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Agence Nationale de Réglementation des Télécommunications

# INTERNET MARKET IN MOROCCO

# Quarterly Observatory*
# -December 2012-

- This document is to be considered for information purposes only.

# Summary

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# Introduction

## I. Various types of Internet access

A various offers of Internet access offers are subscribed by the end-user according to his needs and according to the required comfort of connection. Thus, the main Internet offers include the Dial Up access with and without subscription and, "Flat rate" access, "Internet Leased Lines", 'ADSL' access and 3G Internet access.

The principle of these various offers can be specified as follows:

- **The Traditional Dial Up Access to the Internet** : it allows any user having a telephone line and a computer equipped with a modem to connect to the Internet by contracting as a preliminary a monthly subscription within an Internet Service Provider. This offer allows the subscriber to access to the Internet according to his specific needs and to pay the time of connection according to telephone tariff into force.

- **The "Flat rate" offers:** They include the payment of a monthly fixed amount which includes "the Internet subscription and the communications". The durations included in the "Flat rate" vary following the Internet Service Provider. This offer makes it possible to the subscribers to control their Internet use.

- **Broadband access via ADSL:** it allows the end-user to make a high speed connection (128, 153, 256, 512, 1024 kbit/s, 2 Mbit/s, 4 Mbit/s, 8 Mbit/s, 20 Mbit/s), without worrying nor about the time of connection nor about the volume of exchanged data.

- **The Internet access via Leased Lines:** It is an offer of Internet access with a fixed speed according to different levels n*64kbit/s.

- **3G Internet access:** It concerns any holder of a post-paid subscription contract for 3G Internet service that is not canceled or temporarily suspended for not less than three (3) months or any subscription type prepaid Internet service who have taken at least a charge (Internet) during the three (3) last months or whose charge is valid. These services can be either a "Data Only" offer or a Voice offer necessarily combined with an Internet offer.

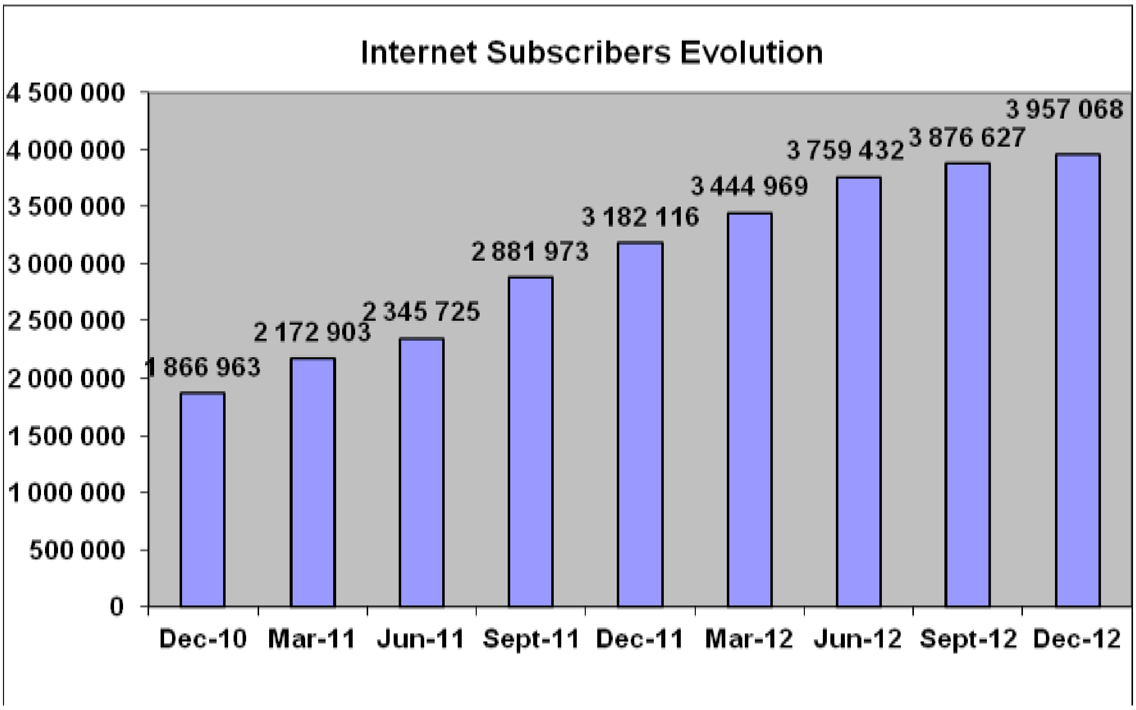
## II. State of the global market at December 2012

According to the new decision No. 06/11 of 25 January 2011 laying down the accounting mode of the 3G Internet subscribers and given the evolution of the 3G Internet service especially the Internet access combined with the 3G mobile phone service as well as the significant expansion experienced by the mobile phone market that supports this new generation technology (Smart Phones), the Internet observatory document has been modified. This trend is also in line with trends in international practices in this area.

Therefore, the 3G Internet accounts are now presented in two distinct parts, one relating to the "Data only" accounts and the other to the "Voice + Data" accounts.

