LET'S ROAM THE WORLD - The ITU International Mobile Roaming Initiative

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AGENDA

- Introduction – the roaming issue today

- Regulatory aspects of international roaming

- ITU/BDT Director, Mr. Brahima Sanou LET'S ROAM THE WORLD – Building blocks for Strategic Best Practices Guidelines

- The ITU IMR Resources Portal

The Roaming Issue Today*

- International Mobile Roaming incurs additional charges that often are not cost based;

- Action by regulators to counter overcharging for IMR requires that NRAs understand the real cost-based wholesale and retail charges;

- To understand and get clear data on both national MNO costs and those within international wholesale IOTs (inter operator tariffs) international co-operation is required;

- IMR also relies on inter-MNO negotiation and co-operation. In this sense, any IMR counter-measures, by their nature, must be multi-country;

- Roaming alternatives such as OTT services should also be considered when examining policy or regulatory measures;

- It is important to build on the success of ITU-T Recommendation D-98, and subsequent new ITU Recommendation on the way.

Why is roaming so costly?

➢ Insufficient attention on the part of the consumer at point of purchase

Inelastic Demand

➢ Low demand-elasticity for **IMR voice** services (changing over time)

Home NW Retail Margin **+** Visited NW Wholesale Margin **=** Home NW Retail Price

➢ Cross-border nature of the IMR service

Cost proportions for different roaming services

Main cost blocks to the Home NW:

➤ the **IOT paid** for calls made and the **retail costs** for calls received

➤ the **IOT paid** for SMS sent; the **IOT paid** and the **retail costs** for data accessed.
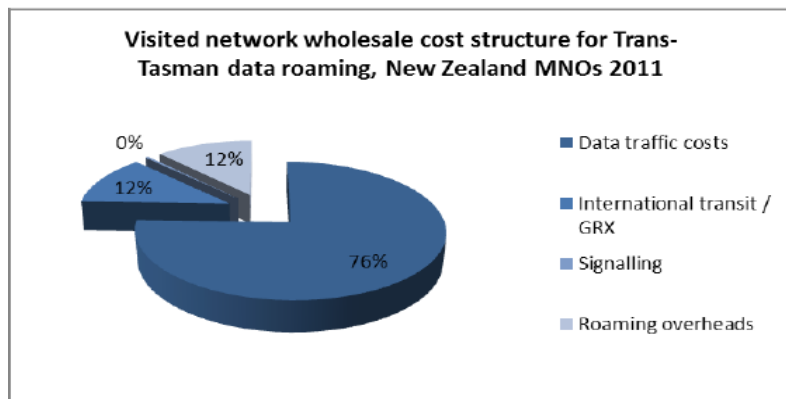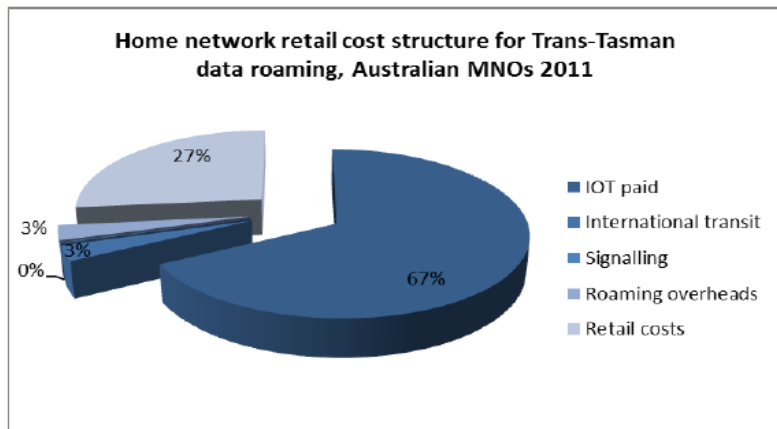
Main cost blocks to the Visited NW:

➤ **network costs** (origination, termination) for calls made and received;

