

Still not convinced that some EU telcos are trying to foreclose the mobile cloud storage market?

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In April 2014 Digital Fuel Monitor published a list of potentially anti-competitive zero-rated apps by 8 incumbent telcos in 9 European member state markets.

Zero-rated apps are telcos' own or their partners' applications (e.g. Orange cloud, Facebook, Spotify, etc) that enjoy a special price discriminatory treatment. The mobile data volume generated by these apps does not deplete the end-user open mobile internet volume allowance (unlike any other 3rd party apps and services).

Focus on zero-rating mobile cloud storage apps

In this insight we take a closer look at telcos' own zero-rated **mobile cloud storage** apps in Europe. What makes the mobile cloud storage market interesting from antitrust point of view is the fact that it is a **well established, growing market with billions of Euros in annual revenues**. A number of big internet companies like Google, Microsoft, Apple, Amazon and a plethora of start-ups such as Dropbox, Box, SugarSync, Mozy, CloudMe, justcloud, Carbonite, livedrive, Tresorit, Hightail, TeamDrive, Infnit, etc. are fighting for consumer attention in a competitive open market.

However, the mobile cloud storage market in Europe is just about to stop being open and competitive.

Some European incumbent telcos are forcing consumers away from 3rd party mobile cloud storage apps (Dropbox, Google Drive, etc) by applying end-user based price discriminatory practices. While the volume generated by 3rd party mobile cloud storage apps depletes the consumers' monthly mobile volume allowance like any other app used over the mobile network, telco's own mobile cloud storage apps enjoy a special treatment: consumers could use the apps free over the mobile 3G/4G networks and transfer tens of gigabytes or unlimited volume.

This price discrimination deprives consumers from choice and places all 3rd party competitors at a competitive disadvantage. Will consumers select a 3rd party mobile cloud storage app (e.g. Dropbox) if they would have to pay telcos hundreds of euros for the generated data traffic under their open mobile internet access allowances? Or simply ditch 3rd party apps for the telcos' own mobile cloud storage apps were all the data generated is free of charge (volume is zero-rated over the mobile networks)?

Well we have no doubt and Mobistar (Orange) in Belgium seems to agree with that. For all those who were not convinced by the superior mobile cloud storage functionality of Mobistar's app the operator makes an offer which consumers cannot refuse. Mobistar offers free access over their mobile network as seen in Exhibit 1 below taken from Mobistar's web site (translated to English by Google translate). So if a consumer was to

transfer 10 Gigabytes over Mobistar's mobile network and store it on their Dropbox online cloud app they would have to pay to Mobistar €75 (That is 10 Gigabyte x €7.5/Gigabyte, source dfmonitor.eu/Orange/) . The consumer will pay nothing by transferring 10 Gigabyte on their 16 Gigabyte Mobistar zero-rated Mobile Cloud app!

Exhibit 1 "Still not convinced?" Mobistar's marketing pitch. Key selling point: free access via Mobistar's mobile internet

Still not convinced? Compare!

	Mobile Cloud	Dropbox	Google Drive	SkyDrive	iCloud
Automatically protect the data on your Smartphone or Tablet					
Photos	✓	✓	✓	✓	✓
Contacts	✓	-	-	-	✓
Videos	✓	-	-	✓	-
Music	✓	-	-	-	-
Other documents and files	✓	-	✓	-	-
Secure environment					
Datacenter in Europe	✓	-	-	-	-
Secure data transmission	✓	✓	✓	✓	✓
Encrypted data	✓	✓	✓	✓	✓
No hidden fees					
Free access via mobile internet Mobistar	✓	-	-	-	-

Source: Mobistar website, translated to English by Google translate

Premium Digital Fuel Monitor research: case-by-case analysis

In the full version of this report, available for Digital Fuel Monitor subscribers at http://dfmonitor.eu/insights/2014_june_cloud), we present a list of all European incumbent telcos that are zero-rating their own mobile cloud storage applications. For each case we present the mobile operator's name, the main terms of zero-rating and as well an estimation for the monthly cost a consumer would incur to transfer 10 Gigabyte over the mobile network of the operator when using a 3rd party, non-zero-rated mobile cloud storage app. So far we have identified 3 incumbent telcos zero-rating their own mobile cloud storage apps in 5 European member state markets. In one big European market in particular both the number 1 and number 2 mobile operators which may command "collective dominance" (more than 60% market share of the access market) are zero-rating their mobile cloud storage apps. The antitrust authority of the European Commission has already gained privileged access to all the information and analysis.