Consultation paper no. 1 of 2018

'creating a level playing field'

CONSULTATION PAPER ON FRAMEWORK FOR VALUE ADDED SERVICES (VAS)

OCTOBER 2018

TABLE OF CONTENTS

PREFACE

The dynamic and fast-growing Value Added Services (VAS) market has assumed critical importance in the telecommunications industry globally, providing additional revenue streams. Given the complexity and diversity in the nature of players in the VAS value chain, there is need to ensure fair competition and cooperation for sustained growth. This consultation paper discusses dynamics in the VAS market, challenges in the VAS market, frameworks in other jurisdiction as well as the proposed VAS framework for Zimbabwe.

This consultation paper on Value Added Services is intended to generate discussion and solicit views from stakeholders in the industry. The views and discussion points summarised within the document should not be interpreted as determinations of the Authority. The Postal and Telecommunications Authority of Zimbabwe (POTRAZ) requests the concerned stakeholders, experts, researchers and any other interested parties to send their comments/ suggestions or inputs either in electronic form or in written form on the various issues raised in consultation paper within 30 days from the date of the publication of this notice.

The consultation paper shall be available on POTRAZ website (www.potraz.gov.zw). In case any further clarification or information is needed, please email The.Regulator@potraz.gov.zw or write to:

The Director General
POTRAZ
1008 Performance Close
Mount Pleasant Business Park
P.O. Box MP843
Mt Pleasant
Harare

I. INTRODUCTION

Telecommunication services today have moved beyond their fundamental role of voice and SMS communications to a variety of non-core services called Value Added Services (VAS). Value added services are enhanced services, in the nature of non-core services, which add value to the basic teleservices and bearer services, the core services being standard voice calls, SMS and data transmission. Value added services are characterized as not a form of core or basic services but add value in total service offering. They also stand alone in terms of profitability and also stimulate incremental demand for core or basic services.

The nature of the VAS industry value chain is such that there are many diverse players; it encompasses content creators/providers, mobile advertisers, aggregators, technology enablers, telecom service providers and end users or subscribers. Over the years, complaints have been raised by various players over anti-competitive practices in the VAS market. In line with the mandate to 'maintain and promote effective competition between persons engaged in the provision of postal and telecommunication services and any activities connected therewith', as stipulated by the Postal and Telecommunications Act Chapter 12:05 POTRAZ decided to consult the industry with the aim of coming up with a framework for VAS. A well-developed framework will enable benefits to consumers, promote entrepreneurship and at the same time create additional revenue streams for the service providers. Effective cooperation and collaboration amongst various participants is a key factor to form a healthy eco system for provision of value added services.

The paper is divided into three chapters. Chapter I provides an overview of value added services, focusing on the VAS value chain, VAS classifications, content delivery models, VAS delivery platforms etc. Chapter II discusses the challenges in the VAS market. Chapter III summarises the regulation of VAS in other countries and Chapter IV discusses the proposed framework.

II. PURPOSE

This consultation paper on Value Added Services is intended to seek public feedback and solicit views from stakeholders in the industry in order to come up with a framework that ensures strong sector growth anchored on innovation, fair competition, affordability and good quality of services.

III. OBJECTIVES

The objectives of this consultation paper on the VAS framework are:

- To examine the various challenges facing the VAS industry
- To seek stakeholder recommendations to the challenges facing the VAS industry in Zimbabwe
- To come up with a harmonised framework for ushering growth in all segments of the VAS value chain
- To develop a framework that will enable benefits to consumers, promote entrepreneurship and at the same time creating additional revenue streams.
- To promote effective cooperation and collaboration amongst various participants for a healthy eco system for provision of value added services

IV. CONSULTATION PROCESS

The Authority is seeking the views and opinions of stakeholders regarding the discussion points made in this document. Stakeholders should comment on whether they concur or disagree with the viewpoints and provide explanations/reasons for each response. Recommendations are also welcome.

This document will be made available for public consultation for a 2 month period. Based on consultative feedback received on the above, the Authority shall prescribe recommendations in determining the VAS framework in Zimbabwe.

1. AN OVERVIEW OF VALUE ADDED SERVICES

1.1 DEFINITION OF VALUE ADDED SERVICE

Value Added service (VAS) is a popular telecommunications industry term for non-core services. Value added services are enhanced services, in the nature of non-core services, which add value to the basic teleservices and bearer services; the core services being standard voice calls, SMS and data transmission. Value added services are characterized as not a form of core or basic services but add value in total service offering. They also stand alone in terms of profitability and also stimulate incremental demand for core or basic services.

Question 1: Do you agree with the definition of Value Added Service above? If not in agreement, please provide reasons and suggestions.

