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الوكالة الوطنية لتقنين المواصلات
Agence Nationale de Réglementation des Télécommunications

INTERNET MARKET IN MOROCCO

Observatory*-June 2011-

- 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.

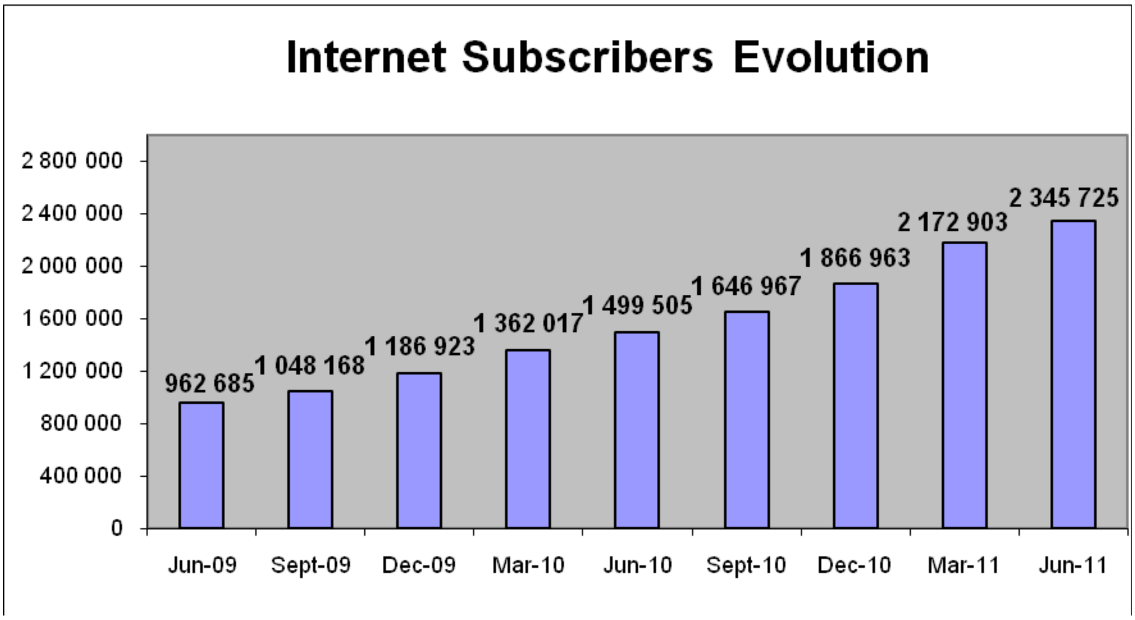
II. State of the global market at June 2011

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.

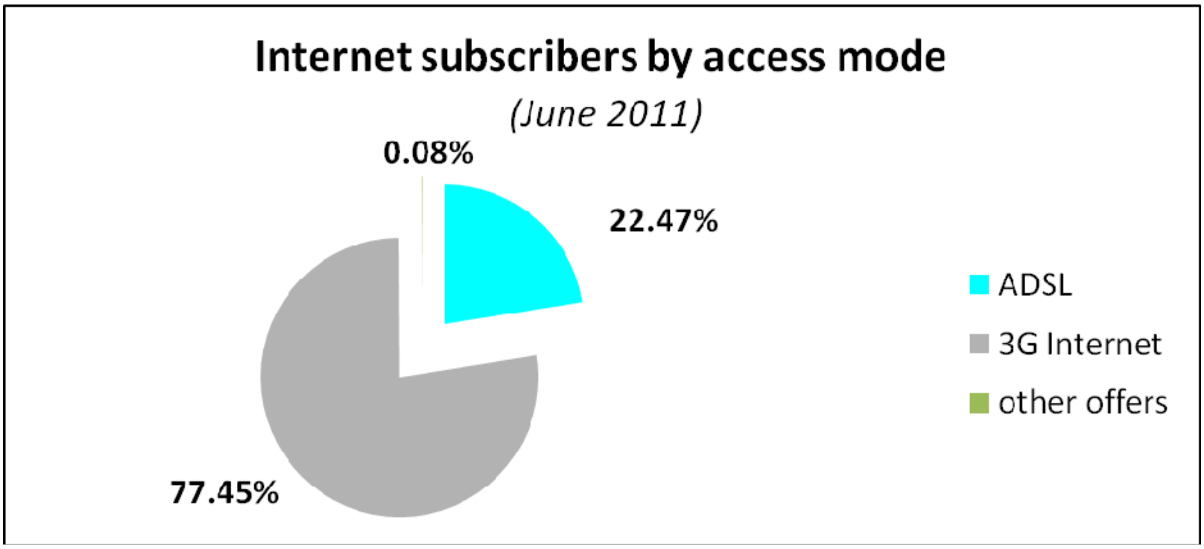
These two offers will be considered together in calculating the global Internet accounts while 3G offers combined “Voice + Data " were not recorded so far in the 3G accounts in previous publications.

