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भारत संचार निगम लिमिटेड
(भारत सरकार का उपक्रम)
BHARAT SANCHAR NIGAM LIMITED
(A Govt. of India Enterprise)

VAS-15/ General Meeting/2013

Dated: 01-01-2016

(1)

To,

Sr. GMS/ GMS CMTS Nodal

North/ South/ East /West Zones

Subject: Changes in VAS policies to increase VAS revenue

A meeting to brainstorm future strategy for BSNL VAS was called under the chairmanship of Director (CM) on 24.09.2015 at 9th floor, BSB, BSNL Corporate Office. The meeting was attended by representative of major VASPs also.

The main agenda of the meeting was to brainstorm the policy interventions required to arrest the revenue fall after implementation of 2nd consent. The objective was to come up with set of recommendations, implementation of which would propel BSNL VAS into next trajectory of growth. It was noted that there has been average 35% fall in VAS revenue post CVPS era and it was felt that now the time has come to introduce structural changes in VAS business processes.

In the meeting, a detailed discussion on various policy related issues, as per agenda, was carried out. The brief details of various issues deliberated in the meeting are detailed here as under:

1. **Promotional Support:**

Current Practice in BSNL: Currently BSNL provide promotional support only for BSNL Branded Services. Only 10 TPS SMS capacities are available for free to other VAS partners. Throughput of given SMS capacity is also used to between 50-75% and that too without any delivery report.

VASP's Suggestion: BSNL should also allow other modes of promotions i.e. OBD E-1s, Cell broadcast, PCN and other ATL support to partners. These resources should be allotted on free of charge(FOC) basis, since they also have to invest to channelize the other resource i.e. OBD dialer. Promotional slots for Cell broadcast / PCN can be allotted on basis of revenue generated by partners. North zone is already using PCN for doing promotions for BSNL products. Cost of SMS promotions should be reduced and free TPS capacity should be enhanced. The issue of extended promotional support is discussed and agreed in various meetings in last 2-3 years but no actions have been taken so far. Some of the VASP suggested that BSNL should give 5 OBD E1 for free and rest at normal charges. They said BSNL can look in the options to provide promotion support on PCN, balance on demand, CBS and etc and may also see how BSNL can adjust all the

vendors. They said BSNL should provide these promotions on hourly slot for one month after seeing the CP product performance they can fix the promotion slots for next month as same method is followed in private operators.

2. **Infrastructure/additional Short Code Charges & Sharing of Infrastructure among VASPs:**

Current Practice in BSNL: Infrastructure Charges are levied on VASPs based on power consumption. BSNL is charging twice if vendor has deployed two different setup at same space and using same power for IInd setup. More over infra-sharing is also not allowed.

VASP's Suggestion: The infra charges for multiple setup should not be charged specifically if the same are located at single place at BSNL premises. BSNL has already defined infrastructure charges based on power consumption. Hence, if applicable the additional charges should be charged based on power consumption by additional hardware. Infrastructure sharing must be allowed this will help BSNL to reduce the operational issues and get some new vendor on board and also help Vendor to reduce cost burden. Infrastructure charges are neither imposed by any of the private operators nor by BSNL's sister concern MTNL for hosting and managing services in their network. As per industry standards, no such charges are applicable. Also, BSNL charges separately for additional short code allocation despite the fact that BSNL is already taking loin revenue share.

3. **Payment Realization:**

Current Practice in BSNL: Slow realization process with 90-180 day payment cycle, with no fixed TAT and responsibility defined for BSNL. On the other hand VASPs are supposed to submit the invoice within 30 days.

VASP's Suggestion: 45-60 days TAT should be defined to release the payment post that provision of interest should also be applicable. These are standard commercials as applicable across industry. This will help to create parity and fix the responsibility.

4. **Sharing of Customer profile data:**

Current Practice in BSNL: Presently no policy on customer profile sharing.

VASP's Suggestion: Circle/zonal team should provide data support to enhance the revenue, i.e. Balance Base, Subscribers segmentation, dedicated VAS team in circles & quick approval process. Presently only the list of active customer base is shared. They have no idea whether the customer is right target for throwing promotion as no ARPU related information is provided. This not only lead to sub optimal use of promotional resources provided by BSNL and less conversion ratio.