➤ **network costs** (origination) for SMS sent; and **data traffic costs** for data accessed.
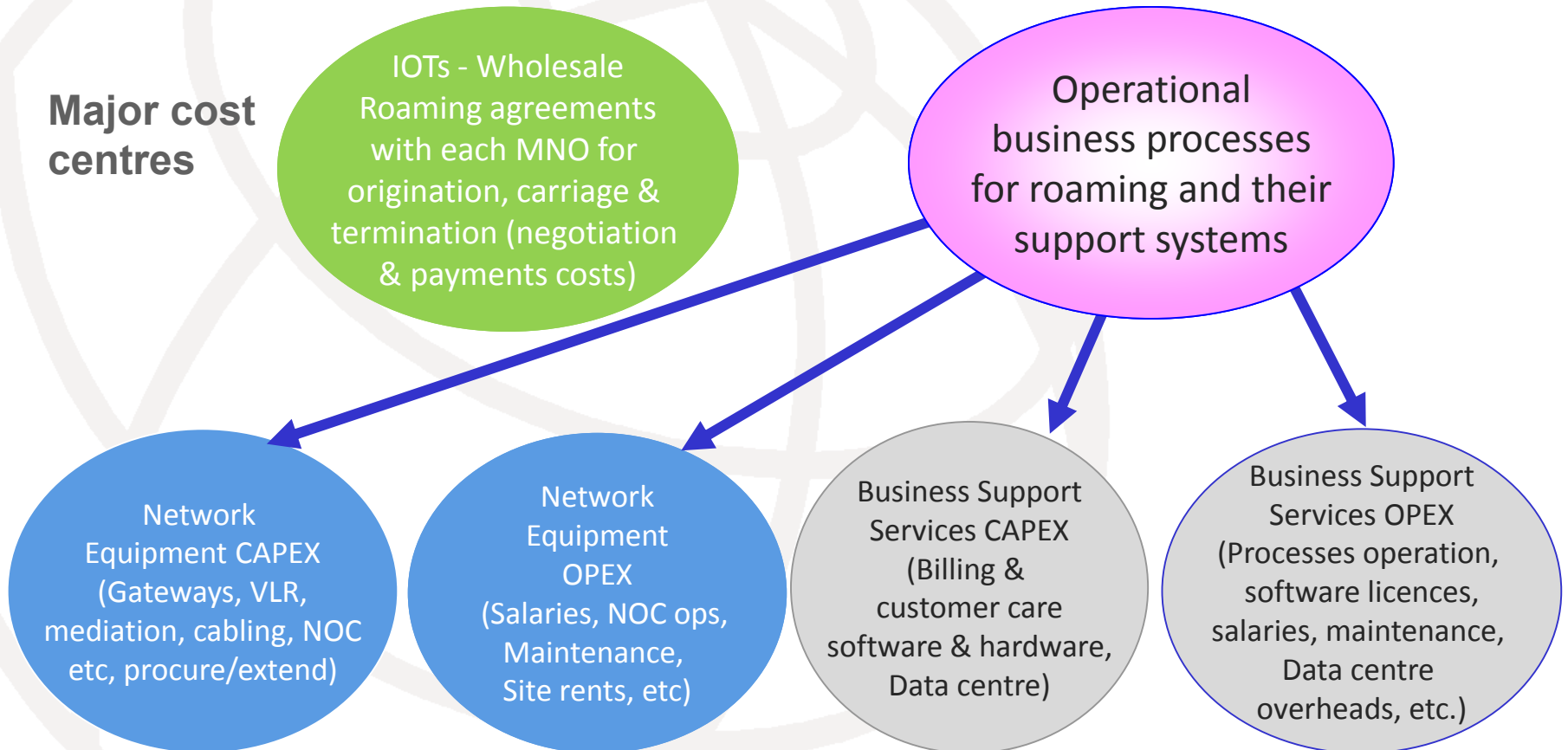
Home network retail cost structure for Trans-Tasman data roaming, Australian MNOs 2011

- 27%
- 3%
- 3%
- 0%
- 67%

■ IOT paid
■ International transit
■ Signalling
■ Roaming overheads
■ Retail costs

