Research and Action Agenda for a National Broadband Initiative – Demand Factors

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Casuarina Hall, India Habitat Centre, New Delhi – 10003, India.
Broadband – a revolution in itself
The world of Anywhere!

Our vision for how ubiquitous connectivity transforms consumers, enterprises and the world we live in.
Anywhere Is a Revolution

Battles underway and ahead will transform the world we live in.

It will bring the largest technology change in our lifetimes.
### Anywhere Will Surpass the Internet’s Impact

<table>
<thead>
<tr>
<th>Place</th>
<th>Internet: 1995 to 2005</th>
<th>Anywhere: 2005 to 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work and home</td>
<td>PC</td>
<td>Any device</td>
</tr>
<tr>
<td>Anytime and anywhere</td>
<td>Narrowband</td>
<td>Broadband</td>
</tr>
<tr>
<td>1 billion (2005)</td>
<td>2 billion (2012)</td>
<td></td>
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</tbody>
</table>

Source: Yankee Group
Broadband revolution is yet to hit India!!
How We Compare with the World

As of 2009, only 7% of Indian Households have ownership of a home computer.

As of 2009, only 3% of Indian Households have ownership of internet.

The Anywhere Economy – India is still emerging

- **Anywhere Economies**
  - At least one broadband line per person
  - Anywhere Index of 100% or more

- **Transforming Economies**
  - At least one broadband connection per three people
  - Anywhere Index of 33% or more.

- **Emerging Economies**
  - Have less than one broadband line per three people.

**Source:** Yankee Group
Broadband in India – Poised for growth?
We have already seen the lows in Broadband market

- **High**
  - (>30% average CAGR for next 3 years)

- **Low**
  - (<30% average CAGR for next 3 years)

**Nature of competition**

- **Oligopolistic**
- **Competitive**

**The past – focussed on the supply**

**The future – demand driven**

Circa 1998 - 2003
Circa 2004 - 2007
Circa 2007 - 2010
At demand side, the potential is huge, but is it addressable?

**Individuals (12+ population)**

- **250 Mn**
  - Urban: 51%
  - Rural: 49%

- **568 Mn**
  - Urban: 44%
  - Rural: 56%

**Households**

- **66 Mn**
  - Urban: 50%
  - Rural: 50%

- **153 Mn**
  - Urban: 44%
  - Rural: 56%

**Universe of Establishment (All India)**
- 7.4 Million

**Universe of Establishments (Top 8 Metros)**
- 2.2 million

**Universe of SMEs (Top 8 Metros)**
- 0.33 million

**Establishment**: Any business establishment owning a telephone line and engaged in business activity.

**SME**: Head office of a business establishment owning a PC.

Source: I-Cube 2009 Home Segment Report, NRS 2006, IMRB Analysis
HH and Businesses – Huge gaps in Broadband penetration

Total entities ~230 mn

Households ~ 220 mn

Households with internet ~ 7 mn (3%)
Households with broadband ~ 5 mn (2%)

Enterprise ~ 8 mn

Enterprises with internet ~ 2.4 mn (28%)
Enterprises with broadband ~ 2.1 mn (18%)

The addressable market with current technologies

Source: ITOPS, I Cube 2009

Given the current scenario, we can best hope to reach 20 million broadband connections by 2014 – is this good enough?
However, Internet is already beginning to reach the masses!!

- Internet users form around 24% of the Urban India
- 48% come from Non Metros and Small Towns
- 35% are from lower socio economic classes - SEC C, D & E

**Source:** I-Cube 2009, annual syndication on Internet since 1998

**Base:** All India Estimates

Active users = Used internet in last 1 month
Fractured by limited connectivity options

- PCs continue to be main Access Device for Internet access
- There is a limited scope to drive demand as PCs growth and penetration is limited
- The Cyber Café usage continues to be stable, but they are closing down in large numbers facing the stringent regulations

Source: I-Cube 2009, annual syndication on Internet
Base: All India Estimates
... and English as a language barrier

- Urban Population ~ 250 Mn*
- Urban Literate Population ~ 205 Mn*
- Urban English-Speaking Population ~ 91 Mn*
- Urban Computer Literates 87 Mn - March 2008
- Urban Claimed Internet Users 50 Mn - March 2008
- Urban Active Internet Users 36 Mn - March 2008

Source: NRS 2006 (Population of 12 years or above), I Cube 2008
Can Internet follow a similar trend as seen in success of vernacular content on print and TV?

- 2.9 Mn active Internet users use vernacular content over Internet
- Another 3.1 Mn active users are likely to use vernacular content in future
- The main applications used in vernacular language are
  - Emails (51%)
  - News (34%)
  - Search (27%)

Vernacular content is next in line which is expected to grow. Even the Internet biggies like Google or Yahoo!, amongst other online websites are providing content in local languages.
At the same time there is a growing demand for bandwidth heavy applications.

### Purpose of Internet access

- **E-mail**: 91 (2008) 87 (2009)
- **Educational information search**: 49 (2008) 65 (2009)

Source: I-Cube 2009
Base: Active Internet User (Urban)
2009: 31 Cities
2008: 30 Cities
What technology can satisfy increasing bandwidth hunger?

The option is between WiMax vs 3G/4G vs Fiber

Source: Yankee Group Research
Vision 2014 – 214 Mn Broadband Connections

With symmetry in the connection speeds

- > 2 Mbps
- 1 – 2 Mbps
- 512 -1 Mbps
- 256 – 512 kbps
- < 256 kbps

Volume era | Speed era | Symmetry era
Aiming 214 Mn by 2014: Is the path smooth?

- Reaching 214 Mn by 2014 is possible through a right mix of technology, end point and content

  - Do we have the right infrastructure/technology?
    - Amongst various technologies, which technology suits best for India and its terrain

  - Do we have the sufficient end points?
    - Only 15.9 Mn PC owners at present
    - There is a decline in the growth of PC owners

  - Do we have the right content?
    - Vernacular content may pave roads for many non-English speaking population
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Sir Martin Sorrell speaking to NDTV in India in 2005 and later at Hong Kong

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Sir Martin Sorrell
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Services 30% of fortune 500 companies

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- 28 offices in 11 countries having researched in over 52 countries
- 4.4 million customer interactions every year
eTech Group specializes in Technology Research

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Thank You

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