

Wherever you Roam: preparing networks for happy holidays



Capacity

CARRIERS HAVE HAD TWO SUMMERS TO DIGEST THE EXPLOSION IN TRAFFIC SINCE THE EU BROUGHT IN THE ROAM-LIKE-AT-HOME REGULATION LAST JUNE – SO HOW HAVE THEY DEALT WITH IMPACT?

Two summers have now passed since the EU's roam-like-at-home (RLAH) regulation came into effect, abolishing charges for users and applying a regime for cuts in wholesale caps. That means carriers are getting a better sense of the roaming traffic patterns they face on their networks going forward, and how to deal with them.

These first two summers were always going to be a crunch time to assess the impact – the first because everybody knew there would be an explosion in roaming traffic, but not exactly how big it would be; and the second because there was no previous barometer for how take-up would continue.

In the event, wholesale carrier BICS says figures from its EU operator customers indicated a rise in data roaming traffic by three to six times in summer 2017, compared with a lower increase of two to four times this summer.

BICS also cites figures showing that the proportion of roamers using data abroad similarly to how they would at home has risen more slowly, growing to 34% this summer from 31% last year and 15% pre-

regulation. However, the percentage doing so for voice has increased faster, presumably as roamers become more comfortable with calling from abroad.

Of this summer's data roaming rise, Mikael Schachne, VP of mobility solutions at BICS, says: "It's still extremely important growth of traffic, but now I would say we are in a more natural evolution of the roaming market."

Despite the data surge, BICS sees significant scope to help operators address the untapped business opportunity for the "silent" roamers that remain. The company has, for example, services that can help operators launch marketing campaigns in real time when users land in a country.

The big challenge, though, is for operators to not only handle the surge in data, but also to continue ensuring quality of service and minimise costs as they face heavy pressure on their revenues and margins – not to mention big competition from over-the-top (OTT) players. "Quality is not for free," says Schachne. "You need to upgrade your network, and still need to monitor it and make sure you don't have any congestion."

From the carrier side, he says, BICS has dealt well with the changes. "So far, we never had any congestion issues," he says. "We have regular planning discussions and forecasting activities to make sure that all the connections are sufficiently provisioned."

Planning ahead

Other major carriers point out that they had already been making preparations for years, given that roaming rates have fallen in the EU each year since 2007. And they have bolstered their IPX services to handle the traffic rises.

Telefonica International Wholesale Services (TIWS), for example, just launched its first 200 Gigabit Ethernet interconnection with Telefonica Spain. Nevertheless, Alberto Carro, who is in the business development team at Telefonica Global Roaming, says that even though the company was well-prepared for the increase in traffic, the sheer size of the rise took the industry by surprise. "This added a lot of complexity to the business," he says.

One challenge is the increase in permanent or longer-term roamers, says

Carro – for instance, people who travel to Spain from abroad and stay there for three or four months or longer, but still use their home network. “This is an issue for operators because it generates costs that are not related to domestic consumption,” he says – while there is also a need to cater for the big traffic variations at different times of year, something he says Telefonica has managed with its infrastructure upgrades.

The regulation has “dramatically changed the way we are managing the roaming business, and many other businesses that relate to it”, says Joaquín Flores, head of mobile wholesale services at TIWS. “What is important is to be prepared.”

After last summer’s surge, Deutsche Telekom Global Carrier increased its IPX capacity “dramatically”, says Christian Wollner, the company’s head of product management for mobile world – upgrading to 2 x 100Gbps at the Amsterdam Internet Exchange (AMS-IX).

Wollner expects a “second round” of people starting to use services abroad, as more get used to it and fears of bill shock fall. He says a big chunk of the traffic driving volumes is coming from video – and uses his own behaviour to illustrate this. “Before, I was really careful with video such as Netflix because I knew that it was big loads of data, and I turned to Wi-Fi in a hotel when I was travelling. And now within the EU, I just behave as if I were at home.”