Visited network wholesale cost structure for Trans-Tasman data roaming, New Zealand MNOs 2011

- 0%
- 12%
- 12%
- 76%

■ Data traffic costs
■ International transit / GRX
■ Signalling
■ Roaming overheads

Home and visited NW costs for Trans-Tasman Data Roaming 2011

Cost component	Australia visited NW cost 2011 (per MB in Au$cent	New Zealand visited NW cost 2011 (per MB in NZ$cent)
Data traffic cost	18.90	20.79
International transit	2.85	3.36
Signalling	0.14	0.11
Roaming overheads	2.78	3.28
Cost component	Australia home NW cost 2011 (per MB in Au$cent	New Zealand home NW cost 2011 (per MB in NZ$cent)
IOT paid	63.73	42.86
International transit	2.85	3.36
Signalling	0.14	0.11
Roaming overheads	2.78	3.28
Retail costs	25.18	29.68

Source: WIK 2012

International roaming involves the following cost centres

So roaming costs should be just an additional *fraction* of domestic costs

Major cost centres

IOTs - Wholesale Roaming agreements with each MNO for origination, carriage & termination (negotiation & payments costs)

Operational business processes for roaming and their support systems

Network Equipment CAPEX (Gateways, VLR, mediation, cabling, NOC etc, procure/extend)

Network Equipment OPEX (Salaries, NOC ops, Maintenance, Site rents, etc)

Business Support Services CAPEX (Billing & customer care software & hardware, Data centre)

Business Support Services OPEX (Processes operation, software licences, salaries, maintenance, Data centre overheads, etc.)

MNO= Mobile Network Operator,   FNO= Fixed Network Operator
VLR= Visiting Location Register,   NOC =Network Operating Centre, & systems

Regulatory aspects of International Roaming

Are countries regulating IMR prices?

Percentage of countries that regulate IMR prices by Region, 2014

7
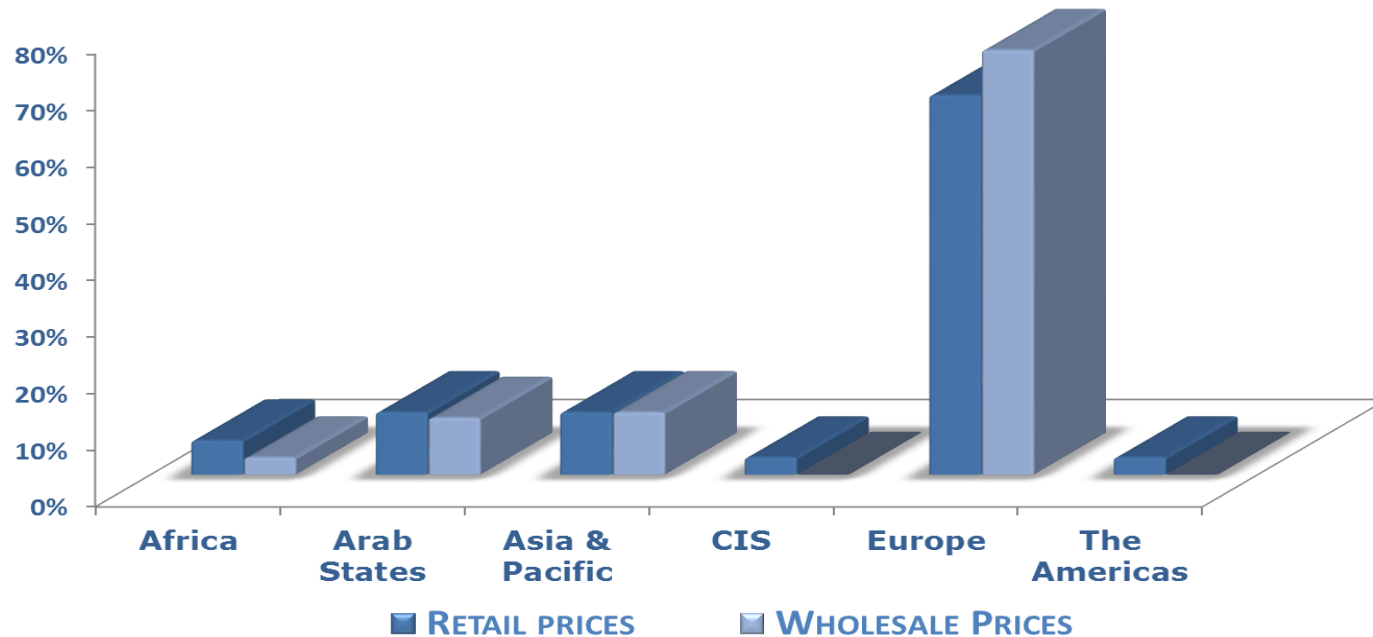
And what are the IMR Regulatory practices applied??

