



Informing Small Business:

Examining fixed phone and broadband products

Market  Clarity


Australian Communications
Consumer Action Network

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The Market Clarity team has made every effort to include a relevant sample of top tier Australian broadband and fixed line voice service providers in the desktop study, as well as a relevant sample of small businesses in the demand side study. All surveys, forecasts, projections and recommendations made in this study are made in good faith on the basis of information available to Market Clarity at the time; and Market Clarity disclaims any liability for any loss or damage caused by errors or omissions, whether such errors or omissions resulted from negligence, accident or other causes. Neither Market Clarity nor its agents will be liable for any loss or other consequences (whether or not due to the negligence of Market Clarity or their agents) arising out of use of information in this study. A production of this kind may have errors or omissions. We would be grateful if readers would notify us of any they discover by emailing research@marketclarity.com.au.

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Executive Summary

This report presents the findings of research conducted by Market Clarity on behalf of the Australian Communications Consumer Action Network (ACCAN) into small business telecommunications services.

In May-June 2015, Market Clarity conducted two complementary studies that were designed to investigate matters pertaining to business grade fixed voice and fixed broadband telecommunications services:

- First, a **desktop based study** examining current market offers designed for small businesses, and comparing these offers with similar residential services.
- Second, a **survey** of 200 small businesses, designed to assess small business behaviour and experiences with respect to business grade telecommunications services.

In conducting these studies, Market Clarity sought to provide a quantifiable assessment of whether small businesses are getting value for money when they purchase business grade services.

In particular, this study was designed to gain a better understanding of what businesses actually receive with small business services, as well as the differences between service level agreements (SLAs) for a typical small business service, as opposed to an apparently identical residential service.

We also sought to quantify the extent that SLAs are understood and used by small businesses.

Small business is one of the least understood market segments; with little representation vis-à-vis telecommunications service requirements and experiences. This analysis therefore provides important information in support of advocacy on behalf of small businesses, as well as providing a wealth of information for service providers targeting the small business sector.

Key Findings

Restrictions on the use of residential services

- Many service providers place restrictions on the business use of home phone or broadband plans, which ostensibly prohibit these plans from being used for business purposes. However, we also observe that many people use their personal phone or internet connection for business purposes — even if they are not running a business. For example, how many people use their home broadband connection to check business emails or research business related matters outside of business hours? Furthermore, the Australian government and many organisations encourage people to telework, which of course means that

they will use their personal phone and Internet connections for business purposes. With work-life balance, and being available outside of normal business hours becoming such an ingrained part of modern society, how realistic is it to put restrictions on personal products that prohibit business use? (Section 3.1)

- In discussions (or documented chat sessions) with customer service representatives we were told that it was fine to order a personal plan for business use, such as a home-office based business, or any premise that was not listed in a database as a business premise — even when this conflicts with information found in legal terms and conditions documents. (Section 3.1)
- In most cases, the documents that set out the legal terms and conditions for service agreements are voluminous, and in our view it is unlikely that a small business consumer (or residential consumer) would search out and read these documents before making a service decision. (Section 3.1)

Business grade service usage

- Overall, the vast majority (95%) of survey respondents use some type of fixed voice and fixed broadband service. Most (72%) of the businesses interviewed for this study utilise business grade services for both fixed voice and fixed broadband. However, there were a number of business that didn't use both services, as well as businesses that use residential grade services for at least some of their telecommunications needs. We found that 12% of business grade broadband service subscribers utilise a residential grade phone service, and 7% of business grade phone service users utilise a residential grade broadband service. (Section 6.1)
- There is a very clear trend towards the use of product bundles, with 58% of survey respondents reporting use of a business grade bundle that includes fixed voice and fixed broadband services. (Section 6.1)
- The most commonly cited reasons for selecting a business grade service (as opposed to a residential service) were better specifications, quality, options (including multiple lines), faster speed, larger data allowance, bundle inclusions, price and convenience. For both phone and broadband services, a significant number of respondents stated that their selection decision was based solely on the fact that they were running a business: phone (20%) and broadband (15%). (Section 6.2)

Business grade services don't necessarily cost more

- The results of the market study and business survey suggest that it is a myth that business services always cost more than the residential counterpart. For both business phone and business broadband services we found plans which were less expensive or equivalently priced as compared to residential counterparts. Likewise, significant numbers of business owners *believe* that their business grade services are less expensive, or priced similarly, to residential counterparts — with many business owners stating that they had compared prices. (Sections 4.2 and 6.3)

- Roughly half of survey respondents believe they are getting value for money from their business grade services, as compared to a residential service equivalent: 52% of business phone service respondents, and 46% of business broadband service respondents. Respondents who believe they are getting good value typically cited plan inclusions and bundles. However, close to one third of respondents were unsure as to whether they were receiving value for money. (Section 6.4)

Business grade customers don't always get specialised business support

- In the desktop study, all of the major business phone service providers that we reviewed stated that they have a dedicated business call centre team, as do three of four (75%) business broadband service providers. However, the demand side study showed vastly different results, with only 44% of business phone service respondents believing they have access to a dedicated business call centre, and 33% of business broadband service respondents believing they have access to a dedicated business call centre. (Sections 4.4 and 6.5)

Performance guarantees for small business services are rare

- In our desktop review of business grade services, we found that for the most part, service performance guarantees are not offered for residential or small business fixed line voice products. This is reflected in the small business study: 48% of business phone service respondents and 51% of business broadband service respondents *expressed the belief* that there were no service performance guarantees affiliated with their service. Furthermore, one third of study respondents were unsure — with only 17% (phone) and 15% (broadband) believing that performance guarantees applied to their service. (Sections 4.6 and 6.7)
- In many of our discussions with customer service representatives it was very apparent that the concept of service level agreements or targets was outside of their knowledge, training and/or database reference materials. Questions having anything to do with service availability, or guarantees were, for the most part, not understood. (Section 3.1)
- For both business and residential services, none of the providers offered guarantees for timeframes in which calls would be answered, or faults would be resolved. However, one company stated that if they advised that a service fault would be rectified within a certain period, and it goes beyond that time, then compensation may apply. (Section 4.7)

Service rebates are available, but infrequently applied

- In the desktop review of business grade service offers, we found that service rebates were offered in conjunction with all of the business phone service plans, and 75% of the business broadband service plans in situations where there was a “significant loss of access.” However, the vast majority of survey respondents

have not received a service rebate for any reason (61% of business phone service subscribers, and 66% of business broadband service subscribers). Only 24% of business phone service subscribers, and 15% of business broadband service subscribers reported receipt of a rebate for any reason. (Sections 4.8 and 6.8)

1 Research Context

1.1 Background

In Market Clarity's 2013 report, "Small Business Telecommunications Service Use and Experience¹," funded by an ACCAN research grant, a survey of 260 small businesses (with less than 20 staff) found that small businesses overwhelmingly use business grade services: fixed voice (95%), VoIP (81%), fixed broadband (91%), mobile voice (89%) and mobile broadband (86%).

The 2013 study also found that at least a quarter of small businesses would experience a serious or catastrophic impact if their broadband (32%), fixed voice (25%), or VoIP (24%) service had a one-hour service fault.

The impact on small business skyrockets with a 1-day fault, where approximately 65% of small businesses would experience a serious or catastrophic impact if their broadband (66%), fixed voice (62%), or VoIP (47%) service had a one-day service fault.

As such, it made sense to gain a deeper understanding of telecommunications services that are designed for small businesses. Indeed, in our 2013 report, we suggested a range of unanswered questions pertaining to business grade services:

"Whilst survey participants overwhelmingly reported the use of business grade services, questions remain as to the precise definition of a business grade service, and how it might vary by provider. For example, what are the service level agreements (SLAs) that apply to business grade services, and how do they differ from a provider's residential service? Are separate customer service areas allocated to business customers? Are account managers allocated to business customers? In choosing a business grade service, what decision criteria do business customers apply?"

This follow-up study was designed to investigate matters pertaining to small business telecommunications service characteristics and performance guarantees (service level agreements) via two mechanisms:

- First, a desktop based study examining current market offers designed for small businesses, and comparing these offers with similar residential services.
- Second, a survey of 200 small businesses, designed to assess small business behaviour and experiences with respect to business grade telecommunications services.

In conducting these studies, Market Clarity sought to provide a quantifiable assessment of whether small businesses are getting **value for money** when they purchase business grade services.

¹ <http://accan.org.au/our-work/research/535-small-business-telecommunications-service-use-and-experience>

In particular, this study was designed to gain a better understanding of what businesses actually receive for the (expected) additional cost of small business services, as well as the differences between service level agreements (SLAs) for a typical small business service, as opposed to an apparently identical residential service.

We also sought to quantify the extent that SLAs are understood and used by small businesses.

It was envisaged that the results of this study would inform ACCAN's advocacy on behalf of small businesses, by providing both supply and demand side insights.

1.2 Study coverage

Market Clarity conducted two complementary research investigations as part of this project:

1. **Desktop study** — designed to scan the market identifying typical price and inclusions from a representative set of major telecommunications service providers.
2. **Small business survey** — designed to assess small business behaviour and experiences with respect to business grade telecommunications services.

Market Clarity's study focused on the following telecommunications services: **fixed voice** and **fixed broadband**.

In order to provide a like-for-like comparison in the desktop study, we utilised unbundled fixed broadband and fixed voice reference products as described in Sections 2.1.1 and 2.1.2.

For the demand side study, we included small businesses that were utilising business grade plans for fixed voice and/or fixed broadband services, purchased on either a bundled or unbundled basis.

Whilst the vast majority of businesses use **mobile** services, service level agreements (pertaining to performance or network availability) are not available in the market.

For example, Optus states the following in its *Digital Mobile Service Description*²:

- (a) In areas that the *service* is available, it is technically impracticable for *us* to guarantee that:
 - (i) the *service* is available in each place within an area where there is coverage,
 - (ii) 'drop-outs' will not occur during a call, and
 - (iii) there will be no congestion on *our network*.

And, Telstra provides the following performance specifications (but not individual service guarantees) in its *Our Customer Terms — Telstra Mobile Section*³:

Our networks are designed to the following specifications:

² <http://www.optus.com.au/about/legal/standard-forms-agreement/small-business#sfoa-tabs-anchor>
³ <https://www.telstra.com.au/customer-terms/business-government/telstra-mobile/general>

- Down time — A maximum down-time of 4 minutes per service per week (national average) during peak period – 7am to 7pm.
- Coverage — 95% of Australian population, 90% of the target area for 90% of time.
- Call drop-out — The probability of a call failure due to call drop-out will be less than 3%.

And, in its critical information summary⁴, states:

- Mobile coverage depends on a number of factors such as your device, location, surrounding landscape as well as the physical building you may be using your device from.
- To find out more about our mobile coverage and networks or how to optimise network performance visit [telstra.com/coverage](https://www.telstra.com/coverage)

Market Clarity works with many enterprise and government customers, and we have found that mobile network performance SLAs are not available for enterprise customers either.

As such, we did not see the utility in surveying small businesses about their experiences with mobile service level agreements.

1.3 Research objectives

The key objectives of this research were:

- To review current market offers designed for small businesses, and compare these offers with similar residential services with respect to price and service level features.
- To investigate matters pertaining to small business telecommunications service level agreements.
- To provide a quantifiable assessment of whether small businesses are getting value for money when they purchase business grade services.

⁴ <https://www.telstra.com.au/help/critical-information-summaries/business>

Desktop Study of Residential and Business Plans

Sections 2, 3 and 4 look at the desktop study portion of this research.

2 Methodology

The Desktop study portion of this research project was designed to scan the market identifying typical price and inclusions from a representative set of top tier telecommunications service providers: Telstra, Optus, TPG and iiNet.

The study separately considered small business and residential (also known as 'consumer') products in order to provide a comparison between these two product audiences. A key focus of the desktop study was the comparison of service level agreements between the small business and residential services from these providers.

In our experience, SLAs may comprise either targets or guarantees with respect to:

- Network availability
- Service performance — typically including parameters such as service availability, ability to make a call, internet connectivity, quality of service (dropped calls), etc.
- Provisioning / installation timeframes
- Fault reporting / trouble ticket response times — for example, timeframes in which calls will be answered
- Fault restoration timeframes
- Incident resolution timeframes
- Dedicated business call centres
- Dedicated business account teams
- Service performance reporting
- Service rebates

As such, when reviewing telecommunications service providers' small business product offers, we sought information pertaining to the availability of service level targets or guarantees in these areas.

In examining residential products, we also sought to identify whether small business use was excluded in the terms and conditions in comparable residential services. In other words, we sought to understand whether provider terms and conditions prohibited businesses from using a residential service.

In order to provide a like-for-like comparison in the desktop study, we utilised unbundled fixed broadband and fixed voice reference products as described in Sections 2.1.1 and 2.1.2.

In total, the desktop research was designed to examine the price, terms and conditions, inclusions and service level agreements affiliated with sixteen (16) products: fixed line voice and fixed line broadband (residential and small business

services) from Telstra, Optus, TPG and iiNet — noting, however, that some services may not be available from all service providers in the study.

To conduct the desktop study portion of this research project, Market Clarity reviewed the following information from each service provider in May 2015:

- Website collateral describing products
- Critical Information Summaries
- Terms and Conditions documents

Market Clarity also engaged in a range of “**mystery shopper**” online chat sessions with service providers wherein we asked a wide range of questions pertaining to the choice of consumer and business services for a home-based business, as well as questions relating to small businesses operating from external premises. Where online chat facilities were not available, we engaged in mystery shopper phone discussions with customer service representatives.

2.1 Reference products

In order to provide a like-for-like comparison in the desktop study, we utilised unbundled **fixed broadband** and **fixed voice** reference products as described below.

2.1.1 Reference product: fixed line voice

The reference product for fixed line voice services consisted of a basic single line service, typically including a monthly access fee, and rates for various call types — offered as an unbundled service.

We used the features offered in Telstra’s *BusinessLine® Casual⁵* service and Telstra’s *Home Phone Budget⁶* service as guidelines for the representative business and residential products.

2.1.2 Reference product: broadband

The reference product for fixed line broadband services consisted of plans that include a minimum of 100 GB data allowance, offered as an unbundled service.

Where ADSL-based fixed broadband services were available on an unbundled basis, services utilising this technology were sought out, so that offers could be reviewed on a directly comparable basis.

This reference product was used as the basis of comparison for both business and residential services.

⁵ <https://www.telstra.com.au/small-business/office-phones/business-line-plans>

⁶ <https://www.telstra.com.au/home-phone/plans-rates#service-qualifier>

3 Observations

3.1 Overall observations from desktop research

To conduct the desktop study portion of this research project, Market Clarity reviewed the following information from each service provider in May 2015:

- Website collateral describing products
- Critical Information Summaries
- Terms and Conditions documents

Market Clarity also engaged in a range of “**mystery shopper**” online chat sessions with service providers wherein we asked a wide range of questions pertaining to the choice of consumer and business services for a home-based business. In these sessions we sought further information about the differences between consumer and business plans (including service level agreements or guarantees), and asked questions about whether a home-based business could purchase a consumer plan. We also asked questions about whether a business could purchase a consumer plan for premises other than a home office.

Where online chat facilities were not available, we engaged in mystery shopper phone discussions with customer service representatives.

The discussions with customer service representatives were particularly informative, providing a lot of information that was not otherwise available. However, we did uncover numerous situations where information provided by the customer service representative contradicted information contained in product collateral, or in terms and conditions documents.

In our view, many small businesses would have relied on information provided by the customer service representative, potentially leading to situations where they’ve purchased a service based on incorrect information.

In many cases, the documents that set out the legal terms and conditions for service agreements are voluminous, and in our view it is unlikely that a small business customer (or residential consumer) would search out and read these documents before making a service decision.

Many service providers also place restrictions on the business use of home phone or broadband plans, which ostensibly prohibit these plans from being used for business purposes.

However, we also observe that many people use their personal phone or internet connection for business purposes — even if they are not running a business. For example, how many people use their home broadband connection to check business emails or research business related matters outside of business hours?

The Australian government and many organisations encourage people to telework, which of course means that they will use their personal phone and internet

connections for business purposes. With work-life balance, and being available outside of normal business hours becoming such an ingrained part of modern society, how realistic is it to put restrictions on personal products that prohibit business use?

Furthermore, in discussions (or documented chat sessions) with customer service representatives we were told that it was fine to order a personal plan for business use, such as a home-office based business, or any premise that was not listed in a database as a business premise, but this conflicts with information found in legal terms and conditions documents. Please refer to discussion below, and our summary in Section 4.3 (Business Use of Residential Services).

In our chat sessions and conversations with many customer service representatives it was very apparent that the concept of service level agreements or targets was outside of their knowledge, training and/or database reference materials. Questions having anything to do with service availability, or guarantees were, for the most part, not understood. In particular, it is this author's opinion that a significant training exercise is required to prepare customer service representative teams to answer questions from business customers about any issues pertaining to service levels. For example, when pressed about service availability — the default answer was “always” or “100% of the time.”

Also worth noting, is that when asked about service levels and rebates for fixed voice services, customer service representatives did not mention the ACMA Customer Service Guarantee (CSG)⁷, although relevant information was generally available from service provider's websites or downloadable legal documents. This guarantee outlines maximum timeframes for connecting a service, maximum timeframes for repairing faults or service difficulties, maximum timeframes for appointments, as well as defining the meaning of a fixed voice line fault. Furthermore, the CSG standard stipulates that: “phone companies must pay customers compensation for each working day that connections or fault rectifications are delayed beyond the maximum CSG time frames, or if they fail to keep an appointment.”

All comments and observations noted below refer to the study reference plans described in Section 2.1. All of the service providers reviewed in this study offer a wide range of additional plans. In some cases, service provider websites and related documents were not entirely clear on the service aspects being investigated in this study. In these cases, the author sought further information from customer service representatives. The findings set out below reflect the author's interpretation of the materials presented.

3.2 Telstra

This section contains our observations about Telstra's residential and business fixed line voice and broadband service plans that meet or exceed the reference products described in Sections 2.1.1 and 2.1.2.

⁷ ACMA, Customer Service Guarantee for phone users FAQs <http://acma.gov.au/Citizen/Consumer-info/Rights-and-safeguards/Phone-connection-and-repair/customer-service-guarantee-for-phone-users-faqs>

- According to customer representatives (in numerous online chat sessions), Telstra allows businesses to use consumer plans (phone and internet), so long as the premise address is not listed in a business database. This was confirmed in a documented online chat with Telstra’s consumer and business teams. However, in the **business** terms and conditions document⁸, Telstra states:
 - ✦ Clause 8.12 — If you use your Service for business purposes: “If we are providing your service to you mainly for your personal use and we reasonably believe that you are using the service mainly for business purposes, we can tell you of this and ask you to move to a suitable business service. If you do not agree to move to a business service, we can cancel your service by telling you 30 days beforehand and charge you any applicable early termination charge.”
 - ✦ This is especially confusing, as a business owner who has checked the consumer T&Cs, and contacted the Telstra sales team would not know this. Nor would this be evident unless they took the time to also read through a 34-page document, “*Our Customer Terms — General Terms for Small Business*,” which is not related to the purchased consumer service.
 - ✦ And, in Clause 1.4 of the **business** terms and conditions document, Telstra says that you will also be considered to be a small business customer if: “(a) you are using your service for the primary purpose of personal, domestic or household use; and (b) your service is of a kind ordinarily acquired for business use, regardless of whether you are a business or non-profit organisation.”
 - ✦ So, private individuals may also find themselves classified as business customers.
 - ✦ An additional document, *Our Customer Terms — Home Business Phone Plans*⁹, again found in the business section of Telstra’s website says in clause 2.10: “If we are providing your service to you mainly for your personal use and we reasonably believe that you are using the service mainly for business purposes, we can tell you of this and ask you to move to a suitable business service within 30 days. If you do not agree to move to a business service, or do not change your usage to a level we reasonably consider to be consistent with using your service for personal use within 30 days of our notice, we can then cancel your service and charge you any applicable early termination fee.”
 - ✦ It is unclear as to how Telstra would make this determination, or under what circumstances such an investigation would be undertaken.

⁸ Telstra, “Our Customer Terms — General Terms for Small Business,” <https://www.telstra.com.au/content/dam/tcom/personal/consumer-advice/doc/business-a-full/sb-general.docadvice/doc/business-a-full/sb-general.doc>

⁹ Our Customer Terms — Telstra Home Business Phone Plans, <https://www.telstra.com.au/customer-terms/business-government/business-fixed-line/business-phone-services>

3.2.1 Phone services

- ✦ Telstra's basic phone line packages for consumers (*Telstra Home Phone Budget*) and business (*BusinessLine® Casual*) that meet the reference plan criteria of a basic phone line, are based on connection fee, plus per minute rates. Business national calls vary by type, and are based on a flat fee with different rates for different kinds of calls. Tariff and usage analysis is required to pick the best type of plan (assuming that you're at a premise where either plan type can be used).
- ✦ A basic consumer phone service (\$23.95) is less expensive than a basic business phone service (\$40.00).
- ✦ Consumer and business fees for calls to mobiles are identical.
- ✦ Consumer and business phone installation fees and timeframes are identical.
- ✦ Business phone customers have access to an online billing portal (handy for budgeting and reporting).
- ✦ Business phone customers have access to a separate phone line and web-based page for complaints/issues, and may have an account representative (not specified when this is applicable).
- ✦ Consumer and business phone maintenance and repair timeframes are identical.
- ✦ Consumer phone services would be listed in the name of the individual purchasing the service, with no option available to list the phone line in the business name.

3.2.2 Broadband plans

- ✦ All advertised Telstra consumer broadband plans require bundling with a home phone line (*Telstra Broadband Range* or *Telstra Home Bundle*). However, inspection of Telstra's Critical Information Summary web page¹⁰ also revealed a product called *Naked Cable BigPond Broadband*. This product is an unbundled HFC-based broadband service, which does not have a web page, but is available for purchase. **Businesses have a variety of phone service requirements, which may not be best served by the home phone services included in advertised consumer bundles.**
- ✦ Telstra consumer broadband plans have an option where you can "Top Up your broadband for free three times a year when you go over your data limit." A chat session was required to determine details of how this worked: "For the Top Ups, it depends on your plan. We'll give you 100% of it, if you have 100GB, then we give you another 100GB." However, once this limit is

¹⁰ Telstra Personal Critical Information Summaries, <https://www.telstra.com.au/help/critical-information-summaries/personal>

passed, service is slowed to 256 Kbps, and there are no options to pay excess usage fees, although it is possible to move to a broadband plan with a higher usage allowance. Having said this, the HFC plan “*Naked Cable BigPond Broadband*” has a maximum data allowance of 100GB. **As a result, Telstra’s consumer broadband plans may not be suitable for businesses that have large or variable data usage requirements.**

- ✦ Consumer broadband customers can optionally purchase a static IP address (needed for many business purposes, such as connecting PABXs) for an extra fee, whereas static IP addresses are available with business plans at no extra charge.
- ✦ Although not advertised as such, Telstra’s business broadband service requires a Telstra business phone service (per discussions with customer service representatives).
- ✦ Telstra’s business broadband services are designed with business customers in mind, and excluding the cost of a copper connection or phone line (required for ADSL) are similarly priced, but more feature-packed, than a similar 100 GB consumer service. For example, uploads are not counted towards data usage, excess fees are charged for exceeding data allowances (as opposed to speed throttling) but are capped at a maximum monthly fee. And, the CustData reporting portal,¹¹ provides a range of information that’s useful for business customers — but this feature may not be available for the plans reviewed (customer service representatives were unable to provide information on this).
- Questions about service level guarantees and targets were not immediately understood by the small business customer service representatives — questions about SLAs had to be asked multiple times in very simple language, and even then, responses were extremely vague.
- Business phone and internet customers — No situations are described in product collateral or terms that would attract rebates or credits, although rebates are mentioned in the terms and conditions document⁸. In chat discussions with customer service representatives the lack of service availability was said to attract a rebate. For instance, when we inquired about rebates for a home broadband service where outages occurred, the customer service representative advised that there is a pro-rata rebate for periods where the service was unavailable, provided that it’s reported.

3.3 Optus

This section contains our observations about Optus’ residential and business fixed line voice and broadband service plans that meet or exceed the reference products described in Sections 2.1.1 and 2.1.2.

¹¹ Telstra CustData Online Self Service, <http://www.telstrabusiness.com/business/portal/online/site/campaign/custdatatutorial.512062>

- According to an Optus customer service representative (via an online chat session), Optus allows businesses to use consumer phone plans, but a home-based business with an ABN number must order a business internet plan (even though this plan is identical to its consumer counterpart). However, the use of a home phone plan for business purposes appears to contradict Optus' **Fair Go Policy** as specified in the Critical Information Summaries¹².
 - ▲ “The **Fair Go Policy** ensures that all our customers can access our services, and do not use our services in a manner that we consider ‘unreasonable’ or ‘unacceptable’, including, but not limited to ‘non-ordinary’ or ‘commercial purpose use’ of this plan. The policy also sets out your responsibilities when you use the internet, including any content which you publish online or by email. It also confirms steps we may take to ensure and monitor compliance with this policy as well as setting out our responsibilities to comply with directions from regulatory and other law enforcement bodies. You can find the policy at optus.com.au/acceptableuse”
- Business customers have a separate service team, although customer representatives were unable to provide any detail on how this might vary from a consumer experience in terms of call hold times, or other metrics.
- Optus' basic phone line packages for consumers (*Home Phone*) and business (*Basic - Essential Office Phone Line Packages*) that meet the reference plan criteria of a basic phone line, have identical fees and advertised terms for home and small business plans¹³. Discussions with customer service representatives confirmed that these plans were identical. National and mobile calls for reference plans are based on connection fee, plus per minute rate — with caps for calls of up to 1-hour duration.
 - ▲ Optus' customer service representatives stated that voicemail is included at no extra charge (although not described on the Optus website or other collateral). Apparently, no other features are available, with the customer service representative stating: “we don't provide complex services.”
- Optus' broadband packages for consumers (*Optus Just Broadband Plans for Cable/ADSL2+*) and business (*Business ADSL2+ Plans*) that meet the reference plan criteria of at least 100 GB data allowance, have identical fees and advertised terms for home and small business plans — with the exception of consumer 24-month plans of \$60 or more which include 6-months of free Netflix access¹⁴. Discussions with customer service representatives confirmed that these plans were identical, with one exception — business customers are unable to order the

¹² Optus Critical Information Summary for Classic office phone line plans designed for small business, Fair Go Policy, <http://www.optus.com.au/business/voice-collaboration/office-phone> and Optus Critical Information Summary for Business ADSL2+, Fair Go Policy, <https://www.optus.com.au/business/broadband-internet/office/naked-dsl>

¹³ Optus phone line plans, <http://www.optus.com.au/shop/home-phone/plans?SID=con:fix:cat:til:2:ccrd:homeph::img> and <http://www.optus.com.au/business/voice-collaboration/office-phone>

¹⁴ Optus broadband plans, <https://www.optus.com.au/shop/broadband/naked> and <https://www.optus.com.au/business/broadband-internet/office/naked-dsl>

entertainment bundle with Fetch TV. Surprisingly, however, the customer service representative said that business plans also include 6-months of free Netflix access.

