

**November 2017**

## **MCA Business Perceptions Survey – Medium and Large Businesses – A brief overview of findings**

Following the release of the overall findings of the business perception survey earlier this month, the MCA<sup>1</sup> is now releasing a follow up on the perceptions of businesses in Malta. The previous survey provided viewpoints on the entire business community in Malta, that is all businesses comprising micro, small, medium and large sized organisations.

This publication presents additional qualitative information on medium sized and large sized businesses (i.e. businesses with 10 to 49 and 50+ employees respectively) extracted from the same survey, given especially their particular consumption patterns.

The survey addressed their level of satisfaction with purchases of electronic communications products and services, their sensitivities to price changes and their propensity to acquire high-quality data services. A number of findings concerning the use of service level agreements (SLAs) by medium sized and large sized businesses are also presented.

### **Methodology and Fieldwork**

The methodology used in the carrying out of business surveys, essentially as regards sampling, questionnaire design, fieldwork and weighting processes, is similar to that applied in surveys carried out in previous years. The research methodology involved a mix of Telephone Computer-Assisted Interviewing (CATI) with businesses employing less than 10 persons and Computer-Assisted Personal Interviewing (CAPI) interviewing with senior managers of medium and large businesses.

Survey respondents were selected using a stratified random sampling approach that was based on two main variables (i) the type of business sector (following NACE Rev. 2 Classification) and; (ii) the size of business (micro, small and large).

### **Overview**

Survey findings indicate that the general perception of medium and large sized businesses of the levels of quality of electronic communications services has improved when compared to findings from the 2014 survey. It is also noted that, from an expenditure standpoint, the number of business users spending €1,000-plus on a monthly basis in order to supply their employees with a mobile connection has declined. In fact, the percentage of medium and large businesses falling in this expenditure category has dropped from 9% in 2014 to 7% in 2016, as many of these are now claiming that their monthly expenditure on mobile does not reach the €1,000 benchmark. Another development is the declining percentage in medium-sized businesses relying on Service Level Agreements (SLAs), indicatively a result of the perceived improvement in the quality of the service on offer.

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<sup>1</sup> Link to the Press Release published by the MCA on the 2<sup>nd</sup> of November 2017: <https://mca.org.mt/articles/mca-publishes-findings-business-perceptions-survey-period-december-2016-%E2%80%93-march-2017>

The survey findings also indicate a very high take-up of fixed telephony and fixed broadband services by medium and large businesses. In fact, all of the surveyed businesses reported having a fixed broadband connection and 99.4% reported having a fixed telephony subscription. Of significance is the continued rise in take up of bundled subscriptions, particularly in the case of large businesses.

Another aspect drawn from the Business Perception Survey has to do with the high rates reported in the usage of mobile data services and OTTs. 70% of surveyed businesses say that they make active use of mobile data services, the large part of which are doing on a daily basis. Also, around 80% of businesses making use of mobile data report using some kind of OTT service, mainly for chat and voice connection requirements.

More survey findings are briefly outlined below. For a more comprehensive picture, a presentation encompassing the main survey findings is available on the MCA website via this link.

### **Fixed Telephony**

Almost all medium and large businesses have a fixed telephony subscription, with 71% of surveyed businesses reporting making use of two telephony lines or more at their premises. Typically, subscriptions are on a post-paid contract, with just 5% of respondents saying that they have a pre-paid connection.

The proportion of medium and large businesses claiming to spend less than €100 per month on their fixed telephony connection (as a stand-alone service) increased from 33% in 2014 to 50% in 2016. Meanwhile, the proportion of business users reportedly spending between €500 and €999 per month and €1000+ per month on their fixed telephony service has gone down during the same period. This may indicate that expenditure on fixed telephony by business users may be falling over time.

71% of medium and large businesses surveyed falling within the fixed telephony category were satisfied with the quality of service provided by operators when a fault was reported.

Of note is that the majority of business users have not opted for Service Level Agreements (SLAs) when purchasing the fixed telephony service. Furthermore, the proportion of medium-sized business users with SLAs has declined between 2014 and 2016, from 21% to 17%. In contrast, the proportion of large business users with SLAs was up during the same period, from 31% to 37%.

### **Mobile Telephony**

73% of medium and large businesses reported that they provide their employees with a mobile telephony connection for work related purposes. This figure was up from 41% reported in 2014. It is noted that 32% of respondents offering a mobile connection to their employees reported having allocated 5 to 9 active mobile connections and 34% reported having allocated 10 to 49 active connections.

