



# Protect your MVNO from *Roam Like Home*

How to survive and grow, despite the new regulations



On 15 June 2017, **Roam Like Home** was introduced across the EU to all customers, spelling an end to roaming charges.



Customers can now use their domestic bundles  
when travelling in the EU at no extra cost.



So if a customer has  
750 minutes, 2,000 texts and  
2GB of data at home...



...they will have  
750 minutes, 2,000 texts and  
2GB of data when travelling  
within the EU



If the customer has unlimited minutes and texts at home,  
they will have unlimited minutes and texts when  
travelling within the EU.



But it gets more complicated when the customer has unlimited, or very cheap, data at home.



There is a formula you can use to calculate the minimum volume of data you must give customers with unlimited, or very cheap, data plans...



“The roaming data volume must be at least twice the volume obtained by dividing the price of the mobile bundle (excluding local sales tax) by €7.7.”





Or:

$$\text{Data volume} = 2 \times \frac{\text{Mobile bundle (excl. local sales tax)}}{\text{€7.7}}$$

To make things even more complicated,  
this calculation will change over time as the wholesale  
price of data decreases.



Try explaining **that** to your customers  
and customer service staff!



As long as customers:

1. Don't exceed the operator's fair use limitations;
2. Spend more time at home than abroad; and
3. Use their phones at home more than they do abroad

Roam Like Home puts an end to European roaming bill shock.



Operators can charge customers the wholesale rate  
for any consumption beyond the fair use limit:

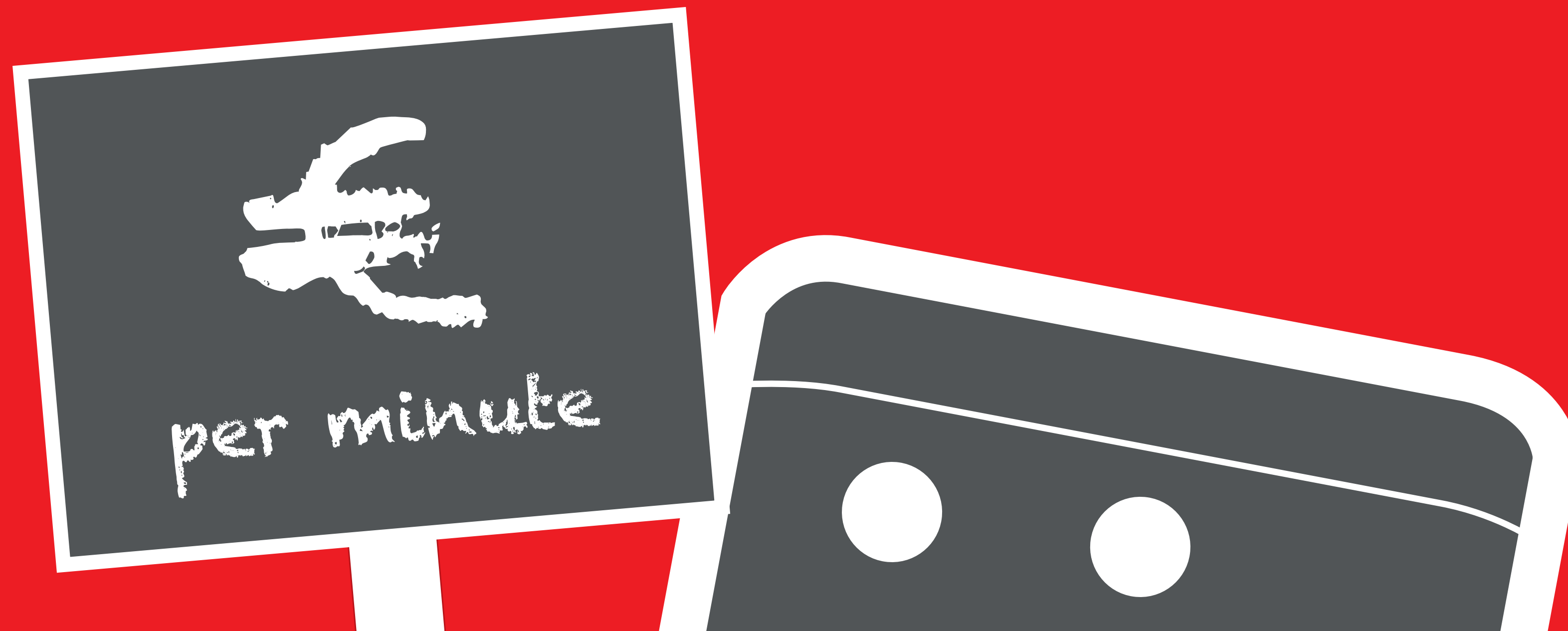


Operators can charge customers the wholesale rate  
for any consumption beyond the fair use limit:

**€0.032 per minute for a voice call**

**€0.01 per text**

**€7.7 per GB of data** (falling to €2.5 per GB of data by 1 January 2022)



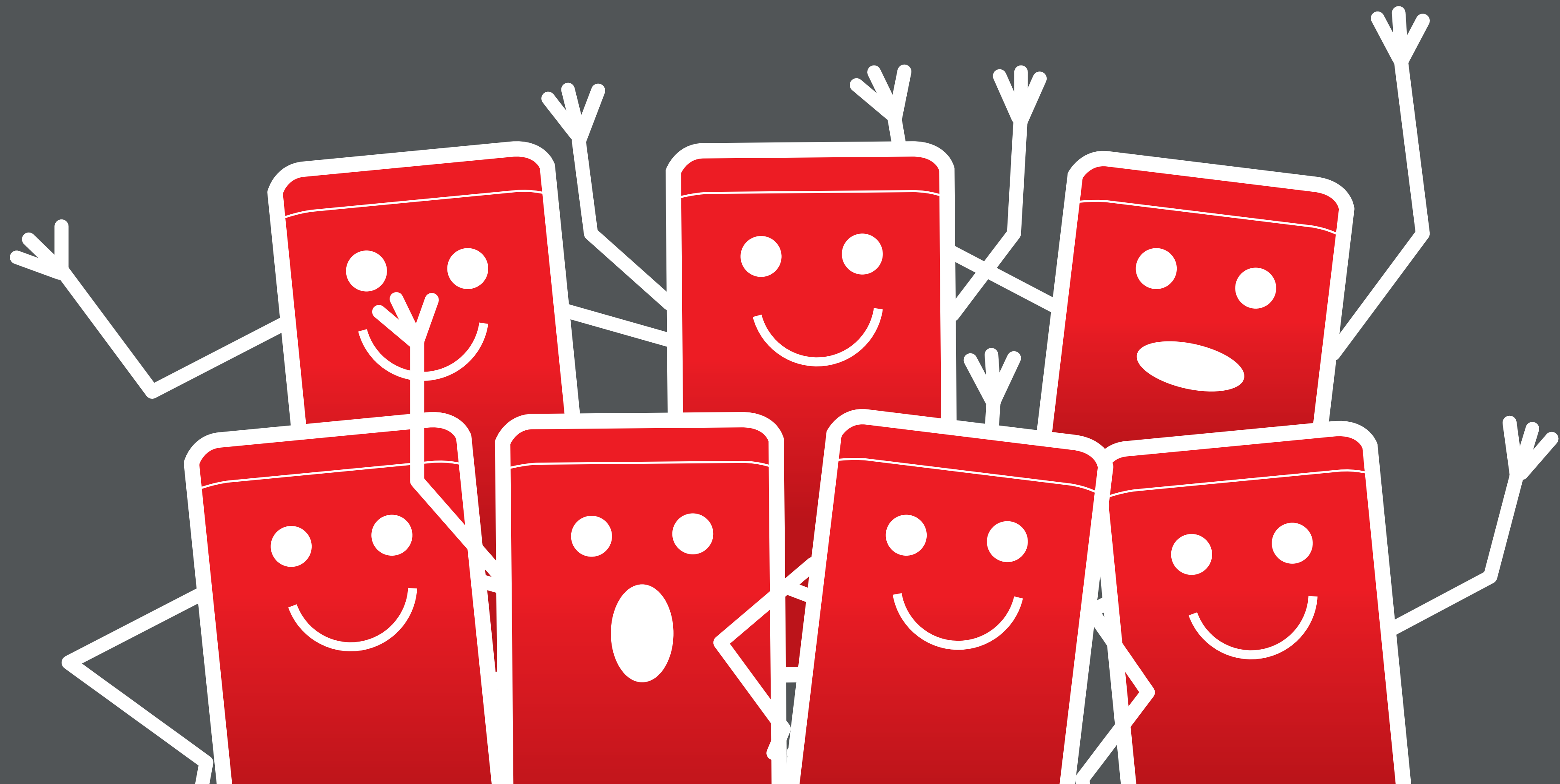
How does this  
impact **your** MVNO?

