consumer Survey
Q1. Has your organisation used any of the following communications services in the last month?
Base: SME organisations using standard landlines (347), with 1-9 employees (239) or 10+ employees (108).
Arrows indicate significant differences (at the 95% level) between SMEs with 1-9 or 10+ employees in 2017

Compared to 2015, SMEs are now more likely to use fixed broadband, less likely to use simple mobile phones

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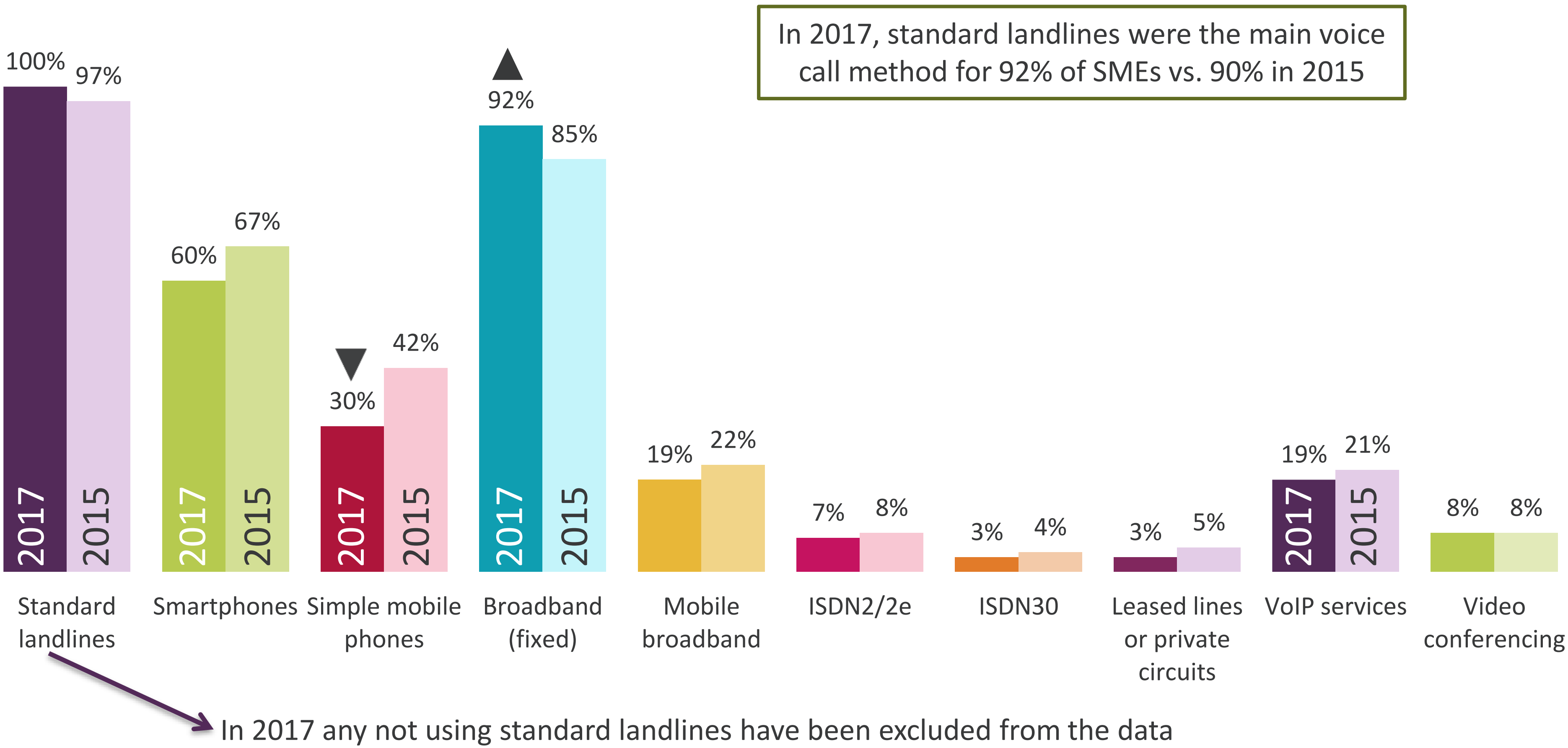
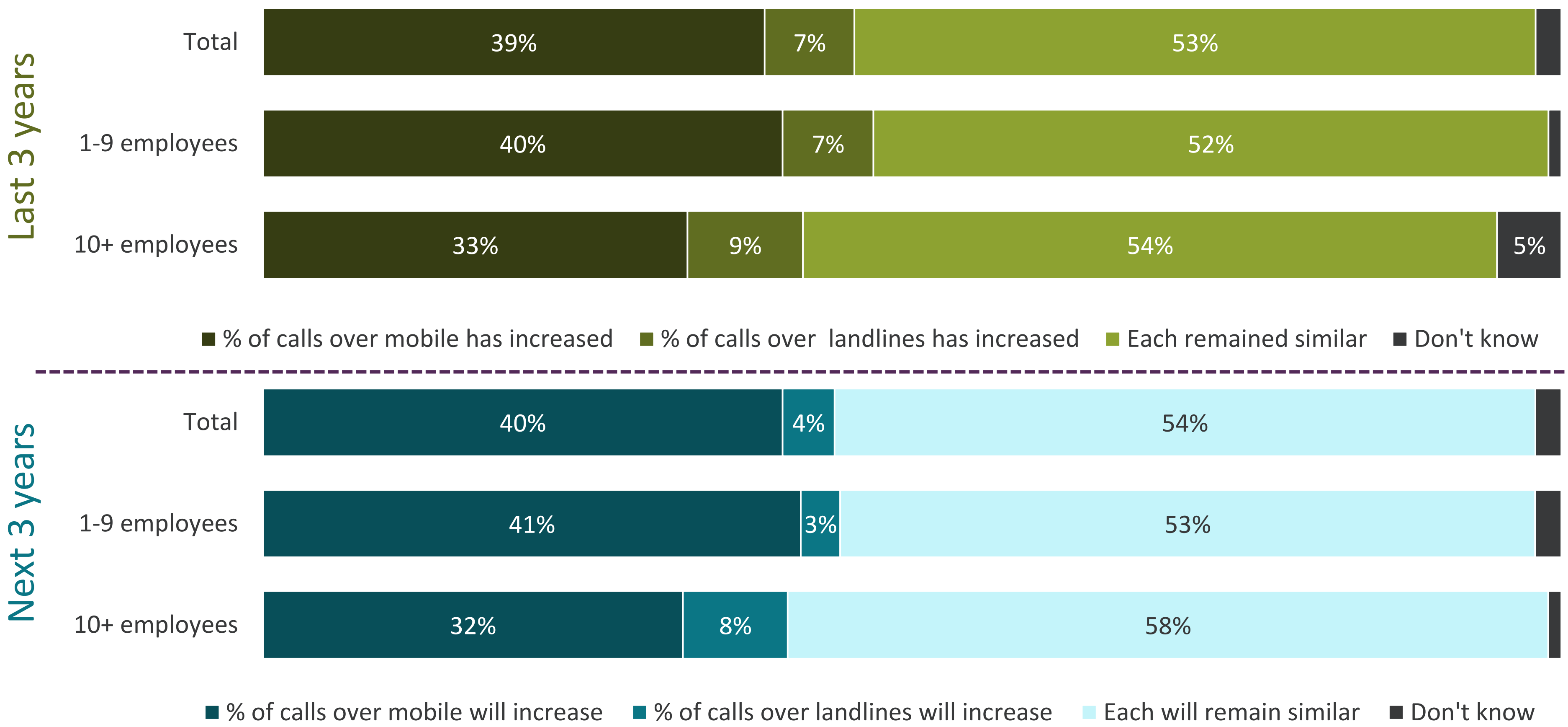
Products/ services used by organisation in last month – 2017 and 2015



Source: Ofcom NMR 2017 and NMR 2015 Business (SME) Consumer Survey
Q1. Has your organisation used any of the following communications services in the last month?
Base: SME organisations using standard landlines (2017 n=347) (2015 n=502).
Arrows indicate significant differences (at the 95% level) between SMEs in 2017 and 2015

Most past and future change in the share of calls made relates to an increase in the percentage of calls made over mobile

Share of calls made over standard analogue landline and over mobile – 2017 organisation size



Source: Ofcom NMR 2017 Business (SME) Consumer Survey

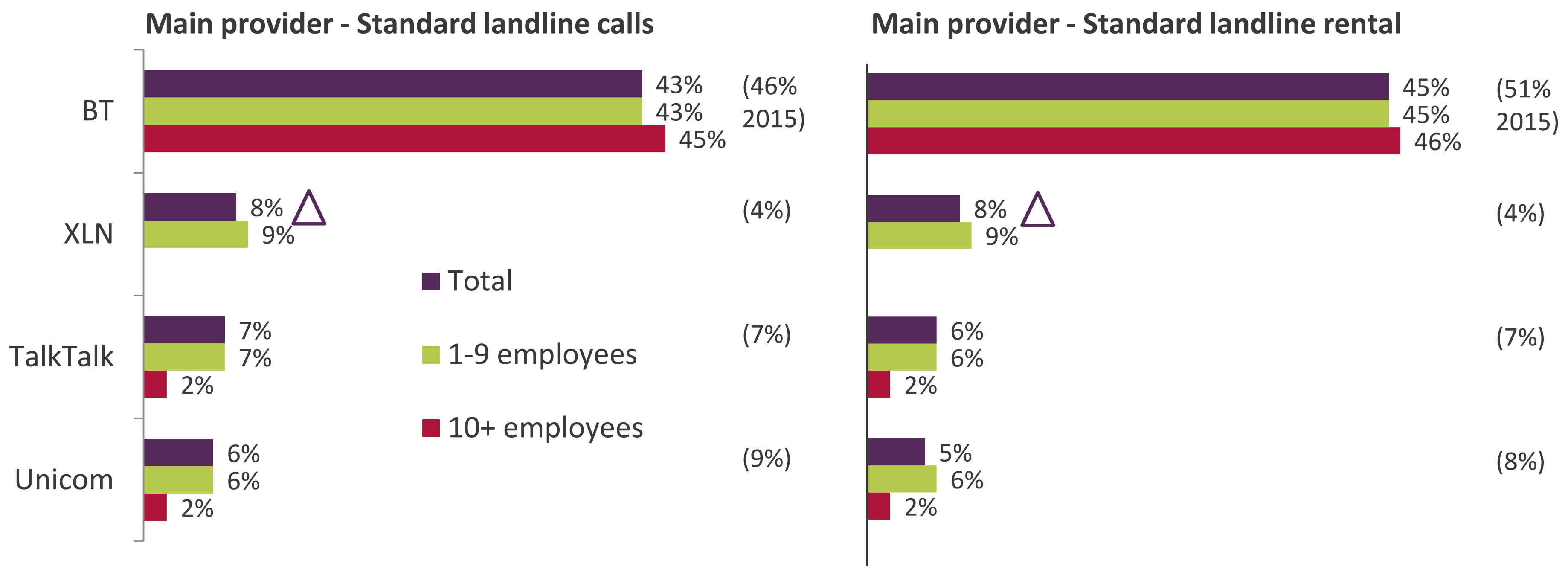
Q5. Over the last three years, which of these applies in terms of the percentage of calls your business makes over a standard analogue landline and over mobile?/ Q6. How do you see this share changing over the next three years?

Base: SME organisations using standard landlines (347), with 1-9 employees (239) or 10+ employees (108).

Arrows indicate significant differences (at the 95% level) between SMEs with 1-9 or 10+ employees in 2017

Four providers account for two-thirds of the landline call and two thirds of line rentals.

Main provider used for standard landline calls and line rental (by organisation size)



- As in 2015, four providers account for the majority of the market for standard landlines (65% calls and 64% line rental) and no others have a share of 5% or more – a very long tail of other providers
- Almost all (89%) use the same supplier for both services – over half (56%) saying there's no reason to change/ would be hassle to change, with all other significant reasons relating to deal/ price/ package (43%)
- Those using providers other than BT are more likely to cite deal/ price reasons for using that supplier, BT users are more likely to cite trusted brand and historical reasons for using that supplier

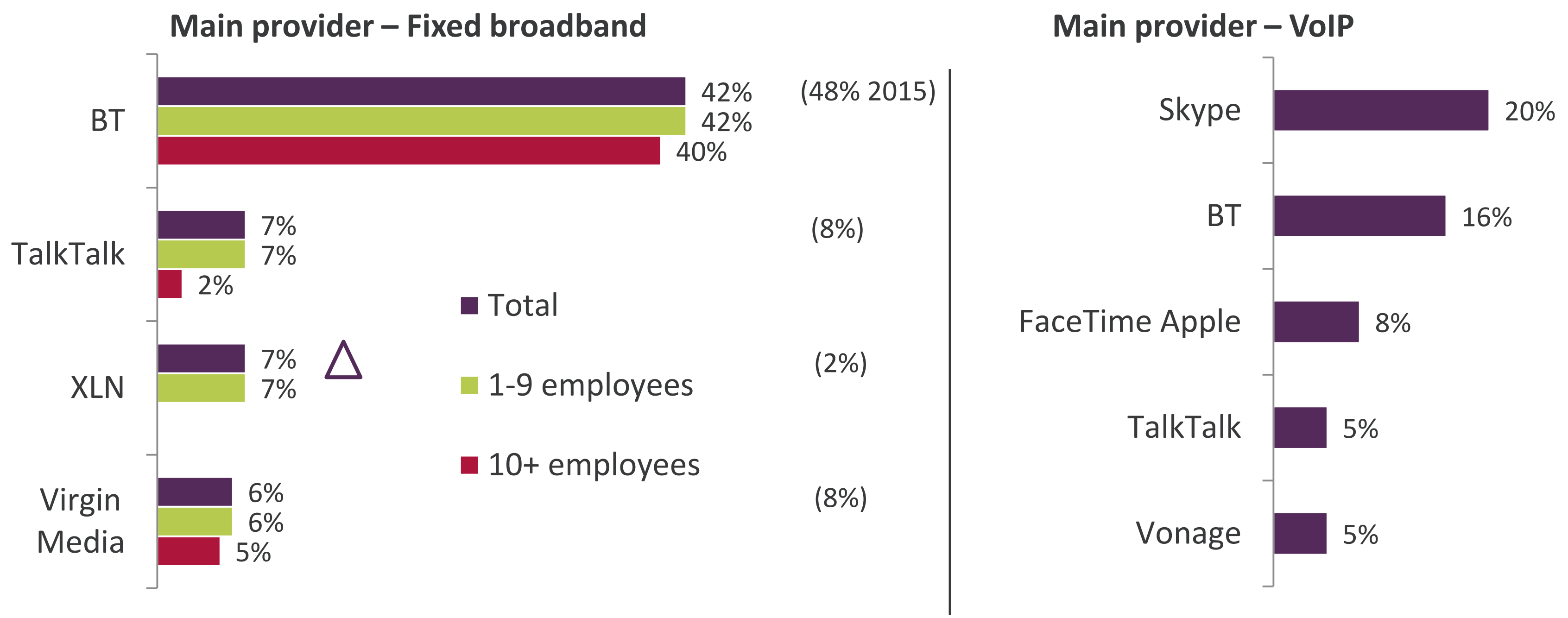
Source: Ofcom NMR 2017 Business (SME) Consumer Survey

Q8a. Which company is the main provider of your standard landline calls?/ Q8b. Which company is the main provider of your standard landline rental?

Base: SME organisations using standard landlines (347), with 1-9 employees (239) or 10+ employees (108). Significance testing shows any difference between 2015 and 2017

Four providers account for a majority of fixed broadband customers

Main provider used for fixed broadband and VoIP



- As with standard landlines, a small group of providers account for the majority of the market for fixed broadband (62%) and no others have a share of 5% or more – a very long tail of other providers
- Almost all (81%) use the same supplier for fixed broadband and standard landline

Source: Ofcom NMR 2017 Business (SME) Consumer Survey

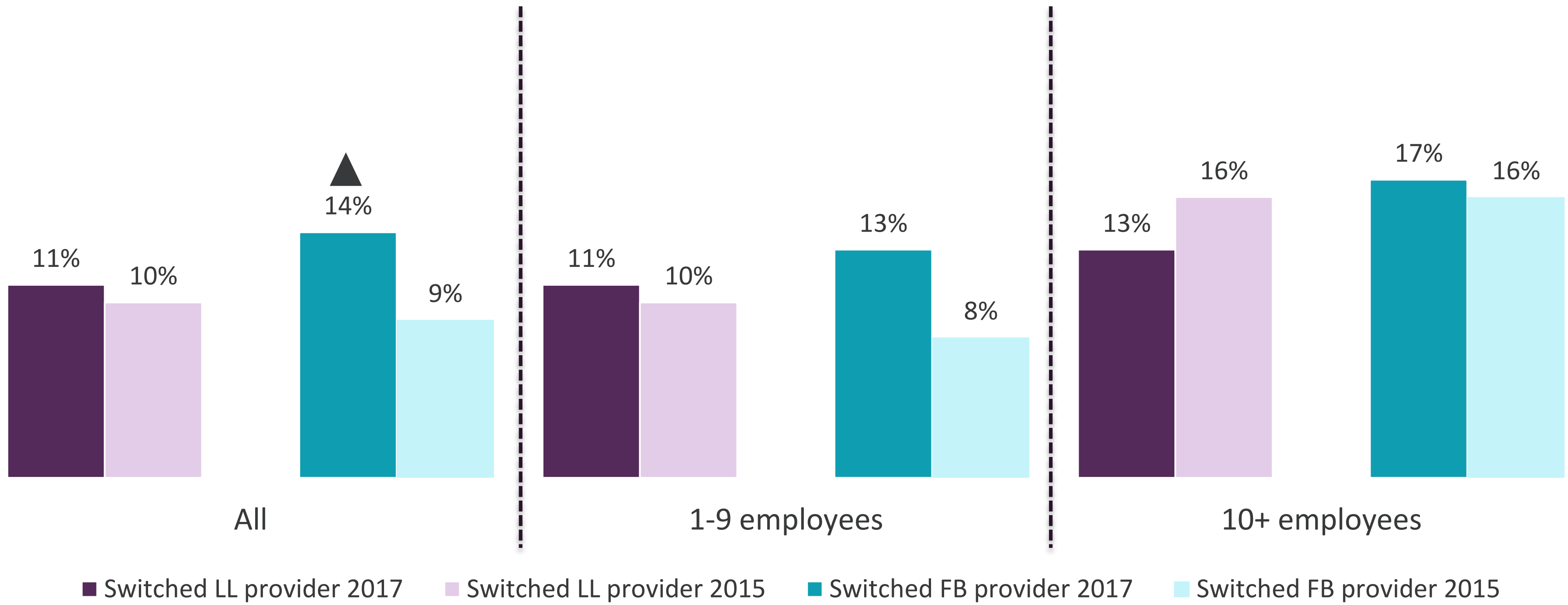
Q8g. Which company is the main provider of your broadband?

