



What Happens When 'Free' Runs Out?



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Operators are sitting at the threshold of an enormous opportunity as unhappy consumers look for OTT cloud platform alternatives

Ask mobile consumers about how they store and access their digital photos, videos, documents, music and more, and chances are they will mention one of many third-party cloud providers. The popularity of OTT cloud storage options such as iCloud, Amazon Drive, DropBox, Google Drive and Microsoft OneDrive is certainly not surprising.

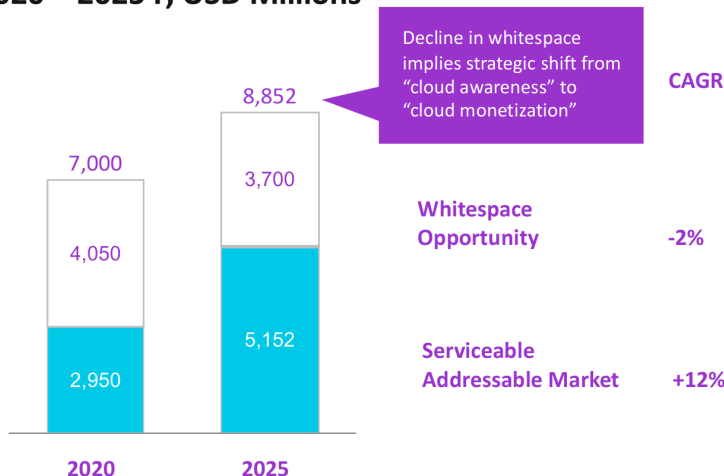
- In a world where multi-GB digital files are common and the cost for high-memory devices have skyrocketed, it's little wonder that smartphone users have turned to easily accessible cloud-based solutions that allow them to offload and safeguard personal content.
- Most OTT options have offered consumers a significant or, in some cases, an unlimited amount of free cloud storage in exchange for the expectation that users will eventually upgrade to premium paid accounts to access more storage space or richer functionality.

However, what has served as a lifeline for consumers who are happy to keep hundreds of thousands of pictures and videos safe and secure at no cost has begun to take a toll on OTT cloud providers.

The reality facing OTT cloud providers today is that growth in free personal cloud capacity in combination with rocketing data storage requirements because of increasing uploads means many of these plans are full or nearly full.



Serviceable Addressable Market Growth 2020 – 2025 F, USD Millions



Source: IDC, Arthur D. Little Research and Analysis

Key growth drivers include:

A

Continued growth in data generation and consequent storage requirements

B

Stagnant growth in free offerings by current market players

C

Continued evolution in personal cloud solution capabilities

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Storm Clouds are Gathering

The winds of change are already beginning to blow, leaving little doubt that the era of free cloud storage will soon be a thing of the past. Despite growing cloud storage requirements, dominant personal cloud providers have not increased free storage and have, instead, chosen to monetize their offerings.

Google, for example, [now caps free photo storage](#) at 15 GB for its Google Photo users as it officially moves away from an unlimited freemium model. And as the world knows, where Google goes, others are sure to follow.

Naturally, consumer reaction to the announcement was swift and, for the most part, biting. One Twitter commenter [wrote](#) that he didn't blame Google for ending its free unlimited service but did blame it for "using [the service] as a bludgeon to drive other services out of business, convince people to delete media to free up space, and THEN end free storage when it's hard for anyone to leave." Another [called](#) the move a "classic bait and switch" where the company convinced people to upload their entire photo archives with the promise of free storage and then changed the rules."

The simple fact is that Google's decision will drive tens of millions of unhappy consumers globally to rethink which cloud provider they prefer.

What this means for operators is that the coming cloud storage storm has blown open the door of opportunity for those operators prepared to offer disgruntled OTT consumers a safe, secure harbor via an operator-based personal cloud offering.

“ The move by Google, which will undoubtedly cause frustration for many consumers, opens the door for operators to leverage the cloud as a way to better serve their existing and future subscribers.

An Undeniable Revenue Opportunity

Considering the fact that telecom operators only own [about 1%](#) of the U.S. personal cloud user base today, some naysayers might say it's too late to get into the game. Nothing could be further from the truth.

In other words, there's plenty of potential revenue for operators who are willing and able to claim their share of the personal cloud market.

Operator Cloud: A Natural Fit

Cloud storage is nothing new in the world of telecoms, but Google's move presents an exciting opportunity for operators who already are well-positioned to take advantage of the growing consumer dissatisfaction with OTT cloud platforms.

Consumers are quickly growing out of their free personal cloud storage allowances. To store and protect the massive amounts of content being generated on their operator-powered smartphones and smart devices, more consumers will be willing to move to a paid personal cloud model that offers more benefits and features.

Consumers value data privacy and security. With [growing concerns](#) about the privacy of their data, consumers have become increasingly wary of the ability of OTT cloud platforms to protect their personal information. Operators, on the other hand, already have established solid reputations as trusted providers who are fully committed to safeguarding subscriber data and privacy. In other words, operators sit in the perfect position to capitalize on this higher level of trust that exists between themselves and their subscribers by providing truly private solutions for their end users.