“The new Eurotariff is a catalyst for change,  
forcing MVNOs to **re-examine** their  
entire business model”

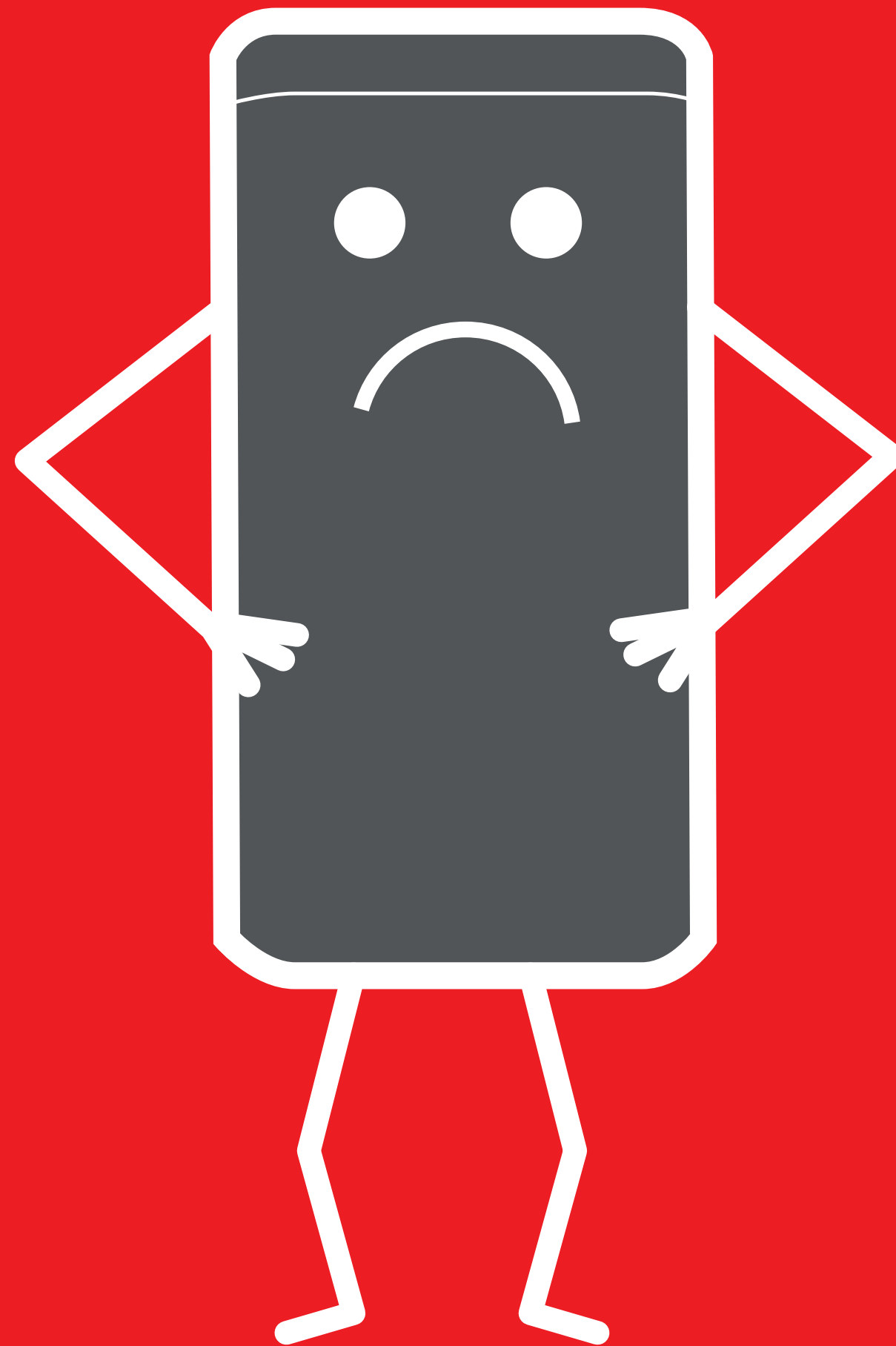
**Teresa Cottam**, Chief Strategist, Telesperience



Roam Like Home is **excellent news**  
for your customers.

