VoIP Statistics – Market Analysis

Q1 2013

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1 Introduction

Growth in VoIP subscriptions continues to trend downwards in the first quarter of 2013. The VoIP operators tracked by Point Topic recorded a combined worldwide subscriber total of 155.2m at the end of March 2013. Net additions for the quarter stood at 3.6 m.

The VoIP subscriber market is dominated by six leading countries – the United States, Japan, France, South Korea, Germany and China. These countries have nearly 80% of the reported global VoIP market share. Smaller countries are posting more rapid growth, but overall these markets have very little impact on the overall global trends.

For the purposes of this report, Point Topic defines VoIP as a subscription service that does not require a PC to operate. For this reason, Skype services are not included in the figures for subscribers, although we do discuss them in this report. PSTN-style services are included.

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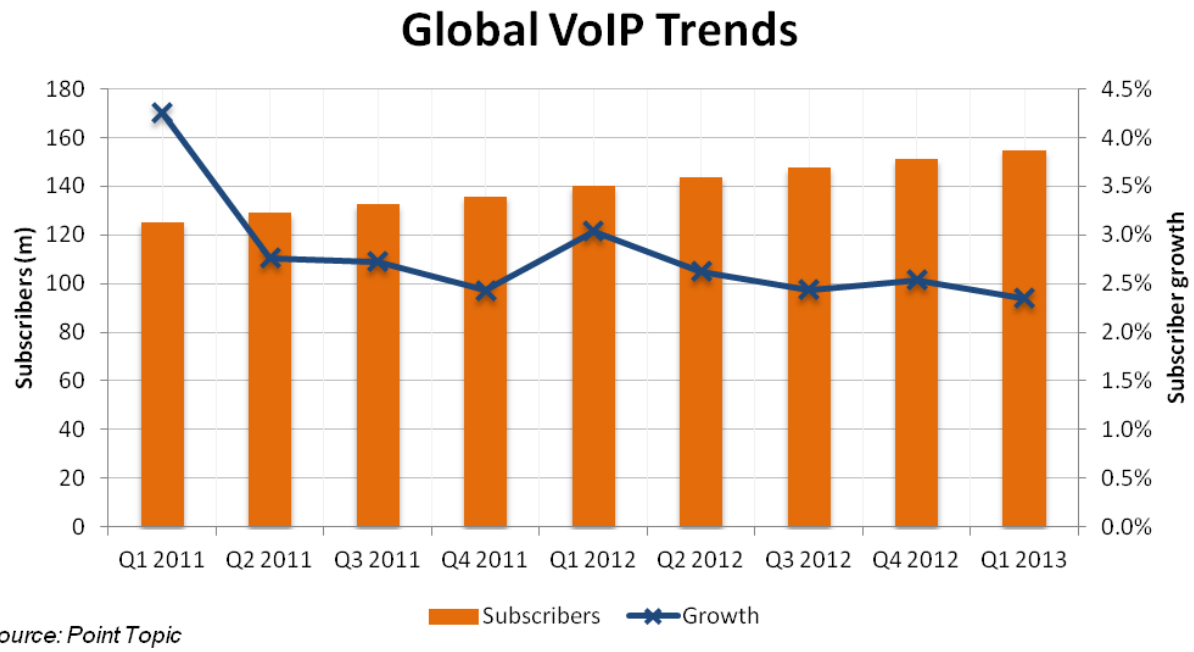
2 Global and regional perspective

2.1 Overall growth

The VoIP operators tracked by Point topic around the globe recorded a combined total of 155.2m global subscribers at the end of March 2013.

Growth in Q1 2013 was down compared to the same period last year – with subscriber growth of 2.3% compared to 3.0% in Q1 2012. Over the last two years, most quarters have seen growth of between 2.5% and 3.0%.

At the start of 2011 and 2012 we saw a surge in VoIP subscriptions but did not see the same trend in Q1 2013.



Net additions for the operators we tracked totalled 3.6 million for the quarter.