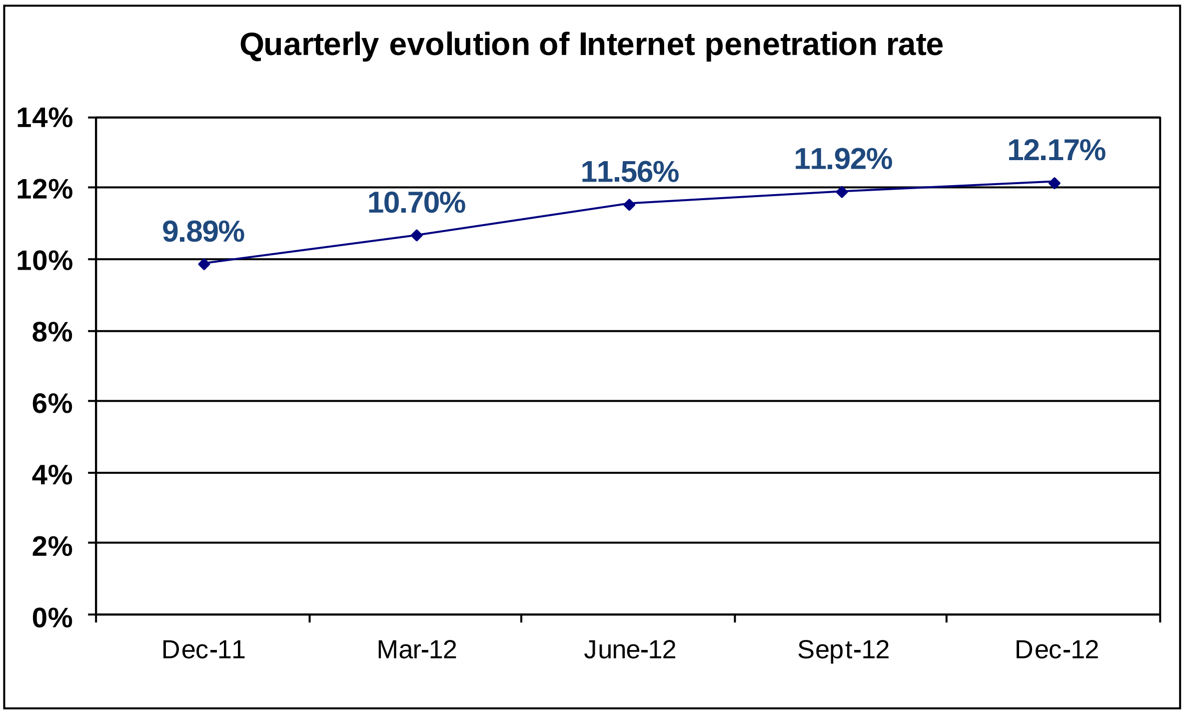
These two offers will be considered together in calculating the global Internet accounts while 3G offers combined "Voice + Data " were not recorded so far in the 3G accounts in previous publications.

At the end of December 2012, the figures transmitted by the ISP's (Internet Service Providers) delivered the following evolutions of the number of Internet subscribers.

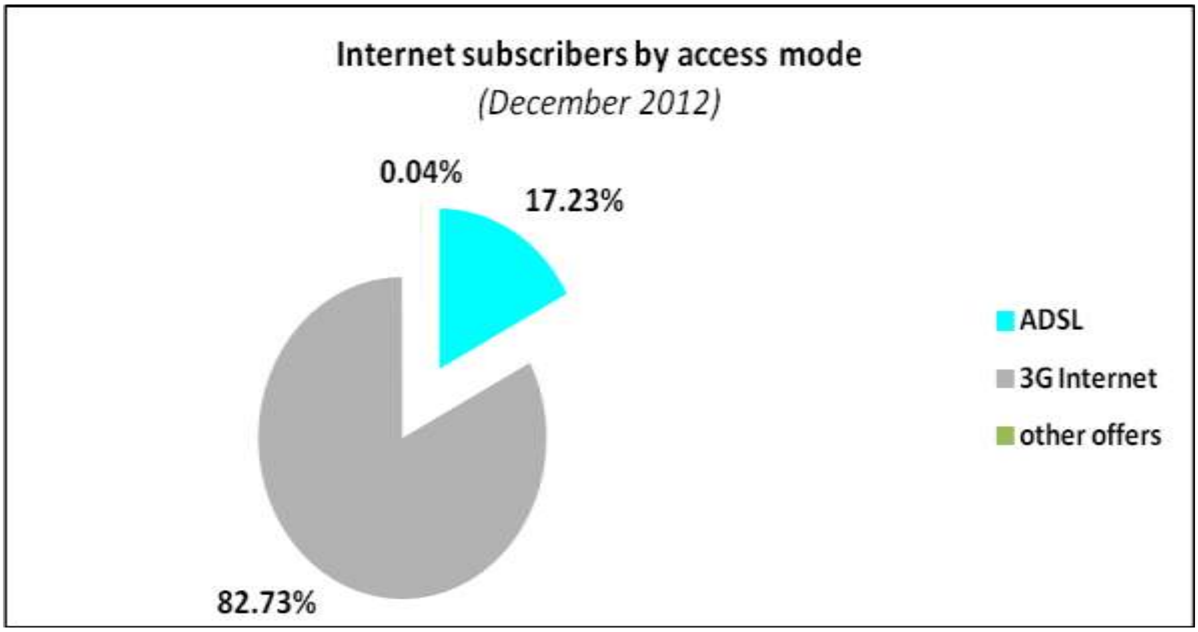



Internet market is always in progression recording a quarterly increase of 2.08% and an annually one of 24.35%.

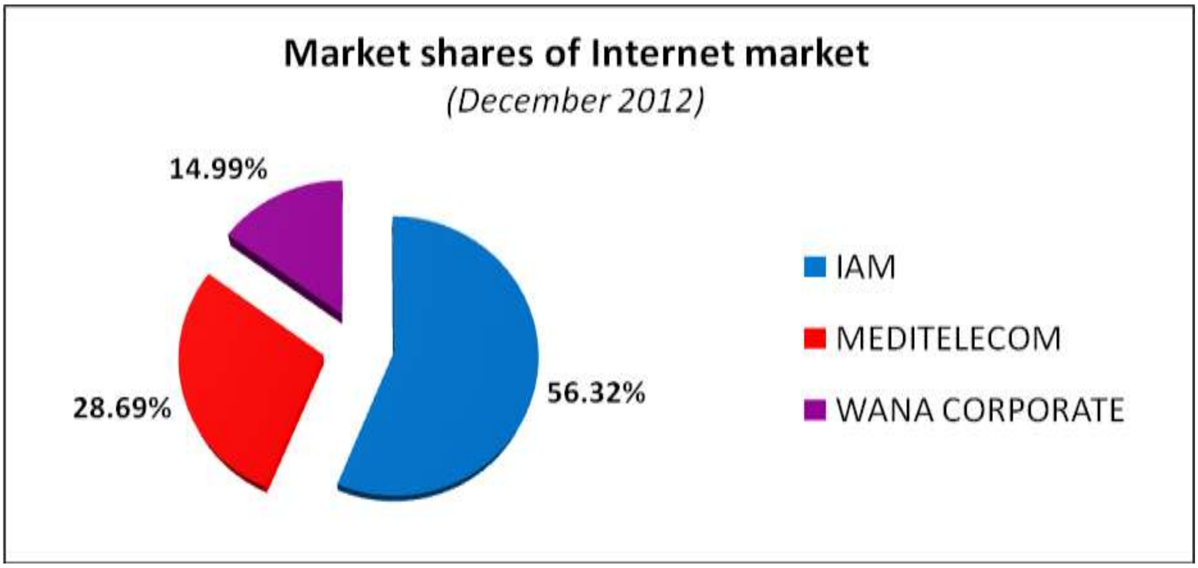
The Internet penetration rate reached 12.17% at the end of December 2012.