Base: SME organisations using fixed broadband (323), with 1-9 employees (218) or 10+ employees (105), Those using VoIP (75* Base under 100)

Arrows indicate significant differences (at the 95% level) between 2015 and 2017. Note: for VoIP only services 5%+ charted; question not asked in 2015

Switching in the last 12 months is at higher levels than in 2015 for fixed broadband (14% vs. 9%), unchanged for landline

Whether switched provider in the last 12 months for LL or FB – 2017 and 2015 organisation size



- One in ten have switched landline provider in the last 12 months as in 2015, with no difference by size. Appears this may be less likely among those currently using BT
- Switching broadband in the last 12 months is more likely compared to 2015 (14% vs. 9%), but this can't be attributed to any particular size of business and doesn't vary by size in 2017
- Three quarters (75%) of those who switched broadband provider also switched landline provider

Source: Ofcom NMR 2017 and NMR 2015 Business (SME) Consumer Survey

Q10a. Have you switched the company that provides your standard landlines, either in the last 12 months or longer ago?/ Q10d. Have you switched the company that provides your broadband, either in the last 12 months or longer ago?

Base: SME organisations using standard landlines (347), with 1-9 employees (239) or 10+ employees (108), using broadband (323), with 1-9 employees (218) or 10+ employees (105). Arrows indicate significant differences (at the 95% level) between 2015 and 2017

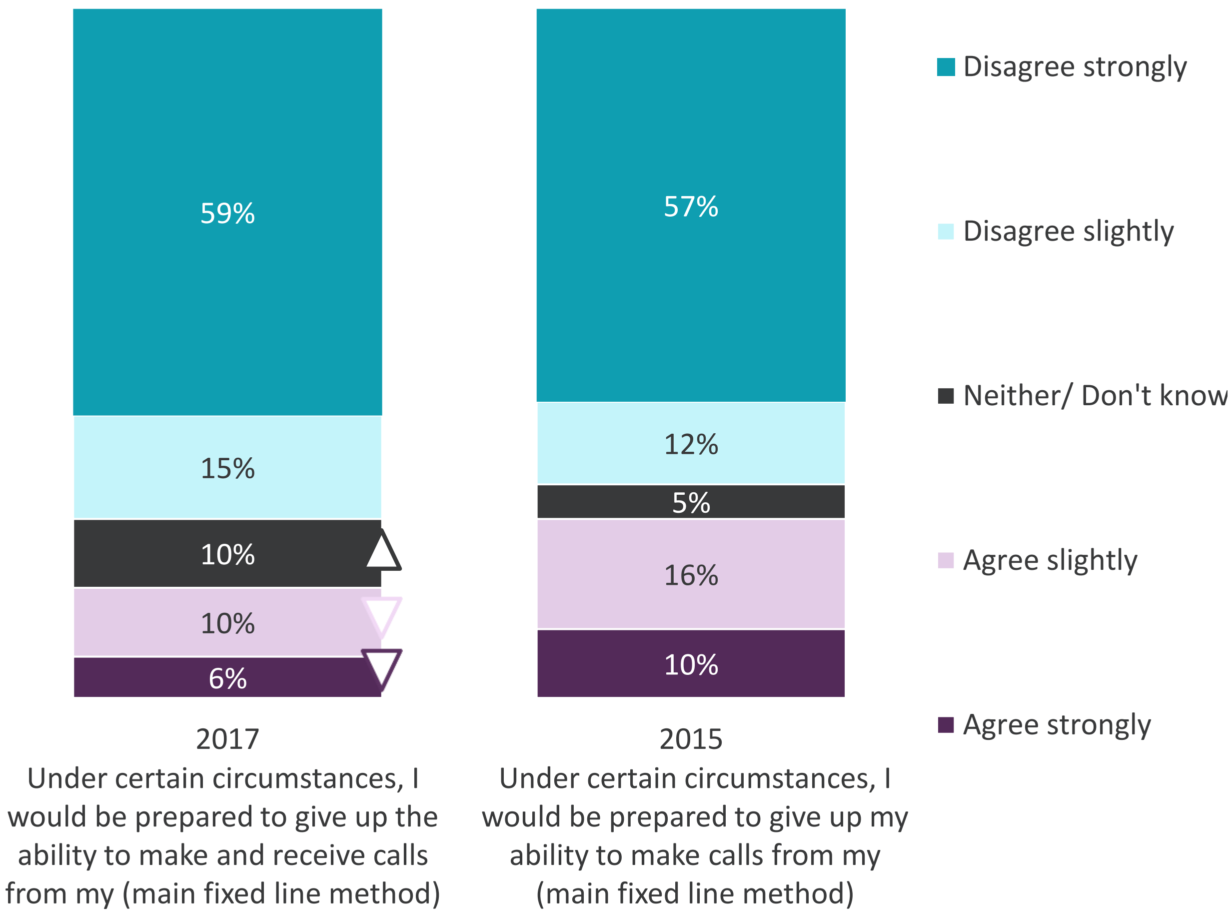
One in six agree they would be prepared to give up their ability to make and receive calls under certain circumstances

Agreement with statement regarding giving up ability to make and receive calls – 2017 organisation size

Source: Ofcom NMR 2017 Business (SME) Consumer Survey
Q15. AGREEMENT WITH STATEMENT “Under certain circumstances, I would be prepared to give up the ability to make and receive calls from my (main fixed line method)”
Base: SME organisations using fixed lines for most calls (328), with 1-9 employees (227) or 10+ employees (101)
Arrows indicate significant differences (at the 95% level) between SMEs with 1-9 or 10+ employees in 2017

Lower agreement with the 2017 statement (make & receive calls) compared to the 2015 statement (make calls)

Agreement with statements – 2017 and 2015



- Unprompted reasons why not prepared to give up ability to make & receive calls (82% of all)
  - 25% Reliability of connection
  - 21% Landline is essential to us
  - 21% Clients/ customers/ partners are familiar with it
  - 13% Quality of line/ calls
  - 10% Landline adds credibility to the business
  - 9% Historical reasons/ always used for business calls
  - 8% Prefer to make calls from (main fixed method)
- Small base for those prepared to give up ability to make & receive calls – top reasons relate to price of landline and convenience of mobile

Source: Ofcom NMR 2017 Business (SME) Consumer Survey
Q15. AGREEMENT WITH STATEMENT "Under certain circumstances, I would be prepared to give up the ability to make and receive calls from my (main fixed line method)"
Base: SME organisations using fixed lines for most calls (2017 n=328), (2015 n=471) Arrows indicate significant differences (at the 95% level) between 2017 and 2015
NOTE: 2015 statement was "Under certain circumstances, I would be prepared to give up my ability to make calls from my (main fixed line method)"

Quality of service (reliability, quality of lines, coverage) is the main factor deterring more use of mobiles for calls

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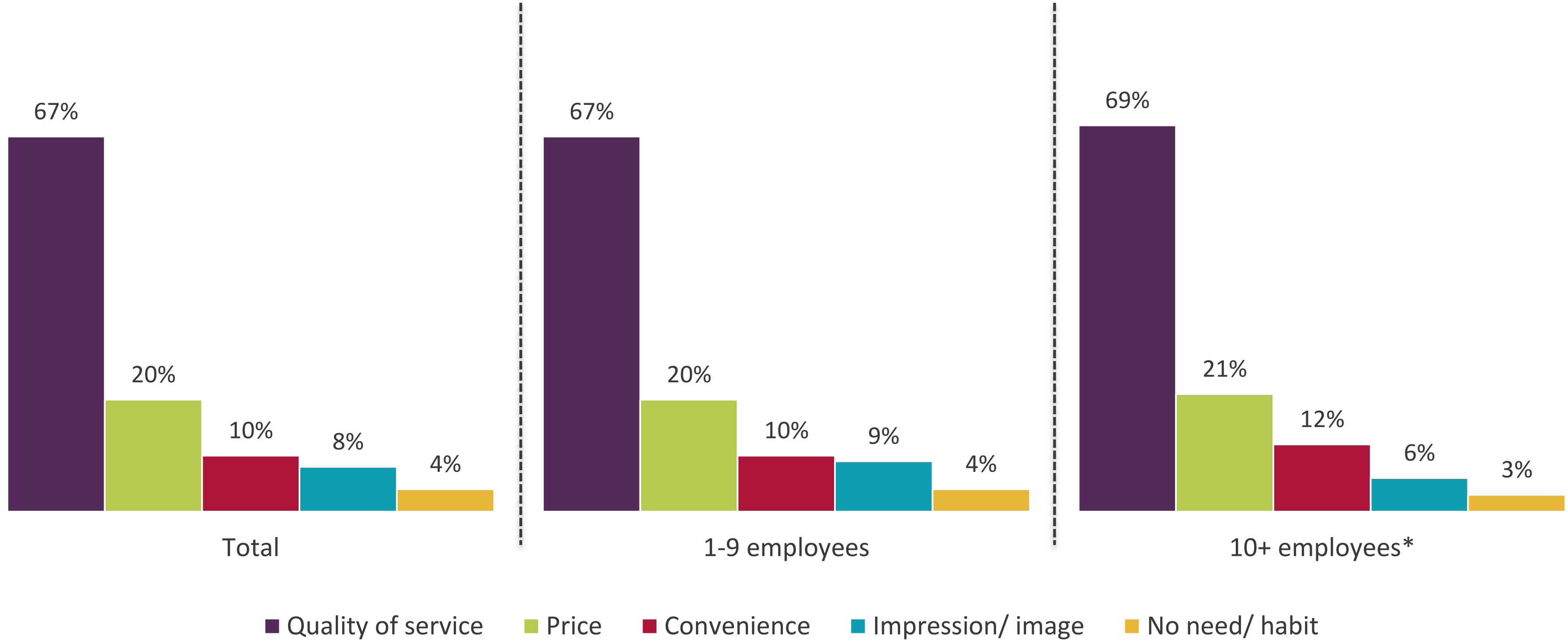
Reasons for not making all business calls by mobile phone – 2017 organisation size



- Unprompted reasons given have been grouped into summary codes.
- Appears that Price was more likely to be given as a reason in 2015 (31%)
- 'Quality of service' is also the main factor (58%) deterring more use of VoIP among current users

Source: Ofcom NMR 2017 Business (SME) Consumer Survey

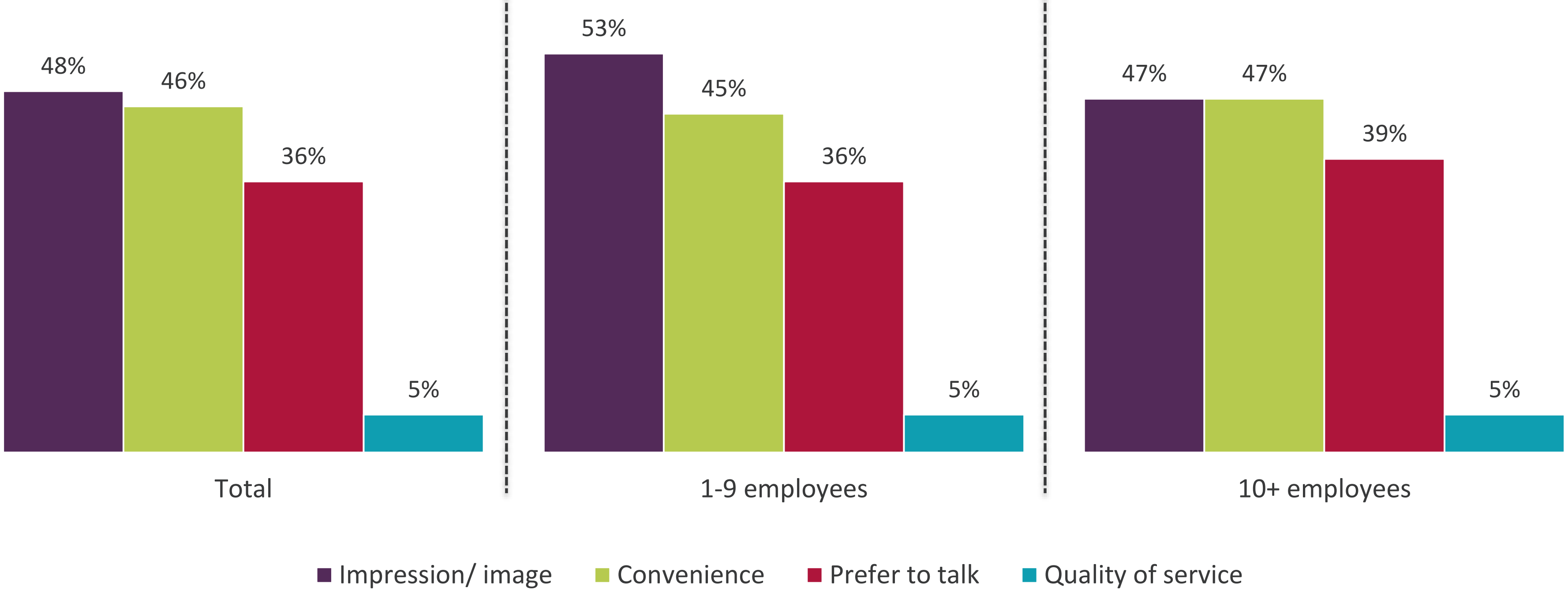
Q18. Why don't you make all your business calls from mobile phones or smartphones in place of using your fixed line service(s)?

Base: SME organisations using mobile phones to make calls (269), with 1-9 employees (186) or 10+ employees (83). *Caution: Low base size, treat as indicative.

Arrows indicate significant differences (at the 95% level) between SMEs with 1-9 or 10+ employees in 2017

Several factors deterring more use of text-based contact instead of fixed line calls – chiefly impression/ image and convenience

Reasons for not using email, text messaging or instant messaging instead of making calls via a fixed line – 2017 organisation size



- Unprompted reasons given have been grouped into summary codes.
- Responses appear similar to 2015 study

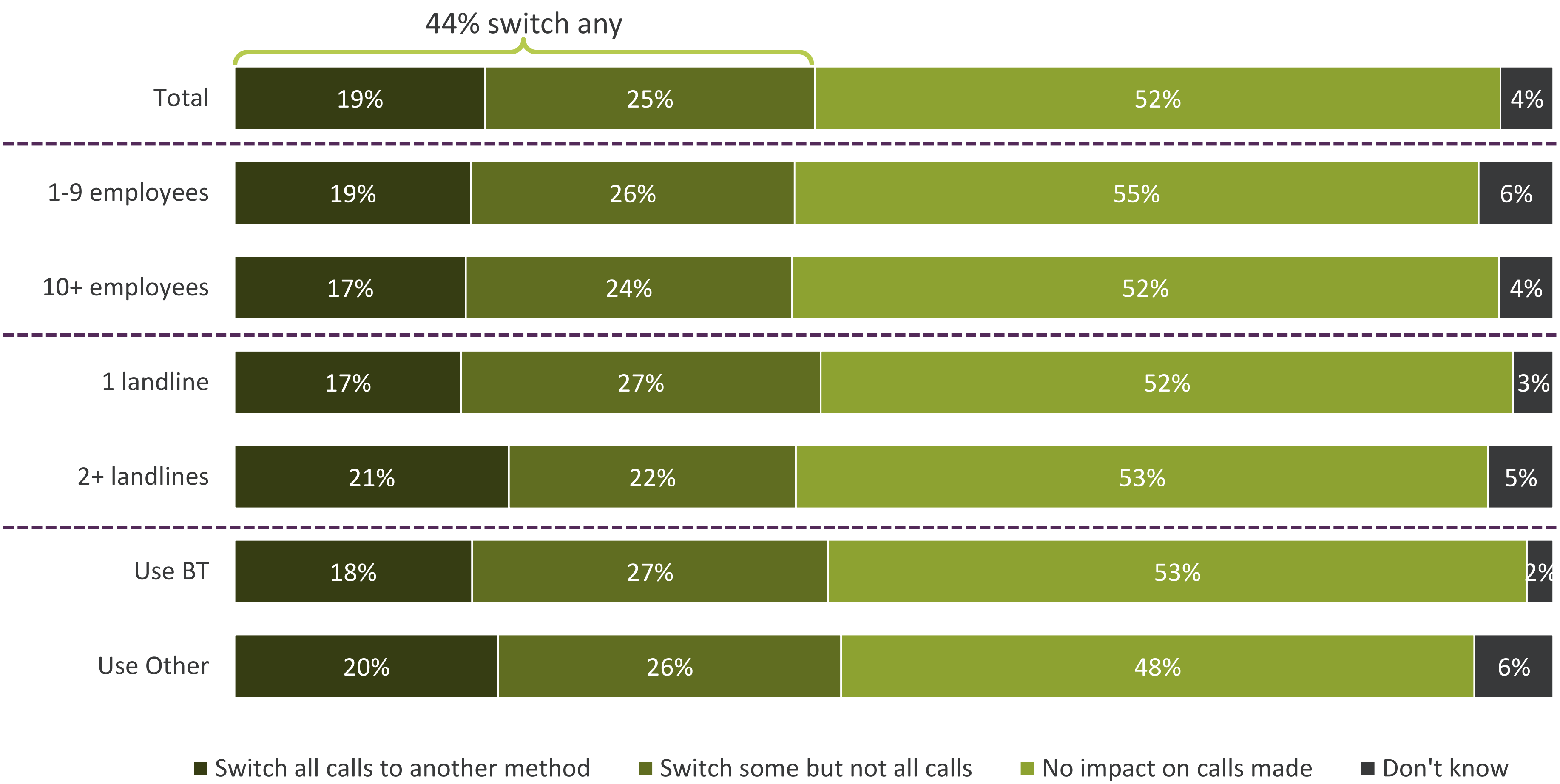
Source: Ofcom NMR 2017 Business (SME) Consumer Survey
Q20. Why don't you use email, text messaging or instant messaging more often from your place of work instead of making calls via a fixed line?
Base: SME organisations using standard landlines (347), with 1-9 employees (239) or 10+ employees (108).
Arrows indicate significant differences (at the 95% level) between SMEs with 1-9 or 10+ employees in 2017

Reaction to pricing changes – £ values used

- Three quarters (75%) of telecoms decision makers could estimate their organisation's monthly spend on their main fixed line service in total
  - £108 per month on average (£96 for 1-9, £226 for 10+)
  - Median value of £50 (£50 for 1-9, £90 for 10+)
- Of these, six in ten (61%) could estimate their organisation's monthly spend on line rental for the fixed line service
  - £39 per month on average (£33 for 1-9, £90 for 10+)
  - Median value of £18 (£18 for 1-9, £55 for 10+)
- Where both values were given (46% of all) – calculated estimated monthly spend on calls
- Where one or both values were not given – used examples for spend of £60 per month on calls and £230 per month on total bills (based on most recent Ofcom/Operator data)
- Value used for 10% increase in monthly cost of calls – average of £7.60, with 91% up to £6.00
- Value used for 10% increase in monthly cost of total bill – average of £13.80, with 72% up to £20.00

Over four in ten say they would switch all (19%) or some (25%) calls to another method with a 10% increase in call costs

Reaction to hypothetical 10% increase in price of main fixed line calls (average value of £7.60 per month)



Source: Ofcom NMR 2017 Business (SME) Consumer Survey

Q23. If the price of your (main fixed line service) calls increased by 10%, so an extra £X each month, how likely would you be to change the way you make calls from your place of work?