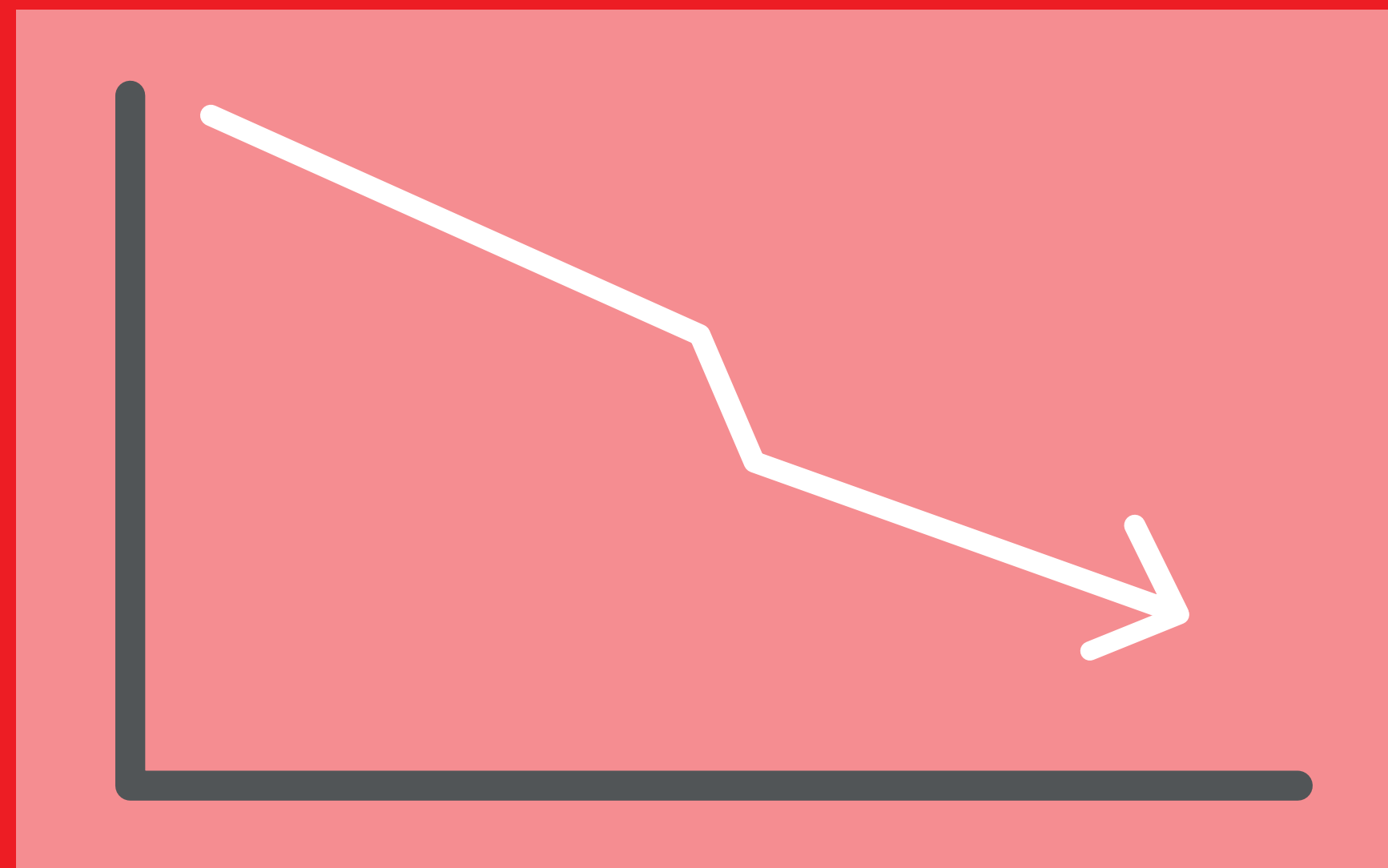


But **bad news** for you as your  
margins will decrease.



Grant Thornton predicts a **66% drop in EU roaming revenues** when comparing 2016 and 2018.

Grant Thornton, RLAH Risk Assessment, June 2017



And the EC estimates it will cost  
European telecom operators **€1.2 billion.**



Large network operators that own networks in several countries are at an advantage here as their customers can roam on their own networks.



Large network operators that own networks in several countries are at an advantage here as their customers can roam on their own networks.

**But don't expect them to help you.**

In the past, customers restricted their use of mobile networks whilst abroad as they thought it was too expensive.





But now they think it is cheaper, it is likely that they will use significantly more data and minutes.

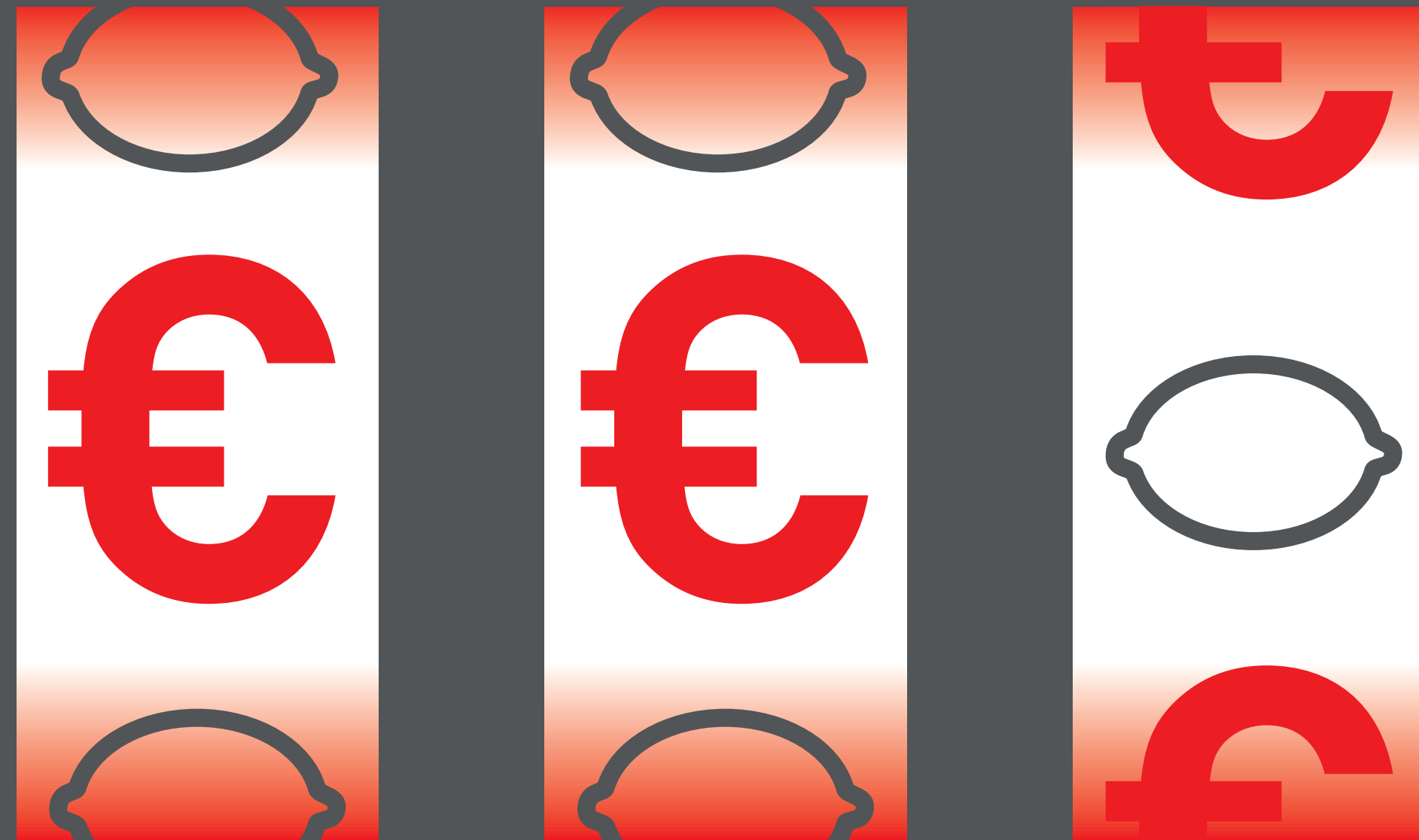




Of course, the fair use policy will be triggered once certain limits have been reached.



