

STRATEGY ANALYTICS INSIGHT

Business Mobility Solutions

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International Wireless Expense Management: The Unlocked Device Conundrum

Snapshot

This Strategy Analytics Insight examines the value of deploying unlocked handsets as part of an overarching Wireless Expense Management (WEM) strategy.

Analysis

The current world economic climate, highlighted by the recent meltdown of the US financial markets and the trickle down effects on end-user organizations across the globe, is forcing companies to consider any and all cost cutting measures. While organizations must find ways to reduce costs, including international travel, certain face to face meetings can not be replaced by conference calls or video conferences. This forces organizations to find ways to reduce the actual cost of the trip itself. Beyond airfare, hotel and meals, one of the most expensive components of an international trip can be the cost of international voice and data roaming charges.

Organizations with US based employees who travel abroad for work will most likely use AT&T or T-Mobile USA – the two dominant GSM carriers in the United States. However, using either service internationally can quickly accumulate significant roaming charges. The table below shows the cost of a hypothetical five day trip making 45 minutes of calls each day and using approximately 5 MB per day of data for email and Internet access.

Wireless Cost (USD) of a Five-day Trip to the United Kingdom or Hong Kong

	United Kingdom			Hong Kong		
	AT&T	AT&T World Traveler	T-Mobile USA	AT&T	AT&T World Traveler	T-Mobile USA
Voice: \$\$ / minute	\$1.29	\$0.99	\$0.99	\$2.29	\$1.99	\$1.49
Data: \$\$ / MB	\$19.97		\$15.36	\$19.97		\$15.36
Discounted Int'l Data Plan (50 MB)		\$59.99			\$59.99	
Cost of Voice	\$290.25	\$228.74	\$222.75	\$515.25	\$453.74	\$335.25
Cost of Data	\$499.25	\$59.99	\$384.00	\$499.25	\$59.99	\$384.00
Total Cost	\$789.50	\$288.73	\$606.75	\$1,014.50	\$513.73	\$719.25

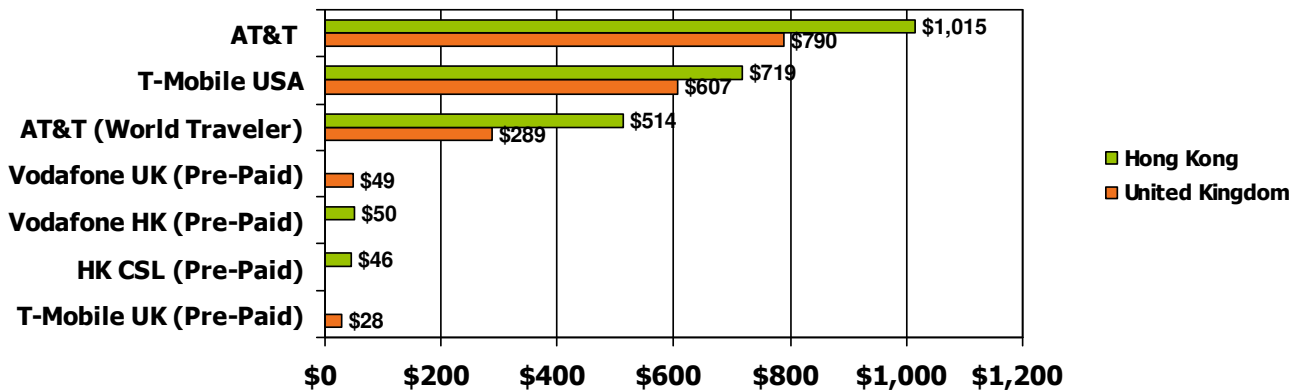
Source: Strategy Analytics, AT&T, T-Mobile USA

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While the above costs are significant, they are not uncommon. Organizations looking to reduce their international roaming charges should also consider using local pre-paid SIM cards in unlocked devices. Doing so can provide significant cost savings as shown in the figure below (using the same usage scenario as in the above table).

Wireless Cost (USD) of a Five-day Trip to the United Kingdom or Hong Kong – U.S. vs. Prepaid SIM



Source: Strategy Analytics, AT&T, T-Mobile USA, Vodafone UK, T-Mobile UK, Vodafone HK, HK CSL

Implications

While WEM solutions can provide organizations myriad options for domestic plan optimization, international roaming requires more granular and refined policies and procedures. As part of that WEM process, end user organizations should consider the adoption of unlocked devices and local SIM cards. While there is the potential inconvenience of sharing/memorizing a new number and the higher upfront cost of the device (due to the lack of carrier subsidy), unlocked devices provide end-user organizations a variety of benefits including: greater selection of devices, a non-carrier branded application set and the ability to greatly save on international roaming charges.

The above travel scenarios show potential savings between \$260 and almost \$1,000 on one trip alone.

While deriving the benefits of unlocked devices does require, in part, strict adherence to WEM policies (e.g. employee adherence of using a local SIM card), the TCO justifies enforcing such a mandate.

Contact Information

To explore this topic in more detail or to hear how our solutions can support you please contact us at

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