national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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Ref: RT15-2016

CONTRACT CIRCULAR: RT15-2016 FOR THE SUPPLY AND DELIVERY OF MOBILE COMMUNICATION SERVICES TO THE STATE FOR THE PERIOD 15 SEPTEMBER 2016 TO 31 AUGUST 2020

1. PURPOSE

The purpose of this Contract Circular is to inform State Institutions about the Transversal Contract RT15-2016 for the supply and delivery of Mobile Communication Services to the State for the period 15 September 2016 to 31 August 2020. The contract is facilitated by the National Treasury and has been put in place to be utilized by all State Institutions.

This Contract Circular is subject to the General Conditions of Contract (attached as **Annexure I**) issued in accordance with chapter 16A of the Treasury Regulations published in terms of the Public Finance Management Act, 1999 (Act 1 of 1999). The Special Conditions of Contract (attached as **Annexure H**) are supplementary to the General Conditions of Contract. However, where the Special Conditions of Contract are in conflict with the General Conditions of Contract, the former will prevail.

1.1 Please find the attached following documents in addition to this Contract Circular for your information:

Annexure A1: Enterprise Voice Bundle Solution;

Annexure A2: Hardware Fund for Devices

Annexure B: Participation Letter;

Annexure C: Enterprise Data Bundle Solution;

Annexure D: International Roaming;

Annexure E: APN Bundles;

Annexure F: Bulk SMS;

Annexure G: Guideline Policy Framework;

Annexure H: Special Conditions of Contract;

Annexure I: General Conditions of Contract;

Post Award

Annexure J: Device List;

Annexure K: Baseline for Migration;

Annexure L: Bearer-Locking

Annexure M: Municipalities Participation Process;

Implementation

Annexure N: Presentation of Mobile Communication Services;

Annexure O: Products and Services;

Annexure P: Education and Awareness Sessions;

Annexure Q: Auditing of Mobile Communication Services;

Annexure R: Communication Contact Details;

Annexure S: Accounting for Mobile Devices, Services and Hardware Fund;

Annexure T: Training of Administrators;

Annexure U: Frequently Asked Questions;

Annexure V: Administrator's Training Presentation;

Annexure W: Master Transversal Service Agreement;

Annexure X: Participation Agreement;

Annexure Y1 & Y2: Guide on Participation Agreement Period;

Annexure Z: Treasury Instruction Note 3 of 201718 Cost Containment Measures; and

Annexure AA: VAT increase from 14% to 15%.

Annexure BB: Usage View on Mobile Application

Annexure CC: Swim Swap

Annexure DD: Duplicated Modules on IFMS and SmartGov

Post Implementation

BACKGROUND

The National Treasury issued Circular No 2 of 2016/2017 addressing the transition period whilst National Treasury was embarking on a procurement process for the Mobile Communication Services. Circular No 8 of 2016/2017 supersedes Circular No 2 of 2016/201 wherein the transversal contract was awarded to Vodacom (Pty) Ltd.

2. THE PROCUREMENT PROCESS UNDERTAKEN

3. THE AWARD OF THE TRANSVERSAL CONTRACT

3.1 The Mobile Communication Services contract has been awarded to Vodacom (Pty) Ltd effective from 15 September 2016 to 31 August 2020. The transversal contract sought to eradicate the duplicate tender processes, leverage the scale of Government spend and to utilise mobile communication services more innovatively to improve service delivery.

3.2 The transversal contract is expected to reduce costs by approximately 40% of the current spend. State Institutions are required to work with the National Treasury and the Vodacom task teams that have been established to attain the 40% savings and to implement the transversal contract.

3.3 The approach for procurement of these services has changed from procuring of consumer type packages to procuring enterprise bundled solutions. For more information about the Enterprise Bundles you are advised to refer to **Annexure A and C**. The task teams will work with all State Institutions to rollout and implement the transversal contract.

4. THE SOLUTION AWARDED TO VODACOM

4.1 The contract has been awarded for the Enterprise Bundle solution which encompasses the Enterprise Voice Bundle (EVB) and the Enterprise Data Bundle (EDB).

4.2 This Mobile Communication Services contract is **no longer based** on **Individual Packages** but on **Enterprise Bundle (EVB and EDB) solution** that is pooled voice (minutes), data (megabytes) and messaging (SMS) across an Organ of State. This will eliminate bundle inefficiency by balancing low and high users against the average monthly usage calculated over a three month period.

4.3 Each State institution will be allowed to modify the enterprise bundle and implement the services to suit the individual requirements. Each State institution's enterprise bundle must be cascaded down to a 'per-user' usage based profile which will determine the fixed monthly subscription rate. This subscription will be reviewed every three months in order to allow an optimum usage allocation per user. Reporting and contract administrator functionality will be available via the Spend Manager tool.

4.4 During on-boarding (Phase 1), the utilisation of Mobile Communication Services in an State institution will be analysed to determine call pattern usage of all existing individual price plans. This will determine the scope and size of the EVB for the various State Institutions.