- ✦ Optus' consumer and business broadband plans that most closely meet the reference plan of 100 GB, offer 200 GB (available any time) for \$80.00. Uploads and downloads are counted in the data allowance.
- ✦ Optus consumer and business broadband plans have an option where you can "Top Up" your broadband for free twice a year when you go over your data limit — doubling your monthly allowance. Additional data top ups are available and will incur a charge. Alternatively, once this limit is passed, service is slowed to 256 Kbps until the end of the billing month.
- ✦ Business and consumer broadband customers that are connected via ADSL2+ will automatically get a static IP address at no extra charge.
- ✦ Optus allows business and consumer customers to use an existing phone line for their DSL services.
- Provisioning time frames for home and business broadband and phone packages are identical.
- Optus has a huge number of customer terms agreements for consumer and business products¹⁵. It's not intuitively obvious which apply to any given service.
 - ✦ For the purpose of this study, we reviewed the "Consumer Terms" document that are applicable to home telephony and broadband services delivered over local (Optus cable network), NBN, and local access resale services (Telstra access network resale).
 - ✦ We also reviewed additional documents pertaining to local access resale services, which would be the most widely available telephony service type. Interestingly, the pricing plan document was last updated in July 2010, and contains pricing information that is not relevant to plans currently on offer.
 - ✦ Furthermore, we conducted a quick review of documents pertaining to Local Direct Service (local service connected, via an access line, to the Optus network) for relevant information.
 - ✦ We conducted similar reviews of Optus' Small and Medium Business (SMB) Terms¹⁶ as well as service specific documents¹⁷. As with consumer plans, we found documents that didn't reflect current plan offers¹⁸.

¹⁵ Optus customer terms, <http://www.optus.com.au/about/legal/standard-forms-agreement/personal> and <http://www.optus.com.au/about/legal/standard-forms-agreement/small-business#sfoa-tabs-anchor>

¹⁶ Optus Small and Medium Business (SMB) Terms, <http://www.optus.com.au/about/legal/standard-forms-agreement/small-business#sfoa-tabs-anchor>

¹⁷ Optus Small Business Customer Terms, <http://www.optus.com.au/about/legal/standard-forms-agreement/small-business>

¹⁸ <http://www.optus.com.au/about/legal/standard-forms-agreement/small-business#sfoa-tabs-anchor>

- Questions about service level guarantees and targets were not immediately understood by the small business customer service representative — questions about SLAs had to be asked multiple times in very simple language, and even then, responses were extremely vague. The author was eventually directed to separately call a specialised services team (with no option to have the chat transferred to someone who had knowledge in this area). Whilst service rebates are mentioned in the consumer and business legal terms and conditions documents, the author was unable to obtain further details during our online chat discussion.
- Frustratingly, after a long chat session, a survey window was presented at the end of the conversation which cleared all records of the chat session without allowing the author to save or print beforehand. Because this session was conducted as a mystery shopper exercise, the author had been copying the chat dialogue into a separate document throughout the session, which provided us with a written record of the chat session. However, it's likely that most business and consumer customers would not have done so — potentially wasting a lot of time.
- **Overall, because Optus' consumer and SMB business plans are offered at the same price, with the same basic terms, and with a separate business service team, there's no reason why a business shouldn't chose an Optus business plan as compared to the consumer counterpart.**

3.4 TPG

This section contains our observations about TPG's residential and business fixed line voice and broadband service plans that meet or exceed the reference products described in Sections 2.1.1 and 2.1.2.

- TPG does not offer an online chat service. Therefore clarification questions were posed to customer service representatives in the consumer and business sales teams via phone discussion. Unlike many service providers, the business representative provided a direct extension number for further queries or to place an order, and whilst TPG does not offer service level agreements (or targets), the customer service representative was knowledgeable about this subject.
- According to a TPG customer service representative, business customers (even with a home office) are required to use business grade plans.
- TPG does not offer a consumer phone plan. "*Small Office*" business phone plans¹⁹ are based on VoIP technology, and have a number of restrictions. TPG does not offer PSTN phone lines for business customers.
 - ✦ Business VoIP products are available for existing TPG Broadband On-net customers with a Static IP address (not available with NBN connections).

¹⁹ TPG Business VoIP Products for existing broadband on-net customers, <https://www.tpg.com.au/business-voip.php>

- ✦ VoIP services are available with unlimited local and national calls, but mobile, international and other numbers attract usage fees. The service is available only on a pre-paid basis.
- ✦ The Business VoIP service does not support "000" emergency calls, fax, EFTPOS, back to base alarms, line hunt, Foxtel program purchase, analogue modems and calls to 191/1900.
- ✦ The Business VoIP service is discounted based on new customers agreeing to waive the Customer Service Guarantee (CSG).
- ✦ Bandwidth is shared between calls made from the Business VoIP service and other internet usage (e.g. browsing, video streaming). TPG does not guarantee that business customers can make concurrent calls at all times. Making concurrent calls is dependent on the available bandwidth of your broadband connection.
- ✦ Third party VoIP handsets and software clients are not supported and cannot be used with TPG Business VoIP service.
- ✦ At registration time, businesses may be able to port an existing service number to TPG or have TPG supply a Direct Inward Dial (DID) number. This service number will be allocated based on the standard zone unit of the business address. TPG cannot guarantee the allocation of sequential number blocks for Business VoIP services.
- ✦ VoIP services are unlisted (silent line), and there are apparently no options to list a business phone number in directories such as Yellow Pages.
- ✦ VoIP services are covered by a separate voice services terms and conditions document.²⁰ However, service level agreements (or targets) are not available.
- TPG offers both consumer (*TPG ADSL2+ Standalone - 150 GB*) and "Small Office" (*ADSL2+ - 150 GB*) business standalone broadband plans²¹ that meet the reference plan of at least 100 GB.
 - ✦ Both plans are available with a 150 GB quota, and are available only via TPG DSLAMs.
 - ✦ Plan prices and inclusions are similar (\$10/month difference, but a 4-Port Ethernet Modem Router is included in Business ADSL2+ plans, and connection fees are waived).
 - ✦ Business customers (even with a home office) are required to take a business grade plan.

²⁰ TPG Service Description and Terms - TPG VOIP, Home Phone, Landline Rental and Preselection, http://www.tpg.com.au/terms_conditions/tpg_voice.php

²¹ TPG ADSL2+ Standalone - 150 GB (Consumer), https://www.tpg.com.au/products_services/adsl2-standalone and TPG Business ADSL2+ - 150 GB (Business), https://www.tpg.com.au/products_services/adsl2-business.php

- ✦ Consumer plans have 12 and 18-month term options, whereas business plans have 24-month terms. Connection fees are waived for consumers opting for 18-month terms, and for business customers (24-month terms).
- ✦ In all cases, uploads are not counted towards broadband quotas, but data allowances are split between peak/off-peak usage periods. Once broadband quotas are reached, speeds are throttled to 256Kbps for the period in which the monthly usage quota has been exceeded (peak and/or off-peak). There are no options to pay for excess usage. TPG recommends that customer's select one of their unlimited plans if speed throttling is a concern. The price difference between the reference plan used in this study (at least 100 GB), and unlimited plans is \$20/month for both consumer and business services. **As a result of speed throttling, TPG's fixed usage business broadband plans may not be suitable for businesses that have variable data usage requirements — TPG's unlimited plans are a better option.**
- ✦ With both consumer and business plans, selected IPTV channels are included in the broadband subscription.
- ✦ The same team provides customer support for consumer and small business services, and the identical terms and conditions apply²². Service level agreements (or targets) are not available.
- ✦ TPG customer service representatives also confirmed that business and residential plans utilise an identical technology platform; e.g. contention ratios for "Small Office" business and residential plans are identical. Furthermore, service level agreements (or targets) are not available.
- ✦ TPG customer service representatives also confirmed that Static IP addresses are provisioned with on-net ADSL2+ services. However, they advised that NBN services use dynamic IP address, which are not compatible with TPG's Business VoIP service, PABXs or any other business function that requires static IP address. At this point, no alternatives are available.
- ✦ TPG customer service representatives also suggested that a maximum of 4 devices connect to the ADSL2+ service, so as not to degrade speeds on any given device.
- ✦ Optional bundles for consumer customers include an ADSL2+ with a home phone line (PSTN), and/or a TPG mobile service.
- ✦ Optional bundles for business ADSL2+ customers include business VoIP and a video surveillance service.

²² Service Description and Terms of Standalone Broadband, https://www.tpg.com.au/terms_conditions/adsl_terms

3.5 iiNet

This section contains our observations about iiNet's residential and business fixed line voice and broadband service plans that meet or exceed the reference products described in Sections 2.1.1 and 2.1.2.

- iiNet does not offer an official online chat service, although at random times a chat screen popped up, but did not allow a conversation. Therefore clarification questions were posed to customer service representatives in the consumer and business sales teams via phone discussion.
- iiNet's customer service representatives (residential and business teams) stated that residential services could be used by business customers, even at business premises.

3.5.1 Residential phone service

- ✦ iiNet's only residential phone product that meets the reference plan criteria of a basic phone line is the *Home Phone*²³ — a traditional landline telephone service — which is not sold on a standalone basis (according to the Critical Information Summary, but not marketed as such on iiNet's website). According to the CIS, the home phone service is available to bundle with an iiNet Broadband, Mobile Broadband, or Dialup plan. (iiNet's Business Phone service can only be bundled with Business Broadband services.)
- ✦ National and mobile calls are based on a connection fee, plus per second fees (unless otherwise noted) — with caps for the various types of calls offered: standard calls (caps for durations of up to 2 hours), mobile calls (caps for durations of up to 20 minutes), international calls (caps for durations of up to 30 minutes to selected countries), and 1300 and 13 numbers are offered on an untimed basis.
- ✦ Call Forward, Call Return, Call Waiting, 3-Way Chat and Call Back are included features in the basic service.
- ✦ Local, National & Mobile Call Packs offering unlimited calls, as well as International Call Packs offering unlimited calls to iiNet's top 20 international destinations are also offered as extra fee services.
- ✦ A range of additional features are available on a monthly fee basis, including Call Forward Selected Caller, Calling Number Display, Call Blocking, Call Control, Duet - Phone & Fax Multiple Number, Multiple Number, Silent Number and Voice Mail.
- ✦ iiNet's Phone Service Description Customer Relationship Agreement (CRA) applies to both residential and business phone services.²⁴

²³ iiNet Home Phone, <http://www.iinet.net.au/phone/home/>

²⁴ iiNet's Customer Relationship Agreement (CRA) – Phone Service Description, <http://www.iinet.net.au/about/legal/cra/>

- ✦ Additional bundling benefits apply (see residential broadband below).

3.5.2 Business phone service

- ✦ iiNet's only business phone product that meets the reference plan criteria of a basic phone line is the *iiNet Business Phone*²⁵ — a traditional landline telephone service — which is not sold on a standalone basis. It's available to bundle with an iiNet internet service on a 24-month contract.
- ✦ The *Business Phone* service is effectively the same price as the residential service (the business monthly plan is \$0.05 more expensive), but also includes unlimited local and national calls in the plan price.
- ✦ International and mobile calls are based on a connection fee, plus per second fees (unless otherwise noted) — with caps for the various types of calls offered: mobile calls (caps for durations of up to 20 minutes), international calls (caps for durations of up to 30 minutes to selected countries), and 1300 and 13 numbers are offered on an untimed basis. Call charges are identical to the residential phone plan.
- ✦ A Mobile Call Pack offering unlimited calls to standard Australian mobile numbers, as well as International Call Packs offering unlimited calls to iiNet's top 20 international destinations are also offered as extra fee services.
- ✦ The business phone solution is scalable, meaning businesses can add additional services.
- ✦ As with residential services, Call Forward, Call Return, Call Waiting, 3-Way Chat and Call Back are included features in the basic service.
- ✦ As with residential services, a range of additional features are available on a monthly fee basis, including Call Forward Selected Caller, Calling Number Display, Call Blocking, Call Control, Duet - Phone & Fax Multiple Number, Multiple Number, Silent Number and Voice Mail.
- ✦ iiNet's Phone Service Description CRA applies to both residential and business phone services.²⁴
- ✦ Additional bundling benefits apply (see business broadband below).

3.5.3 Residential broadband

- ✦ iiNet's residential plan that most closely meets the reference plan of 100 GB, is the *ADSL2+ Home-2* plan, which offers 150 GB (available any time) for \$59.99. When bundled with a home phone (additional \$29.95, plus call charges), the broadband quota is doubled to 300 GB, and a \$10 saving is offered as compared to separately purchasing the products.

²⁵ iiNet Business Phone, <http://www.iinet.net.au/business/small/phone/pstn/index.html>

- ✦ A Netcomm NB16WV-02 ADSL2+ modem is included in the plan fee on a 24-month contract. This modem is a basic 2.4GHz and 5GHz 802.11n wireless ADSL2+ integrated modem.
- ✦ When ADSL2+ and a home phone are bundled, iiNet offers \$650 worth of extras: Free iiNet TV with Fetch for 24 months (value \$240); Netflix quota-free, WiFi modem (value \$109), 24/7 support, and double 4G mobile data. Netflix streaming membership, internet, and Netflix compatible device are required.
- ✦ Both uploads and downloads count towards the monthly quota, although the quota can be used at any time (no peak / off-peak restrictions). If data allowances are exceeded, iiNet will shape (speed throttle) all excess use on residential services to 256 Kbps. However, additional data packs can be purchased on a monthly basis, starting at \$10 for 10 GB extra usage, to \$80 for 200 GB extra usage.
- ✦ Although residential ADSL services can be used by business customers, static IP addresses are only available with a business grade service.
- ✦ iiNet's customer service representatives (residential and business teams) have confirmed that existing phone line services can be used by for ADSL (no churning or bundling required).
- ✦ The standard timeframe for installing a residential or business ADSL and home phone bundle is 10-15 working days, but if a phone line that can be utilised for DSL is already working with another company, the timeframe goes down to 5-10 working days.
- ✦ iiNet's *Group CRA – ADSL Service Description*²⁶ describes a range of restrictions, including not providing technical support for services using the ADSL modem to run internal networks connected to the service, or Macintosh operating systems below v10.0. Strangely, the terms also state that the ADSL Modem only supports a single computer connected to that modem or router — which would also be unsuitable for many residential users. However, the use of a Local Area Network (LAN) for personal use is permitted, although the set-up and configuration of a LAN connected to the modem is not supported by iiNet's customer service. However, in discussions with customer service representatives, the reference to ADSL services being able to support a single computer was noted as being incorrect. **iiNet's Group CRA – ADSL Service Description for small business has a separate link, but the same document (PDF) referred to above, also applies to business users (as confirmed by customer service representatives).**

²⁶ iiNet's Group CRA – ADSL Service Description, Bris_docs/8709418_1, <http://www.iinet.net.au/about/legal/cra/>

3.5.4 Business broadband

- ✦ iiNet's business plan that most closely meets the reference plan of 100 GB, is the *Value Bundle*, which offers 150 GB (available any time) for \$89.95. When bundled with a business phone (additional \$10.00, plus call charges), the broadband quota is doubled to 300 GB.
- ✦ With business plans, there are no excess quota usage charges. Speeds are shaped to 512 Kbps, whereas residential services are shaped to 256 Kbps. Additional data packs can be purchased on a monthly basis, starting at \$10 for 10 GB extra usage, to \$80 for 200 GB extra usage.
- ✦ With business plans, uploads are not counted towards the monthly quota, whereas uploads are counted on residential plans. As with residential plans, data allowances can be used at any time (no peak/off-peak distinction).
- ✦ Business services include the following features, which are not available on residential ADSL services: Static IP address, Upload Speed Booster (Appendix M) — a business-only add-on offering up to double existing upload speeds (up to 1 Mbps). The service also includes a premium business support line (highly trained team), no or little waiting in call queues and extra attention.
- ✦ Whilst iiNet's business customer service representative was unable to provide any specific information about SLAs, it was noted that if something goes wrong on their end, compensation would be provided.
- ✦ iiNet's customer service representatives (residential and business teams) have confirmed that existing phone line services can be used for business ADSL (no churning or bundling required).
- ✦ With business bundles (such as broadband and phone), iiNet offers complimentary standard WiFi installation — aimed at businesses that have visitors or customers at their premises. "When a customer walks into your WiFi range, they can connect to the internet for free on their mobile device (daily limit of 50MB) without affecting your business' internet quota. If your customer is an existing iiNet internet account holder, they can continue browsing using their own quota." iiNet supplies and installs the required equipment at no additional cost.
- ✦ iiNet's business plans do not include the extra "\$650 worth of extras" available to residential customers who bundle ADSL2+ and a home phone line.
- ✦ Aside from the above-noted information, iiNet's residential and business on-net ADSL services are identical.

- iiNet offers separately priced installation and support services for business customers (iiNet Business Support).²⁷ This service includes a fee-based onsite DSL installation service that is available to businesses within specified locations for ADSL and Naked DSL services, as well as onsite IT support (including telephone systems) and managed services.
- iiNet has a published *Dispute Resolution Process*,²⁸ which includes a complaints escalation process. Once accepted, iiNet will aim to deliver a mutually agreed resolution within 10 business days, or two business days where the complaint is urgent. iiNet's Customer Service Representative (CSR) is empowered to resolve complex issues, first level complaints and make fair and reasonable customer service decisions. If a CSR is not able resolve a complaint it can be escalated to a Customer Service Manager (CSM) or an appropriate alternative senior member of staff if a CSM is not available. If a CSM is unable to resolve a complaint to a subscriber's satisfaction, the complaint can be further escalated to a solutions team, who may refer the matter to senior management, and as a last resort to the TIO. **iiNet's Dispute Resolution Process applies to all consumer and small business products.**

²⁷ Installation and Support for business customers, "Service Description For Business Support Services," <http://www.iinet.net.au/about/legal/cra/>

²⁸ iiNet Dispute Resolution process, https://iihelp.iinet.net.au/Complaints_escalation_process

4 Analysis

In this section we provide commentary on the price range²⁹ and other features of residential and business market plans that fit most closely with the reference plans described in Section 2.1.

4.1 Phone services

This section looks at the industry price range of the core residential and business market plans described in Section 3. A full tariff and plan feature analysis is beyond the scope of this project.

- The basic residential phone services reviewed in this study range in price from \$22.00 to \$29.95 per month, with a median price of \$23.95. [Note: TPG does not offer a residential voice service].
- The basic business phone services reviewed in this study range in price from \$22.00 to \$40.00 per month, with a median price of \$30.00. [Note: TPG does not offer a standard business voice service, but does offer a VoIP service. If we include this service in the price analysis, the median price across all plans reviewed goes down to \$26.00. We also note that other providers also offer VoIP services (not reviewed in detail), and as such we suggest TPG's VoIP service should be excluded from the median price benchmark].

There's a common belief that business services are more expensive than their residential counterparts. In this study, we examined the residential and business prices for the basic fixed line service from the same provider to determine the price gap. The results are shown in Table 1 below (Excluding TPG VoIP). As can be seen, in most cases, a basic business and residential fixed line (PSTN) voice service is priced identically for residential and business customers. There are, however, different inclusions in residential offers and we direct readers to Section 3, for further information on the plans available from major providers.

Table 1. — Residential and Business Fixed Line Voice Pricing: Same Provider Analysis³⁰

	Price (Residential Plan)	Price (Business Plan)	\$ Difference	% Difference
Minimum	\$22.00	\$22.00	\$0.00	0%
Median	\$23.95	\$30.00	\$0.05	0%
Maximum	\$29.95	\$40.00	\$16.05	67%

²⁹ All prices are inclusive of GST.

³⁰ Industry median data shown in this table reflect the range of all market plans, not a single plan.

4.2 Broadband services

In this section we provide commentary on the industry price range of the core residential and business market plans described in Section 3. A full tariff and plan feature analysis is beyond the scope of this project.

- All broadband plans reviewed in this analysis were based on unbundled market offers. Where bundling is offered (all providers reviewed), different broadband allowances frequently apply. Furthermore, we observe that a number of providers offer unlimited broadband data allowances, which may be available in both bundled and unbundled offers.
- Restrictions on broadband allowances vary by provider (see Section 3.2 through 3.5), with some providers counting download and upload data, others downloads only, and/or separating data usage into peak and off-peak periods.
- The broadband plans reviewed were all based on on-net ADSL2+ services, with the exception of Telstra's residential service, as they only offered unbundled residential plans based on Hybrid fibre-coaxial (HFC).
- Table 2 shows the price and data allowance ranges for the residential broadband services meeting or exceeding the reference plan of an unbundled 100 GB service. Prices from \$39.99 to \$80.00 per month, with a median price of \$64.95 per month. Data allowances for plans reviewed ranged from 100 to 200 GB per month. And, on a \$/GB basis, ranged from \$0.27/GB to \$0.70/GB.

Table 2. — Residential Broadband Pricing and Data Allowances³¹

	Price/Month	Included GB	Price per GB
Minimum	\$39.99	100	\$0.27
Median	\$64.95	150	\$0.40
Maximum	\$80.00	200	\$0.70

- Table 3 shows the price and data allowance ranges for the business broadband services meeting or exceeding the reference plan of an unbundled 100 GB service. Prices range from \$49.99 to \$89.95 per month, with a median price of \$70.00 per month (\$5.05 more expensive than the median residential price for the same reference plan). As with residential plans, data allowances ranged from 100 to 200 GB per month. And, on a \$/GB basis, ranged from \$0.33/GB to \$0.60/GB, with a median per GB price of \$0.50 (higher than the median residential per GB price of \$0.40).

³¹ Industry minimum, median and maximum data shown in this table reflect the range of all market plans, not a single plan. Hence, in Table 3, the minimum residential price of \$39.99 and the minimum residential price per GB of \$0.27/GB do not reflect an offer from a single provider. Rather, this is the minimum industry monthly fee, and the minimum industry price per GB.

Table 3. — Business Broadband Pricing and Data Allowances³¹

	Price/Month	Included GB	Price per GB
Minimum	\$49.99	100	\$0.33
Median	\$70.00	150	\$0.50
Maximum	\$89.95	200	\$0.60

- While the industry price range for business plans is slightly more expensive (\$10) than their residential counterparts, we found that offers vary by provider. In this study, we examined the residential and business prices for the basic broadband service from the same provider to determine the price gap. The results are shown in Table 4 below. In general business broadband prices are slightly higher than residential broadband service from the same provider (although we found one instance where a business plan meeting this study’s reference plan criteria was less expensive than the corresponding residential offer). There are, however, different inclusions in residential and business offers and we direct readers to Section 3, for further information on the plans available from major providers.

Table 4. — Residential and Business Broadband Pricing: Market Price Ranges³⁰

	Price (Residential Plan)	Price (Business Plan)	\$ Difference	% Difference
Minimum	\$39.99	\$49.99	-\$9.95	-14%
Median	\$64.95	\$70.00	\$5.00	13%
Maximum	\$80.00	\$89.95	\$30.00	50%

4.3 Business use of residential services

4.3.1 Fixed line voice (PSTN)

Of the three major service providers that we reviewed (via online literature, terms and conditions, and discussions with customer service representatives): one allows business use of a residential broadband service with no restrictions, one allows this so long as the premise is not identified in their databases as a business location, and one states that businesses are prohibited from using the residential service. **We note, however, that advice provided by customer service representatives on this subject, may conflict with legal contract and terms documents. Please refer to Sections 3.1 to 3.5 for further detail.**

[Note: TPG does not offer a standard fixed line (PSTN) voice services, but does offer a business VoIP service.]

4.3.2 Broadband

Of the four major broadband service providers that we reviewed (via online literature, terms and conditions, and discussions with customer service representatives): one allows business use of a residential broadband service with no restrictions, one allows this so long as the premise is not identified in their databases as a business location, and two state that businesses are prohibited from using the residential service. **We note, however, that advice provided by customer service representatives on this subject, may conflict with legal contract and terms documents. Please refer to Sections 3.1 to 3.5 for further detail.**

4.4 Dedicated business call centres

4.4.1 Fixed line voice (PSTN)

Of the three major service providers that we reviewed (via online literature, terms and conditions, and discussions with customer service representatives): all of them state that they have a dedicated business call centre team.

Furthermore, one of the providers indicated that business customers may be assigned a customer account representative in specified situations (typically tied to monthly spend).

[Note: TPG does not offer a standard fixed line (PSTN) voice services, but does offer a business VoIP service.]

4.4.2 Broadband

Of the four major broadband service providers that we reviewed (via online literature, terms and conditions, and discussions with customer service representatives): three of them (75%) state that they have a dedicated business call centre team, whilst the remaining provider has a combined team for small business and residential customers.