5. **Faster launch of new services:**

Current Practice in BSNL: In the current scenario each service/feature has to pass through long approval process at BSNL HQ, followed by equally and sometimes even

lengthy procedures at the circle/zonal level. Moreover, launch approval process is almost different for each BSNL zone.

VASP's Suggestion: Standard process to be followed across zone for timely launch of services. With defined TAT for approvals and launch of new services at HQ and zones.

6. **Additional incentive for increasing the revenue:**

Current Practice in BSNL: Currently the revenue share for across VAS services is fixed, irrespective of revenue contribution of VAS vendors. BSNL have policies to impose penalties in case of shortfall in Revenue commitment however there is no incentive/separate policy to encourage the VAS vendors to get additional vas revenue.

VASP's Suggestion: Incentive Revenue slabs should be linked with over and above revenue achievement of given target. This will give an equal opportunity to all the vendors and also give benefit to all the concerns.

7. **Provisioning & Content delivery of VAS services through multiple modes/ Platforms:**

Current Practice in BSNL: As of now the mode of subscription & content delivery is limited to the particular platform as defined in the agreement i.e. BSNL customer can choose the IVR based service only through dialing the short code and similarly SMS/USSD & WAP service can be subscribed through respective mode only.

VASP's Suggestion: Customer should be allowed to choose any of available service on IVR , WAP, SMS & USSD through all the available mode. And content delivery should also be allowed to multiple modes. This will provide multiple options to the customer to choose and avail the services and will defiantly helps us to get new customer on board.

8. **Validation of Customer complaints:**

Current Practice in BSNL: As of now there is no proper complaint validation of customer complaints in Call Centers (CC). Every customer complaint either related to use of service of charging related issue is being treated as forced activation complaint. CS executive are not trained to handle VAS related issues properly.

VASP's Suggestion: CC executive should be educated about VAS services and aware on further segmentation of VAS complaints and forced activation compliant through usage validation.

9. **Renewal of Agreement:**

Current Practice in BSNL: As per existing VAS policy, vendors has to sign separate agreement for each platform and validity period of each agreement is fixed. Even after achieving the agreed revenue commitment VASPs have to go repeat sign off process after the agreement validity period. Any delay in this signing process may lead to disconnection of connectivity and delay in payment processing at zonal level.

VASP's Suggestion: The Agreements should be without any validity period with the term of auto renewal of agreement. Which can be terminated by any party with a one month notices or any non-commitment of any specific term of defined Term and conditions. There must be single agreement if any vender would like to provide services on across platforms. This practice is being followed by other telcos and will help BSNL as well VAS vendors to reduce the paper work formality.

10. Centralized infrastructure:

Current Practice in BSNL: BSNL signs an agreement with VASP but VASP is asked to deploy its infrastructure in all zones. Centralized infrastructure may be allowed to be deployed for serving 2, 3 or 4 zones.

VASP's Suggestion: Allowing centralized infra will not only help VASPs in saving CAPEX and enable them to focus on generating revenue.

11. Removal of pamphlets or brochures condition in prevailing agreement

Current Practice in BSNL: As per agreement VASPs has to print pamphlets or brochures which reads as "VASPs may get pamphlets or brochures designed, approved, printed at least upto 2%.."

VASP's Suggestion: This clause may be deleted as now most promotion is done through SMS/DATA channels to BSNL subscribers. Promotion through pamphlets or brochures is costly and moreover its implementation to be monitored is very difficult to be ensured.

12. Try and Buy promotional scheme:

Current Practice in BSNL: No policy available.

VASP's Suggestion: VASPs may be permitted to launch services in which subscribers are offered services free for a period and charge after the expiry of trial period. 2nd consent for the charges may be obtained at the time when subscriber accept free trial offer.

13. Bundling of VAS products with FRC, STV etc:

Current Practice in BSNL: Presently only mobile TV is being bundled with data STV.

VASP's Suggestion: BSNL should bundle other products also with STV etc.

14. Unified code for activation:

Current Practice in BSNL: Every VASPs promote the services using its own codes.

