



## EXPERT OPINION:

## Planning a successful roaming business

The success of new mobile services, especially high value broadband offerings, hinges on communications service providers' (CSPs) ability to provide these services to customers when roaming. This creates not only a number of technical challenges but many pricing and charging issues too, as Olivier Suard reports.



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As consumer demand for more data-intensive offerings grows, brought on by devices like the iPhone, CSPs are focused on getting the pricing right and ensuring that revenue is properly collected. Most notably, in the context of roaming, CSPs (and even legislators) have been keen to prevent customers receiving unwanted and unreasonably high bills — also referred to as ‘bill-shock’. At the same time, CSPs are more determined than ever to protect themselves against roaming fraud.

### Betting on the future

Roaming is already an established factor of revenue for mobile operators. According to Informa's 2005 Global Mobile Roaming Report, total revenue from roaming services worldwide will grow to 850 million in 2010, and operator revenue contribution from roaming will grow to be over 25% of all operator revenues.

Despite these positive projections, roaming services are easy to get wrong. Critical factors, such as innovative pricing of services and the increase in demand for GPRS and UMTS roaming, need to be taken into account. Careful planning is needed to help operators cope with the challenges for roaming service usage, especially around billing – and to maintain a successful business.

The fastest growing service in telecom, mobile broadband is one of the key offerings for which roaming must work. Boosted by the introduction of 3G and 4G and expanding device selection and usability, among other things, uptake has been phenomenal in many countries.

With revenues and subscriber numbers increasing by double-digit percentages annually, many CSPs are using a variety of pricing and promotional strategies to drive

this usage further upwards. For example, **Orange** recently announced that it is making significant discounts to the price of its ‘Business Everywhere’ mobile broadband packages. By providing subscribers, such as business users who are likely to roam, with better and more immediate information, operators can address customers’ reluctance to use data services when abroad.

### Enabling roaming cost control

With a growing number of consumers using next-generation smartphones and laptop PCs with dongles connecting them to high speed mobile data networks, pricing clarity for the use of data services when roaming has become an increasing problem. Some shocking roaming bills have been widely publicised — for example, one customer received a bill for US\$62,000 in wireless roaming charges for a download of the movie, WALL-E. In another instance, an iPhone user incurred \$3,000 in roaming charges; despite receiving special pricing on data services while at home, the customer did not realise that his CSP did not offer an international data plan.

Operators want to avoid subscribers being faced with these unexpectedly high charges when travelling abroad. These excessive roaming bills are causing bad publicity that could ultimately put customers off using services, especially those all-important mobile broadband services on which many CSPs are betting their future. High charges may force CSPs to block data roaming by default, with a consequent loss of revenue. Unpaid subscriber bills, either due to fraud or overly expensive bills, may also cause direct costs to CSPs because they need to settle their roaming bills to the visitor's network operators.

In some regions, such as the EU, legislation is now coming into force — and addressing what are increasingly seen as unfair pricing and ►



charging issues. For example, the EU's telecom reform package of 2007 has evolved to provide better regulated and cheaper communications services. On April 22, 2009, a new amendment to EU regulation No. 717/2007 was implemented, dictating a reduction in price caps on text messages, data downloads and voice calls while roaming.

This latest legislation ensures that EU CSPs will keep their roaming customers adequately informed of their on-going costs, and help subscribers control the charges, especially those that apply to regulated data roaming services. The first phase of roaming cost control in the EU should be in place by March 2010, and it is likely that this approach will be adopted worldwide.

Roaming cost control is particularly relevant to new mobile broadband services, which can be comparatively expensive for subscribers, but it is applicable to all mobile services, including voice and texts. This control allows operators to comply with legislative demands, keep their customers satisfied, encourage roaming usage, and reduce bill disputes and non-payment.

When tightly linked with policy control, roaming cost control can offer simple and effective ways to improve return on investment (RoI) in the mobile network, while enabling smarter monetisation of mobile broadband services. Service providers can turn what might be seen as a restriction on their business into a positive investment — a real 'value for money' proposition.

#### For the journey

In addition to pricing for roaming data services, roaming fraud has also become a significant problem for mobile operators. Industry insiders estimate that mobile roaming fraud makes up to 25% of total revenue leakage.

The GSM Association (GSMA), with more than 700 members, realised the need to close the time-window in which roaming fraud can go undetected and launched the Near Real Time Roaming Data Exchange (NRTRDE) initiative to combat this issue. The industry body recommended that all mobile service providers from around the world implement the NRTRDE functionality, which replaced the High Usage Report (HUR), before October 1, 2008 to

combat fast-growing incidents of roaming fraud.

#### Meeting the standard

In the case of COSMOTE, the fastest growing mobile operator in Romania with more than 3.6 million subscribers, Comptel's Roaming Management solution came into play. The operator, driven by the significant growth of its customer base and continuous network expansion, needed help implementing the standard with respect to the GSMA's deadline. With its NRTRDE capability, Comptel provided COSMOTE with an efficient solution that integrated into all required areas that needed roaming billing data, such as data clearing house, billing, fraud and ERP systems. For the visited network, the solution enables the submission of information to the subscriber's home service provider. At the same time, for the home network, it enables the analysis of usage data received and raises the alarm in the event of unauthorised network usage — all in near real time.

In order to ensure revenue growth from roaming services in the future, it is very important that operators comply with NRTRDE; the latest Transferred Account Procedure, which is announced almost every year; and the Returned Account Procedure (RAP). The GSMA specification work, as well as the CDMA-based Cellular Inter-Carrier Billing Exchange Record (CIBER) standard, enables mobile service providers to have long-term reliability, and new revenue and cost-savings in the future.

#### Addressing roaming business needs

It is more critical than ever before for operators to manage the entire lifecycle of roaming agreements — from initial setup, implementation, testing and production support all the way to follow-up reports. CSPs must take data processing, rating, data exchange, settlement for both inbound and outbound roaming and more into account.

Cost control and fraud management are just two of the solutions available to support all of the business process procedures associated with roaming. By having fast access to roaming revenue and leveraging the right capabilities to offer quality services to customers, mobile operators can achieve a successful roaming business. 💰

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