As with fixed services, one of the providers indicated that business customers may be assigned a customer account representative in specified situations (typically tied to monthly spend).

4.5 Provisioning/installation timeframes and guarantees

4.5.1 Fixed line voice (PSTN)

All of the fixed line voice providers that we reviewed provide the same installation timeframe ranges for business and residential broadband plans. As shown in Table 5, timeframes where there has been a previous working phone service at a premise range from 2 to 15 business days.

Table 5. — Residential and Business Fixed Voice Activation Timeframes

	Residential (min business days)	Residential (max business days)	Business (min business days)	Business (max business days)
Minimum	2	5	2	5
Median	2	10	2	10
Maximum	5	15	5	15

[Note: TPG does not offer a standard fixed line (PSTN) voice service, but does offer a business VoIP service.]

A range of installation options, including onsite technician visits, may apply to installing or activating fixed line voice services. Additional fees apply to these services.

In order to determine whether there are major differences between installation / activation fees for business and residential broadband plans, we looked at whether or not the price charged for a 24-month unbundled fixed line voice contract from the same provider varied between business and residential services. In all cases, we found that installation / activation fees were identical.

All of the providers (except one, which had no fee) had a \$59 installation fee for residential and business unbundled phone services, contracted for a 24-month period where there has been a previous working phone service at the premises.

In general, we were able to find reference to installation or provisioning timeframe guarantees in online literature, terms and conditions, or discussions with customer service representative for phone services covered by the Customer Service Guarantee (CSG)⁷. And, some customer service representatives talked about dedicated activation teams for business customers. Contract terms for business and residential services also described dispute and escalation processes that would apply to a wide range of service related situations, where rebates might apply.

4.5.2 Broadband

All of the broadband providers that we reviewed provide the same installation timeframe ranges for business and residential broadband plans. As shown in Table 6, timeframes where an existing phone (or HFC cable) service is in place, range from 3 to 15 business days.

Table 6. — Residential and Business Broadband Installation Timeframes

	Residential (min business days)	Residential (max business days)	Business (min business days)	Business (max business days)
Minimum	3	5	3	5
Median	6	10	6	10
Maximum	10	15	10	15

A range of installation options — including onsite technician visits, apply to broadband plans.

Installation fees also vary in accordance with plan options, contract terms and equipment selection.

In order to determine whether there are major differences between installation / activation fees for business and residential broadband plans, we looked at whether or not the price charged for a 24-month unbundled broadband contract from the same provider varied between business and residential services. In all cases, we found that installation / activation fees were identical.

Installation fees for residential and business unbundled broadband services contracted for a 24-month period range in price from \$10.00 to \$90.00, with a median price of \$69.48. Where specific equipment is required, and delivery fees are charged, these fees are included in the above industry price ranges.

However, even for business services, we were unable to find any reference to installation or provisioning timeframe guarantees in online literature, terms and conditions, or discussions with customer service representatives. Although some customer service representatives talked about dedicated activation teams for business customers. Contract terms for business and residential services also described dispute and escalation processes that would apply to a wide range of service related situations, where rebates might apply.

4.6 Service performance guarantees

In our experience with larger business and enterprise contracts, Service Level Agreements (SLAs) are commonly offered, and may comprise either targets or guarantees with respect to:

- Network or service availability; and
- Service performance — typically including parameters such as service availability, ability to make a call, internet connectivity, quality of service (dropped calls), etc.

A key part of our investigation into small business services was therefore to determine whether similar metrics apply to services offered to small business, and how such guarantees or targets compared to residential service offers.

Following our extensive review of online literature, terms and conditions, and discussions with customer service representatives, it is our view that service performance guarantees are not offered for the residential or small business fixed broadband products reviewed in this study.

Fixed line voice services are in many cases covered by the Customer Service Guarantee (CSG)⁷, which outlines maximum timeframes for connecting a service, maximum timeframes for repairing faults or service difficulties and maximum timeframes for appointments. However, CSG related guarantees were in many cases not easy to locate. In this author's view, information about CSG related guarantees should form part of the Critical Information Summary for phone services.

Furthermore, as flagged in Section 3, in our chat sessions and conversations with many customer service representatives, it was very apparent that the concept of service level agreements or targets was outside of their knowledge, training and database reference materials. Questions having anything to do with service availability, or guarantees were, for the most part, not understood. For example, when pressed about service availability — the default answer was “always” or “100% of the time.”

4.6.1 Fixed line voice (PSTN)

The following service caveats were typically contained in residential and business fixed line voice contract terms documents (legal documents).

- Given the nature of telecommunications systems (including our services' reliance on systems and services that we do not own or control), we cannot promise that our services will be continuous or fault-free.
- In the event of unexpected faults we will use reasonable endeavours to ensure the service is restored as soon as possible.
- Unless the service description expressly provides otherwise, we are not responsible for repairing any fault in the service where the fault arises in or is caused by: a supplier's network, equipment that we are not responsible for such as equipment that is owned by you or is not provided by us for you to use in connection with the service, or facilities outside of our network.
- We will provide the service to you with due care and skill. In the event of unexpected faults we will use reasonable endeavours to ensure the service is restored as soon as possible.
- We reserve the right to perform maintenance work from time to time, which may temporarily interrupt your access to the service. Where possible, we will perform this work during non-peak times.

In spite of these caveats, numerous customer service representatives asserted that the service would be working 100% of the time!

In other cases, customer service representatives were unable to provide any information about network or service availability, or service level agreements.

We find this troubling, as most residential and small business customers would rely on information provided in a pre-sales conversation, rather than reading through voluminous legal contract terms.

Overall, we noted little difference in the legal terms and conditions for residential and business services. And, in many cases, service providers use the same documents for both residential and small business customers.

Some contract terms and conditions documents refer to **service credits (or rebates)** limited to charges paid for “significant loss of access,” although the definition of “significant” was not contained within the legal document — leaving a grey area as to what may, or may not be covered.

Two of the fixed voice service providers also offer online monitoring tools to check residential and business call usage (not outages, or other service performance criteria).

Our overall view is that service performance guarantees are not offered for residential or business fixed line voice services.

4.6.2 Broadband

The following service caveats were typically contained in residential and business broadband contract terms documents (legal documents) or other company sources.

- The ADSL2+ service offers speeds up to 20 Mbps, although you will experience speeds lower than that. There are many factors that will impact the speed you receive such as the quality of the line, local network traffic, distance from the exchange, the hardware that you are using and the source or destination of the site you are accessing.
- While we will endeavour to make broadband services available to customers 24 hours a day, 7 days a week, ADSL/ADSL2+ services are not fault free and we cannot guarantee uninterrupted service, or the speed, performance or quality of the service. There are many factors outside of our control, which affect ADSL/ADSL2+ services, such as the performance of third party suppliers and equipment, Force Majeure events and performance of and quality of the copper pair. We accept no liability for interruptions to your ADSL service or for any resulting damage or loss suffered by you or any third party.
- Given the nature of telecommunications systems (including our services’ reliance on systems and services that we do not own or control), we cannot promise that our services will be continuous or fault-free.
- In the event of unexpected faults we will use reasonable endeavours to ensure the service is restored as soon as possible.

- Unless the service description expressly provides otherwise, we are not responsible for repairing any fault in the service where the fault arises in or is caused by: a supplier's network, equipment that we are not responsible for such as equipment that is owned by you or is not provided by us for you to use in connection with the service, or facilities outside of our network.
- We will provide the service to you with due care and skill. In the event of unexpected faults we will use reasonable endeavours to ensure the service is restored as soon as possible.
- We reserve the right to perform maintenance work from time to time, which may temporarily interrupt your access to the service. Where possible, we will perform this work during non-peak times.

In spite of these caveats, numerous customer service representatives asserted that the service would be working 100% of the time!

In other cases, customer service representatives were unable to provide any information about network or service availability, or service level agreements.

We find this troubling, as most residential and small business customers would rely on information provided in a pre-sales conversation, rather than reading through voluminous legal contract terms.

Overall, we noted little difference in the legal terms and conditions for residential and business broadband services. And, in many cases, service providers use the same documents for both residential and small business customers, and are governed by an overall Customer Relationship Agreement (CRA) that spans across all services offered.

As was the case with fixed voice services, some contract terms and conditions documents refer to **service credits (or rebates)** limited to charges paid for “significant loss of access,” although the definition of “significant” was not contained within the legal document.

In accordance with the ACMA’s Telecommunications Consumer Protections Code (TCP), most (but not all) service providers specify in their Critical Information Summaries (CIS), that they offer usage alerts when data usage exceeds 50%, 85%, 100% of data allowances for the contracted plan. In one case, a provider specified in their CIS that alerts would be provided at an estimated 50%, 75%, 100%, 125%, 175%, and 250% of a plan’s included data usage for the current billing cycle.

All of the broadband providers also offer online toolboxes, where residential and business customers can monitor service usage, and in some cases other information such as outages in particular areas, but not a running summary of individual service performance. Customer service representatives from one service provider’s business team also indicated that additional service performance information could be obtained by contacting the technical support team, as they have internal tools that allow them to view items such as individual service outages.

Our overall view is that service performance guarantees are not offered for residential or business broadband services.

4.7 Fault handling

In our experience with larger business and enterprise contracts, Service Level Agreements (SLAs) pertaining to Fault Handling are commonly offered, and may comprise either targets or guarantees with respect to:

- Fault reporting / trouble ticket response times — for example, timeframes in which calls will be answered;
- Fault restoration timeframes;
- Incident resolution timeframes;
- Formal escalation processes; and
- Reporting on fault status.

A key part of our investigation into small business services was therefore to determine whether similar metrics apply to services offered to small business, and how such guarantees or targets compared to residential service offers.

Following our extensive review of online literature, terms and conditions, and discussions with customer service representatives, it is our view that service performance guarantees pertaining to fault handling are not offered for residential or small business broadband products, although two of the four providers have an official complaints escalation process service that is outlined in their customer terms documents.

We do note, however, that fixed line voice services are in many cases covered by the Customer Service Guarantee (CSG)⁷, which outlines maximum timeframes for connecting a service, maximum timeframes for repairing faults or service difficulties and maximum timeframes for appointments. However, CSG related guarantees were in many cases not easy to locate, and may be subject to additional caveats contained in service terms and conditions.

4.7.1 Fixed line voice (PSTN)

Residential fixed voice fault reporting is available from all providers reviewed in this study on a 24 x 7 basis via phone, email, and in some cases other online mechanisms. However, fault reporting to a dedicated business support team may be limited to weekdays during business hours (sometimes extended into early evening), or during limited weekend hours.

Most (2/3) of the providers reviewed have an official complaints escalation process for their residential and business fixed line voice that is outlined in their customer terms documents. [Note: TPG does not offer a standard fixed line voice services, but does offer a business VoIP service, and as such is not included in this tally.]

The following service caveats pertaining to faults were typically contained in residential and business fixed line voice contract terms documents (legal documents).

- In the event of unexpected faults we will use reasonable endeavours to ensure the service is restored as soon as possible.
- Unless the service description expressly provides otherwise, we are not responsible for repairing any fault in the service where the fault arises in or is caused by: a supplier's network, equipment that we are not responsible for such as equipment that is owned by you or is not provided by us for you to use in connection with the service, or facilities outside of our network.
- We will provide the service to you with due care and skill. In the event of unexpected faults we will use reasonable endeavours to ensure the service is restored as soon as possible.
- We reserve the right to perform maintenance work from time to time, which may temporarily interrupt your access to the service. Where possible, we will perform this work during non-peak times.
- Before you report a fault to us, you must take all reasonable steps to ensure that the fault is not caused by any equipment that we are not responsible for such as equipment that is owned by you or is not provided by us for you to use in connection with the service.
- Where use of our services involves equipment that does not belong to us and that is at your premises, you have to maintain and repair that equipment. This includes carrying out any maintenance or repairs that we reasonably think is required within a reasonable timeframe of when we ask you to do so.
- Where your equipment causes a fault in your service that we need to repair, we can charge you a call-out fee and our reasonable charges for repairing the fault. We will tell you the amount of the call-out fee and the hourly rates we charge for repairing faults before we start work.
- Disclaimers apply to:
 - ✦ Damage to a facility not caused by the service provider;
 - ✦ Natural disasters or extreme weather conditions that cause mass outages of specified services and restrict connection or fault rectification activities;
 - ✦ Where we are requested by a public authority to provide emergency communications services to assist in emergency action, and the provision of those services restricts rectification of a fault or service difficulty; and
 - ✦ Where we are prevented from rectifying a fault or service difficulty, because we are unable to obtain lawful access to land or a facility.

For both business and residential services, none of the providers offered guarantees for timeframes in which calls would be answered, or faults would be resolved (notwithstanding CSG obligations). Although, one company stated that if they advised that a service fault would be rectified within a certain period, and it goes beyond that time, then compensation may apply.

However, customer service representatives stated that with fault restoration or service difficulties, they are committed to fix the problem as soon as possible, irrespective of whether it's a consumer or business service.

4.7.2 Broadband

Residential broadband fault reporting is available from most (3/4) providers reviewed in this study on a 24 x 7 basis via phone, email, and in some cases other online mechanisms. Where not available on a 24 x 7 basis, support is offered from 8 am to midnight on weekdays, and 9 am to 9 pm on weekends. And, fault reporting to a dedicated business support team may be limited to weekdays during business hours (sometimes extended into early evening), or during limited weekend hours.

Half (2/4) of the broadband providers reviewed have an official complaints escalation process for their residential and business broadband service that is outlined in their customer terms documents.

The following service caveats were typically contained in residential and business broadband contract terms documents (legal documents).

- While we will endeavour to make broadband services available to customers 24 hours a day, 7 days a week, ADSL/ADSL2+ services are not fault free and we cannot guarantee uninterrupted service, or the speed, performance or quality of the service. There are many factors outside of our control, which affect ADSL/ADSL2+ services, such as the performance of third party suppliers and equipment, Force Majeure events and performance of your and quality of the copper pair. We accept no liability for interruptions to your ADSL service or for any resulting damage or loss suffered by you or any third party.
- In the event of unexpected faults we will use reasonable endeavours to ensure the service is restored as soon as possible.
- Unless the service description expressly provides otherwise, we are not responsible for repairing any fault in the service where the fault arises in or is caused by: a supplier's network, equipment that we are not responsible for such as equipment that is owned by you or is not provided by us for you to use in connection with the service, or facilities outside of our network.
- We will provide the service to you with due care and skill. In the event of unexpected faults we will use reasonable endeavours to ensure the service is restored as soon as possible.
- We reserve the right to perform maintenance work from time to time, which may temporarily interrupt your access to the service. Where possible, we will perform this work outside normal business hours.

- Before you report a fault to us, you must take all reasonable steps to ensure that the fault is not caused by any equipment that we are not responsible for such as equipment that is owned by you or is not provided by us for you to use in connection with the service.
- Where use of our services involves equipment that does not belong to us and that is at your premises, you have to maintain and repair that equipment. This includes carrying out any maintenance or repairs that we reasonably think is required within a reasonable timeframe of when we ask you to do so.
- Where your equipment causes a fault in your service that we need to repair, we can charge you a call-out fee and our reasonable charges for repairing the fault. We will tell you the amount of the call-out fee and the hourly rates we charge for repairing faults before we start work.
- Disclaimers apply to:
 - ✦ Damage to a facility not caused by the service provider;
 - ✦ Natural disasters or extreme weather conditions that cause mass outages of specified services and restrict connection or fault rectification activities;
 - ✦ Where we are requested by a public authority to provide emergency communications services to assist in emergency action, and the provision of those services restricts rectification of a fault or service difficulty; and
 - ✦ Where we are prevented from rectifying a fault or service difficulty, because we are unable to obtain lawful access to land or a facility.

For both business and residential services, none of the providers offered guarantees for timeframes in which calls would be answered, or faults would be resolved. Although, one company stated that if they advised that a service fault would be rectified within a certain period, and it goes beyond that time, then compensation may apply.

However, customer service representatives stated that with fault restoration or service difficulties, they are committed to fix the problem as soon as possible, irrespective of whether it's a consumer or business service.

4.8 Service rebates

Overall, we noted little difference in the legal terms and conditions for residential and business services. And, in many cases, service providers use the same documents for both residential and small business customers.

Some contract terms and conditions documents refer to **service credits (or rebates)** limited to charges paid for “significant loss of access,” although the definition of “significant” was not contained within the legal document.

Table 7 summarises the availability of service rebates, as specified in official terms and conditions documents that were available for review.

Table 7. — Percentage of providers offering Residential and Business Service Rebates

Fixed Voice Residential	Fixed Voice Business	Broadband Residential	Broadband Business
67%	100%	50%	75%

Small Business Survey

Sections 5 and 6 look at the survey portion of this research.

5 Methodology

Interviews were conducted with 200 small businesses in order to gain a qualitative and quantitative understanding of the needs, requirements, decision-making processes and service issues faced by small businesses.

This sample size provides a 95% confidence level and a confidence interval of +/-7%, based on the population of 776,000 small businesses measured in the ABS 8129 Business Use of Information Technology, 2011-12 study.

Due to budget constraints, and a desire to include as large a survey population as possible, Market Clarity used an online research panel surveying technique to conduct the study.

Market Clarity notes that where survey results presented in this document are based on responses from a subset of the overall sample (such as an analysis of responses pertaining to a particular service type), these results are indicative of the segment³². Furthermore, online research panel surveying techniques are by definition self-selective, e.g. the panel is comprised of individuals who are willing to participate in surveys in the first instance, and have also agreed to participate in this study.

The survey instrument consisted of nine questions, with a mix of open and close-ended responses, covering business grade fixed line voice and fixed line broadband services. Results of the desktop study analysis were used to inform the design of the survey instrument, in conjunction with consultation with ACCAN.

The online survey was conducted in June 2015.

5.1 Demographics

A broad range of small business respondents were interviewed for this project. Table 8 presents median staff breakdowns for the study demographics. Across the survey sample, businesses employed a median of six staff.

Table 8. — Staff Size

Median Number of Full-time Staff	Median Number of Part-time Staff	Median Total Staff
3.0	2.0	6.0

The sample distribution was not weighted by business size³². Therefore, while survey results in this area can be taken as indicative of trends in the overall small business population, they may not be indicative of trends in the sub-segments below.

³² A much larger survey sample would be required to provide a 95% confidence level for each sub-segment.

Table 9. — Sample Distribution: Respondents by Business Size

	Total 1-4 Staff	Total 5-19 Staff	Total 20+ Staff
Number of respondents	84	76	40
Percentage of survey sample	42%	38%	20%

Table 10 provides the mix of metropolitan and regional respondents.

Table 10. — Sample Distribution: Respondents by Business Location

	Total Metropolitan	Total Regional
Number of respondents	151	49
Percentage of survey sample	76%	25%

The vast majority of study respondents reported a single business location (72%), with most other respondents reporting a maximum of five locations. This is illustrated in Figure 1.

Figure 1. — Sample Distribution: Number of Office Locations

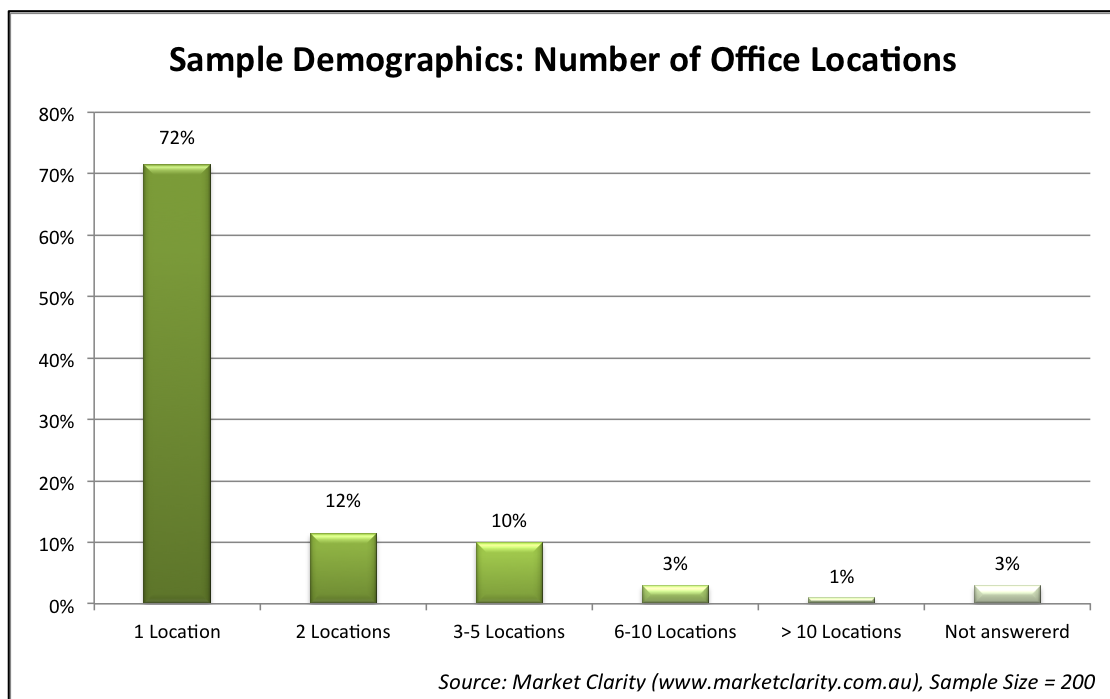


Figure 2 shows the distribution of survey respondents by type of business location. It's useful to see that 44% of the businesses interviewed operate from home office, yet utilise business grade services.

Figure 2. — Sample Distribution: Type of Business Premise

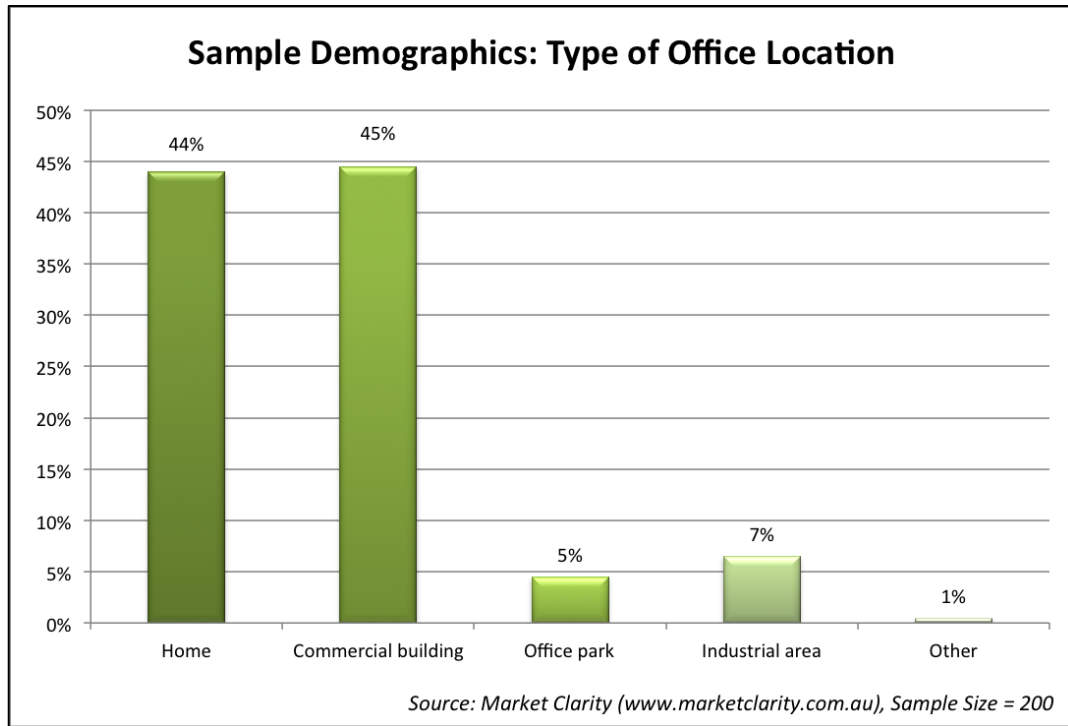
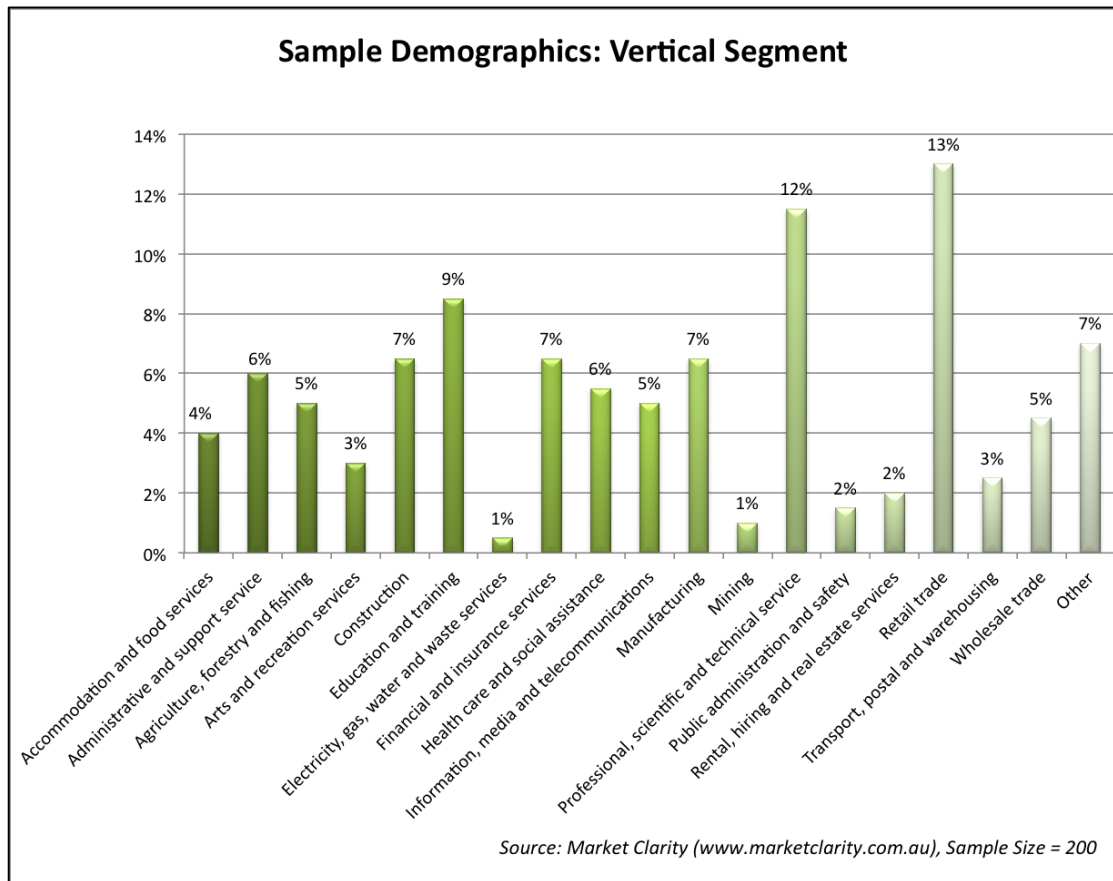


Figure 3 illustrates the mix of vertical industries interviewed. The variety of industries interviewed was fairly evenly spread.