More for less

IPX provider iBasis says, meanwhile, that it begins preparing for European summer in the depths of winter to make sure it is fully ready for any eventuality. “We start very early with our summer preparations – that is, now,” says Chris Lennartz, head of product management for mobile services at the company.

To strengthen its IPX ecosystem recently, iBasis increased its backbone capacity threefold and completed multiple customer upgrades this spring, as well as raising capacity in key data aggregation centres. In the end, this summer’s increase was not as big as the company expected – but iBasis was prepared, and able to offer flexibility to customers given their uncertainties over the capacity needed, says Lennartz. The company is now planning ahead for about two times current traffic in each coming year.

In light of the roaming regulation, carriers are having to offer customers “better bang for their buck” because of the increased pressure on their finances alongside catering for heightened levels of traffic, says Lennartz. “The tagline is ‘do more for less’.”

Lennartz anticipates consolidation in the realm of IPX, because of the need for

highly specialised businesses to improve cost-effectiveness and deal with the new roaming demands – with some IPX players lacking the means to rapidly meet those. “I foresee a consolidation in the market to those players that have enough scale, expertise and experience to tackle the problem in a holistic way,” he says.

This, he says, is reflected in the acquisition of iBasis by Tofane Global, a deal that Lennartz says was prompted by his company’s desire to help drive the anticipated consolidation rather than wait for it. Tofane, a company founded last year to form a specialised tier-one



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carrier through international wholesale acquisitions and strategic partnerships, expects to complete the purchase of iBasis from KPN by the end of 2018.

Aside from saving costs, some EU operators have sought to attract more traffic from outside the region to compensate for the decline in roaming fees.

Big data and new business

As a result of the regulation, there is also a growing demand for improved roaming outside the region. Telefonica’s UK subsidiary, O2, has helped with this by launching a package that gives users roaming benefits in 27 additional destinations outside the EU. Operators in other regions are also improving their packages.

However, services offering improved network insights and other value-added features also provide a route to improving cost structures and revenues. Carriers are, for instance, setting store by big data, business intelligence and analytics tools that can give customers improved insight into the behaviour of roamers on their network and aid predictive analysis, thus helping them better plan their strategies and save costs.

“These tools have the potential to give you 360-degree information on your roaming business, with near real-time information,” says Flores, with TIWS for one offering this type of insight. Schachne at BICS adds that analytics can aid in

detecting security issues that arise with increased roaming.

Dennis Meurs, vice president and general manager of exchange, clearing and settlement solutions at global connectivity enabler Syniverse, says Syniverse provides consultancy for customers related to areas such as clearing and settlement, solutions to optimise data traffic and tools to create specific roaming packages for both inside and outside the EU.

Players such as Mobilize, which offers smart on-device mobile data management to optimise performance for customers, are meanwhile coming to the aid of mobile

operators with new products that seek to improve efficiency. In Europe, the company has just launched Mobilize Bond, which offers smooth hand-off between Wi-Fi and cellular networks to avoid data “dead zones”.

This helps mobile providers “better manage data on devices in a more cost-effective way and add value to the end customer and their on-device experience”, says Colleen LeCount, SVP of global sales and marketing at Mobilize.

Some of the revenues lost from roaming can also be compensated for by the rise in new services such as IoT, says Carro – adding that networks need to account for the fact that many of these services, such as connected cars, need to be able to offer roaming. “The roaming business needs to adapt to this new wave of devices and connectivity required.”

IoT and forthcoming 5G will mean both opportunities and challenges for operators, requiring them to work out how to integrate their roaming models with the new technology. But as carriers get more to grips with the trends and patterns over time, they will have the chance to hone their models to deal more effectively with the new realities. And Nathalie Vandystadt, a spokesperson for the European Commission, believes this will culminate in a better environment for everyone: “All economic players, including competitive operators, will ultimately benefit from a much more efficient roaming market.”