Quarter	Subscribers	Net adds (qtr)	Growth
Q1 2012	140,312,891	4,260,518	3.0%
Q2 2012	144,097,525	3,784,634	2.6%
Q3 2012	147,688,344	3,590,819	2.4%
Q4 2012	151,525,248	3,836,904	2.5%
Q1 2013	155,165,876	3,640,628	2.3%

Figure 1: World VoIP subscriber numbers with growth. Source – Point Topic

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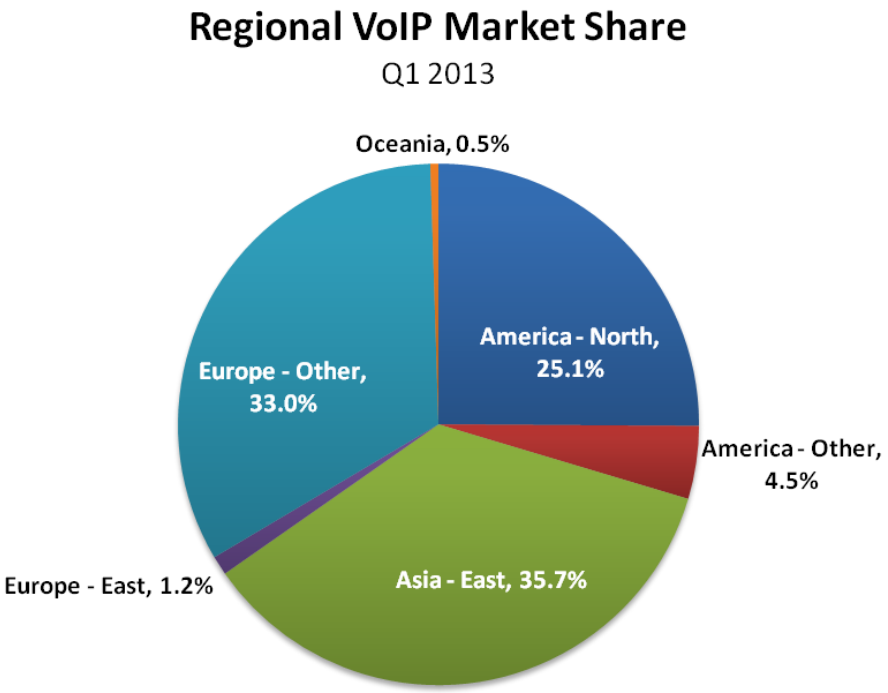
2.2 Regional trends

We have explored the regional market shares of the global VoIP market:



Region	Population (millions)	Subscribers (Q1 2013)	Net adds (Q42012 to Q12013)	Growth (Q42012 to Q12013)
America – North	352.0	38,938,806	679,678	1.8%
America – Other	361.1	7,008,613	383,585	5.8%
Asia – East	1,563.3	55,376,028	1,393,013	2.6%
Europe – East	75.8	1,845,663	100,895	5.8%
Europe – Other	381.6	51,212,766	1,073,457	2.1%
Oceania	23.2	784,000	10,000	1.3%
Total VoIP	**2,757.1**	**155,165,876**	**3,640,628**	**2.4%**

Figure 2: subscriber numbers, net additions and growth by region. Source – Point Topic.

Statistics for each global region tend to be dominated by the performance of one or two dominant countries.

There is a fairly even split between the VoIP market share in East Asia, Europe and the Americas, although the Americas are falling slightly behind. East Asia, however, has taken the highest share of net additions within the quarter, adding 1.4 million new subscribers and 38.3% of all reported net

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additions. Out of the six key VoIP countries tracked, China has posted the strongest growth within the quarter, which accounts for East Asia's greater share of net additions.

Eastern Europe and Latin and Central America posted the strongest growth within the quarter. VoIP subscriber numbers in Eastern Europe have been growing rapidly for some time now. Growth in Latin and Central America has picked up in recent quarters, with NET in Brazil and UPC in Puerto Rico reporting strong growth within the last quarter. Of the markets with large growth potential, Oceania has posted relatively low growth within the quarter.

