RT15-2016: Mobile Communication Services

Enterprise Bundle for the State Institutions

Transversal Contracting: August 2017

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Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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Background

Cost savings alignment to the Budget Speech

"The Budget speech tabled in February 2016 is guided by the NDP. It is a budget for inclusive growth, it emphasises partnerships amongst role players in our economy, it prioritises education and infrastructure investment, it supports employment creation and it contributes to building a capable, developmental state.

In brief, it proposed one of the following:

- The expenditure ceiling is cut over the next three years by R25 billion, mainly by **curtailing personnel spending**.
- "The **40% savings** which relates to over a R1 billion in the next three years obtained on Mobile Communication Services will reduce the R25 billion expenditure""

Source: 2016 Budget Speech - Pravin Gordon, Minister of Finance

The need to strategically source commodities

The appointment of the CPO in 2013 led to numerous identification of projects for strategic procurement to leverage on buying power including the mobile communication services

CFST Established

Chief Directorate: Strategic Procurement established

The need to modernise Government processes for efficient service delivery

OCPO's aim working with all government institutions is to modernise and oversee the South African public sector SCM system

Where Government has been stuck for years!

Where Government is heading in the near future!

The bid process unfolded

The evaluation process unfolded

Phase 1
- Metro Lifestyle
- MTN
- Vodacom
- Telkom

Mandatory Bid Requirements

Phase 2
- Metro Lifestyle
- MTN
- Vodacom
- Telkom

Mandatory Technical Requirements

Phase 3
- MTN
- Vodacom

Functionality Requirements

Approximately 40% Savings negotiated

Phase 4
- Vodacom

Price & B-BBEE

The award of the mobile communication services contract

Policy Circular

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National Treasury
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Private Bag X115, Pretoria, 0001
Enq: Kwanele Mtembu **Tel:** (012) 315 5795 **Fax:** (012) 315 5058 **E-mail:** kwanele.mtembu@treasury.gov.za

Ref: 7/4/3/25

ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL INSTITUTIONS

ACCOUNTING AUTHORITIES OF ALL SCHEDULE 3A AND 3C PUBLIC ENTITIES HEAD OFFICIALS OF ALL PROVINCIAL TREASURIES

Dear Colleagues

MOBILE COMMUNICATION SERVICES

Please be advised that the contract for the supply and delivery of Mobile Communication Services to the state under RT15-2016 has been awarded to Vodacom (Pty) Ltd with effect from 15 September 2016.

As such, you are kindly encouraged to make use of the afore-mentioned contract when procuring Mobile Communication Services as this will ensure substantial cost-cutting benefits for your institution of up to forty percent (40%).

Accounting officers and accounting authorities must follow the prescribed process to participate in transversal contracts.

You are further advised that Circular No 2 of 2016/2017 addressing the transition period whilst National Treasury was embarking on a procurement process for the Mobile Communication Services has thus run its course and is being superseded by the contract circular: RT15-2016, which can be found at the link below:

http://www.treasury.gov.za/divisions/ocpo/ostb/contracts/default.aspx

Regards

KENNETH PILLAY
ACTING CHIEF PROCUREMENT OFFICER
DATE: 31-08-2016

Contract Circular

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Department:
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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 N**) 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 M**) 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 A : Enterprise Voice Bundle Solution;

Annexure B : Participation Letter;

Annexure C : Enterprise Data Bundle Solution;

Annexure D : International Roaming;

Annexure E : APN Bundles;

Annexure F : Bulk SMS;

Annexure G : Citizen Services Tools;

Annexure H : Vodacom Secure Device Manager;

Annexure I : Mobile Application Development;

Annexure J : Managed Connectivity Global Data Services Platform;

Annexure K : Other Mobile Communication Services

Participation Letter

5 Open the Annexure B, insert in your letterhead, complete and return

Complete

Return

Acceptance

Submission of participation letter and all enquiries

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

Ms. Ntombi Sidinile

SCM Admin Officer

Chief Directorate: Transversal Contracting

Fax: 086 549 3062

Email: ntombi.sidinile@treasury.gov.za

Keep checking the NT website

Education and awareness sessions for individual State Institutions can be scheduled between a Tuesday to a Thursday weekly on request

Contact Details for all Participating State Institutions

All on-boarding queries by participating State Institutions should be directed as follows:

For **ADMINISTRATORS**

Contact Number: 08217875

Email Address: national.treasury@vodacom.co.za

For **ALL USERS**

Contact Number: 0821940

Realised Savings

As part of innovation, service providers were requested to propose cost reduction methods to assist the State in reducing the spend on the commodity