Figure 3. — Sample Distribution: Vertical Industry Distribution



Although not considered as a separate vertical segment, the survey included interviews with a range of non-profit organisations, as illustrated in Table 11.

Table 11. — Sample Distribution: Non-Profit Organisations

	For-Profit Organisations	Non-Profit Organisations
Number of respondents	178	22
Percentage of survey sample	89%	11%

6 Results

In this section, we describe the results of our interviews with organisations utilising business grade fixed line voice and fixed line broadband services. In order to qualify for the study, a business needed to use at least one of the above-mentioned business grade services.

6.1 Summary of services used by small business

Most (72%) of the businesses interviewed for this study utilise business grade services for both fixed voice and fixed broadband. However, there were a number of business that don't use both services, as well as businesses that use residential grade services for at least some of their telecommunications needs.

Overall, the vast majority (95%) of study respondents use some type of fixed voice and fixed broadband service. There is a very clear trend towards the use of product bundles, with 58% of the respondents reporting use of a business grade bundle that includes fixed voice and fixed broadband services. In discussing pricing issues and value-for-money, frequent reference was made to product bundles. See Section 6.4 for further information.

The mix of services used by small businesses is shown in Table 12, and further illustrated in Figures 4 to 6.

Table 12. — Business Grade Service Use by Type of Service

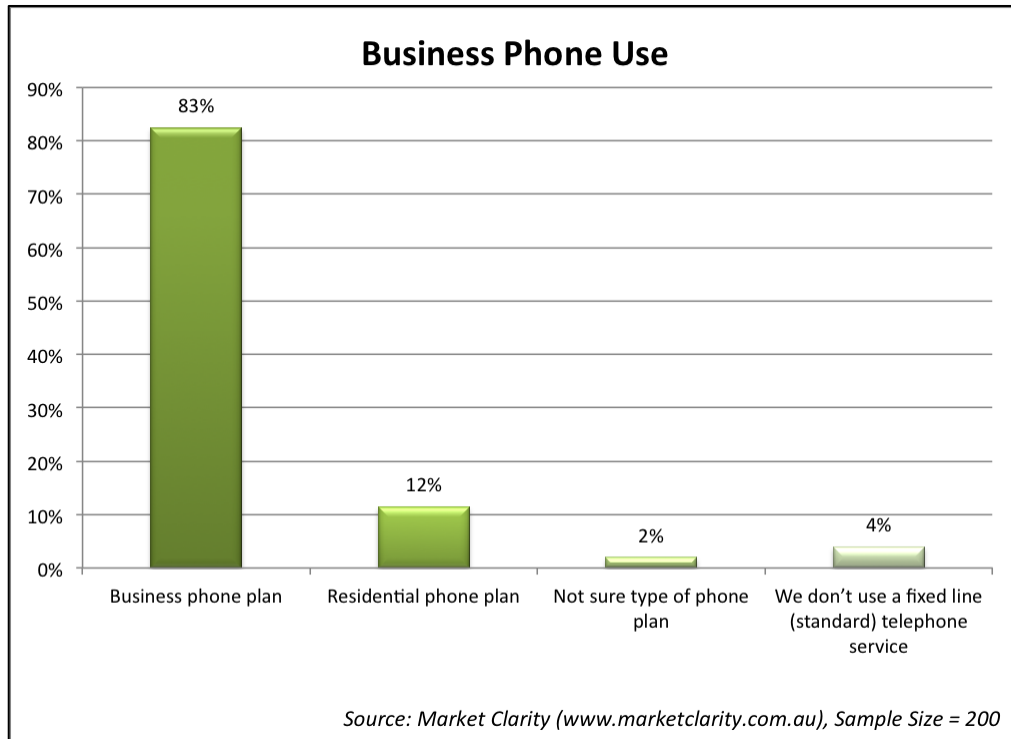
	Use Business Grade Fixed Line Voice Service	Use Business Grade Fixed BB Service	Use Business Grade Fixed Line Voice + BB Service	Use Any Grade Fixed Line Voice + BB Service	Use Business Grade Fixed Line Voice + BB Service Bundle
Number of respondents	165	179	144	189	116
Percentage of survey sample	83%	90%	72%	95%	58%

As illustrated in Figure 4, it's noteworthy that 12% of business grade broadband service subscribers utilise a residential grade phone service, especially given the fact that many broadband services are likely to use the copper connection provided by the phone service.

Given the importance that many businesses place on internet connectivity vis-à-vis their use of a business grade broadband services, it's somewhat surprising that

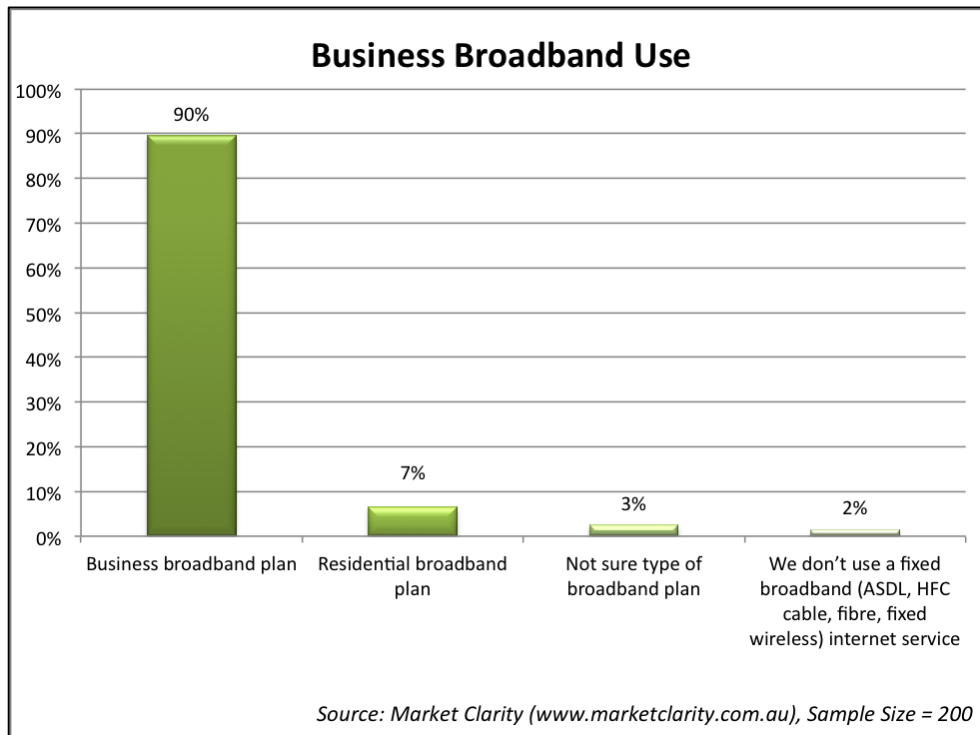
residential phone grade services are used for underlying connectivity. This may be due to a perception of overall phone service reliability, little difference in phone service reliability between business and residential services, or that these services were contracted at different times, particularly for home-based businesses where the residential phone line may have been in situ for a long time.

Figure 4. — Business Grade Fixed Line Phone Service Use



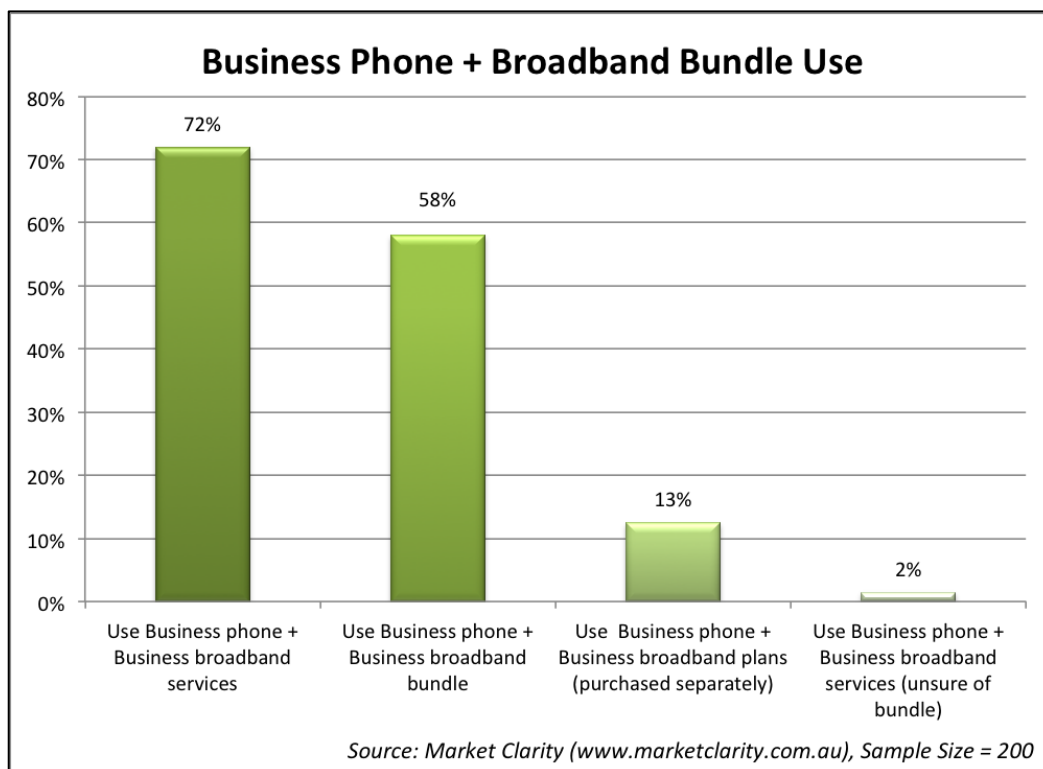
Similarly, it's noteworthy that 7% of business grade phone service users utilise a residential grade broadband service, again perhaps because these services were contracted for at different times. This is illustrated in Figure 5.

Figure 5. — Business Grade Fixed Line Broadband Service Use



As mentioned previously, bundles are increasingly popular with business users. As shown in Figure 6, 72% of survey respondents utilise business grade fixed voice and broadband services, and 58% of respondents use a bundled service.

Figure 6. — Business Grade Service Bundle Use



6.2 Reasons for selecting a business grade service

One of the goals of this study was to understand the reasons that small businesses choose a business grade service (as opposed to a residential service).

We asked survey respondents to explain their rationale, separately, for phone and broadband services.

6.2.1 Business grade phone services

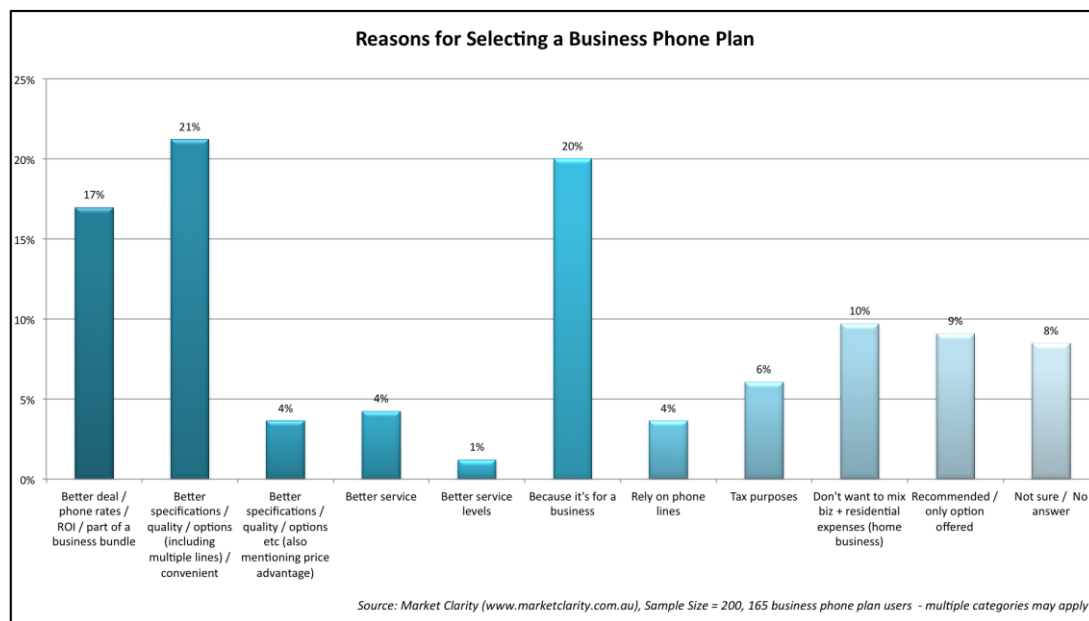
The most commonly cited reasons for selecting business grade phone services were:

- Better specifications / quality / options (including multiple lines) / convenient (cited by 21% of respondents), with a further 4% of respondents also indicating that better specifications along with good service pricing was a factor
- Because it's for a business (cited by 20% of respondents)
- Better deal / phone rates / return on investment / part of a business bundle (cited by 17% of respondents)

Other reasons cited included not wanting to mix business and residential expenses (10%), it was recommended or the only option offered (9%), tax purposes (6%), better service (4%), reliance on phone lines (4%), and better service levels (1%).

Additionally, 8% of respondents weren't sure or didn't remember why they selected a business grade phone service. This is illustrated in Figure 7.

Figure 7.— Reasons for Business Phone Service Selection



Many respondents were generous in allowing us to cite their verbatim responses (Table 13).

Table 13. — Reasons for Business Phone Service Selection

Why did you purchase a business grade telephone service as opposed to a residential service?
Because this is my business
For tax reasons
I have a business
I own a business
Because I have a business that I run from home - needed to separate from residential phone which I have as well
It was cheaper
At the time it was in a bundle with mobile service and was cheaper
At work more than home
I have a business
I have a home based business
Better service and prices was suggested
Its use was for dedicated business use. Deductibility
More business than personal calls made
Because we are a business
Better service
Suits us better
We run a business from home and had to have it.
Because I run my business from home
Yes, suitable for our needs
I had to get a business grade telephone for my business.
We needed a business grade service for our business.
Because I run a business from home
More service
Better service
Better price, conditions
Because we run a business
It is a farm business and the residence is where we do the office work
For better specifications
Inclusions and taxable
Better service levels for break down
Better product services - better pricing
More functions that are required for business
Because we run a small business from home
Get a good deal
Because I run a business
It is better for our business
That's what they offered
Flexibility and tax purpose
Better quality, virtually same price
To receive a more personalised service

Why did you purchase a business grade telephone service as opposed to a residential service?
Better inclusions
Better deal
Because we operate a business from our premises
Better service
Business premises, residential not offered.
I run my own business from home
It was a better deal.
Better quality, more need to use it
It's cheaper.
It will be useful
Shit loads cheaper and we have a SME Business
Better price
I thought I had to
We run a business
Run a business
Because we had a business headquartered at home wanted the costs to be tax deductible
I was offered a good deal
Because it is a very important and busy business
Better deal
Was cheaper
For my business usage
Suits my business better
Every business should have a business phone line
What the Telstra man recommended
Because I own a business
Tax Purposes
Price
It was a better deal.
For good quality service
Requirement
To do business
Because we run a business
More options and services. Much better packages available to meet my small business needs. Residential plan is limited in scope and functionality.
As the business I run has a home office as well as a business location
It was offered to us, and because we are a business we accepted the good deal
Cost
I started a business
Had no other choice for my business
Need several lines
Cheaper compared to separate plans
Better deal

Why did you purchase a business grade telephone service as opposed to a residential service?
For our business we prefer a business line
Better call rates
Because we are a business which relies on phone lines
High volume business related calls and work
For tax reasons
Given a good corporate deal
Better price
Cheaper
Recommended
Convenient
Yes because for business
Work from home
Switchboard, multiple staff, different lines
Only plan that was offered to us
Better rates
Told we had to
It is good to have it.
Because of functionality
Convenient
It's very effective
We have many staff
Price
I work from home
It suited our business needs.
Because it's a business.

6.2.2 Business grade broadband services

The most commonly cited reasons for selecting business grade broadband services were:

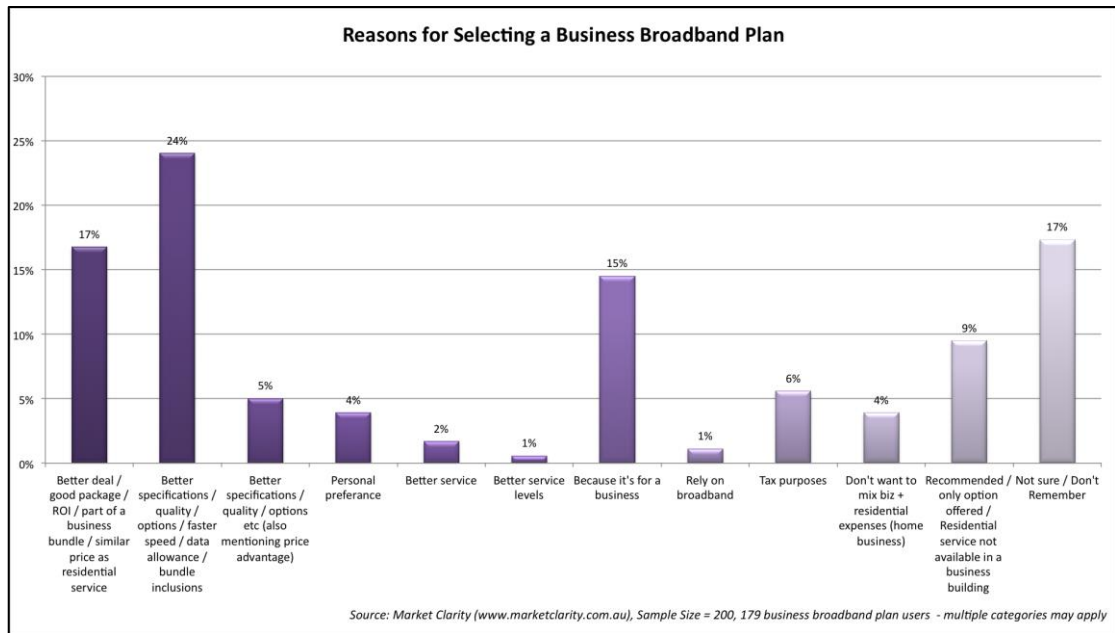
- Better specifications / quality / options / faster speed / data allowance / bundle inclusions (cited by 25% of respondents), with a further 5% of respondents also indicating that better specifications along with good service pricing was a factor
- Better deal / good package / return on investment / part of a business bundle / similar price as residential service (cited by 17% of respondents)
- Because it's for a business (cited by 15% of respondents)

Other reasons cited included it was recommended or the only option offered (9%), tax purposes (6%), not wanting to mix business and residential expenses (4%), personal preference (4%), better service (2%), reliance on broadband (1%), and better service levels (1%).

Additionally, 17% of respondents weren't sure or didn't remember why they selected a business grade broadband service.

This is illustrated in Figure 8.

Figure 8. — Reasons for Business Broadband Service Selection



Many respondents were generous in allowing us to cite their verbatim responses (Table 14).

Table 14. — Reasons for Business Broadband Service Selection

Why did you purchase a business grade broadband service as opposed to a residential service?
Because it is for business
For tax reasons
Needed it
I own a business
Business tax purposes
At the time it was cheaper for what I needed
Carrier
Business
Because my business has a high percentage on computer
Packed as the bundle
Business deductibility
Faster
Price was comparable
Cheaper Rates bigger download limit

Why did you purchase a business grade broadband service as opposed to a residential service?
It seemed to be better suited for the purpose
My business pays for it
It is a business. The deal was attractive
Better deal
Added value
We are a business
Faster
Thought it was better
It was for a business based from home, so we had to have a business broadband service.
Run my business from home
It comes with the package and works out cheaper
I had to get business grade broadband for my business.
Because I run a business from home
More product
We have lots of computers and laptops etc
Better plan and customer service
Do not really know.
Because I have a business
For a better experience
Because it was bundled
We were told it would be easier.
More data - in a country area so needed the best connections, speed etc
I need it to be better than someone who is just using internet at home
Operate a business from home
More data for less money
That's what they offered
Flexibility and Tax benefits
Business broadband service was purchased because the speeds and included data were a better option when compared to residential services available for the same price range.
Better quality service
To get faster access
Work most from home
It is for a business
Because we needed the service for our business
Better service

Why did you purchase a business grade broadband service as opposed to a residential service?
Business premises so only business services provided
I needed a significant amount of data
Better deal
Better quality, more need to use it
Cheaper.
Better internet speed and cheaper
Used for small business
I thought I had to do this
We run a business
For better support
You cannot buy a broadband service for residential if you are running a business
Business use, tax deduction
It was for my business and the deal was good
Faster
Residential not available in business building
Was cheaper
For business usage
There is no real difference, only different price
Tax Purposes
Cheaper
Good package
Same, price.
Superior performance
Speed
Cost
For business usage.
Because it's a business
Faster and more options available. More product ranges to choose from. Better value for money.
As it was part of a bundle with my phone
Best rates
So I could get a tax refund and perhaps a better business deal
Started a business
Because our business was not eligible for a residential service
Carried forward from previously
For the current business activity

Why did you purchase a business grade broadband service as opposed to a residential service?
Better bundle
Bundle works out better and faster internet
Better overall pricing structure
We rely on internet to run our business
Better services
Cheaper
Higher performance
Cheaper
Too many staff needing connection
Only service offered to us
Because we were told by supplier that we have to
I need to have that service.
We need it
Speed is good
For working at home
It was better value
Business grade for business and residential for residence.
Faster and dedicated lines for faster connection

6.3 Business grade service pricing

Whilst we reviewed market pricing for business and residential reference plans in the desktop study (see sections 4.1 and 4.2), and found current plan prices to be similar, businesses use a wide range of plans and services, contracted for at different times.

We therefore wished to understand perceptions within the business community as to whether or not they believed they paid more for a business grade service.

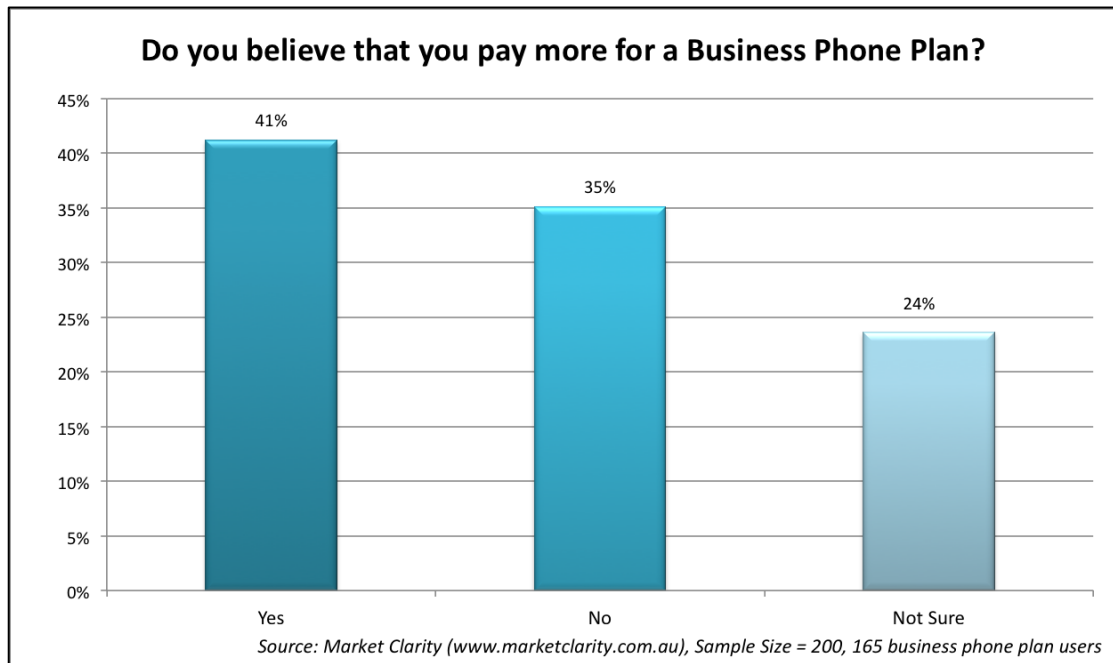
6.3.1 Business grade phone services

One of the really interesting findings of this study is the wide range of views with respect to business phone service pricing:

- 41% of respondents believe they pay more for business grade services than comparable residential services;
- 35% of respondents believe that business grade services are similarly priced, or less expensive than comparable residential services; and
- 24% of respondents were unsure of the comparative pricing.

This is illustrated in Figure 9.