Consumers want one-stop, easy-to-use, OS-agnostic convenience. Operators are able to provide a one-stop, feature-rich personal cloud platform accessible from all a subscriber's mobile devices as well as home computers. Some operators already are moving ahead with cloud storage offers that give customers unlimited continuous data backups from both their phones and their computers. Not only does this prevent subscribers from having to switch between multiple applications, they also are able to safely back up and access all their content in a single location as well as easily restore that data if a device is lost or transfer that data during device upgrades.

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Next Steps for the Operator

As noted earlier, platform providers who have a dominant share of the personal cloud users today have mostly failed to monetize their users. This leaves the door wide open for network operators to convert casual platform cloud users into paying subscribers.

For users to quickly see the value in moving away from OTT cloud platforms that simply collect and store their data to operators who are able to improve the customer experience in unique ways require an operator to take three steps:

- Shift mindset from that of a storage provider to one committed to enabling user generated content
- Launch an operator-branded personal cloud that accommodates all classes of data
- Ensure that the personal cloud experience is stellar and seamless

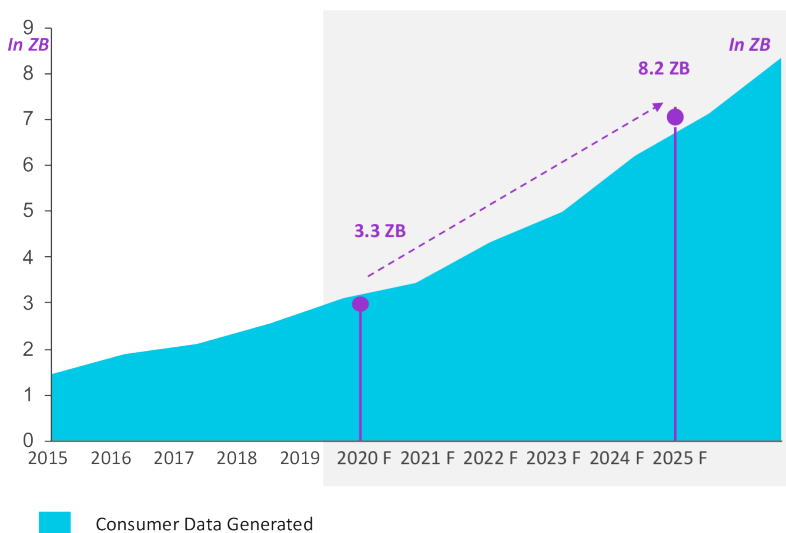
When operators take these steps and provide personal cloud solutions as part of a single billed monthly data bundle, operators will have a chance to create more touchpoints with their subscribers, engage with them in different ways, reduce churn and increase loyalty.

Some operators already have launched branded personal cloud products. If they have, now is the time for them to take advantage of the coming personal cloud market upheaval and double-down on efforts to raise subscriber awareness of their cloud offerings. In some cases, subscribers may not even know that they have access via premium plans.

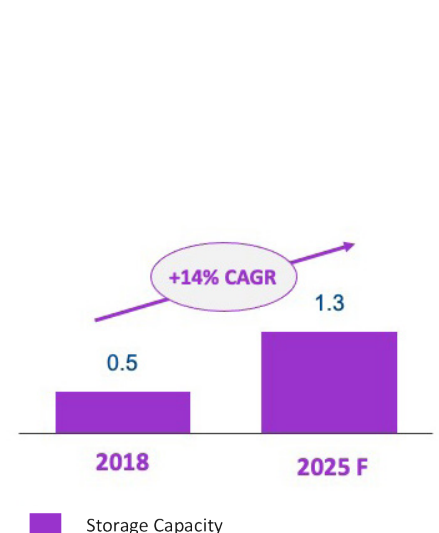
Operators that have been procrastinating when it comes to personal cloud offerings need to move quickly and fully embrace a decisive cloud strategy – one that will give them the opportunity to claim their share of the cloud storage space market and the resulting revenue.



Consumer Data Generated (datasphere)



Storage Capacity



Source: IDC, Arthur D. Little Research and Analysis

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Operators: A Safe Harbor for Subscriber Content

It is no secret that mobile operators have experienced [flat or falling](#) traditional telecom revenue. However, the massive wave of consumer privacy concerns coupled with Google’s decision to end free cloud storage has delivered to operators a lucrative opportunity to create new services, provide more value for subscribers, build brand loyalty and customer satisfaction, and strengthen their bottom line. The time has come to welcome subscribers into the safe harbor that is the operator personal cloud as it takes its rightful place alongside voice, messaging and data as a critical service for today’s connected customers.

“ Some consumers will inevitably make the switch from Google to another provider because they simply don’t want to pay a fee for their cloud storage. This is where operators come in.

About Synchronoss

Synchronoss builds software that empowers companies around the world to connect with their subscribers in trusted and meaningful ways. Its white-labeled personal cloud solution is used by some of the biggest companies across the globe – including British Telecom, SFR, AT&T and Verizon – to help their subscribers stay in sync with the people and content they love.

Learn more at <https://synchronoss.com/products/engagex/cloud/>