Enterprise Bundles

	Proposal 1	Proposal 2	% Change	Savings
Voice and Data Line	R490	R407	- 16.9%	28.5%
Data Line	R95	R88	- 7.4%	
Blended Tariff	R321	R270	- 15.7%	39.9%

Savings breakdown – National and Provincial Departments

The monthly average spend on the Vodacom lines Current vs. EB

Vodacom lines	# of lines	current	Average spend per user	EVB/EDB	Average spend per user
voice	95 283	R 59 409 859	R 623.51	R 38 780 181	R 407.00
data	71 516	R 15 581 767	R 217.88	R 6 293 408	R 88.00
	166 799	**R 74 991 626**	**R 449.59**	**R 45 073 589**	**R 270.23**
Savings				39.90%	

Monthly Average spend based on the 400 000 base

All Lines	# of lines	current	Average spend per user	EVB/EDB	Average spend per user
voice	228 498	R 142 470 541	R 623.51	R 92 998 594	R 407.00
data	171 502	R 37 366 571	R 217.88	R 15 092 196	R 88.00
	400 000	**R 179 837 112**	**R 449.59**	**R 108 090 790**	**R 270.23**
Savings				39.90%	

TCV		**R 8 632 181 391**		**R 5 188 357 897**

How can the savings be realised?

Instruction Note 2 of 2016/2017 – Cost Containment Measures

Effective policy and procedures to manage and monitor expenses

Device As a Tool of Trade

Allocation of MCS must be based on employee responsibilities rather than levels of occupational positions

Convert Individual Packages to Enterprise Bundle

Optimise usage by reducing wasteful expenditure but recover private use

Mindful of the current economic realities and the need to intensify efforts to improve efficiency in expenditure

Savings can be channelled to other current service delivery economic realities

Water Scarcity

Current

AND

Higher Education Funding Crisis

Transversal Contract Participation and Contracting Outline

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Sequence of Events

What if an Institution does not participate?

Revised Cost Containment Measures

Instruction Note 3 of 2017/2018

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TO ALL: ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL INSTITUTIONS

ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES LISTED IN SCHEDULES 2 AND 3 TO THE PFMA

HEAD OFFICIALS OF PROVINCIAL TREASURIES

NATIONAL TREASURY INSTRUCTION NO. 03 OF 2017/2018

COST CONTAINMENT MEASURES

Expenses related to telephone, cellular phones and data facilities

4.21 Accounting officers and accounting authorities must implement policies and procedures to effectively manage and monitor expenses related to telephones, cellular phones and data facilities, including the recovery of costs for the private use thereof by employees.

4.22 The allocation of cellular phones and data facilities and the reimbursement of communication related expenses must be managed in accordance with the requirements associated with an employee's responsibilities rather than levels of occupational positions.

4.23 Accounting officers and accounting authorities **may**, subject to paragraph 4.24 below, participate in the transversal term contract (RT15) arranged by National Treasury for the acquisition of mobile communications services. Documents related to this transversal term contract can be downloaded via the following web link:

http://www.treasury.gov.za/divisions/ocpo/ostb/contracts/default.aspx

RT15-2016

Savings must be demonstrated!

Instruction Note 3 of 2017/2018 – Cost Containment Measures

4.24 If accounting officers and accounting authorities decide not to participate in the transversal term contract referred to in paragraph 4.23 above, the accounting officers or accounting authorities concerned must report the discounts that will be achieved by their respective institutions and obtain approval from National Treasury prior to the conclusions of their mobile communication services contracts. This information must be submitted to the National Treasury via e-mail to transversal.contracting@treasury.gov.za.

NB! The cost, time and effort of administering a competitive bidding process must be taken into consideration

NB! Turn around time of 3 days after reporting prior to conclusion

The Mobile Communication Services Solution

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Current solution of Individual Packages

Awarded solution of an Enterprise Bundle

EXAMPLES ONLY

Apple iPhone 4S (8 GB)
Min, 150 mb, 25 sms
R129pm

CAT S30
92 min, 500 mb,
25 sms
R319pm

Samsung Galaxy
S7 Edge 32GB
0 min, 1.0 GB,
unlimited sms
R649pm

- Single user accounts;
- Management of different packages;
- User selects the amount of voice minutes, SMS and Data applicable to the allowance allocated;
- Split Billing;
- Out of bundle rates charges