At the end of June 2011, the data transmitted by the ISP’s (Internet Service Providers) give the following evolutions of the number of the Internet subscribers.

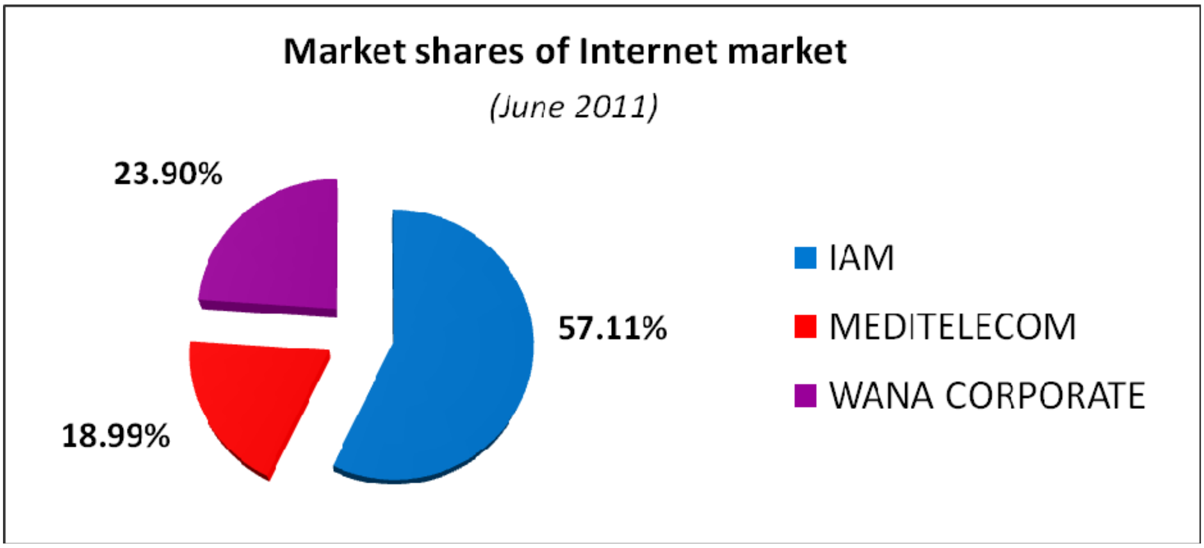


Internet market is always in progression recording a total **increase of 7.95%** over the second quarter of 2011 and of **56.43%** since June 2010.

The distribution of subscribers by access mode is as follows, with a predominance of the 3G internet access, representing **77.45%** of the global Internet market and broadband ADSL Internet access with 22.47%.



In terms of market share, IAM holds 57.11% of the Internet subscribers market followed by Wana Corporate with 23.9% and Medi Telecom with 18.99%.



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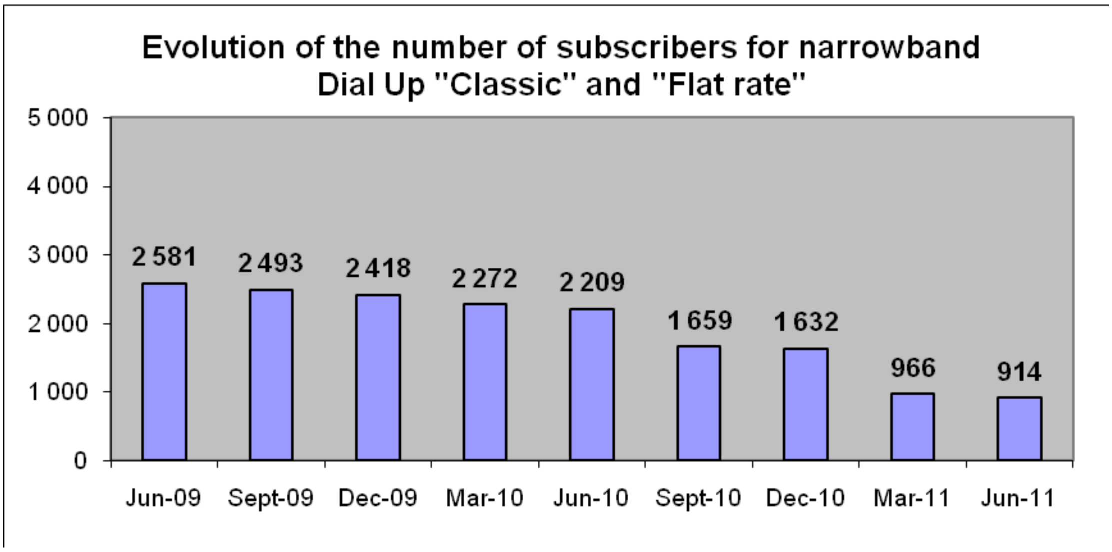
State of the narrowband market