Base: SME organisations using standard landlines (347), with 1-9 employees (239) or 10+ employees (108). Arrows indicate significant differences (at the 95% level) between 1) SMEs with 1-9 or 10+ employees in 2017, 2) those with 1 or 2+ landlines, 3) those using BT or another provider for calls and line rental

Of those who say they would switch any calls to another method (44% of all) most say MP voice (36% of all) but many say text-based

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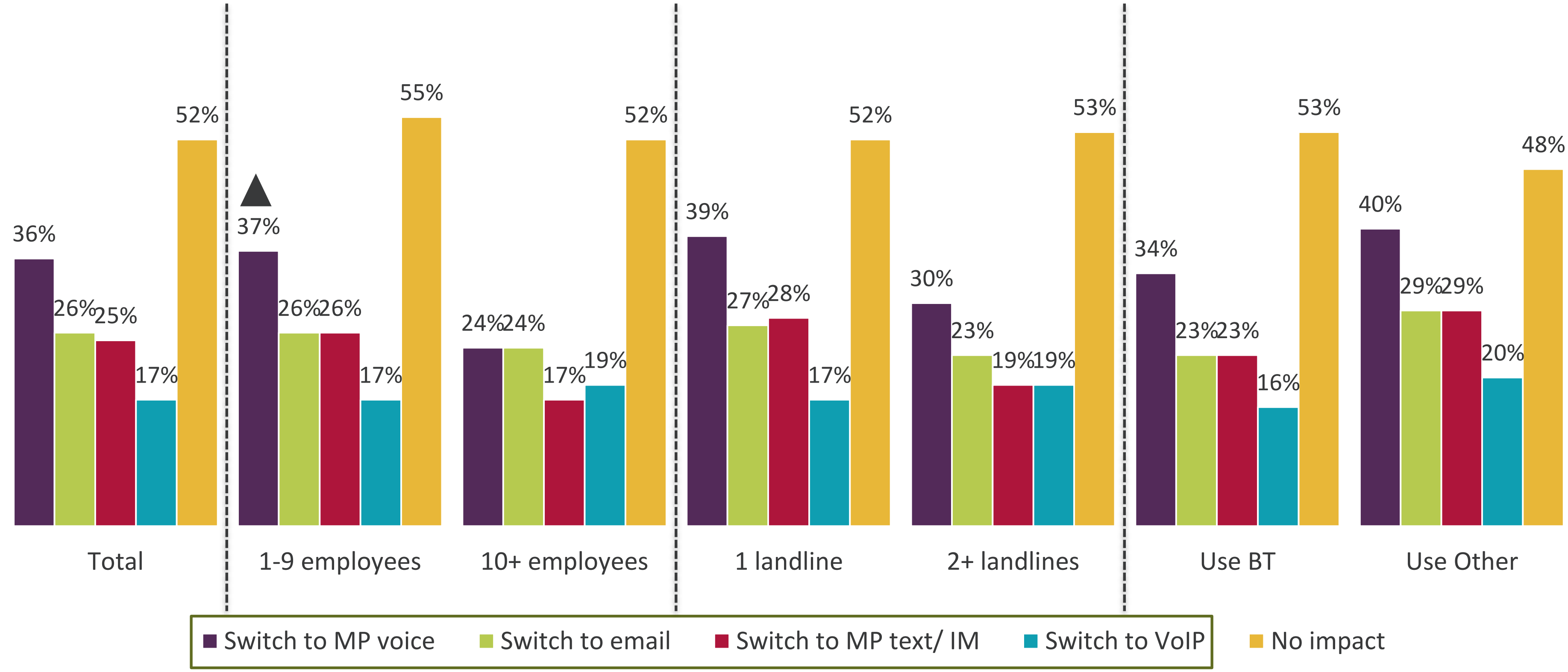
Reaction to hypothetical 10% increase in price of main fixed line calls (average value of £7.60 per month)



- Method/s would use instead to make calls if the price of main fixed line calls increased by 10% - from list provided
- Nine in ten (89%) nominated an alternative call method and seven in ten (70%) nominated a text-based method
- Most (71%) nominated more than one alternative method

Source: Ofcom NMR 2017 Business (SME) Consumer Survey

Q23. If the price of your (main fixed line service) calls increased by 10%, so an extra £X each month, how likely would you be to change the way you make calls from your place of work?/ Q24. Which of these would you consider using instead to make calls if the price of (main fixed line service) calls increased by 10%? (Don't know responses not shown) Base: SME organisations using standard landlines (347), with 1-9 employees (239) or 10+ employees (108). Arrows indicate significant differences (at the 95% level) between 1) SMEs with 1-9 or 10+ employees in 2017, 2) those with 1 or 2+ landlines, 3) those using BT or another provider for calls and line rental

Of those who say they would switch any calls to another method (44% of all) 44% say they would give up their landline (19% of all)

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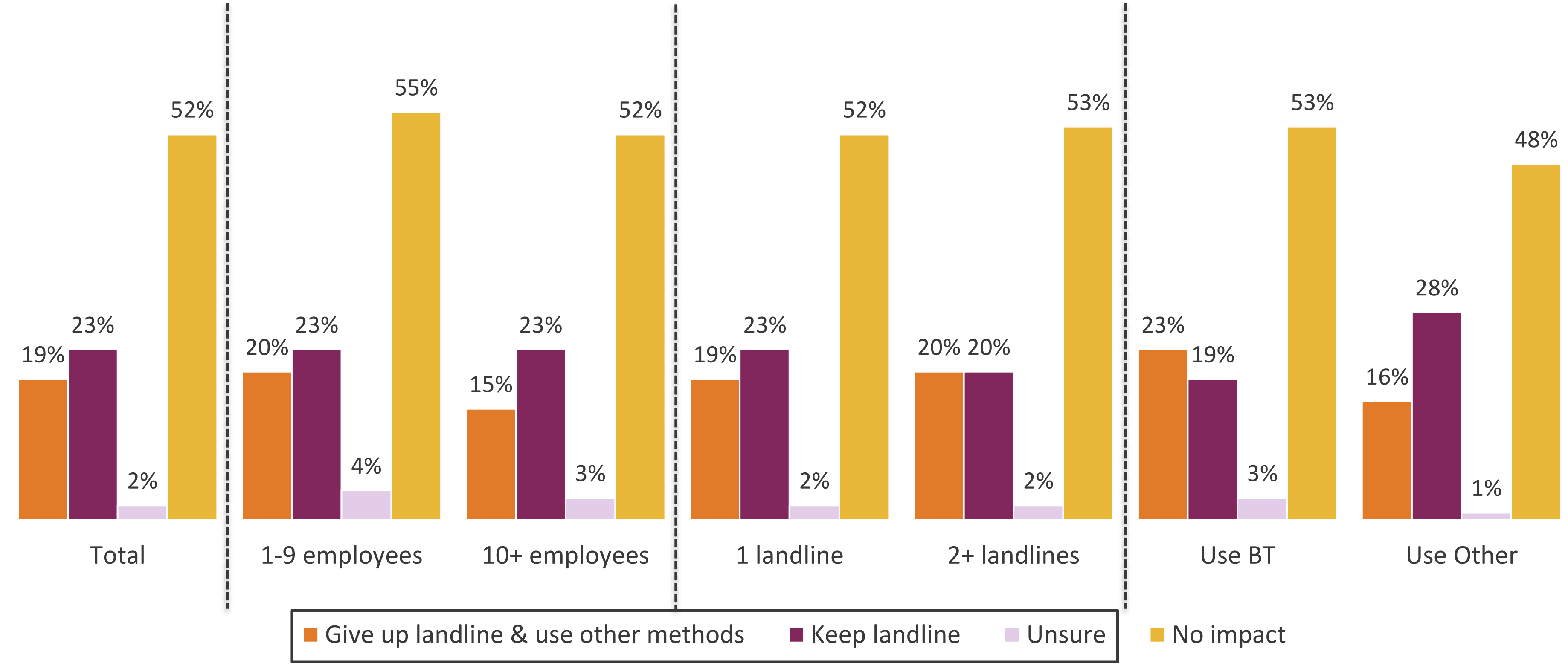
Reaction to hypothetical 10% increase in price of main fixed line calls (average value of £7.60 per month)



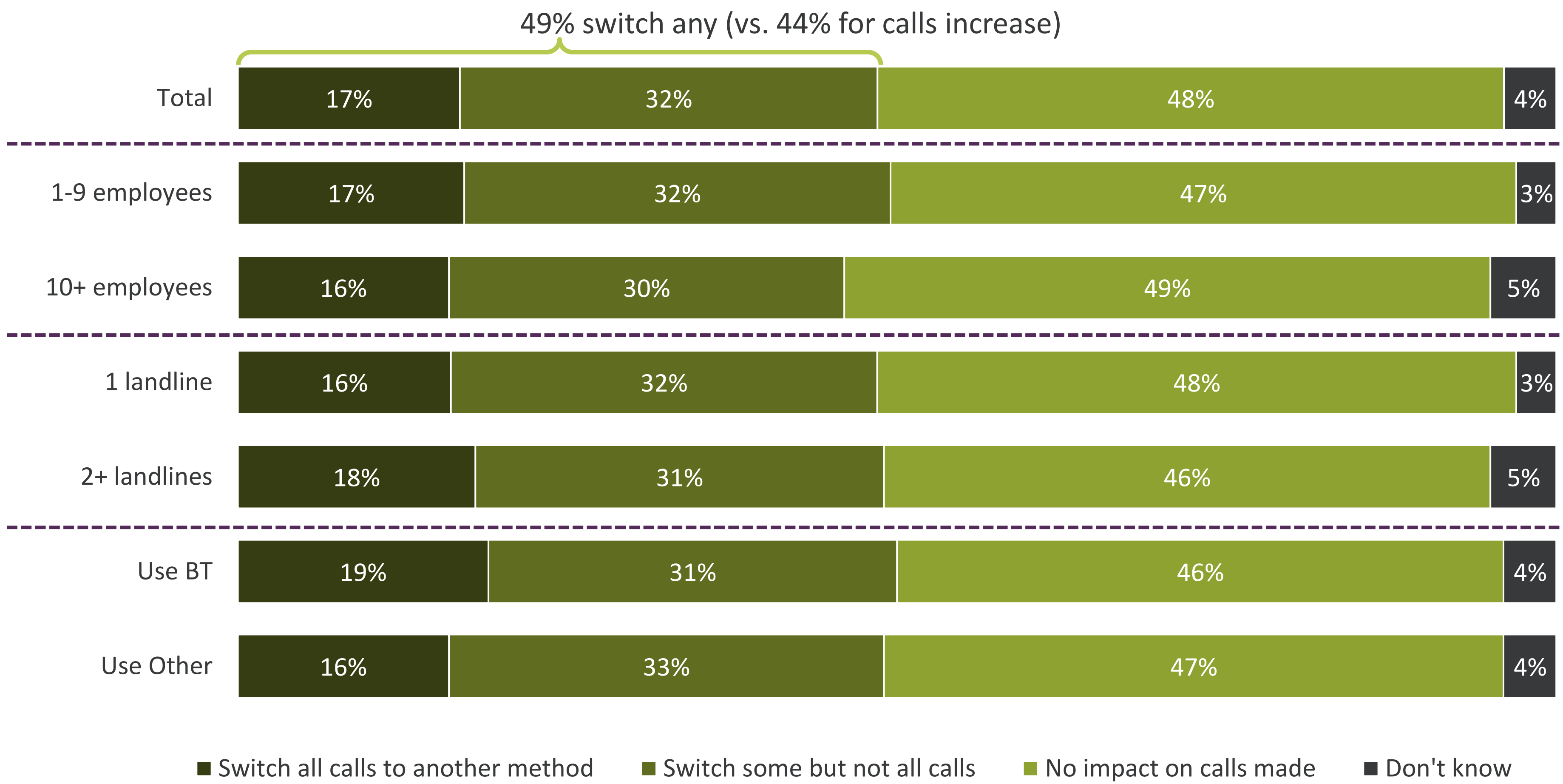
- Whether would rely on other method/s and give up the main fixed line method if the price of calls increased by 10%
- 44% of those who say they would switch any calls say they would give up their main fixed line method (equivalent to 19% of all)

Source: Ofcom NMR 2017 Business (SME) Consumer Survey

Q23. If the price of your (main fixed line service) calls increased by 10%, so an extra £X each month, how likely would you be to change the way you make calls from your place of work?/ Q25. Would you rely on (ALTERNATIVE/S) and give up your (MAIN FIXED LINE METHOD AT Q4) if the price of calls increased by 10%? (Don't know responses not shown) Base: SME organisations using standard landlines (347), with 1-9 employees (239) or 10+ employees (108). Arrows indicate significant differences (at the 95% level) between 1) SMEs with 1-9 or 10+ employees in 2017, 2) those with 1 or 2+ landlines, 3) those using BT or another provider for calls and line rental

Half say they would switch all (17%) or some (32%) calls to another method with a 10% increase in total bill costs

Reaction to hypothetical 10% increase in price of total fixed line bills (average value of £13.80 per month)



Source: Ofcom NMR 2017 Business (SME) Consumer Survey

Q26. If the price of your total (main fixed line service) bill – not just the cost of calls - increased by 10%, so an extra £X each month, how likely would you be to change the way you make calls from your place of work?

Base: SME organisations using standard landlines (347), with 1-9 employees (239) or 10+ employees (108). Arrows indicate significant differences (at the 95% level) between 1) SMEs with 1-9 or 10+ employees in 2017, 2) those with 1 or 2+ landlines, 3) those using BT or another provider for calls and line rental

Of those who say they would switch any calls to another method (49% of all) most say MP voice (39% of all) but many say text-based

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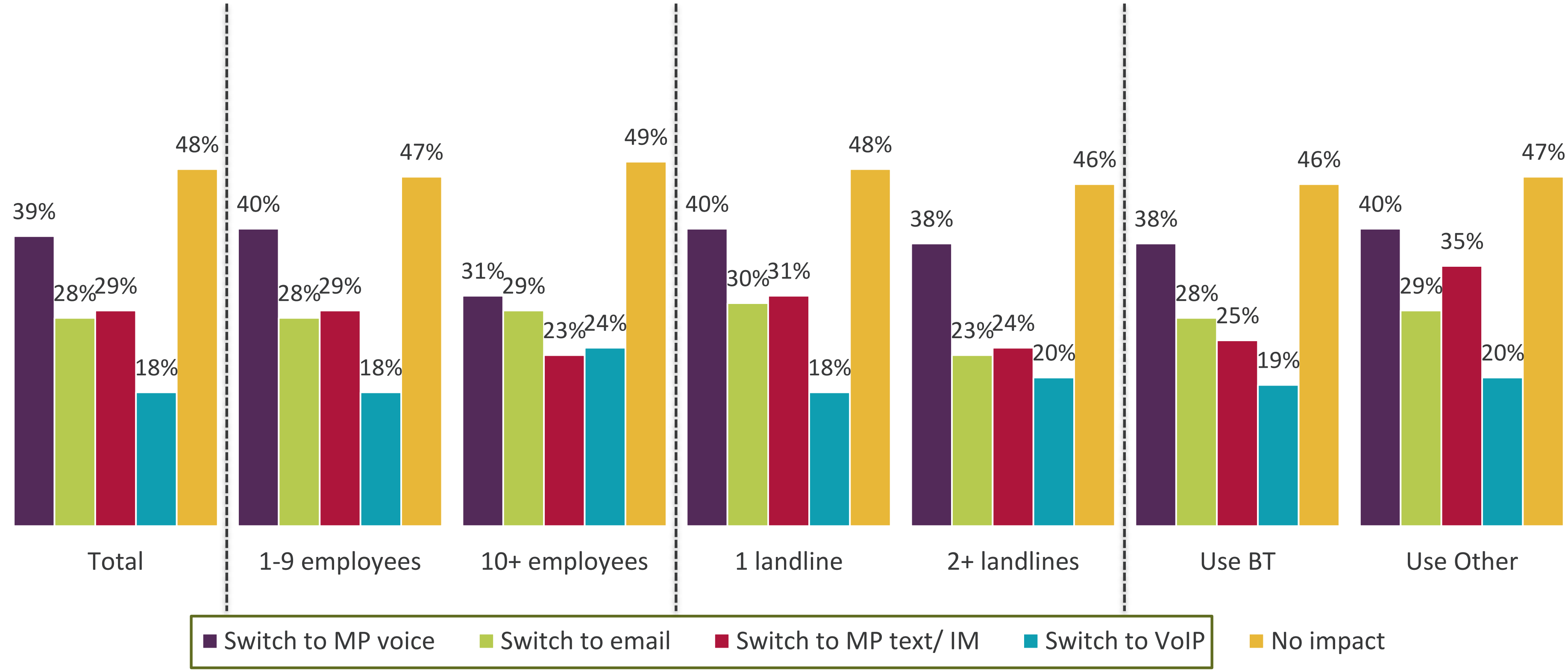
Reaction to hypothetical 10% increase in price of total fixed line bills (average value of £13.80 per month)



- Method/s would use instead to make calls if the price of main fixed line total bills increased by 10% - from list provided
- Close to nine in ten (86%) nominated an alternative call method and seven in ten (72%) a text-based method
- Most (72%) nominated more than one alternative method

Source: Ofcom NMR 2017 Business (SME) Consumer Survey

Q26. If the price of your total (main fixed line service) bill – not just the cost of calls - increased by 10%, so an extra £X each month, how likely would you be to change the way you make calls from your place of work? / Q27. Which of these would you consider using instead to make calls if the price of total (main fixed line service) bills and not just calls increased by 10%? (Don't know responses not shown) Base: SME organisations using standard landlines (347), with 1-9 employees (239) or 10+ employees (108).

