Isle of Man

Communications Commission

Market Statistics Report

Q1 2019

Publication Date: 22nd July 2019

Contents

1. Market Overview

1.1. The following report considers the telecommunications market on the Isle of Man and identifies trends and changes.

1.2. All of the licenced operators are thanked for their assistance in providing the data used to produce this report.

1.3. As background, the resident population of the Isle of Man was given as 83,314 in 2016, a drop of 1.4% from the resident population of 84,497 given in 2011. The 2016 Census also noted that this was the first fall in population since 1986. The demographic profile of the population has also seen a shift with a rise in the percentage of those over retirement age and a reduction in the number of young people, since 2011. The 2016 census reported 35,763 households in the Isle of Man[1].

1.4. During 2018 the Communications Commission started a second round of Market Reviews; the first round was carried out in 2011[2]. The Telecommunications Wholesale and Retail Fixed Markets Review has been consulted on and is currently being reviewed by the Commission[3]. The Mobile Market Review will follow in due course.

1.5. Over recent years the telecommunications industry on the Isle of Man has changed significantly. There has been a tendency for consumers on the Isle of Man to move away from using fixed landlines for voice calls, this move to making calls by mobile or through Over the Top (OTT) services is a trend that is noted in most other jurisdictions.

1.6. Broadband has also advanced with Next Generation Network Services such as Fibre to the Cabinet (FTTC) and Fibre to the Home (FTTH) being rolled out on the Island.

1.7. Within the mobile market, LTE Advanced (4G+) services are now available which offer an increased data speed for 4G customers.

1.8. The demand for data is increasing partly driven by the continued growth in OTT services. 2019 is looking set to be another pivotal year for OTT service growth, fuelled by streaming video and public demand for more non-linear media consumption[4].

---

[1] https://www.gov.im/media/1355784/2016-isle-of-man-census-report.pdf and https://www.gov.im/media/1360674/addressing-our-population-challenges.pdf

[2] https://www.iomcc.im/telecoms/market-reviews/

[3] https://www.iomcc.im/telecoms/market-reviews/2019-market-reviews/

[4] https://www.ofcom.org.uk/research-and-data/telecoms-research/broadband-research/broadband-speeds

1.9. In 2018, the Department for Enterprise released a National Telecommunications Strategy, unanimously agreed by Tynwald in October 2018[5], which states that the Government's intention is that "*The Isle of Man will be recognised as being at the forefront of telecoms innovation. A fully connected Island with access to choice, value and sustainable telecommunications infrastructure delivered in a partnership approach*". The Strategy encompasses a National Broadband Plan whereby Government aims to ensure that fibre is to pass 99% of premises in the Isle of Man within the next five years.

5 http://www.tynwald.org.im/business/opqp/sittings/20182021/2018-GD-0062.pdf

2. Market Statistics Data and Analysis

Fixed Lines

2.1. Consumer habits around how voice services are used have changed in recent years. Internationally there is a tendency for consumers and businesses to move away from using fixed lines for voice calls, towards mobile phone or OTT applications.

2.2. Text messaging and email or instant messenger are now popular choices for many phone users, sometimes preferable to making an actual phone call. OTT services allow consumers to make and receive voice calls over the internet, such as WhatsApp, Skype, and various messenger applications such as Facebook Messenger.

2.3. A combination of these factors have led to the fixed voice market declining on the Island in line with international trends. There were 47,592 fixed line subscribers in Q1 2019, a decrease of over 265 over the year since Q1 2018, which highlights this continuing trend.

2.4. Figure 1 shows the fixed line subscriber numbers, and trend line, which shows this decline over the last few years. The figures in the graph below include all retailers.