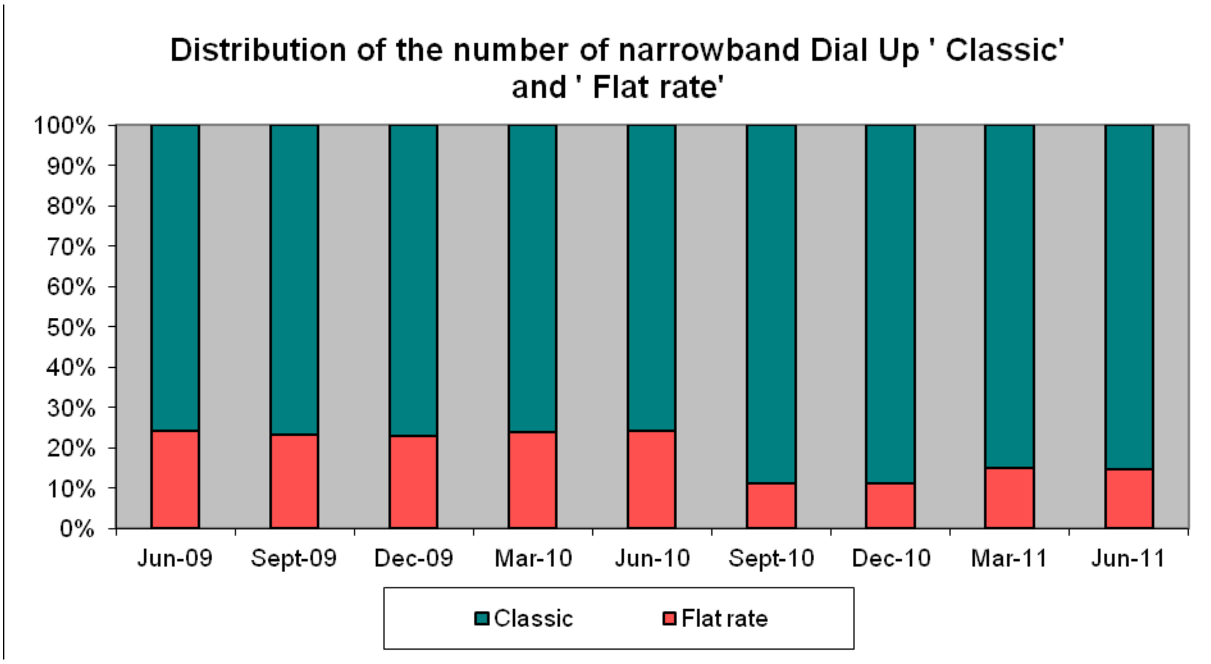
I. Evolution of the narrowband Dial Up 'Classic' and 'Flat rate' subscribers

The figures received from ISP's at the end of June 2011 show a quarterly decrease of 5.38% in the number of accounts for 'Classic subscriptions' and 'Flat rate' access options with **914** 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 :