Figure 9.— Business Grade Phone Service Pricing

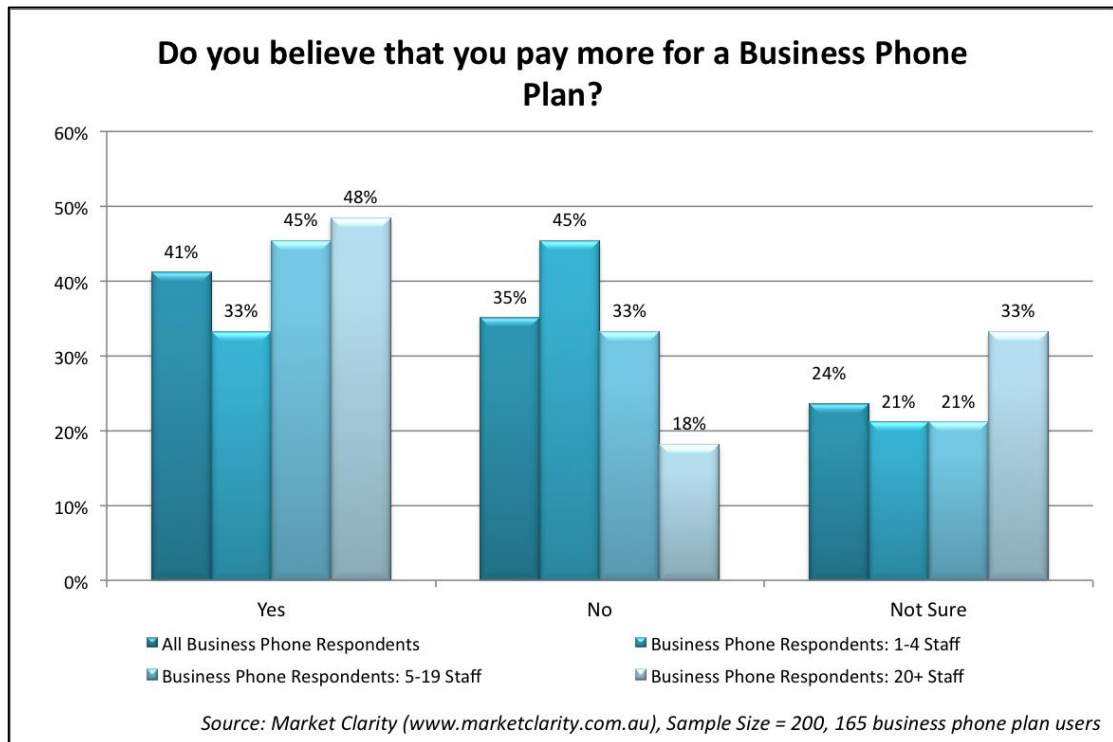


Although the total sample size for this study prohibits an extensive statistical analysis of trends by sub-categories such as business size, we thought it would be instructive to illustrate the answers of the price perception question by respondent's business size.

Interestingly, when it comes to business grade phone pricing, the larger the business, the greater the proportional number of respondents who thought business grade services are more expensive than residential equivalents.

This is illustrated in Figure 10.

Figure 10.— Business Grade Phone Service Pricing by Business Size



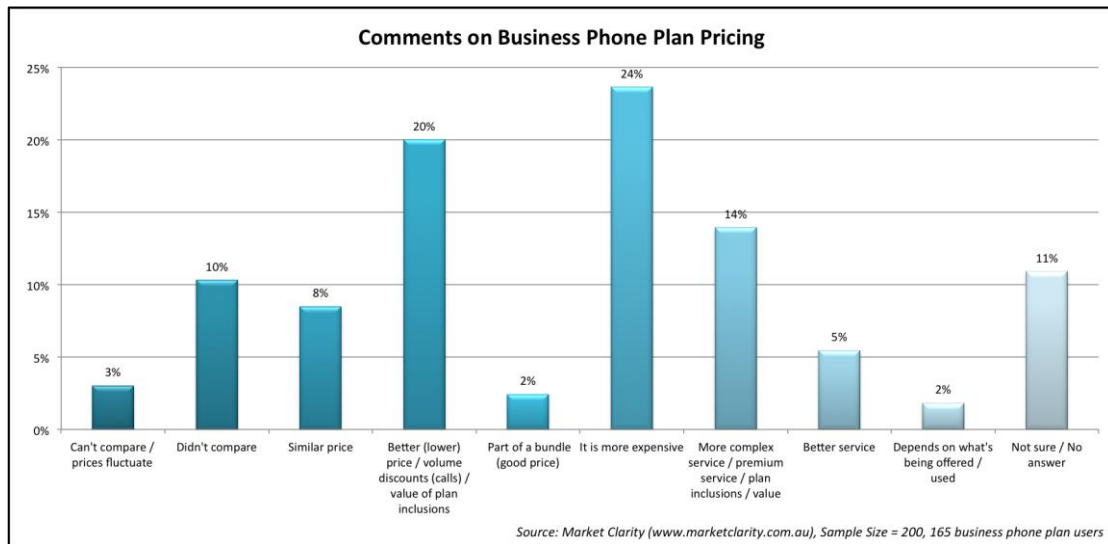
Overall, when survey respondents were asked for further information regarding their views on the comparative pricing of business phone services, the most commonly cited reasons were:

- The view that business phone services are more expensive (cited by 24% of respondents)
- Better (lower) price / volume discounts (calls) / value of plan inclusions (cited by 20% of respondents)
- More complex service / premium service / plan inclusions / value (cited by 14% of respondents)
- Similar price (cited by 8% of respondents)
- Didn't compare (cited by 10% of respondents)
- Can't compare (cited by 3% of respondents)

Other reasons cited included: better service (5%), part of a bundle / good price (2%), and depends on what's being offered / used (2%).

This is illustrated in Figure 11.

Figure 11.— Business Grade Phone Service Pricing: Comments

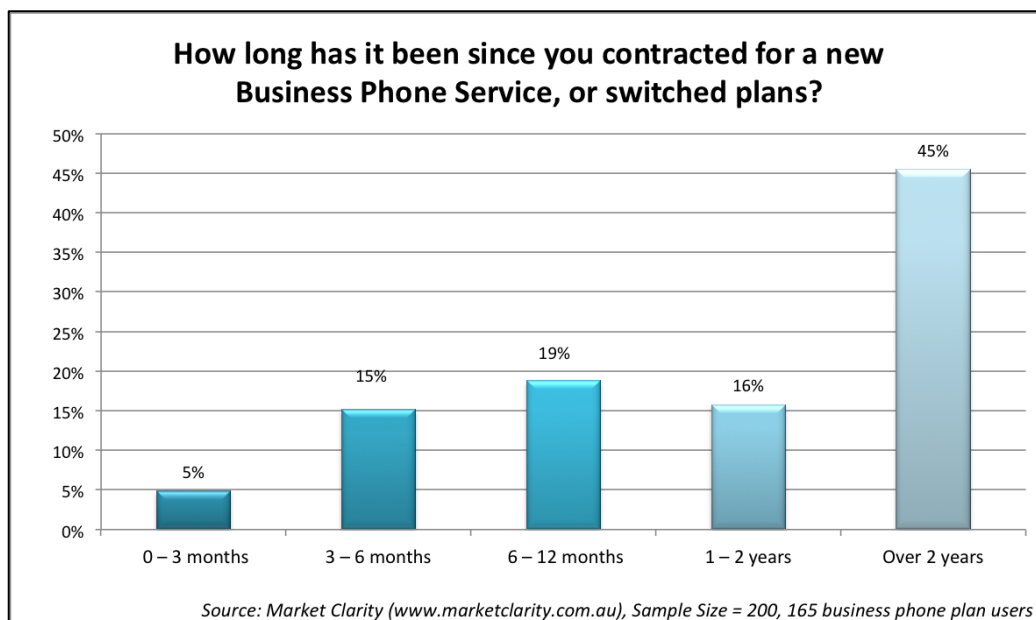


Perceptions of business service pricing are also time dependent; e.g. reflecting market offers at the time of contracting for services or switching plans. It is therefore useful to look at the mix of survey respondents with respect to the age of their business phone plans.

- 39% of survey respondents contracted or switched business phone plans in the last 12-months;
- 16% of survey respondents contracted or switched business phone plans in the last 1-2 years; and
- 45% of survey respondents contracted or switched business phone plans more than 2 years ago.

This is illustrated in Figure 12.

Figure 12.— Age of Business Grade Phone Service Plan



6.3.2 Business Grade Broadband Services

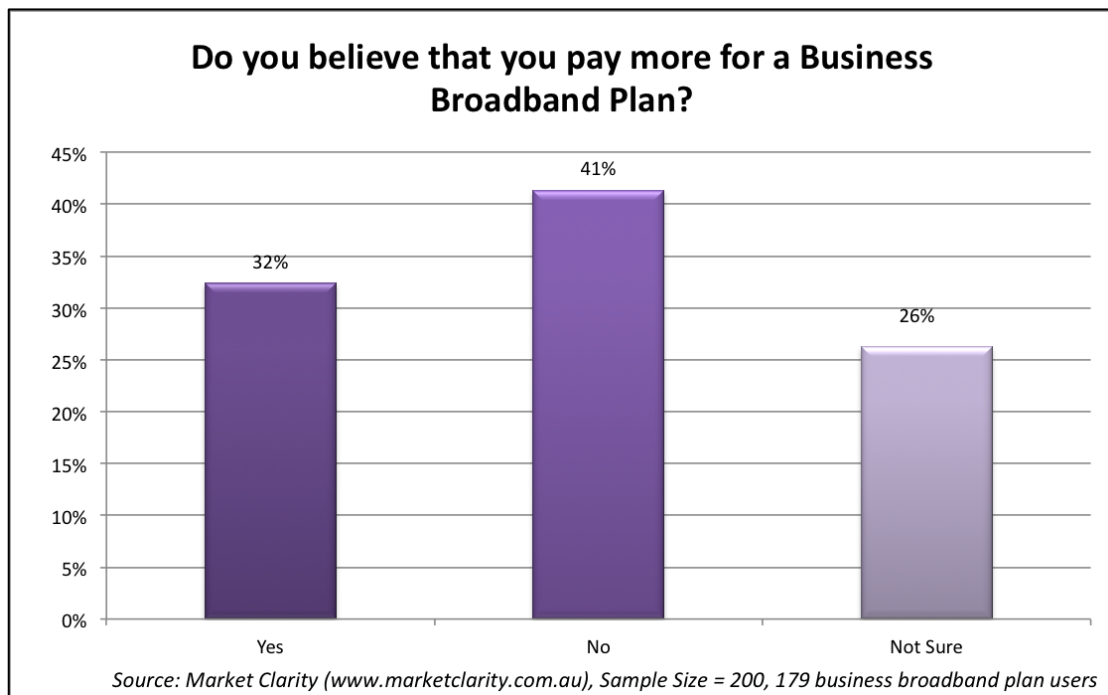
As with business grade phone services, we found a wide range of views with respect to business broadband service pricing:

- 32% of respondents believe they pay more for business grade broadband services than comparable residential services;
- 41% of respondents believe that business grade broadband services are similarly priced, or less expensive than comparable residential services; and
- 26% of respondents were unsure of the comparative pricing.

This is illustrated in Figure 13.

Interestingly, the majority of business grade phone users believe they pay more than comparable residential services, whereas the opposite is true for broadband services. (See section 6.3.1.)

Figure 13.— Business Grade Broadband Service Pricing

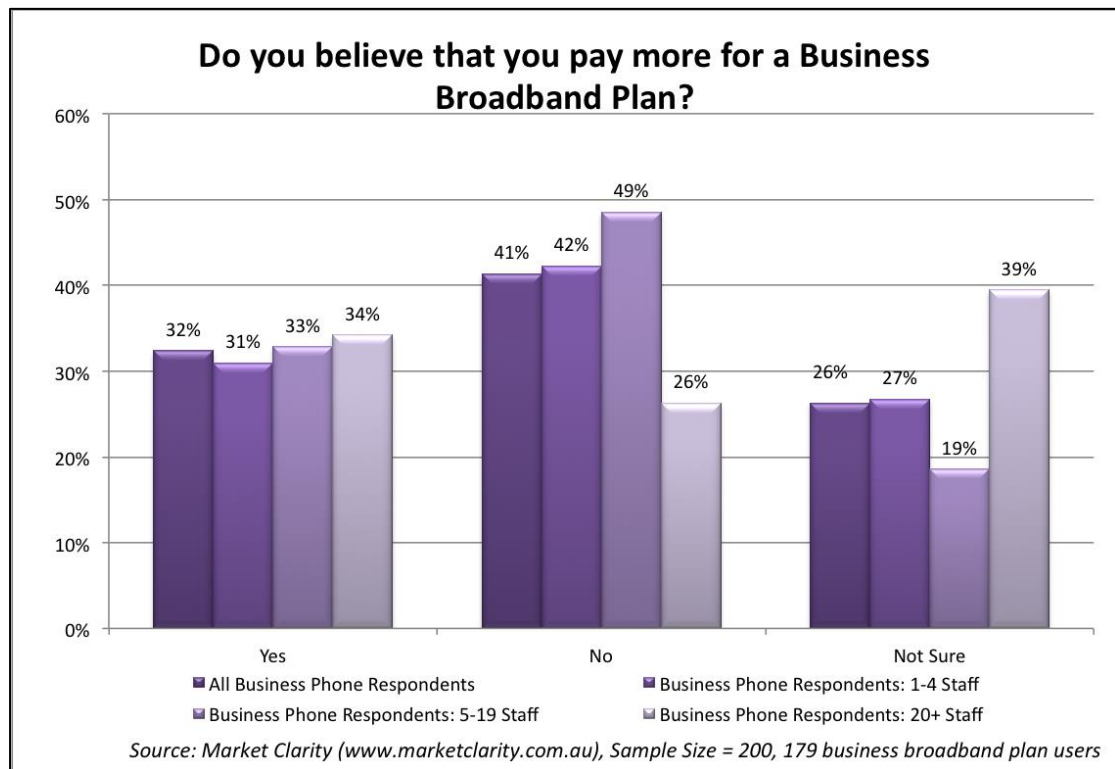


Although the total sample size for this study prohibits an extensive statistical analysis, we thought it would be instructive to illustrate the answers of the price perception question by respondent's business size.

Interestingly, when it comes to business grade broadband pricing, we found the opposite result of the same question regarding business grade phone pricing (Section 6.3.1) — the larger the business (excepting those with 20+ staff), the greater the proportional number of respondents who thought business grade services are less expensive than residential equivalents. Rather than believing that business grade services cost more, business with 20+ staff were more likely to be unfamiliar with the comparative residential pricing.

This is illustrated in Figure 14.

Figure 14.— Business Grade Broadband Service Pricing by Business Size



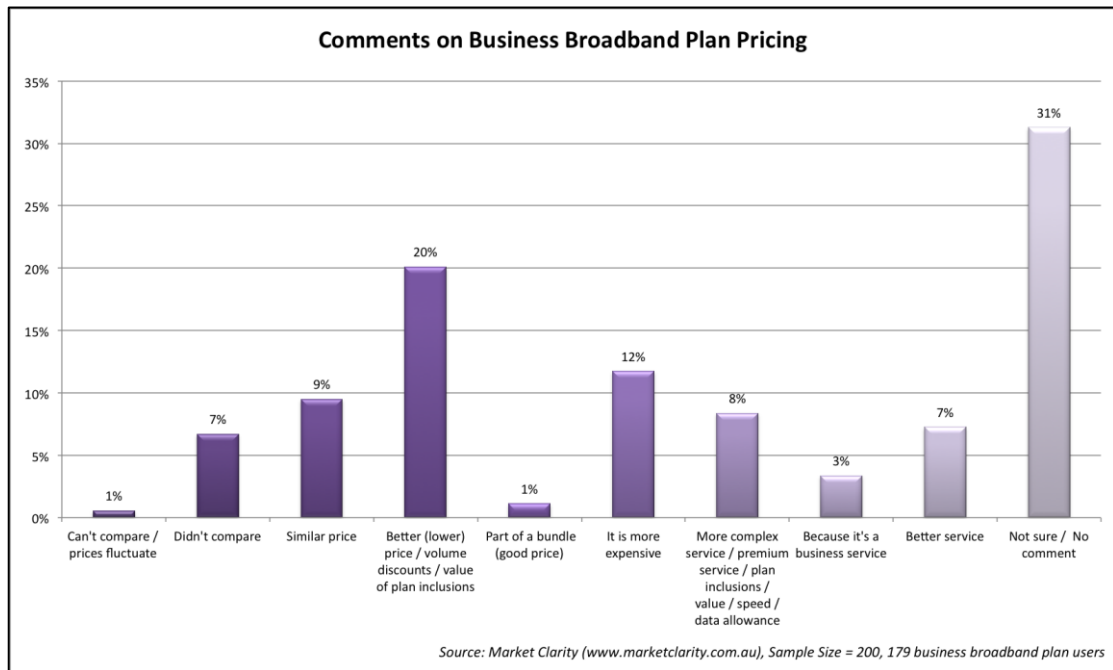
Overall, when survey respondents were asked for further information regarding their views on the comparative pricing of business broadband services, the most commonly cited reasons were:

- Better (lower) price / volume discounts / value of plan inclusions (cited by 20% of respondents)
- The view that business broadband services are more expensive (cited by 12% of respondents)
- Similar price (cited by 9% of respondents)
- More complex service / premium service / plan inclusions / value / speed / data allowance (cited by 8% of respondents)
- Better service (cited by 7% of respondents)
- Didn't compare (cited by 7% of respondents)
- Because it's a business service (cited by 3% of respondents)
- Can't compare / prices fluctuate (cited by 1% of respondents)
- Part of a bundle; good price (cited by 1% of respondents)

A larger proportion (31%) of respondents were unsure of why they believed they paid more (or less) for business grade broadband services.

This is illustrated in Figure 15.

Figure 15.— Business Grade Broadband Service Pricing: Comments

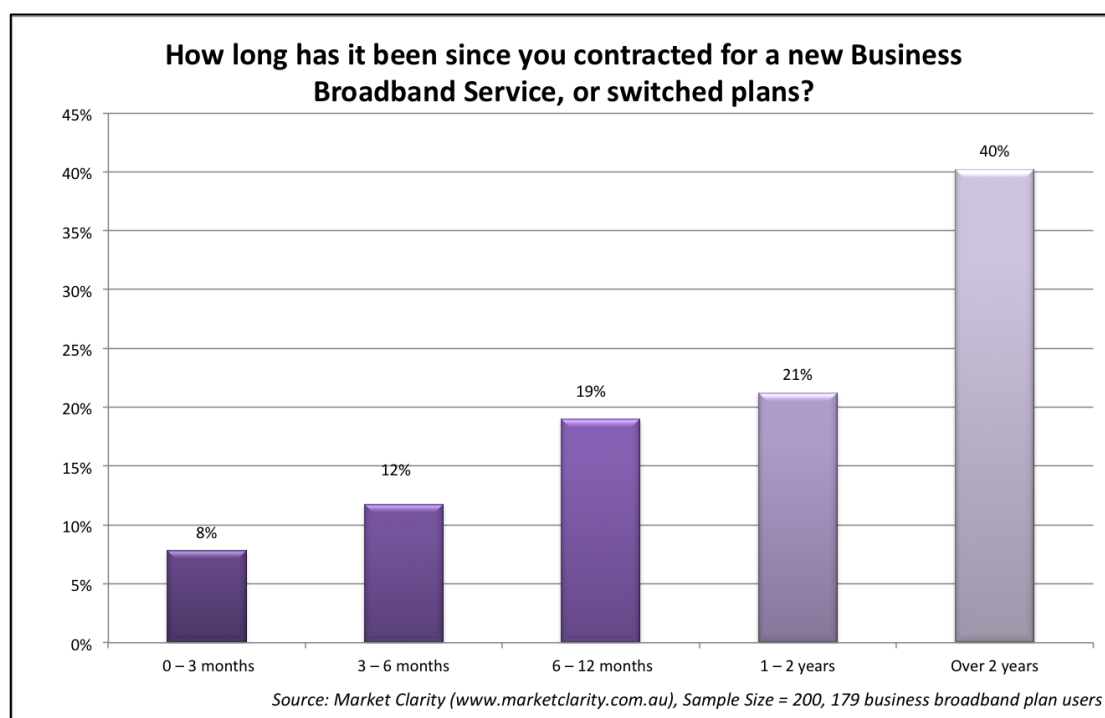


Perceptions of business service pricing are also time dependent; e.g. reflecting market offers at the time of contracting for services or switching plans. It is therefore useful to look at the mix of survey respondents with respect to the age of their business phone plans.

- 39% of survey respondents contracted or switched business broadband plans in the last 12-months;
- 21% of survey respondents contracted or switched business broadband plans in the last 1-2 years; and
- 40% of survey respondents contracted or switched business broadband plans more than 2 years ago.

This is illustrated in Figure 16.

Figure 16.— Age of Business Grade Broadband Service Plan



6.4 Examining value for money perceptions

Regardless of the actual price paid, an important aspect of contracting for a telecommunications service is the perception of value for money. In this section, we examine respondent's views on this issue.

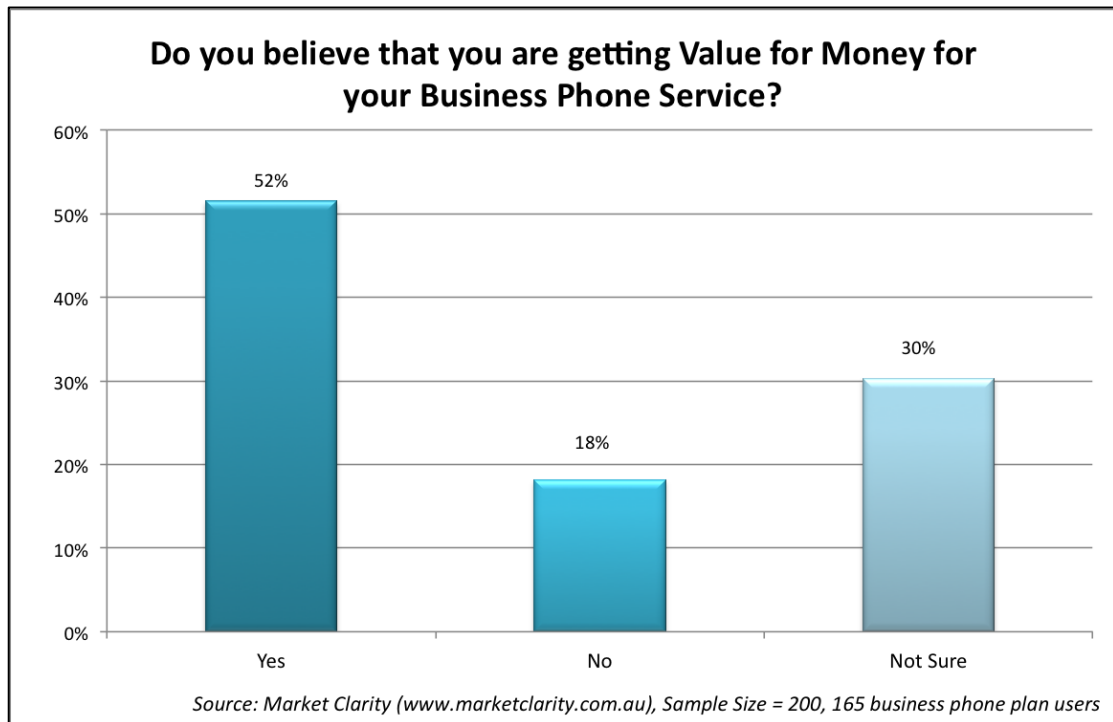
6.4.1 Business grade phone services

One of the really interesting findings of this study is the wide range of views with respect to the value obtained with business phone services, as compared to residential phone services:

- 52% of respondents believe they are getting value for money as compared to residential phone services;
- 18% of respondents believe they are *not* getting value for money; and
- 30% of respondents were unsure.

This is illustrated in Figure 17.

Figure 17.— Business Grade Phone Service Value for Money

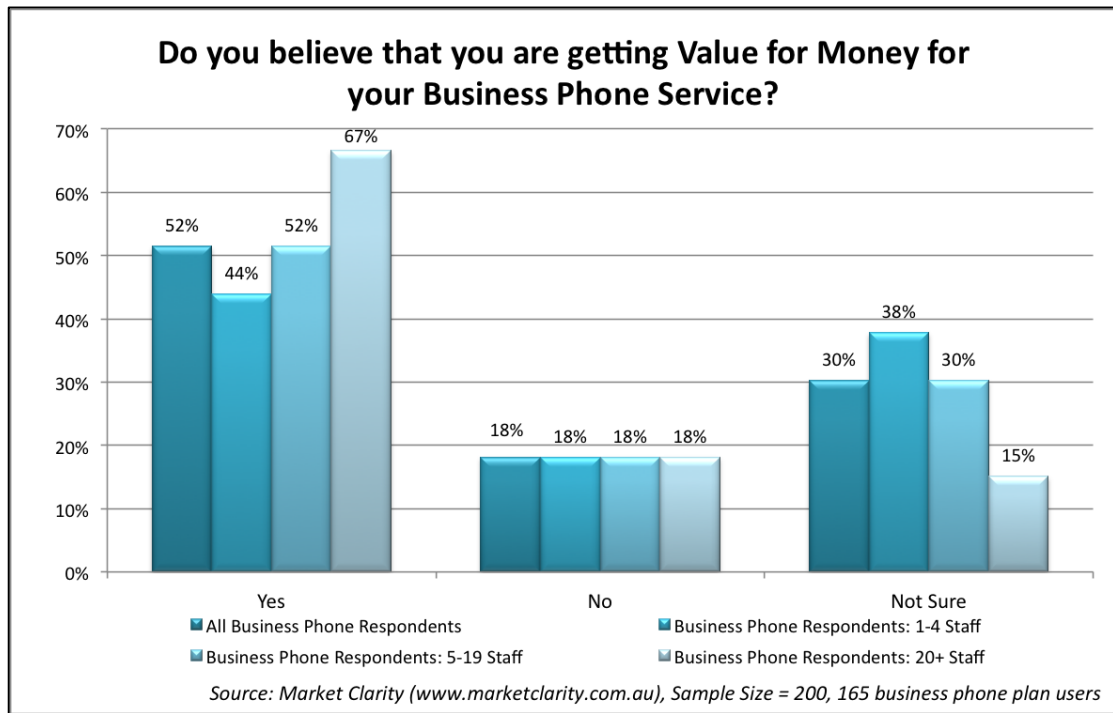


Although the total sample size for this study prohibits an extensive statistical analysis, we thought it would be instructive to illustrate the answers of the value-for-money perception question by respondent's business size.