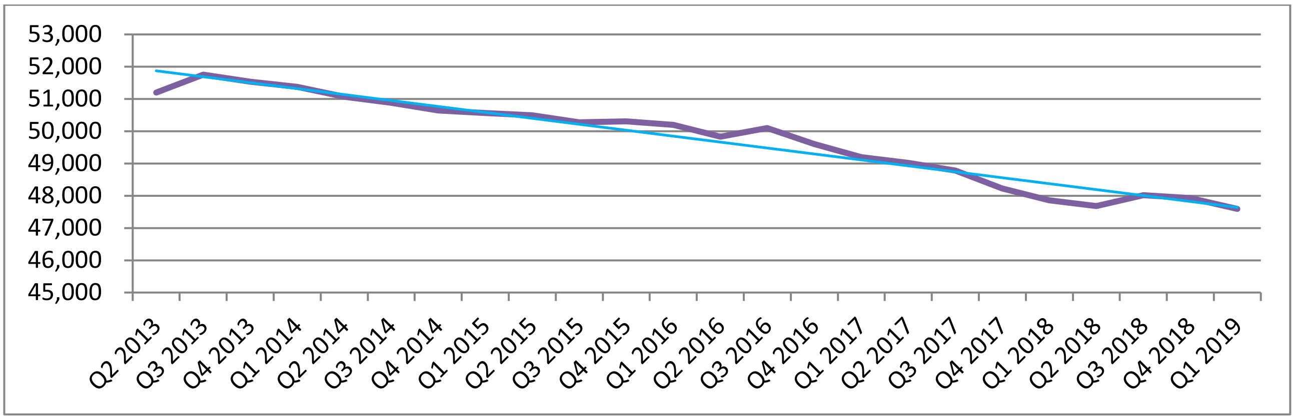

Figure 1- Total fixed line end-users (analogue & ISDN subscriptions)

Leased Lines

2.5. Leased lines are dedicated capacity lines that are typically used for business connectivity. Retail leased lines are those sold to an end user and wholesale leased lines are those sold to another licenced operator.

2.6. The Commission has collected lease line data from licenced operators since Q3 2016, Figure 2 contain the aggregates of the data collected.