- Bundled voice, data and SMS at Departmental level
- Complete cost predictability as pricing is fixed for 3months with agreed increments managed through FUP
- Balances bundle inefficiency between users
- 10% fair usage amount over the allocated bundle size
- Low admin overhead
- Control of usage through Spend Manager;
- No out-of-bundle rates
- Closed User Group (CUG) 500 minutes included

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Negotiated rates and improved network coverage

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Other Mobile Communication Services Offered

Device Scenarios For Policy

Scenario 1

- Standardise on device manufacturer and negotiate device prices;
- Stock reservations guaranteed;

Scenario 2

- Standardise on Operating System (Windows, Apple and Android);
- Stock reservations guaranteed except for Android

Scenario 3

- No standardisation of devices, inability to negotiate prices;
- No stock reservations guaranteed

Policy to determine device per category according to the job requirements

Hardware Fund average of R3,500 (excl. VAT) per user

The Loyalty Program

1% of the department population qualifies for the loyalty programme. 0.5% for each of Onyx and Platinum

Onyx Benefits

- ✓ Annual Device Refresh
- ✓ Free SIM Card and Modem Replacement
- ✓ Free Replacement for Lost, Stolen or Damaged Device

Platinum Benefits

- ✓ Annual Device Refresh
- ✓ Free SIM Card and Modem Replacement
- ✓ 30 days loan device for Lost, Stolen or Damaged Device

Seats allocation to be part of Departmental Telecommunications policy

Enterprise Bundle Impact on Existing Models

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Existing Operating Models

Allowance Schemes

Departmental paid accounts

Enterprise Bundles (EVB and EDB) caters for all mobile communication services models

Bring your own device

Other Models

- EVB – Enterprise Voice Bundle
- EDB – Enterprise Data Bundle

Allowance via salary operating model

Allowance

Salary Slip Template

Company Name

[Write Street Address Here]

Salary Slip

Employee Name: _____

Designation: _____

Month: _____ Year: _____

Earnings		Deductions	
Basic & DA	xxxxxxxxxx	Provident Fund	xxxxxxxx
HRA	xxxxxxxx	E.S.I	xxxxx
Conveyance	xxxxxx	Loan	
		Profession Tax	
		TDS/IT	
Total addition	xxxxxxxxxxx	Total Deduction	xxxxxx
		NET Salary	xxxxxxxxxxx

Dollars Eight Thousand Two Hundred Twenty Two Only

Cheque #: _____ Bank Name Here: _____

Dated As: _____

Employee Signature

Director

CURRENT

- Submit bill as proof of usage and for claiming purpose
- Contract is on an individual basis and not a State Institution's contract
- Subjected to Tax as it comes through salary
- Subjected to vetting for affordability
- Subjected to normal consumer rates
- Charged for out of bundle when exceeding contract limit

IN ENTERPRISE BUNDLE

- No need for bills and claims submission
- Contract and rates negotiated by National Treasury
- No individual vetting
- No out of bundle charges
- Benefit on more voice and data in the pool

The current procurement processes for different operating models vs the new procurement processes

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All Models

Current Individual Packages Procurement Process

Including procurement of device

Requisition from end-user → Purchase Order creation → Purchase Order issued to SP → Delivery of device package → Batch of invoices received → Payment from different budgets

Enterprise Bundle Procurement Process

SCM Administrator → Purchase Order creation → Purchase Order issued to SP → Delivery of device package → Single invoice received → Payment from different budgets

Spend Manager to manage the usage

The path to Enterprise Bundle implementation

Lowering The Burden of Administration

	Chooser			End Users
Service Catalogue	**Managed Services Bespoke**	**Managed Services Express**	**Telephone Accounts Management**	
Service request Commitment	**6 hour** Closure 2 hour response time	**8 hour** Closure 4 hour response time	**24 hour** Closure 6 hour response time	**24 hour** Closure 24/7 - 365 days
Dedicated Service desk 0821948	90% SLA	90% SLA	90% SLA	80% SLA
Service Relation-ship Consultant (SRC)	Face-to-Face Interactions Dedicated SRC	Shared SRC	Shared SRC	Authenticated Contact Centre Support
Stock Reservation	✓	✗	✗	✗
Analysis and Reports	✓	✗	✓	✗
Priority Routing Choosers	✓	✓	✓	✓
Priority Routing for Users	✓	✗	✗	✓ Bespoke Only
Onsite Support	✓	✓ Customer cost	✓ Customer cost	✗
	Online Portal			**My Vodacom Mobile Application**
	Onsite Techzone	**Existing Vodacom Tech zone retail stores**		

Enterprise CARE Spread

The end