



## Connectivity Scorecard 2010

Iran – Shows potential but needs to remove regulatory hurdles first

### Overview

Iran falls two places to finish in 14<sup>th</sup> position among resource and efficiency-driven<sup>1</sup> economies on the Connectivity Scorecard 2010. Its score of 3.59 is just below the median score of 3.87 for this group of 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 category, especially in the infrastructure domain, but has a long way to go in improving its performance in the business and government categories.

In addition to driving 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 sub-category. In addition, the country reports a moderate mobile telephony penetration.

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

	Score	Weight
<b>Consumer Infrastructure</b>	0.53 (0.93)*	0.14
<b>Consumer Usage &amp; Skills</b>	0.48 (0.74)*	0.14
<b>Business Infrastructure</b>	0.17 (0.72)*	0.27
<b>Business Usage &amp; Skills</b>	0.40 (0.79)*	0.37
<b>Government Infrastructure</b>	0.32 (0.85)*	0.03
<b>Government Usage &amp; Skills</b>	0.27 (0.80)*	0.05

\* The score of the leading performer for this component

Fig 1: Sub-category Scores and Weights 2010

<sup>1</sup> As defined by the World Economic Forum

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

### Weaknesses

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

Iran's performance in the business infrastructure sub-category is weak, with low availability of international bandwidth, weak penetration of secure internet servers and only a modest personal computer (PC) penetration.

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

Iran does not fare any better on the government-related metrics.<sup>2</sup> Availability of e-government services is rather poor, as evidenced by its weak ranking on the UN E-Government Readiness Index.

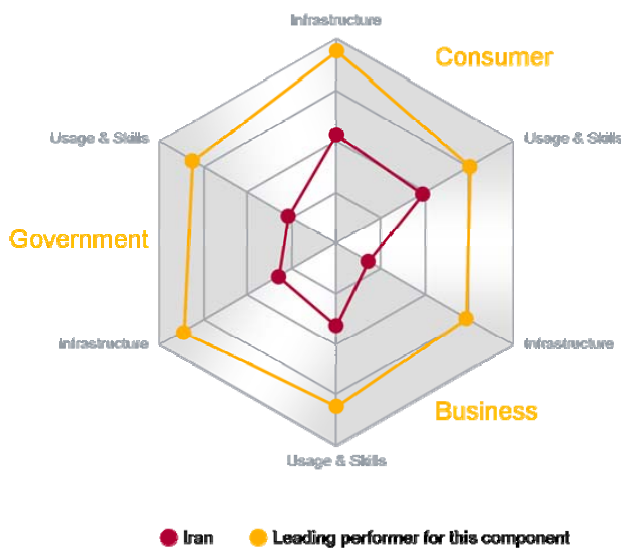


Fig 2: Sub-category Scores 2010

### 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 last year. However, a further liberalization of the telecommunications market is required to encourage competition and spur the development of ICT infrastructure in the country.

<sup>2</sup> While the "government infrastructure" sub-category of the Scorecard measures a country's performance on provision of e-government infrastructure, the "government usage and skills" sub-category looks at the usage of e-government services per capita.



### 2010 compared to 2009

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 segment at a given point of time. As with other indices of relative rankings, it is therefore hard to interpret the Scorecard in terms of absolute "improvements" or "deteriorations" and to make comparisons of scores over time.

Added to this, a number of changes have been made to the indicators in the 2010 version of the Scorecard to reflect the changes in technology and to more precisely capture "real-world" data. The UN E-Government Readiness Index was used to measure countries' performance in the government category, rather than the Brookings Institution E-Government measures used last year. New metrics from the Economist Intelligence Unit have also been incorporated.

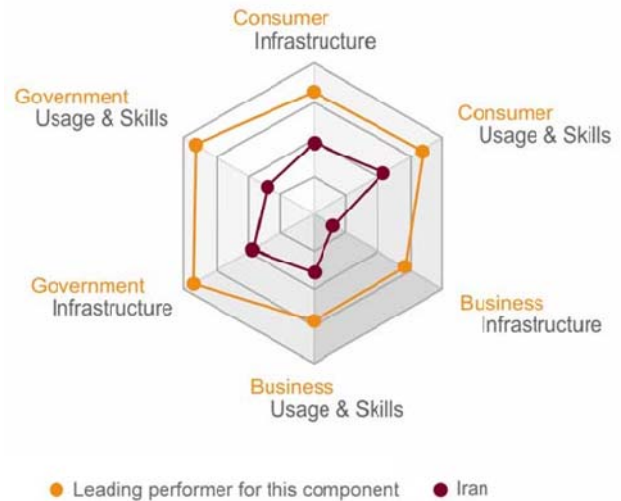


Fig 3: Sub-category Scores 2009

### 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 governments, businesses and consumers "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 under Professor Waverman's direction by international economic consulting firm LECG.

For more information on the Connectivity Scorecard, visit [www.connectivityscorecard.org](http://www.connectivityscorecard.org)

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