



VoIP Market Scenario in Bahrain

REVE Systems

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VoIP opportunity galore

Bahrain's liberal business policies and advanced infrastructure for information, communications and technology (ICT) sector enable this country to stand apart in the Middle East, both as a thriving domestic marketplace and as a base for accessing the growing regional market. Bahrain is one such a country in the Middle East where VoIP business is legalized by the Government. Hence VoIP service providers can have the opportunity of running VoIP business legally in this country. The telecom industry in Bahrain has been growing steadily in recent years, posting strong growth in numbers of subscriptions.

Government regulation on VoIP

Government's forward-thinking policies have made Bahrain a regional leader in the development of the ICT sector. Bahrain became the Middle East's first liberalized telecommunications market in 2004, when the market was opened to competition. Bahrain's liberal approach is demonstrated by the fact that it is the only Gulf country that does not impose restrictions on Voice-over Internet-Protocol. In 2013 Bahrain launched a nationwide high speed 4G network (LTE - Long Term Evolution) enabling high download with speeds of up to 100 Mbps higher than the previous 3G mobile network capability. As per the government policy, in certain sectors, you can retain 100% foreign ownership¹ and benefit from the region's lowest taxes.



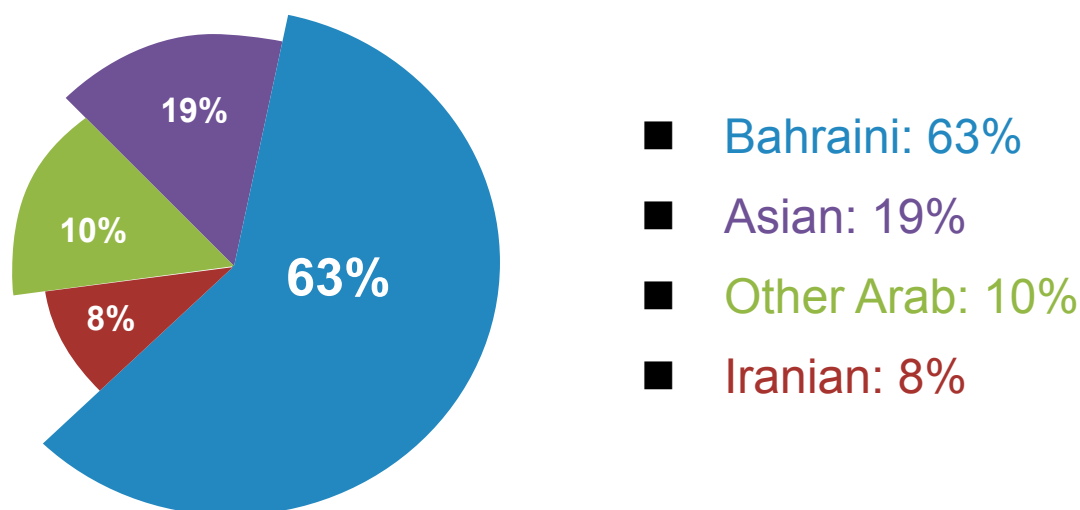
Key market trends and observations²

- » Total population: 1.332 million³ by the end of 2013
- » At the end of Q2, 2013, there were about 2.25 million mobile subscribers in Bahrain, representing a mobile penetration rate of 182%.
- » Among them, about 1 million were the active mobile broadband subscribers (45% of the total mobile voice subscribers).
- » The mobile market in Bahrain remains predominantly prepaid with 82% of mobile subscribers.

Sources:

1. <http://www.state.gov/documents/organization/228978.pdf>
2. TRA Report 2013
3. World Bank Report 2013

Population breakup⁴



Mobile data charges⁵ (3G/4G)

After the launch of high speed 4G LTE network services, most of the telecom service providers like Batelco and Menatelecom have started offering data plans in attractive prices. Below chart shows the data rate comparison of Batelco and menatelecom.

Monthly Price Package (In Bahraini Dinar)		
Data Usage	Batelco Rate	Menatelecom Rate
15GB	10	X
30GB	15	13
40GB	20	X
45GB	X	16
60GB	X	20
70GB	X	25
80GB	35	30
100GB	X	40
140GB	X	60
220GB	X	80
300GB	45	X
500GB	60	X

**1 Bahraini Dinar (BD) = 2.65 USD

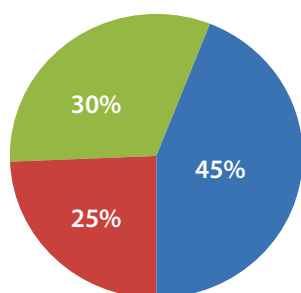
- Sources:
4. <http://www.kwintessential.co.uk/resources/global-etiquette/bahrain-country-profile.html>
 5. <http://portal.batelco.com/personal-mobile-services/4g-lte-2/>
<http://www.menatelecom.com/en/residential/bahrain-broadband-wifi-internet-services/menahome.html>

Services offered by telecom operators⁶

Here is a small sample list of telecom operators who are providing voice and internet services in Bahrain

Operator Name	National Fixed	International Calls	Mobile	Internet	Leased line	Other data service
2Connect	Yes	Yes		Yes	Yes	Yes
Ascentech telecoms	Yes					
Batelco	Yes	Yes	Yes	Yes	Yes	Yes
Bahrain Internet exchange						Yes
BT Solutions LTD					Yes	
EQUANT EGN BV						Yes
Etisalcom	Yes	Yes		Yes	Yes	
Greenisis (Bahrain Broadband)				Yes		
Kalaam telecoms	Yes	Yes		Yes	Yes	
Light Speed	Yes	Yes		Yes	Yes	Yes
Mena telecoms	Yes	Yes		Yes	Yes	
Moving Gulf		Yes				
Northstar		Yes		Yes	Yes	
Nuetel Communications	Yes	Yes		Yes	Yes	
Orbit				Yes		
Rapid telecoms	Yes	Yes		Yes	Yes	
Rawabi telecoms & Software	Yes	Yes		Yes	Yes	
Viacloud		Yes				
VIVA Bahrain		Yes	Yes	Yes	Yes	
Zain Bahrain	Yes	Yes	Yes	Yes		