The distribution of subscribers by access mode is as follows, with a predominance of the 3G internet access, representing 82.73% of the global Internet market and broadband ADSL Internet access with 17.23%.



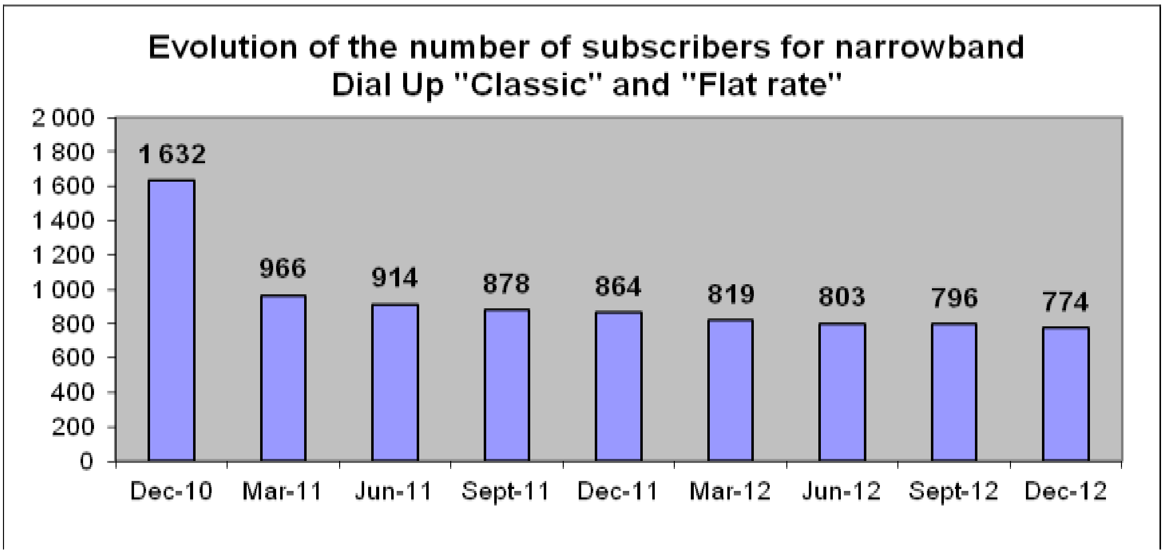

In terms of market share, IAM holds 56.32% of the Internet subscribers market followed by Medi Telecom with 28.69% and Wana Corporate with 14.99%.


Market shares of Internet market
(December 2012)
14.99%
28.69%
56.32%
IAM
MEDITELECOM
WANA CORPORATE

# State of the narrowband market

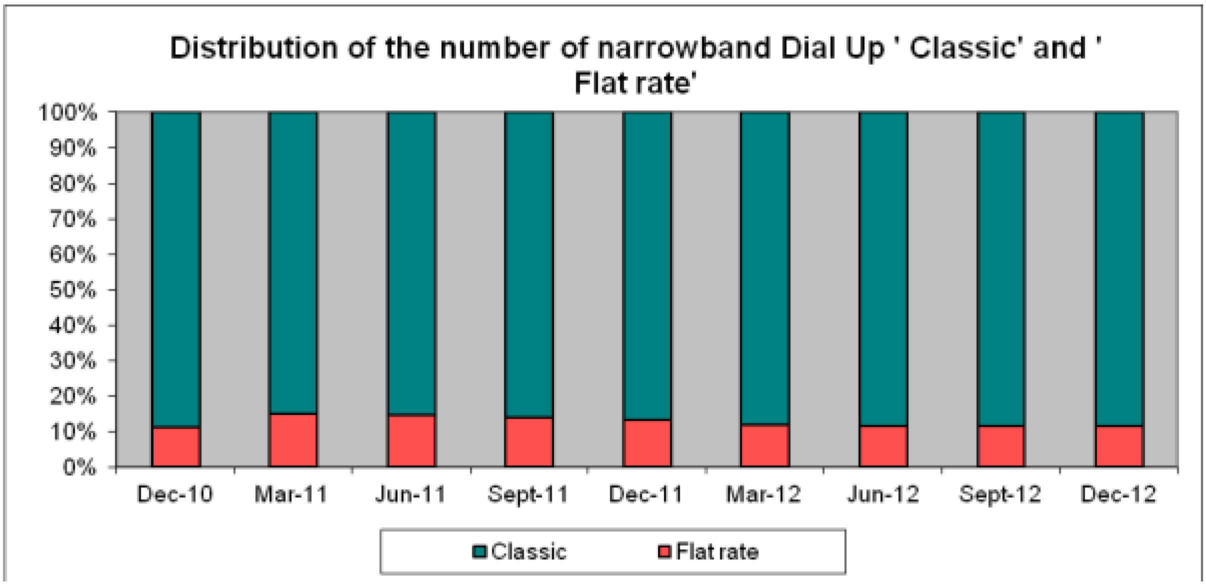
## I. Evolution of the narrowband Dial Up 'Classic' and 'Flat rate' subscribers

The figures received from ISP's at the end of December 2012 showed a quarterly decrease of 2.76% in the number of accounts for 'Classic subscriptions' and 'Flat rate' access options with 774 subscribers.