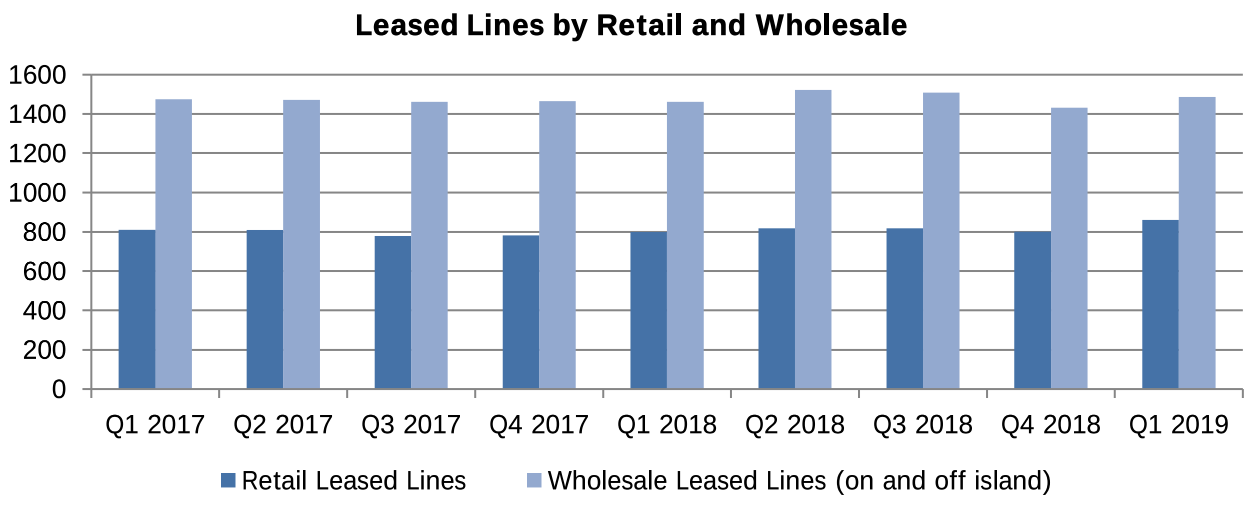

Figure 2 - Total Retail and Wholesale Leased Lines

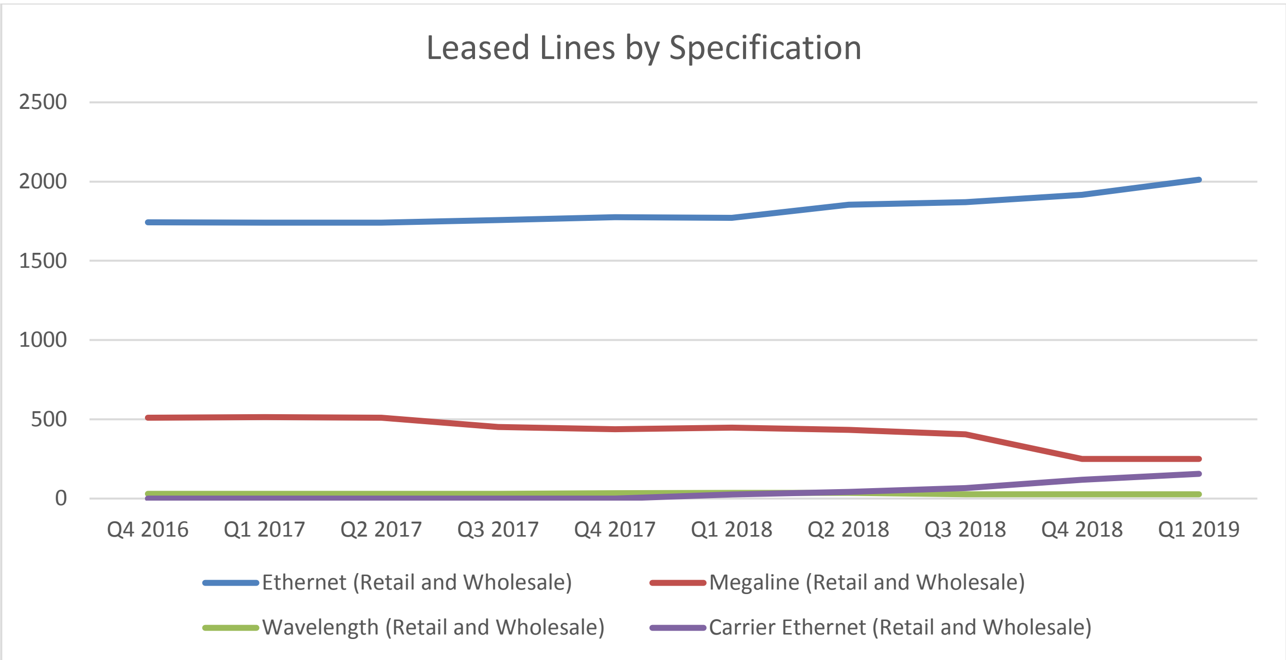

Figure 3 - Total Leased Lines by Product

2.7. Over the period, the total number of leased line circuits has not changed markedly however, the composition of leased lines has changed. The number of Megaline[6] circuits has reduced by 51% over the period, whereas the number of Ethernet[7] circuits has increased by 15%.

---

[6] Megaline is the brand name for Manx Telecom's portfolio of digital leased line private circuits, providing high speed uncontended communication links between locations on the Isle of Man and beyond.

[7] A range of uncontended Ethernet services are available for premises to premises connectivity offering voice, data and multi-media communications. Point-to-point Ethernet bearer circuits are available in the following bandwidths 10Mbps, 100Mbps, 1Gbps and 10Gbps.

This doesn't necessarily reflect a reduction in data usage but a change in method of carrying. During Q4 2017 a new Carrier Ethernet portfolio was launched, with traditional Megaline circuits declining. This was supplemented in Q4 2018 by a Wholesale Carrier Ethernet Point-to-Multipoint offering.

Broadband

2.8. There were 34,786 broadband subscriptions in Q1 2019, see Figure 4 below. This provides for an approximate broadband penetration rate of 87% of premises.

