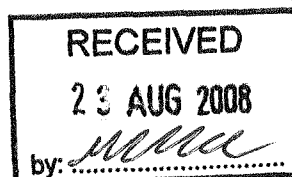


evua



EVUA Limited
Elm House
38, Wood Lane End
Hemel Hempstead
Herts
HP2 4QX
UK.

Tel +44 20 8366 4766

To: Committee Secretary
Standing Committee on Communications
P.O. Box 6021
House of Representatives
Parliament House
Canberra ACT 2600
Australia

SUBJECT: House of Representative Communications Committee inquiry into
international mobile data tariffs

Dear Madam/Sir

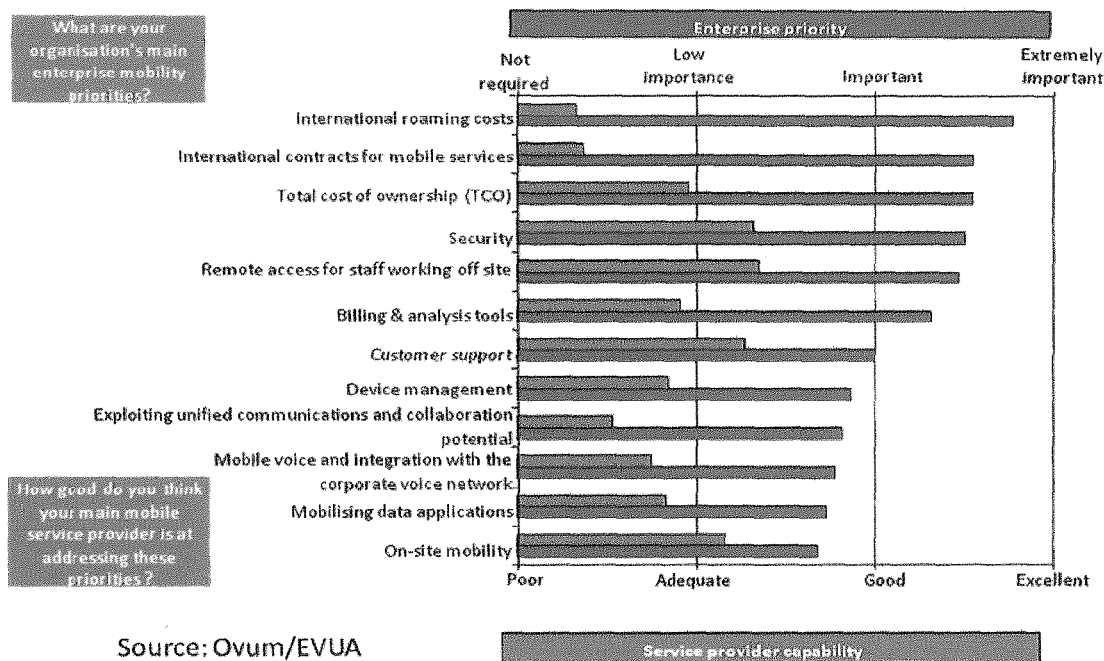
I am writing on behalf of the EVUA, an independent, non-profit, global ICT network user group for Multinational Companies . It was formed in 1992 and has evolved into an effective ICT industry advocacy and networking platform for global users. User membership is confined to Fortune 1000 global companies. Whilst initially focused on European telecom developments EVUA has broadened its scope to meet the global needs of its members.

From its start in 1992, the Association has been very active in pushing for better regulations facilitating international telecom service delivery for international companies. Because there are many national telecommunication providers with a variety of regulatory environments, EVUA actively works with several national user organisations including ATUG in Australia. Over the years, EVUA has participated in many enquiries from the European Commission and taken public standpoints where needed to protect the interest of its members. In addition, EVUA has held numerous conferences bringing together representatives from the supply side, the user side, regulators and industry analysts. EVUA has openly discussed its members' needs for seamless, international and cost oriented services offered in a competitive market.

One of the key subjects EVUA has engaged with over the past years is the growing need for mobility services. Mobility is moving deeper into multinational organisations and is of strategic importance. Unfortunately, year after year our EVUA annual member surveys demonstrate the complexity member companies face in providing (international) mobility services for their employees. Mobility services are not showing the development cycle that we have seen for fixed telecom services and whilst many members have outsourced their fixed network services to third parties, the options to do this for mobile services are very limited and mainly national. Below is a chart from the 2008 EVUA Annual Member Survey demonstrating the difficulties in managing mobility (still very nationally oriented) versus managing fixed services (can be centrally managed

across borders). This picture has hardly changed over the last few years with more members outsourcing their fixed services than are able to do with their mobile services.

Member's mobility priorities vs. supplier capability



It is not only the lack of a competitive mobile service market which is a problem for members; one of their biggest concerns is the high cost for international mobile calls made whilst roaming. These cannot be justified considering the underlying cost. High roaming charges have caused a delay in the roll out of mobile applications, particularly where these applications are being centrally developed, as is often the case within multinationals. Many members have introduced restrictions for mobile usage and although these restrictions are now slowly disappearing in the countries of the European Union (after the European Commission set a cap on mobile voice tariffs) they still exist outside the EU and throughout the rest of the world.