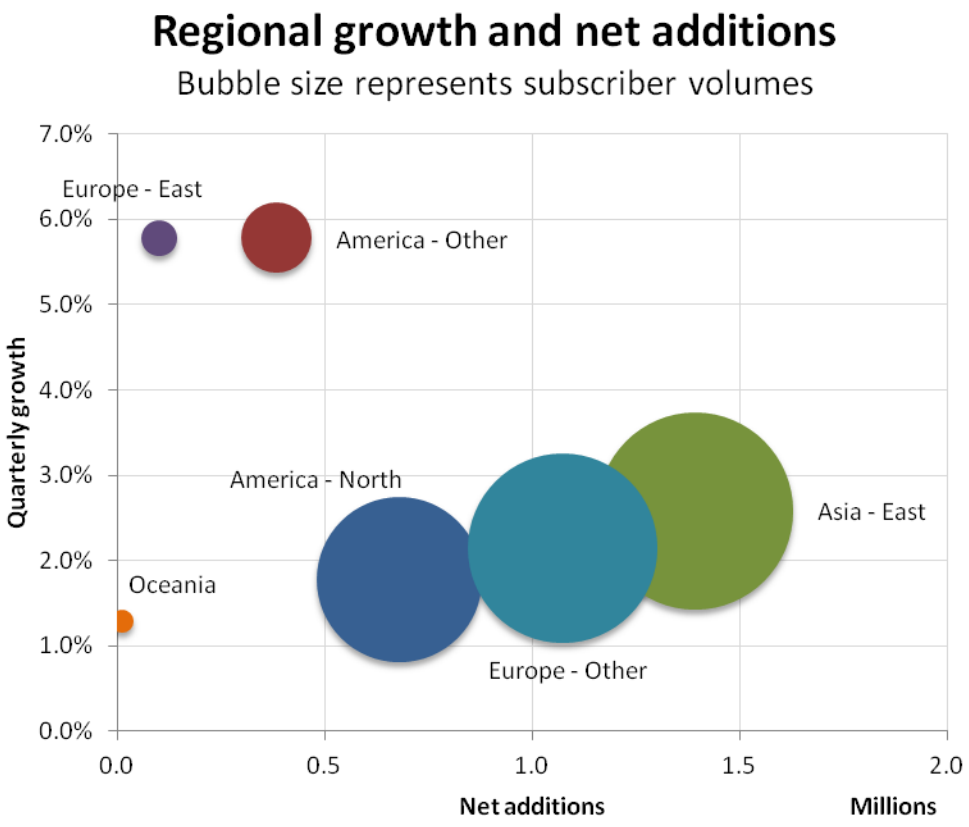

Figure 3: **penetration and quarterly growth by region – area represents subscriber volume in Q1 2013. Source – Point Topic**

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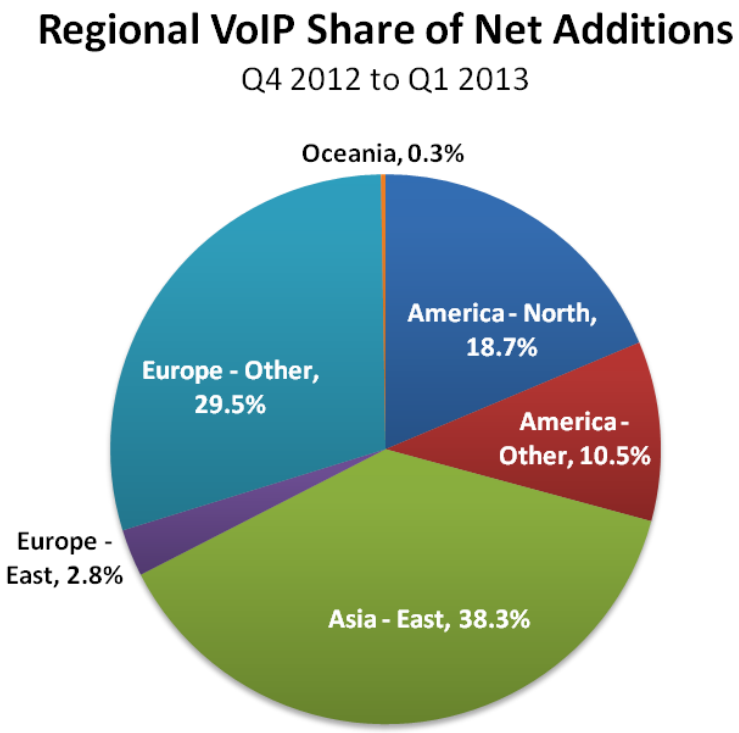

