What You Need to Know About Controlling the Costs of Mobility

Changing the Economics of Mobile Connectivity
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The Problem: Mobile Connectivity Costs are Spiraling Out of Control

Corporate spending on enterprise mobility is growing exponentially with no apparent ceiling. Even with the trend towards employee liable devices, enterprises are still forecasting large mobility cost increases. In a recent iPass survey of enterprises 51 percent believed mobile connectivity costs would outpace inflation with an increase of at least five percent over the coming year – 24 percent believed costs would increase by more than 10 percent.

That’s the good news. The bad news is that most businesses can only estimate their mobile connectivity costs, because much of it is hidden in departmental budgets and expense reports. In fact for 31 percent of enterprises the mobility budget is departmental, with 15% of enterprises the cost lies with the employee, and only 48% look at their mobility costs on at least a quarterly basis.

With the growth of the mobile workforce, combined with fragmentation of the market, the steepest rise in the cost curve is still approaching and most companies are completely unprepared to manage the impact. Consider just a few of the cost drivers now converging on the corporate wireless cost line:

- The mobile workforce is growing. Forrester Research expects that mobile workers will make up 73 percent of the global enterprise workforce in the near future. While enterprises are looking to push mobility costs out to the employee, they are still funding access for senior employees in the organization. In the iPass survey, enterprises report they spend on average $124 a month per executive and $111 per month per field salesperson. According to Gartner, mobile costs garner approximately 20 percent of an enterprise’s total IT budgets and that number is growing.

- Per-user rates for mobile services are surging, fueled by device proliferation, multi-device ownership and thousands of bandwidth-hungry data apps for Android and BlackBerry smartphones, iPhones, iPads and laptops.

- Device innovation and service fragmentation are making mobile connectivity increasingly complex and hard to manage. Employees are using more devices with more types of connectivity, and they are increasingly using them with user-purchased service plans. Every byte hits the enterprise budget, but the impacts are often buried in expense account details.

- Corporate data is now as mobile as the corporate workforce with little attention to security or access. IDC estimates that 70 percent of enterprise data now resides on mobile devices, yet three out of four companies lack comprehensive policies for managing and securing all of their mobile devices. Securing these devices is a compliance mandate and carries its associated cost burden.

Economic Levers for Enterprise Mobility

What You Need Now: Proactive, Policy-controlled Mobility Management

To bring mobility costs firmly under control, you need the ability to manage users, devices and wireless network services throughout their separate lifecycles, from purchase and provisioning through configuration and testing, to deployment and service management. Specifically you need three key capabilities:
Cost visibility - The costs of mobility must become visible to you, as well as your users. You should have tools and metrics for monitoring and reporting on users, devices and service utilization. You should be able to easily analyze your company’s overall spend and help department heads manage their budgets and spend. You and your finance teams need to understand 3G use by individual employee, including domestic and international roaming. You need to know who uses free and paid Wi-Fi services, who are the heavy service consumers and who are the lightweights. Most importantly, all of this information must be consolidated across devices, service providers and geographies and made easily available though a single management interface.

Policy enforcement - Once you have visibility into service utilization and costs, you need the ability to control those costs through policy implementation and automated enforcement. Business policies can contain costs by limiting or blocking domestic and international roaming, alerting and limiting overall usage and enforcing cost-effective connection choices. You can also mitigate risks and enforce secure connection behavior by authenticating users to corporate networks, preventing connection to insecure Wi-Fi networks, requiring the use of a VPN and other security checks.

Centralized control of the mobile user experience - Perhaps the most effective lever available to you for changing the economics of mobility is the ability to manage, mediate and optimize the mobile user experience. You need to eliminate “no connection” downtime by delivering the widest possible selection of network resources. You need to guide users to the connection offering the best access experience at the most cost-effective price point, simplifying the selection and connection processes to reduce help desk costs. Finally, you need to simplify and automate the security practices and behaviors that are required by policy, so that compliant behavior is always the default.

All of this should be centralized to give your finance team a view into these costs and provide a far more effective and efficient way to manage resources without having to go to multiple systems, databases and people to pull data. Until recently, companies seeking these types of management controls over mobile users, devices and costs had only two choices: to undertake the development of a customized in-house solution, or to enlist the services of multiple third party managed service providers. However, there is a compelling third choice that is open and can fundamentally change the economics of mobility.