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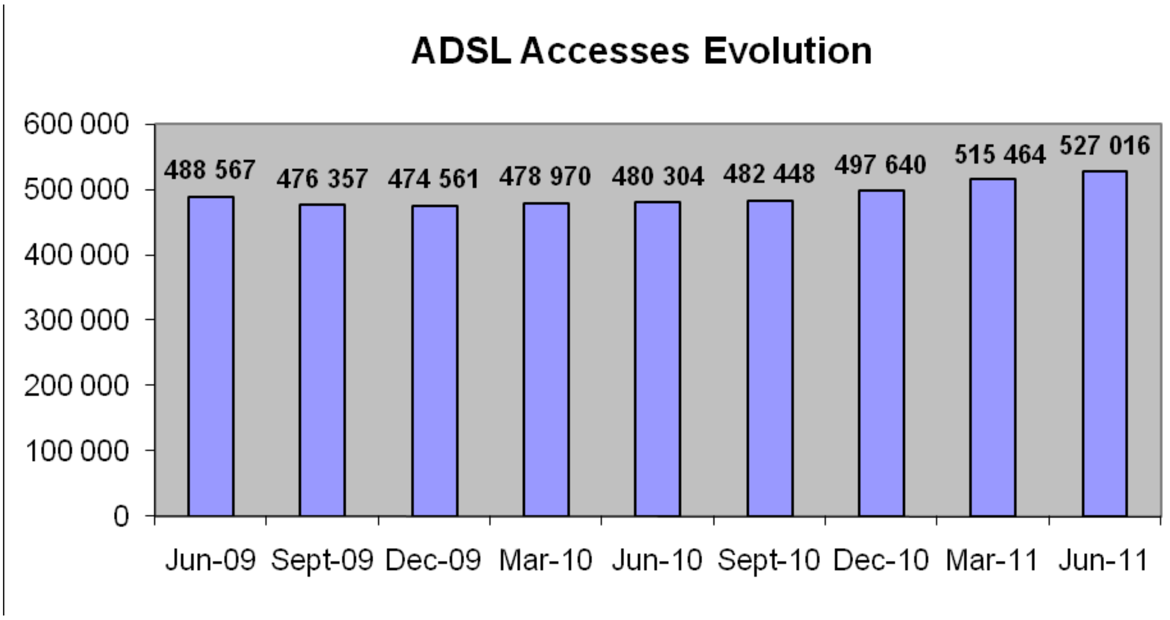
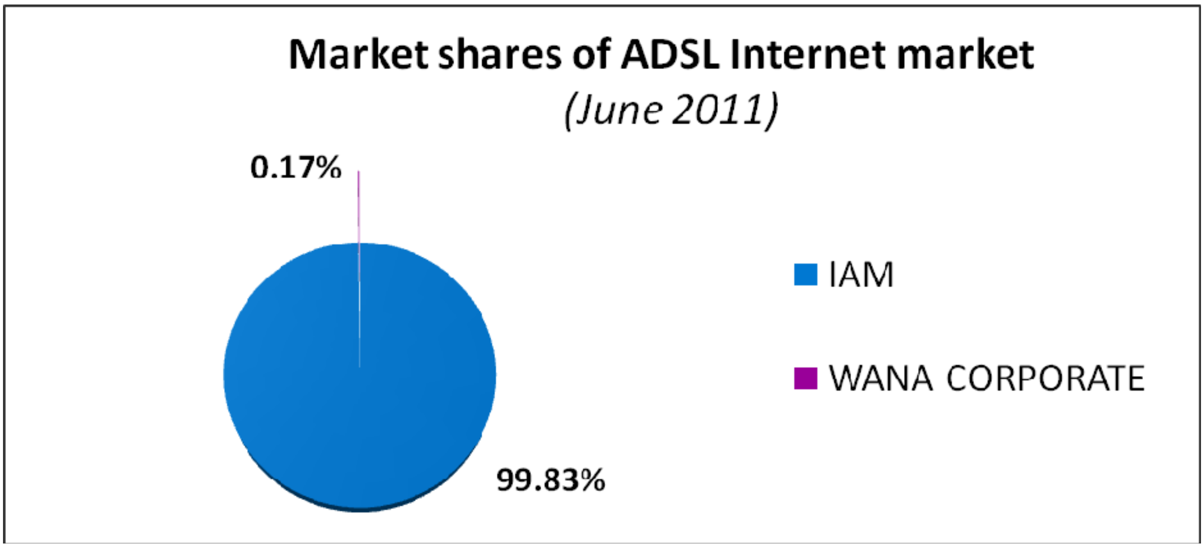
State of the broadband market

I. Evolution of ADSL subscribers

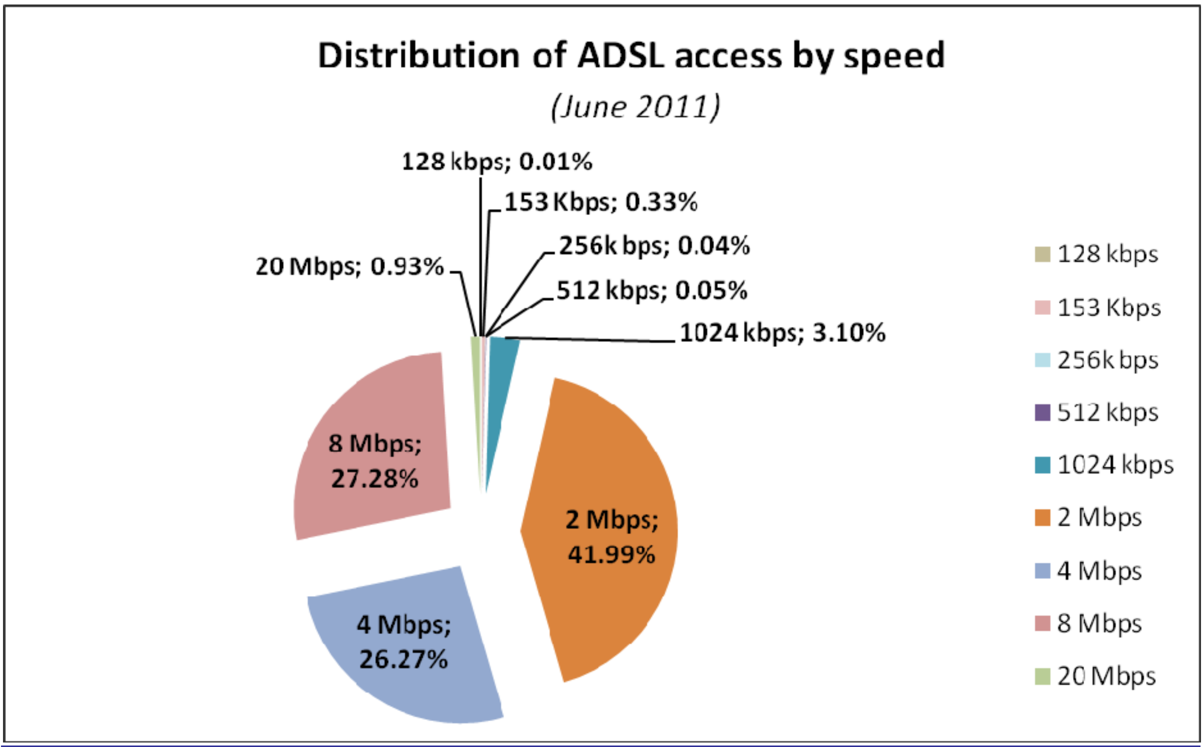
The number of ADSL subscribers' **increases by 2.24%** over the second quarter of 2011. The annual evolution of the ADSL accounts is about **9.73**%.