Wholesale services, 2014

If yes, what kind of regulatory practice is applied?, 2014
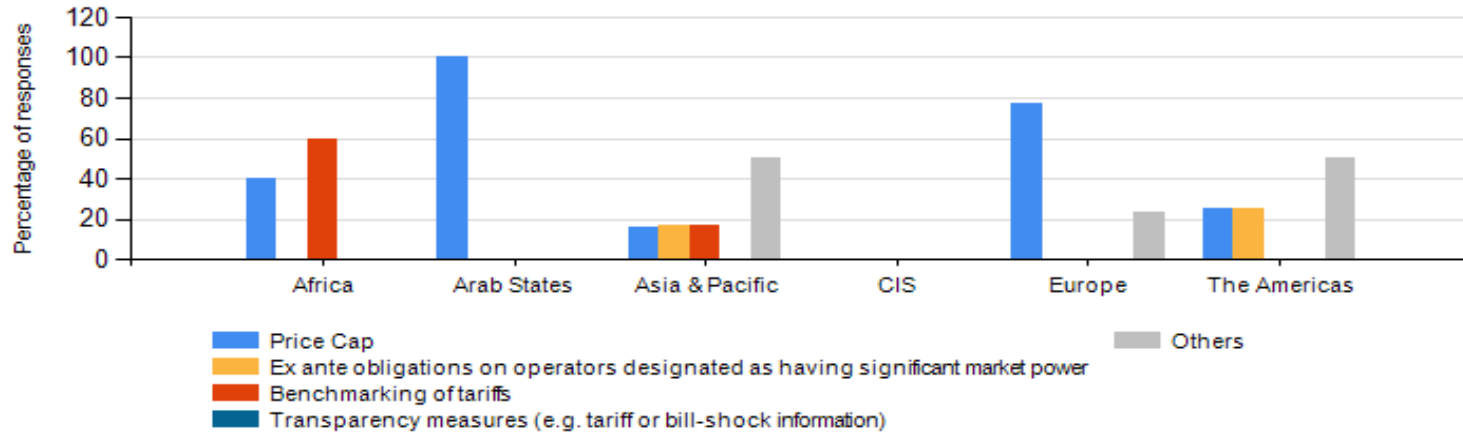
Retail services, 2014