Figure 4: **% of net additions delivered by each region. Source – Point Topic**

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3 Top VoIP countries

3.1 Number of subscribers

There were no changes in the ranking of the top ten countries for VoIP subscribers. In total, these ten countries account for more than 90% of all reported VoIP subscriptions.

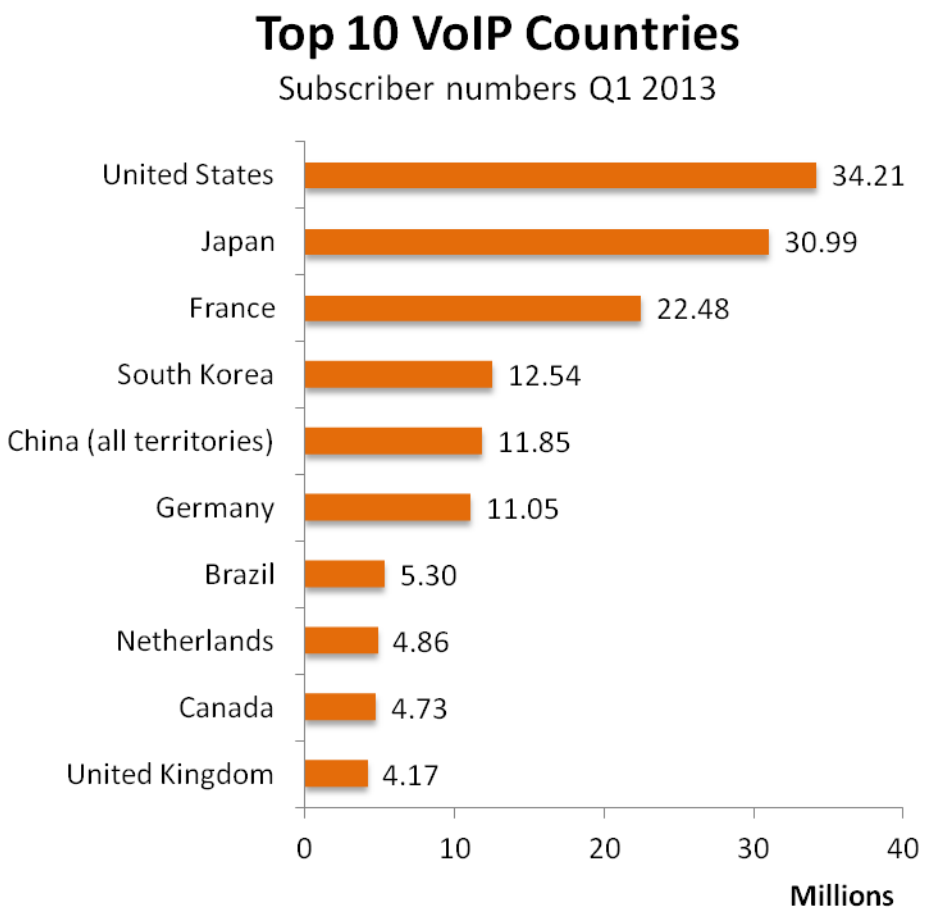

Figure 5: VoIP subscribers in Q1 2013. Source – Point Topic

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3.2 VoIP subscribers added

The combination of net additions in Japan, China and South Korea means that overall, East Asia accounts for nearly 40% of all net additions within the quarter.