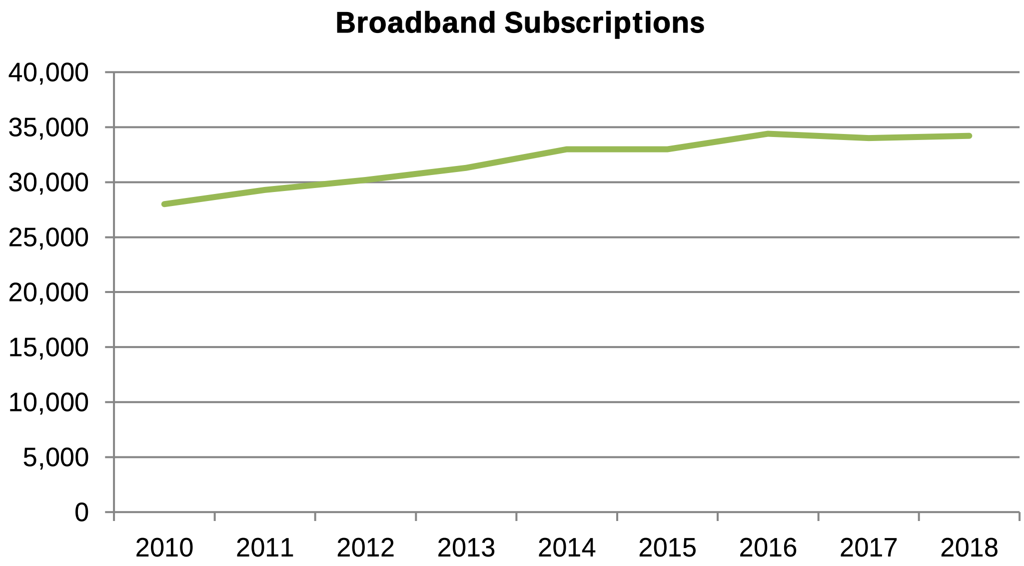

Figure 4 - Total Broadband Subscriptions

2.9. Figure 5 below shows the number of premises passed with the various fixed broadband technologies. ADSL (up to 16Mbps) is available to 100% of the Island where a fixed line infrastructure exists, VDSL (up to 40 Mbps) is available to 91% and VDSL+ (up to 100Mbps) is available to 73%. VDSL++ (up to 200 Mbps) was launched at the end of 2017 and is available to approximately 21% of homes. FTTP has been rolled out to some areas throughout 2018, with 4330 premises being passed by the end of the year with 11% of these premises being connected by the end of 2018.