1.2 CLASSIFICATION OF VAS

There are a number of ways in which Value Added Services are classified and categorised globally. Based on the study of existing services, Value Added Services can be classified into the following broad categories:

i) Entertainment VAS

This category constitutes value added services whose focus is on entertainment. This category covers games, trivias, music (ringtones), sport etc. The key differentiating factor of entertainment VAS is the mass appeal it generates as evidenced. These services continue to be popular and have become key revenue generators in the mobile VAS industry. Locally the most popular entertainment value added services include Ring Tones.

ii) Information VAS

These are value added services for the dissemination of information to consumers. Information value added services typically cover the following: News, Financials e.g.

stock market data, travel, assistance/help services, advertising services, weather updates, and advice amongst other services.

iii) Transactional VAS (m-Commerce)

These are the services that enable the processing of financial transactions through the use of telecommunication devices, mobile phones being the most prevalently used. Transactional VAS can broadly be classified into two types - mobile banking and mobile payments. Mobile payments cover a large array of business and commerce services as well as mobile wallet and payment services that require the user to pay for the purchase of physical or virtual goods via their mobile devices. The appetite for transactional value added services is very high in Zimbabwe.

iv) Utility VAS

The increasing proliferation of ICTs has created a unique opportunity to deliver utility services through VAS. This covers education, health, agriculture, banking amongst other areas. Telemedicine, a form of VAS, has been used to deliver health services in many countries. Value Added Services have also been used to deliver e-education; e-education can effectively supplement the formal institutional education network. M-Commerce is also considered a utility VAS; it is very popular in Zimbabwe as it offers convenient alternatives for the payment of utility bills such as electricity, water, pay-tv, internet, commodities etc.

Question 2: Do you agree with the given overview of the classification of Value Added Services? Additions are welcome

1.3 VAS DELIVERY PLATFORMS

Different technical Arrangements or platforms are currently being used by telecommunication service providers for delivering Mobile Value Added Services, based on the type of content. Some of the more common delivery platforms are as follows:

SMS: Short Messaging Services (SMS) based value added services are rendered to the public via SMSC. SMS based solutions are planned to provide an ideal solution for communication; whether it is communicating to group users or filtering response from your target users simultaneously communicate with a large group of audience, e.g. customers, employees or channel members. This mode of communication is the best to pass important messages like promotions, launches etc.

IVRS: This platform integrates computer and telephony to detect voice and touch tones using a normal phone call. The subscribers interact with an IVR system with or without embedded voice recognition technology for accessing VAS. With the advent of voice-enabled menu using speech recognition technique, IVR has become very popular as well as user-friendly application for both mobile and landline subscribers. Information can be heard on IVR, making it better accessible to people with impairments as well.

WAP Portals and GPRS: General Packet Radio Service (GPRS) is a non-voice service on GSM networks that provides the transmission of IP packets (containing audio/video data, web pages or text) over existing cellular networks. GPRS based solution are low cost solution for transactional data transmission. It is ideal for low bandwidth data connectivity between remotely based units by connecting the units to a centrally located server. WAP portal is a service, which enable users the access to Internet on the mobile. These include data based value added services such as MMS, entertainment games and Mobile TV etc.

USSD: USSD (Unstructured Supplementary Service Data) is a GSM, session-based protocol that is used to send text between a mobile phone and an application program in the network. USSD can be used for WAP browsing, prepaid call back service, mobile-money services, location-based content services, menu-based information services, and as part of configuring the phone on the network.

CMS: Call Management Services provide services like missed call alerts, call forwarding, voice mail, incoming call block etc.

STK: The SIM Application Toolkit allows for the service provider to house the consumer‘s mobile banking menu within the SIM card. STK is the most secure method for mobile banking. It allows the bank to load its own encryption keys onto the SIM card with the bank‘s own developed application. Thus the consumer‘s data can be stored on

the SIM Card and the consumer can be authenticated on the handset prior to having to carry any data across the mobile network.

Question 3: Do you agree with the given overview of the Value Added Service delivery platforms? Additions are welcome

1.4 VAS VALUE CHAIN

A typical value chain in the MVAS industry encompasses content creators/providers, mobile advertisers, aggregators, technology enablers, telecom service providers and end users or subscribers as shown in the figure below:

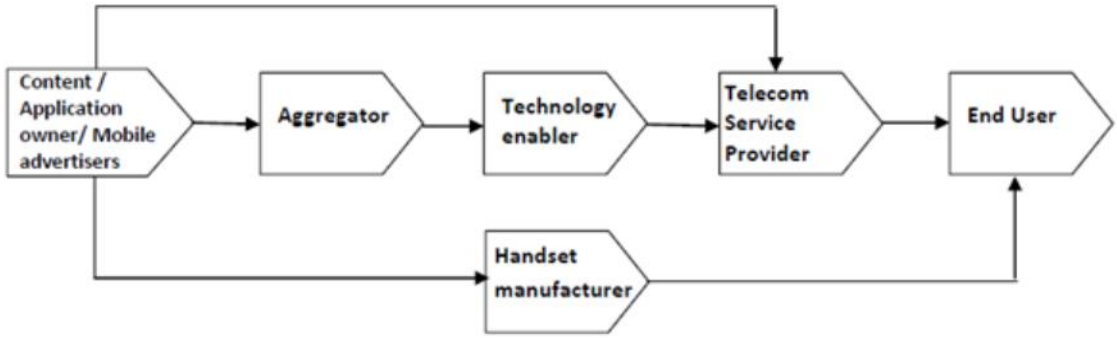


Figure 1 : Mobile Value Added Services Value Chain

Source: ASSOCHAM-Deloitte Study 2011

Content aggregation and provision of technology platform is usually performed by a single entity known as Value Added Service Provider (VASP). In the value chain of VAS, telecom service providers are very big entities in comparison to the content providers/content aggregators who are SMEs. Mobile handset manufacturers have also started playing an important role in the VAS value chain. Advertisers are also looking for higher delivery of marketing activities through mobile VAS platform.

(i) Content owner/ provider (CP)

Content Authors/Producers or copyright owners, also known as content owners provide the core content, which drives the VAS – which may be owned or sourced by them. Owners also define the rights for the usage of the contents. The content providers (CPs) enter into agreements with Value Added Service Providers (VASP) for regular supply of contents to the VASP. In some cases, such as content embedded in the handset, CPs make agreements with mobile device manufacturers.