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The Solution: Enterprise-defined Mobility Services

The consumerization of IT trend that has been at work for the last five years has resulted in an unmanageable situation for enterprises. In a recent iPass survey, 73% of Enterprises reported allowing access from non-IT managed devices, and 41% reported that they had less control of enterprise mobility than in the past. What you need is your very own mobility service that enables you to mix and match networks and devices. You should be able to provide any mobile employee with an unsupported device, executive or otherwise, device support that is manageable and straightforward.

A comprehensive Enterprise Mobility Service implementation can change the economics of mobility by enabling carrier independence, containing high connectivity costs, lowering end user support costs and reducing the burden of mobility administration. It should deliver new levels of insight and control that drive down expenses and reinforce security.

An Enterprise Mobility Services portfolio should include modular services that can be customized to match the needs of the enterprise. These services should include:
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A service that orchestrates policy-based internet and corporate access for all remote users on any mobile device, ensuring ease of use and access

A service that offers companies deep reporting and analytics on mobile usage across all their networks and devices

A powerful policy enforcement service that enables IT staff to apply and enforce cost and compliance measures across the mobile workforce by deploying a wide variety of connectivity and device oriented policies in real-time

A global broadband network, with network coverage in multiple countries including thousands of hotspot access points

Enterprise mobility services should empower you to take control of service delivery, cost and risk. Thus you should have the flexibility to build your services to your corporate standards and mobile workforce needs. This can be accomplished with an open platform architecture. An enterprise mobility services platform could provide a cloud-based service delivery system combining software elements—both on the mobile device and in the cloud. Built on an open architecture, the platform would provide unrivalled choice in access, devices and services to help you manage the pace of innovation. By providing unprecedented visibility into and control of your mobility services, it also would help you drive down the total cost of connectivity.

**Identifying Near-term Financial Impact**

Enterprise Mobility Services should deliver nearly immediate financial impact by giving you the visibility and control capabilities to quickly take command of mobile data services. Some of the most profitable and widely available cost-reduction opportunities should include:

**Avoiding international roaming charges** - Today’s international roaming charges commonly range from $3 up to $20 per megabyte. At those rates, if just 1 percent of your mobile users incur a roaming charge, the result can be a 20 percent surcharge on your overall monthly 3G data spend. Really big surprises create really bad internal PR for users, management and IT, and the problem will only get worse as 3G/4G access bandwidths increase. Finance teams need insight to anticipate and manage these expenses.

The iPass Open Mobile Platform enables mobility services that give companies three types of levers on international roaming costs. First, they make roaming activity visible through reports and real time alerts that can be sent to users, IT, line of business managers and finance. Second, they provide multi-layer controls capable of detecting and disabling roaming connections, or allowing roaming with enforceable usage limits and user alerts. They allow companies to impose persistent carrier-independent roaming blocks, to route connections to the least-cost option available, and to control centrally managed carrier roaming settings. Third, iPass provides the option to use the iPass Mobile Network. As the world’s largest multi-technology mobile access network, this affordable access solution provides the best and largest Wi-Fi network as an inexpensive offload for international travelers, and simplifies the use of iPass vetted free hotspots wherever and whenever they are available.

**Reallocating underused 3G subscriptions** - For various reasons, most organizations find that 30 to 50 percent of the 3G cards issued to employees go unused each month. They generate monthly recurring service charges but deliver no value, creating what is in essence a surcharge on every active user account. The challenge is identifying the inactive cards in carrier invoices that typically show only bulk consumption data. The iPass Open Mobile Platform can provide monthly utilization reports that detail usage during the period. With detailed, per-user activity reporting in hand, you can
redeploy underused cards to more active users, shifting low-volume users to lower-cost Wi-Fi access plans. In an organization with 1,500 3G accounts, shifting the least active 20 percent to Wi-Fi only access can reduce mobility costs by up to $126,000 annually.

**Megabyte offload** - The era of all-you-can-eat pricing for 3G data services is coming to a close. AT&T’s recent move to limited data plans for the iPhone and iPad is the beginning of an industry-wide shift to usage-based pricing that will dramatically raise costs for heavy users and bandwidth-hungry applications.

