

Bulk SMS 'gentlemen's agreement' under threat



By [Dr Pieter Streicher](#)

30 Aug 2012

For many years, all incumbent mobile network operators had a "gentlemen's agreement" not to compete on application-to-person (A2P) SMS messaging traffic. Wireless Application Service Providers (WASPs) that provided bulk SMS message sending services had to send all their Vodacom messages via Vodacom, MTN messages via MTN and Cell C messages via Cell C.

Consumers would receive A2P SMS messages from originating numbers with prefixes belonging to their own network.

A recent change in how Cell C is terminating A2P SMS messaging has opened a can of worms in the local mobile messaging industry. The move seems sure to undermine the agreement between mobile network operators not to compete on A2P SMS messaging.

A2P SMS traffic includes one-time passwords, appointment reminders, transaction notifications and booking confirmations but unfortunately also unsolicited direct marketing communications, also known as spam.

The agreement resulted in higher SMS prices for A2P SMS messages, benefitting the network operators and the WASPs, but negatively impacting on the communication costs of businesses and banks. Consumers perhaps benefitted from receiving less spam but also suffered indirectly, as businesses had to pay more to communicate with them, ultimately including this cost in their products.

Loophole began with small operators

During 2011, consumers might have noticed an increase in A2P messages from unusual numbers, such as those prefixed with +2711... and +2787... These numbers belonged to emergent operators, such as Neotel and Telfree. Both had realised that since there is no interconnect (interworking) fee on SMS messages, they were able to terminate messages to the incumbent operators, with no per message charge.

This loophole was a direct threat to incumbent operators, with revenues from A2P SMS messaging approaching R100 million per month. Within days of this issue hitting the press, messages from +2711.... and +2787.... numbers ceased completely.

Recently, Cell C began allowing all WASPs to terminate A2P SMS messages onto other networks. Consumers on the Vodacom and MTN network are starting to receive A2P SMS messages from numbers starting with +2784000. However, it appears that Cell C has enabled a reply path to these messages to only one WASP. At this stage, only Cellfind was

identified as receiving replies to these messages from consumers.

Revenue impact

This could have a major impact on the revenue of Vodacom and MTN. As Cell C is a more formidable opponent than emergent network operators, it will be interesting to see how long it takes before messages from +2784000.....prefixed numbers to Vodacom and MTN phones continue. Another aspect to watch would be whether this issue would be addressed by the Independent Communications Authority of South Africa (ICASA) leading to the possible introduction of SMS interworking fees, or would the network operators return to another "gentlemen's agreement," negotiated between the competitors in this industry.

In my view, the bulk pricing of SMS messages for parties such as WASPs or emergent operators should be the same, and regulated by ICASA. Whether A2P SMS messages are sent via the SMPP protocol (as a Wasp) or via SS7 (as another operator) should not matter. Both connections are a form of interconnect used for exactly the same purpose (sending and receiving A2P SMS messages), and both should be governed by the Electronic Communications Act, allowing healthy competition and a level playing field for all.

ABOUT DR PIETER STREICHER

Dr Pieter E Streicher is MD of wireless application service provider Bulksms.com(www.bulksms.com). He also sits on the management committee of the Wireless Application Service Provider Association (WASPA). Email him at news@bulksms.com

- [2014 trends] Mobile moves: Key trends to watch in 2014 - 28 Jan 2014
- Businesses win thanks to the intro of an SMS interconnect fee - 26 Jun 2013
- The SMS industry in 2013 - 17 Jan 2013
- Bulk SMS 'gentlemen's agreement' under threat - 30 Aug 2012
- A2P SMS messaging continues to grow - 4 Jun 2012

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>