

Connectivity Scorecard 2011

Iran



	Score	Weight
Consumer Infrastructure	0.50 (0.88)*	0.13
Consumer Usage and Skills	0.44 (0.70)*	0.13
Business Infrastructure	0.14 (0.64)*	0.38
Business Usage and Skills	0.18 (0.71)*	0.31
Public sector Infrastructure	0.25 (0.83)*	0.03
Public sector Usage and Skills	0.24 (0.68)*	0.02

*The score of the leading performer for this component

Table 1: Component Scores & Weights 2011

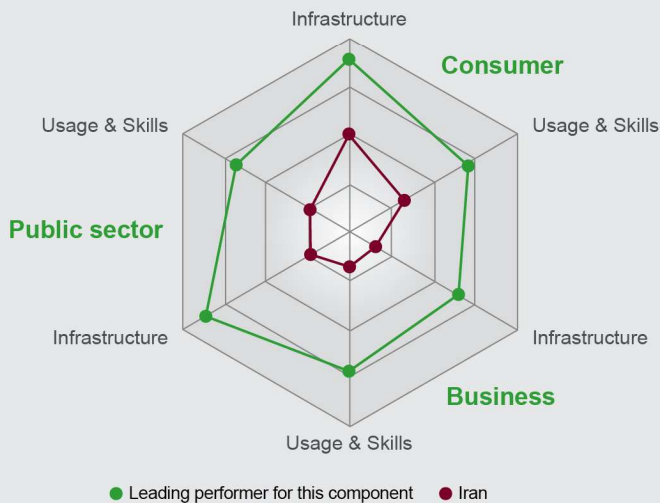


Fig 1: Component Scores 2011

Overview

Iran falls one place to 15th position among the resource and efficiency-driven economies¹ on the Connectivity Scorecard 2011. With a score of 2.41 it is just below the median score of 2.73 for the entire group of resource and efficiency-driven countries.

Iran displays a strong growth potential but is one of the least developed Information and Communications Technology (ICT) markets in the Middle East. The country has made headway in the consumer components, especially in consumer infrastructure, but has a long way to go in improving its performance in the business and public sector components.

In addition to increasing business investments, Iran needs strong policy measures, including liberalization of its telecom market, to support the development of its ICT infrastructure.

Strengths

Iran has the highest fixed-line penetration (34 per 100 people) among resource and efficiency-driven economies and this boosts its performance in the consumer infrastructure component. In addition, the country has a moderate mobile telephony penetration.

The highlight of Iran's performance in the consumer usage and skills component is the high frequent internet usage although the low broadband penetration indicates that most of the internet access is through shared or public facilities.

In the business usage and skills component, the country performs well in the area of secondary school enrolment rates.

¹ As defined by World Economic Forum www.weforum.org

Iran's public sector spending on software, hardware and services is average or above average across the metrics although the UN e-government online service index score is 0.38 (in scale of 0 to1) which is slightly below average among the countries analyzed.

Weaknesses

Low internet and broadband penetration rates constitute a key weakness of Iran's consumer infrastructure.

Iran's performs poorly in the business infrastructure component due to low availability of international bandwidth, weak penetration of secure internet servers and modest personal computer (PC) penetration.

Similarly, its score in the business usage and skills component is let down by poor performance on measures such as international traffic levels.

Iran does not fare any better on the UN e-participation index scoring only 0.11.

Conclusions

Iran's telecom market continues to be beset with significant regulatory and legal hurdles. The government exerts a lot of control over the market and most telecommunications companies are state-owned. In addition, the broadband market is quite nascent and mobile telephony is not as developed as some of Iran's neighbors in the Middle East. The business sector presents its own set of challenges, including weak infrastructure and low ICT spending.

Iran has made some progress in opening up its telecommunications sector. For instance, it granted the third mobile license to Tamin Telecom in 2009, which is yet to see any progress. The Iranian Communications Regulatory Authority has announced that Iran will launch a second 3G license in three years. The license award is in the early stages, and much of its success depends on the progress of the first 3G deployment. However, a further liberalization of the telecommunications market is required to encourage competition and spur the development of ICT infrastructure in the country.