From an expenditure stand point, 34% of medium and large businesses offering a mobile connection to their employees reported having knowledge of their monthly expenditure concerning mobile telephony (when purchased as a stand-alone). From these, 27% claimed that they spend less than €100 per month on mobile telephony services, whilst 49% claimed that they spend between €100 and €499.

Satisfaction levels with the quality of the mobile telephony service were found to be significantly high, at 93% of respondents offering a mobile connection to their employees. This represents an increase of 10 percentage points when compared to the corresponding percentage reported in 2014.

The high and regular usage of mobile data is also noteworthy, with 57% of medium and large businesses reportedly making use of mobile broadband services on a daily basis and a further 11% of respondents making use of these services on a regular basis. 30% of respondents did not make use of mobile broadband data services.

### **Fixed Broadband**

All medium and large businesses reported having a fixed broadband connection at their place of business. Of significance is that 13% of respondents have multiple connections with different service providers, mainly in order to ensure continuity in case of failure of one of the connections. Furthermore, 22% of surveyed businesses reported having a tailor-made fixed broadband connection in place, specifically addressing their particular business requirements. In this regard, the proportion of businesses with tailor-made connections was up from 8% in 2014 to 22% in 2016.

80% of all respondents having a stand-alone fixed broadband connection reported having knowledge of their monthly expenditure on the respective service. Around 4 of every 10 businesses with knowledge of their monthly expenditure on fixed broadband did not exceed €100 per month on such expenditure. Another 4 of every 10 businesses spent between €100 and €499 per month. Around 40% of businesses who know their monthly expenditure deemed such expenditure to be reasonable. 37% of respondents remained neutral on this matter.

The perceived level of satisfaction in the use of fixed broadband was also high, at 86% of medium and large businesses being satisfied or very satisfied with the quality of the service. This figure is 14 percentage points higher than that reported in 2014.

### **Bundles**

Data collected suggests that medium and large businesses are increasing their take-up of bundled services. Indeed, 66% of medium and large businesses reported having a bundle service in 2016, an increase of 7 percentage points when compared to 2015.

It is worth noting that a number of medium and large businesses did not opt for standard off-the-shelf businesses bundles but instead bargained for better terms and conditions. 38% of medium-sized and 49% of large businesses acquiring bundles were able to negotiate improved terms and conditions on their bundles.

Medium and large businesses were more knowledgeable about their monthly expenditure when purchasing services within a bundle. In fact, 81% of all respondents acquiring bundled services were able to identify their monthly expenditure. 50% of medium and large businesses that knew their monthly expenditure spent €200 or less on a monthly basis on electronic services while 20% businesses spent less than €499 but more than €200 on a monthly basis. The remaining 30% spent more than €500 a month on bundles. 49% of medium and large businesses felt that their monthly expenditure on bundles was reasonable, while 43% felt that their monthly expenditure on bundles was neither expensive nor cheap. The remaining 8% found the cost of bundles to be expensive.

### **Other data services**

A number of medium and large businesses may have specific needs and would thus opt to purchase alternative technologies to the standard Point-to-point over Ethernet connection generally supplied by operators. Such data services may include IP-VPN, leased lines, microwave links and others. Data collected suggests that the use of such services has been comparable to previous years. 19% of medium and large businesses made use of other-data services in 2016.

60% of respondents who claimed to have made use of alternative data services opted for more than one alternative service. IP-VPN (63%) and dedicated Ethernet (63%) were the most popular choice. Satisfaction was also high with 91% of businesses claiming to be satisfied with the aforementioned services. This is an increase of 27 percentage points from the last survey which was carried out in 2014.

### **Over-the-top (OTTs) services**

The use of OTT services is also prominent amongst medium and large businesses. 82% of medium and large businesses made use of OTT services over a mobile broadband connection while 55% of medium and large businesses made use of OTT services over a fixed broadband connection.

The order of preference for OTT services amongst medium and large businesses was similar to what was observed in the overall survey. The use of Chat based OTTs such as Whatsapp were the most used applications, followed by voice-based OTTs and video-based OTTs services respectively.

Satisfaction rates were high for OTT services over both fixed and mobile broadband with medium and large businesses reporting satisfaction rates of 91% and 95% respectively.