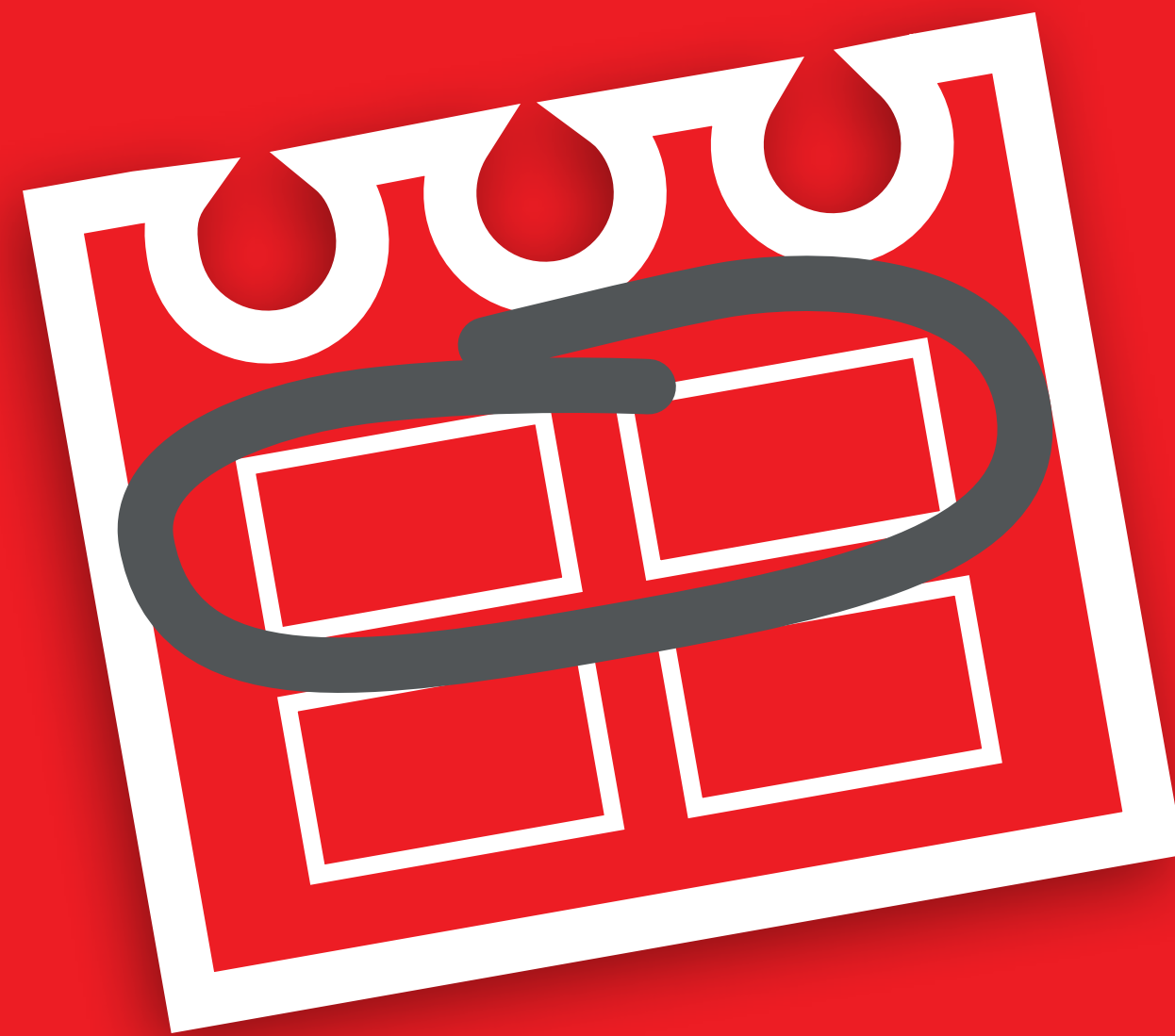
But by the time it kicks in, the customer will already have consumed a lot of data and minutes, the cost of which you may not be able to recover.



**But remember:**



**Most customers only roam for a couple of weeks each year.**



**For the remaining 50 weeks,  
you'll still profit from the customer.**



**The bigger problem comes  
with business customers, who are likely  
to roam more often.**



But what about the  
“cheap-cheap”  
pitfall?



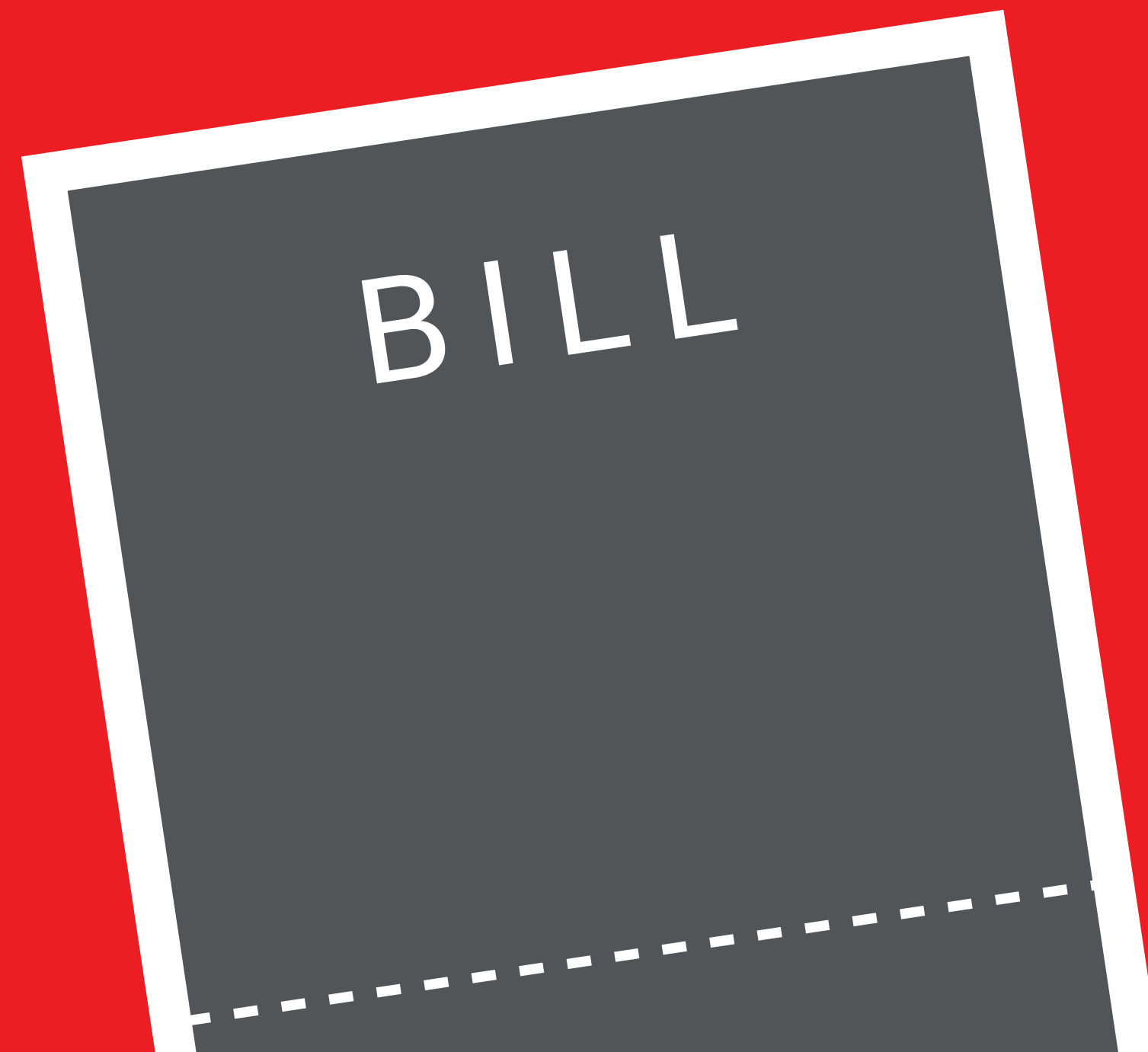
But what about the  
“cheap-cheap”  
pitfall?

