

INTUG POLICY POSITION: the next European ROAMING regulation

The Business Context: Policy Rationale

Communications services are crucial for public and private sector organisations today. Mobility is an indispensable part of modern ICT systems. Companies conducting trade across national borders within the European Union are therefore seriously impacted by costs associated with mobile data roaming in particular, and are inhibited from investing in more efficient and competitive business processes for mobile workers.

The Vision: Elimination of Roaming charges in the EU

INTUG seeks to eliminate all barriers faced by companies when developing ICT strategies. The Roaming regulation must address this barrier to trade, which obstructs achievement of the Digital Agenda. Roaming charges within the EU must be eliminated if a Single Market is to be established. Until this objective is achieved, charges for roaming should be capped by regulation at wholesale and retail level, with an agreed glide path towards elimination. Current regulations have reduced prices for voice and SMS, and introduced some control to data roaming, but not introduced competition, hence prices cluster just below the caps.

The Caps: Still too high

The caps need to be significantly lower than those initially proposed for the new regulation, especially at wholesale level, where they bear no relationship to cost. Retail margins are also too high and are inconsistent in both absolute and percentage terms. Wholesale data roaming should be capped at no more than €0.03 per MByte, since new devices have generated an explosion in volumes, with Blackberries generating 72Mb per month, PCs with a 3G card generating 300MB per month, and an iPad generating 2.5GB per month.

Examples from industry: Investment stifled

Business processes using wireless devices carried by human beings, or embedded within mobile devices, should not be made uneconomic by charges for services which happen to be derived via access networks other than those of their primary contracted operator. One corporate told INTUG that they “roll out mobile applications for service engineers on the road in the US, but in Europe they use paper due to roaming charges”. A paint industry corporate has banned iPhones from some business units due to prohibitive roaming costs. A pharmaceutical company wants to implement machine-to-machine communications internationally, but roaming charges destroy the business case.

Bundling: A confusing distraction

Many operators claim that the answer is for users to commit to bundles, but this represents nothing more than a gamble about future usage with huge penalties for estimating too low, and unnecessary cost for estimating too high. There are also many differences between prices inside and outside international bundles, which would seem to have no basis of commercial logic. The use of mobile data changes quickly, and the bundles offered by operators are also changing continuously, so companies are forced to implement and administer complex tools to optimise bills, which adds no value and wastes resource. Companies want consistent, predictable bills with reasonable and proportionate charges.

Inconsistent implementation – A fragmented Europe

The safeguard mechanisms in the regulation were implemented in many different ways, even by the same operator in different countries. This confuses companies, who are unsure what guidance to give to employees in each country. Companies don't want all employees to decide to go on with roaming or to stop when the limits are almost reached, nor do they want a collective block imposed, when an aggregate limit is reached.

The future: A world of Cloud

The next 5 years will see a big shift in the ICT environment, with Governments and the private sector adopting Cloud technology for the delivery of online services. Clouds will inevitably be international in their nature, and in terms of the applications and the content they offer. Access to the Cloud must be seamless for those connecting via both fixed and wireless networks. Mobility will be a natural feature of access, and an essential feature of usage. The Cloud cannot be fragmented artificially across national borders arbitrarily.

Structural Solutions: Decoupling and Local Break Out is complex

Companies need simple solutions, which are consistent in all countries. Whilst structural solutions may facilitate competition in roaming services, this will add complexity to the contractual arrangements of companies. Ensuring international MVNOs can be licensed in all countries by a single standard process may provide a solution to this, but multiple service providers create more complex vendor management. Technical simplicity is also needed - a requirement to change a SIM card would not be part of a feasible solution. Decoupling also needs adequate margin between wholesale and retail prices to enable market entry which is another argument for further significant reduction in wholesale tariffs.

Europe is only part of the problem: Companies trade globally

Companies don't stop doing business at the borders of the European Union. The ITU, the OECD, and the WTO have all recognized that roaming charges have a damaging impact on economic growth and must be progressively reduced. Additionally, regulators outside the European Union are puzzled that, in the Single Market, roaming charges still apply, given that it is seen as "intercity" trade. The data safeguard limit should be made global, and BEREC should monitor any waterbed impact on non-EU roaming charges.

Recommendations: Reduce caps further to create an international mobile market

INTUG members are dissatisfied with a fragmented and dysfunctional international mobile services market, of which roaming and mobile termination are just parts. Wholesale caps, especially for mobile data roaming, need to be radically reduced to no more than €0.03 per Megabyte; retail caps should have a glide path to zero; consistency of licensing operators and allocating spectrum must be achieved in the next generation; and all devices should be free to connect via any access network flexibly and without punitive financial penalties.

References

This Policy Position was developed and agreed by the community of business users of communications services, represented by INTUG, and is available on the INTUG website at www.intug.org. Queries should be directed to **Nick White**, Executive Vice President, INTUG Nick.white@intug.org Tel: +44 20 8647 4858 Mobile: +44 77 1009 7638