(ii) Content Aggregators

These are the companies that aggregate content obtained from various content owners/providers, convert it into the digital or any other suitable format and make it available to technology enablers (value added service providers) or telecom service providers.

(iii) Technology Enablers

These are entities that provide the technology layer for the telecom networks, which in most of the cases also performs the task of Content aggregator. The platform is developed and the content from CP is transcoded/ re-sized based on handset capabilities. Finally, the contents are sent to the mobile user through mobile operator networks. Service discovery occurs through portals. The portal technology layer often includes a VAS platform, Mobile Application development, application hosting, MIS, reporting tools, operator billing, collection system and payment settlement engine. Technology enabler may or may not be dependent on content developers, e.g. mobile phone back up facility does not require any content from the developer; the solution is provided directly by the telecom operator.

(iv) Telecommunication Service Provider (TSP)

Telecommunication service providers/operators own the access network and directly facilitate the end users by providing end user billing and provision of VAS. They have commercial agreements or arrangements with the VASPs. Most of the time, they have the higher bargaining power and take up a larger portion of the revenue share. It is the responsibility of these telecom operators to deliver the VAS content to the end consumers in the VAS value chain.

(v) Handset manufacturers

In some cases, mobile handset manufacturers have a direct agreement with content owners or VASPs for content, which are embedded in the handset or terminal device, before sales to the end consumer. They receive a part of the revenue share for embedded content delivery. The handset manufacturer's maximum revenue, however, is received from the sales of the mobile handsets. An example of such content is games bundled with the mobile handset. They also provide features such as on-device portals, which are accessible through embedded links provided in the handsets.

(vi) End Users

End users or end consumers are the subscribers using the VAS content and services. They are the ultimate consumers of the value added services.

A number of entities are involved in the value chain, a well-defined structure does not exist; in a number of cases one entity performs one or more roles. The value chain is run via revenue share arrangements/commercial agreements between independent VASPs and telecommunication operators; and between VASPs and content providers or copyright owners including technology platform enablers or solution providers.

Question 4: Do you agree with the given overview of the Value Added Service value chain? Have any stakeholders been omitted? Additions are welcome.

1.7. CONTENT DELIVERY MODELS

There are mainly two arrangements through which the content is delivered to end consumer i.e. the on-deck model and the off-deck model.

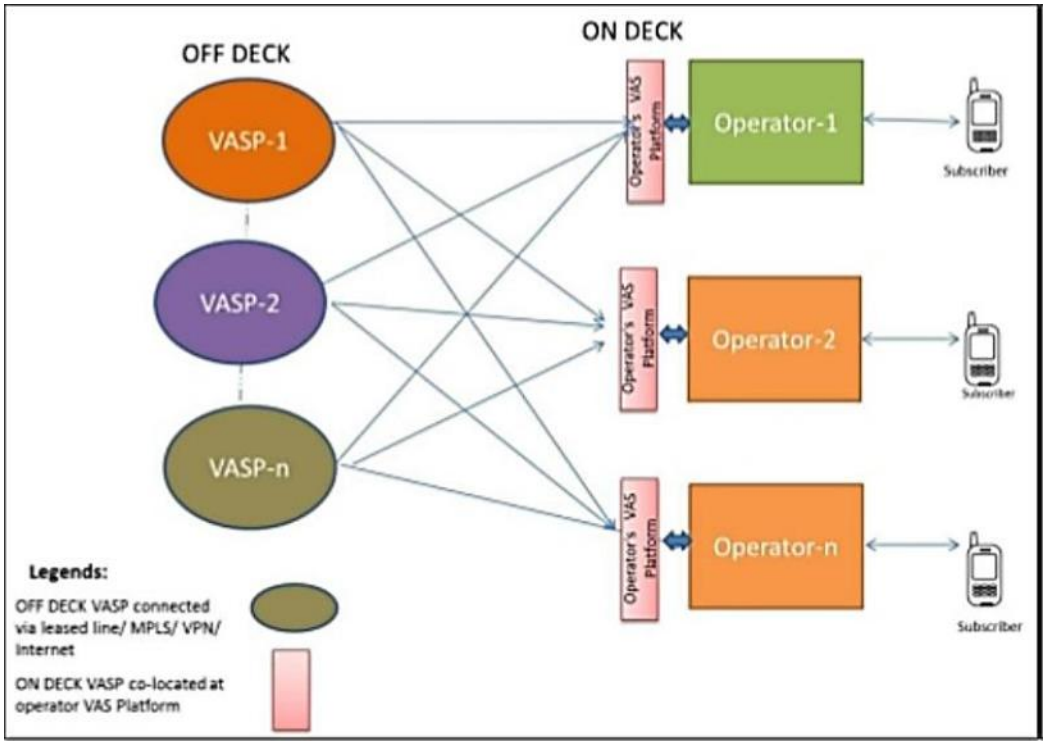
1.7.1. On deck model

In this model, the telecom operator undertakes the branding, marketing and selling of mobile VAS content. The billing is also done by telecommunications operator and it collects the revenue from subscriber. As a result, it retains the largest portion of revenue and the rest is shared among aggregators, content developers and other players in the value chain. This is the prevalent model in the Zimbabwean market.