If the country you operate in is cheaper than other parts of Europe, and your MVNO offers cheap plans, customers from other EU countries could buy your SIMs and disappear back to their own countries, leaving you to foot the bill.





**And what about customer experience  
and bill transparency?**



The formula for calculating data allowance is so complicated that customers may feel they are being cheated.



Can you rely on your customer service staff  
to explain it to them clearly?



And think of the cost of the extra calls  
your customer service staff will have to answer  
from customers querying their bills...

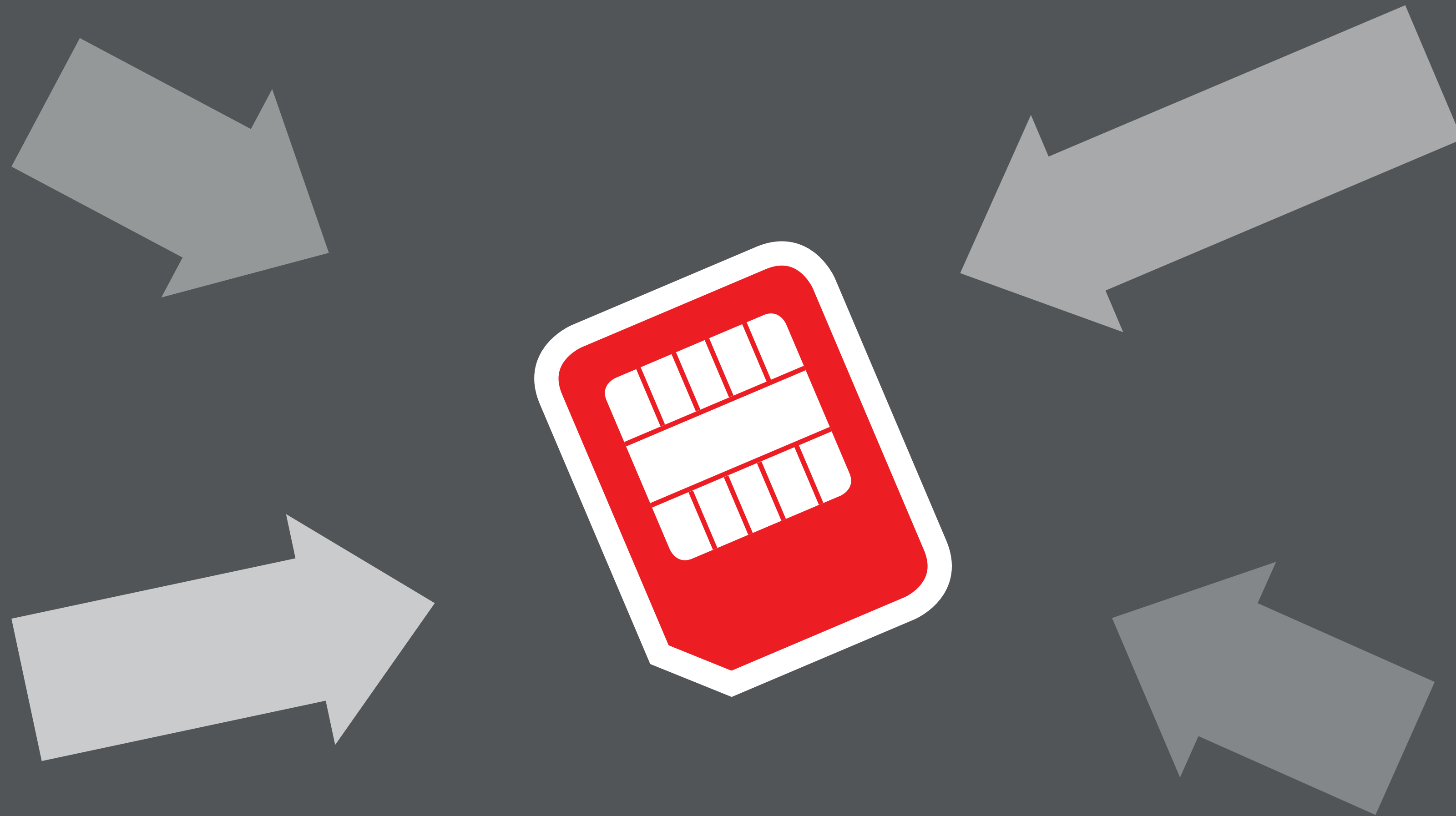


... and the increased risk of churn from customers disappointed by the extended queuing times.



So what's  
the solution?

You could try various tactics to overcome these challenges...



...such as dropping the ability to roam,  
or increasing domestic prices...





...but these options would be unpopular  
with customers, increasing churn.



Or you could try to get derogation from Roam Like Home so that you can continue to charge customers for roaming.



The European Commission may permit temporary derogation,  
but only if your retail roaming losses represent  
**3% or more of your margin.**



Several operators have already secured derogation from Roam Like Home, but that doesn't mean that their derogation will be passed on to your MVNO.



There are better options for maintaining profitability, such as:



- Upselling combined Rest of World and EU roaming bundles, and increasing the cost of Rest of World roaming



- Offloading customers onto WiFi, where possible.



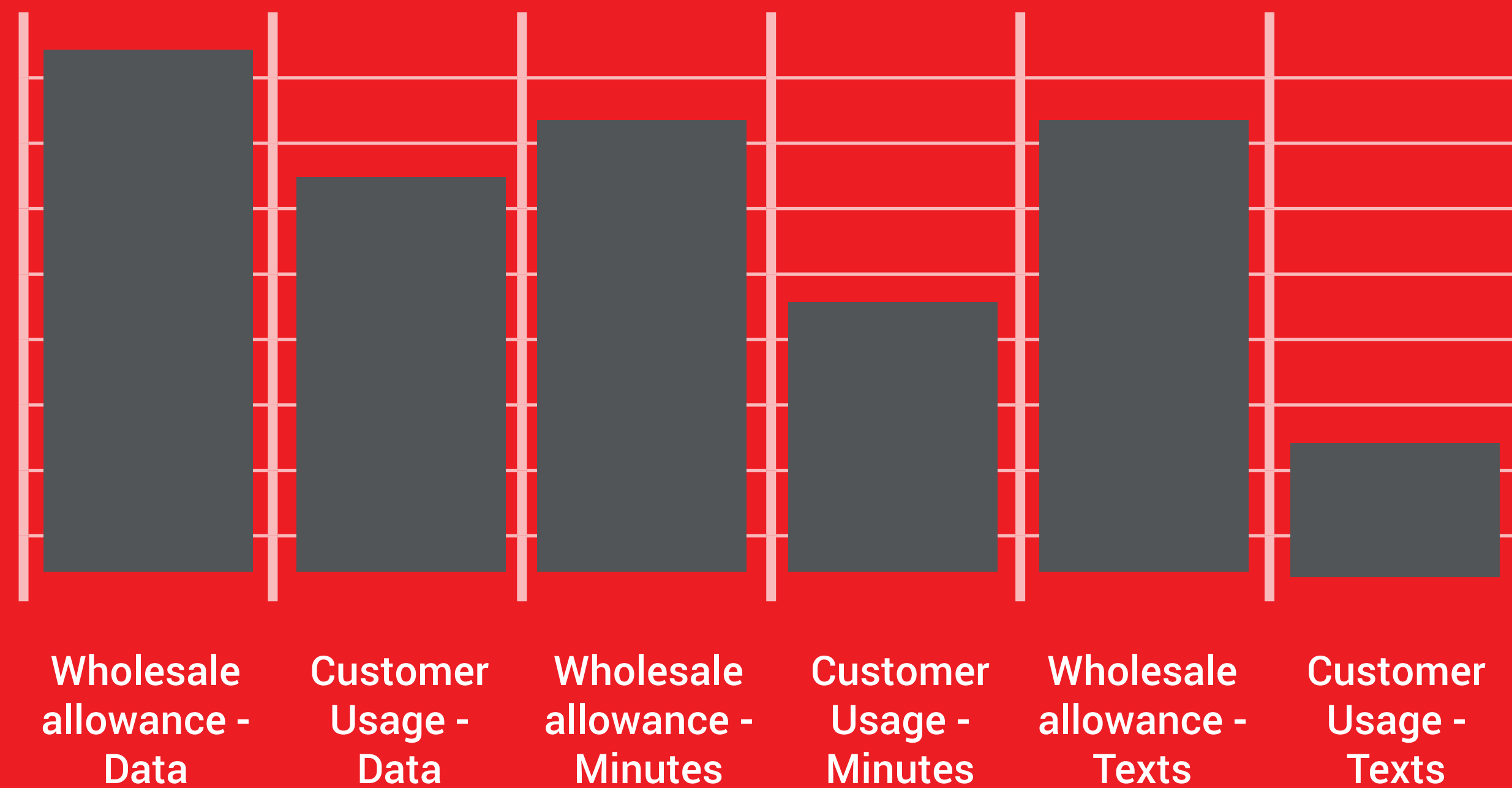
But one of the most effective strategies for surviving Roam Like Home lies in understanding your wholesale costs and usage.



