



Preparing for the New EU Roaming Regulations

New Opportunities on a New Playing Field

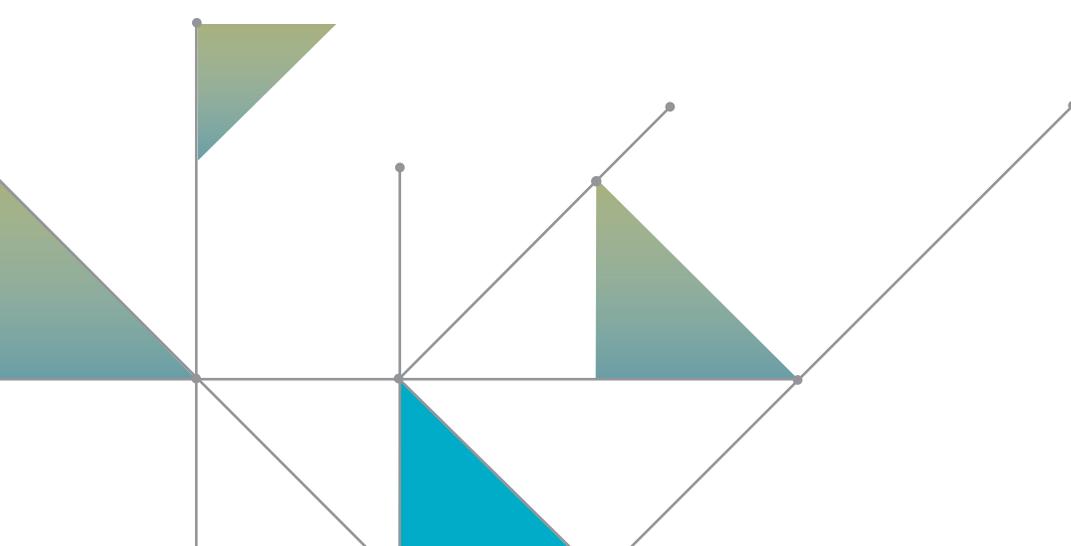




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A Seismic Shift

In less than six months, the roaming market in Europe will undergo a major transformation, when the economic boundaries that govern the roaming rates between many countries will be broken down. New EU roaming regulations will, for the first time, allow residents to buy roaming services from entities other than their home operators in an effort to foster competition and lower prices. Consequently, end users will gain an unprecedented level of choice and freedom with their roaming providers, introducing an unknown dynamic to the European roaming market.

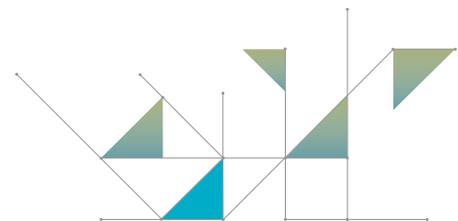
The new regulations represent a seismic shift for a 20-year-plus, €4.8 billion market and have immediate and profound ramifications. Operators must prepare for this mandated change, and they must do so now. Above all, to survive and succeed on this new playing field, it is imperative that operators place their greatest focus on one area: They must be able to demonstrate a direct connection between their subscribers and the unique value that they deliver to them when they roam.

To this end, one of the keys to success will be making use of the latest advances in real-time intelligence to nurture current subscriber relationships. Operators must prepare for what is being called “EU Roaming Regulation III” by ensuring a seamless end-user experience that uses real-time intelligence to excel in improving customer satisfaction, increasing usage and delivering personalized offerings.



New Rules, New Challenges

To put EU Roaming Regulation III fully in perspective, it's important to first understand a snapshot of the market. The EU represents a trading bloc of 28 countries representing 500 million consumers. While in theory the EU market is a single economic zone, the market has developed on the basis of national licenses issued by 28 separate governments. This structure has made it difficult to establish a level playing field with equal and robust competition across this roaming market. As a result, subscribers are charged wide-ranging fees whenever they cross a border. Moreover, since competition has



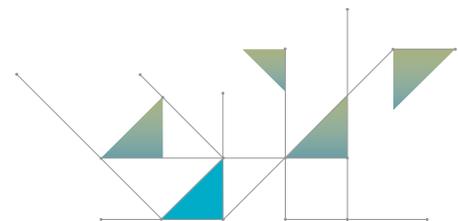


made basic mobile phone service relatively inexpensive in Europe compared with other developed regions, the roaming fees have become a particularly profitable part of operators' businesses.