Interestingly, when it comes to business grade phone service value perceptions, the larger the business, the greater the proportional number of respondents who thought business grade services provide more value than residential service equivalents, even though larger businesses also believed that they pay more for a business grade service (Section 6.3.1).

This is illustrated in Figure 18.

Figure 18.— Business Grade Phone Service Value for Money by Business Size



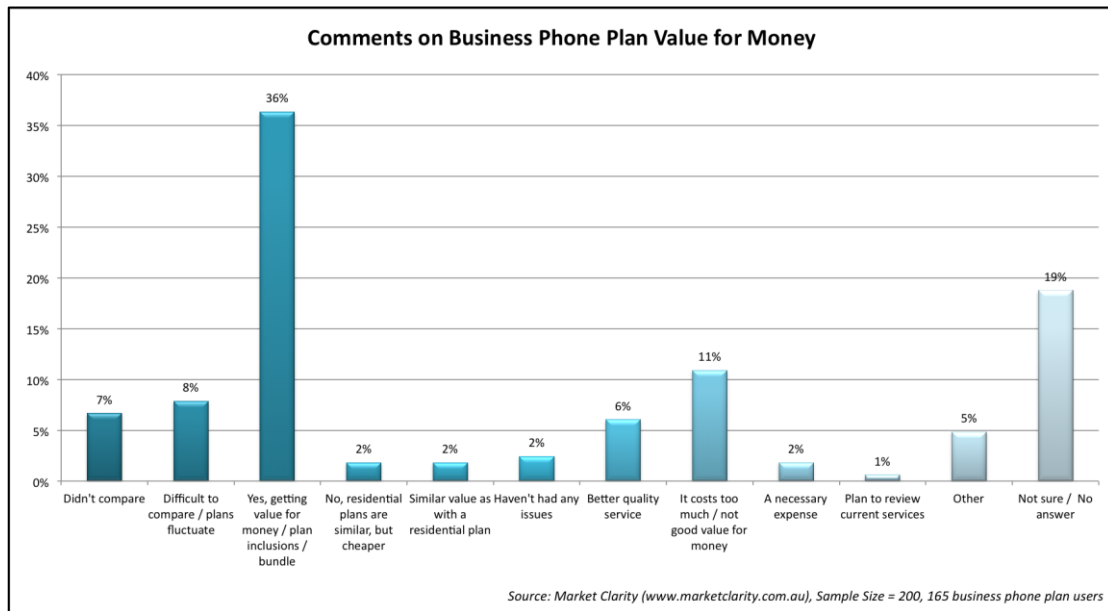
Overall, when survey respondents were asked for further information regarding their views on why they believed they were (or were not) getting value for money from their business phone services as compared to residential phone services, the most commonly cited reasons were:

- Yes, getting value for money / plan inclusions / bundle (cited by 36% of respondents)
- It costs too much / not good value for money (cited by 11% of respondents)
- Difficult to compare / plans fluctuate (cited by 8% of respondents)
- Didn't compare (cited by 7% of respondents)
- Better quality service (cited by 6% of respondents)

Other reasons cited included: Residential plans are similar, but cheaper (2%), similar value as with a residential plan (2%), haven't had any issues (2%), and a necessary expense (2%).

This is illustrated in Figure 19.

Figure 19.—Business Grade Phone Service Value for Money: Comments



Many respondents were generous in allowing us to cite their verbatim responses (Table 15).

Table 15. —Business Grade Phone Service Value for Money: Comments

Please comment on why you believe that you are / are not getting value for money for your business grade phone product over the equivalent residential consumer version?
I didn't compare
Better rates
Never really looked into comparing the difference. Needed to separate for taxation purposes.
My needs have changed and I am planning to review services and needs
It has been a while since it was reviewed
Because of the bundled package and pensioner discount
Too many things in the market to compare equally
Deductibility
Good plan
I get no greater benefit compared to residential line
Check phone bills monthly
It is very expensive
Never problems
Its about the same
We have 100 free calls a month, and never use anywhere near that amount.
I find residential package is value for money and the usage is more applicable to our needs
Better service
Business customers get preferential treatment.

Please comment on why you believe that you are / are not getting value for money for your business grade phone product over the equivalent residential consumer version?
The price is too high
Gives me more service
You do
Better conditions
Haven't compared
We don't use it often so it is poor value whether it's compared to another priced landline service or not
I have never had any issues
Think I pay too much
I don't know if there are any better deals with Telstra on offer given that we also have two mobile phones with them as well.
More products and services available
It's what I need so happy to pay a little more
It just is
It gives us more of what we need
Because I haven't researched it
We use our mobiles cause we couldn't get a land line installed at home
I am happy with what I pay
Better quality service
I didn't check the residential deal
Haven't really thought about it
I believe I am receiving great service for my money.
Different features of them
Business plan is always dearer
Because the industry charges more for business services
Paying way too much
It appears that many rates are beginning to be the same for business and residential due to competition
I am happy with the service but unsure whether I am being ripped off or not
I've saved money on the deal I'm on
Just costs more
Cause it's cheaper.
Because it's cheaper on the bill when it comes in and we have more data allowance as well.
I think I could get a better deal
Not sure what residential plans offer
Because I compared both plans

Please comment on why you believe that you are / are not getting value for money for your business grade phone product over the equivalent residential consumer version?
It is better than residential for sure.
Can't compare
Can't keep up
On research
I do not believe that value for money is always the way to go
Because I assume that is why Telstra recommended it
Because I am
Residential plans are cheaper.
Good service and prices
It is better quality.
The service works well and I have no problems
Quality
Because it's a business
More lines are available. More portals are available. The products design look much better for small business needs.
Because it is claimed on my businesses tax
Good prices
We are not charged for calls
I have seen better deals
Cost of calls and data remains high overall
Not sure
Have a trusted connection always
Business plan as such suits my business
As a bundle it serves our purpose
Hard to tell between carriers
I am happy with our arrangements
Hard to determine
We are all looking for a good deal
Better price
It's cheaper
Have received higher service levels
Cause I haven't reviewed it
Rip off
Volume
Good value

Please comment on why you believe that you are / are not getting value for money for your business grade phone product over the equivalent residential consumer version?
I get more services so I have to pay more
Cost of non-local calls is still prohibitive
Never, telcos charge too much
Cheaper overseas in smaller countries and almost free in the bigger ones like the USA
Not really, it is a bit expensive.
Hard to compare it
It's part of a bundled package

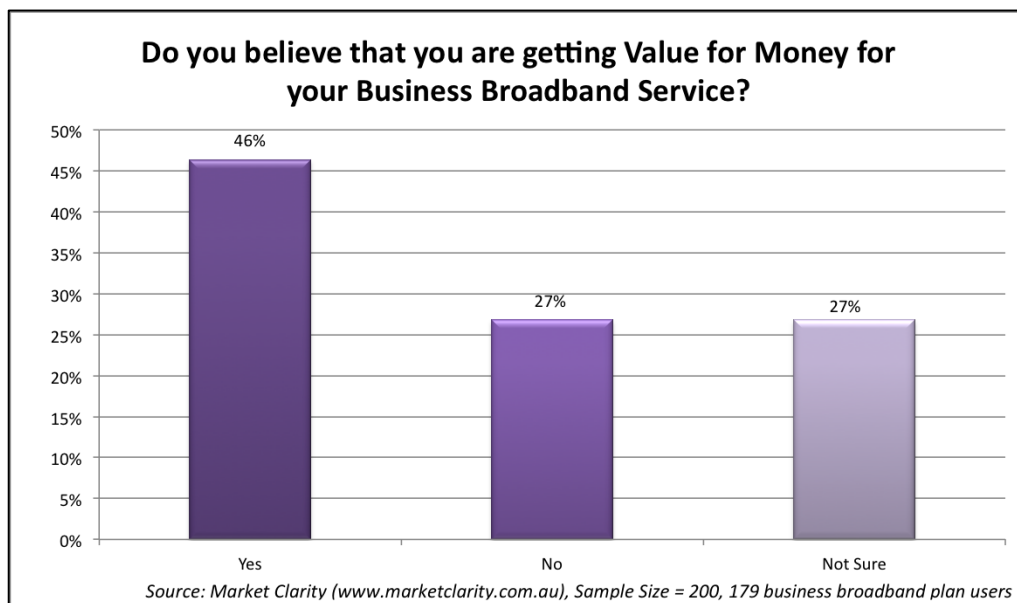
6.4.2 Business grade broadband services

One of the really interesting findings of this study is the wide range of views with respect to the value obtained with business broadband services, as compared to residential services:

- 46% of respondents believe they are getting value for money;
- 27% of respondents believe that are not getting value for money; and
- 27% of respondents were unsure.

This is illustrated in Figure 20.

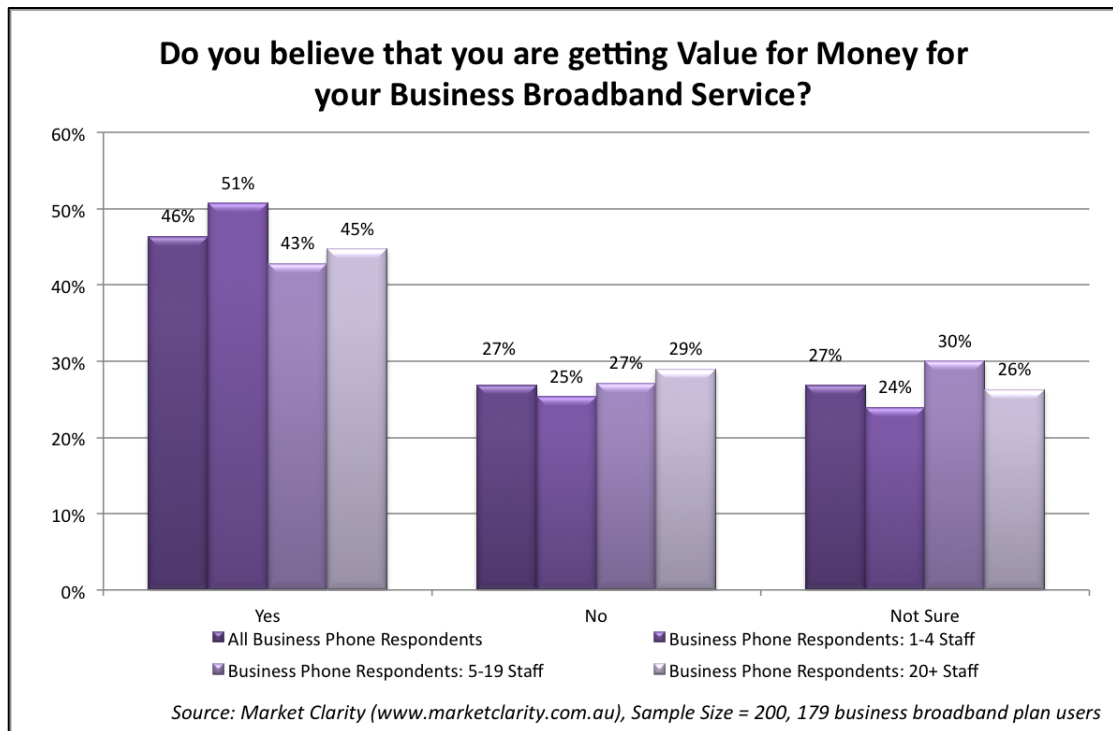
Figure 20.— Business Grade Broadband Service Value for Money



When it comes to business grade broadband service value perceptions, the distribution of value for money perceptions is in line with views regarding service pricing (Section 6.3.2). There are no discernible differences in value-for-money beliefs by business size, with close to half of all survey respondents believing that they get value for money from their business grade broadband service.

This is illustrated in Figure 21.

Figure 21.— Business Grade Broadband Service Value for Money by Business Size



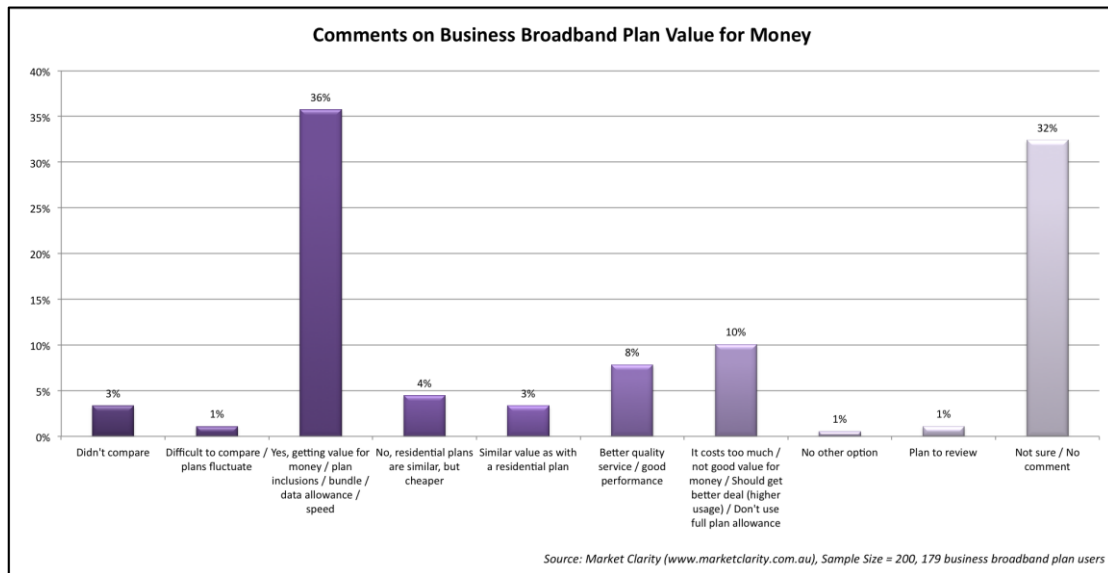
Overall, when survey respondents were asked for further information regarding their views on why they believed they were (or were not) getting value for money from their business broadband services as compared to residential broadband services, the most commonly cited reasons were:

- Yes, getting value for money / plan inclusions / bundle / data allowance / speed (cited by 36% of respondents)
- It costs too much / not good value for money / should get better deal (higher usage) / don't use full plan allowance (cited by 10% of respondents)
- Better quality service / good performance (cited by 8% of respondents)
- No, residential plans are similar, but cheaper (cited by 4% of respondents)
- Similar value as with a residential plan (cited by 3% of respondents)
- Didn't compare (3%)
- Difficult to compare / plans fluctuate (1%)

Nearly a third of respondents (32%) were not sure if they were getting value for money, or didn't provide meaningful comments.

This is illustrated in Figure 22.

Figure 22.— Business Grade Broadband Service Value for Money: Comments



Many respondents were generous in allowing us to cite their verbatim responses (Table 16).

Table 16. —Business Grade Broadband Service Value for Money: Comments

Please comment on why you believe that you are / are not getting value for money for your business grade broadband product over the equivalent residential consumer version?
Did not compare
I see there are more competitive plans and I am downsizing my business
Seems ok on average
Because of the package price
Some offerings seem very appealing in competition ads
Paying the same price so no real benefit
Price was comparable
Because the Business rate is cheaper
It is no faster, it has the same features and because it is a business I am expected to pay more - ABSOLUTELY RIDICULOUS!!!!
We compared the various offers
Haven't looked into it
I compared the rates and data allowance
Too expensive
Seems ok and good performance
I found it to be about the same
It seems to be cheaper, from talking to other people about their plans.
Should have more data, it is important for business use
I believe I am getting value for money for my business broadband service.

Please comment on why you believe that you are / are not getting value for money for your business grade broadband product over the equivalent residential consumer version?
It's too expensive
Get very good service whenever I need it
I believe that most companies are the same. I think that it is an expensive service no matter which company you use. It is all a rout. We are being forced to consume huge amounts of data with phone and laptops etc.
More flexible
No one does really, we aren't the ones benefiting
I have had no value issues
Think the inclusions are great
We were only getting 12 GB for \$89.95 per month and now we get 100 GB for \$80 per month
It appears to be better than my home connection
It just is.
Compared rates
Save money
It is good value for money
Am happy with what it is
Effective services
The speeds of connection and the data allowance are far better than those offered for residential plans of the same price range
500 GB for the price of 300 GB
There should be better deal considering lots of usage compare to residential usage
Paying way too much
Monthly rates for business slightly higher
I'm happy with the amount I pay
Like to pay less
I do believe I am getting a better deal
I have compared products
Same service
There is no more value it is the same service but costs more
Not sure of difference
Because I have had the plan for a long time and no other Telco is prepared to match it
It's not much faster
Can't compare
Always changing
Fit my expectation
Home plans are cheaper

Please comment on why you believe that you are / are not getting value for money for your business grade broadband product over the equivalent residential consumer version?
Good prices
It does the job
Cheaper
Same results for both.
The package I have is not available from the residential plan. It is ideal for my small business size. More data and more calls, and much more options and plans to choose from.
I negotiated the bundle
Good prices
Do not know the different charges
I've yet to see a business that really looks after its clients
Have seen better deals
Data costs are high on this business plan
Good deal
Good bundle
Bundle is good for our business
Great service when required
Was given a good deal
Better services
Cheaper
Experience
Volume
Charged more
Could be better for data costs
We pay too much for a service that costs \$19.00 in USA
It's very effective
We have many staff
Price
It is bundled
It's a good quality
Great offer
Faster connection

6.5 Dedicated business support teams

One of the perceived advantages of using a business grade service (as opposed to a residential service) is superior customer service. In this section, we examine respondent's beliefs with regards to dedicated business support teams.

6.5.1 Business grade phone services

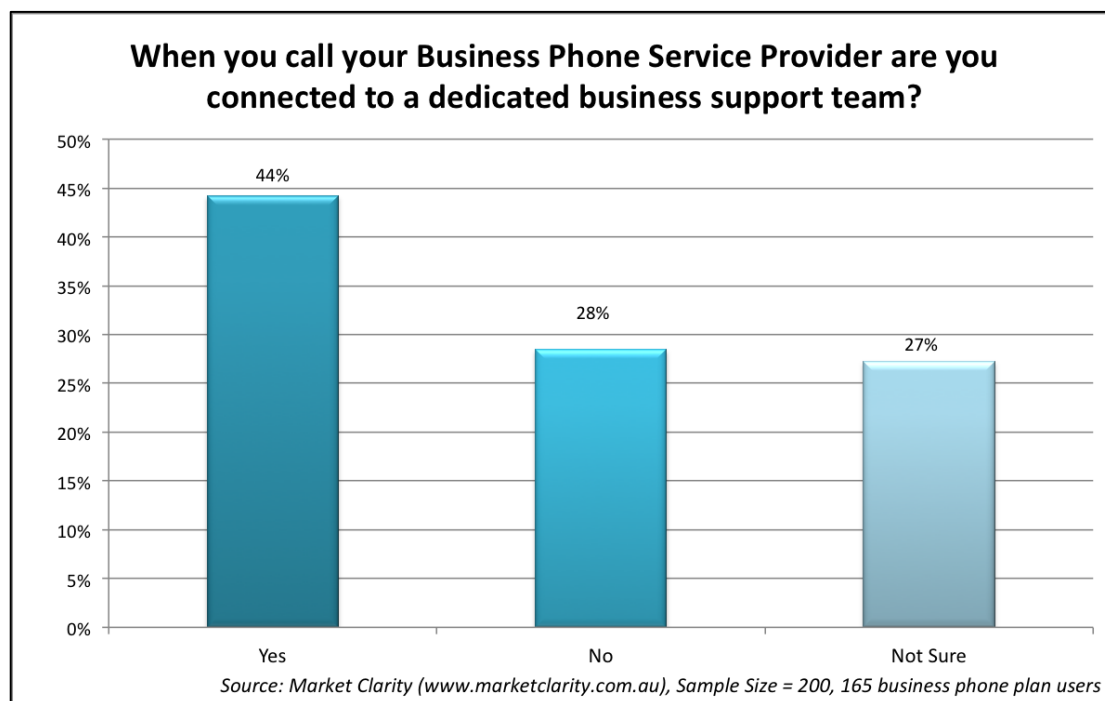
In the desktop study we reviewed (via online literature, terms and conditions, and discussions with customer service representatives) the availability of dedicated customer support teams for business services. Of the providers and services reviewed, all of them stated that they had dedicated business teams. (Section 4.4)

As such, we expected to find similar results from the small business survey. However, the results present quite a different story:

- 44% of respondents believe they have access to a dedicated business support team;
- 28% of respondents believe they are connected with a generic support team; and
- 27% of respondents were unsure.

This is illustrated in Figure 23.

Figure 23.— Business Grade Phone Services: Dedicated Business Call Centre



Respondents were provided with an ability to provide additional commentary. Many respondents were generous in allowing us to cite their verbatim responses (Table 17).

Table 17. —Dedicated Call Centre for Business Grade Phone Services: Comments

Please comment on your response (When you call your business phone provider are you connected to a dedicated business support team?)
There is someone who responds
I'm happy with their service
Telstra Business
I ring Telstra when a problem arises and the problem is fixed
Disappointed with the support of the service
I haven't had need to ring them
Good service
Haven't had to ring them for a long time, so I have forgotten what happens when I did call.
Sometimes is good, sometimes is bad. The waiting period is always long
Good response
There is an exclusive assessor attending my calls
I very rarely have to contact Telstra - only when there's a problem and I'm put through to the necessary dept.
Not sure - I have a manager who does that
Excellent service
Always helpfully
I have no idea
I call the business service centre
No idea if I talk to a business team or not I have never asked
I am not sure if I have a dedicated service personal
Dedicated business team
Have received good service from provider so far. It has substantially improved over the years.
I am not attached to a support team
I speak to different people each time I call
Never ask
Telstra is good.
Overseas call centre and they harass us and our credit card has had more fraud then ever since Telstra went to overseas call centres.
General call centre
I always have an account manager
No problems whatsoever-Indian call centre
Goes to call centre
Fit for business
I don't know this team

Please comment on your response (When you call your business phone provider are you connected to a dedicated business support team?)
I do not think it makes a real difference
I have never had to ring them
I get put on hold
Great to talk to the same person / team. Save time and got quicker and better service.
I get to talk to the business department
For the first time contact, they did not provide much useful information
I get to the people I need to speak to
Better services
Just Telstra and their call centre staff
I don't know, we haven't had any reasons to call them
Very helpful
Super
They never said anything about that
I have no idea

6.5.2 Business grade broadband services

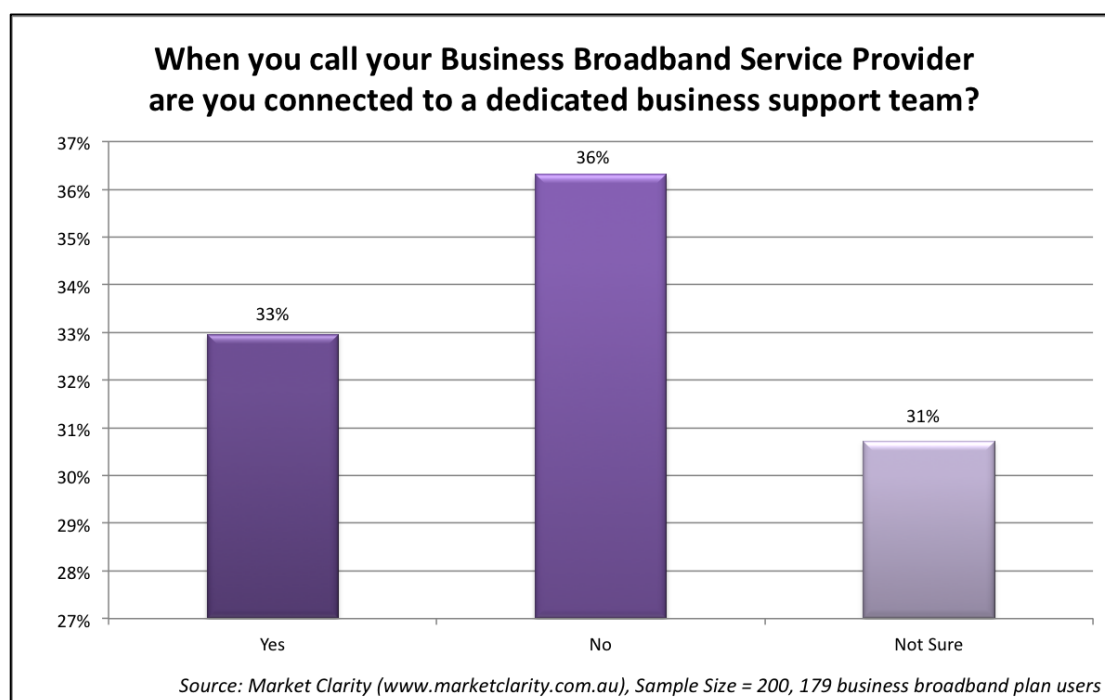
In the desktop study we reviewed the availability of dedicated customer support teams for business services. Of the four major broadband service providers that we reviewed, three of them stated that they have a dedicated business call centre team, whilst the remaining provider has a combined team for small business and residential customers. (Section 4.4)

As such, we expected to find similar results from the small business survey. However, as with business phone services, the results present quite a different story:

- 33% of respondents believe they have access to a dedicated business support team;
- 36% of respondents believe they are connected with a generic support team; and
- 31% of respondents were unsure.