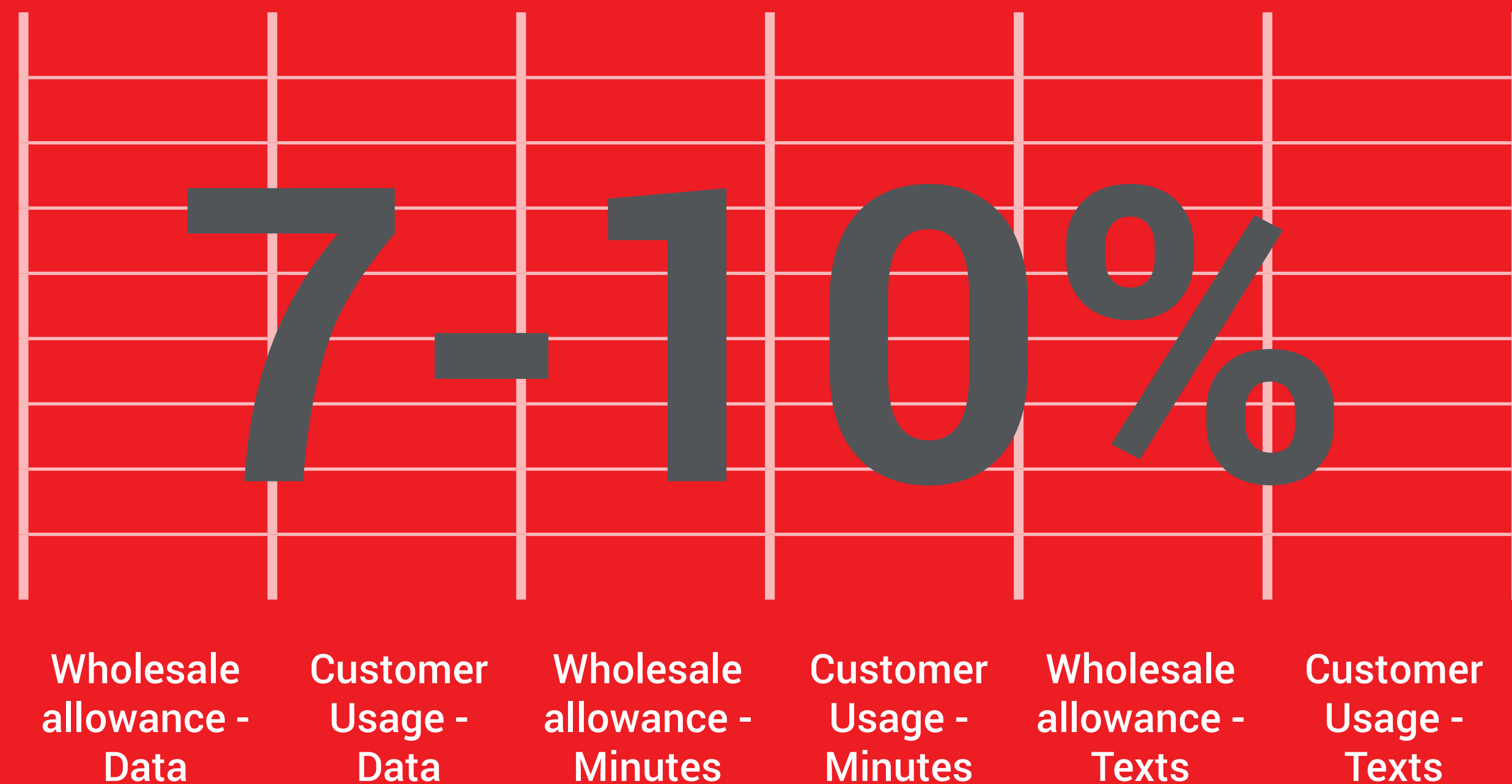


Knowledge  
is power

If you can understand and predict your customers' behaviour and usage, you can optimise your wholesale deal.



In our experience, MVNOs operating on wholesale bundle deals typically save 7-10% of their wholesale costs through analysing and optimising their usage.



**A saving that would counteract the loss in margin  
caused by Roam Like Home.**



Having access to your wholesale costs and usage also allows you to undertake a predictive impact assessment.



This will enable you to determine the likely effect of Roam Like Home on your revenue, usage and margin.



It would also indicate if you have a case for special derogation from Roam Like Home, based on the EC's 3% loss of margin caveat.