Of those who say they would switch any calls to another method (49% of all) 38% say they would give up their landline (18% of all)

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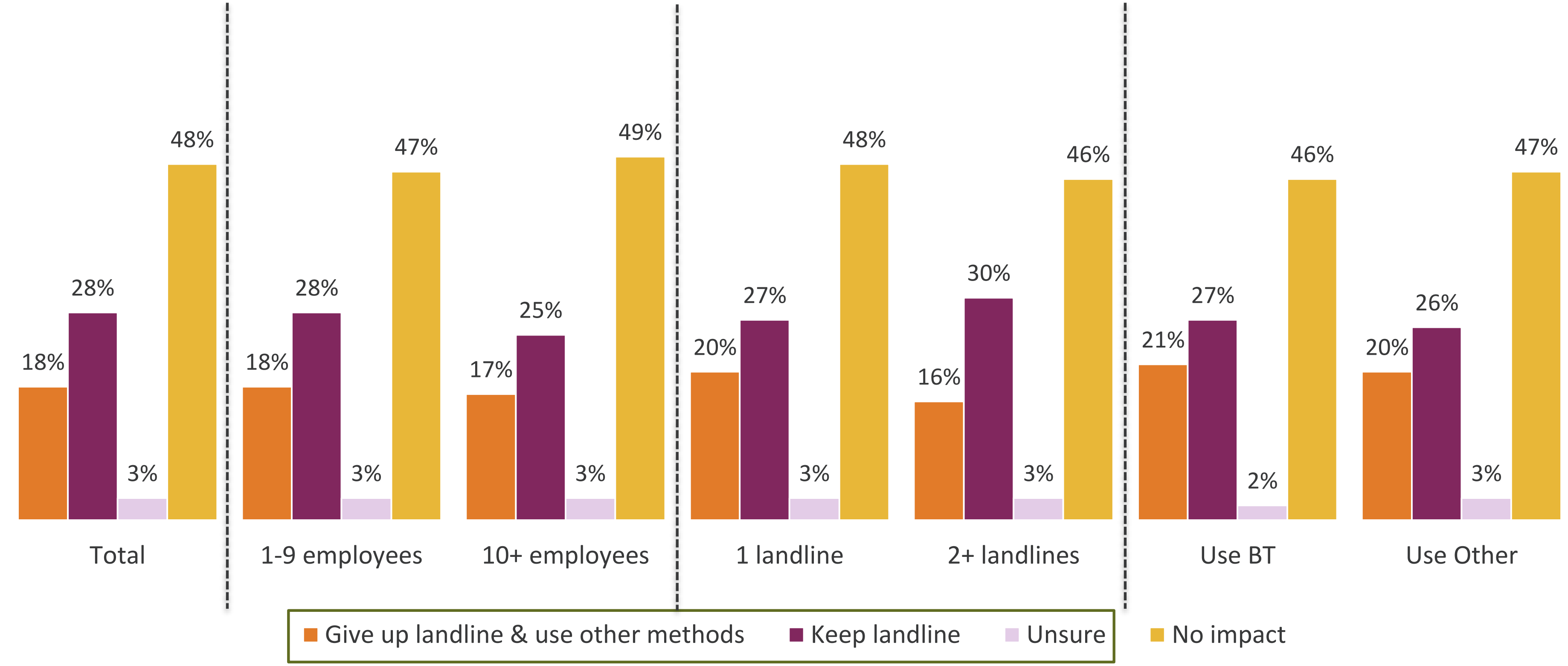
Reaction to hypothetical 10% increase in price of total fixed line bills (average value of £13.80 per month)



- Whether would rely on other method/s and <u>give up</u> the main fixed line method if the price of price of main fixed line total bills increased by 10%
- 38% of those who say they would switch any calls say they would give up their main fixed line method (equivalent to 18% of all)

Source: Ofcom NMR 2017 Business (SME) Consumer Survey

Q26. If the price of your total (main fixed line service) bill – not just the cost of calls - increased by 10%, so an extra £X each month, how likely would you be to change the way you make calls from your place of work?/ Q28. Would you rely on (ALTERNATIVE/S) and give up your (MAIN FIXED LINE METHOD AT Q4) if the price of total bills increased by 10%? (Don’t know responses not shown) Base: SME organisations using standard landlines (347), with 1-9 employees (239) or 10+ employees (108).

Comparing impact of 10% on calls and 10% on bills – increase for total bill sees more switching some calls but not giving up landline

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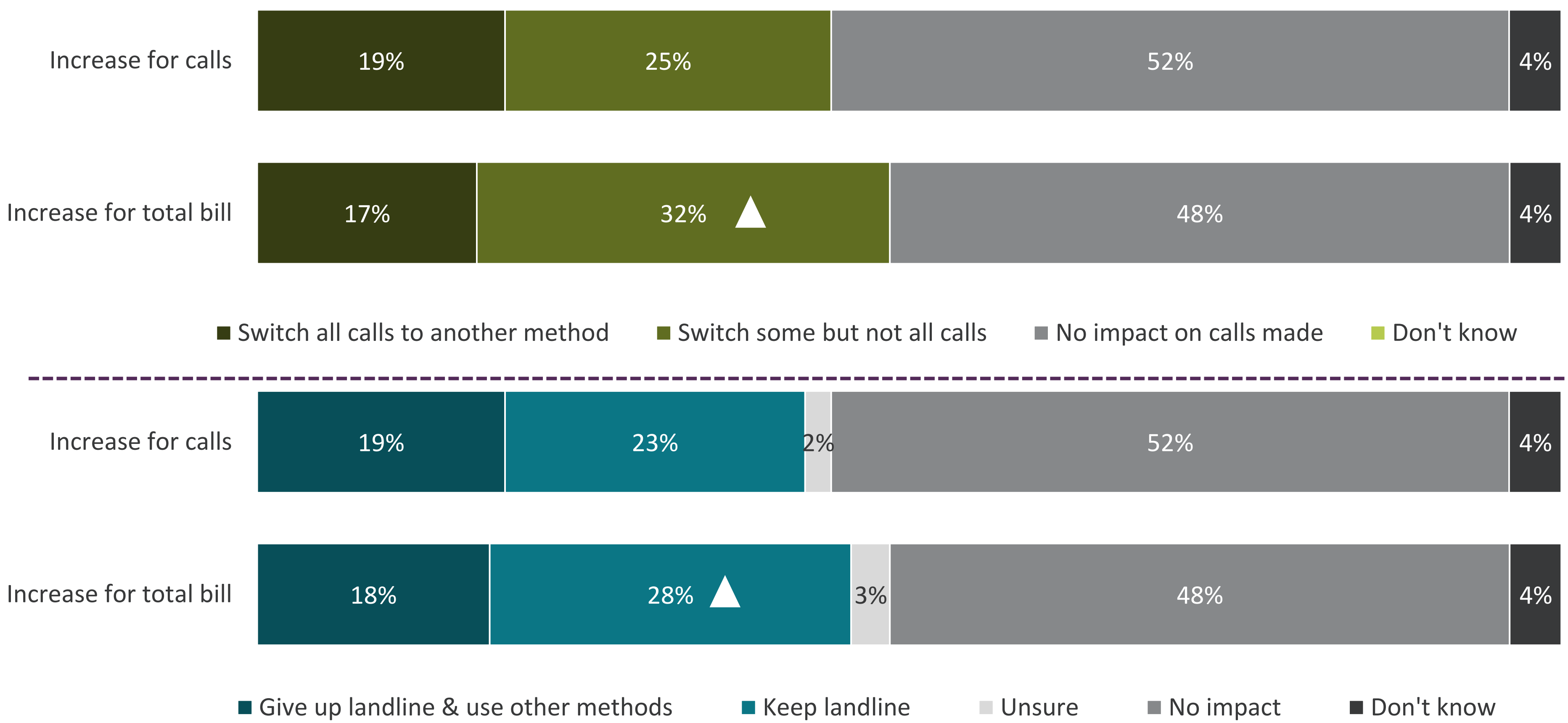
Comparing impact of hypothetical 10% increase in price calls and of total landline bills



Source: Ofcom NMR 2017 Business (SME) Consumer Survey

Q23. If the price of your (main fixed line service) calls increased by 10%, so an extra £X each month, how likely would you be to change the way you make calls from your place of work?/ Q26. If the price of your total (main fixed line service) bill – not just the cost of calls - increased by 10%, so an extra £X each month, how likely would you be to change the way you make calls from your place of work? Base: SME organisations using standard landlines (347). Arrows indicate significant differences (at the 95% level) between responses relating to an increase in call costs and an increase in total bills making communications work for everyone

Section 3
Business users of ISDN and IP alternatives

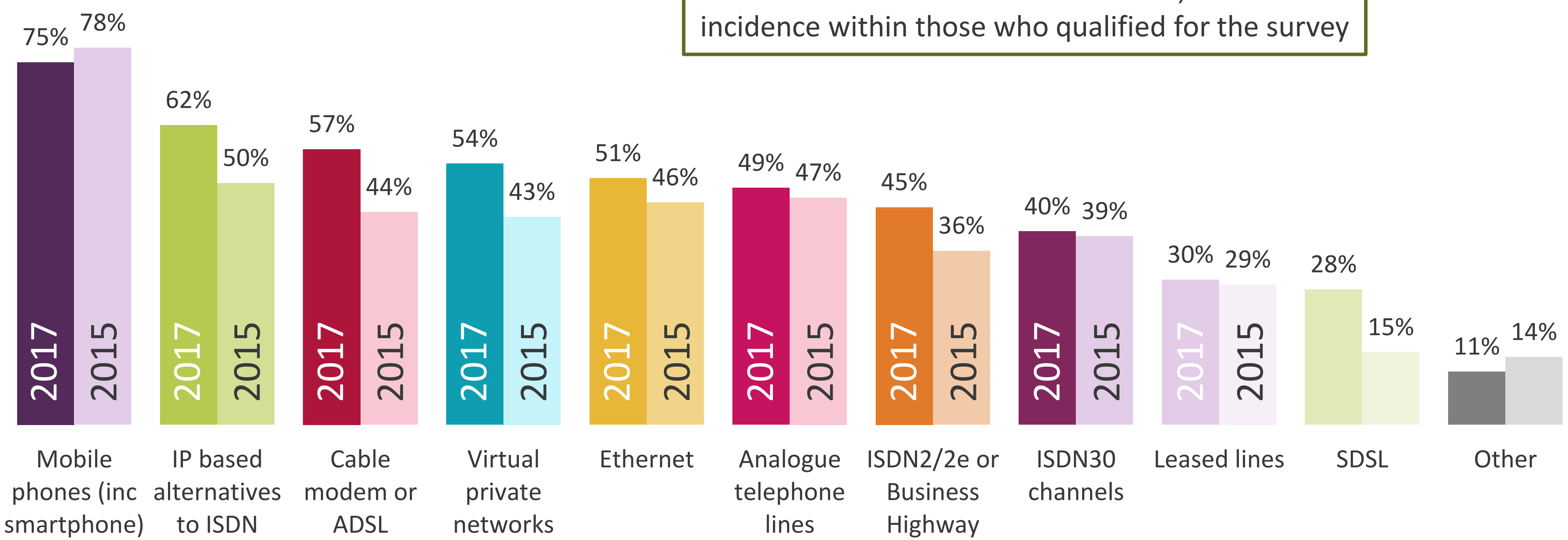
Methodology – Business users of ISDN and VoIP lines

Sample	• 350 interviews with telecoms decision makers within organisations using ISDN or IP alternatives • Quotas to achieve 100 ISDN2 users, 100 ISDN30 users, 100 users of IP alternatives and ISDN, 100 users of IP alternatives who do not use ISDN • Because interviews had to match these quotas, we can't estimate take-up incidence or extrapolate findings to a wider picture across businesses
Data collection	• Conducted online, 15 minute questionnaire • From 9th to 19th May 2017 • Designed and hosted by Critical Research, targeting via multiple online B2B panels
Data reporting	• Weighted by employee size to align the profile of ISDN2 and ISDN30 users with those from the 2015 survey – so that any differences are not simply due to differences in company size • Not all 2015 quotas were repeated in 2017 – so can't compare IP users over time • Data available in pdf tables (aggregated), SPSS and CSV (respondent level) • Significance testing applied at the 95% confidence level

Among those qualifying for the study through their use of ISDN and/or IP alternatives, a broad range of business communications in use

Business communication services used by the organisation – 2017 and 2015

NB – because of quota sampling, this data does not represent the incidence of business communications across all businesses, it shows the incidence within those who qualified for the survey



- In 2017 18% used both ISDN2/2e and ISDN30 (7% using both in 2015)

Source: Ofcom NMR 2017 and NMR 2015 Business users of ISDN and IP alternatives

S6b. Thinking about your company's current telecoms provisions, which of the following types of business communication service does your company have?

Base: All eligible organisations qualifying for the survey (2017 n=350) (2015 n=301)

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Larger organisations are more likely to use most of the business communications services – ISDN2/2e an exception

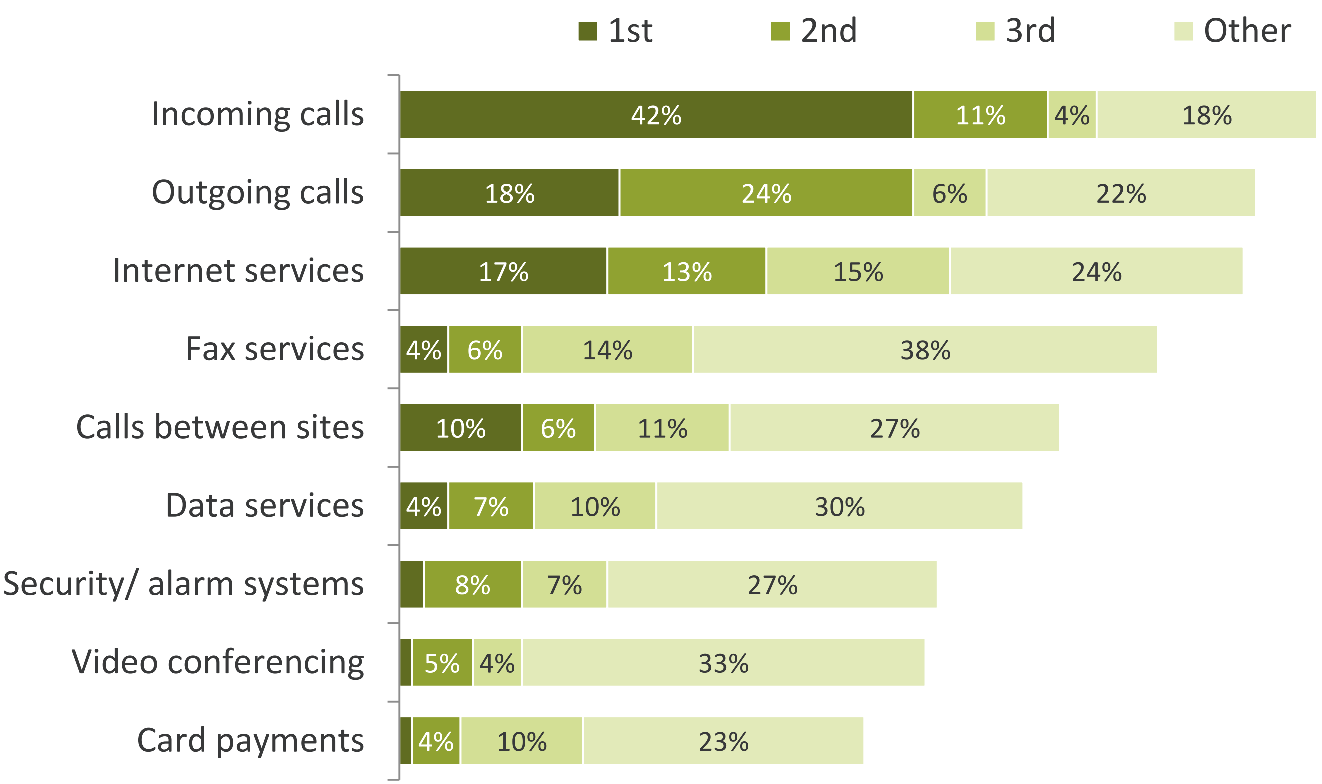
Business communication services used by the organisation – 2017 organisation size