Various methods being used for making long distance calls⁷



- **45% users' first preference is to call from their mobile phones**
- **30% users prefer to use VoIP technology (calling card, mobile dialer and PC dialer) for making long distance calls⁸**
- **25% users' first preference is to make calls from call shops**

So here we can see that total 55% users' first preference is to use VoIP technology for making long distance calls. This shows that the VoIP business opportunity in Bahrain has been growing steadily in recent years, posting strong growth in subscriber numbers. But mobile network service providers like Batelco, Zain, VIVA also have geared up. Batelco is offering calling card service and direct calling from Bahrain to other countries at affordable rates. However still VoIP rates are much cheaper than what other mobile network service providers are offering. So Bahraini nationals prefer VoIP as one of the main modes of making international calls.

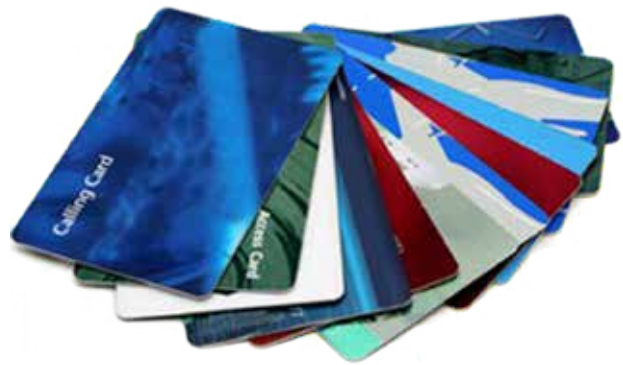
Sources:

6. TRA Report 2013
7. Based on the market survey conducted on people reselling telecom services
8. In 30%, 15% users' first preference is mobile dialer, 10% users' first preference is calling cards and rest 5% users prefer to use PC for making VoIP calls

Famous calling cards in vogue

Calling card is a very popular means of making long distance calls in Bahrain. In our market survey conducted on people who are reselling telecom services, we have identified some of the below mentioned calling card brands which are doing well in Bahrain. Please note that this is only an indicative list based on our market survey. We couldn't print all the names due to the limitation of space.

- | | |
|--------------|---------------|
| ■ Wow call | ■ Top call |
| ■ Kalaam 161 | ■ Call n talk |
| ■ Reach | ■ Ume |
| ■ Malabar | |



VoIP Traffic⁹

As per the below mentioned study conducted by Telegeography in FY 2010/11 on the outgoing and incoming VoIP calls traffic, it's been noticed that in terms of call origination and termination, the VoIP market in Bahrain is quite balanced.

- » Outgoing Traffic using VoIP – 254.7 million minutes (19.74 % of Total Outgoing Traffic).
- » Incoming Traffic using VoIP – 267.3 million minutes (42.1% of Total Incoming Traffic).



Sources: 9. Telegeography Report FY 2010/11

Smart Network CEO speaks to us on the VoIP business opportunity in Bahrain

Smart Network is a company in Bahrain which provides VoIP services under the brand name of Coco Voize. Mr Yasar Arafath, the owner of Smart Network running his VoIP business successfully in Bahrain for more than 10 years. Here he discussed with us about Bahrain's VoIP market scenario, market competitions and liberal government policies, business opportunities etc.

1 What is your experience of doing business in Bahrain? What percentage of your total business revenue comes from this country?

I have chosen Bahrain because of its large population and liberal government policies. It is the only country in the Middle East, where VoIP is legal. Apart from that, because of the cheap data plans and easy availability of high speed 4G network, percentage of internet users is quite high. So because of this I am running my business successfully in this country. Nearly 70% of my total revenue comes from Bahrain. Its a good place for running VoIP business.

2 Do you offer mobile VoIP services? Have you registered your mobile dialer app in app stores?

Yes, I offer mobile VoIP services to my customers and my mobile dialer app is registered in all app stores (BlackBerry World, iTunes, Google Play Store and Windows Phone). People can easily download the dialer from these app stores as per their required platforms. I have mentioned my operator code in my website www.cocovoize.com. My customers easily can get operator code from there and start using the dialer. Apart from that they can get all the information about the dialer, its ratings, comments from users, my contact info, total no of downloads from the same place. App store makes all these easy for both of us.

3 What is your strategy for reaching to your customers?

In Bahrain I have nearly 50 resellers who distribute my VoIP products and services to the end users. People can come directly in our website (www.cocovoize.com) and check all the products and services. In the website there is a quick contact form where customers can fill up their details and my sales persons will contact them. So from the website I get good amount of leads.

4 What is your current business volume from Bahrain?

Per month we handle nearly 15 million voice traffic from Bahrain.

5 In Bahrain what are the popular modes of international calling?

Here we are seeing an increased usage of mobile VoIP because of affordable data plans. Apart from that, calling cards, call shops are some of the famous modes of making long distance calls.

6 Are you facing any challenge in your business?

Nowadays VoIP service providers like us are getting very strong competition from the mobile network operators who have started providing very cheap rates for international calling. It has become a challenge for our business. So VoIP service providers should start thinking about some other way outs like offering Value Added Services (VAS) to increase the stickiness of customers towards their brands.