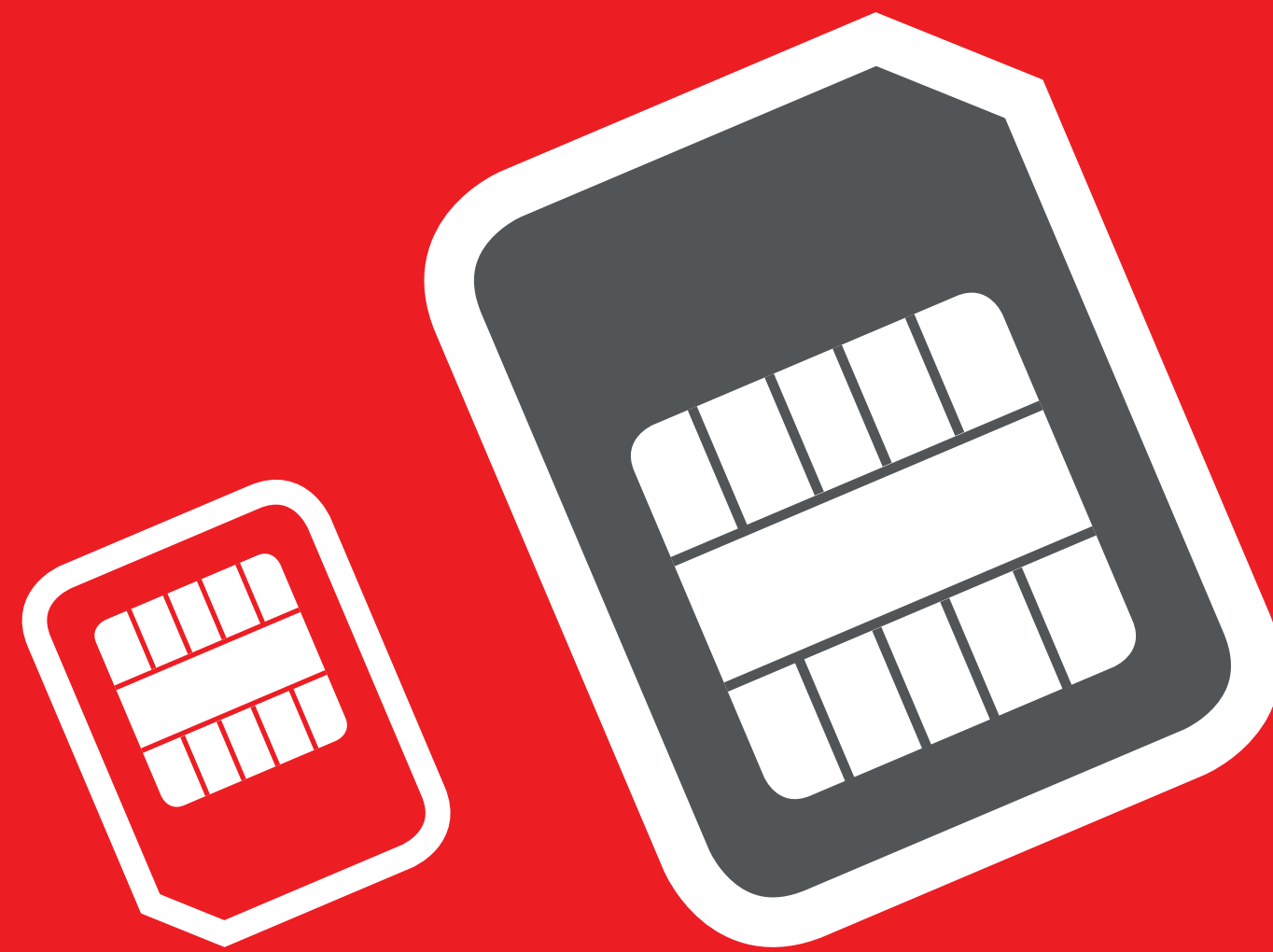


As always, ensure you have a fair use and monitoring package in place that can proactively alert you to any abuse.

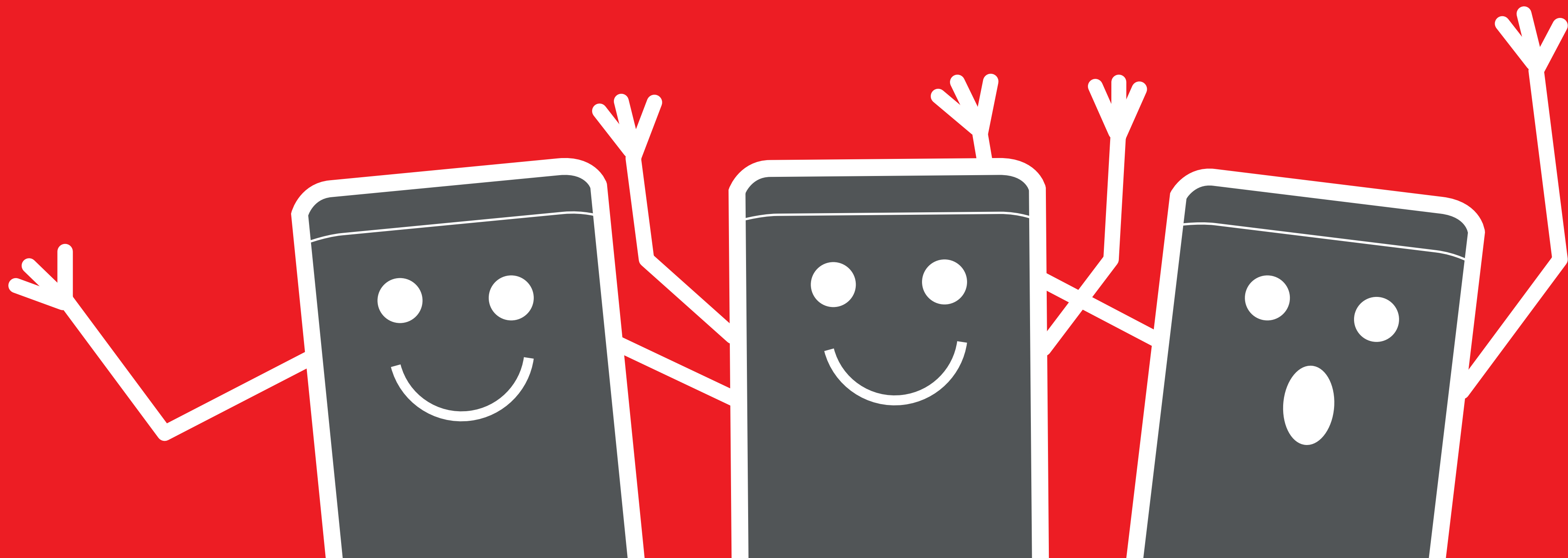




Signs of abuse include SIM cards that are used primarily for roaming, or that demonstrate a questionable imbalance in consumption between domestic and roaming.



This would help you to avoid the  
“cheap-cheap” pitfall.



Calculate the minimum volume of data  
you must give to customers with unlimited data plans  
in order to comply with the regulations.

This will be cheaper than applying  
a blanket policy e.g. 15GB per customer,  
which larger operators may do.

15GB

Provide your customers with a real-time app experience. Show them how much data they can and are using, both at home and whilst roaming, and alert them when they are nearing their limit.