1.7.2. Off deck model

In this model, the independent Value Added Service Provider sells content directly to subscribers. The content can be provided either through the operators' portal or through their short code. Ideally the short code should be uniform across all telecommunication service providers. This requires the Off-deck VAS provider to integrate with multiple operators to be able to use the same short code to provide services to subscribers across carriers. The revenue share dynamics of the off-deck model are opposite to that of on-deck model. Content developers and aggregators retain the larger portion of revenue and the rest is passed on to the telecom service provider.

Content delivery to the end user under the two models is illustrated in the figure below:



Source: TRAI 2011

Question 5: Do you agree with the given overview of the Value Added Service content delivery models? Input on additional models is welcome.

1.8. ACCESS TO VAS

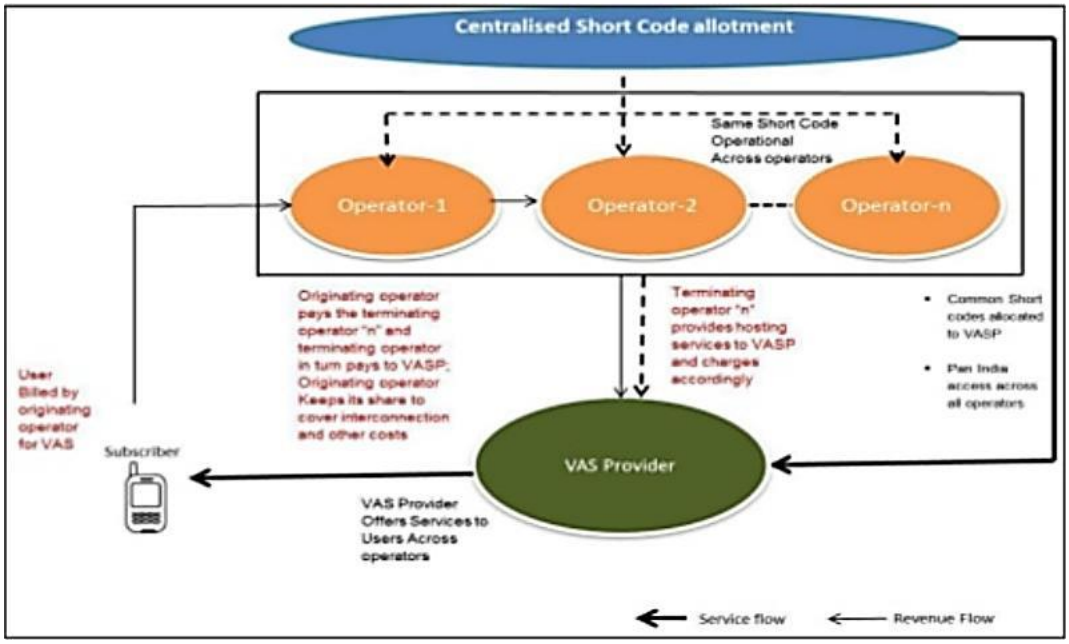
There are two main models of access to VAS by the end-user i.e. the walled garden model and the open access model.

1.8.1. Walled Garden

In the walled garden scenario, users can only access content on the telecommunication service provider‘s platform. The selection and placement of content is controlled by the telecommunication service provider. The telecommunication service providers decide what goes through their network and what does not. In the end, consumers can only use those services that are available from their network service provider‘s platform at a price fixed by the service provider. The walled garden approach is what prevalent in Zimbabwe.

1.8.2. Open Access

In an open access environment, services and applications are decoupled from the network service provison. This enables third party application service providers to compete with the telecom service providers in the provision of services, thus opening up network services for the provision of more applications/content based services. In such an open access environment, consumers pay only access/carriage charges to the telecom service provider and content charges to the value added service provider. Under this arrangement, VASP need not to approach and integrate with each service provider. Their recommended approach is shown in the figure below:



Source: TRAI 2011

Customers can access services offered by the VASP from any other service provider's network through a common short code. The originating operator collects charges from the customer and passes on to terminating operator after deducting relevant charges such as billing, customer care, interconnection etc. Terminating operator, in turn, passes the revenue collected from originating operator to the VASP after deducting charges such as transit charges etc. This arrangement will require a common short code to be used across all service providers. All service providers will be required to route the short code to the terminating operator where VASP has hosted its content.

1.8.3. Semi-walled Garden

Under the semi-walled garden scenario users can access the content available on the mobile operator's platform, as well as directly from other value added service/content providers. Users often have easier access to the content on the operators' platform, but will likely demand access to content beyond that selected by the mobile operator. The semi-walled garden model is more flexible for end users.

Question 6: Do you agree with the provided models of access to VAS by the end-user? If not in agreement provide reasons. Input on additional models is welcome.

Question 7: Which model do you recommend for Zimbabwe? Provide reasons.