	Total	1-49*	50-249*	250+
Base	350	72*	84*	192
Mobile phones	75%	60%	80%	83%
IP based alternatives	62%	48%	67%	68%
Cable modem or ADSL	57%	41%	68%	62%
Virtual private networks	54%	31%	64%	63%
Ethernet	51%	35%	52%	61%
Analogue telephone lines	49%	40%	49%	56%
ISDN2/2e	45%	44%	42%	47%
ISDN30	40%	25%	37%	55%
Leased lines	30%	15%	31%	40%
SDSL	28%	10%	30%	39%
Other business comms	11%	5%	10%	17%

Source: Ofcom NMR 2017 and NMR 2015 Business users of ISDN and IP alternatives
S6b. Thinking about your company's current telecoms provisions, which of the following types of business communication service does your company have?
Base: All eligible organisations qualifying for the survey (2017 n=350) *Caution: Low base, treat as indicative only

The most important use is incoming calls, but a wide range of uses are cited for ISDN2

Most important functions for which company uses ISDN2/2e



Any mention

	2015	2017
Incoming calls	74%	75%
Outgoing calls	76%	70%
Internet services	55%	69% ▲
Fax services	36%	62% ▲
Calls between sites	45%	54%
Data services	46%	51%
Security/ alarm systems	35%	44%
Video conferencing	23%	43% ▲
Card payments	29%	38%

- An average of 10 ISDN2/2e channels were in use in 2017, previously 8 channels in 2015
- In 2017 six in ten (59%) consider ISDN2/2e to be a primary service (57% in 2015), 32% a supplementary service (32% in 2015), 6% a back-up system (6% in 2015)

Source: Ofcom NMR 2017 and NMR 2015 Business users of ISDN and IP alternatives

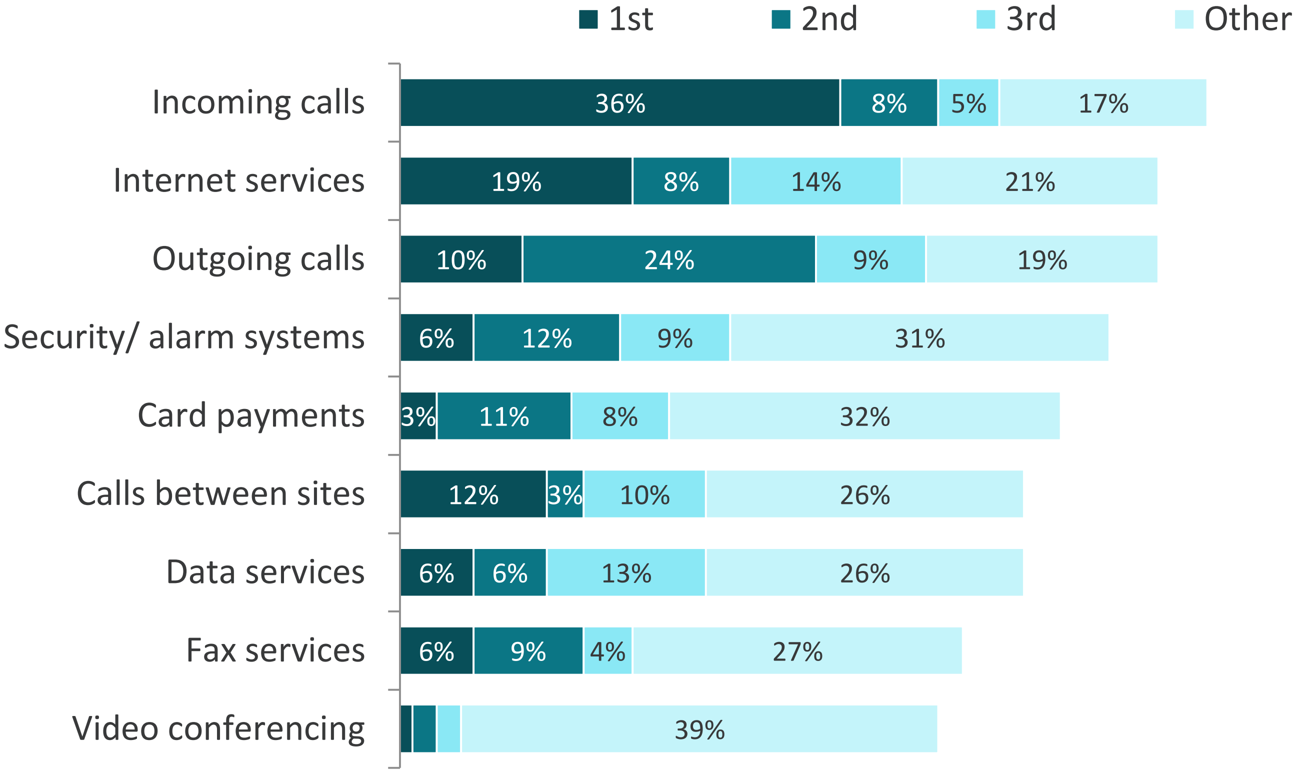
A2a. Can you specify whether you use ISDN2/2e for the following business uses?/ A3a. Please rank the top three most important function for which your company uses ISDN2/2e.

Base: All eligible organisations using ISDN2/2e and mostly using an ISDN service (2017 n=141, 2015 n=100).

Arrows indicate significant differences (at the 95% level) between 2017 and 2015

Again, the most important use is incoming calls, but a wide range of uses are cited for ISDN30

Most important functions for which company uses ISDN30



Use at all

	2015	2017
Incoming calls	76%	66%
Internet services	53%	62%
Outgoing calls	79%	62%
Security/ alarm systems	36%	58%
Card payments	30%	54%
Calls between sites	55%	51%
Data services	41%	51%
Fax services	47%	46%
Video conferencing	35%	43%

- An average of 370 ISDN30 channels were in use in 2017, previously 220 channels in 2015
- In 2017 six in ten (60%) consider ISDN30 to be a primary service (58% in 2015), 35% a supplementary service (28% in 2015) , 5% a back-up system (9% in 2015)

Source: Ofcom NMR 2017 and NMR 2015 Business users of ISDN and IP alternatives

A2b. Can you specify whether you use ISDN30 for the following business uses?/ A3b. Please rank the top three most important function for which your company uses ISDN30.

Base: All eligible organisations using ISDN30 and mostly using an ISDN service (2017 n=137, 2015 n=100).

Arrows indicate significant differences (at the 95% level) between 2017 and 2015

Three in four ISDN users had a switch, most switches are IP-enabled and most users plan to replace this switch in the next 12 months

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Use of switches – 2017 and 2015

	ISDN2/2e		ISDN30	
	2017	2015	2017	2015
Base	123	93*		88*
Does your company have a switch i.e. PBX or PABX?	74% ▲	58%	72%	63%
Base	92*	54*		55*
Are you planning to replace your switch(es) in the next 12 months?	82% ▲	59%	85% ▲	64%
Is your switch IP-enabled?	84%	72%	88% ▲	76%

Source: Ofcom NMR 2017 and NMR 2015 Business users of ISDN and IP alternatives

A4. Does your company have a switch i.e. PBX or PABX?/ A6. Are you planning to replace your switch(es) in the next twelve months?/ A7. Is your switch IP-enabled? (i.e. can it be connected to IP based telephone services instead of ISDN2/2e/ ISDN30)?

Base: All eligible organisations using ISDN2/2e as main service (2017 n=123, 2015 n=93*), using ISDN30 as main service (2017 n=94*, 2015 n=88*) *Caution: Low base, treat as indicative only. Arrows indicate significant differences (at the 95% level) between 2017 and 2015

Most ISDN users spend over £20k annually on the service, with more spent on ISDN30. Most have been using the service for over 2 years.

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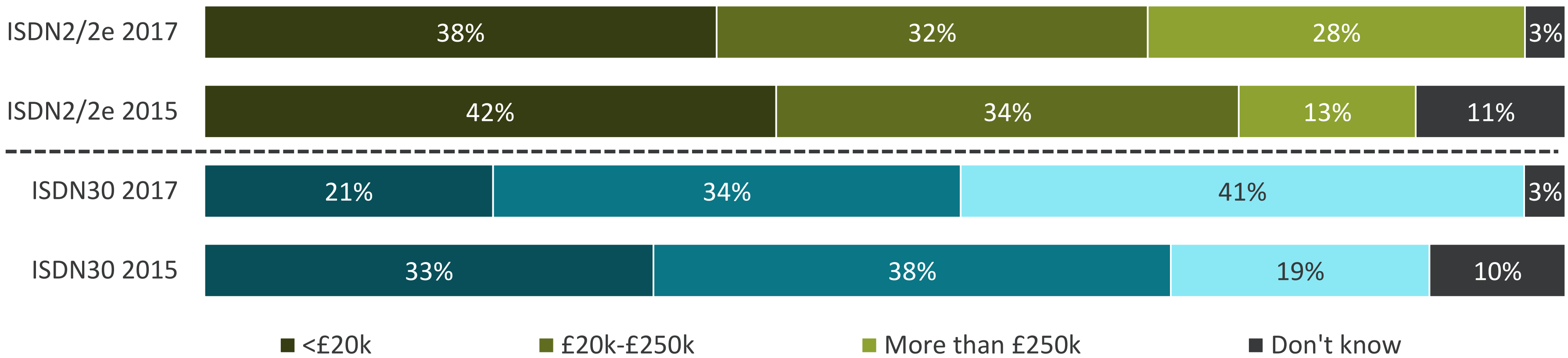
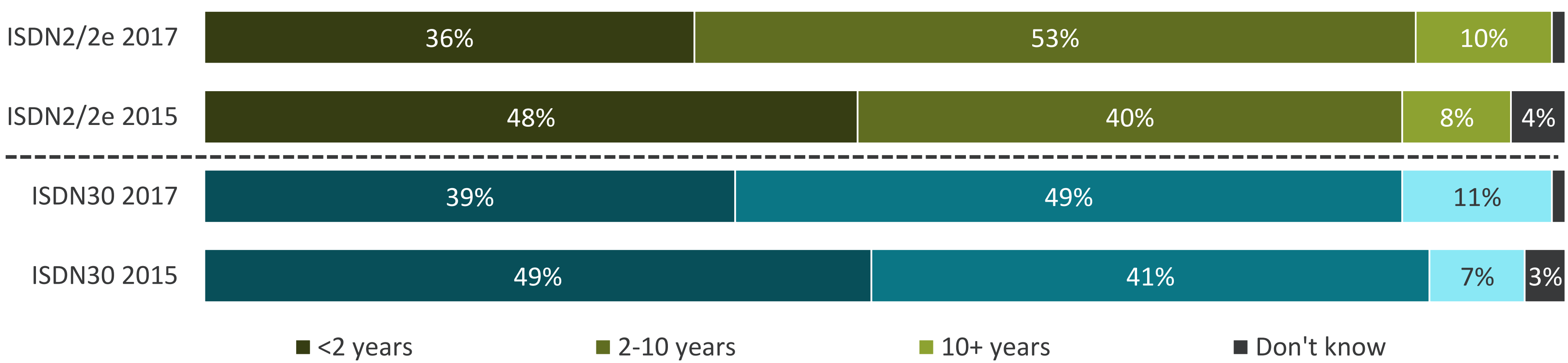
Annual spend on service – 2017 and 2015



Time using main ISDN service – 2017 and 2015



Source: Ofcom NMR 2017 and NMR 2015 Business users of ISDN and IP alternatives

A10A/B. Approximately how much does your organisation spend annually, across all UK sites, on ISDN2/2e/ ISDN30 services?/ A11. Approximately how long have you been using your (ISDN2/2e/ ISDN30) services?

Base: All eligible organisations using ISDN2/2e as main service (2017 n=123, 2015 n=93*), using ISDN30 as main service (2017 n=94*, 2015 n=88*) *Caution: Low base, treat as indicative only.

Four functional values of ISDN2/2e more likely to be nominated as the most important, with ‘reliable’ the most likely

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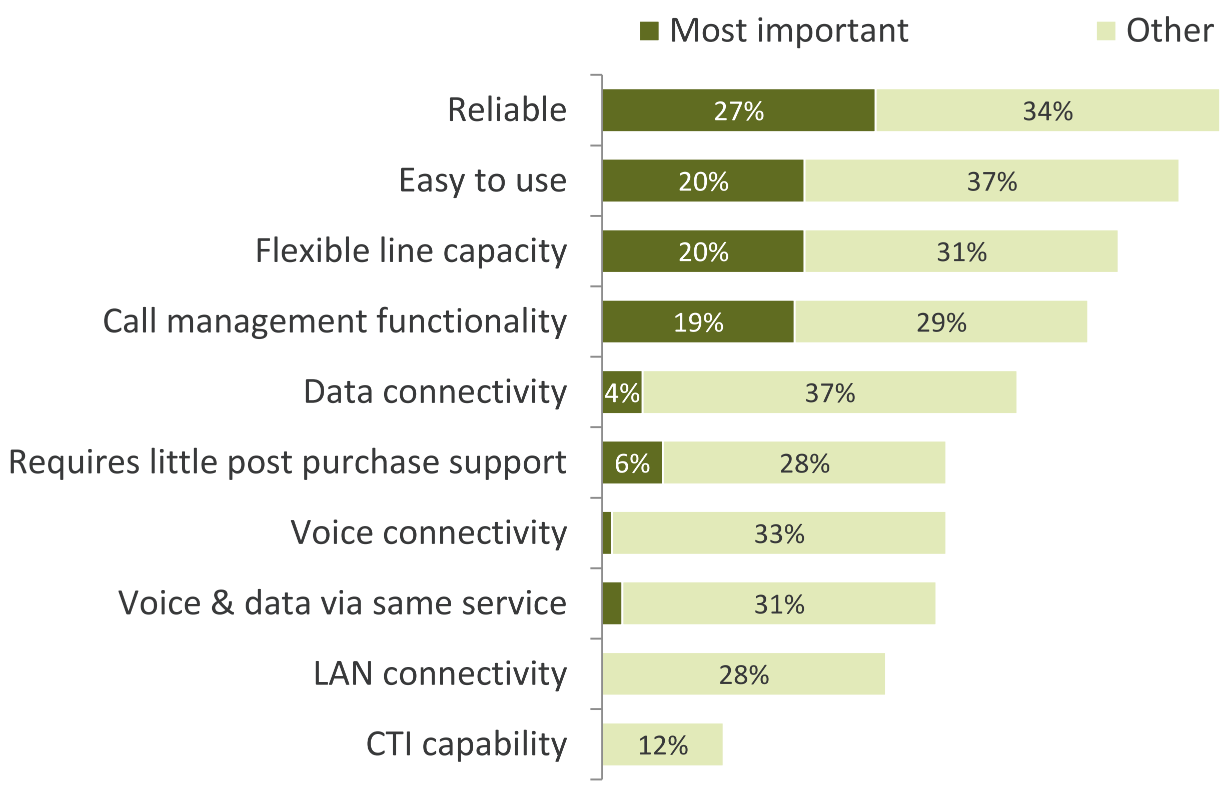
Most important functional values of ISDN2/2e



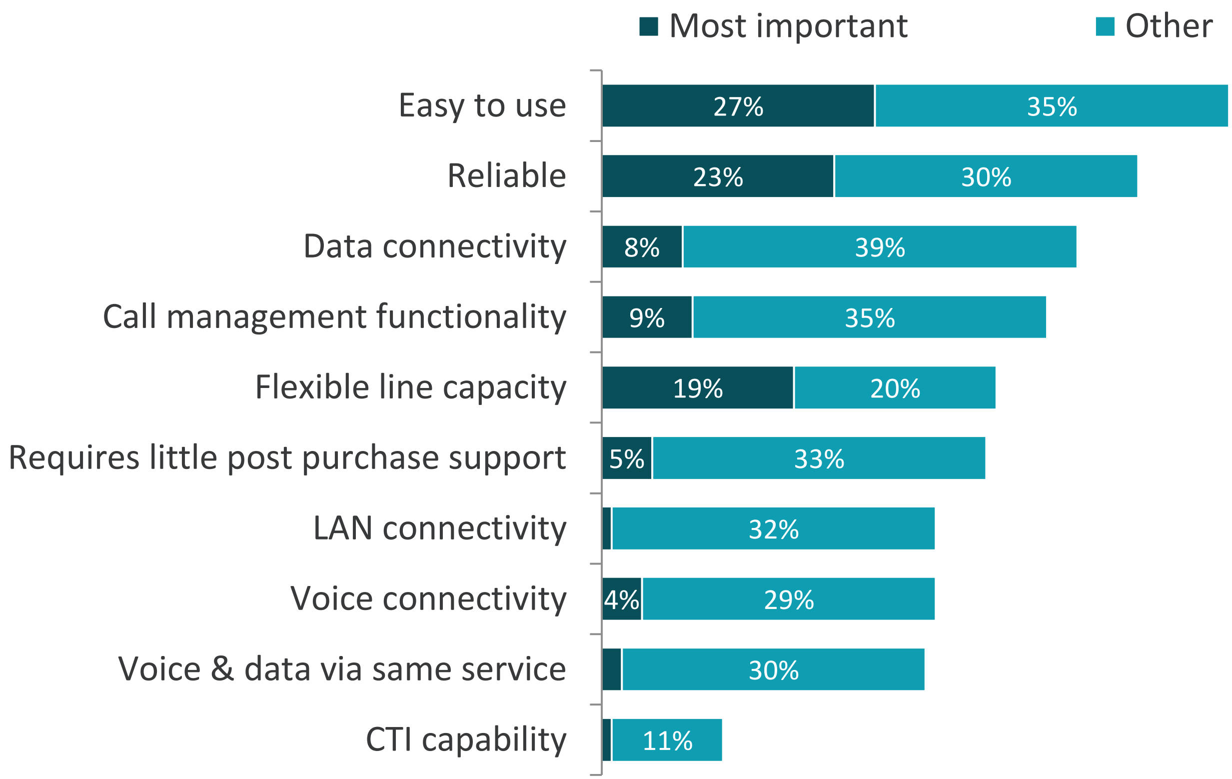
Total mentions

2015	2017
51%	61%
42%	57% ▲
35%	51% ▲
37%	48%
27%	41% ▲
29%	34%
30%	34%
18%	33% ▲
22%	28%
7%	12%