This is illustrated in Figure 24.

Figure 24.— Business Grade Broadband Services



Respondents were provided with an ability to provide additional commentary. Many respondents were generous in allowing us to cite their verbatim responses (Table 18).

Table 18. —Dedicated Call Centre for Business Grade Broadband Services: Comments

Please comment on your response (When you call your business broadband provider are you connected to a dedicated business support team?)
There is someone who responds
Telstra Business
Speed and quality response
Have not called
Overall good
Pretty good response always
Sometimes you get passed onto another person, and I do not know if they are our dedicated person
Don't have one
Haven't had to call them yet
My manager deal with all that
It is a small business so we talk directly to the business owners
I don't call them, I communicate with my provider through email contact.
Never asked if I am or not
So far so good.
Haven't had to ring them

Please comment on your response (When you call your business broadband provider are you connected to a dedicated business support team?)
They are the same staff which take all their calls
I have a dedicated account manager who looks after my account
They are all the same and most charge set up fees
My small business has been allocated a dedicated team to look after us. Much better set up. Much quicker to resolve issues.
That is who I talk to
Immediate service
Good service
Yes I am
I have no idea

6.6 Reasons for contacting service provider during past 12 months

One of the goals of this study was to better understand the experiences of small businesses when contacting their provider of business grade services.

We asked survey respondents to describe the reasons that they've contacted their provider over the past 12-months, as well as asking them to describe their experiences.

6.6.1 Business grade phone services

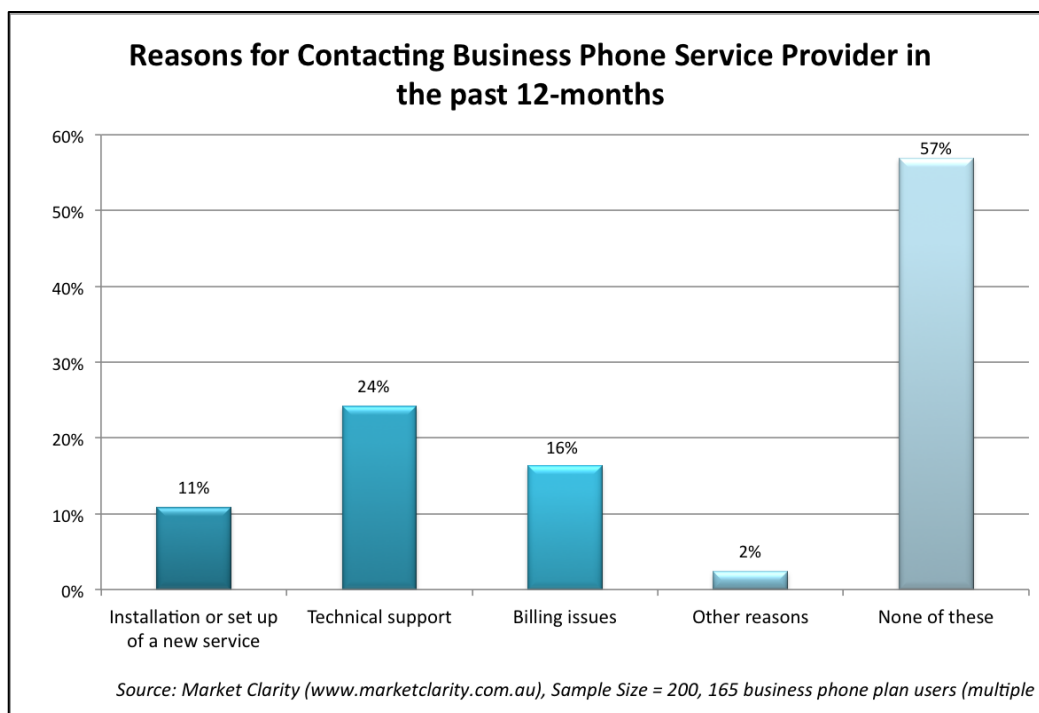
For business phone services, the most commonly cited reasons for contacting their service provider over the past 12-months were:

- Technical support (cited by 24% of respondents)
- Billing issues (cited by 16% of respondents)
- Installation or set up of a new service (cited by 11% of respondents)
- Other reasons (cited by 2% of respondents)

Interestingly, 57% of study respondents had no reason for contacting their provider over the preceding 12-month period.

This is illustrated in Figure 25.

Figure 25.— Business Grade Phone Services: Reasons for Contacting Service Provider



Where survey respondents reported that they had contacted their provider over the past 12-months, we asked them to describe their experiences.

Because of the small number of respondents contacting their provider and providing comments on their experience, we provide this information in terms of respondent numbers.

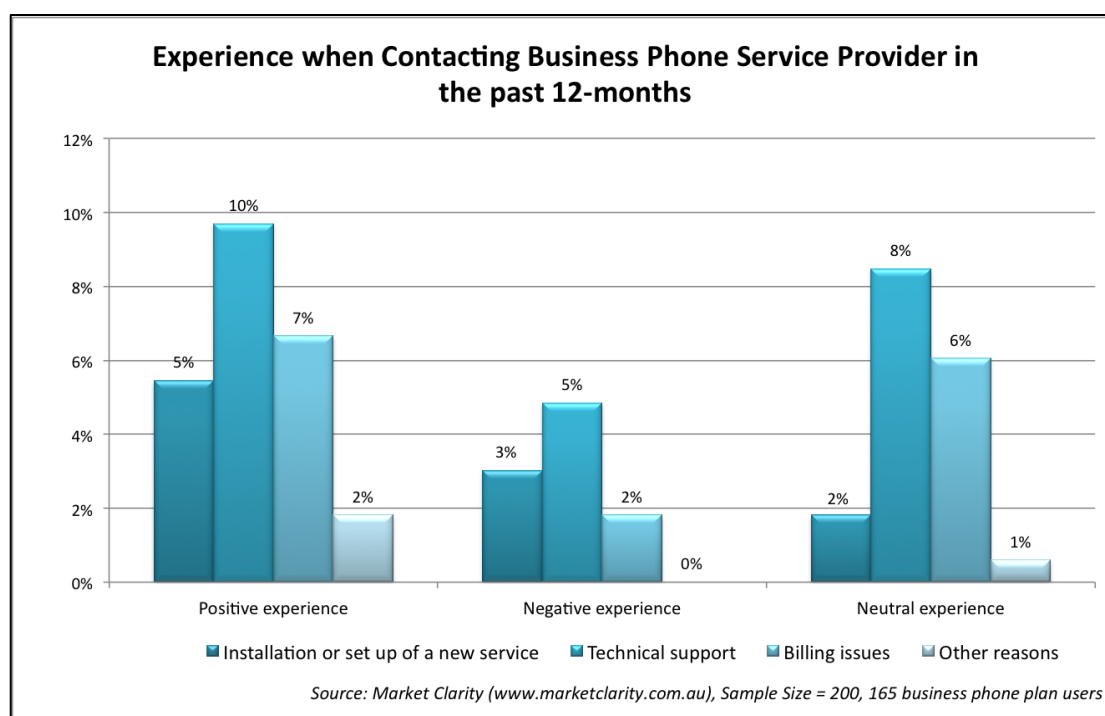
Table 19.—Business Grade Phone Services: Experience when Contacting Service Provider

	Positive experience	Negative experience	Neutral experience
Installation or set up of a new service	9	5	3
Technical support	16	8	14
Billing issues	11	3	10
Other reasons	3	0	1

(Sample Size: 165)

This is graphically illustrated in Figure 26.

Figure 26. - Business Grade Phone Services: Experience when Contacting Service Provider



The overall trend in business phone service customer experience when contacting their provider is positive (47% of all customer contact experience comments) or neutral (34% of all customer contact experience comments).

Where respondents reported negative experiences (19% of all customer contact experience comments), they typically cited items such as expressed in the below comments:

- “Just got upset.”
- “One was okay and the other was a shit fight.”
- “We have to talk to the Philippines first to lodge the complaint about the poor phone service and it took a lot of time to finally get the technician to fix the phone line, which was not our fault but a recurring problem in the exchange.”
- “They were not very helpful!”
- “They spoke very poor English.”
- “Poor. Staff could not make decisions and still awaiting a resolution.”

There were no discernible trends by business size.

6.6.2 Business grade broadband services

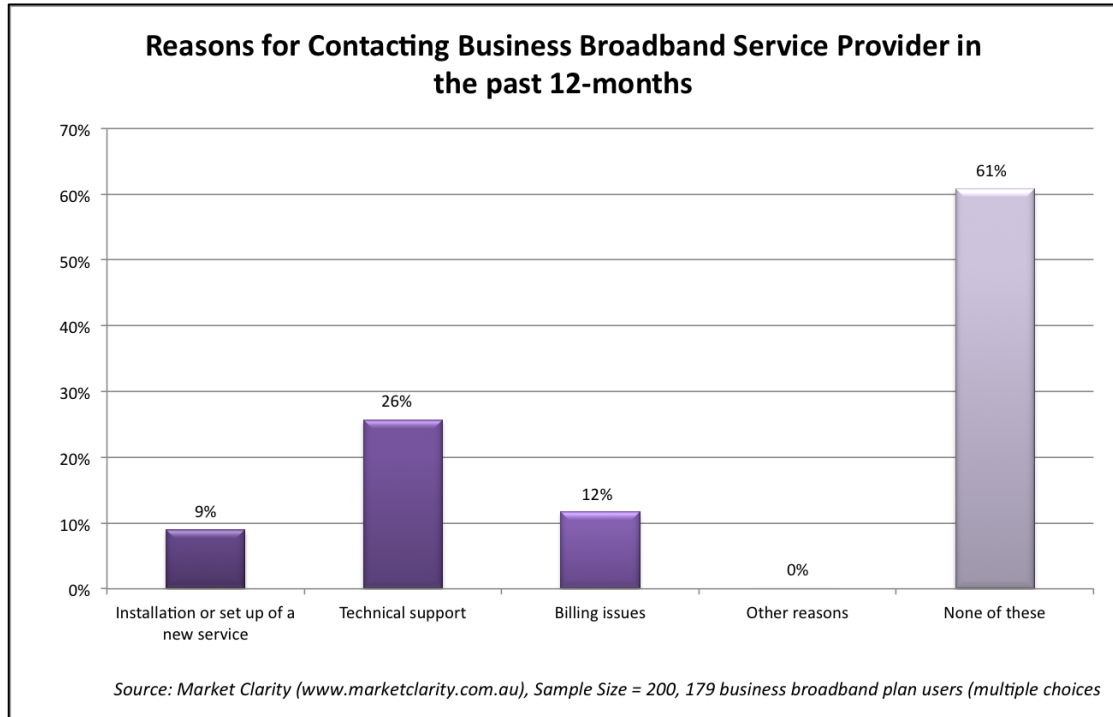
For business broadband services, the most commonly cited reasons for contacting their service provider over the past 12-months were:

- Technical support (cited by 26% of respondents)
- Billing issues (cited by 12% of respondents)

- Installation or set up of a new service (cited by 9% of respondents)

Interestingly, 61% of study respondents had no reason for contacting their provider over the preceding 12-month period. This is illustrated in Figure 27.

Figure 27.— Business Grade Broadband Services: Reasons for Contacting Service Provider



Because of the small number of respondents contacting their provider, and providing comments on their experience, we provide this information as respondent numbers.

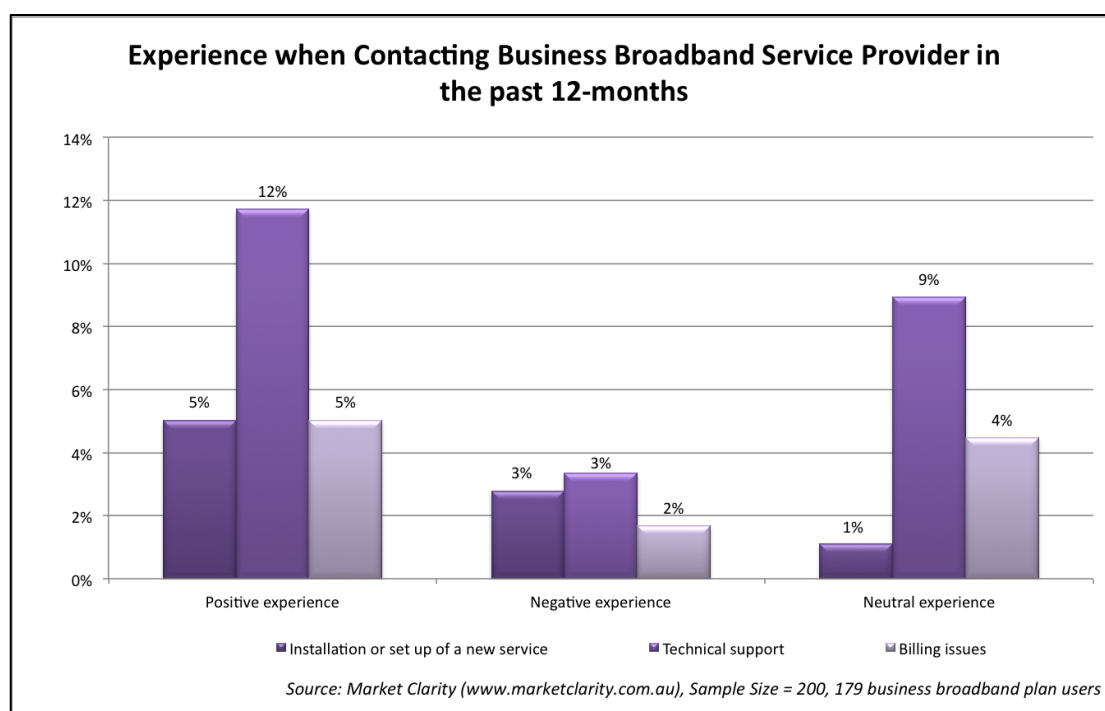
Table 20. — Business Grade Broadband Service: Experience when Contacting Service Provider

	Positive experience	Negative experience	Neutral experience
Installation/set up of new service	9	5	2
Technical support	21	6	16
Billing issues	9	3	8

(Sample Size: 179)

This is graphically illustrated in Figure 28.

Figure 28.— Business Grade Broadband Service: Experience when Contacting Service Provider



The overall trend in business broadband service customer experience when contacting their provider is positive (49% of all customer contact experience comments) or neutral (33% of all customer contact experience comments).

Where respondents reported negative experiences (14% of all customer contact experience comments), they typically expressed sentiments such as those in the below comments:

- “Pretty awful, still have slow internet and technical difficulties even after seeking out my own equipment to try and speed things up.”
- “It is always an issue. People with poor English and an inability to 'dumb down the computer speak' so that everyone knows what they are talking about.”
- “Useless still nothing done.”
- “Had to repeat and explain our needs several times in order for them to understand what we required.”
- “Unable to get the service finalised and Residential area incorrectly transferred accounts BEFORE the service (cable) was confirmed as available.”
- “They had very strong accents and I wasn't sure they understood me.”
- “It took a long time”
- “Terrible speeds and keeps dropping out.”
- “Time consuming and not helpful.”
- “Painful, long wait, long time explaining and demanding resolution.”

- “Internet was not connecting, took a long time for the person to actually find out the problem and sort it.”

There were no discernible trends by business size.

6.7 Performance guarantees

One of the key goals of this study was to understand whether or not performance guarantees were included in business grade services, and where available, the types of guarantees that were made.

6.7.1 Business grade phone services

In our desktop review of business grade services (Section 4.6), we found that for the most part, service performance guarantees are not offered for residential or small business fixed line voice products.

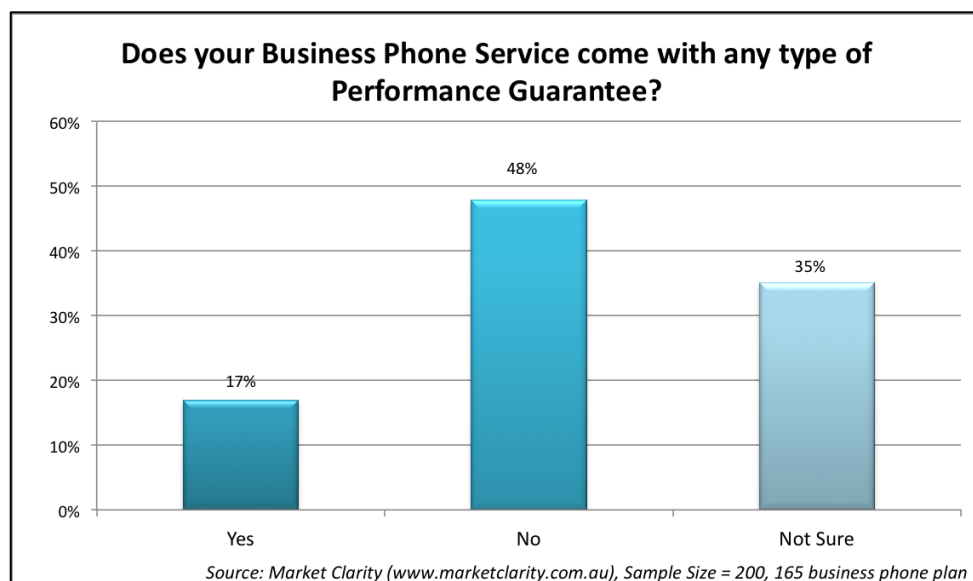
Similar findings are evident in the small business study.

We asked survey respondents whether their business grade telephone service came with any type of performance guarantee, and where applicable to describe the performance guarantee.

- No service performance guarantees (cited by 48% of respondents)
- Unsure as to whether there are service performance guarantees (cited by 35% of respondents)
- Believed that service performance guarantees applied (cited by 17% of respondents)

This is illustrated in Figure 29.

Figure 29.— Business Grade Phone Services: Availability of Performance Guarantees

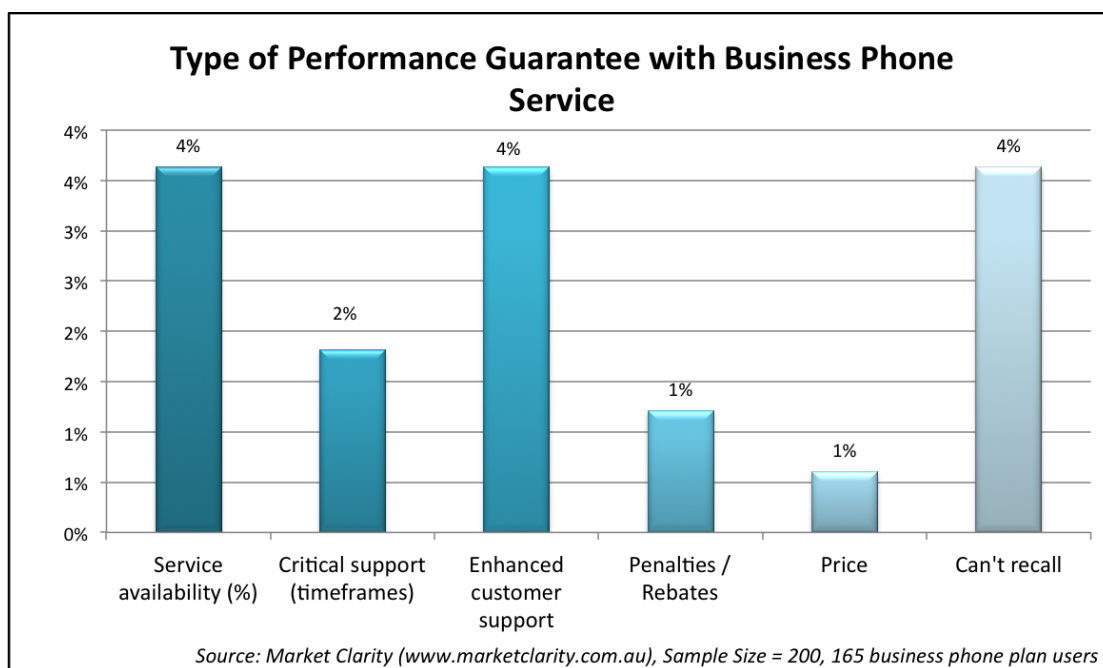


Interestingly, when asked to describe the type of performance guarantee that applied, very few respondents were able to articulate the type of guarantee that applied, most commonly citing service availability (4%) and enhanced customer

support (4%). Response time (2%), penalties / rebates (1%) and price (1%) were also cited.

This is illustrated in Figure 30.

Figure 30.— Business Grade Phone Services: Types of Performance Guarantees



6.7.2 Business grade broadband services

In our desktop review of business grade services (Section 4.7), we found that for the most part, service performance guarantees are not offered for residential or small business broadband products.

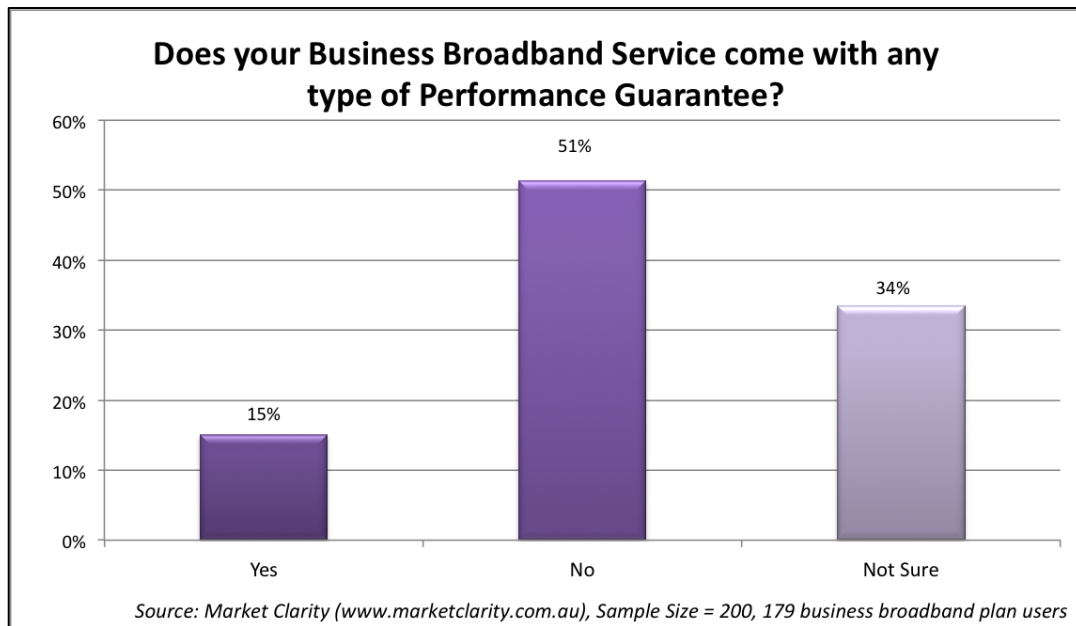
Similar findings are evident in the small business survey.

We asked survey respondents whether their business grade broadband service came with any type of performance guarantee, and where applicable to describe the performance guarantee.

- No service performance guarantees (cited by 51% of respondents)
- Unsure as to whether there are service performance guarantees (cited by 35% of respondents)
- Believed that service performance guarantees applied (cited by 15% of respondents)

This is illustrated in Figure 31.

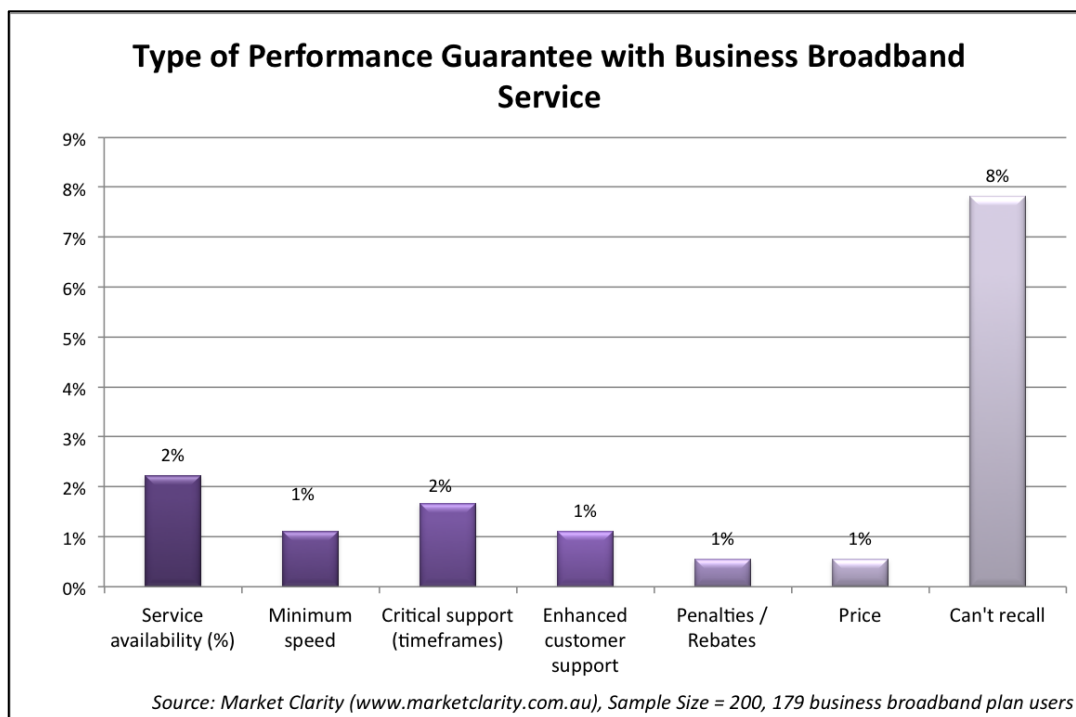
Figure 31.— Business Grade Broadband Services: Availability of Performance Guarantees



Interestingly, when asked to describe the type of performance guarantee that applied, very few respondents were able to articulate the type of guarantee that applied, most commonly citing service availability (2%) and response time (2%). Enhanced customer support (1%), minimum speed (1%), penalties / rebates (1%) and price (1%) were also cited.