Because roaming has become such a valuable profit center, both the regulations that have already been implemented and the ones taking effect in July 2014 promise to significantly affect many operators' revenues and margins. In addition, with the reality that roaming is already being bundled in domestic tariffs, it's critical for operators to implement an approach for that now to ensure no impact to the end-user experience.

With these challenges in mind, the three most important parts of the new regulations to consider are as follows:

- **Standard-reference roaming agreements** - Since Jan. 1, 2013, all EU and European Economic Area MNOs have been required to have a standard-reference roaming agreement available to EU and European Economic Area partners, and have been required to be able to connect within three months with access seekers (MVNOs, resellers and MNOs) within the EU and European Economic Area.
- **Visited public mobile networks** - Starting on July 1, 2014, MNOs in the EU and European Economic Area will have the opportunity to establish themselves as local breakout providers to offer local data access known as "visited public mobile networks" to mobile roaming subscribers. These visited networks will establish a direct mobile data service delivery and invoicing relationship with the home network's subscribers.
- **Alternative roaming providers** - Also beginning on July 1, 2014, MNOs and MVNOs in the EU and European Economic Area will be obliged to provide access for alternative roaming providers to serve their subscribers with roaming services on their existing IMSI or SIM cards, also known as a "single IMSI solution." These alternative roaming providers could be nearly any type of company, such as an airline or a cable TV provider.



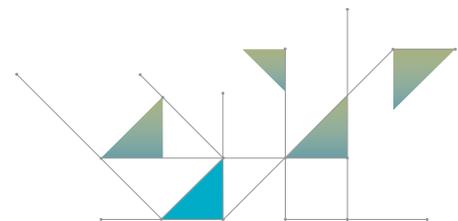


These new regulations translate to several serious challenges to operators in the EU, and broadly fall into two categories:

- **Revenue loss** - A material decline of both retail and wholesale roaming revenues is taking place as a result of ongoing price caps, and a reduction of roaming margins is taking place due to the obligation to provide retail wholesale roaming at regulated tariffs. These decreases have been ongoing since 2007, when the EU Parliament first passed legislation for retail price caps on roaming, and these price caps have been lowered each year since. As an example of the impact the price caps have had, the data roaming price cap of 70 euro cents a megabyte that took effect in July 2012 will go to 20 euro cents in July 2014. Similarly, for voice roaming, the cap for making a call will fall from a 29-euro-cent-a-minute rate in 2012 to a 19-euro-cent rate in 2014; and the cap for sending a text message will be reduced from a 9-euro-cent rate in 2012 to a 6-euro-cent rate in 2014.
- **New competition** - The new regulations open the door to a whole new field of competitors that may emerge and that must be prepared to work with much lower margins, or even with a loss, to be able to sell other higher-margin services.



With these threats of declining revenues, new competitors and new costs, it has become imperative that operators protect and cultivate their current subscriber relationships, and show the one-of-a-kind value they deliver for roaming. Ultimately, the goal must be to have subscribers use the device in the same way when they roam as they do when they are at home.





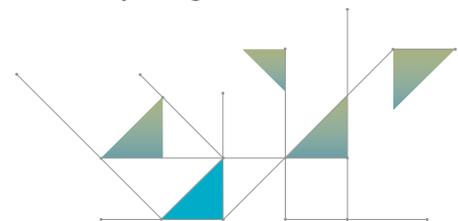
Differentiation

While these regulations are ushering in considerable challenges, operators are looking for opportunities to differentiate their roaming services. The crucial element will be for an operator to demonstrate a direct correlation between its roaming service and its unique value to subscribers. Facing a new field of competitors and a new market pricing structure, operators must clarify this unique value on a whole new level.

Two keys to demonstrating this correlation will be providing the most superior quality of experience for each end user, and providing the utmost in personalized usage and pricing plans. The quality of experience can be improved by an operator having immediate access to a subscriber's roaming information, resolving any abnormalities proactively. The personalized usage and pricing can be enabled with packages that allow subscribers to configure their plans exactly as they expect to roam. Together, ensuring a superior quality of experience and providing customized pricing plans deliver a powerful tool for operators to cultivate their subscriber relationships and show the unique value of their roaming services.