VASP's Suggestion: Every operator except BSNL has launched unified portal for activating VAS services (121 or 123). It helps customer in activation of VAS as they need to remember only one code.

Current Practice in BSNL: No such facility exists.

VASP's Suggestion: Such facility will help in on boarding new subscribers. They are ready to give free content for such service.

16. Disconnection of telecom resources:

Current Practice in BSNL: Usually disconnected on expiry of agreement.

VASP's Suggestion: On many instances, zones disconnect the connectivity even if renewal of agreement is pending or extension of agreement being considered at Corporate Office causing loss not only to them but also to BSNL. Also services are disrupted and consumers are inconvenienced.

All the above issues and suggestions given by stakeholders were considered by BSNL management. It was felt that in view of the drastic fall in VAS revenue after implementation of 2nd consent changes in VAS policies are required. Accordingly following decisions have been taken by the competent authority:

i. **Promotional Support:**

Promotions is backbone of any revenue stream and for Mobile VAS, vendors are totally depended on Operator's resources for promoting their products. Limited allocation of resources is directly linked with penetration and growth of VAS revenue. Major competitors of BSNL like Airtel, Vodafone etc are not only doing BTL promotions but also ATL activities. Though it may not be viable for BSNL to go for ATL, due to financial crunch but adequate BTL resources to VASPs should be made available. Accordingly promotional resource allocation policy as detailed in Annexure –I is to be followed by CMTS Zones and Circles for allocation of promotional resources to VASPs.

ii. **Infrastructure/additional Short Code Charges & Sharing of Infrastructure among VASPs:**

In view of the fact that vendors are to encouraged to deploy more resources to enhance customer experience through innovative means and the fact that BSNL takes major share under the agreement in lieu of providing network and other infrastructure, no infrastructure charge on VASPs who have fulfilled their revenue commitment during last agreement period need to be levied. For new integration, Infra charges are to be levied from the date when first service is launched as per existing policy. Also, it has been decided that to persuade the VASP to launch new services additional short code charges may be reduced to Rs 25,000/- per zone per annum from existing Rs 1.25 Lakh per zone per annum.

iii. **Additional incentive for increasing the revenue:**

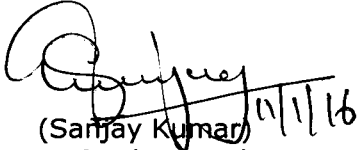
The additional revenue share will encourage VAS vendors to further invest in premium content and roll out more innovative service. In view of approval of competent authority for incentive scheme as detailed at Annexure-II is conveyed.

All the non-exclusive policies for operation of USSD, SMS, Data, IVR, OTA and Mobile TV and the previous instructions issued regarding above issues stands modified with immediate effect up to the extant mentioned above.

Instructions for rest of the issues has already been issued vide letter of even no. dated 16.12.2015.

All Zones and circles are requested to take immediate necessary action immediately. It is reiterated that above measures have been initiated in view of fall in revenue after implementation of 2nd consent and with the objective to increase the VAS revenue. Therefore it is imperative to not only implement these instructions but closely monitor the impact of these steps on revenue and accordingly suggestions, if any, may be sent to this office.

Encl: Annexure-I and II as mentioned above.


(Sanjay Kumar)
DGM (VAS-III)

Copy to:

1. PS to Director (CM), BSNL Board
2. All CGMs, BSNL Circles
3. All VASPs for i/f and n/a pl.

Policy for allocation of Telecom Resources to VASPs on FOC basis

OBD, USSD, SMS, Post call Notifications (PCN), Balance on demand (BOD), Cell broadcast info are the conventional VAS tools for promotions. The above mentioned resources can be allotted to VAS Vendors individually or on Slots basis on availability of resources, type of service, customer base, Revenue or number of vendors.