2. STATEMENT OF THE PROBLEM

The challenges in the VAS industry mainly stem from lack of cooperation and fair play amongst the players in the value chain, in particular network service providers who are often accused of restrictive tendencies in the form of service denial and exploitative behaviour. A range of concerns and complaints have been raised on issues such as denial and delays in access to short codes, revenue share commercial agreements, lack of transparency and intellectual property violations amongst others. Furthermore, there is no framework for the provision of VAS especially related to privacy, legal and liability issues for the various players that hold them accountable on consumer protection issues including content. In essence, there is no dispute resolution for VASs.

i) Access to short-codes

There have been several complaints on unjustified denial of access to short codes by content providers. In the current framework, Short Codes are allocated to licensed Network Operators who are accountable to the Authority. Third parties who wish to use Short codes are required to approach the network operators and agree on terms and conditions pertaining to the use of short code. The Network Operator then applies for the short code(s) to the Authority. It is up to the individual telecom operator to review and accept or deny the request for a short code. There are no defined timelines within which the service providers are bound to approve/reject requests for short codes. Inordinate delays in request processing and allotment of short codes are common within the industry. In such a situation, services are delayed and sometimes are not launched at all. Even once allotted and deployed, short code services face issues such as arbitrary pricing and blocking of services that are deemed to be competing with the network operator`s current or intended services. This restricts innovation and the development of more applications.

ii) Revenue share

Owing to network ownership, telecommunication operators have greater bargaining power. The operator has greater influence on deciding the end user price as well as the revenue share. The revenue-share regime works mostly in the telecommunication

provider's favour. Telecommunication operators justify their revenue share with three costs – cost of building the market (i.e. entry & licence fees, branding, customer acquisition etc.); cost of usage of the infrastructure and costs of billing and collection. On the contrary the content providers/content aggregators severely complain and express their concerns that they do not get adequate share as telecommunication service providers retain a large share of revenue earned through Value Added Services. Essentially, this makes the return on investment or VAS content development unattractive thereby discouraging innovation and entrepreneurship.

iii. Lack of transparency

There is no transparency on the cost basis of the revenue sharing arrangements. There is a lack of transparency even in reconciliation of content transactions. In the absence of means of validating transactions and revenue earned, the account provided by the service provider usually prevails due to higher bargaining power. Transparent sharing of information can lead to fair reconciliation between the parties.

iv. No Dispute Resolution Mechanism

Furthermore there is an absence of credible systems to address disagreements and grievance redressal mechanisms pertaining to reconciliations, consumer protection and privacy issues and other legal and liability issues, including content.

v. Intellectual property

The first stakeholder in the value added services value chain is the Content Authors/Producers or copyright owners known as content owners. These entities provide the core content, which drives the VAS value chain – which may be owned or sourced by them. In the current scenario where content developers are required by the telecommunications service operators to submit their full business plans for consideration, there are bound to be a number of intellectual property violations. Also there is unlimited scope for abuse of dominance by the network service providers who wield market power in the delivery of VASs to the end-users.

vi. Lack of framework for VAS Providers

No framework for the various players in the value chain that make them accountable for consumer protection especially related to privacy and other legal liabilities, including dispute resolution mechanisms. VAS providers are not registered or licensed and are only accountable to network service providers.

Question 8: Do you agree with the above stated problems in the VAS industry? Kindly provide explanations for your response. Additional challenges that may have been left out are most welcome.

Question 9: Is there need for a regulatory framework to address the stated problems? Kindly provide explanations for your response.

3. FRAMEWORKS IN OTHER JURISDICTIONS

Separate licencing regime is available for value added service providers in Singapore, China, Malaysia, and Bahrain amongst other countries. On the other hand, in some countries there is no need to obtain a licence to be a VAS provider; a simple intimation to the Authorities is sufficient. In some jurisdictions such as the United States of America and Japan short codes are given to network operators as well as non-network operator VAS providers by the Authorities whereas in other jurisdictions such as ours, the walled-garden approach is used. An overview of the practices in other countries is as follows:

Nigeria

Nigeria has a Value Added Services and Aggregator framework in place and Value Added Service providers are licensed by the Nigerian Communications Commission (NCC). Network operators provide the final link to the subscriber but are not allowed to host or distribute VAS directly to subscribers without partnership with the content and application service providers. However, features such as call forwarding, conference calls etc. which are offered to subscribers without additional charges are not classified as VAS hence operators can offer them independently. There is no limit to the number

of Value Added Service to be licensed by the Nigerian Communication Commission. The number of active participants is left to market forces.

Under the framework, network operators are not entitled to common short codes assignment except for critical operator specific services for example access numbers to call centres, short codes for recharges etc. as approved. Licensed VAS providers apply and are granted short codes for use directly from the NCC. Network operators and VAS licensees are also barred from full or partial ownership of aggregator companies. A VAS revenue sharing structure and formula was agreed upon with weights allocated to cost components of VAS provision (see annex 1). The VAS charging models that were approved by the NCC were subscription based charging, pay per access charging and time based charging but never a combination of two or all of the charging models. This framework has led to transparency and expansion on the Nigerian VAS market.

Singapore

In Singapore value added service providers need a Service Based Operator (SBO) class license. SBO class licensees need to register with the Government Technology Agency (GTA) formerly known as Inforcomm Development Authority of Singapore (IDA). They have a code of practice for the provision of premium rate services. The main features of the code are transparency regarding prices, terms and conditions, advertising guidelines, opt-out procedures, timely billing and complaints handling. Value Added Services can be accessed using both the on-deck and off-deck models as per agreed commercial arrangements. The Government Technology Agency has the mandate of dispute resolution in the VAS market.

United Kingdom

In the United Kingdom, the Phone-paid Services Authority was appointed by Ofcom to carry out the regulation of premium rate services. Premium rate service providers need to register with the Phone-paid Services Authority and submit and maintain details of their services and numbers to the Authority. Services are regulated using a code of practice. Main features of the code are fairness, consumer privacy, consumer complaints handling and transparency regarding charges of services.