Whilst Poland is not in the top ten countries in terms of subscriber numbers, it is in the top ten for net additions taking the place of Canada.

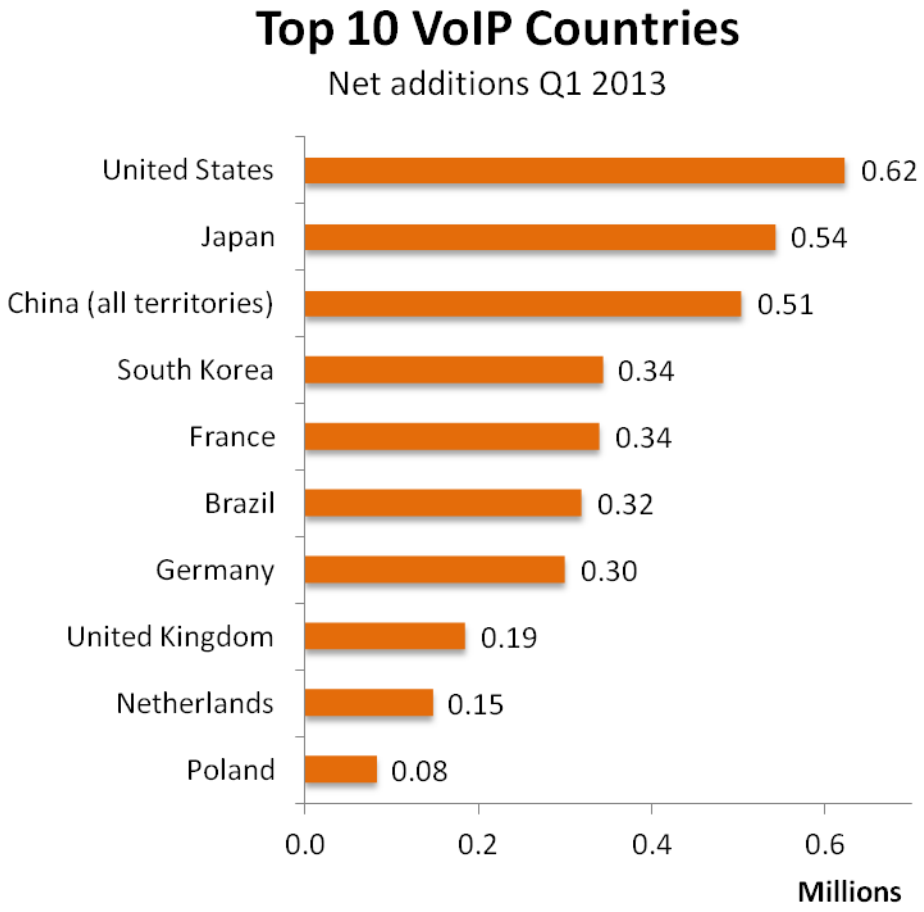

Figure 6: VoIP subscribers added in Q1 2013. Source – Point Topic

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3.3 Percentage growth

From our list of top 10 countries for VoIP subscriptions, only the United Kingdom and Brazil in the top 10 for strongest growth in the quarter.

All but two of the top growth countries are from Europe. Puerto Rico and Brazil are also posting strong growth in the Americas.

Often the growth reported is due to a single operator within the country – we suggest that you use the full statistics database to fully understand the results.