4.5 All Mobile Communication Services will be placed into a single pool to be aggregated for all employees to manage overutilization and underutilisation of Mobile Communication Services.

5. THE BENEFITS OF MIGRATION FROM THE CURRENT INDIVIDUAL PACKAGES TO ENTERPRISE BUNDLE SOLUTION

5.1 The use of mobile devices has moved from serving personal needs to **essential tools of trade** across State Institutions accessing sensitive State information. This solution calls for stricter controls to secure the information, which has proven to be a challenge when these are left to the end user's discretion.

5.2 The Enterprise Bundle solution will allow State Institutions to customise the monthly subscription; it will give the ability to enforce device standardisation (device, & package) across difference hierarchy levels in line with individual limits; It will afford the benefits of on-net rates by default before enjoying negotiated rates and it will offer convergence of mobile services with fixed line services.

5.3 The solution will allow the implementation of cost control measures like setting limits and soft locking and on reach of such, a State institution will realise savings from the employees who spend below the set limit. This is not possible with Individual Contract based model, as such savings are being realised by the end user, not the State institution.

5.4 There will be dedicated account managers for enhanced service on-site complemented by distribution channel (Franchise & Dealers) across the country; and there will be dedicated helpdesk for all State Institutions.

6. CONTRACT ELEMENTS

6.1 The Mobile Communication Services Enterprise Bundle (**primary products and services**) primarily includes the provision of:

- Voice minutes services;
- Data services;
- Short message service (SMS);
- Closed User Group services;
- Spend Manager which is aimed at providing complete visibility of usage and spend;
- A fund for the purchases of mobile devices to allow maximum flexibility in choosing the appropriate devices as a tool of trade for new users and users due for upgrades and
- Amongst other services (**secondary products and services**) are:
  - Unified Communications
  - Internet of Things;
  - Enterprise Mobility Management;
  - Insurance;
  - Loyalty program;
  - International roaming;
  - APN Bundles;
  - Bulk SMS;
  - USSD;
  - Push-to-Talk;
  - Value Added Services;
  - Security; and
  - Best Network (Coverage)

6.2 Each State institution will need to decide on the mobile devices that will be fit for purpose according to the requirements as will be defined in each Mobile Communication Services Policy. Standardisation of devices per certain category is encouraged based on the job requirements of each category.

7. STATE INSTITUTIONS (DEPARTMENTAL) MOBILE COMMUNICATION SERVICES POLICY

7.1 State Institutions participating in this Transversal Contract must amend their current Mobile Communication Services policies to be aligned with the Enterprise Bundle model concept contracted. In aligning the policies, the allocation guideline must also be finalised as part of each State Institution for the first six (6) months and thereafter optimum usage will prevail. The Service Provider will assist in this regard. The guideline policy framework is attached as **Annexure G.**

8. SERVICE LEVEL AGREEMENTS

8.1 Over and above this Contract Circular with its supporting documentation, State Institutions are still expected to sign Departmental / Institutional Service Level Agreements (Participation Agreement) with the Service Provider to ensure that their specific service requirements are met.

8.2 State Institutions will be allowed to use the Master Mobile Communication Services contract as a benchmark model for cost reduction measures.

8.3 It is expected that State Institutions utilise the EVB solution as it is intended in this Transversal Contract. This will ensure an effort to reduce costs and improve efficiency of Mobile Communication Services expenditure.

9. IMPLEMENTATION AND ROLLOUT

9.1 In order to effect implementation and rollout of the services, the State Institutions should provide the following:

- Completed participation letters, attached as **Annexure B** together with **Annexure K** where the State Institution has other service provider's lines other than the contracted Service Provider;
- The information from the participation letters will inform the priority list for implementation and rollout.

9.2 The project task team will ensure the following activities supplement the implementation and rollout:

- The provision of dedicated account managers for enhanced service on-site complemented by distribution channels (Franchise & Dealers) across the country to State Institutions for effective implementation and rollout;
- Education and awareness sessions held including training of Contract Administrators from September 2016 to December 2016 for State Institutions;
- The "As Is analysis" be conducted to understand the current contracts, scope the Enterprise Bundle to amend the policies and finalise the Service Level Agreements with the Service Provider.

9.3 The transition process will involve the following settings:

- For State Institutions that are on the contracted Service Provider, migration will take place to the contracted solution and upgrades of contracts will then follow where required;

- For State Institutions that are on other Service Providers, porting of contracts will take place to the contracted solution and upgrades of contracts will then follow where required;
- Quarterly spend pattern reviews will be steered to get to the optimal user usage;
- There will be continuous improvement and continuous change management.

10. ACCOUNT MANAGEMENT

10.1 Accounting Officers and Accounting Authorities will be notified where accounts are constantly reviewed (quarterly) upwards in order to ensure management controls are effectively set up on the Spend Manager tool to benefit from savings.

11. ENQUIRIES

Enquiries related to this Transversal Contract may be directed in writing to the National Treasury as follows:

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