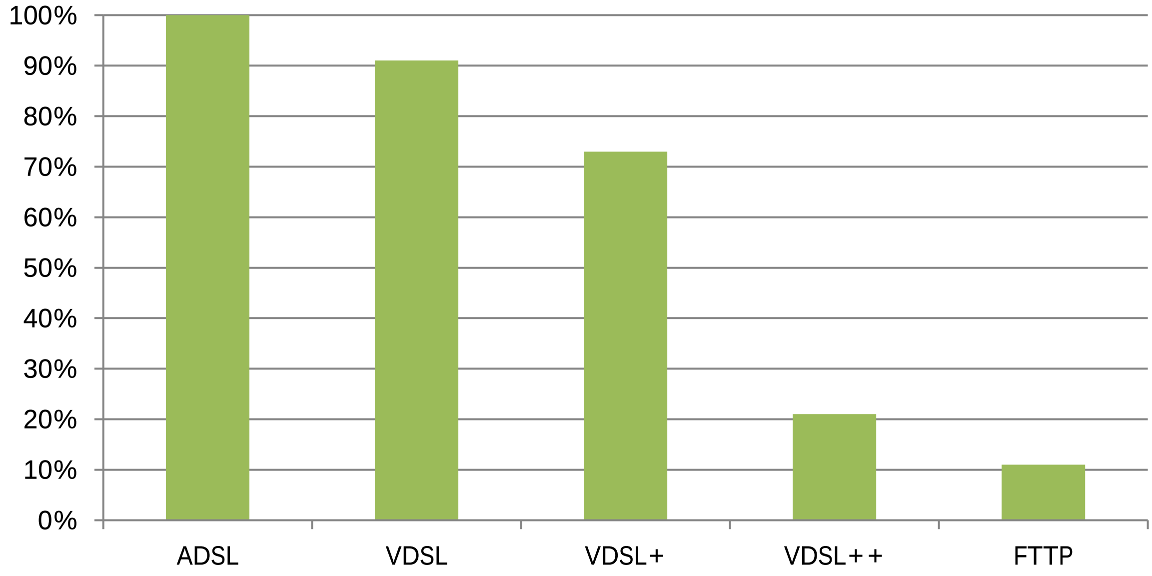

Figure 5 - Percentage of Premises Passed by Broadband Technology

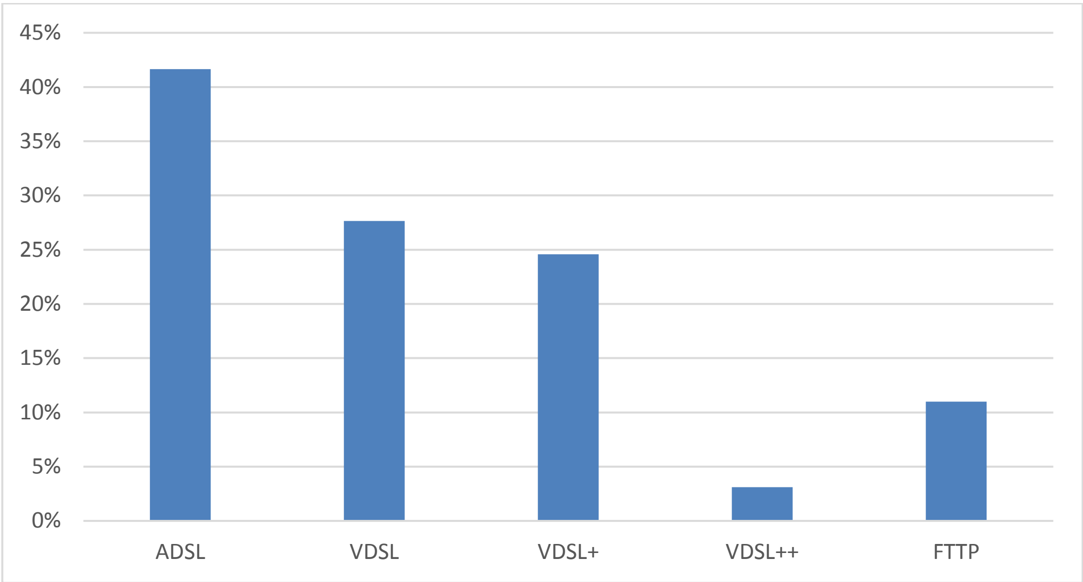

Figure 6 - Take Up of Broadband as Percentage of Premises Passed

2.10. Figure 7 and Figure 8 show broadband subscriptions by product, at the end of the year and by quarter respectively. The trend is clear in that subscribers are moving away from traditional ADSL products in favour of faster products such as VDSL and VDSL+. There are still a large number, 41% of broadband subscribers that subscribe to ADSL, which is generally the slowest broadband offered. However, this has dropped from 72% since the end of 2015. VDSL subscriptions have risen from 20% to 32%, and VDSL+ from 7% to 21%, over the same period. Fibre to the Premise, as at Q1 2019 represented 2% of subscriptions.