Source: Ofcom NMR 2017 and NMR 2015 Business users of ISDN and IP alternatives
B3a. Overall, what do you regard as the main functional values of ISDN2/2e? B3b. What is the most important functional value?
Base: All eligible organisations using ISDN2/2e and mostly using an ISDN service (2017 n=141, 2015 n=100).
Arrows indicate significant differences (at the 95% level) between 2017 and 2015

Three functional values of ISDN30 more likely to be nominated as the most important

Most important functional values of ISDN30



Total mentions

	2015	2017
Easy to use	57%	62%
Reliable	53%	53%
Data connectivity	35%	47%
Call management functionality	31%	44%
Flexible line capacity	33%	39%
Requires little post purchase support	24%	38% ▲
LAN connectivity	18%	33% ▲
Voice connectivity	30%	33%
Voice & data via same service	20%	32%
CTI capability	3%	12% ▲

Source: Ofcom NMR 2017 and NMR 2015 Business users of ISDN and IP alternatives
B3a. Overall, what do you regard as the main functional values of ISDN30? B3b. What is the most important functional value?
Base: All eligible organisations using ISDN30 and mostly using an ISDN service (2017 n=137, 2015 n=100).
Arrows indicate significant differences (at the 95% level) between 2017 and 2015

BT is at the head of a long tail of ISDN suppliers used – as in 2015

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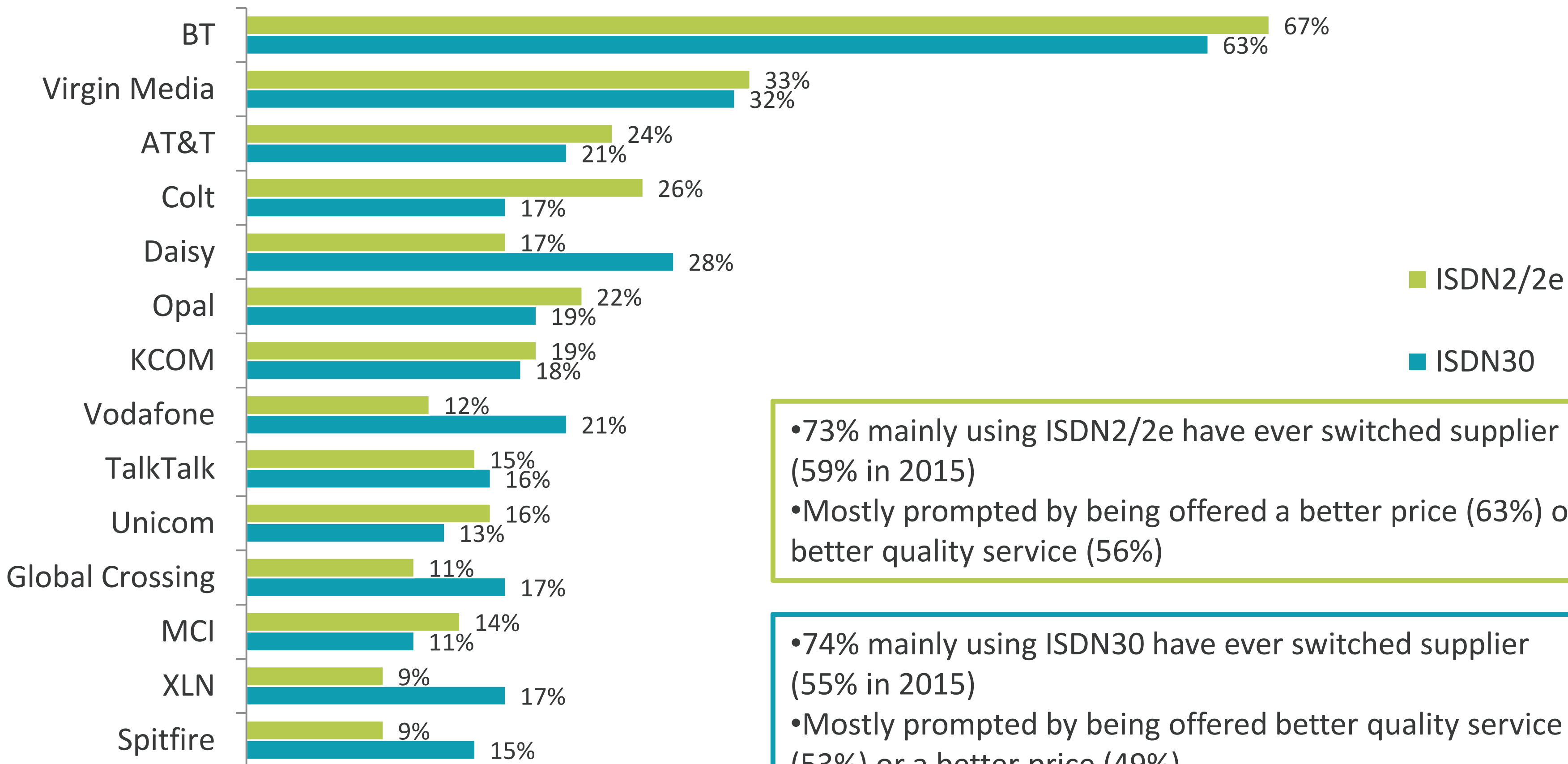
ISDN suppliers used - 2017



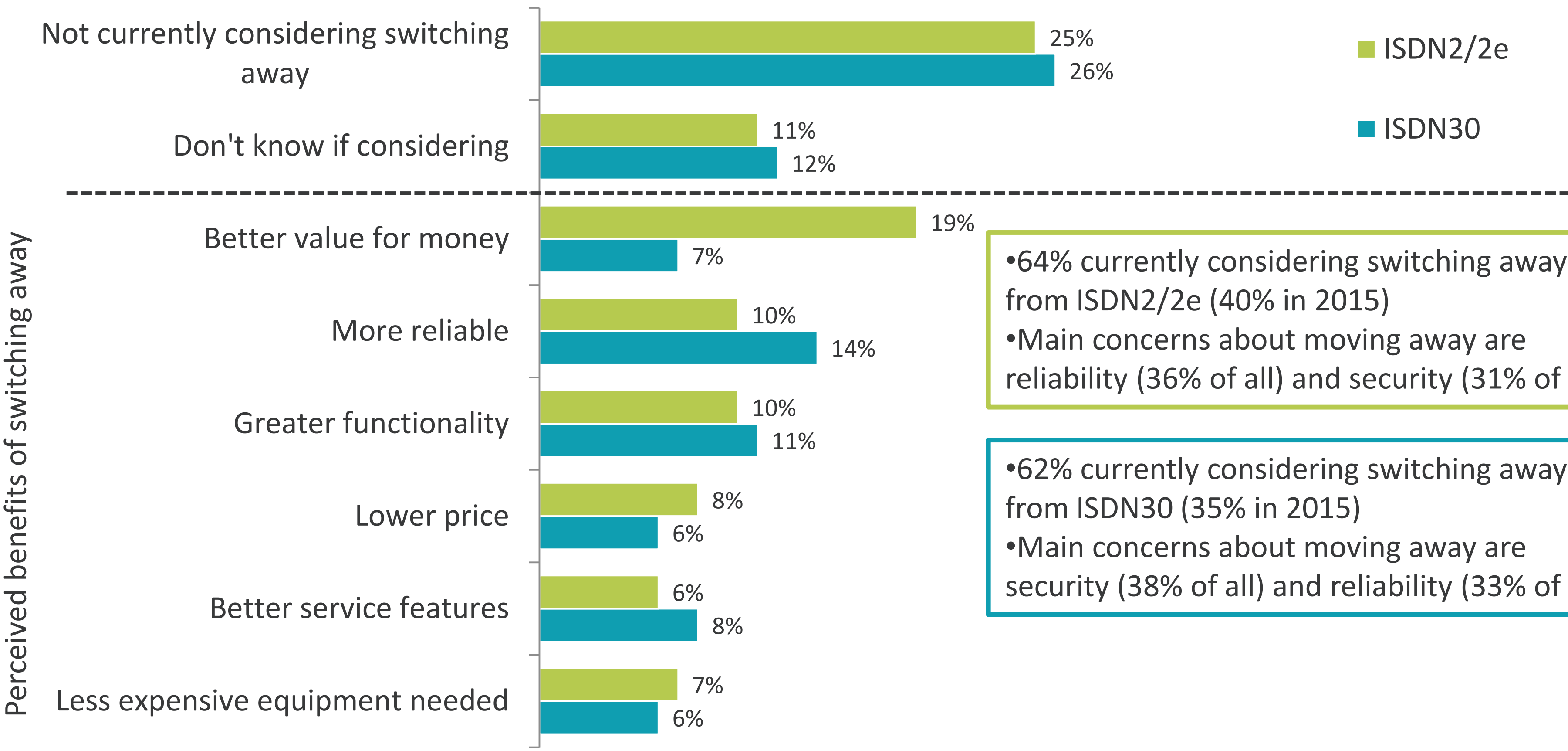
- 73% mainly using ISDN2/2e have ever switched supplier (59% in 2015)
- Mostly prompted by being offered a better price (63%) or better quality service (56%)

- 74% mainly using ISDN30 have ever switched supplier (55% in 2015)
- Mostly prompted by being offered better quality service (53%) or a better price (49%)

Source: Ofcom NMR 2017 Business users of ISDN and IP alternatives
A9. Which suppliers do you use for your ISDN2/2e/ ISDN30 service?
Base: All eligible organisations using ISDN2/2e as main service (2017 n=123), using ISDN30 as main service (2017 n=94*) *Caution: Low base, treat as indicative only.

Most ISDN users say they are currently considering switching away from the service – for a variety of perceived benefits

ISDN suppliers used - 2017



- 64% currently considering switching away from ISDN2/2e (40% in 2015)
- Main concerns about moving away are reliability (36% of all) and security (31% of all)

- 62% currently considering switching away from ISDN30 (35% in 2015)
- Main concerns about moving away are security (38% of all) and reliability (33% of all)

Source: Ofcom NMR 2017 Business users of ISDN and IP alternatives
B6. Are you currently considering switching away from ISDN2/2e/ ISDN30 services?/ B8. What do you perceive are the benefits of switching away from ISDN2/2e/ ISDN30?
Base: All eligible organisations using ISDN2/2e as main service (2017 n=123), using ISDN30 as main service (2017 n=94*) *Caution: Low base, treat as indicative only.

Reaction to pricing changes – £ values used

- Virtually all ISDN decision makers (99%) could say how many channels are in use across their organisation
  - 10 channels on average for ISDN2/2e (so 5 subscriptions)
  - 370 channels on average for ISDN30 (so 12 subscriptions)
- Used this information to estimate annual spend - £25 per channel per month (e.g. 8 ISDN2/2e channels = £2,400 per year, 90-120 ISDN30 channels = £31,500 per year)
  - The small number not providing the number of channels were asked to work with an example annual spend of £50,000

ISDN2/2e

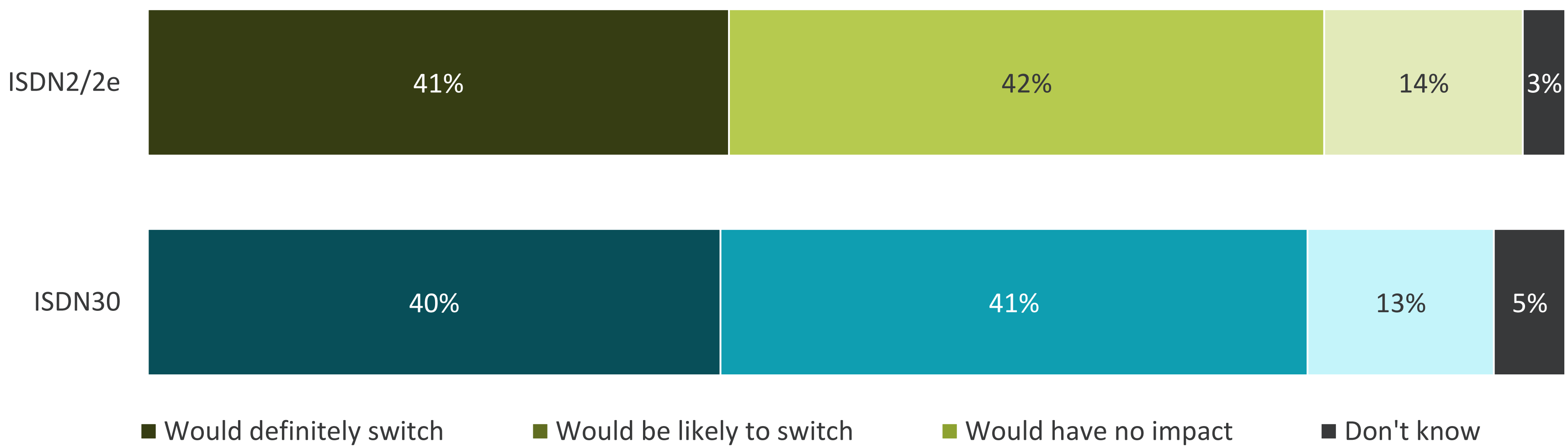
- Value used for 10% increase in annual spend – average of £333, median of £240, with 86% up to £500

ISDN30

- Value used for 10% increase in annual spend – average of £7,915, median of £900, with 62% up to £10,000

Four in ten say they would definitely switch away from ISDN with a 10% increase in total bill costs, with similar proportions likely to

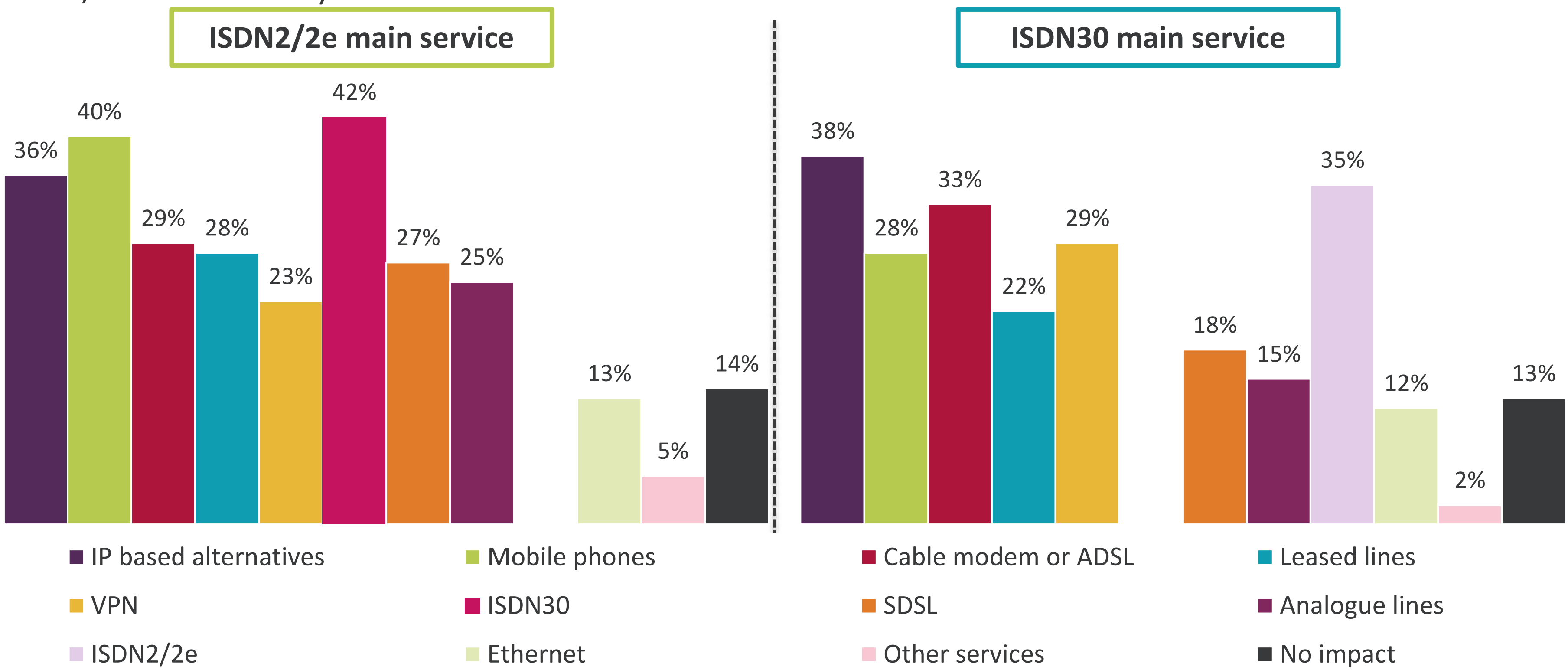
Reaction to hypothetical 10% increase in price of main fixed line calls (average value of £7.60 per month)



Source: Ofcom NMR 2017 Business users of ISDN and IP alternatives
B10. If the price of your total bill for ISDN2/2e/ ISDN30 increased by 10%, so an extra £X a year. How likely would you be to switch away from ISDN2/2e/ ISDN30?
Base: All eligible organisations using ISDN2/2e as main service (2017 n=123), using ISDN30 as main service (2017 n=94*) *Caution: Low base, treat as indicative only.

