VIRUTAL MEETING:

SMS/Texting is About to Cost You, Big

February 22nd, 12 PM ET

Cloud Communications Alliance

SPEAKERS

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Business Text Messaging Using 10DLC

Who benefits?

Who bears the costs?

How can cloud communications providers balance risks and responsibilities across the business text messaging ecosystem?

What is 10DLC?

- 10DLC is a channel created by mobile carriers for application to person ("A2P") text messaging from businesses to consumers using local landline phone numbers.

- "10DLC" refers to **10-digit long codes**. 10-digit long codes are local landline phone numbers that can be used for voice calls and have also been used for person-to-person ("P2P") conversational text message traffic.

- To send bulk text messages, businesses have used **SMS short codes**. Customers cannot call a business back using the short code number; short codes could be expensive for businesses.

- Another option is using **toll free numbers** for texting.

- Now, carriers are enabling businesses to use their local landline phone number (10DLC) for sending A2P SMS messages at a much higher volume. Businesses can utilize automation tools and applications to send, for example, appointment reminders, two-factor authentication ("2FA") codes, automatic replies, as well as promotional and political messages.

Benefits and risks to consumers and businesses using 10DLC for A2P SMS

- **Benefits**
  - Consumers receive a text from a recognized number with a local area code
  - 10DLC A2P messaging can be cost effective (compared to using SMS short codes for bulk text messaging)
  - Text messages and voice calls use the same number
  - Potential for increased throughput v. short codes

- **Risks**
  - Consumers might receive unwanted spam texts or other unsolicited messages
  - Consumer trust could be eroded if text enabled local numbers are used for spam

Regulators have made stopping unwanted robocalls and texts their *top consumer protection priority*.

- The Federal Communications Commission ("FCC") has empowered phone companies to block "aggressively" and by default illegal or unwanted calls or texts based on reasonable call analytics before the calls reach consumers.

- According to the FCC's website, "advancements in technology make it cheap and easy to make massive numbers of robocalls and to 'spoof' caller ID information to hide a caller's true identity."

- The FCC's STIR/SHAKEN framework requires voice service providers to implement caller ID authentication standards to protect consumers against malicious spoofed robocalls.

Wireless Industry Response:
Efforts to Thwart Unsolicited Robocalls and Spam Text Messages to Consumers

- Carriers are guided and led by the **CTIA Messaging Principles and Best Practices**. These are *voluntary* practices developed by members of CTIA.

- For example, among these guiding principles is obtaining consent from recipients of text messages, and these consent standards are more stringent than the consent requirements under the Telephone Consumer Protection Act ("TCPA").

- Carriers and SMS service providers have adopted their own messaging policies based on these principles and the requirements imposed by underlying wireless carriers.

- The intent of the principles and best practices, as expressed on the CTIA website, is "to preserve the trust in and utility of Wireless Providers' messaging services."

The Campaign Registry

- U.S. carriers (Mobile Network Operators, "MNOs") are enabling businesses to use 10DLC for business text messaging. To maintain integrity of this business SMS channel, carriers have adopted a registration process – **The Campaign Registry.**

- The Campaign Registry is a *third party* that consolidates records of users of MNO networks – who is using the network and for what purpose.

- **The Campaign Registry** continues to evolve, as do the MNOs' requirements and standards.

The Campaign Registry

- The Campaign Registry is not a government-controlled or regulated entity, and the standards and requirements are industry-created.

- The Campaign Registry collects information about entities and individuals sending business text messages as well as information about the content and purpose of these text messages.

- The carriers review this information and assign a "trust score" that controls the volume of messages a business can send.

- All 10DLCs used for business text messaging to customers served by U.S. mobile carriers, whether A2P or P2P, must be registered.

- Carriers have adopted more stringent requirements in many ways than the FCC's requirements under the TCPA.

The Campaign Registry

- Information Collection
  - Company
  - Brand
  - Campaign
    - Name of the Campaign
    - Purpose
    - Sample messages

- Fees established by carriers vary, and may include:

    - Message fees
    - Non-compliance penalties
    - Brand registration fees
    - Campaign registration fees

What happens if a business fails to register?

- Carriers have imposed different fees and consequences for a failure to register 10DLCs with The Campaign Registry
  - Some carriers will not support this traffic and will block text messages from unregistered numbers. These messages will be marked as undelivered or flagged.
  - Some carriers will impose penalties and fines (e.g., $10.00 per message)
  - U.S. wireless carriers participating in the 10DLC framework could ban a business for texting as well as voice calls.

Criticisms of the 10DLC registration standards

- Carriers determine a trust score based, in part, on the content of messages. Some have argued that carriers can use this leverage to block text campaigns for improper reasons.

- Existing laws, such as the TCPA, already establish guardrails around unwanted text messaging, and fall within a regulatory regime that protects businesses and consumers. The industry-created standards are at odds with rules and regulations, including definitions, implemented by the FCC.

- Each carrier has a different approach, leading to confusion in the marketplace.

- How to allocate the burdens of registration fees and potential fines among all parties in the business text messaging ecosystem is causing confusion, particularly in the cloud communications space.