In terms of market share, IAM holds 99.83% of the ADSL Internet accounts.

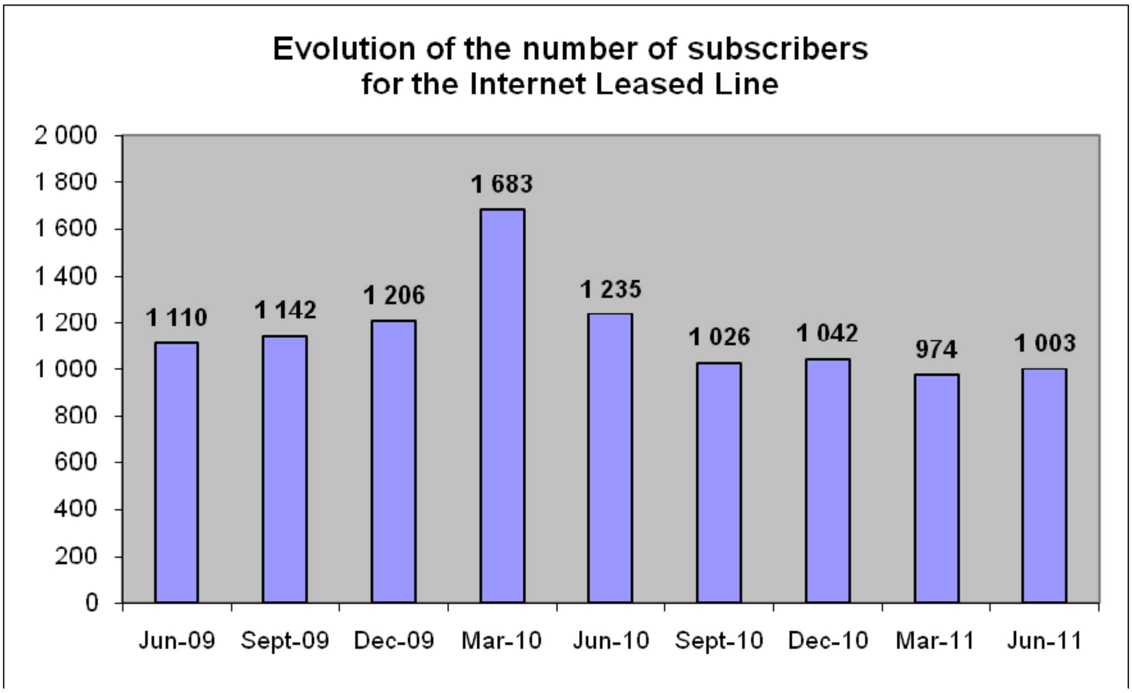


The distribution of ADSL access accounts by speed is as follows, with a predominance of 2 Mbits/s accesses with **41.99%** of the ADSL Internet market at the end of June 2011 followed by 8 Mbits/s (27,28%) and 4 Mbits/s (26,27%).



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

The estimated number of Internet access via Leased Lines (LL) **increases by 2.98%** over the second quarter of 2011 and decreases by 18.79% since June 2010.



