

Public IoT tariffs remain few and far between, but prepaid and LPWA tariffs are increasingly popular

December 2022

Ibraheem Kasujee

Only 30 IoT connectivity providers¹ publish details of their IoT connectivity tariffs in the public domain, according to Analysys Mason's *M2M pricing benchmark*. Most providers continue to use a consultative method to sell IoT connectivity whereby pricing details are only available upon request.

Nevertheless, it is still possible to identify trends in the evolution (or lack thereof) of IoT pricing over time using data from those providers that have regularly published their tariffs. Almost 75% of the tariffs from 2021 that are still available in 2022 are unchanged in price, while prepaid tariffs and dedicated LPWA tariffs are becoming more available.

The number of providers that publish their current IoT tariffs has increased only slightly the last 2 years

30 providers publish their IoT tariffs as of November 2022; this is only marginally higher than in 2021 (29) and 2020 (26). Most IoT connectivity deals are negotiated and agreed behind closed doors, and significant discounts over publicly reported prices are offered for large volumes. This means that public IoT tariffs do not fully reflect what businesses pay for IoT connectivity, but they do provide useful information on trends in IoT nonetheless. [Analysys Mason has long argued](#) that operators should be willing to publish their IoT prices and make it easier for businesses to buy competitively priced IoT connectivity. Indeed, they may be missing out on opportunities, and increasing the cost of sale, by not having public, simple to purchase IoT plans.

The lack of change in the total number of public tariffs is down to two counter-balancing factors.

- **Increased activity from smaller players.** Many of the recent additions to our benchmark have been smaller IoT players, including IoT MVNOs² such as Arqia (Brazil), Hologram (USA) and Truphone (UK) and small MNOs such as Cosmote (Greece) and Kyivstar (Ukraine). These players are more focused on winning smaller IoT opportunities (for instance, enterprises requiring fewer than 1000 IoT connections) than the larger MNOs, which tend to focus on large-scale opportunities.
- **Withdrawal of tariffs.** The number of tariffs being withdrawn is increasing. Indeed, ten of the tariffs that were live on providers' websites in 2021 are no longer available in 2022, while only four and six tariffs were removed in 2021 and 2020, respectively. The providers of the ten withdrawn tariffs in 2022 include MNOs, such as Deutsche Telekom and Telia, and MVNOs such as Soracom.

¹ This includes 14 MNOs, 12 IoT MVNOs or other connectivity providers and 4 resellers that sell MNO SIMs.

² IoT MVNOs' appetite for risk is discussed in Analysys Mason's *MNOs should be wary of less risk-averse, investor-backed IoT connectivity disruptors*.

The small number of public tariffs that remain available to purchase means that any trends are to be treated carefully, but a few are worth noting.

- **Most publicly listed IoT prices have remained unchanged.** 29 providers had live IoT tariffs in November 2021, 10 of which were no longer available by November 2022. Just five of the remaining providers changed their prices in 2022 (three increased their prices and two decreased their prices), meaning that almost 75% of tariffs were unchanged between 2021 and 2022. Three providers (AT&T, Verizon and China Mobile) have not changed their IoT tariffs since 2018.

The lack of changes in public prices could be due to low demand, meaning that operators feel no need to refresh their prices, or it could be because public prices are simply a starting point for negotiation, with the true price determined privately, therefore making the public price itself unimportant.

- **The number of available LPWA plans has increased.** The number of providers offering LPWA-specific tariffs (NB-IoT, LTE-M or Sigfox) increased from 8 in 2021 to 14 in 2022. This remains low, but suggests that there is a growing interest in LPWA connectivity.
- **Prepaid tariffs have increased in popularity.** A number of providers have launched new prepaid tariffs. This is undoubtedly at least partly due to the popularity of 1NCE's IoT Flat Rate, which launched in 2018. Indeed, several providers have launched tariffs that closely mimic 1NCE's IoT Flat Rate (see Figure 1).

Figure 1: Details of selected IoT prepaid tariffs³

Provider (tariff name)	Total cost	Data allowance	Contract length	Cost per MB
1NCE (IoT Flat Rate)	USD10	500MB	10 years	USD0.029
Telefónica Deutschland (Business Easy Europe)	USD10.50	1000MB	10 years	USD0.011
Vodafone Deutschland (IoT Easy Connect)	USD13.60	750MB	10 years	USD0.018
Truphone (Prepaid IoT World)	USD12	500MB	5 years	USD0.024

Source: Analysys Mason

IoT connectivity providers can help to reach the 'long tail' of the IoT market by providing simple pricing options in the public domain

The lack of publicly available information on IoT tariffs and the infrequency with which tariffs are updated is limiting the take-up of IoT among enterprises and developers that require a very small number of IoT connections. These potential customers are already impeded by the many complexities involved with getting into IoT for the first time, and simple, easy-to-purchase connectivity would help.

However, it is encouraging that IoT MVNOs and connectivity disruptors seem to be more willing to provide public information than their larger MNO counterparts. This may force MNOs to follow suit and publicly list their own prices, or perhaps launch (and publicly promote) similar tariffs themselves, as the example of 1NCE has shown.

³ Full details can be found in Analysys Mason's [M2M pricing benchmark](#).