If yes, what kind of regulatory practice is applied?, 2014

Source: ITU Tariff Policies database, ICTEye (www.itu.int/net4/itu-d/icteye/)
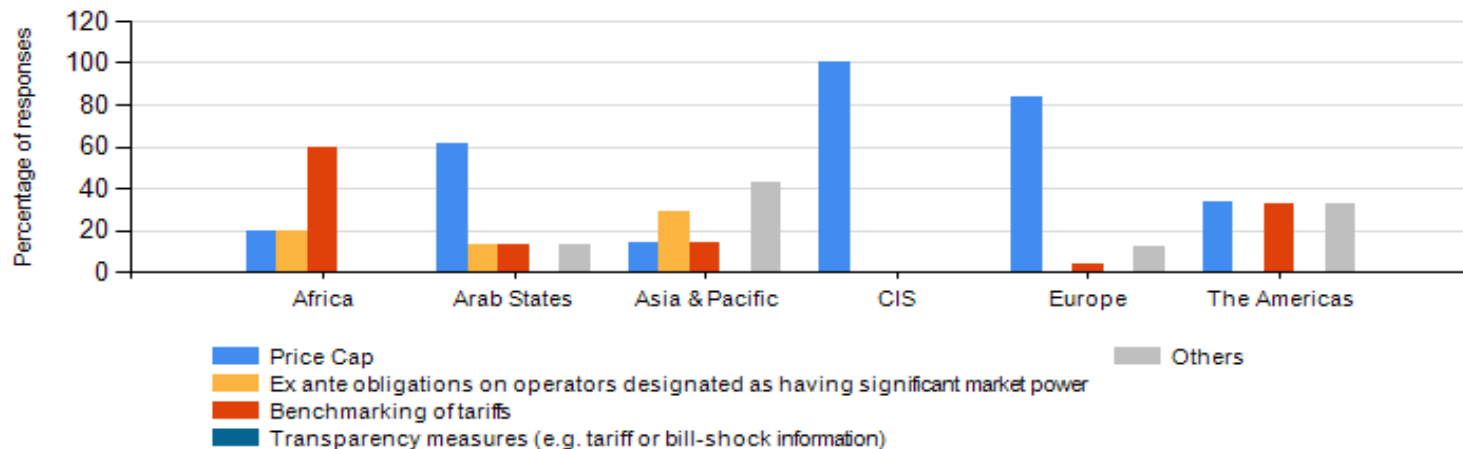
General trends of IMR Prices over the past three years