Given a 10% increase in total bills, a broad range of alternative services would be used – including the other ISDN option

Reaction to hypothetical 10% increase in price of total annual ISDN bill (average value of £333 for ISDN2/2e and £7,915 for ISDN30)



- No single service would substitute the main ISDN service – those who say they would definitely/ would be likely to switch given a 10% increase in total bills selected 3 alternatives on average
- Switching to the alternative ISDN service is among the top responses

Source: Ofcom NMR 2017 Business users of ISDN and IP alternatives

B10. If the price of your total bill for ISDN2/2e/ ISDN30 increased by 10%, so an extra £X a year. How likely would you be to switch away from ISDN2/2e/ ISDN30?/ What would you switch to instead of ISDN2/2e/ ISDN30? (Don't know responses not shown)

Base: All eligible organisations using ISDN2/2e as main service (2017 n=123), using ISDN30 as main service (2017 n=94*) *Caution: Low base, treat as indicative only.

A substantial minority of ISDN users do not envisage continuing to use the service for more than one year

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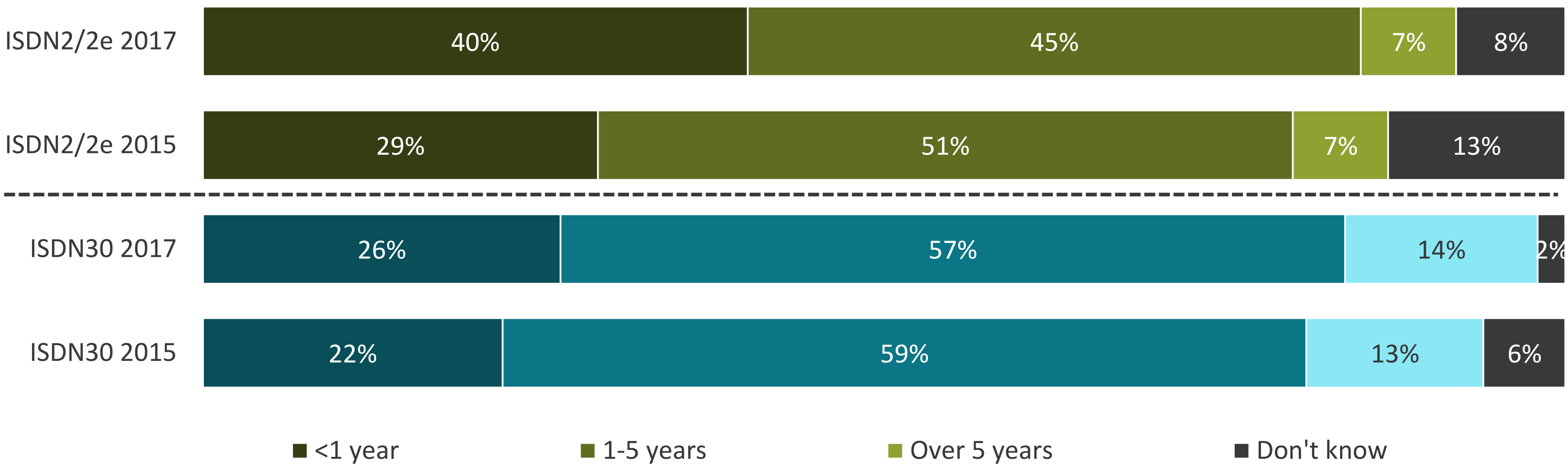
How long envisage continuing to use ISDN – 2017 and 2015



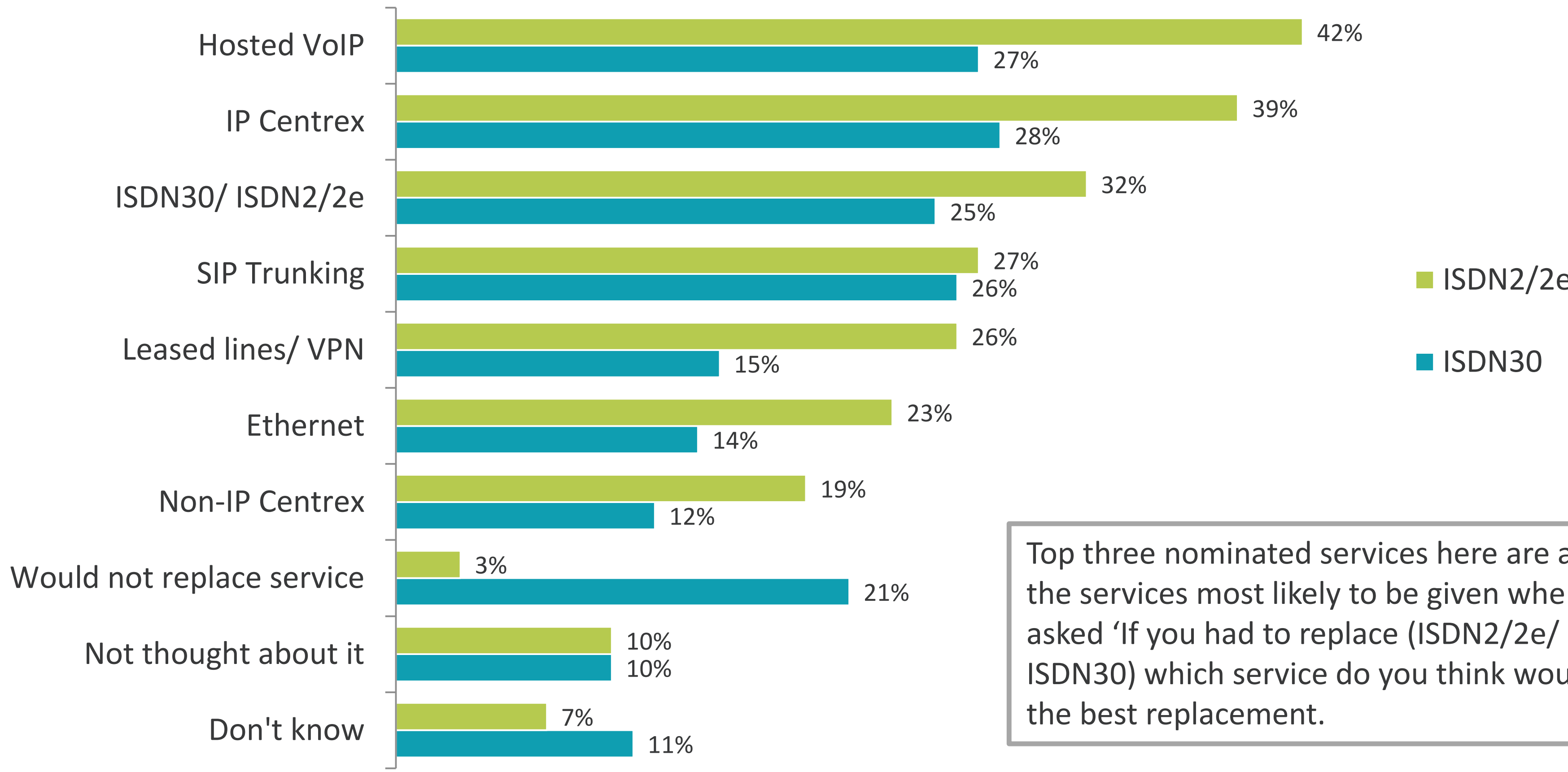
Source: Ofcom NMR 2017 and NMR 2015 Business users of ISDN and IP alternatives

B12A/B. How long do you envisage continuing to use ISDN2/2e/ ISDN30 services for?

Base: All eligible organisations using ISDN2/2e (2017 n=141, 2015 n=100), using ISDN30 (2017 n=137, 2015 n=100) Significance testing shows any difference between 2017 and 2015

A range of replacement services for ISDN reported, with ISDN30 users less likely to name any replacement services.

What plan to use when stop using ISDN2/2e/ ISDN30 - 2017



Top three nominated services here are also the services most likely to be given when asked ‘If you had to replace (ISDN2/2e/ ISDN30) which service do you think would be the best replacement.

Source: Ofcom NMR 2017 Business users of ISDN and IP alternatives
B13. What are you planning to use when you stop using your ISDN 2/2e/ ISDN 30 service?
Base: All eligible organisations using ISDN2/2e (141) or ISDN30 (137) and mostly using an ISDN service

Awareness of IP has improved and more ISDN users plan to move voice services to IP compared to 2015

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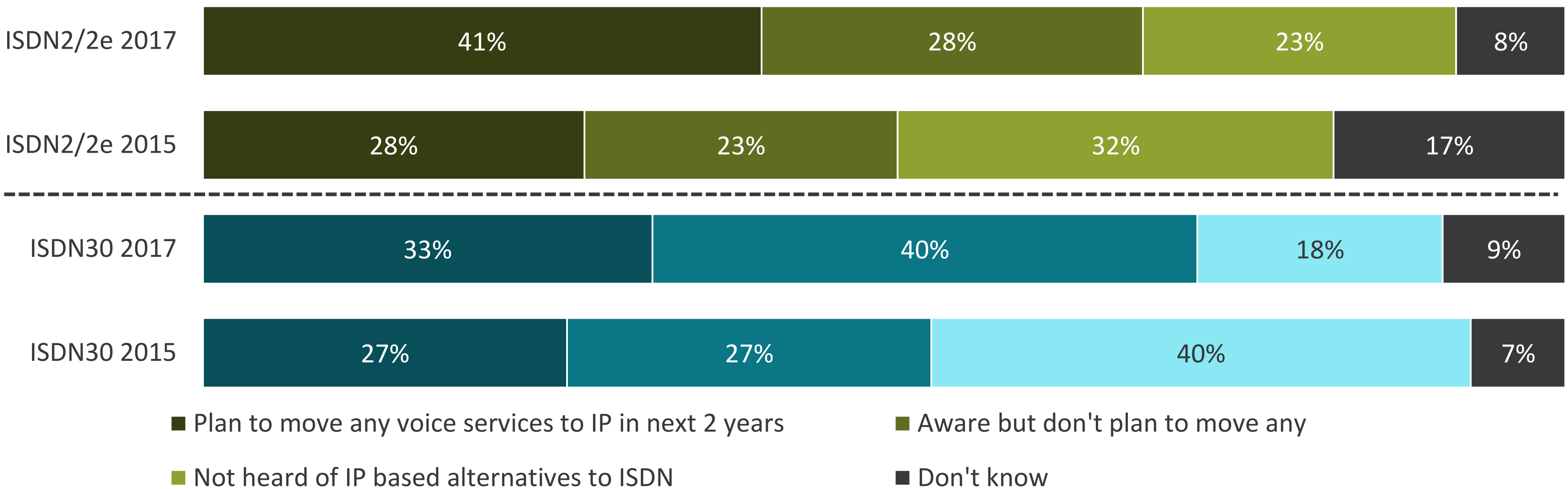
Awareness of IP-based alternatives and plans to move any voice services to IP in next 2 years



Among those aware, almost all say they plan to move services in the next 4 years (chart shows next 2 years, as asked in 2015)
Half of those aware of IP say they plan to add new additional IP-based voice services rather than new ISDN services in the next 4 years
Concerns about moving to IP mostly relate to reliability (49%), quality of service (42%) and price (41%)

Source: Ofcom NMR 2017 and NMR 2015 Business users of ISDN and IP alternatives

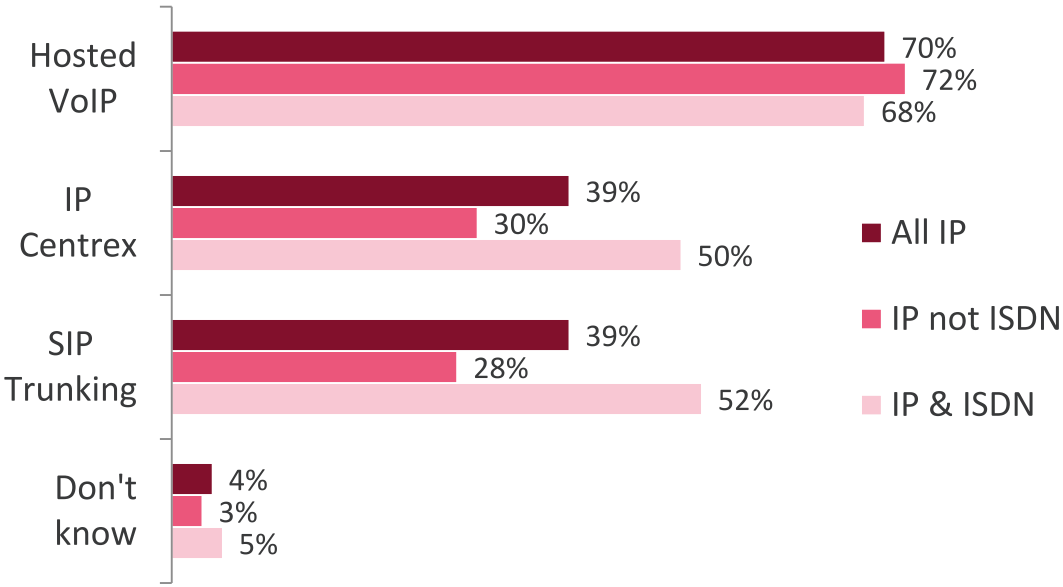
C1. Have you heard of IP-based alternatives to ISDN2/2e/ ISDN30 (for example SIP trunking or IP Voice)? (FURTHER DETAIL PROVIDED)/ C2a. Do you have any plans to move some or all of your existing ISDN2/2e/ ISDN30 voice services to IP in the next 2 years?

Base: All eligible organisations using ISDN2/2e (2017 n=141, 2015 n=100), using ISDN30 (2017 n=137, 2015 n=100)

Hosted VoIP is the most used IP service. Use of other services is higher among those using ISDN & IP than those only using IP

IP based services used and triggers for usage

IP based services used



Triggers for move

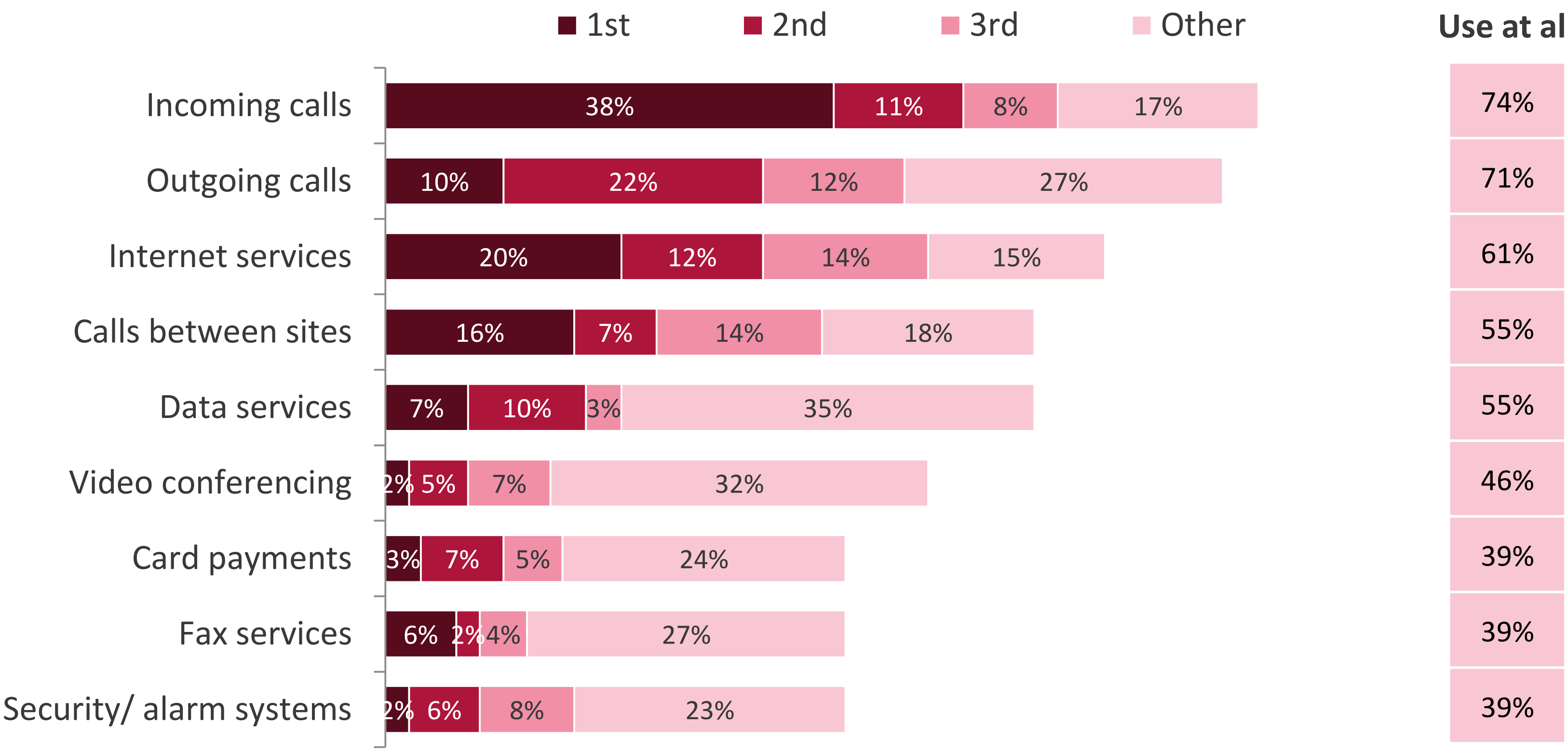
- Six in ten (58%) say a trigger for moving to IP was ‘part of a general upgrade’
- Four in ten (38%) when ‘changed supplier’
- Or ‘Switch replacement’ (35%)

- Half (56%) say their company has a switch (vs. 74% ISDN2/2e and 72% ISDN30)

