

## EU Roaming Cap: Can “Roam Like At Home” Be Profitable? Turn new regulations into a competitive advantage

### Background

Many mobile operators are very concerned about the potential business impact of the European Commission’s proposal (sometimes called the Eurotariff) to eliminate roaming surcharges, starting June 2017.<sup>1</sup> Soon European Union (EU) member mobile subscribers will be free to “roam like at home” – paying domestic prices regardless of where they travel on the continent.

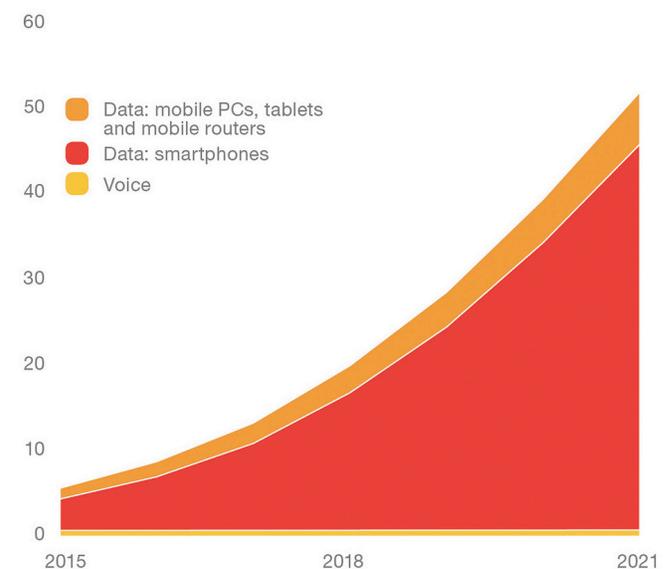
The elimination of retail roaming charges was the final step in the Eurotariff regulation, one which could prove the last straw for Mobile Virtual Network Operators (MVNOs) if they can’t find a way to control costs. While politicians are quick to proclaim the consumer benefits of ending roaming charges, many mobile service operators are concerned that the wholesale caps are still too high. This could force smaller operators to limit or even eliminate roaming altogether. Adding to the problem, a number of operators in southern Europe who experience large volumes of seasonal tourist roaming traffic complain that if wholesale prices are too low, they could be forced to raise domestic prices to recover their costs.<sup>2</sup>

At the very least, this new regulation will reduce the revenues previously available to operators. To add to the worry, some Mobile Network Operators (MNOs) are now offering inclusive roaming in their packages (for example, EE and Vodafone) to gain competitive advantage in advance of the regulation taking effect. These moves have upped the ante for challenger operators who may now be forced to offer domestic-only service, or bear the increased margin pressure of providing a seamless roam-like-home service.

### Video is Fueling Enormous Mobile Data Growth

The EU’s efforts to eliminate roaming acknowledges the significant impact that mobile phones have had on the lives of its constituents. According to Cisco’s latest Visual Networking Index, global mobile data traffic has grown 18-fold over the

Global mobile traffic (monthly ExaBytes)



<sup>1</sup> [http://europa.eu/rapid/press-release\\_IP-16-3111\\_en.htm](http://europa.eu/rapid/press-release_IP-16-3111_en.htm)

<sup>2</sup> <http://www.dailymail.co.uk/news/article-4179750/EU-clears-final-hurdle-ending-mobile-roaming-charges.html>

past five years. Usage per smartphone also is climbing rapidly – as evidenced by the 38 percent growth in 2016 alone.<sup>3</sup>

The biggest impact on mobile data growth? Video. Ericsson has predicted that mobile video traffic will grow 50 percent annually over the next five years – consuming 75 percent of all mobile data traffic by 2021.<sup>4</sup>

**Device-Based Video Pacing Turns Challenges into Opportunities**

This data growth trend increases the demand for high-speed data networks and puts pressure on mobile operators to respond to these massive bandwidth growth demands. The EU roaming regulation exacerbates this problem given the cost pressures for delivering high-bandwidth content when subscribers are roaming on networks where they don't control the economics. Operators must ask themselves how much subscribers will be willing to pay for data – especially since they can't charge additionally for roaming.

Joe Marsella, CTO at Ciena, said, "Networks will ultimately need to invest in more cost-effective infrastructure to support the increased use that the abolition of roaming charges will trigger in phone use."<sup>5</sup>

Content compression technologies can significantly reduce the bandwidth required for streaming video, but require MNOs to install expensive equipment into their network infrastructure. And, for MVNOs who are at the mercy of their MNO partners, they'll most likely not get the benefit of these solutions – even where available – as the MNOs goal is to increase data revenue.