The iPass Open Mobile Platform can help companies manage the impact of usage-based pricing by making visible actual patterns of consumption and cost, by individual user and by business unit. Monthly usage limits and user alerts can be enforced for mobile broadband connections from a Windows laptop. More importantly, they give companies policy-based control of connection behavior, making it possible to force users onto lower-cost connections through Smart Network Selection technology.

Moving megabytes to lower-cost connections delivers linear expense reductions. Documenting data traffic and distribution lets companies understand their actual consumption, giving them the ability to confidently reduce contract commits and safety buffers.

**Plan optimization** - Usage-based pricing isn’t the only change coming in mobility costs. As growing data traffic takes bandwidth increasingly scarce and valuable, carriers are introducing tiered pricing schemes designed to boost profitability. Companies that “set and forget” their user plans will inevitably incur needless overage charges and wasted megabytes, particularly in the case of high volume, highly volatile users. Regularly optimizing plan assignments requires detailed information on individual consumption patterns, but the costs and savings add up rapidly in a world where 70 percent of all employees have 3G data access.

The iPass Open Mobile Platform provides the detailed visibility into per-employee service utilization that is necessary to analyze and optimize plan assignments, especially for highly variable users. They also offer a wide range of control functions for optimizing service utilization within a plan. Over- and under-consumption can trigger alerts to users, IT administrators and line-of-business management. Connections can be blocked or diverted to avoid overage charges, and plans can be changed quickly and easily through the iPass Open Mobile Portal. Continuously optimizing 3G plan assignments based on individual utilization data can potentially reduce overall mobility costs by up to 50 percent.

**Carrier contract renegotiation** - Finally, companies that possess detailed per-user data on their 3G service utilization and can aggressively manage that utilization in real time are ideally positioned to extract favorable terms from their carriers at contract time. The iPass Open Mobile Platform delivers that insight, putting company and carrier on a level playing field. And by inserting a software layer between user and the network they reduce the costs of carrier switching, severing one of the most powerful forms of vendor lock-in.

**Other Cost Reduction Opportunities**

In addition to the large, near-term cost reduction opportunities described above, the iPass Open Mobile Platform offers many other ways to improve operational efficiency and enhance business value. Including:

- **Reducing help desk support costs** - By making end-user connection access as transparent and decision-free as possible, the Open Mobile Platform can significantly reduce help desk user support workloads and related costs.

- **Increasing end-user productivity** - By expanding the number of available access networks and adding a worldwide network of free Wi-Fi hotspots, the iPass Mobile Network reduces the time that employees are out of touch, and zero-click connections reduce time-to-productivity.
Reducing security and compliance risk – The Open Mobile Platform provides many opportunities to enhance security. IT Managers can enforce Wi-Fi login policies, restrict access by network type, protect authentication, restrict bridging, ensure the use of mandated security tools and kill rogue applications. The Open Mobile client provides detailed reporting to simplify compliance.

Reducing IT administrative burden – Open Mobile provides unified access to hundreds of access networks, and cross-platform connectivity management that simplifies device administration. Our extensible, cloud-based platform eliminates the need to buy and maintain your own infrastructure and integrates easily with your IT environment. Workflows expedite user provisioning and policy management.

Take Command of Enterprise Mobility Costs

iPass Enterprise Mobility Services delivered through the iPass Open Mobile Platform give companies the detailed visibility and analytical capabilities they need to understand their mobile connectivity consumption and costs. But they don’t stop there. They make that understanding profitably actionable through multi-level controls and the ability to implement and automatically enforce business policy across carriers, geographies and organizational boundaries. They give companies the knowledge and the tools to change the economics of mobility. To learn more about iPass Enterprise Mobility Services and the iPass Open Mobile Platform, please visit us online. The new, more affordable future of enterprise mobility is online at www.ipass.com.

About iPass

iPass helps enterprises and service providers ensure that employees and customers stay well connected. Founded in 1996, iPass (NASDAQ: IPAS) delivers the world’s largest commercial-grade Wi-Fi network and most trusted connectivity platform. With more hotels, airports, and business venues than any other network, iPass gives its customers always-on, frictionless connectivity anywhere in the world – easily, quickly, securely and cost effectively.

Want to read more about controlling mobility costs? Read “Lowering Your Smartphone Costs”.

Additional information is available at www.ipass.com or on Smarter Connections, the iPass blog.