

23 June 2006

This Week's Launch of Mobile Broadband in the UK Reveals Huge Differences in Pricing

The launch, this week, of a 3G mobile broadband data card for laptop users by Vodafone and by T-Mobile highlights startling differences in pricing. The introduction of "mobile broadband" services is enabled by new HSDPA technology in 3G mobile networks. It enables laptop users to access the internet on the move at speeds of up to 1.8 Mbit/s which is similar to ADSL and cable modem broadband services.

Vodafone UK's "unlimited" offer has a monthly price tag of £45 while T-Mobile only charges £17. However, both services are not really unlimited because they are subject to a fair usage policy. In the case of Vodafone fair usage amounts to 1 Gbyte per month but it is 2 Gbytes for T-Mobile. In addition, T-Mobile includes free usage of their WiFi hotspots. A quick calculation shows that the per Mbyte price with Vodafone works out at £ 0.045 whereas T-Mobile users would only pay £ 0.0085 per Mbyte.

Startling as these differences are, a look at how much operators charge in Germany and the US reveals even greater disparities. For a start, fair usage with Vodafone Germany means 5 Gbytes and not 1 Gbyte as in the UK, and the monthly charge is €42.50 (£29.25) compared to £45 in the UK. This means while the monthly fees are not that different, a German laptop user pays only £0.0058 per Mbyte, whereas a UK user is being charged £0.045 per Mbyte i.e. almost 8 times more.

For T-Mobile Germany fair usage also means 5 Gbytes and the monthly fee amounts to £34.37. The UK per Mbyte price is £0.0085 compared to £0.0069 in Germany, i.e. a small difference. US operators do not state any specific limits but have a fair usage policy. Monthly subscription prices are \$59.99 / £33.33 which is comparable to prices in Germany.

Prices in the Netherlands are among the lowest in Europe, whereas mobile data prices in Austria, Spain and Switzerland are comparable or slightly higher than prices in Germany.

In time prices in the UK will converge towards the lower price points, particularly once O2 and Orange launch their HSDPA mobile broadband offer.

| Provider | | Type | Data Amount | | Local Currency Monthly Cost | Local Currency Per Mbyte Cost | £ Monthly Cost | £ Per Mbyte Cost | Conditions |
|-----------------------|-------------|----------------------------|--|-----|-----------------------------|-------------------------------|----------------|------------------|--|
| Vodafone | Germany | PC Data Card, HSDPA | Unlimited, 5 Gbytes fair usage | € | 42.50 | 0.0085 | 29.25 | 0.0058 | € 0.50 (£0.34) per additional Mbyte |
| T-Mobile | Germany | PC Data Card, HSDPA + WiFi | Unlimited, 5 Gbytes fair usage | € | 49.95 | 0.0100 | 34.37 | 0.0069 | includes 200 hours of monthly WiFi hotspot use |
| T-Mobile | UK | PC Data Card, HSDPA + WiFi | Unlimited, but 2 Gbytes fair usage | £ | 17.00 | 0.0085 | 17.00 | 0.0085 | Incl. use of WiFi hotspots for 1 year, free data card with 18 months |
| T-Mobile | Austria | PC Data Card, HSDPA | 1.5 Gbytes | € | 45.00 | 0.0300 | 30.97 | 0.0206 | € 0.20 (£0.14) per additional Mbyte |
| Movistar (Telefonica) | Spain | PC Data Card, HSDPA | 1 Gbyte | € | 30.00 | 0.0300 | 20.64 | 0.0206 | € 0.50 (£0.34) per additional Mbyte |
| A1 (Mobilkom) | Austria | PC Data Card, HSDPA | 1 Gbyte, plus 20% overage tolerance | € | 45.00 | 0.0375 | 30.97 | 0.0258 | € 0.50 (£0.34) per additional Mbyte |
| Swisscom | Switzerland | PC Data Card, HSDPA + WiFi | 1 Gbyte | SFR | 79.00 | 0.0790 | 34.76 | 0.0348 | SFR 0.50 (£0.22) per additional Mbyte |
| Vodafone | UK | PC Data Card, HSDPA | Unlimited, 1 Gbyte fair usage policy | £ | 45.00 | 0.0450 | 45.00 | 0.0450 | |
| T-Mobile | Netherlands | PC Data Card, HSDPA + WiFi | Unlimited | € | 50.00 | n/a | 34.41 | n/a | Includes unlimited use of WiFi hotspots |
| Verizon | USA | PC Data Card, EV-DO | Unlimited subject to fair usage policy | \$ | 59.99 | n/a | 33.33 | n/a | 2 year customer agreement and qualifying voice plan |
| Sprint | USA | PC Data Card, EV-DO | Unlimited subject to fair usage policy | \$ | 59.99 | n/a | 33.33 | n/a | 2 year customer agreement, positioned as discount from 79.99 |
| Cingular | USA | PC Data Card, HSDPA | Unlimited subject to fair usage policy | \$ | 59.99 | n/a | 33.33 | n/a | 2 year customer agreement, positioned as discount from 79.99 |

Stefan Zehle, Coleago Consulting Ltd

Email: stefan.zehle@coleago.com Web: www.coleago.com