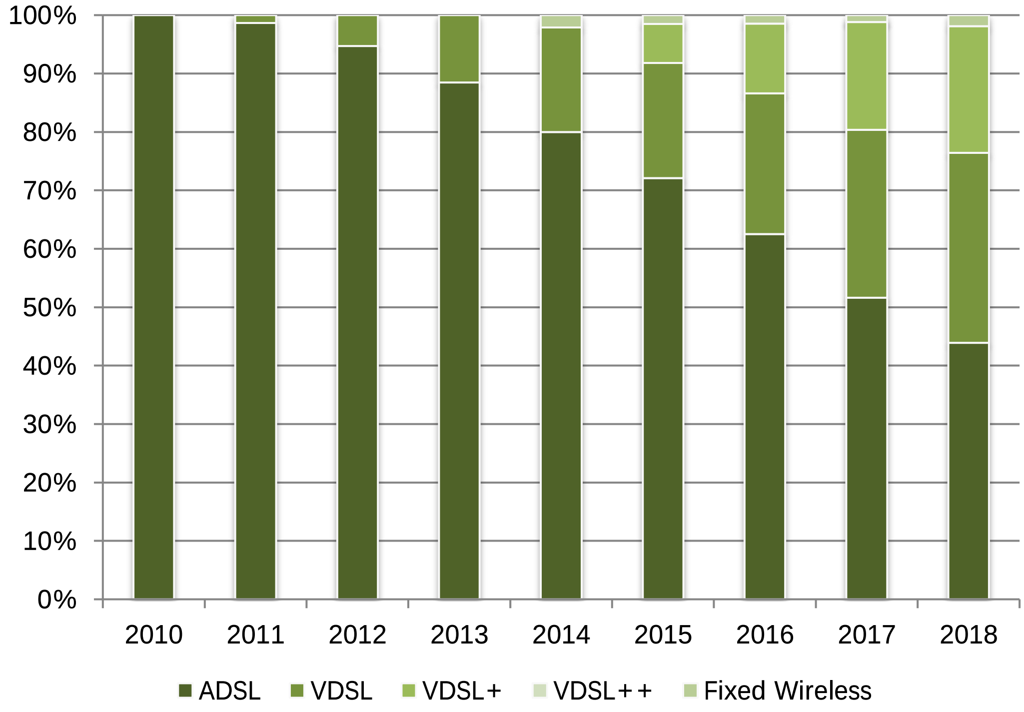

Figure 7 - Broadband Subscriptions by Product, By Year

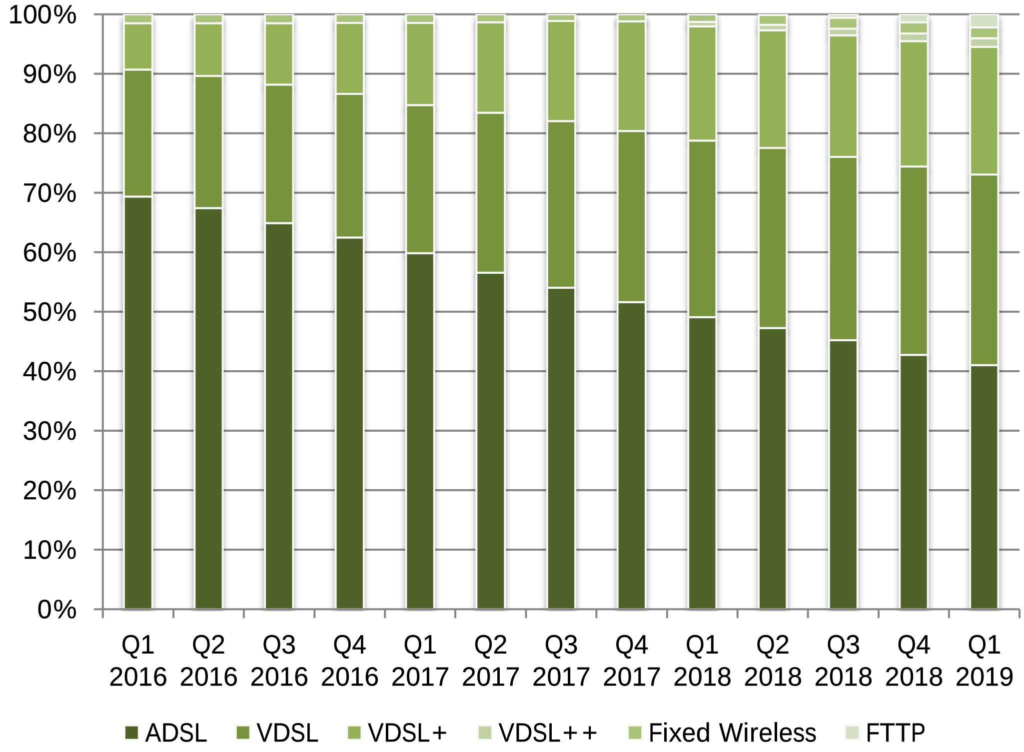

Figure 8 - Broadband Subscriptions by Product, By Quarter

2.11. In Q3 2018 operators reported to the Commission that they were offering a combined total of 141 Wi-Fi hotspots across the Island. This figure includes hotspots offered around Isle of