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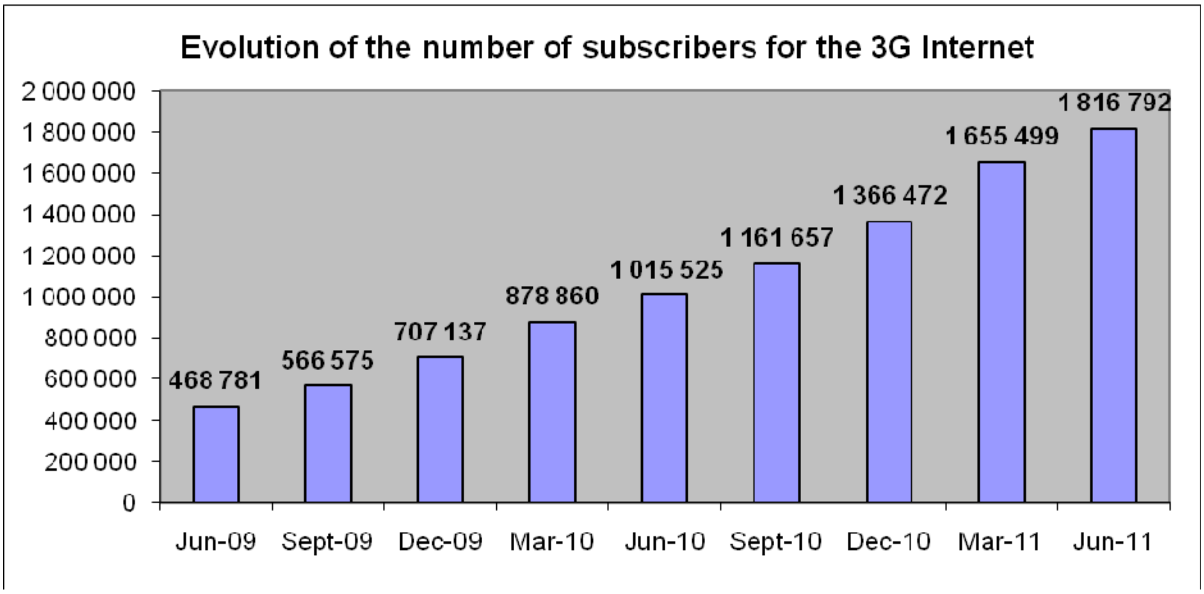
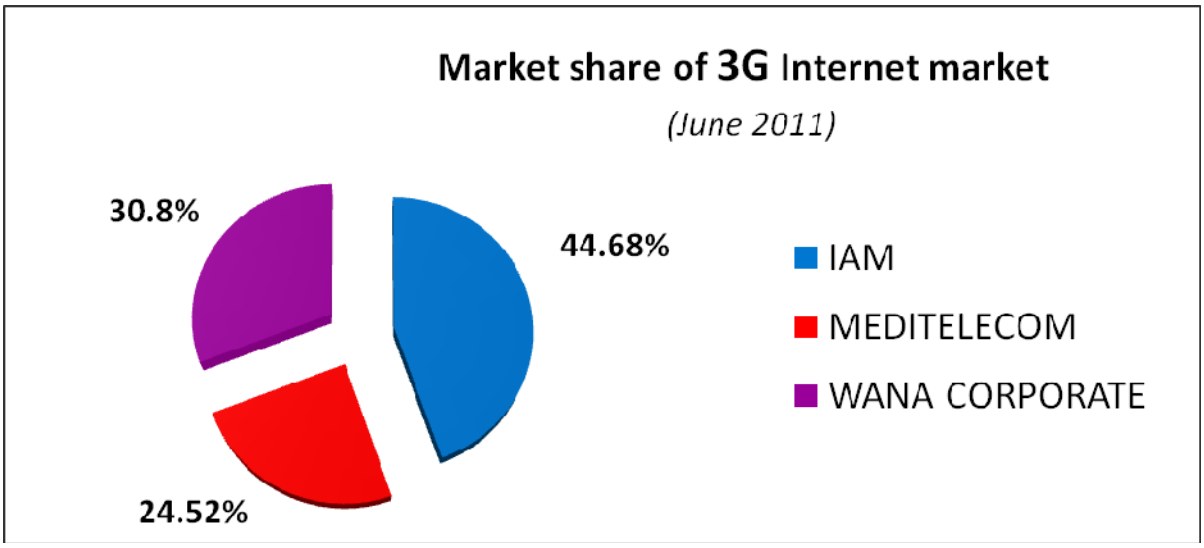
State of the 3G Internet market