1. **Promotional OBD:** OBD is a good tool to educate & communicate to end user about the variety, benefits and features along with price points of service. BSNL is also having big capacity of pushing 30 sec OBD to 2.4 million customers per day, each installed in SZ and WZ. Only a small capacity of this is presently being used for internal purposes like payment reminder. BSNL can use this OBD capacity for making promotions of VAS services. Half of this capacity i.e. 2.4 million OBD may be used for this purpose. The promotional OBD's shall be provided by BSNL to VASPs to acquire the customers for IVR services. However while allocating OBD resources, it may be kept in mind that too much OBD promotional call to subscribers may annoy customers and may prove counterproductive. As per present policy OBD E1s are allotted to H1 IVR vendor only. However, it is felt that all other vendors also be supported by providing OBD support as per following:

Type of vendor	Policy for E1s allocations
PRBT vendor	15 E1s per circle
H1 IVR vendor	5 E1 per circle
H2 and H3 IVR vendor	10 E1s per zone or 0.2 million per day OBD push capacity from BSNL to each VASPs
Other IVR vendors	5 E1s per zone or 0.1 million per day OBD push capacity from BSNL to each VASPs.
Non-IVR vendors	Initially 0.1 million per day OBD push capacity from BSNL for a week to each vendor on rotation basis. H1 should be allotted first slot then H2 and so on. After 6 months of completion of first round, vendor showing the highest increase in revenue should be given OBD for two weeks from next round and so on. Such review should continue to be done every six months.

Other terms and conditions:

- i. VASP may opt for taking E1s from BSNL or OBD Push capacity in BSNL server as per above.
- ii. The E1s to be provided free of cost to VASPs.
- iii. H1, H2, H3 etc may be decided on zonal basis based on revenue of Q1 of every financial year. The status of H1, H2 and H3 may be reviewed in the month of August and accordingly the resources may be re-allocated, if required.
- iv. OBD may be installed on zonal or central basis. In case of central basis deployment E1s of zones would be clubbed and given at one place.
- v. No long distance call charges are to be levied on VASPs.
- vi. Zones have to ensure that same customer base is divided among VASPs in such a manner so that same customer is not covered again and again creating annoyance.
- vii. VASP must be registered with TCCCPR and has to follow all TRAI rules.

- viii. OBD through 3rd party is permitted. However, VASP has to submit a indemnification bond to hold BSNL harmless against any violation of TRAI rules by 3rd party.
 - ix. The format for the same shall be provided by Corp. Off.
 - x. Sharing of OBD dialer by VASPs is also allowed.
 - xi. If it is not possible to give all E1s from same exchange/SSA than the same may be extended from nearby SSAs.
 - xii. The E1s or OBD capacity to VASPs is to be provided on best effort basis and it is not mandatory on part of BSNL to provide all or some of promotional resources.
 - xiii. Only spare E1 or OBD capacity is to be used for the purpose of allocating resources to VASPs.
 - xiv. In addition to this on occasion of launch of contest or religious festivals or any other special occasion like independence day etc zones may provide additional free 5E1s capacity on temporary basis for a week's period to H1,H2 and H3 vendors in IVR segment.
2. USSD: Being an interactive mode of promotion, the USSD should be allowed for promotions and acquisitions of VAS service across platform. Being the non-intrusive promotion technique it is an effective medium also due to the fact that it consumes very little telecom resources. Following policy may be followed for allocating the resources:
- i. The links to be provided free of cost to VASPs.
 - ii. Initially H1, H2 and H3 vendors in each segment may be allotted 10 64 kbps links and other vendors may be allotted 2 64 kbps links.
 - iii. Setup may be installed on zonal or central basis.
 - iv. No long distance signaling usage charges are to be levied on VASPs.
 - v. Zones have to ensure that customer base is divided among VASPs in such a manner so that same customer is not covered again and again by different VASPs creating annoyance.
 - vi. VASP must be registered with TCCCPR and has to follow all TRAI rules.
 - vii. USSD promotions through 3rd party are permitted. However, VASP has to submit an indemnification bond to hold BSNL harmless against any violation of TRAI rules by 3rd party. The format for the same shall be provided by Corp. Off.
 - viii. Sharing of USSD G/w by VASPs is also allowed.
 - ix. If it is not possible to give all links from same exchange/SSA than the same may be extended from nearby SSAs.
 - x. The capacity to VASPs is to be provided on best effort basis and it is not mandatory on part of BSNL to provide all or some of promotional resources.
 - xi. Only spare capacity is to be used for the purpose of allocating resources to VASPs.
 - xii. In addition to this on occasion of launch of contest or religious festivals or any other special occasion like independence day etc, zones may provide additional free 5, 64 kpbps links capacity on temporary basis for a week's period to H1, H2 and H3 vendors under various non-exclusive policies and vendors of BSNL branded services.
3. SMS :
- i. The free TPS capacity is increased from existing 10 TPS to 20 TPS per zone for those vendors who have achieved the minimum Revenue commitment during last agreement under various non-exclusive policies.
 - ii. The BSNL branded service vendors should be provided free 50 TPS per zone. In addition to this on occasion of launch of contest or religious festivals or any