What is the general trend of the IMR RETAIL PRICE OF VOICE over the past three years in your country?
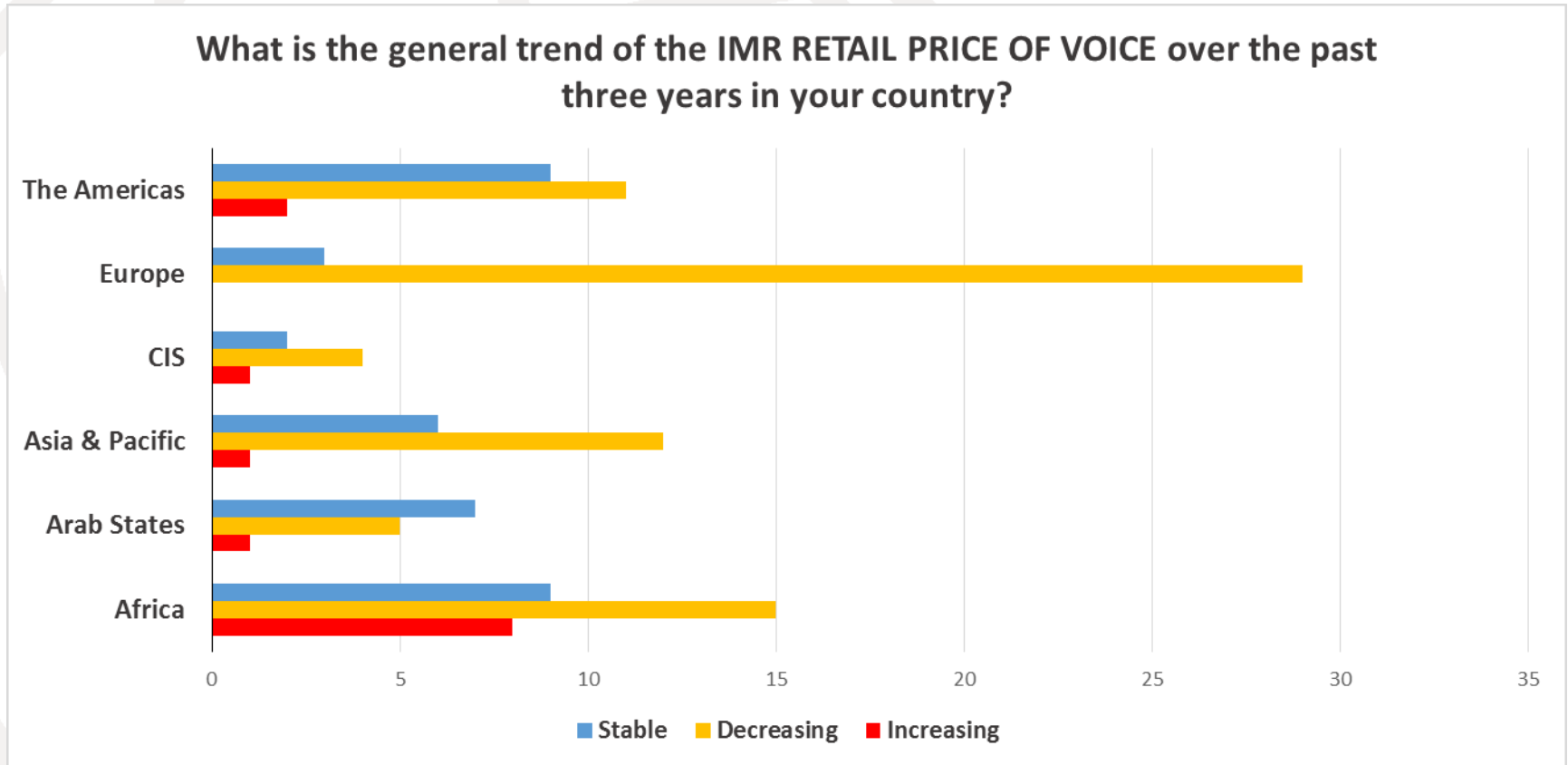
Source: ITU Tariff Policies database, ICTEye (www.itu.int/net4/itu-d/icteye/)