Rank [†]	Country	Connectivity Score
1 [1]	Malaysia	6.61
2 [3]	Chile	6.21
3 [5]	Russia	5.68
4 [7]	Turkey	5.51
5 [4]	Argentina	5.46
6 [6]	Brazil	5.14
7 [8]	Mexico	4.87
8 [10]	Ukraine	4.81
9 [2]	South Africa	4.68
10 [9]	Colombia	4.06
11 [12]	Thailand	3.68
12 [13]	Tunisia	2.79
13 [15]	Vietnam	2.73
14 [17]	China	2.72
15 [14]	Iran	2.41
16 [19]	Philippines	2.15
17 [n/a]	Syria	2.11
18 [20]	Indonesia	2.01
19 [16]	Sri Lanka	2.01
20 [18]	Egypt	1.89
21 [21]	India	1.25
22 [25]	Pakistan	1.14
23 [23]	Nigeria	1.09
24 [22]	Kenya	0.95
25 [24]	Bangladesh	0.90

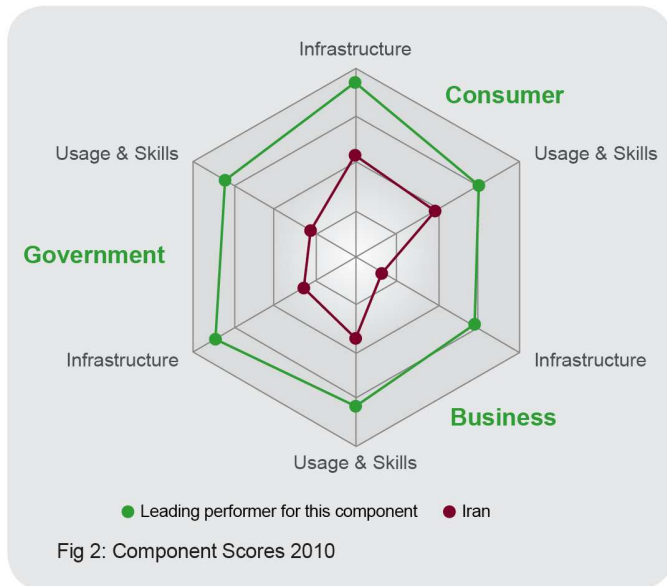
*last year's rank in parenthesis

Table 2: Connectivity Scorecard 2011 Results – Resource & Efficiency-driven Economies

2011 vs. 2010

Iran ranks 15th with a score of 2.41 this year, compared with 14th and a score of 3.59 in 2010. For the resource and efficiency-driven economies, two major factors drive the difference in scores and rankings this year.² First, there is the use of new weights that have a particular effect on the split between “infrastructure” and “usage and skills” in the business and public sector components of the Connectivity Scorecard. Using Conference Board data we are able to obtain weights specifically for the relative contributions of ICT capital and labour force improvements to economic growth, from which the split between infrastructure (capital) and usage and skills is derived. In general, this change has resulted in more weight put on the “business infrastructure” component than in previous versions of the Connectivity Scorecard. Further, the inclusion of new indicators has made a significant difference to countries' relative

² For more information download the Connectivity Scorecard 2011 Report from www.connectivityscorecard.org



performance on the business components of the Connectivity Scorecard. This has been discussed in detail above.

The Connectivity Scorecard is based on comparative scores between countries, and, therefore, each country's performance is measured in relation to the best performing nation in each component at a given point of time. As with other indices of relative rankings, it is therefore hard to interpret the Connectivity Scorecard in terms of absolute "improvements" or "deteriorations" and to make comparisons of scores over time.

About Connectivity Scorecard

The Connectivity Scorecard is a global ICT index which, unlike other available research, is the first of its kind to rank countries in terms of "useful connectivity". That is, not only on the deployment of ICT infrastructure but also to measure the extent to which consumers, businesses and the public sector "make use" of connectivity technologies to enhance social and economic prosperity.

This "useful connectivity" is defined as the bundle of infrastructure, complementary skills, software and informed usage that makes ICT the key driver of productivity and economic growth.

Commissioned by Nokia Siemens Networks, the study was created by Professor Leonard Waverman, Dean, Haskayne School of Business, University of Calgary, and Fellow, London Business School. The study was conducted by the consulting firms Berkeley Research Group and Commuiceas.

For more information on the Connectivity Scorecard, visit www.connectivityscorecard.org

Business Contact

Kim Jones
Nokia Siemens Networks
kim.jones@nsn.com

Media Contacts

Riitta Mard, Media Relations
Nokia Siemens Networks
riitta.mard@nsn.com

Atifa Asghar, Communications
Nokia Siemens Networks
atifa.asghar@nsn.com