Cost of Providing Roaming Wholesale Services

Presentation of Results

April 2024
Introduction

- **Engagement**: Axon Partners Group Consulting (hereinafter, ‘Axon’) has been commissioned the study “Cost of Providing Roaming Wholesale Services – CNECT/2022/OP/0065” (the ‘Project’) by the European Commission (hereinafter, ‘EC’).

- **Objective of the study**: Estimate the cost of providing wholesale roaming services and wholesale voice call termination by mobile network operators in each EU/EEA country, needed for the Roaming review planned for 2025 as well as for any other further review where termination costs are relevant (i.e., future update of the Euro Rate for mobile termination).

- **Purpose of this document**: Illustrate the results per country produced by the model submitted to the second consultation round, under different scenarios, for the key relevant services, namely: Data roaming (Traditional and M2M), Voice roaming and Voice termination.
Interpretation of the results shown in this presentation

- The EC/Axon team are sharing the following slides as part of the 2\textsuperscript{nd} consultation on the mobile cost model. The \textit{results shown in the following slides are provisional} pending the comments during this 2\textsuperscript{nd} consultation and any potential changes that may be made to address them.

- Once the mobile cost model is in its final form, the EC/Axon team will hold a public Workshop with stakeholders to gather stakeholders' final views.

- The Commission will use the results from this mobile cost model as one of the inputs in the 2025 review of the roaming rules and its delegated act on a single maximum mobile termination rate.

- The results presented in the following slides show the service unit cost estimates in each country under different cost modelling scenarios. At present, the Commission does not attach any greater weight to specific scenarios and, therefore, \textit{none of the scenarios and results presented should be interpreted as having greater weight on the Commission’s future legislative proposals (if any)}. 

We provide results for two sets of scenarios that illustrate the range of services’ unit costs produced by the model.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Alternatives</th>
<th>Scenario 1. Base Case Demand Scenario</th>
<th>Scenario 2. Conservative Demand Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annualisation criteria</td>
<td>• Economic depreciation based on ARPU&lt;br&gt;• Economic depreciation based on demand</td>
<td></td>
<td>Economic depreciation based on demand</td>
</tr>
<tr>
<td>Roaming increment</td>
<td>• Specific roaming increment&lt;br&gt;• Joint roaming and domestic increment</td>
<td></td>
<td>Specific roaming increment</td>
</tr>
<tr>
<td>Specific cost allocation</td>
<td>• Allocation based on GB&lt;br&gt;• Allocation based on drivers</td>
<td></td>
<td>Allocation based on drivers</td>
</tr>
<tr>
<td>Threshold to identify seasonal patterns</td>
<td>• 10%&lt;br&gt;• 30%&lt;br&gt;• 50%</td>
<td></td>
<td>50%</td>
</tr>
<tr>
<td>Demand</td>
<td>• Conservative&lt;br&gt;• Base-case&lt;br&gt;• Aggressive</td>
<td></td>
<td>Base-Case&lt;br&gt;Conservative</td>
</tr>
<tr>
<td>Common costs allocation</td>
<td>• Common costs allocated based on traffic&lt;br&gt;• Common costs allocated based on customers</td>
<td></td>
<td>Common costs allocated based on traffic</td>
</tr>
</tbody>
</table>
Results per Service
Data Roaming (Traditional services provided to end-customers) – Base Case Demand Scenario

* These cost references include 0.095 EUR/GB of transit costs, as per the draft figure estimated by the EC.
Results per Service
Data Roaming (Traditional services provided to end-customers) – Conservative Demand Scenario

* These cost references include 0.095 EUR/GB of transit costs, as per the draft figure estimated by the EC.
Results per Service
Data Roaming (M2M services) – Base Case Demand Scenario

* These cost references include 0.095 EUR/GB of transit costs, as per the draft figure estimated by the EC.
Results per Service
Data Roaming (M2M services) – Conservative Demand Scenario

Evolution of costs*

Cost comparison in 2024*

* These cost references include 0.095 EUR/GB of transit costs, as per the draft figure estimated by the EC.
Results per Service
Voice Roaming– Base Case Demand Scenario

Evolution of costs*

Cost comparison in 2024*

*These cost references include 0.4 EURCents/min of transit costs, as per the draft figure estimated by the EC, and 0.2 EURCents/min of termination costs, as per the COMMISSION DELEGATED REGULATION (EU) 2021/654 of 18 December 2020.
Results per Service
Voice Roaming – Conservative Demand Scenario

*These cost references include 0.4 EURCents/min of transit costs, as per the draft figure estimated by the EC, and 0.2 EURCents/min of termination costs, as per the COMMISSION DELEGATED REGULATION (EU) 2021/654 of 18 December 2020.
Results per Service
Voice Termination – Base Case Demand Scenario

**Evolution of costs***

**Cost comparison in 2024***
Results per Service
Voice Termination – Conservative Demand Scenario

Evolution of costs*

Cost comparison in 2024*

EURcents/MIN

2024 2025 2026 2027 2028 2029 2030 2031 2032
MADRID (HQ)
Sagasta, 18 – 3º
28004, Madrid

BRUSSELS
91, Avenue du Roi, 1190
Brussels

ISTANBUL
Buyukdere Cad. No. 255 Nurol
Plaza B.04 34450 Maslak
Istanbul

RIYADH
3141 Anas ibn Malik Road
Building B, 2nd Floor Al Malqa
Riyadh

BOGOTA
Calle 100 # 13 – 95, Torre
Empresarial FD 100 Piso 6,
Bogota

Any questions? Please, contact:

Jorge Martínez
jorge.martinez@axonpartnersgroup.com

Carlos Gómez
carlos.gomez@axonpartnersgroup.com