Australia

The Australian Communication and Media Authority (ACMA) regulates mobile premium rate services. Similar to the practice in the United Kingdom, all mobile premium rate service providers are required to register with the Communications Alliance before starting operations. Code obligations pertaining to the Register stipulate that registration is mandatory prior to the supply of any mobile premium services in Australia. The Communications Alliance is the industry body. The Communications Alliance has a code of practice on premium rate services (code C637 of 2009) which was approved by the regulator, the Australian Communications and Media Authority. The Code was developed by a Communications Alliance Code Working Group comprising representatives of industry and consumer groups. This code applies to carriage service providers, aggregators and content providers. The objectives of the code are to establish appropriate safeguards, fair practices and customer service requirements for mobile premium services. The code of practice has resulted in fewer complaints and disputes in the VAS market.

Japan

One of the most advanced markets in the world for Value Added Services is Japan, which has over 10,000 VAS companies which are serving content, services, applications, games etc. to the 4 telecom companies and thereby accessing the 160 million + consumer market of Japan. The open access approach is used in Japan. Mobile Value Added Services are provided both on-deck as well as off-deck. VAS regulations are in place and premium rate short codes are issued to non-telco VAS providers as well.

India

In India, consultations on the provision of VAS were carried out in 2011. However, there is currently no specific regulation for Value Added Services; however TRAI has issued a number of directives on Value Added Services targeting customer authentication, short codes and disclosure of tariffs.

Question 10: In what manner can the proposals for a framework for Value Added Services in Zimbabwe be drawn from the practices in other jurisdictions? What practices should be prescribed?

4. PROPOSED FRAMEWORK

It is pertinent for a framework for Value Added Services be put in place to address the challenges identified in Chapter 2 above. The framework would include:

- Adoption of open access model whereby Short codes will be issued to Network Service Providers, Aggregators as well as other VAS providers.
- Introduction of of class licences for content aggregators/VAS providers
- Code of practice for the provision of VAS of which any violations or breaches will be presided over by the Authority

4.1 LICENSING

There has been discussion in many jurisdictions on whether to have a licensing regime for Value Added Services. One of the key arguments in favour of a licensing regime for value added services is to ensure that the interests of small players in the VAS value chain are safeguarded. Another issue favouring licensing of value added services is for enabling promotion of branding and provision of value added services by the value added service providers such as content provider or content aggregators on their own and in their own brand name.

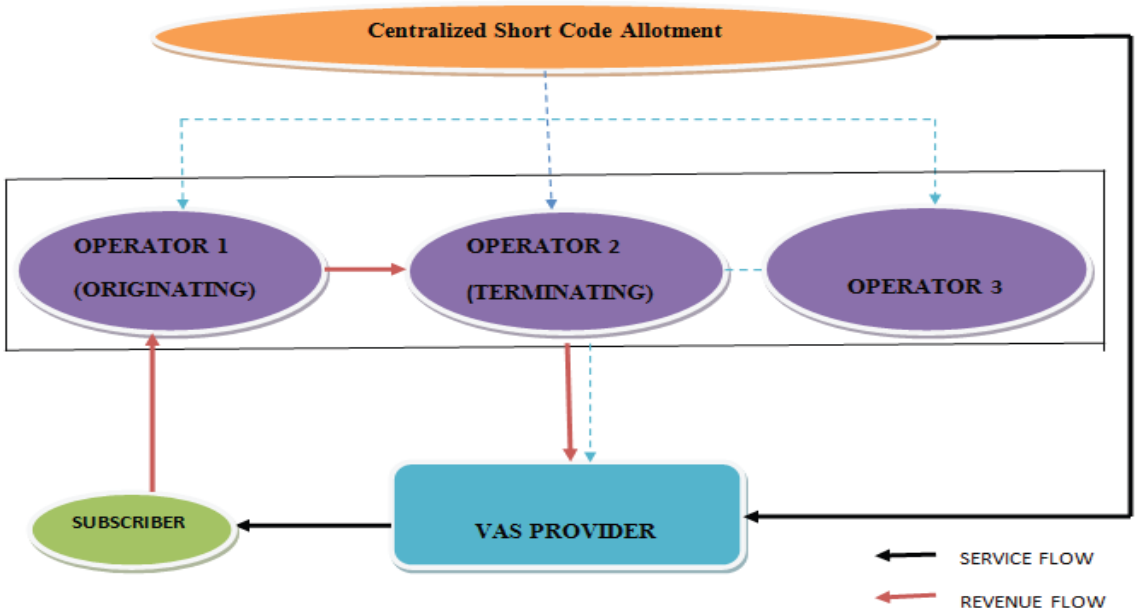
The Authority proposes the introduction of a technology and service neutral class licence for Value Added Service Providers in line with the converged licensing framework. This aids regulatory oversight in the VAS industry. The licence fees will be a nominal and affordable to the Vas providers.

Question 11: Do you agree with the proposal to introduce a technology and service neutral class licence for VAS providers/ aggregators in the VAS market? Kindly provide detailed a explanation for your response.