Man Government locations. However, it excludes Wi-Fi offered individually by cafes, bars and restaurants for example, as it is not possible to capture these.

Mobile Markets

Mobile	Bluewave	Domicilium	Sure	Manx Telecom	Wi-Manx	Continent 8
Post Paid	No	No	Yes	Yes	No	No
Pre Paid	No	No	Yes	Yes	No	No
Mobile Broadband	No	No	Yes	Yes	No	No

Table 1 - Mobile Markets Retail Services Offered by LO's

2.12. There are two separate mobile networks across the Island operated by Manx Telecom and Sure, there are no Virtual Network Operators currently providing services. In terms of subscription trends the Isle of Man mobile market (post-paid and pre-paid/PAYG users) trends are more cyclical than perhaps would be expected elsewhere.

2.13. Each year the Island experiences a significant influx of visitors over the TT period, this can clearly be seen in Figure 9 below as mobile numbers peak around Q2 and Q3 representing a notable increase over the Q1 and Q4 figures. It is thought that visitors purchasing pre-paid SIM cards to use on a temporary basis account for a large proportion of these shifts.

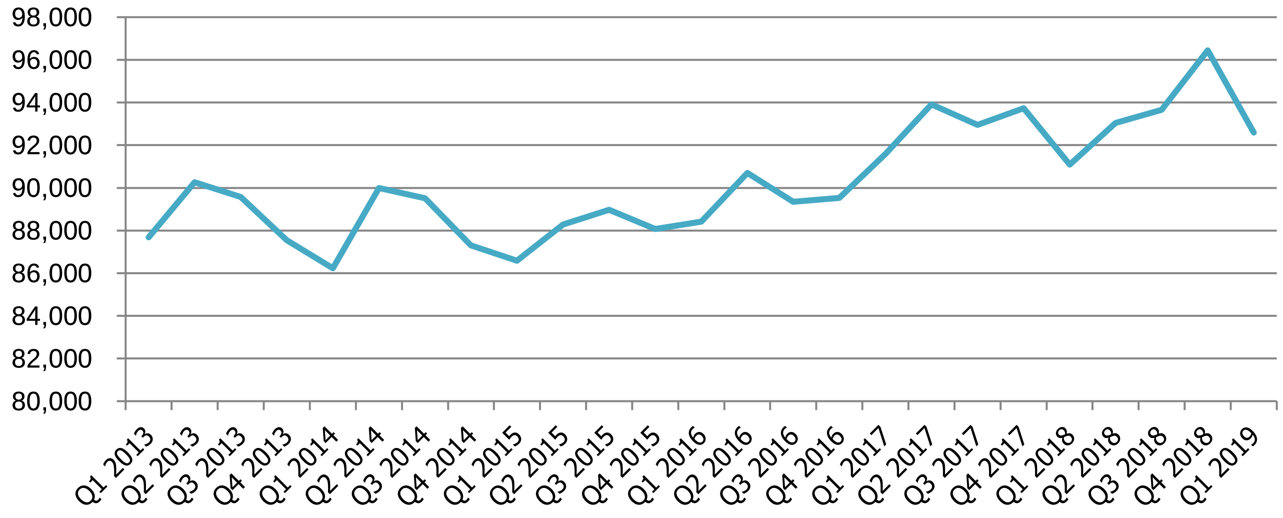

Figure 9 - Total Mobile Subscriptions per Quarter

2.14. Figure 10 below shows mobile phone subscriptions according to pay as you go (PAYG) or part of a post-paid contract. The current trend is that the contract subscriptions are growing in popularity, whereas PAYG SIMs are declining.

