

# KEY FINDINGS ANNOUNCED FROM CMA's 'COMMUNICATIONS MARKET 2003' SURVEY

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## Key Messages

\* Confidence returns to communications market, following fear and turbulence of 2002 as pricing of services becomes a bigger priority

\* Perceived job security of communications increases as stability returns to marketplace

\* Broadband usage rises by 31% to 66%, with cable broadband also rising 21%

\* Wireless technologies take hold with 35% of corporates using WiFi, 52% now using GPRS and 42% using Bluetooth

\* 37% of company servers are now hosted by a web hosting supplier Perceived job security of communications increases as stability returns to marketplace

The Communications Management Association (CMA) annually conducts a unique study amongst its members to determine the status of the UK's ICT market. In 2003, a total of 419 ICT professionals from businesses and organisations across the public and private sector have contributed to the survey.

CMA has worked closely with HI Europe to conduct the research and analysis forming this, the eleventh annual report, entitled: "Communications Market UK".

The research provides a comprehensive reflection of the current stage of development of the ICT market in the UK, and was carried out during October/November 2003. Full results will be announced at CMA Conference on Monday 16th February at 17.00, Goodenough College, Mecklenburgh Square, London, WC1N 2AB.

Among the findings:

Spend:

\* Overall ICT spend is slightly down in 2003 but Cap Ex on ICT infrastructure rises

\* Spend on Contractors is down in 2003 and overall spend on Contractors is down on a project to project basis

Wireline:

\* The use of Broadband in business is reaching maturity and confirms our view that there has always been demonstrable demand for Broadband. In 2003, usage has risen by 31% to 66%, with 20% still evaluating. In comparison, in 2002 35% were using ADSL with a further 40% of respondents in the process of evaluating or implementing Broadband

\* Fears in wireline market from 2002 have largely gone. BT has retained customers and grown its market penetration by 3% following the rush back to BT in 2002

\* Cable broadband also rises sharply by 21% because of medium sized companies 'filling in the gaps' to achieve national coverage of broadband not available through BT

\* 65% of respondents believe that greater utilisation of fibre delivery is essential to facilitate 'Broadband Britain'

\* Remote working contributes to Broadband take-up and business models now reflect the need for remote working practices

\* Service quality is still highest on the customers' agenda with 'fault repair and complaint handling' a close second as the main stated drivers of customer satisfaction

\* 65% of customers still believe that Government should intervene to make universal access to broadband services a reality

\* 59% fear that interoperability of different suppliers' equipment is of concern when implementing a converged network

\* 23% of businesses now have converged networks with 52% responding that the data exceeds the voice traffic upon the network

\* Security risks still prevalent – political/terrorist/cybercrime but there is still a complacency surrounding business continuity

#### Wireless:

\* Bluetooth and GPRS are starting to play a role in business with adoption rising 30% and are used predominantly in the manufacturing and travel and transport sectors

\* The demand for bandwidth to the handset amount increases, especially up to 2Mbps

\* WiFi usage has risen by a significant 21% to enable remote/flexible working and WiFi also now extends the traditional LAN environment. 34% of companies are still evaluating WiFi so usage in 2004 is expected to reach 50%

\* Market still uncertain surrounding 3G, with only 3% take-up on last year. 61% of respondents also stated they have no plans to use 3G when services start

\* Market share shifts by 9% predominantly to Orange. (Orange up 4%, Vodafone up 2%, T-Mobile up 2%)

\* 45% of respondents prefer flat rate mobile data tariffs

\* Vodafone leads suppliers on customer satisfaction ratings especially on quality and reliability

#### Internet/Online:

\* Dedicated web hosting declines due to over hype of ebusiness

\* Low customer satisfaction scores from all suppliers

\* 37% of company servers are now hosted by a web hosting supplier

\* Only 18% buy value added services from web hosting suppliers

\* BT increases it's share by 5%, MCI's share drops by 7% since 2002 fallout

\* 62% of respondents state that web services are set to be 'the' key enabler in the way we use Information Technology

\* Telewest Business top customer satisfaction especially on price and account management

Regulation:

\* CMA Members are unsure over the regulatory power of Ofcom but 71% would prefer regulatory power to be handled by UK Govt. rather than the EC.

\* 73% believe that Oftel failed in opening up the last mile to competition

The full 'Communications Market 2003 Report' will be published by CMA in March. For details on availability and costs contact Denholm Scotford at HI Europe on 01628 689863 or email [DScotford@HIEurope.com](mailto:DScotford@HIEurope.com)

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Issued by Communications Management Association (CMA)

Note

CMA, Communications Management Association, is the UK's premier business communications user association. It represents individuals who have responsibility for or manage private communications systems in commerce, industry and the public sector.

CMA is a registered charity and a Company Limited by Guarantee. Its individual members are drawn from the ranks of the top businesses and corporations across UK public and private sectors. CMA members spend £11 billion per annum in the UK ICT market. [www.thecma.com](http://www.thecma.com)

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