IMR market competition

- The current structure of the international mobile roaming market does not lend itself to the creation of long-lasting competition

- For users it is difficult to compare mobile roaming prices

- The emergence of substitutes has been helpful but most are not close substitutes (e.g. data)

- Technological developments have also helped in lowering prices (e.g. the expansion of MNO with cross-border footprints)

- Maintaining price caps over a prolonged period is not viewed as a desirable option by most regulators

- Structural measures would be required based on the need to open the IMR market to competition.

IMR price still remains a very important issue

- Despite price reduction for IMR

- The emergence of a range of alternative technologies and calling solutions

- Prices still diverge significantly from costs

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- ITU is a neutral platform actively working on IMR (research, data collection, studies, development of tools…)

- ITU can enhance dialogue with all stakeholders (e.g. IMR Round-Tables)

- Together all stakeholders to develop "IMR Strategic best practices guidelines" building blocks

- Ensure its high level adoption (through the organization round tables and high Level IMR Meetings)

- ITU can work together with Regional Regulatory Associations (RA) to facilitate the dissemination of the results through various channels, such as:
  - ITU Events;
  - Regulatory Regional Association events, and
  - Capacity building

LET'S ROAM THE WORLD
The ITU Initiative -Roadmap

Building blocks

Affordable prices

All Stakeholders

Consumers end-users

Regional Initiatives

IMR Market

Bilateral negotiations

Regulators' guidelines

MNO's guidelines

Dialogue & collaboration
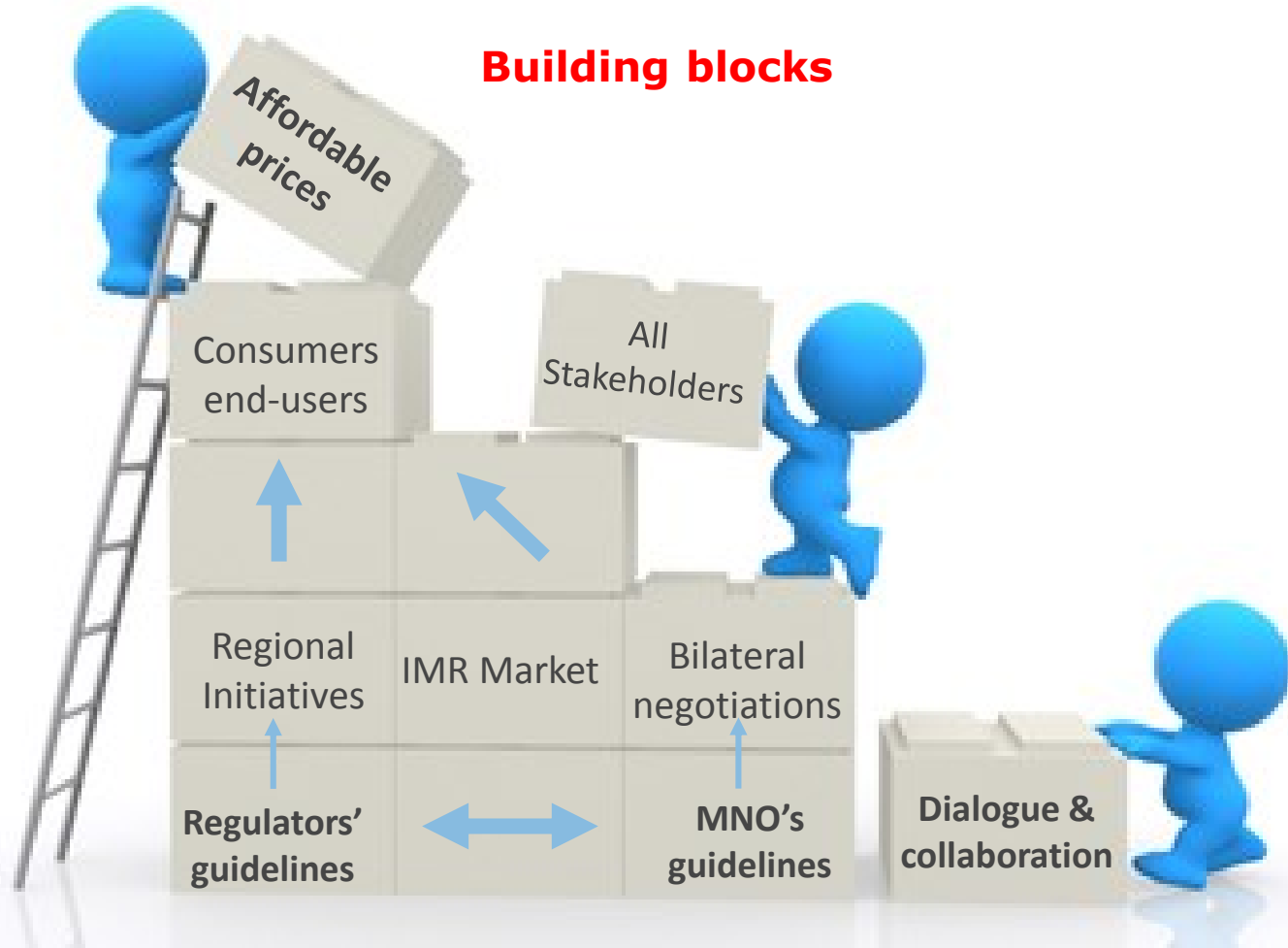
LET'S ROAM THE WORLD - ITU International Mobile Roaming (IMR) Resources Portal

ITU developed the **International Mobile Roaming (IMR) Resources Portal** as a one-stop portal to show all the work done by ITU in this area as well as to inform about activities done by regional and international organizations and initiatives at the national, bilateral, regional and international level.

Callout:

- ITU Guide for NRAs on International Mobile Roaming Cost analysis
- ITU International Mobile Roaming Cost Analysis Tool

More Information

- Telecommunication Development Sector
  - ➢ www.itu.int/ITU-D/
- Telecommunication Standardization Sector
  - ➢ www.itu.int/ITU-T/
- BDT Regulatory and Market environment information
  - ➢ www.itu.int/treg
- ITU International Mobile Roaming Resources
  - ➢ www.itu.int/en/ITU-D/Regulatory-Market/Pages/Roaming_info.aspx
- ITU International Mobile Roaming Cost Analysis Tool
  - ➢ www.itu.int/net4/roamingtool/

International Telecommunication Union

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