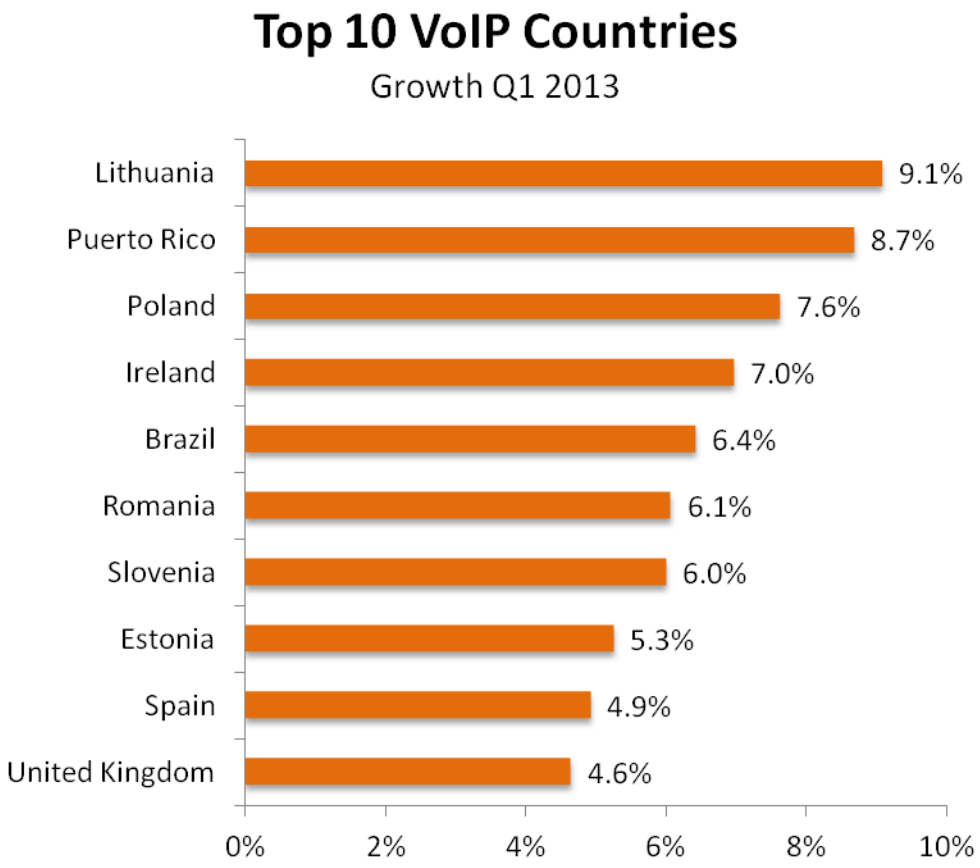

Figure 7: VoIP growth between Q4 2012 and Q1 2013. Source – Point Topic

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3.4 Share of fixed broadband market

Here we look at the number of VoIP subscribers as a percentage of the overall number of fixed broadband lines. This gives an indication which countries are showing a high propensity to take up VoIP services.

High adoption is driven by availability and price. In France, VoIP has enabled new entrant operators such as Free to use unbundling or bitstream access to offer consumers an all-IP triple play service for a low pr ice. Incumbent France Telecom was also relatively quick to launch its own range of VoIP products. The result has been a rapid shift away from PSTN.

It follows that France has a very high penetration of VoIP services. At the end of the first quarter in 2013, over 95% of broadband subscribers in France also took a VoIP service.