**Until Now**

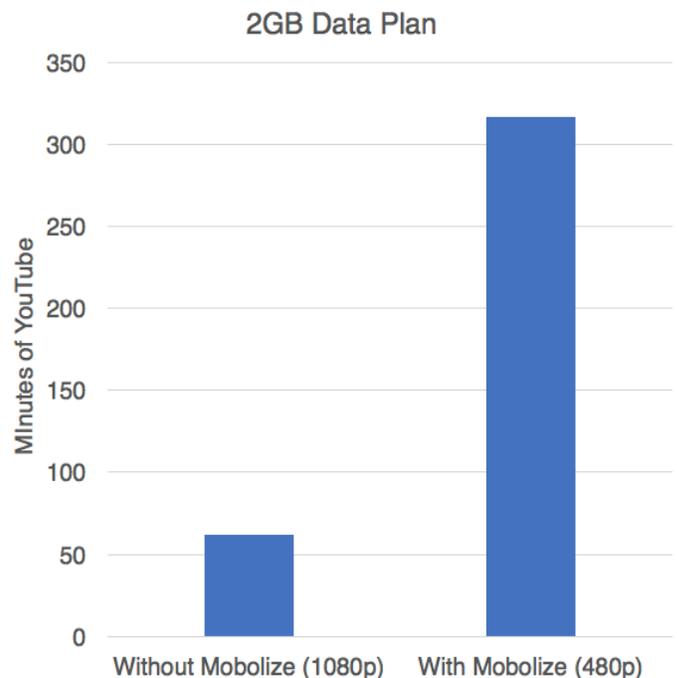
For savvy mobile operators, the European Commission's proposal to eliminate roaming surcharges, along with expanding consumer video use in the mobile market, provide a perfect opportunity to differentiate in a crowded market.

MVNOs that desire to be consumer champions, enhancing and simplifying

**ROK Mobile**

*"With Mobolize on the phone, our customers get much more out of their data plan. Embedded in our MyROK app, Mobolize works with virtually all streaming video. This allows ROK to provide even more value to attract and retain more customers."*

— Kaan Kilik, COO, ROK Mobile



<sup>3</sup> <http://www.cisco.com/c/en/us/solutions/collateral/service-provider/visual-networking-index-vni/mobile-white-paper-c11-520862.html>  
<sup>4</sup> <https://www.ericsson.com/mobility-report>  
<sup>5</sup> <http://telecoms.com/472198/europe-closer-to-abolishing-roaming-fees-with-more-price-caps/>

their customers' lives, could well lead the market. With MOBOLIZE | Optimize, a device-based video optimization solution, mobile operators can achieve the same results as network-based bandwidth solutions, dropping their cost of data transmission by up to 80 percent.

### **Mobilize Reduces Bandwidth up to 80%**

Mobilize's proven and patented video pacing controls the bit rate at which streaming video is delivered to the phone, cutting video data consumption by as much as 80 percent.

MNOs and MVNOs alike are taking advantage of Mobilize's video pacing.<sup>6</sup> Recently, US-based MVNO ROK Mobile partnered with Mobilize to deliver video optimization that extends their data plan while helping to eliminate buffering, with no appreciable reduction in quality.

Mobilize's solution is ideal for mobile operators, providing:

- Scalable solution that is easily deployed on the handset, through a standalone application or integrated software development kit (SDK) into an app like self-care;
- Device-based solution that makes it simple for users to control what is optimized, avoiding network neutrality issues;
- Optimize web and app content, including encrypted video content like YouTube, with true app-level awareness; and
- Improve customer retention by giving subscribers more value and freedom for their money – positioning operators as “consumer champions” that is proven to increase their Net Promoter Score (NPS).

### **Now Is the Time to Act**

Roaming cap or not, the ability to significantly reduce the margin impact of roaming data and extend the subscribers' data enjoyment can only be a good thing – positively impacting customer lifetime value (CLV). With the major MNOs already responding by offering “roam like home” tariffs, cost-effective, device-based optimization can be a powerful strategy for keeping MVNOs in the game.

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## About Mobilize

Mobilize's software enables telecommunications operators to See, Control and Monetize all the data on users' mobile devices on any cellular or Wi-Fi network. Mobile Network Operators (MNOs), Mobile Virtual Network Operators (MVNOs), and third-party developers use Mobilize's mobile data orchestration solutions to enhance customer experience and increase revenue.

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<sup>6</sup> [https://www.einnews.com/pr\\_news/378740377/rok-mobile-partners-with-mobilize-to-maximize-data-usage](https://www.einnews.com/pr_news/378740377/rok-mobile-partners-with-mobilize-to-maximize-data-usage)