



Zero-Rating and Application-Based Plans

BEST PRACTICES FOR ZERO-RATING AND APPLICATION-BASED PLANS:

- To comply with various net neutrality regulations, offer unlimited use of categories of applications versus individual applications
- Operator-owned services should only be zero-rated if all other services in its class are also identically zero-rated
- Zero-rated traffic should not be prioritized in the network beyond reasonable network management
- Network operators should not be compensated by the content/application provider
- Offer three different packages: social networking, music, or video streaming, at various tiered prices based on bandwidth consumption

Create value, increase revenue, and enhance customer loyalty by offering plans with in-demand applications

MARKET OVERVIEW

As the march towards 5G begins, the need to further monetize the network and achieve higher average revenue per user (ARPU) has increased in priority, because of the financial pressure on operators to increase profitability.

To combat this need for additional revenue from the network, some operators around the world have offered unlimited plans to justify a higher price point from users, without adding additional value to their offerings that they can build on to increase value-based pricing in the future.

However, after the results from a recent study conducted by Ericsson ConsumerLab shows that for 5G consumers don't necessarily "need" unlimited, but rather want the feeling of unlimited. Simply stated, consumers would be willing to trade in their unlimited plans in exchange for personalized plans that allowed unlimited use of the applications and categories of applications they deem as important.

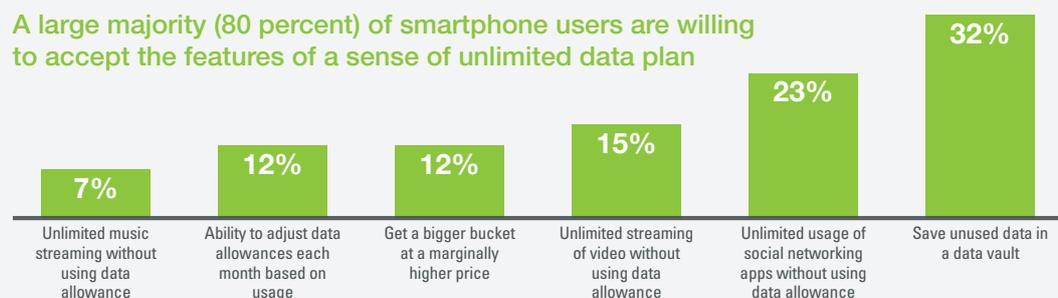
For 5G, this consumer mindset creates an ideal opportunity to create plans based on value and personalization, and not be reliant on price to achieve key business goals such as:

- Market differentiation
- Increased customer satisfaction and retention
- New and increased revenue streams

Figure 1

Preferred data plan features that offer a sense of unlimited to smartphone users

A large majority (80 percent) of smartphone users are willing to accept the features of a sense of unlimited data plan



Base: All smartphone users aged 15-65 with capped data plans across Argentina, Brazil, China, Egypt, Finland, France, Germany, Indonesia, Ireland, Japan, Mexico, South Korea, the UK and the US.

Source: [Ericsson ConsumerLab, Towards a 5G Consumer Future, 2018](#)



Identify the best applications for zero-rating – high-value, low bandwidth – with Sandvine’s Analytics solution

There is no need to wait for 5G as this value-based service differentiation strategy can also be employed today by those operators who haven’t made the switch to unlimited plans or who have a large, low-ARPU user base.

From a tactical perspective, zero-rating is one of the most powerful tools in the policy and charging belts of network operators, and has multiple applications in innovative service creation. Zero-rating can be used in isolation or in conjunction with other functions within Advanced Data Services (See [Advanced Data Services](#) solution brief for more details).

One of the most common and interesting uses of zero-rating is its role in delivering application-based plans. Typically, application-based plans have differentiated pricing for unlimited use of an application or a group of similar applications, and are usually a bolt-on or add-on to a base plan that has a separate bucket of quota.