## II. Distribution of the number of subscribers for narrowband Dial Up ' Classic' and ' Flat rate'

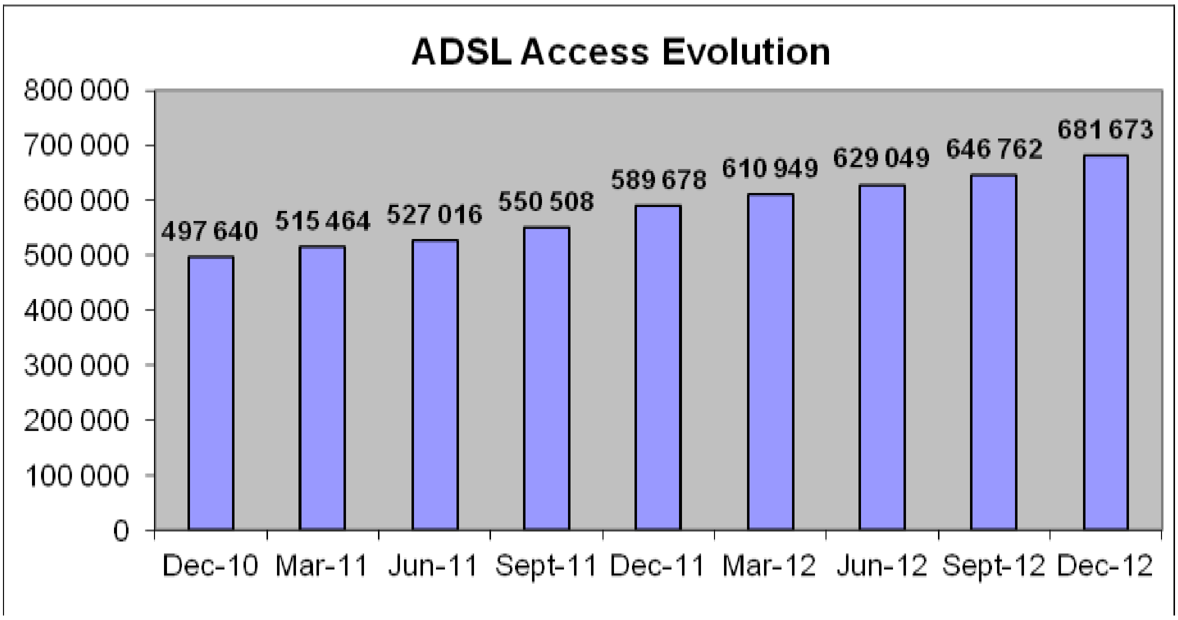
Relative shares of the Flate rate and the classic accesses are illustrated in the following chart:



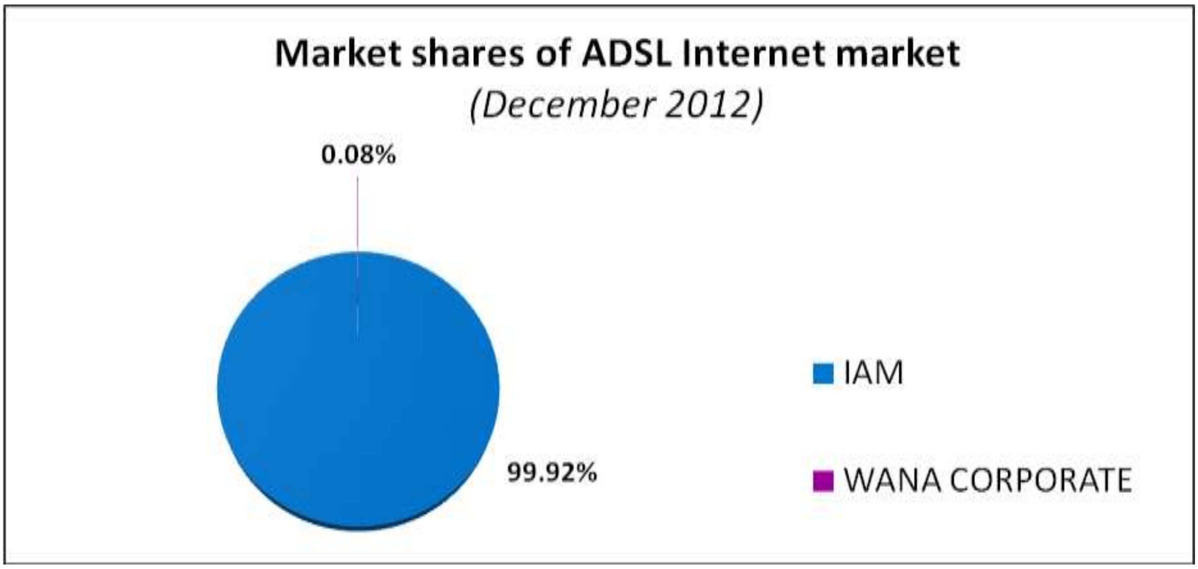
# State of the broadband market

## I. Evolution of ADSL subscribers

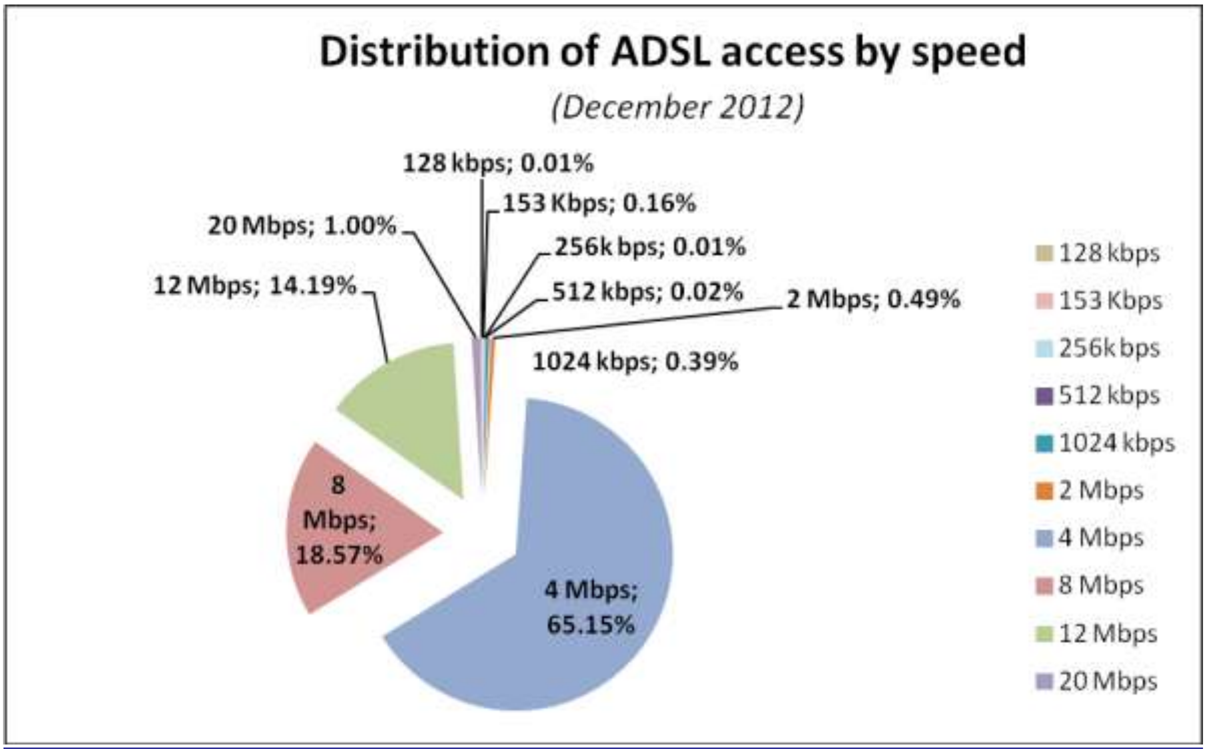
The number of ADSL subscribers' increased by 5.4% over the fourth quarter of 2012. The annual growth of the ADSL accounts is about 15.6%.




In terms of market shares, IAM holds 99.92% of the ADSL Internet accounts.

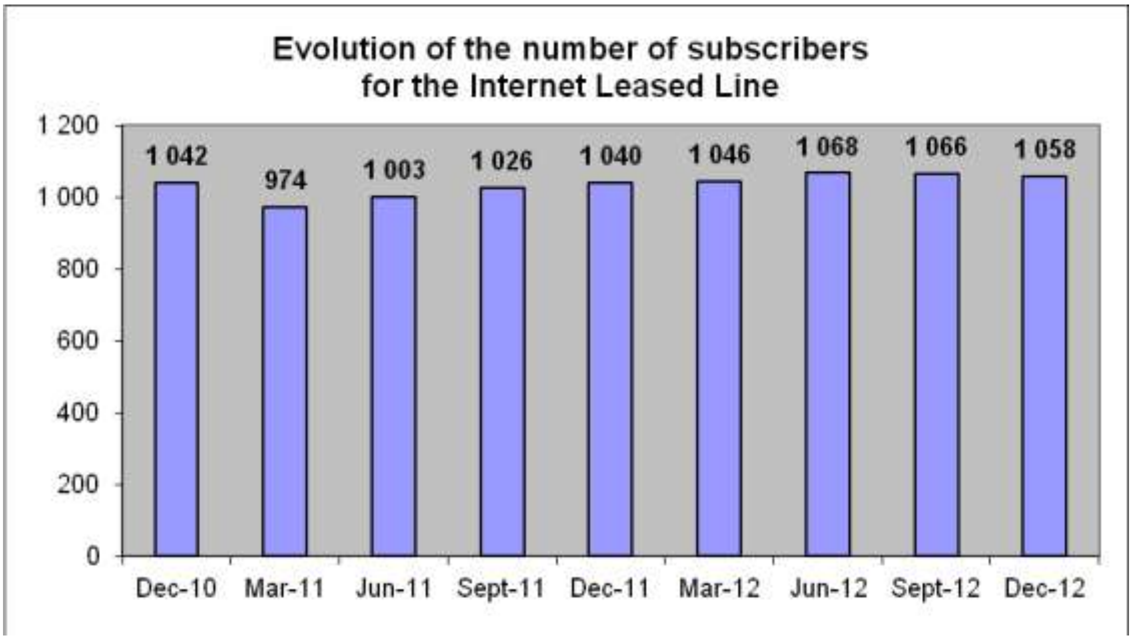


The distribution of ADSL access accounts by speed is as follows, with a predominance of 4 Mbits/s accesses with 65.15% of the ADSL Internet market at the end of December 2012 followed by 8 Mbits/s (18.57%) and 12 Mbits/s (14.19%).




## II. Evolution of the number of subscribers for Internet Leased Lines

The estimated number of Internet access via Leased Lines (LL) recorded a slight quarterly decrease (- 0.75%) and increased by 1.73% over a year.