Real-Time Intelligence Capabilities that Demonstrate Value to Subscribers	Personalized Marketing Capabilities that Demonstrate Value to Subscribers
<ul style="list-style-type: none">▪ Gain immediate access to crucial roaming information▪ Gather actionable customer profiling information from roaming behavior analysis▪ Identify network abnormalities proactively▪ Provide subscribers with real-time usage information anytime, anywhere	<ul style="list-style-type: none">▪ Offer roaming packages based on geographic- and network-based features▪ Give subscribers the capability to customize usage and pricing package options

Fortunately, new advancements in real-time technology and personalized marketing are now enabling these capabilities. These advancements are allowing operators to monitor individual roamers, identify usage





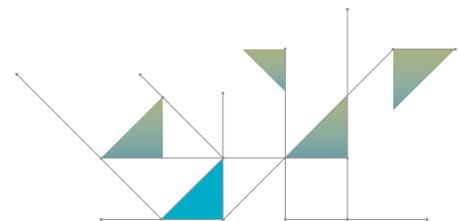
characteristics, detect problems and offer customized pricing plans, among many other capabilities. And these advancements are opening the door to a new world of ways to nurture subscriber relationships in an age of major roaming market changes.

For instance, new technologies allow end-to-end real-time monitoring and analysis of roaming, empowering home operators to stay more connected with roaming subscribers and to take advantage of more opportunities to proactively offer different services when they detect changes in a particular subscriber's roaming usage.

In the same way, real-time alerting technologies now enable subscribers to set spending or usage thresholds for data services based on pre-established policies. These technologies allow operators to use automatically-generated text messages to inform subscribers before they breach their predefined thresholds, keeping users within budget.

Moreover, new technologies now make possible a number of highly tailored data usage and pricing plans that can be targeted to specific subscriber segments. These plans represent a quantum leap forward from the more traditional one-size-fits-all plans; the new plans offer subscribers packages based on exactly how they expect to use roaming service.

With a 25-year-plus history as a roaming pioneer and innovator in real-time intelligence, Syniverse is at the forefront of devising solutions to enable operators to nurture subscriber relationships. From its unique position at the center of the mobile ecosystem, where it helps more than 1,500 enterprises, mobile service providers, ISPs and app providers connect in over 190 countries and territories, Syniverse has developed a compelling service offering for EU Roaming Regulation III. The solution integrates strategic consulting, real-time intelligence and customized marketing to enable operators to avoid capital expenditure on the development of new service logic and hardware, significantly facilitating the approval and implementation of new fees and services.





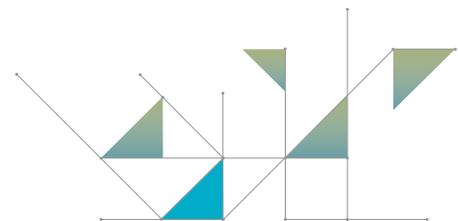
The Syniverse Solution

Syniverse, in partnership with [Strategic Economic Engineering Corp \(SEEC\)](#), offers a three-pronged solution to help operators adapt to the new EU roaming market landscape. The solution is grounded on a rigorous data-driven analysis to determine the best individual strategy for adapting to EU Roaming Regulation III, the proven real-time intelligence tools to apply, and the right personalized pricing plans to offer. Together, these three strategic areas deliver a powerful solution for operators to address the new challenges of competition, pricing and cost in the new EU roaming market.

Syniverse-SEEC Services

The first part of the Syniverse approach entails applying data analysis and business intelligence to determine an EU roaming regulation solution that is specifically tailored to an operator's unique needs. Combining Syniverse's roaming consulting services with SEEC's specialized data analysis methods, the Syniverse-SEEC approach assists operators in designing and implementing optimized pricing strategies using data-driven analysis. Through the use of empirically derived models of subscriber usage to segment and target retail packs for increased usage and revenue, the operator gains objective and rigorous support for its decision-making process.

The market redesign requires operators to consider a varied set of scenarios for any pricing or other competitive actions they may take as a result of the regulations. Using data-driven analysis to anticipate the impact of new pricing, the reactions of rivals in the market, and the simulating of potential interoperator traffic structure puts the operator in the best possible position in the market. One key area this data analysis addresses is operators' need to consider strategies to increase roaming traffic volumes to offset the overall decline in revenue. Another critical area the analysis provides insight for is operators' strategies for assessing the outcome of new pricing plans before they test and implement them. Finally, since one result of the new regulations will be to level the playing field in Europe, the analysis offers valuable metrics for operators to use to expand their services beyond Europe and formulate services and price plans for new international markets. In these ways, the Syniverse-SEEC approach combines Syniverse's deep expertise in roaming with SEEC's focus in quantitative analysis to identify the strategies with the highest chance of success.