- other special occasion like independence day etc zones may provide additional free 50 TPS capacity on temporary basis for a week's period.
- iii. H1, H2 and H3 vendors in SMS/Data segment may be allotted additional 10 TPS FOC basis over and above 20 TPS.
 - iv. Setup may be installed on zonal or central basis.
 - v. No long distance signaling usage charges are to be levied on VASPs.
 - vi. Zones have to ensure that customer base is divided among VASPs in such a manner so that same customer is not covered again and again by different VASPs creating annoyance for customers.
 - vii. VASP must be registered with TCCCPR and has to follow all TRAI rules.
 - viii. SMS promotions through 3rd party are permitted. However, VASP has to submit an indemnification bond to hold BSNL harmless against any violation of TRAI rules by 3rd party. The format for the same shall be provided by Corp. Off.
 - ix. Sharing of SMS G/w by VASPs is also allowed.
 - x. The capacity to VASPs is to be provided on best effort basis and it is not mandatory on part of BSNL to provide all or some of promotional resources.
 - xi. Only spare capacity is to be used for the purpose of allocating resources to VASPs.
 - xii. H1, H2, H3 etc may be decided on zonal basis based on revenue of Q1 of every financial year. The status of H1, H2 and H3 may be reviewed in the month of August and accordingly the resources may be re-allocated, if required.
 - xiii. In addition to this on occasion of launch of contest or religious festivals or any other special occasion like independence day etc, zones may provide additional free 50 TPS capacity on temporary basis for a week's period to H1, H2 and H3 vendors under various non-exclusive policies and vendors of BSNL branded services.

4. Post Call notifications(PCN), Balance On Dial(BOD):

Such promotional resources can be extended to VASP's on slot basis on launch of new service, contest on concessional rates. This will help the VASPs as well as BSNL to create awareness about new service. The terms and conditions for allocation of resources will be following:

Initially 10 hr slot to each vendor on rotation basis. H1 (on zonal basis) should be allotted first slot then H2 and so on. After 6 months of completion of first round, vendor showing the highest increase in revenue should be given 20 hrs slots for next round and so on.

5. Promotion through mailer:

PRBT vendor and H1,H2 and H3(on zonal basis) vendors of non-exclusive policies will create HTML E-mailer send it to BSNL and BSNL would forward the same to their postpaid mobile landline and broadband customer.

Annexure-II

Policy for giving incentives for increasing top line revenue

For the purpose of calculating additional incentive there will be a fixed slabs based on top line revenue growth over last quarter achievement. This additional incentive will be applicable only for VASPs who have achieved minimum revenue commitment during previous agreement period. The additional incentive to VASPs shall be payable as per following:

Value in Lakh Rupees

Min. Add. Top line Revenue (over july-sep'2015 Quarter)	Add. Revenue share %	Add. Rev share to VASPs*	Rev. for BSNL
40	5%	3.5	6.5
80	10%	4.5	15.5
120	15%	6	24
180	20%	9	36
240	25%	12.75	47.25

*Basic revenue share as per existing agreement has been assumed as 30% for illustration purposes.

- The additional Revenue share will be payable on graded basis e.g. if a VASP has earned 25 Lakh additional top line revenue in last quarter in comparison to july-sep' 2015 quarter, he will be given 5% additional revenue share on first 10 Lakh amount and then 10% on rest of 15 lakh amount.
- VASP's has to submit Invoice for claiming incentive at zonal level within 60 days from end of quarter.
- Consolidated revenue figures of all zones will be provided by Corp. Off to zones within 30 days of end of last quarter.
- Additional incentive will continued to be paid at zonal level.