I. Evolution of the 3G Internet accounts

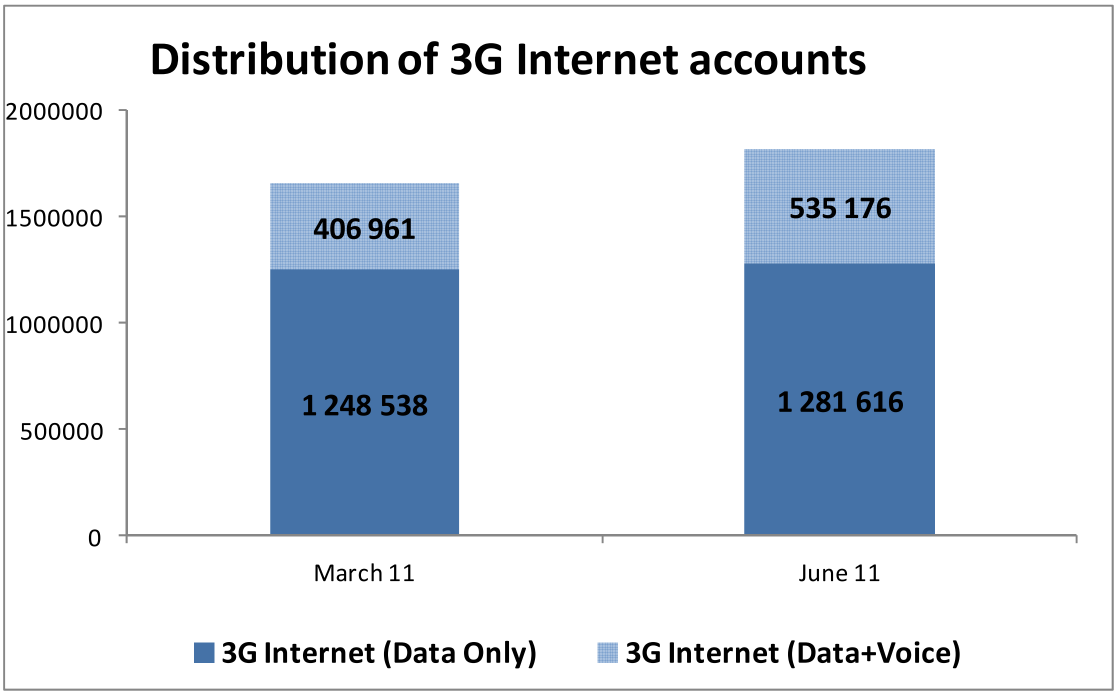
At the end of June 2011, the number of 3G Internet subscribers reached **1 816 792** recording an **increase of 9.74%** over the second quarter of 2011 and **78.9%** since June 2010.



In terms of market share, IAM holds 44.68% of the 3G Internet accounts followed by Wana Corporate with 30.8% and Medi Telecom with 24.52%.

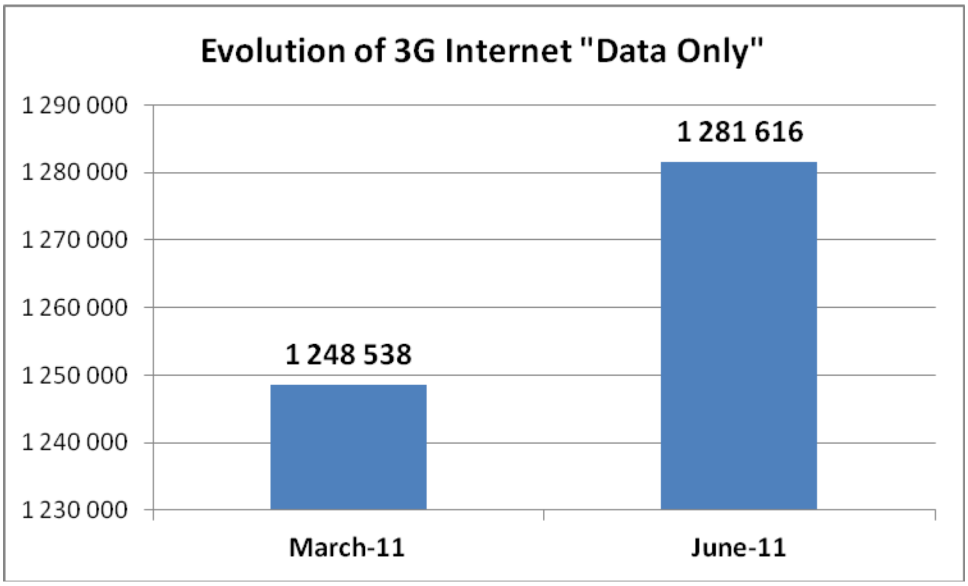


At the end of June 2011, the **3G Internet accounts** for **“Data Only”** totaled **1 281 616 (70.54%)** while the number of customers using **“Voice+Data”** reaches **535 176 (29.46%)**.