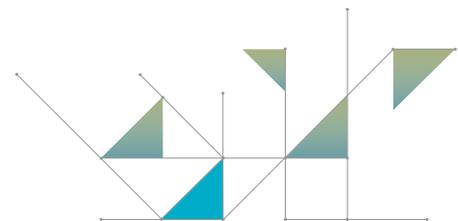




Real-Time Intelligence Solutions

The second part of the solution is Syniverse’s [Real-Time Intelligence portfolio](#), which offers a comprehensive range of tools to enable operators to instantaneously track end-user activity and then act on knowledge of that activity in timely ways to improve service. Three of the most important of these services are the following:

- [VisProactive](#) is a proactive roaming data analysis solution that ensures that operators consistently deliver high-quality service by identifying network abnormalities – such as voice, data and messaging registration failures and overall traffic patterns – to efficiently solve issues before they affect subscribers. This fully scalable system offers user-friendly dashboards with a dynamic user interface that includes roaming activity heat maps to graphically show trouble spots, counts of unique roamers, or messages showing current counts against historical norms, including comparisons of roaming partners highlighting service issues. With enhanced alerting mechanisms, operators are able to quickly detect trouble and drill down to details of individual subscribers to make them less inclined to explore other roaming options.
- [Visibility® Services](#) offer a holistic approach to solving subscribers’ roaming issues proactively by providing access to real-time roaming activity. The solution enables operators to gain immediate access to crucial roaming information to deal with problems rapidly, analytical tools to





assess inbound and outbound roaming quality, and proactive tools to analyze what is currently happening in comparison to what is normal. Consequently, high-quality service is ensured to minimize the chances of a roamer from searching for other options.

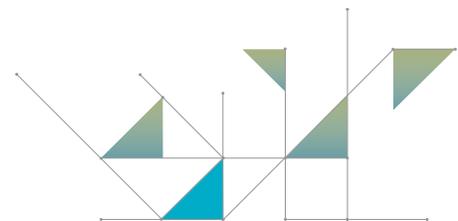
- [Silent and Low-Spender Detection](#) is a multi-product solution addressing the specific challenge that up to 70 percent of the approximately 75 million international roamers each month do not use their mobile data services, and that more than 50 percent of these roamers do not use voice services, which resulted in operator revenue losses of over [\\$1.2 billion in 2012](#). The solution integrates a range of real-time intelligence tools for monitoring, evaluating and improving usage, including Data Clearing House, which enables operators to monitor voice, SMS and data usage to detect silent roamers who do not use roaming service within a pre-defined time frame and low-spending roamers who use roaming services below operator-defined thresholds.

Personalized Marketing Solutions

The third component of the Syniverse solution is an advanced data roaming tool that enables operators to leverage a range of prepaid and postpaid roaming packages to reach different subscriber segments. Syniverse's [Data Roaming Packs](#) solution features a cloud-based, policy-management service that provides the capability to offer bundled services based on a number of geographic- and network-based features, including one that allows subscribers to customize their own packages based on the way they prefer to use data service. Moreover, Data Roaming Packs give subscribers the capability to access real-time roaming usage information anytime and anywhere, providing a powerful tool to help prevent bill shock.

With the wide range of usage and pricing options available with Data Roaming Packs, operators can optimize their subscriber connections with these key capabilities:

- Bring to market new data roaming packages quickly
- Provide a range of cost-effective prepaid and postpaid plans
- Penetrate new subscriber market segments
- Make available real-time usage information to subscribers
- Offer a powerful tool to prevent bill shock.





Real-Time Intelligence



Countdown to July 2014

The European roaming market continues to be challenged in preparing for the 2014 decoupling regulation and reduction in pricing caps, and potentially responding to recently discussed proposed legislation that would potentially ban retail roaming pricing within the EU. To adapt to this radically new environment, two areas of critical focus for operators will be ensuring the best quality of experience for roaming customers as well as providing innovative pricing packages to incentivize subscriber usage.

To help operators address these areas and best position them for EU Roaming Regulation III, Syniverse has developed a three-pronged solution that integrates strategic consulting, real-time intelligence and personalized marketing. With this solution, operators can navigate EU Roaming Regulation III by ensuring the most seamless and positive end-user experience that delivers higher customer satisfaction, increased usage and greater sales. Moreover, they can avoid capital expenditure on the development of new service logic and hardware and significantly ease their approval for and implementation of new fees and services.

For more information on Syniverse's real-time intelligence and data solutions for roaming, visit www.syniverse.com/products-services/roaming and www.syniverse.com/products-services/product/Data-Roaming-Packs.