4.2 ADOPTION OF ACCESS MODEL

The Open Access model is recommended as the model that ensures fairness and promotes innovation in the VAS market. Open or non-restricted access allows a user to obtain content from any provider offering mobile content. In this the user has open &

unrestricted access to the content developed by the VAS providers (VASPs) without any intervention from the network operators. This content can be accessed independent of the mobile service provider's platform, through a link to any of the third-party content provider, through a Web browser on the mobile handset, by sending a SMS or accessing IVR. Access charges will be paid to the operator whereas the content charge will directly go to the VAS provider. This model will require a complete overhaul of the short code allotment framework; it will require moving away from the current framework where short codes are allocated to network operators only to a centralised short code allotment where short-codes can also be provided directly to third party VAS providers. This is illustrated in the figure below:



Source: TRAI 2011

Under this model, the operators open their networks, charge for access and keep the access revenues, charge a fee for billing and collection that could be open and published and clearly mark the cost of data access. This will help bring down walled gardens and help the operators run the access business separately while give the freedom to those who are in the content and services business to also participate. Consumers can access the content by the help of a uniform short code. The originating operator will pass the revenue after collecting billing, interconnection & customer-care charges; similarly the terminating operator will pass the revenue to VAS provider after deducting transit charges. The open access model may help solve the current challenges such as denial of access to content providers.

Question 12: Do you agree with the proposal to adopt an open access framework? Should short codes be assigned directly to third party VAS providers as well? What challenges could arise with such a framework?

4.3. SHORT CODE ALLOCATION PROCEDURES

A revamp of the current procedures may be effective in solving some of the identified challenges. Short codes will be issued directly AS aggregators and providers, but with improved regulatory oversight in the process. The proposed changes to the current procedure are shown in the table below:

Current Procedure		Proposed Procedure	
1.	Content provider/aggregator/VASP applies to network operator for access to short code for provision of VAS.	1.	• Content provider/aggregator/VASP applies to network operator for network services for provision of VAS indicating the nature and scope of service. A copy of the application should be simultaneously filed with the Authority. • In the case of a network operator wishing to offer VAS on their network, notification should be submitted to the Authority indicating the nature and scope of service.
2.	Operator responds to the request by the VAS provider	2.	• Operator responds to the request by the VAS provider. • In the case of rejection, the reason for rejection should be stated and justified; a file copy of the response to be simultaneously submitted to the Authority.
3.	Negotiation and signing of agreement between the 2 parties. The agreement includes:	3.	Negotiation and signing of agreement between the 2 parties. The agreement includes:

	• Commercial (sharing of revenue), • Technical issues • Purpose of Short Code required • Preferred short code(s) • Dates by which the allocation is required • Date service is planned to be operation		• Commercial (sharing of revenue) • Technical issues • Purpose of Short Code required • Preferred short code(s) • Dates by which the allocation is required • Date service is planned to be in operation
4.	The Network Operator applies for the short code(s) from the Authority and file the signed Agreement prior to the commencement of the provision of Value Added Services to the public by the Value Added Service Provider	4.	The VAS aggregator/ provider applies for the short code(s) to the Authority and files the signed Agreement prior to the commencement of the provision of Value Added Services to the public.
5.	Authority assigns the short code to the Network operator based on availability	5.	• Authority assigns the short code to VAS aggregator/ provider based on availability and on a first come first served basis. • A file copy of the short code assignment by the Authority is similtaneously provided to the VAS provider and network service provider.
		6.	• Disputes/complaints regarding access to the availed short code and provision of VAS will be directed to the Authority.

Question 13: Do you agree with the proposed revision of the current short code assignment procedures? If not in agreement kindly provide reasons. Additions are welcome

CODE OF PRACTICE FOR THE PROVISION OF VALUE-ADDED SERVICES

A code of practice is pertinent to protect consumers in relation to Value Added Services and stipulate a minimum standard of practice for providers of Value Added Services. The proposed Code of Practice is as follows:

4.3 CODE OF PRACTICE ON THE PROVISION OF VALUE ADDED SERVICES

POSTAL AND TELECOMMUNICATIONS REGULATORY AUTHORITY OF ZIMBABWE

CODE OF PRACTICE FOR PROVISION OF VALUE ADDED SERVICES IN ZIMBABWE

1. Introduction

1.1 In exercise of the powers conferred upon it by Section 4 of the Zimbabwe Postal and Telecommunications Act (Chapter 12:05) and all other enabling powers in that behalf, the Authority hereby make these Guidelines.

1.2 These guidelines are principally intended to prescribe a standard of practice for the provision of value added services and to provide a framework for the provision of these services.

1.4 The Authority shall at its discretion roversee the provision of value added services including monitoring, compliance and enforcement of these Guidelines.

2. The Objectives of these Guidelines are to:

2.1 Prescribe a regulatory framework that stipulates a minimum standard of practice for providers of VAS and to provide procedure for the provision of these services.

2.2 Provide guidance on the standard and procedure which network operators are expected to adhere to in the provision of VASs.

2.3 Ensure a well-developed telecommunications market in Zimbabwe with appropriate legal frame work that meets international best practice.

3. INTERPRETATION SECTION

The following definitions are hereby incorporated into these Guidelines.

3.1. **Licensee** means a person who holds a valid license-

a) Issued to him in terms of the Postal and Telecommunications Act; or

b) Transferred to him with the approval of the Authority.

3.2. **Network Operators** means a person or a business that provides carrier services (network services) in the wired or wireless arena or a person who monitors and maintains the operation of a communications service.

3.3. **Content Provider** means a person or a business that provides content. Content means any sound, text, still picture, moving picture or other audio-visual representation, tactile representation or any combination of the preceding which is capable of being created, manipulated, stored, retrieved or communicated electronically.

4. Scope and Operation

4.1 These Guidelines are made to provide a frame work for the provision of VASs, issuance of short codes and consumer protection.