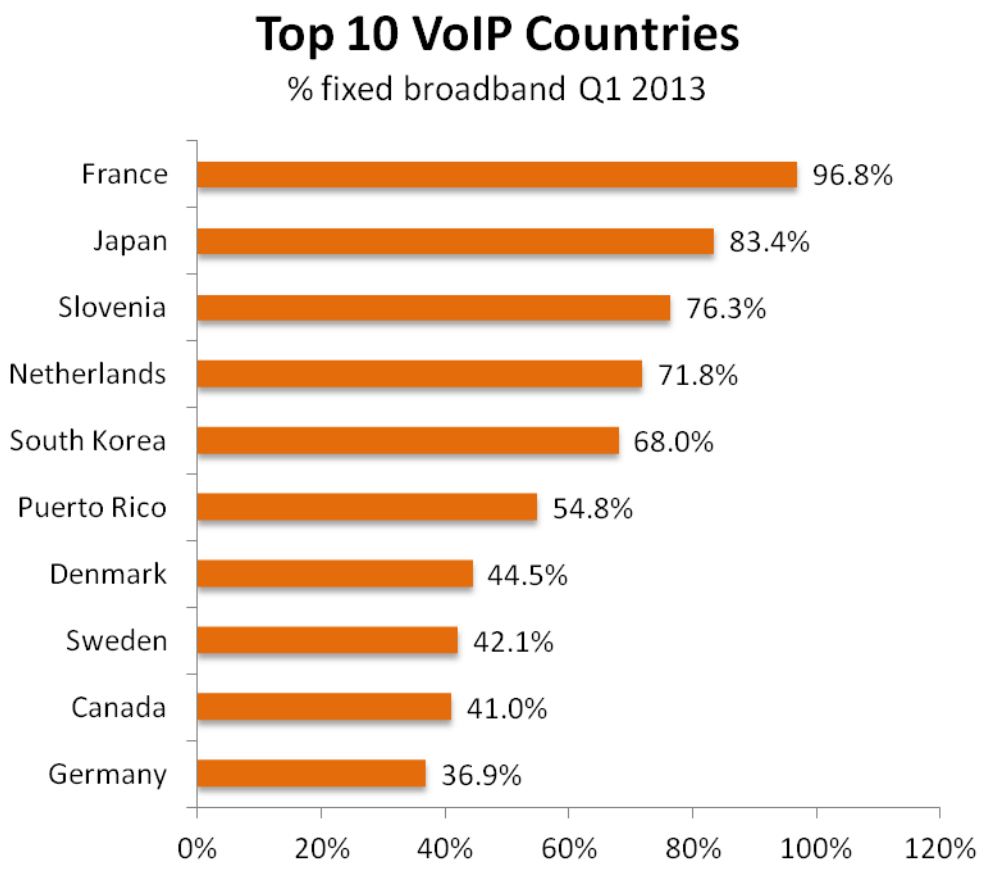

Figure 8: VoIP subscribers as a percentage of all fixed broadband lines in Q1 2013. Source – Point Topic

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4 The impact of internet telephony

All of the VoIP services that Point Topic has been tracking use IP technology to provide a PSTN-like service. In other words, the customer can simply pick up a telephone handset to make a call, and will receive a bill from their service provider.

But any discussion of VoIP needs to include internet telephony. Luxembourg-registered Skype is by far the most widespread of these services, although some IM platforms and online gaming networks support IP voice traffic. Initially, the majority of calls via Skype were made and received from the PC. For non-technical users, Skype still remains more complex to use.

Calls can now be made via a mobile, connecting to the internet using WiFi (usually free) or 3G (could be expensive depending on the tariff). Skype phones are also available, which plug directly into a router and do not require the home PC to be switched on. Such arrangements have seen relatively low rate of uptake.

In 2011 Skype provided some operational data for 2010, in an amendment to an S1 filing with the SEC. An S1 filing is a general registration, which is the first step towards an initial public offering (IPO).

Skype said that it had 663 million registered users at the end of 2010 (up 89 million over the year), with 145 million registrants using Skype at least once a month. However, only 8.8 million Skype registrants paid any money for the services, generating revenues of $859.8 million. This represents an ARPU of just over $8 per user per month assuming a constant rate of ARPU growth. Skype also said that 42% of its call minutes in Q4 2010 were via video telephony. Skype also planned to launch advertising on its services, perhaps to make up for the revenue it is not earning from telephony. Adverts were due to run in the USA, UK and Germany initially.

What these numbers suggest is that the number of regular Skype users is at around the same level as the number of ‘full-service VoIP’ users (135 million). ARPU is considerably lower, as only 8.8 million Skype subscribers were paying anything at the end of 2010.

The other obvious point to be made from the Skype data is that there is demand for video calls. But Skype has created an expectation that this is a free service. This makes monetising video calls difficult for other operators in the consumer video telephony space, and even for operators looking at the low end business video telephony market.

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