What is the role of cloud communications providers of business texting?

- Customers of all business text messaging providers must register or suffer the aforementioned consequences.

- Cloud communications providers need to understand these requirements, associated fees, and the consequences of a failure to register, in order to help their customers navigate this new environment.

- The Campaign Registry enables "Campaign Service Providers" to register on their customers' behalf, and some service providers are offering registration as a service to their customers.

- Some Campaign Service Providers may be able to register themselves as a "brand" capturing all of the 10DLCs allocated, in turn, to their customers.

- How to register properly to avoid fines or text messages being blocked is evolving.

With the burdens come opportunities

- While the 10DLC registration framework is confusing out of the gate, the ability to provide bulk business text messaging using a local phone number that customers recognize and trust creates an opportunity in the cloud communications industry.

- Cloud communications providers need to understand this framework so they can take advantage of these business opportunities while managing the potential risks and costs associated with the registration framework.

- Communications service providers can take on the role of advocate and assist their customers, or they can shift most or all of the responsibility and risks to their customers for failure to register.

Key Takeaways

- <u>10DLC presents business opportunities</u>. Learn about 10DLC *opportunities* and the additional services you might offer your customers.

- <u>Know what is negotiable</u>. Understand the degree to which registration fees and procedures are *negotiable*. The fees and standards are industry-established and vary among MNOs, aggregators, wholesalers, platform providers.

- <u>Review your Terms and Conditions and Vendor Contracts</u>. Cloud communications providers need to understand how to *allocate and balance risks and responsibilities for compliance with these standards* with their customers and vendors.

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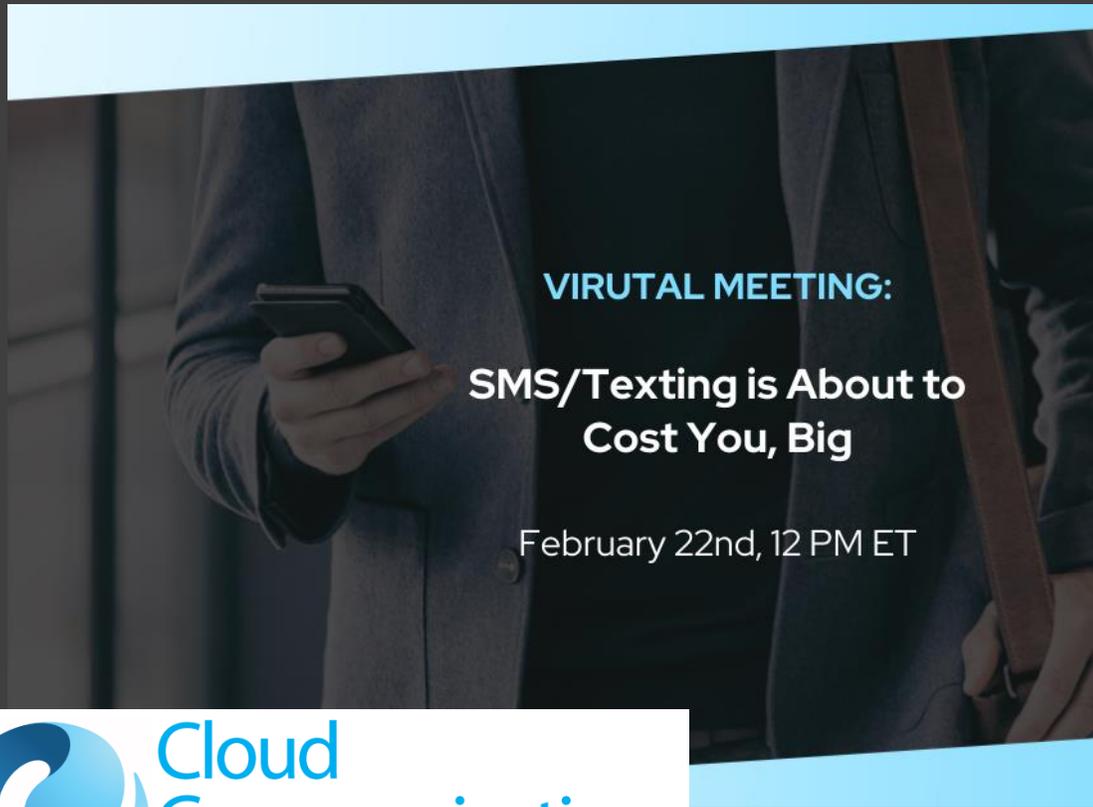- tlinn@sangoma.com

Questions?

Upcoming Meetings

You can find a complete list of all upcoming meetings at

www.cloudcommunications.com

- ▶ March 10 – CCA Thought Leadership Breakfast - London

- ▶ April 5 – CCA Dinner Meeting – Phoenix/Scottsdale, AZ

- ▶ May 4 – Virtual – M&A doesn't work if you're not regulatory compliant

- ▶ May 17 – CCA Meeting – Antwerp

- ▶ September – CCA Meeting - Washington DC

Thank you for joining us today.

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