This is illustrated in Figure 32.

Figure 32.— Business Grade Broadband Services: Types of Performance Guarantees



6.8 Rebates

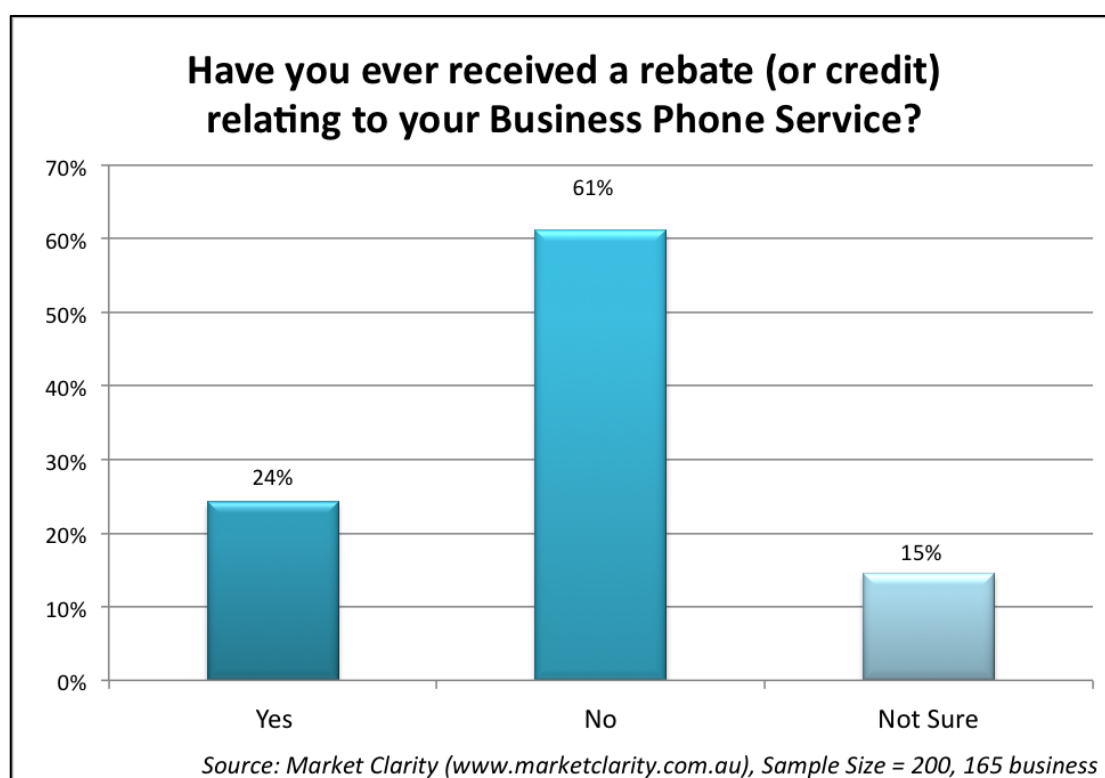
The final area of interest for this study was to understand whether businesses received service rebates or credits, and the circumstances (if any) pertaining to the rebate.

6.8.1 Business grade phone services

We asked survey respondents whether they had ever received a rebate or credit for their business grade telephone service, and where applicable the circumstance in which the rebate was received. As illustrated in Figure 33:

- 61% of respondents have never received a service rebate;
- 24% of respondents had received a service rebate; and
- 15% of respondents were unsure as to whether they had received a service rebate.

Figure 33.— Business Grade Phone Services: Received a Service Rebate



Reasons for receiving a rebate included:

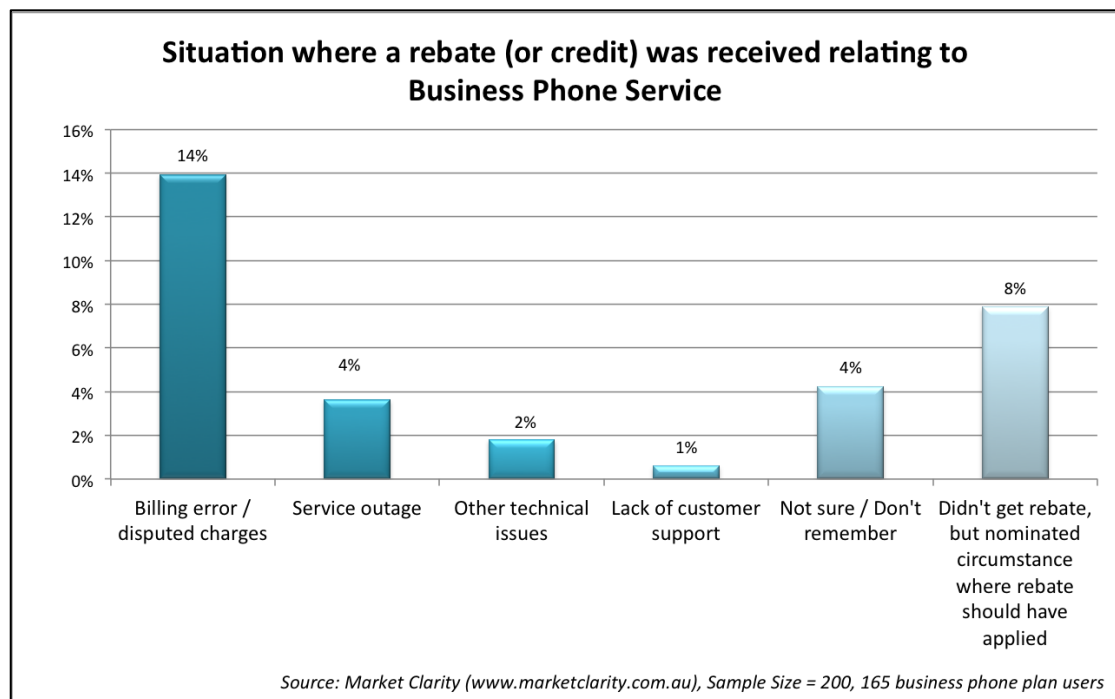
- Billing errors and disputed charges (cited by 14% of respondents);
- Service outages (cited by 4% of respondents);
- Other technical issues (cited by 2% of respondents); and
- Lack of technical support (cited by 1% of respondents).

Interestingly, 8% of respondents felt that a rebate should have been applied, giving the following reasons:

- “Loyalty”
- “Service outages of X time”
- “Volume”
- “Discount”
- “This should apply to any package. Businesses should have more credit as we pay more and are supposed to get better service and products.”
- “I think we need a rebate for the last 6 months or so because the landline has been virtually unusable, as you can't hear people on the phone due to extreme crackling. We haven't actually complained so I don't expect to be reimbursed, but the process to get it fixed is frustrating and lengthy as we've had to do it many times over the past years.”
- “Less usage”
- “I have made plenty of calls.”
- “Ripped off”
- “If the telco is at fault”
- “No phone line”

Figure 34 illustrates reasons where phone service rebates were applied, or the respondent believed that a rebate should have been applied.

Figure 34.— Business Grade Phone Services: Reason for Receipt of a Service Rebate



In our desktop review of business grade services (Section 4.8), we found that all of the business grade phone products reviewed included service rebates where “significant loss of access” occurred, as well as in other circumstances.

However, based on findings from this study, it would appear that rebates are not always applied during extended service faults — at times because outages are not reported.

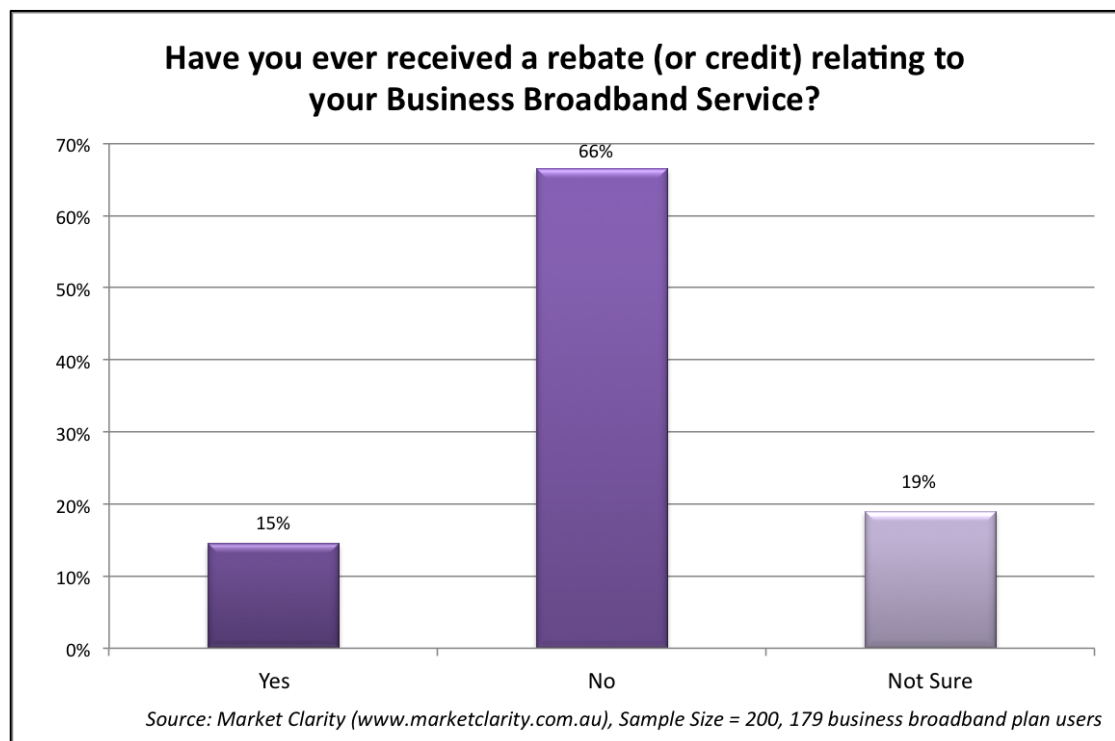
There is also a sentiment that rebates (or discounts) should be applied as a benefit of being a loyal customer.

6.8.2 Business grade broadband services

We asked survey respondents whether they had ever received a rebate or credit for their business grade broadband service, and where applicable, the circumstance in which the rebate was received. As illustrated in Figure 35:

- 66% of respondents have never received a service rebate;
- 15% of respondents had received a service rebate; and
- 19% of respondents were unsure as to whether they had received a service rebate.

Figure 35.— Business Grade Broadband Services: Received a Service Rebate



Reasons for receiving a rebate included:

- Service outages (cited by 3% of respondents);
- Other technical issues (cited by 2% of respondents); and
- Loyalty rebates (cited by 2% of respondents).

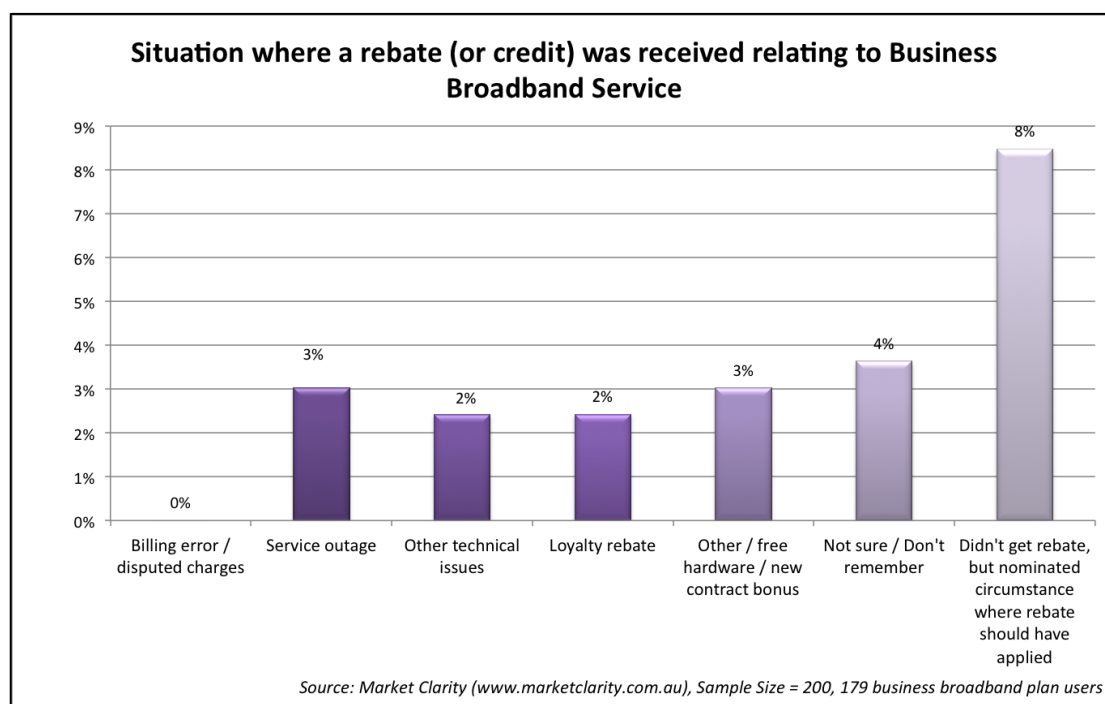
Additionally, free hardware and new contract bonuses were cited by 3% of respondents in response to the rebate question.

However, as with business phone services, 8% of respondents felt that a rebate should have been applied, but wasn't. Common reasons for this belief included:

- “If we used more than the limit the speed should not have been slowed.”
- “Business pay more — to keep us in a loyalty program.”
- “Lack of broadband connection”
- “I believe I should be treated as more of a valued customer.”
- “Discounts”
- “It took a long time for the technical person to actually find out the problem with no internet. I was losing out on customer orders during the time frame, finally I figured out what it was and fixed it myself.”

Figure 36 illustrates reasons where broadband service rebates were applied, or the respondent believed that a rebate should have been applied.

Figure 36.— Business Grade Broadband Services: Reason for Receipt of a Service Rebate



In our desktop review of business grade services (Section 4.8), we found that 50% (75% if assertions by a customer service representative are an accurate reflection of company policy) of the business grade broadband products reviewed included service rebates where “significant loss of access” occurred, as well as in other circumstances.

However, based on findings from this study (respondent commentary), it would appear that respondents believe that rebates should be applied in the event of extended service faults, as well as an incentive for customer loyalty.

7 Conclusions

Market Clarity's analysis of small business telecom services was based on two complementary research investigations: a **desktop study** of residential and business phone and broadband plans available from a representative set of top tier telecommunications service providers; and a **demand side survey of small businesses** that utilise business grade services.

The desktop study was designed to scan the market identifying typical price and inclusions from a representative set of major telecommunications service providers. The small business survey was designed to assess small business behaviour and experiences with respect to business grade telecommunications services.

The demand side survey consisted of an online survey of 200 small businesses of varying sizes across eighteen vertical industry segments. The survey questionnaire was designed to gain a qualitative and quantitative understanding of small business use and experiences with business grade services.

7.1 Observations from desktop research

To conduct the desktop study portion of this research project, Market Clarity reviewed the following information from each service provider in May 2015:

- Website collateral describing products
- Critical Information Summaries
- Terms and Conditions documents
- Mystery shopper discussions (online chats and phone calls) with service providers

Overall, we found that many of our questions pertaining to service terms — especially service performance guarantees, and use of residential services by a small business (and in particular a home-based business) were not answered by publicly available information.

Furthermore, the documents that set out legal terms and conditions for service agreements are voluminous, and in our view it is unlikely that a small business customer (or residential consumer) would search out and read these documents before making a service decision.

Discussions with customer service representatives were informative, but at times conflicted with information presented in the legal terms and conditions document.

This suggests that a training exercise is required to better prepare customer service representative teams to answer questions from business customers about any issues pertaining to service terms and service levels.

7.2 Residential versus business grade services

Many service providers place restrictions on the business use of home phone or broadband plans, which ostensibly prohibit these plans from being used for business purposes.

However, we also observe that many people use their personal phone or internet connection for business purposes — even if they are not running a business.

Overall, the vast majority (95%) of study respondents use some type of fixed voice and fixed broadband service. Most (72%) of the businesses interviewed for this study utilise business grade services for both fixed voice and fixed broadband. However, there were a number of business that don't use both services, as well as businesses that use residential grade services for at least some of their telecommunications needs. We found that 12% of business grade broadband service subscribers utilise a residential grade phone service, and 7% of business grade phone service users utilise a residential grade broadband service.

Given the importance that many businesses place on internet connectivity vis-à-vis their use of a business grade broadband services, it's somewhat surprising that residential phone grade services are used for underlying connectivity. This may be due to a perception of overall phone service reliability, little difference in phone service reliability between business and residential services, or that these services were contracted for at different times, particularly for home-based businesses where the residential phone line may have been in situ for a long time.

The most commonly cited reasons for selecting a business grade service (as opposed to a residential service) were better specifications, quality, options (including multiple lines), faster speed, larger data allowance, bundle inclusions, price and convenience.

For both phone and broadband services, a significant number of respondents stated that their selection decision was based solely on the fact that they were running a business: phone (20%) and broadband (15%).

We also found that a number of businesses selected business grade services primarily for taxation purposes, believing that a residential plan would not be tax deductible. Whilst the Tax Office does require business owners to differentiate between business and personal use of facilities, the author is not aware of the Tax Office asking for details of the type of telecommunications plan in use. This is an area where ACCAN could provide clarification and guidance.

The results of this study suggest that a small, but significant number of business owners choose business grade products just because they run a business or want a tax deduction, as opposed to selecting a plan that makes the most sense on a feature, functionality and price basis. This is an area where market education could assist in the decision process.

7.3 Business grade service pricing

In the desktop study, we found that current residential and **business phone service pricing** for the reference product was identical, other than with a single provider, where business services were 67% more expensive than the residential counterpart.

However, 41% of business survey respondents *believe* they pay more for business grade services than comparable residential services; whilst 35% of respondents believe that business grade services are similarly priced, or less expensive than comparable residential services — representing a wide dichotomy of actual customer experiences. This is likely due to the wide variety of phone plans in use by survey respondents, and the degree of product bundling (or other business) included in a telecommunications contract.

In the desktop study, we found that current residential and **business broadband service pricing** for the reference product varied widely, with one provider offering business broadband services that were 14% cheaper than its cheapest residential service, whilst the most expensive business reference plan was 50% more expensive than the service provider's residential counterpart.

In the business survey we found that 32% of respondents *believe* they pay more for business grade broadband services than comparable residential services; whilst 41% of respondents believe that business grade broadband services are similarly priced, or less expensive than comparable residential services.

The results of the market and business studies suggest that it is a myth that business services always cost more than the residential counterpart.

7.4 Bundles

There is a very clear trend towards the use of product bundles, with 58% of the respondents reporting use of a business grade bundle that includes fixed voice and fixed broadband services.

In discussing pricing issues and value-for-money, frequent reference was made to product bundles.

Whilst there is an overall consensus from survey respondents that bundles represent good value for money, the use of bundled services makes it more difficult to directly compare offers.

7.5 Value for money perceptions

Roughly half of survey respondents believe they are getting value for money from their business grade services, as compared to a residential service equivalent: 52% of business phone service respondents, and 46% of business phone service respondents. Respondents who believe they are getting good value typically cited plan inclusions and bundles.

Conversely, large proportions (30% business phone service users and 27% business broadband service users) were unsure as to whether they were receiving value for money.

And, significant numbers (18% business phone service users and 27% business broadband service users) felt that they were not receiving value for money.

These findings suggest that there is an opportunity for telecommunications service providers to better differentiate the value of their business service offers.

7.6 Dedicated business call centres

In the desktop study, all of the major business phone service providers that we reviewed state that they have a dedicated business call centre team, as do three of four business broadband service providers.

However, the demand side study showed vastly different results, with only 44% of business phone service respondents *believing* they have access to a dedicated business call centre, and 33% of business broadband service respondents believing they have access to a dedicated business call centre.

In many cases respondents were not sure as to whether they were connected to a dedicated business call centre. In many cases this may be due to the fact that more than half of respondents had not had to call their provider in the past 12-months.

These findings suggest that there is an opportunity for telecommunications service providers to better differentiate the value of their business service offers by clearly stating that business services are supported by specialist business teams (where that is the case).

The most common reason that businesses contacted their service provider pertained to technical support (24% of business phone service respondents, and 26% of business broadband service respondents).

The overall trend in business phone service customer experience when contacting their provider is positive (47% of all customer contact experience comments) or neutral (34% of all customer contact experience comments).

Similarly, the overall trend in business broadband service customer experience when contacting their provider is positive (49% of all customer contact experience comments) or neutral (33% of all customer contact experience comments).

7.7 Service levels and performance guarantees

In our desktop review of business grade services (Section 4.6), we found that for the most part, service performance guarantees are not offered for residential or small business fixed line voice products.

Similar findings are evident in the small business study: 48% of business phone service respondents and 51% of business broadband service respondents expressed the belief that there were no service performance guarantees affiliated with their

service. Furthermore, 1/3 of study respondents were unsure — with only 17% (phone) and 15% (broadband) believing that performance guarantees applied to their service.

These findings suggest that there is an opportunity for service providers to differentiate their small business products through the use of service levels and performance guarantees.

Furthermore, in our chat sessions and conversations with many customer service representatives it was very apparent that the concept of service level agreements or targets was outside of their knowledge, training and database reference materials. Questions having anything to do with service availability, or guarantees were, for the most part, were not understood.

This suggests that a training exercise is required to better prepare customer service representative teams to answer questions from business customers about any issues pertaining to service terms and service levels.

For both business and residential services, none of the providers offered guarantees for timeframes in which calls would be answered, or faults would be resolved. Although, one company stated that if they advised that a service fault would be rectified within a certain period, and it goes beyond that time, then compensation may apply.

7.8 Rebates

In the review of business grade services (Section 4.8), we found that service rebates were offered in conjunction with all of the business phone service plans, and 75% of the business broadband service plans in situations where there was a “significant loss of access.”

However, the vast majority of survey respondents have not received a service rebate for any reason (61% of business phone service subscribers, and 66% of business broadband service subscribers). Only 24% of business phone service subscribers, and 15% of business broadband service subscribers reported receipt of a rebate.

Drilling down further, we found that service outages comprised a small number of situations where rebates applied (4% business phone service subscribers and 3% business broadband service subscribers). For phone services, the rebates were most commonly applied due to billing error or disputed charges, whereas for broadband services, rebates were applied for a variety of reasons.

Based on findings from this study, it would appear that rebates are not always applied during extended service faults — at times because outages are not reported.

7.9 Implications and future directions

The results of the desktop and demand side surveys at times show conflicting information — particularly with respect to product pricing.

In large part this may be due to the desktop study utilising unbundled reference plans for like-to-like comparisons, whereas businesses within the survey sample utilise the wide range of plans available in the market, including bundles.

Furthermore, many businesses surveyed (45% phone plan subscribers, and 40% business broadband plan subscribers) had not changed provider or upgraded their plan in over 2-years. Product and pricing offers change on a rapid basis — making it difficult to provide a direct comparison with a desktop study that examined current market offers.

Future studies could potentially sample larger numbers of business users, focusing on businesses that switched plans or providers in the previous 12-months, and also looking for trends pertaining to business of different sizes. With a phone interview methodology, there is also the potential to probe for further information, which would not be forthcoming in an online survey.

However, such further comparisons would still be impacted by the growing popularity of service bundles, making it difficult to directly compare business experience with the wide number of service bundling permutations available in the market.

Nonetheless a larger survey sample, especially one using a telephone interviewing technique, could examine some of the nuances uncovered in this study in further detail.

We are grateful to ACCAN for funding this research and to study respondents for their participation and generosity in allowing use of their verbatim comments in this report. Their stories provide a compelling narrative of the small business experience.

About

Market Clarity

Market Clarity is an award-winning technology analyst firm founded in 2006 by Shara Evans — an internationally acknowledged technology futurist, telecom industry expert, commentator, keynote speaker, strategy advisor and thought leader. Market Clarity provides insight, intelligence and advice on all aspects of the telecommunications and emerging technologies markets.

Our most recent research area, Future Tech 2025, is based on ongoing interviews with thought leaders in research labs, vendor labs, telcos, start-ups, futurists and others — featuring cutting edge insights on the wide range of gadgets, technologies, and trends that will impact the world over the next 10 years and beyond.

The technologies we track includes new form factors for phones/devices, wearables, implantables, sensors, wireless technologies, holograms, augmented reality, virtual reality, 3D printing, home automation (and the many different types of Internet-connected devices within homes), smart cities, robotics, drones, cars of the future, artificial intelligence, the Internet of Things, cloud services, security and privacy, and the next wave of innovation.

Market Clarity is also known for tracking telecommunications infrastructure, services and technology trends, and providing strategic advice that is based on a deep understanding of market forces and emerging technologies. Market Clarity's extensive databases of technical and market information cover a wide range of facts and figures on the technologies and services that are shaping the telecommunications market including the ongoing rollout and implications of the National Broadband Network (NBN). Market Clarity's GIS tools and research databases enable the correlation and presentation of highly complex information in an intuitive geographic (map) format.

By leveraging our engineering knowledge with an ongoing primary research program, Market Clarity helps our client's harness the fast moving world of technology innovation to develop new lines of business and a disruptive competitive advantage.



ACCAN

The Australian Communications Consumer Action Network (ACCAN) is the peak body that represents all consumers on communications technology issues including telecommunications, broadband and emerging new services.

ACCAN conducts research that drives the fulfilment of its vision for available, accessible and affordable communications that enhance the lives of consumers. ACCAN provides a strong consumer voice, promoting better consumer protection outcomes to industry and government.

ACCAN aims to empower consumers so that they are well informed and can make good choices about goods and services. Visit www.accan.org.au for more information.

The operation of the Australian Communications Consumer Action Network is made possible by funding provided by the Commonwealth of Australia under section 593 of the Telecommunications Act 1997. This funding is recovered from charges on telecommunications carriers





**Australian Communications
Consumer Action Network**