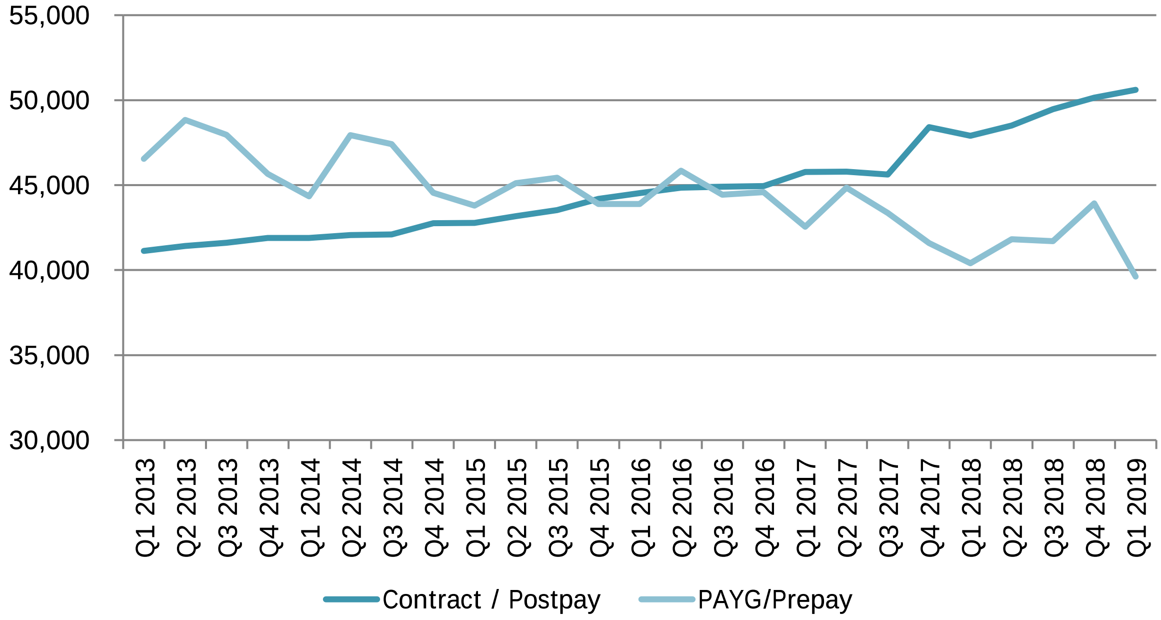

Figure 10 - Total Post-pay and Pre-pay Mobile Subscriptions per Quarter

2.15. The 2016 Census indicated that there were 83,314 residents in the Isle of Man in April 2016. The latest mobile phone subscription figures show that there were a total of 92,597 subscriptions in Q1 2019. Based on these figure for every 100 Isle of Man residents, there are around 111 mobile phone subscriptions.

3. Conclusion

3.1. Since 2016 there have been significant changes in the provision of leased lines, principally associated with the fall of analogue and ISDN channels which have reduced by 26% between 2016 and 2018. In Q4 2017 a new Carrier Ethernet portfolio was launched, this was supplemented in Q4 2018 by a Wholesale Carrier Ethernet Point-to-Multipoint offering.

3.2. The most recent change within the retail fixed broadband market is the launch of FTTP services, launched in Q1 2018, which provides a fibre connection from the exchange all the way to the premise, and offers download speeds up to 1Gbps.

3.3. Broadband subscriber numbers have been steadily increasing since 2016 with a 22% rise in subscriber numbers from Q2 2016 to Q1 2019. However, the number of subscribers of Broadband up to 16Mbps, the lowest speed and price on offer, has fallen by 26% to 41% over this period, reflecting the shift away from ADSL broadband products to faster products.

3.4. Overall, there is a continuing decline in the volume of traditional voice calls to all destinations which is matched by a decline in call revenue.

3.5. Since 2017 the trend within the mobile market is that the contract subscriptions are growing in popularity, whereas PAYG SIMs are declining.