It is not only mobile voice that is a concern for EVUA members; high mobile data roaming charges are now of great concern. Mobile data tariffs are not regulated, lack transparency and make the cost of mobile data communication, whilst roaming, unpredictable even if the amount of data sent is known. Mobile operators have unpredictable overheads, charge high minimum volumes, sometimes change the way the data cost is being calculated and have in some instances introduced restrictions for data applications such as Voice over IP. This unpredictability of data cost along with restrictions that many members have been obliged to introduce for mobile data leads to a slow uptake of mobile data transmission and low investment by mobile operators. As a result the mobile data coverage and quality offered is in many areas far below the level required by international businesses.

Over the years, EVUA has discussed its members' requirements at the highest level with the mobile operators, both nationally and internationally and has clearly indicated the type of (international) services that are required to meet members' business needs. In addition, the Association has held workshops with potential large customers and potential large mobile service providers, invited industry analysts to explain to mobile operators the type of services multinationals want and sent out combined procurement documents in which groups of members have amalgamated their requirements and volume. However this has been to no avail, failing to deliver what was wanted: cost oriented, international mobile services. Even a large organisation such as the EVUA (whose membership manages in excess of 1 million mobile phones) has, so far, been unable

to generate sufficient interest from the mobile operators to ensure a truly competitive market. Only the recent action from the European Commission to force voice roaming tariffs down has had any effect, which suggests how uncompetitive the market actually is. The EVUA publicly supported the European Commission activities in reducing voice roaming tariffs and is also very supportive of the latest EC proposals for the revision of the European Telecom Framework which hopefully will lead to better Pan-European services and non-discriminatory access to broadband.

Unfortunately, some mobile operators are increasing tariffs for calls to/from Europe and/or changing their tariff structures in other ways to compensate for their loss of roaming revenue and although not common place it is something that regulators should monitor. A very positive sign now in Europe is the European Commission's current investigation into international data roaming tariffs.

EVUA welcomes the enquiry of the Australian House of Representative Communications Committee to investigate whether international mobile roaming charges are fair. EVUA's response to the questions raised by the Committee is as follows:

- The international mobile roaming charges are not reflecting the underlying cost. They are a reflection of the connection agreements made between operators and the adopted charging mechanism based on artificially high termination rates. Although these agreements have worked well in developing international services they are now an obstacle to the further acceleration of the international mobile market.
- Information on mobile roaming costs is available from most mobile operators' web sites. However, these are often complex particularly for data and although from a legal point of view information on mobile roaming is been published, it requires data knowledge to understand what it takes to transmit message and to download from the Internet. Even experienced telecom managers have difficulty to predict the real cost of data communication for many applications. In Europe, mobile operators have to send free SMS messages to mobile users with tariff information once they cross borders and this has certainly helped to better understand cost.
- There are new technologies available such as VOIP and WiFi which help drive down roaming charges or even bypass them. However, either these technologies are not being offered or their use is being blocked or discouraged by mobile operators. Although free WiFi access is available in some locations, it is not always available in areas where the business traveller wishes to work, such as airports and hotels. WiFi often has limited coverage or is as expensive as mobile roaming.
- There are other ways of helping reduce roaming costs such as dual SIM cards, local SIM cards, local dial-in numbers, etc. However, they are impractical and require a degree of discipline from the user. As a result few EVUA member companies have implemented these solutions. Indeed, even when they have, the volume of usage is very low.
- Multinationals manage mobile cost in various ways. Firstly they aggregate volume to negotiate better deals (although this is usually of little effect for international roaming calls). Secondly they standardise handsets to minimise application development and to reduce support cost. Thirdly they restrict the use of mobile devices and/or set limitations for use (e.g. voice only with data capability withheld). All of this leads to under utilisation of mobile applications and technologies which could improve business productivity. It is quite common for only the management layer to have sophisticated mobile devices, with restricted offerings to other employees.

- Experience in Europe has proven that competition alone will not drive roaming charges down. Mobile competition is focusing on national usage; mobile operators are nationally organised and the lack of competing tariff schemes for international travellers is a clear sign of the mobile operators' unwillingness to offer and to compete for international solutions.
- Regulatory intervention – even at the level done in Europe – is not driving mobile operators' income down. The increase in international voice usage due to lower call charges will compensate for the mobile operators' loss as result of those lower prices. The same will happen for data roaming. In

Europe, data traffic has grown by approximately 100 % in 2007. New mobile data devices and applications are certainly one reason for this growth although it cannot be ignored that many mobile operators have introduced more favourable data tariffs during the year. Therefore, an explosive growth in mobile data communication can be predicted once mobile operators get their data tariffs right and users better understand the charges they will pay for data usage, particularly whilst roaming. E-mail and web browsing are the two dominant applications for which mobile operators should provide fair and understandable charges when these services are accessed from a mobile device. Other important areas which need to be addressed in a similar manner are for instance machine to machine communications, intruder alarms and remote monitoring.

Ed Vonk
EVUA -CEO
Tel: +31 15 2569148
Mob: +31 616702283
e-mail: ceo@evua.org.uk