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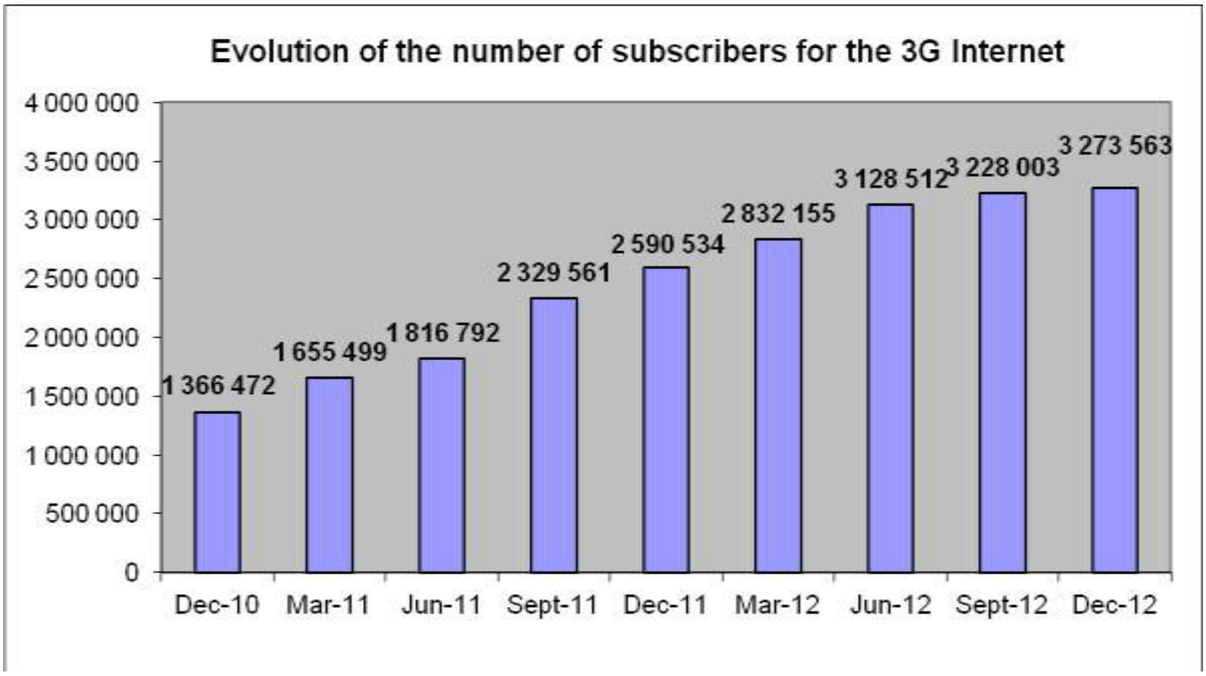
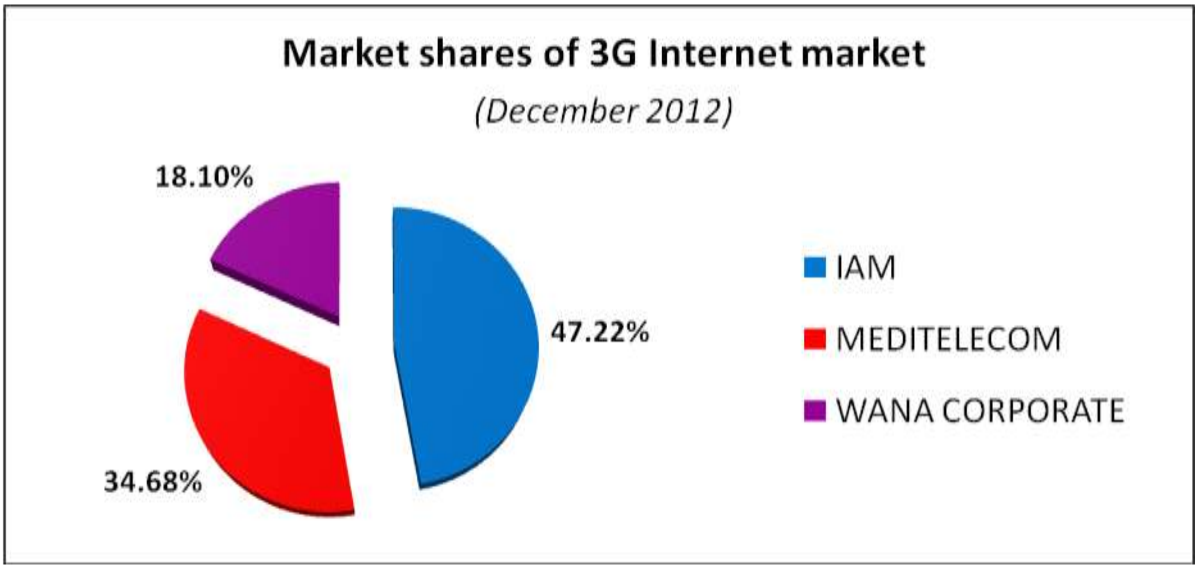
# State of the 3G Internet market

## I. Evolution of the 3G Internet accounts

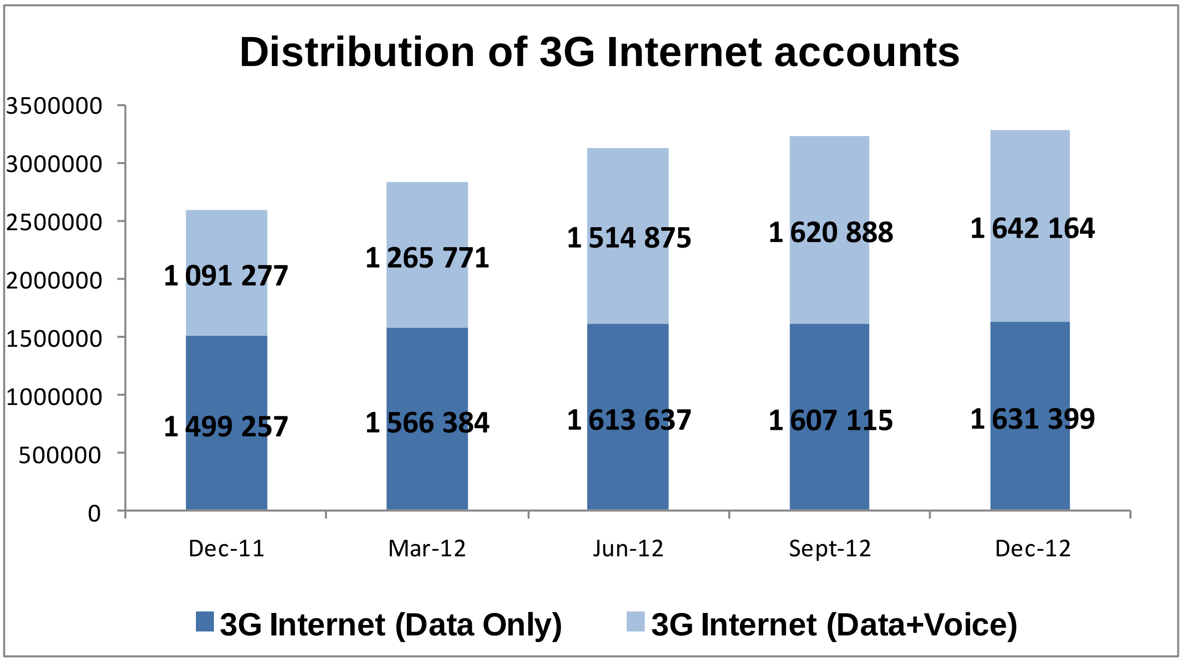
At the end of December 2012, the number of 3G Internet subscribers reached 3 273 563 recording an increase of 1.41% over the fourth quarter of 2012 and 26.37% since December 2011.