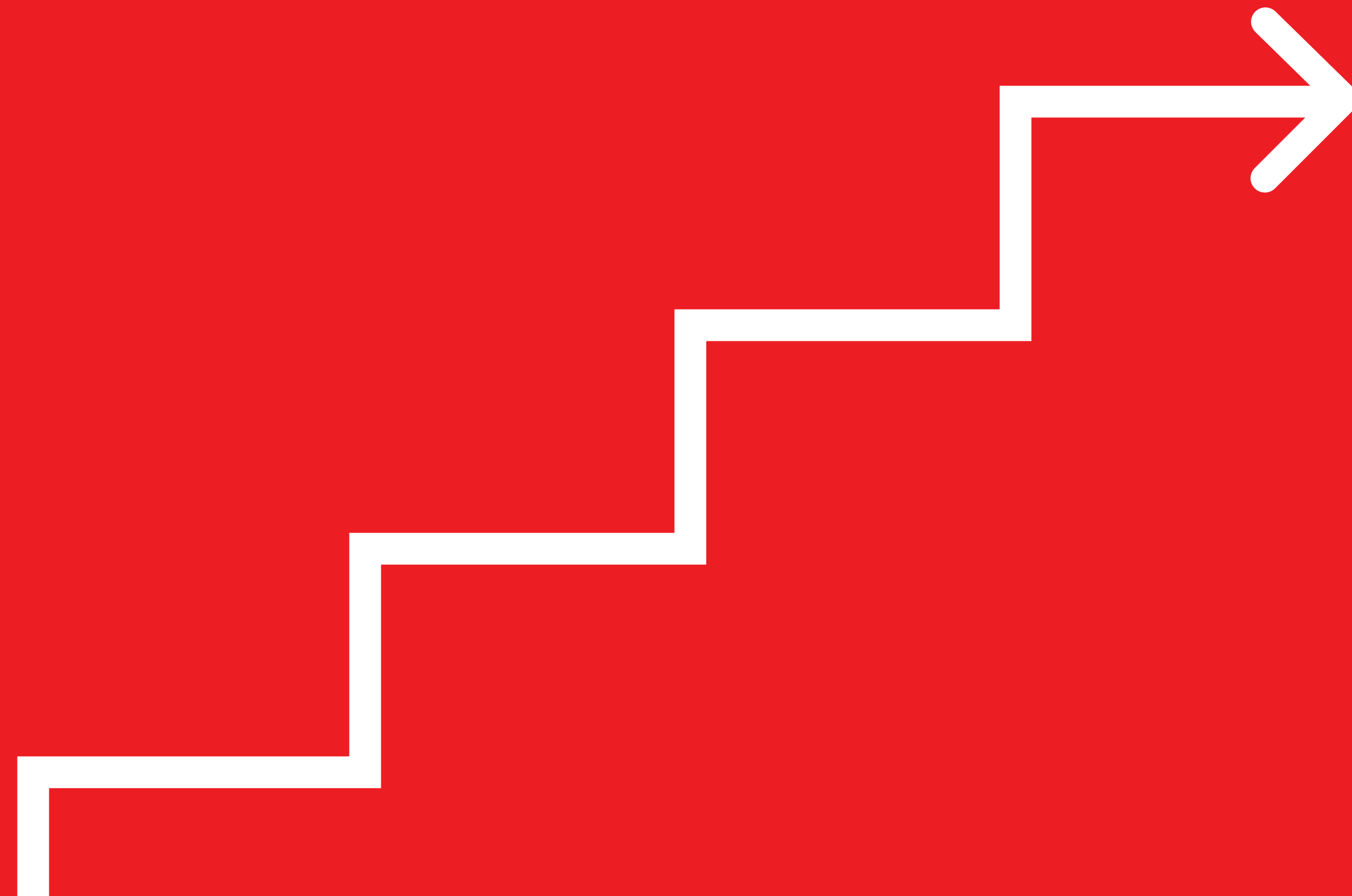


**This will prevent confusion and will build  
both trust and loyalty.**



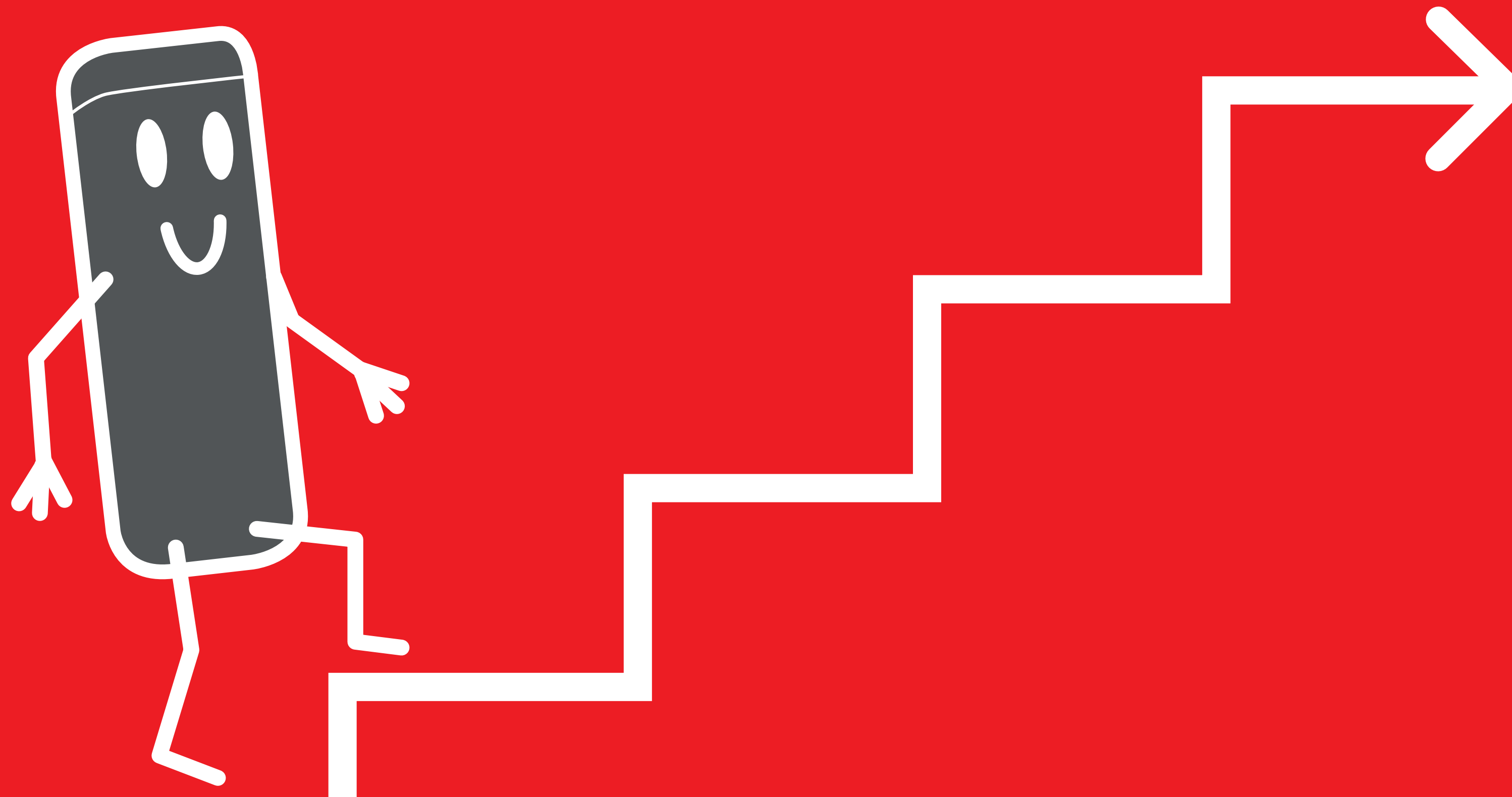
# What next?

Once the immediate risk of Roam Like Home is under control, it's time to start planning for the future.





**Rather than just surviving, take steps to ensure your  
MVNO can grow profitably.**





has the knowledge and expertise to help you  
to implement each of these steps, so that your  
MVNO doesn't just survive Roam Like Home,  
but is able to grow profitably.

**Whether you plan to implement all of these steps at once, or to work through them systematically, MDS Global can set your MVNO on a path towards profitability.**



Want to find out more?

