

## “Internet phone subscribers exceed 1,000,000”

Korea Communications Commission (Chairman Choi, See Joong) and the communication industry announced that, as of the end of June, the number of Internet phone subscribers had exceeded 10 million (10,090,000).

Internet telephony was first made possible as a basic telecommunication service in October 2004 and by July 2005 seven common carriers, including KT, acquired Internet phone service capabilities on a trial basis. Full service commenced in earnest in 2006 and since then the service has continued to grow steadily.

Though Internet telephony is cheaper than conventional phones and offers the possibility of simultaneous live video and diverse other services the technology didn't become popular due to poor call quality or negative perceptions about the 070 prefix. At the end of 2007, the number of Internet phone subscribers was only 610,000, accounting for less than 3% of the entire landline phone market.

After the Korea Communications Commission lowered rates in October 2008 to stimulate competition and introduced Internet phone number portability and an emergency communication service, the number of subscribers began to rise rapidly.

After implementing the 'number portability' system that allows people to use their home phone number for Internet calls, the number of subscribers, which was 2,480,000 at the end of 2008, increased to 6,660,000 by the end of 2009, and 9,140,000 by the end of 2010. As of June 2011, the number exceeded 10 million.

Accordingly, the proportion of Internet phones comprising the entire landline phone market rose from 1.4% in 2006 to 32.2% by the end of 2010, and sales more than tripled from KRW254.2 billion in 2008 to KRW837 billion in 2010.

The Korea Communications Commission has been continuously improving the system including simplifying the number porting procedure, so growth is expected to continue so that by the end of this year the number of subscribers is forecast to

reach 11 million. Internet telephony has now become an integral part of our daily life and entered into a period of mass appeal.

※ Internet phone subscribers on the rise

☞ (End of 2006) 330,000 →(End of 2007) 610,000 →(End of 2008) 2,480,000  
→(End of 2009) 6,660,000 →(End of 2010) 9,140,000→(June 30, 2011)  
10,090,000

The Korea Communications Commission will set the foundation to provide diverse services through the Internet phone, while making continuous efforts to reduce the burden of communication costs by invigorating the Internet phone service.

Attachments:

- 1.) Internet phone statistics.
- 2.) Features and advantages of Internet phones.

## Internet phone statistics

Number of Internet phone subscribers by year

Classification	End of 2006	End of 2007	End of 2008	End of 2009	End of 2010	End of June 2011
subscribers (cumulative)	330,000	610,000	2,480,000	6,660,000	9,140,000	10,090,000

Current status of Internet phone service providers (as of the end of June 2011)

Number	Service provider	No of subscribers	Market share (%)
1	KT	3,062,617	30.34%
2	LGU+	3,000,481	29.74%
3	SK Broadband	1,660,406	16.46%
4	KCT	1,296,610	12.85%
5	Samsung SDS	698,510	6.92%
6	SK Telink	207,000	2.05%
7	Montista Telecom	82,508	0.82%
8	Onse Telecom	36,120	0.35%
9	CJ Hello Vision	33,707	0.33%
10	Dreamline	13,947	0.14%
<b>Total</b>		<b>10,091,906</b>	<b>100%</b>

Internet phone market size by year

Classification	2008	2009	2010
Market size	KRW254.2 billion	KRW590.9 billion	KRW837 billion

Number of landline phone subscribers by year

Classification	End of 2005	End of 2006	End of 2007	End of 2008	End of 2009	End of 2010
PSTN subscribers	22,920,151	23,119,170 (-199,019)	23,130,253 (-11,083)	22,131,747 (-998,506)	20,089,979 (-2,041,768)	19,273,484 (-816,495)
VoIP subscribers	-	328,630	614,421 (+285,791)	2,475,455 (+1,861,034)	6,660,207 (+4,184,752)	9,142,328 (+2,482,121)
VoIP's share of the landline market	-	1.4%	2.6%	10.1%	24.9%	32.2%
All landline subscribers (rate of increase)	22,920,151	23,447,800 (+2.2%)	23,744,674 (+1.2%)	24,607,202 (3.5%)	26,750,186 (8.0%)	28,415,812 (6.2%)

## Features and advantages of the Internet phone

### 1. Reduced communication expenses

As compared to conventional landline phones, long-distance calls are 85% cheaper, calls to mobile phones 20% cheaper, and international calls up to 95% cheaper, so an Internet phone greatly reduces the burden of communication costs.

<Comparison of Internet phone rates and landline phone rates per service provider (Unit: KRW) >

Classification		Internet phone			Existing home phone	
		LGU+	SKB	KT	KT	SKB
Startup fee/installation cost		10,000	10,000	10,000	60,000	30,000
Basic charge (KRW)		2,000	2,000	2,000	5,200	4,500
Domestic calls	Local calls (3 minutes)	38	38	39	39	39
	Long-distance calls (3 minutes)				261 (over 30km)	250 (over 30km)
	Call to a mobile phone (10 seconds)	11.7	11.7	13	14.5	14.5
	Call between subscribers	Free (070 number)		Free*	Charged	
International calls (1 minute)	USA	50	50	50	282	276
	China	50	50	50	990	984
	Japan	50	50	50	696	672
	UK	50	50	50	1,008	966

\* if combined with a home phone; for 070 numbers

### 2. An Internet phone can be used anywhere in the country.

If there is access to the Internet, the phone can be used anywhere regardless of whether it is indoors or outdoors, or in a different region.

### 3. The existing home phone number can be used without any change/alteration.

Even if the 070 prefix is not used, you can apply the existing home phone number to your Internet phone in one day.

※ If you apply for number porting in the morning, the Internet phone service will be opened in the afternoon, whereas if you apply for it in the afternoon, you can use the Internet phone the next morning.

#### 4. Diverse supplementary services

**With the Internet phone, you can use diverse supplementary services like the wireless Internet, SMS, news, local information and lifestyle information.**

<For more details, please see the Korea Communications Commission website:  
<[www.wiseuser.go.kr](http://www.wiseuser.go.kr)>