In terms of market share, IAM holds 47.22% of the 3G Internet accounts followed by Medi Telecom with 34.68% and Wana Corporate with 18.1%.

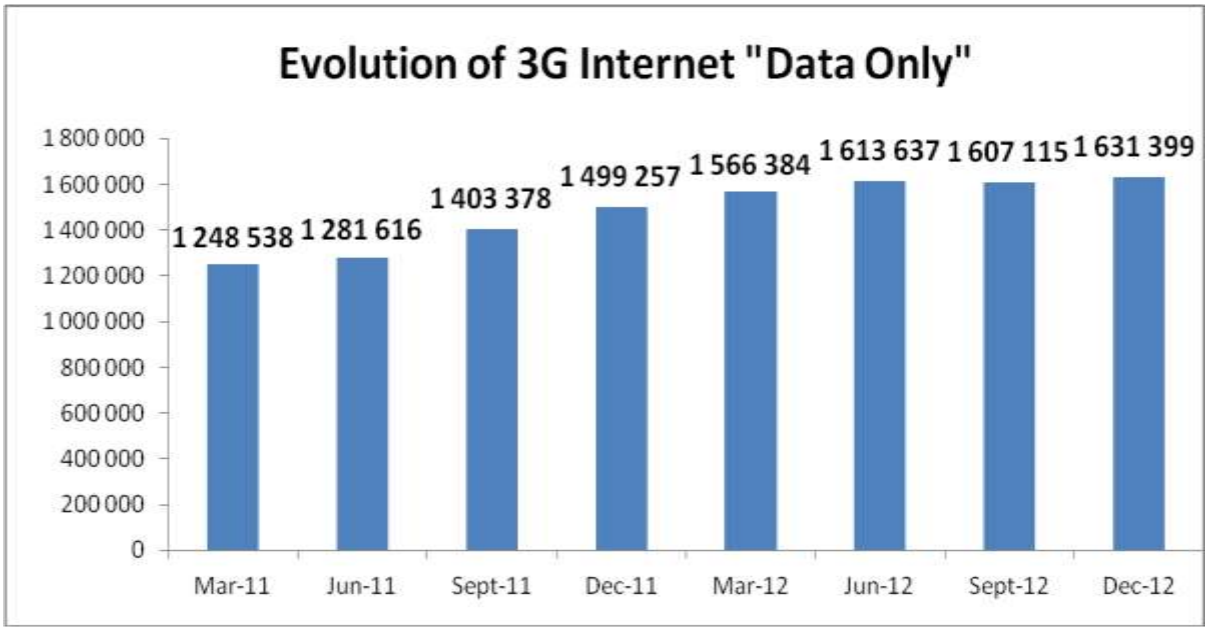


At the end of December 2012, the 3G Internet accounts for “Data Only” totaled 1 631 399 (49.84%) while the number of customers using “Voice+Data” reached 1 642 164 (50.16%).



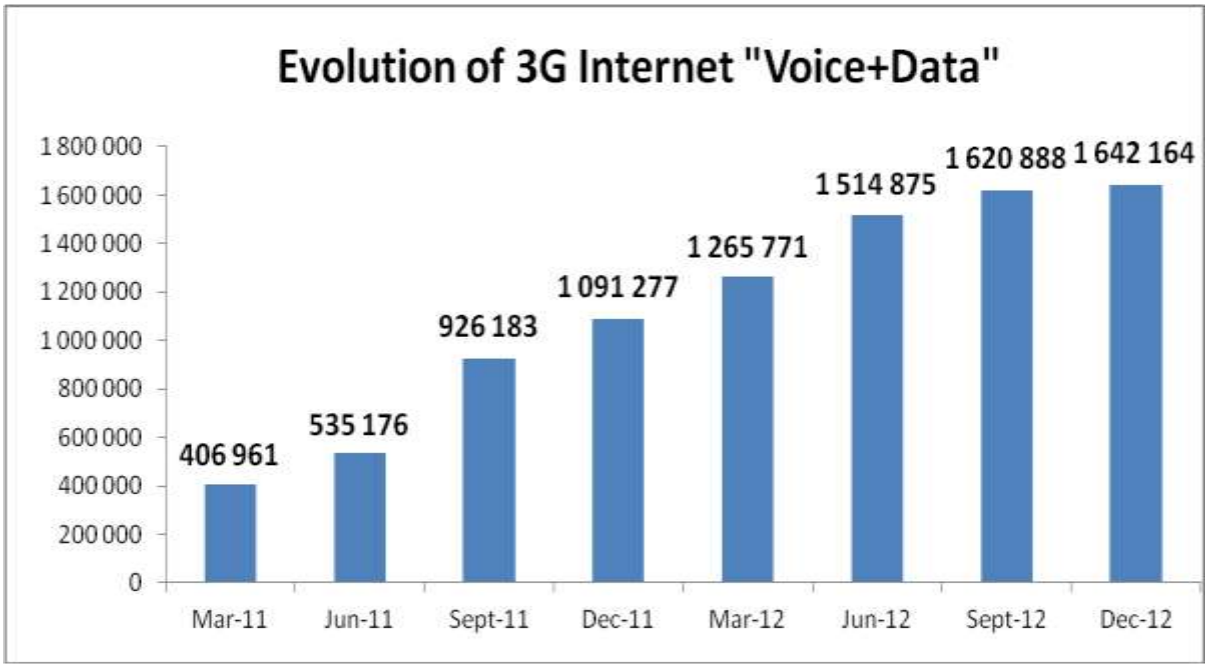

## II. 3G Internet Offers (Data Only)

The 3G Internet "Data Only" accounts reached 1 631 399 subscribers at the end of December 2012 carrying out a quarterly increase of 1.51%.



## III. 3G Internet Offers (Voice+Data)

The 3G Internet "Voice + Data" accounts had reached 1 642 164 subscribers at the end of December 2012 achieving a quarterly growth of 1.31%.