4.2 These Guidelines are also intended to apply to Value Added Service Providers in Zimbabwe.

4.3 Short code (112) assigned for emergency services to the Zimbabwe Republic Police, Fire Service Brigade, and Hospitals or any other government agency dealing with security matters shall be common to all operators and will not attract any fees or usage charge by the consumer. All other categories of short codes shall be classified as premium.

4.4 The following categories of message shall not be classified as premium; any Help SMS or messages requesting for information or the termination of a service. Network Operators shall not charge End Users for these messages.

5. Application Process

5.1 The Authority may upon an application by a network operator or VAS provider grant authorization for use of the Short Code in a non-discriminatory manner.

5.2 The network operators shall ensure proper usage of the numbers in a fair and transparent manner. They will also ensure that codes are used for the purpose for which they were assigned.

5.3 Revenue sharing arrangement/agreements and related charges shall be cost based, fair and non-discriminatory. In cases where a dispute arises, such cases shall be referred to the Authority to resolve such disputes.

6. Code of Practice/Operational Guidelines

6.1 Value Added Service must comply with the following code of practice.

6.2 Value addede Service Providers will be primarily responsible for the contravention of any of the provision of these Guidelines and will face appropriate sanctions where applicable.

6.3 Value added Service Providers must ensure that value added service providers give the highest level of service to the consumer and those consumers:

a. have sufficient information to enable them make informed decisions.

b. have a convenient, fair and efficient means of resolving complaints arising in respect of content services using the availability of an independent complaints handling mechanism.

c. are sufficiently informed of the nature, prices, terms and conditions of using the service at the time of sale, in advertising and while using the services.

d. can distinguish content considered suitable only for adults or which should not be made available to children.

e. can readily access unsubscribe mechanism for each content service, to discontinue a service and avoid incurring further charges, without undue delay. Where refund is considered the licensee shall make the refund via the same medium or mode through which the amount was received.

6.4 No content service shall be promoted as being “free” if it is obtainable only by the use of premium rate service involving a charge to the customer.

6.5 All subscription terms and billing interval must be specified and there shall be no hidden charges, any associated charges for services rendered shall be disclosed.

6.6 The terms and conditions of service must outline the refund arrangements where the competition mechanism or voting conditions changes prior to entry.

6.7 The Network Operator shall submit Service Level Agreement or any other agreement with the Content Provider to the Authority

6.8 Where the types of services contemplated by the service providers require authorization from other government agencies; such authorization shall first be obtained.

6.9 The network provider shall maintain a customer support where complaints would be addressed within a reasonable time frame. In a situation where a complaint is not considered, reasons of decision must be conveyed to the complainant within a reasonable period of time.

7. Advertising and Promotions

7.1 The system must not be used to disseminate offensive, obscene or seditious information.

7.2 All terms and conditions including pricing information must be clearly spelt out and conspicuously displayed.

7.3 All advertisements and promotions must clearly indicate whether a service is a subscription or not; terms and condition of programme clearly stated and service pricing information clearly and conspicuously indicated.

7.4 All advertising promotional materials, and service help message shall clearly display the consumers right to "opt in" or "opt out" of any promotion, programme or service, whether subscription based or otherwise.

7.5 The Network operator shall build safeguard measures to the satisfaction of the Authority to ensure no sexually suggestive or explicit material is transmitted in the course of the service.

8. Dispute Resolution

8.1 Any dispute arising as a result of the operation of these Guidelines shall be resolved by the Authority within a reasonable period of time.

Question 15: Do you agree on the need for a Code of Practice for the provision of Value Added Service? If not in agreement kindly provide detailed reasons and alternative action that could be taken.

Question 16: Are the provisions of the draft Code of Conduct sufficient. Additional input is most welcome

LIST OF QUESTIONS

Question 1: Do you agree with the definition of Value Added Service above? If not in agreement, please provide reasons and suggestions.

Question 2: Do you agree with the given overview of the classification of Value Added Services? Additions are welcome

Question 3: Do you agree with the given overview of the Value Added Service delivery platforms? Additions are welcome

Question 4: Do you agree with the given overview of the Value Added Service value chain? Have any stakeholders been omitted? Additions are welcome.

Question 5: Do you agree with the given overview of the Value Added Service content delivery models? Input on additional models is welcome

Question 6: Do you agree with the provided models of access to VAS by the end-user? If not in agreement provide reasons. Input on additional models is welcome.

Question 7: Which model do you recommend for Zimbabwe? Provide reasons.

Question 8: Do you agree with the above stated problems in the VAS industry? Kindly provide explanations for your response. Additional challenges that may have been left out are most welcome.

Question 9: Is there need for a regulatory framework to address the stated problems? Kindly provide explanations for your response.

Question 10: In what manner can the proposals for a framework for Value Added Services in Zimbabwe be drawn from the practices in other jurisdictions? What practices should be prescribed?

Question 11: Do you agree with the proposal to introduce a technology and service neutral class licence for VAS providers/ aggregators in the VAS market? Kindly provide detailed a explanation for your response.

Question 12: Do you agree with the proposal to adopt an open access framework? Should short codes be assigned directly to third party VAS providers as well? What challenges could arise with such a framework?

Question 13: Do you agree with the proposed revision of the current short code assignment procedures? If not in agreement kindly provide reasons. Additions are welcome

Question 15: Do you agree on the need for a Code of Practice for the provision of Value Added Service? If not in agreement kindly provide detailed reasons and alternative action that could be taken.

Question 16: Are the provisions of the draft Code of Conduct sufficient. Additional input is most welcome