Source: Ofcom NMR 2017 and NMR 2015 Business users of ISDN and IP alternatives
D1. What type of IP services do you use? D5. Have any of the following previously acted as a trigger for moving to IP-based services for your organisation?
Base: All eligible organisations using IP-based alternatives (218), and not using ISDN (100) and also using ISDN (118)

Majority of IP users name five different functions as important, most important uses are for incoming and outgoing calls

Most important functions for which company uses IP-based services



- Average spend on IP-based services across all sites is £760k, with two-thirds (66%) spending up to £250k
- Three quarters (73%) consider IP to be a primary service, one quarter 24% a supplementary service, 3% a back-up system

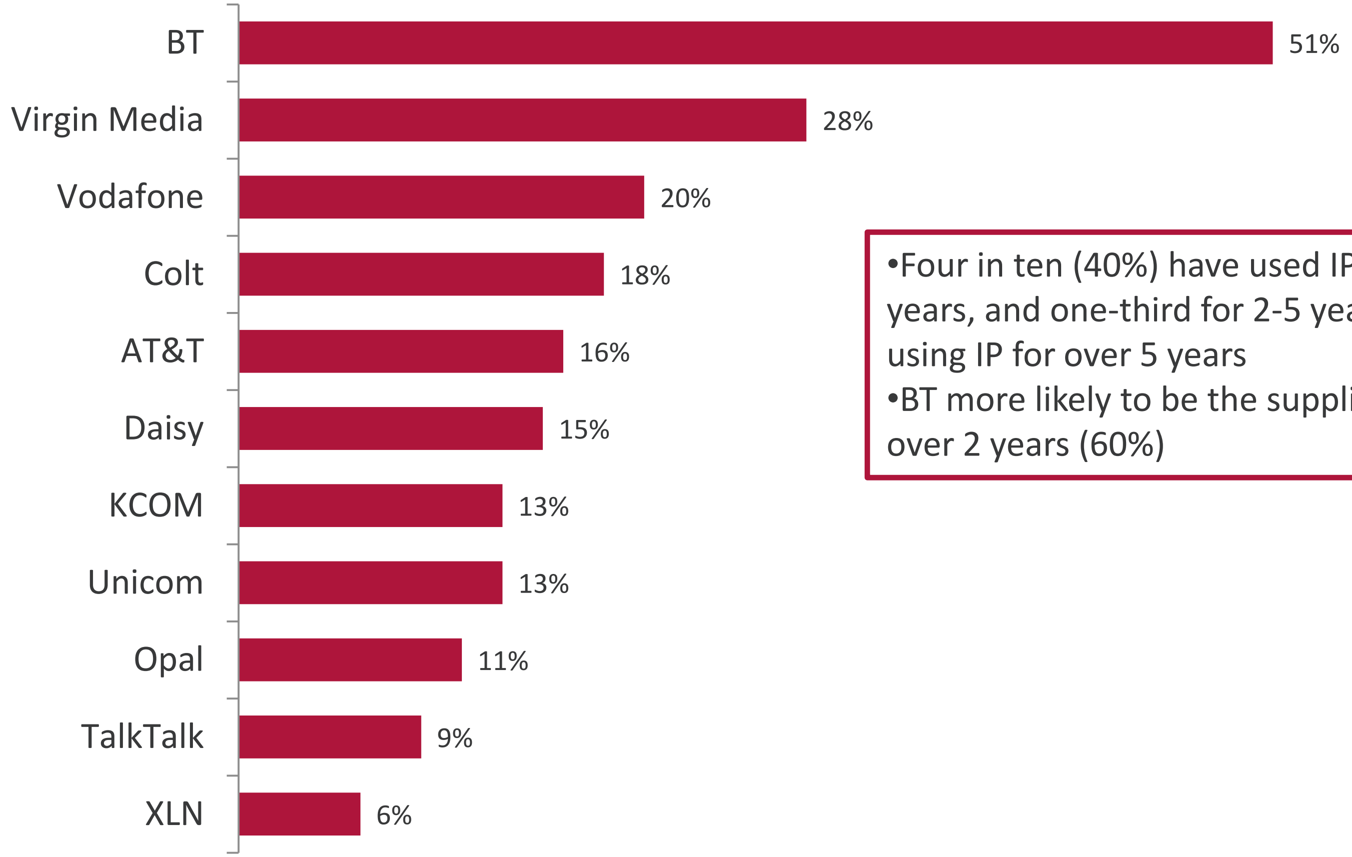
Source: Ofcom NMR 2017 and NMR 2015 Business users of ISDN and IP alternatives

D2. Which of the following business uses do you use IP-based services for?/ D3. Please rank the top three most important functions for which your company uses IP based services.

Base: All eligible organisations using IP-based alternatives (218), and not using ISDN (100) and also using ISDN (118)

BT is at the head of a long tail of IP service suppliers used

IP based service suppliers used - 2017

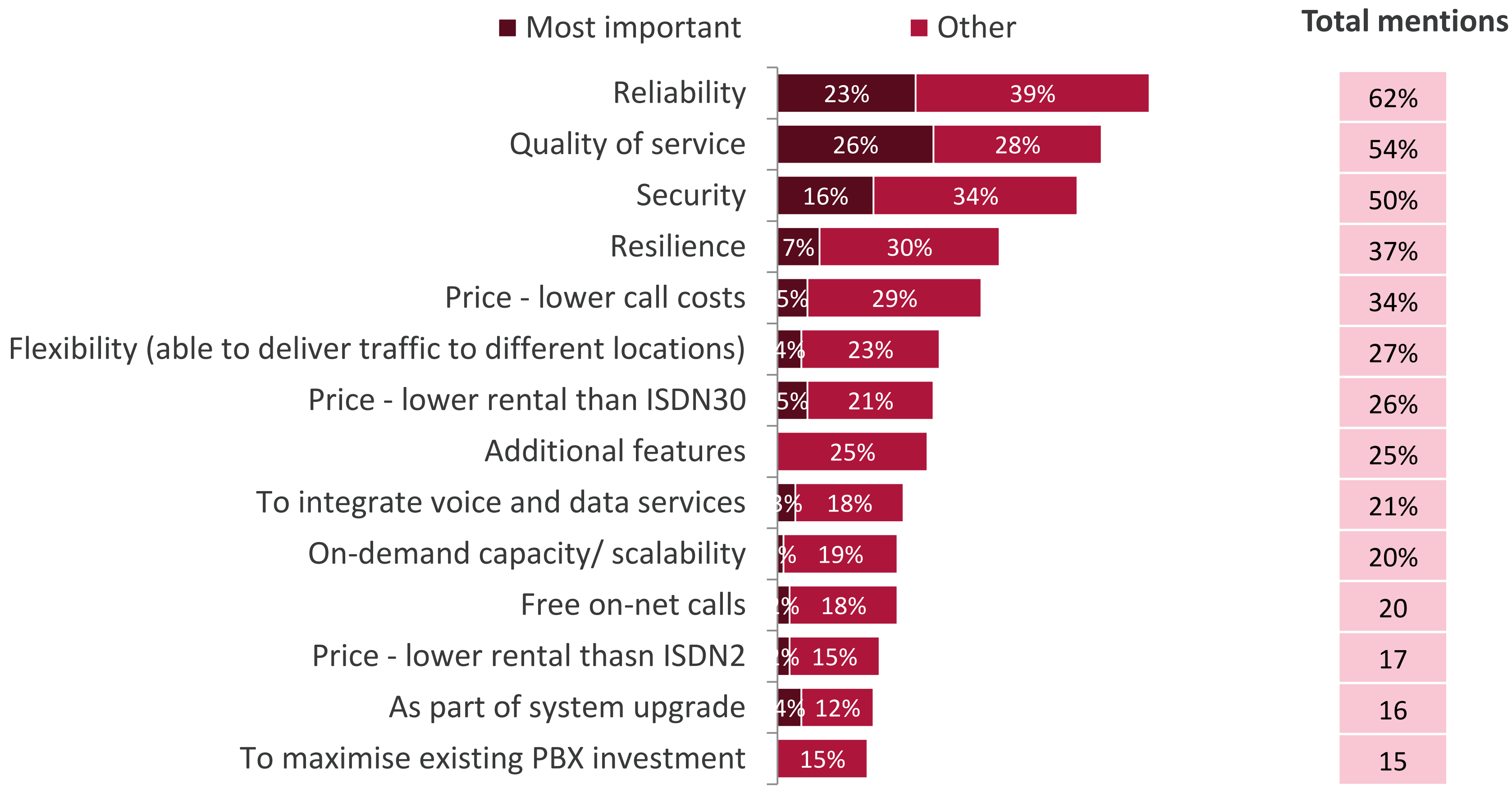


- Four in ten (40%) have used IP-based services for under 2 years, and one-third for 2-5 years, with one-fifth (22%) using IP for over 5 years
- BT more likely to be the supplier for those using IP for over 2 years (60%)

Source: Ofcom NMR 2017 Business users of ISDN and IP alternatives
D7. Which suppliers do you use for your IP-based services?
Base: All eligible organisations using IP-based alternatives (218)

Reliability, quality of service, and security are the three most important reasons cited for choosing to implement IP

Most important reasons for choosing to implement IP services



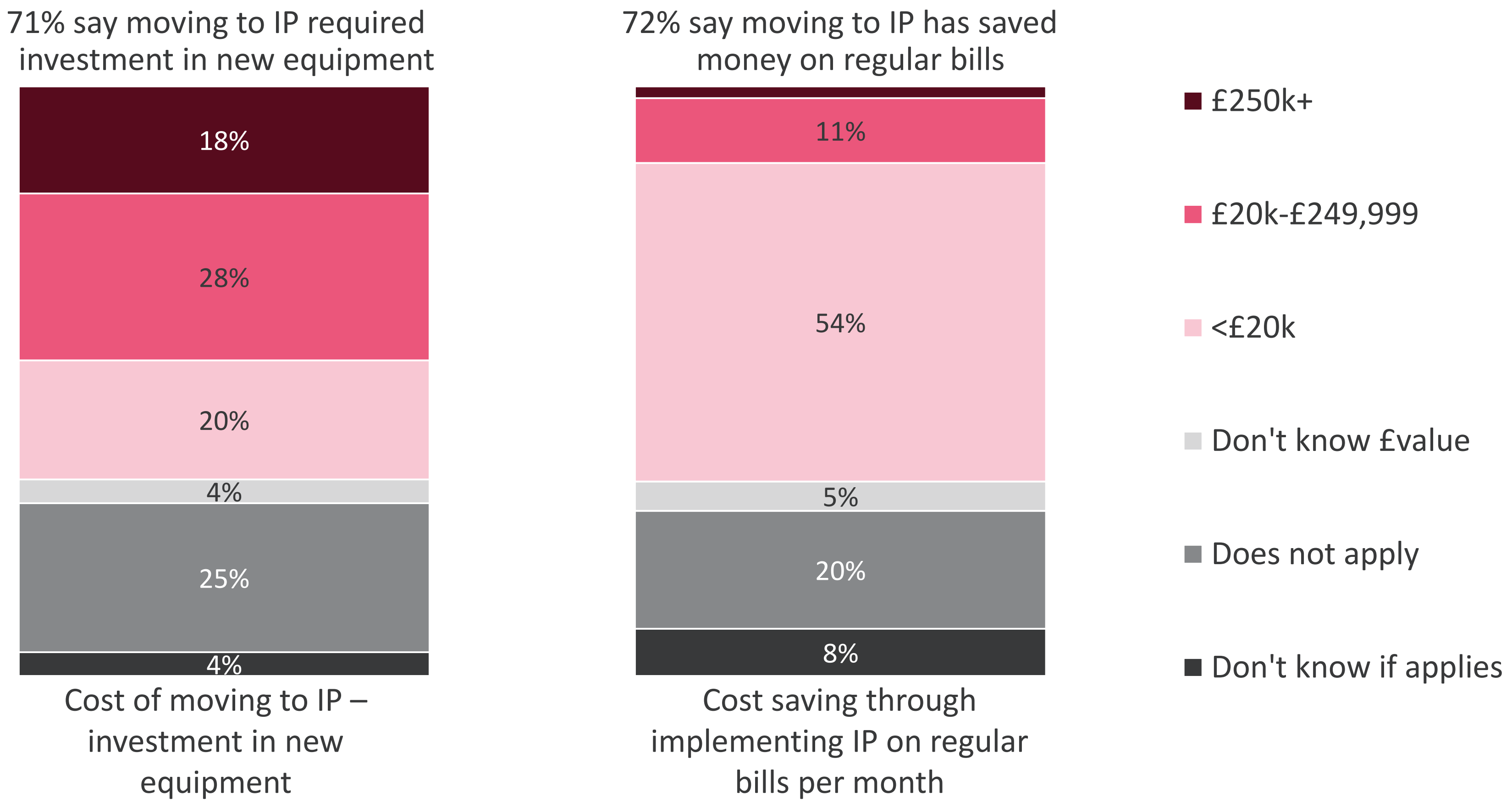
Source: Ofcom NMR 2017 and NMR 2015 Business users of ISDN and IP alternatives

E1. What were your reasons for choosing to implement IP services?/ E1b. What was your most important reason for choosing to implement IP services?

Base: All eligible organisations using IP-based alternatives (218)

While most say moving to IP required investment in new equipment, most are seeing regular cost savings

Cost of moving to IP and cost saving on bills



Source: Ofcom NMR 2017 and NMR 2015 Business users of ISDN and IP alternatives

E2. Did the implementation of IP require investment in new equipment?/ E3. Approximately how much did it cost to implement IP services?/ E4. Has implementing IP saved you money on your regular bills?/ E5. Approximately how much money have you saved per month by moving to IP services?

Base: All eligible organisations using IP-based alternatives (218)

Each of the services is most likely to be rated as reliable & easy to use – appears IP falls behind ISDN ratings for data connectivity & support

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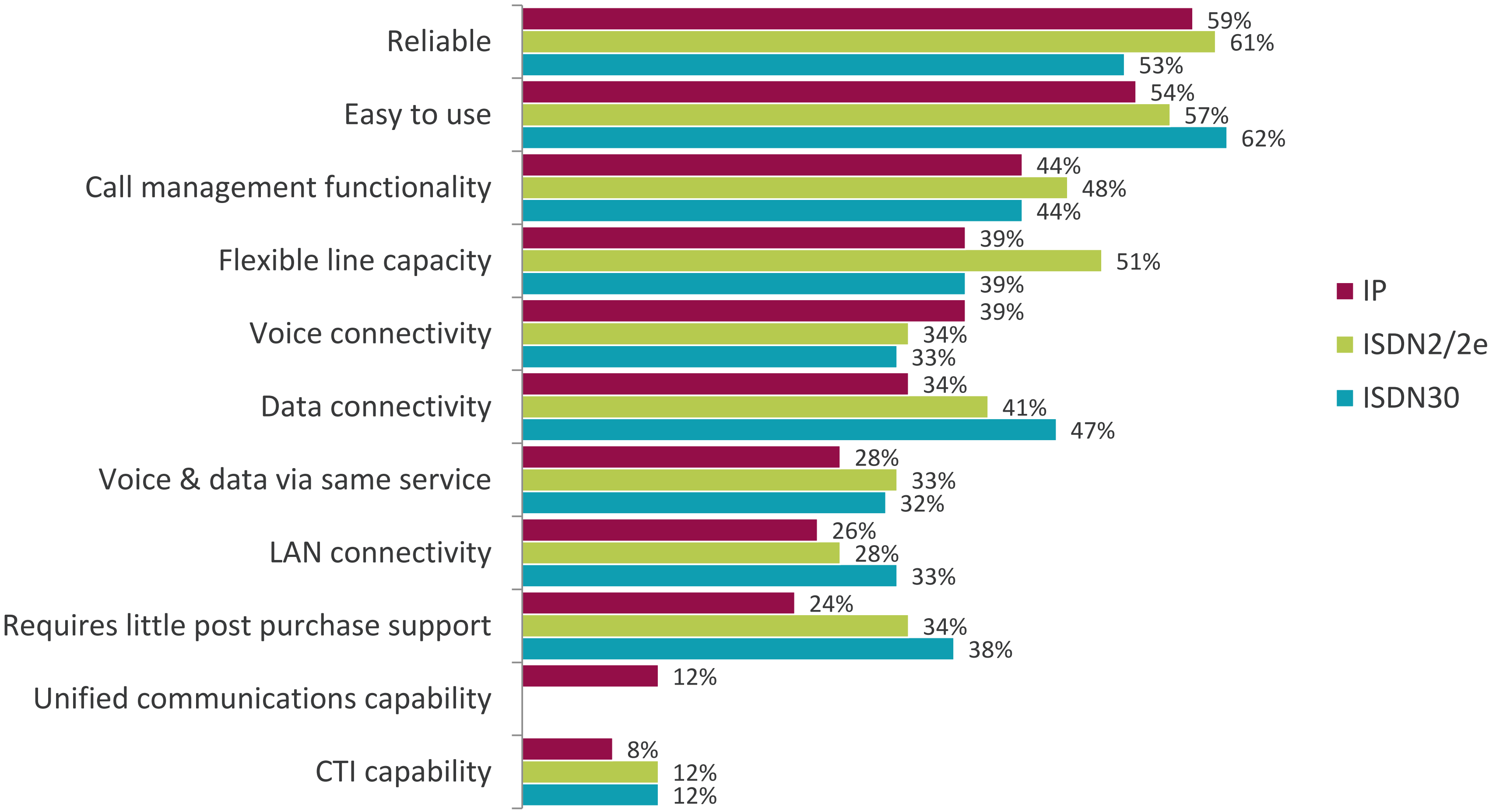
Functional value of IP, ISDN2/2e, ISDN30



Source: Ofcom NMR 2017 Business users of ISDN and IP alternatives

E9. Overall, what do you regard as the main functional value of IP-based services for your organisation?/ B3a. Overall, what do you regard as the main functional values of ISDN2/2e/ ISDN30?

Base: All eligible organisations mostly using IP (133), ISDN2/2e (141) or ISDN30 (137) and mostly using an ISDN service