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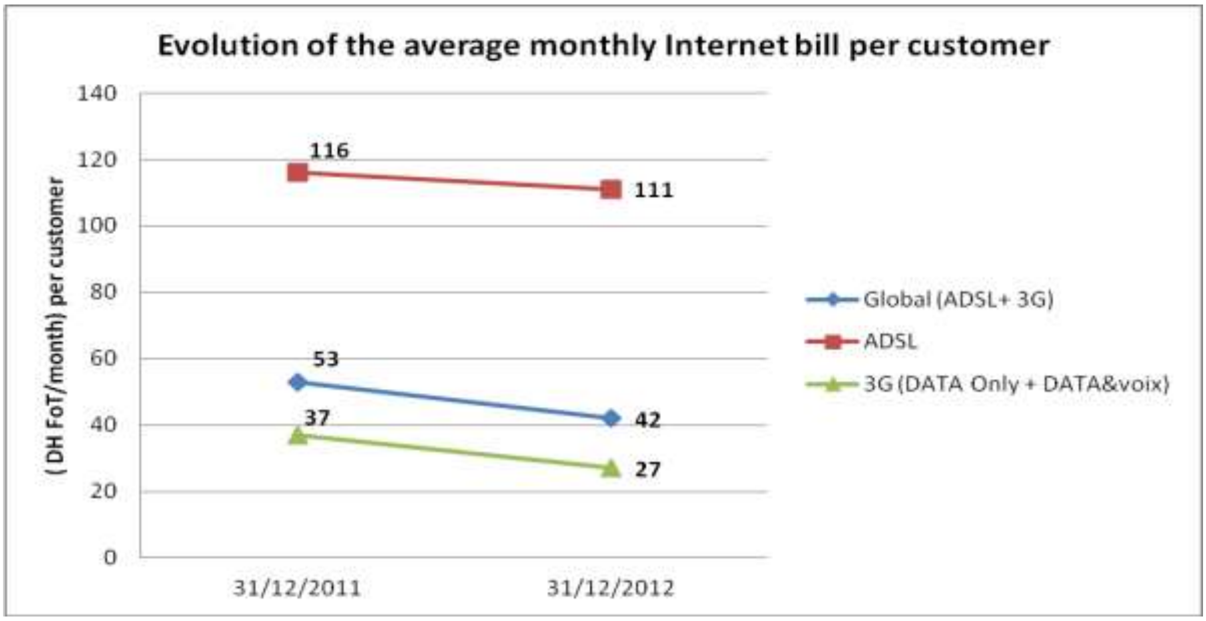
# Evolution of the Internet Average Monthly Bill Per Customer

## Evolution of the Internet average monthly bill per customer[1]

| | 31/12/2011 | 31/12/2012 | Evolution |
|---|---|---|---|
| **Internet average monthly bill per customer (in DH Free of Tax/month/customer)** | **53** | **42** | **- 21%** |
| ➢ **ADSL** | ***116*** | ***111*** | ***- 4%*** |
| ➢ **3G Access** | ***37*** | ***27*** | ***- 27%*** |



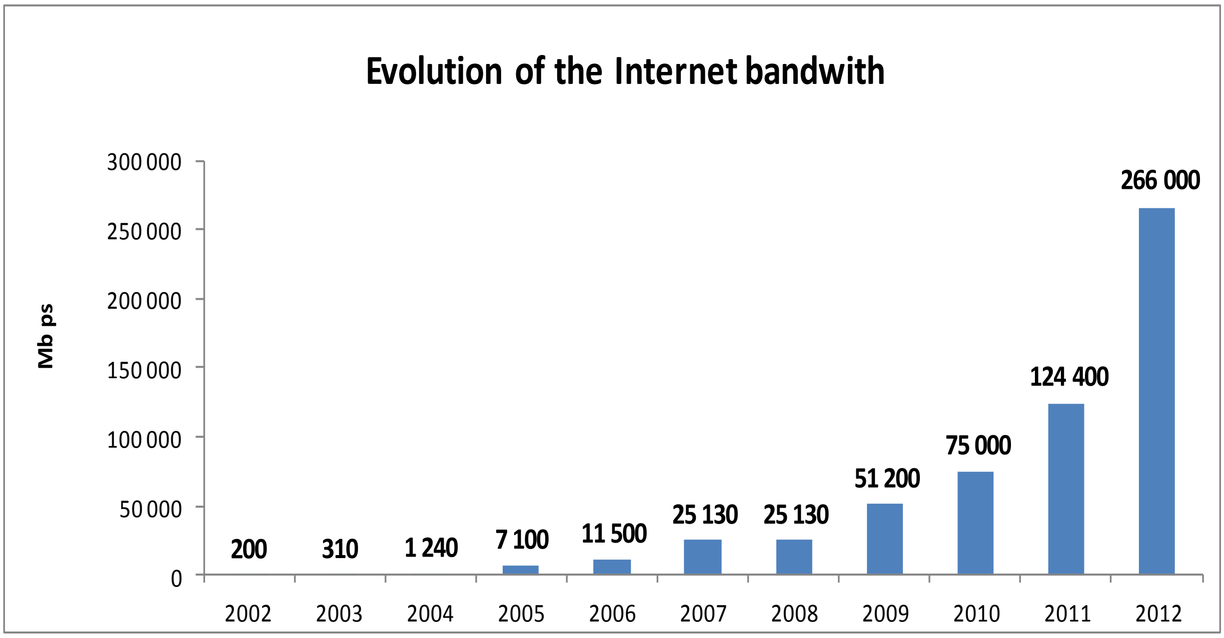

- The downward trend in prices measured by the average monthly bill for Internet customer is confirmed. Indeed, it had dropped from 53 DHFoT/month/customer at the end of December 2011 to 42 DHFoT/month/customer at the end of December 2012 outstanding a decline of 21%.

- The bill of 3G Internet has dropped from 37 DHFoT/month/customer at the end of December 2011 to 27 DHFoT/month/customer at the end of December 2012 outstanding a 27% drop. While for ADSL, it moved from 116 DHFoT/month/customer at the end of December 2011 to 111 DHFoT/month/customer at the end of December 2012 making a 4% decline.

[1]The average monthly bill per customer is calculated by dividing turnover free of tax by average Internet subscribers and the period in months.

# INTERNET BANDWIDTH

## Evolution of the Internet bandwith




The international Internet bandwidth has grown considerably. It increased from 124 400 Mbps in December 2011 to 266 000 Mbps at the end of 2012 carrying out a rise of 113.83% over a year.