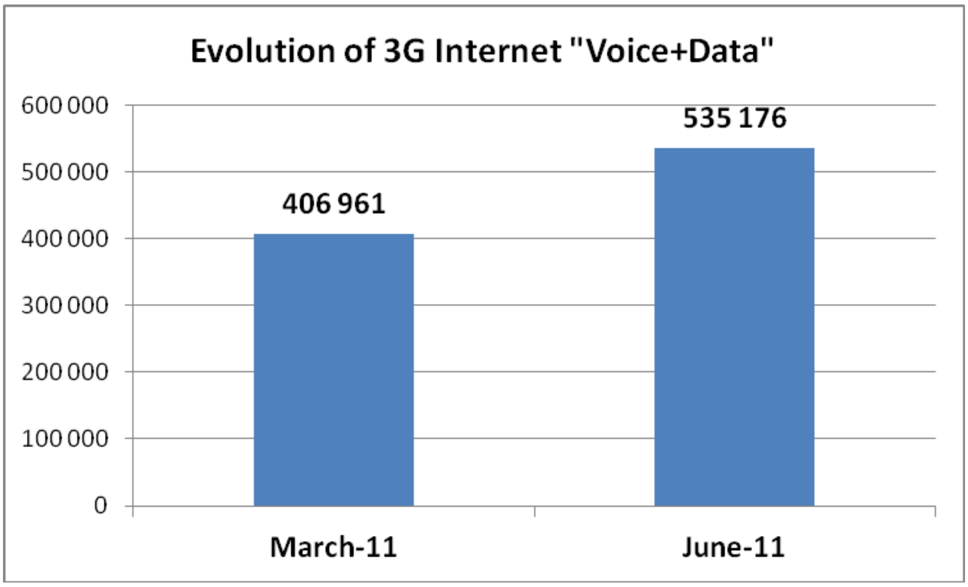
II. 3G Internet Offers (Data Only)

The 3G Internet "Data Only" accounts reached **1 281 616** subscribers at the end of June 2011 carrying a growth rate of **2.65%** over the previous quarter.



II. 3G Internet Offers (Voice+Data)

The 3G Internet "Voice + Data" accounts have reached **535 176 subscribers** at the end of June 2011 by achieving a **growth rate of 31.51%** compared to end of March 2011.



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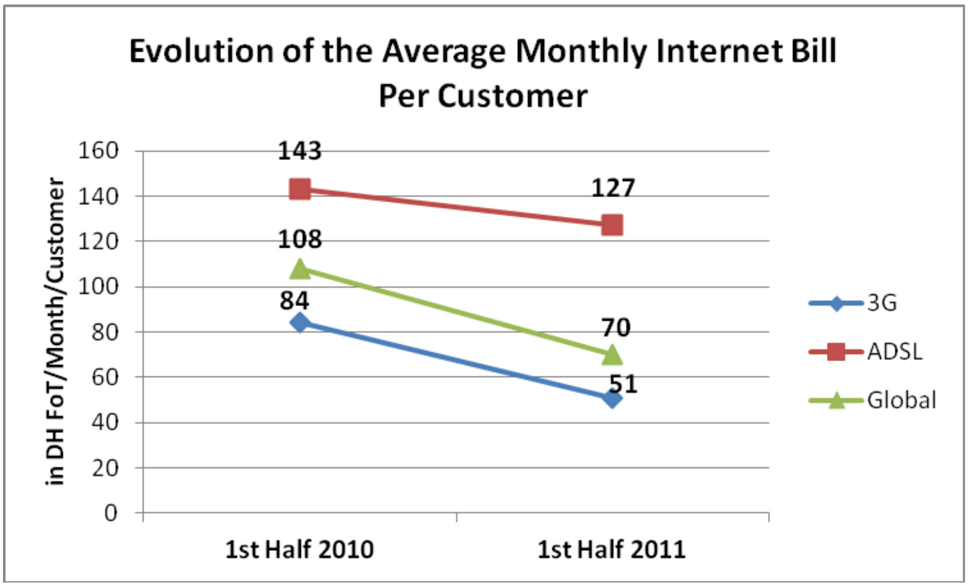
Evolution of the Internet Average Monthly Bill Per Customer

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

	1st Half 2010	1st Half 2011	Evolution
Internet average monthly bill per customer (in DH Free of Tax/month/customer)	108	70	-35%
➢ **ADSL**	143	127	-11%
➢ **3G Access**	84	51	-40%



- The downward trend in prices measured by the average monthly bill for Internet customer is confirmed. Indeed, it has **dropped from 108 DHFoT/month/customer** in the first half (H1) 2010 **to 70 DHFoT/month/customer** in the first half (H1) 2011 outstanding a **decline of 35%**.

- The bill of 3G Internet has dropped from **84 DHFoT/month/customer** in the first half (H1) 2010 to **51 DHFoT/month/customer** in the first half (H1) 2011 outstanding a **40% drop**. While for ADSL, it moved from **143 DHFoT/month/customer** in the first half (H1) 2010 to **127DHFoT/month/customer** in the first half (H1) 2011 making a 11% 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 (6 months).