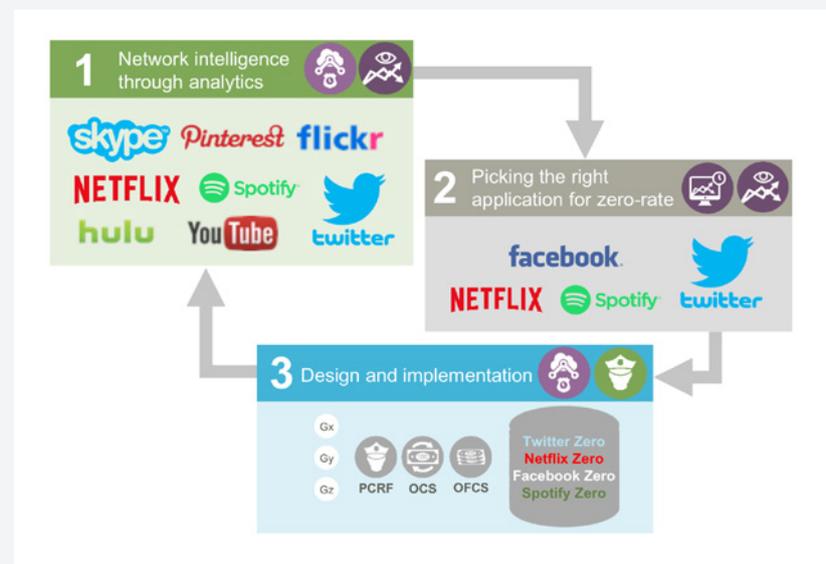
Application-based plans can also be used to increase ARPU from low-end consumers, characterized by limited budget and data needs, as it gives them the ability to purchase plans that limit use to a specific application. Often this initial plan acts as an introductory step to larger plans, because the cost and simplicity aren’t barriers to initial data-based plans.

As shown in **Figure 1**, consumers covet application-based plans that fall into social networking, audio streaming, and video streaming.

However, there have been some examples in the market where an unanticipated application goes viral overnight, providing those operators who can respond with agility a profitable opportunity to offer unlimited usage to users who are willing to pay.

Figure 2

Sandvine closes the loop with a zero-rating solution that covers every step of the process



SOLUTION OVERVIEW

Zero-Rating and Application-Based Plans leverage Sandvine’s industry leading capability to identify traffic. Specifically, Sandvine offers an unparalleled level of accuracy and granularity when identifying applications or categories of applications; these are highly important factors for successful deployment of any policy that requires traffic identification (See **Figure 2**).

From a signature perspective, Sandvine boasts a large, frequently updated library with significantly more signatures than competing solutions. But more importantly, those



Combine application-based plans with time-of-day charging to shift network usage to off-peak and improve network congestion

applications being used for zero-rating are tracked closely by Sandvine's application identification engine to ensure accurate classification for billing purposes. Sandvine has relationships with many high-profile OTT providers to ensure that our application signatures are maintained via a unique set of APIs.

Prioritized QoS

Some service plans may offer to prioritize a specific type of application during times of congestion for a subscriber. With these plans, when a subscriber is given a "fair use" allowance during times of congestion, the Sandvine solution can prioritize that specific application type (video, social networking, etc.) to enhance Quality of Experience even during peak usage times.

User Insights

Sandvine's Analytics engine provides insightful and actionable data on user behavior and application usage to offer plans that balance demand with bandwidth. To ensure profitability, Sandvine helps find the "sweet spot" of applications to zero-rate; those that are widely used, but aren't bandwidth intensive (See **Figure 3** below).

Figure 3

Identify the best applications and categories to zero-rate with Sandvine's analytics engine



Fast and Flexible Plan Creation

Sandvine's policy and charging capabilities allow for fast plan creation, where new plans can be rolled out for prepaid or postpaid customers in as little as a few weeks, which can be critical as new applications can take off and have short-lived time in the market. When it comes to policy and charging, Sandvine closes the loop by matching the same granularity of traffic identification with granularity of plans, without complexity or slow time to market.

With the power of zero-rating, give consumers a personalized experience with the price-certainty they demand, and therefore increase revenue and customer retention.

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ABOUT SANDVINE

Sandvine helps organizations run world-class networks with Active Network Intelligence, leveraging machine learning analytics and closed-loop automation to identify and adapt to network behavior in real-time. With Sandvine, organizations have the power of a highly automated platform from a single vendor that delivers a deep understanding of their network data to drive faster, better decisions. For more information, visit sandvine.com or follow Sandvine on Twitter at [@Sandvine](https://twitter.com/Sandvine).



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