

SAPO STATE OF READINESS PRESENTATION ON THE DIGITAL MIGRATION PROJECT DATED 4 MARCH 2015



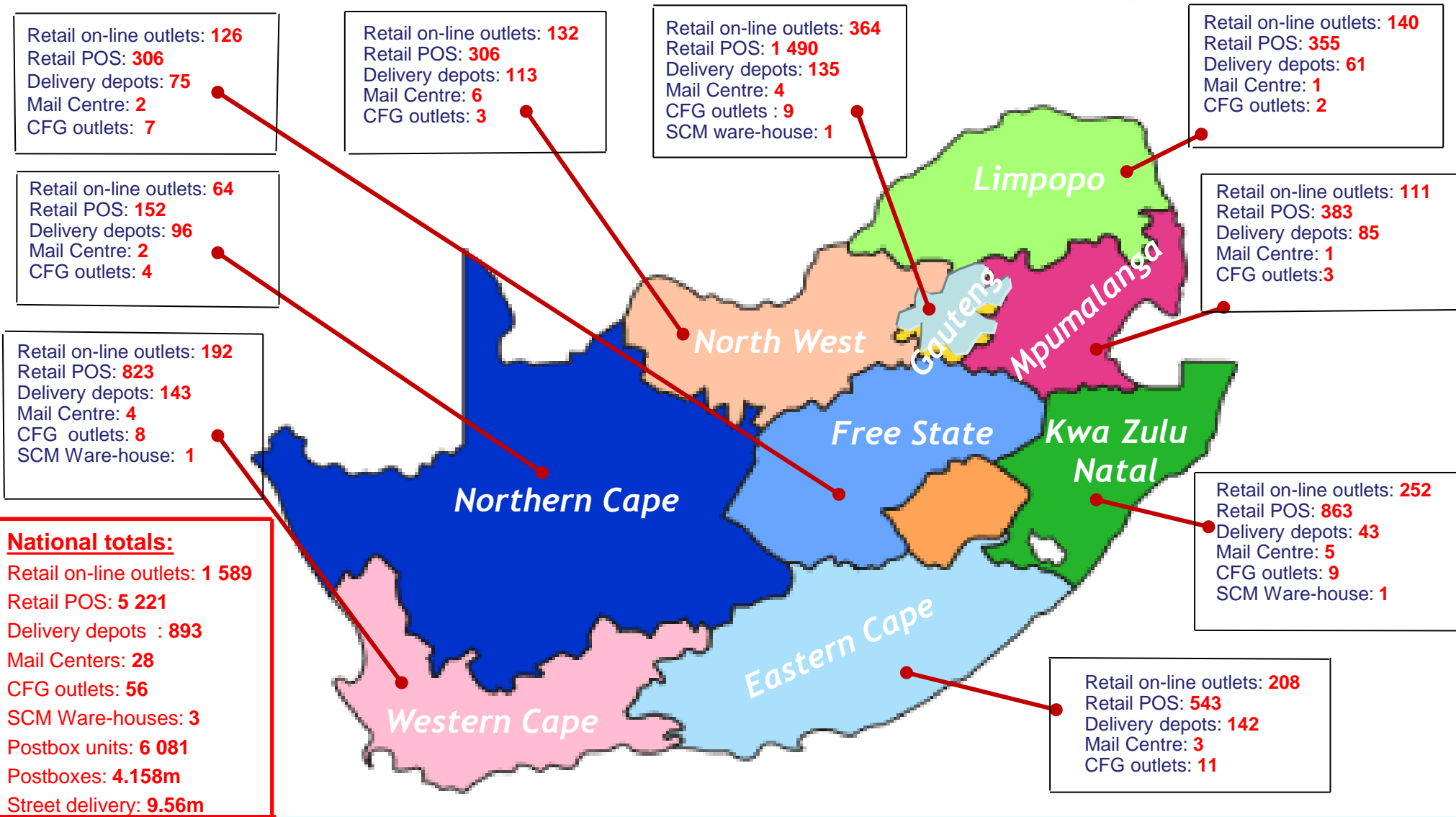
- Executive Summary
- National Footprint
- Project Deliverables
- End To End Process Flow Framework
- SAPO Capability And Capacity
- System Readiness
- Distribution Readiness
- Operational Readiness
- SAPO Funding Status
- Critical Dependency Issues
- Status On Key Deliverables

- The following milestone`s were achieved to date:
 - Sign-off DTT MOU with the DOC, SABC and USAASA on 12 July 2012
 - Finalised framework for draft SLA on 30 Nov 2012
 - Finalized mapping of projected Needy households (5.2m) per online SAPO Branch area in conjunction with USAASA on 7 July 2014
 - Presentation of SAPO`s Distribution Plan and State of Readiness to the Minister of Telecommunication and Postal Services 24 July 2014
 - Presentation to Portfolio Committee on Telecommunication and Postal Services on SAPO`s Distribution Plan & State of Readiness on 19 September 2014
 - Finalised draft layout of DTT Application and Installation voucher forms on 25 September 2014
 - Finalised and submitted SAPO`s updated DTT Pricing Structure for the 3 year period 2015/16 to 2017/18 to the DTPS on 4 November 2014
 - Finalised SAPO`s Risk Register framework for the DTT Project on 7 November 2014

Executive Summary cont'd...

- Finalised SAPO DTT Distribution Plan (Business Rules V0.17) with the DTPS, USAASA and SENTECH on 18 Nov 2014
 - Updated and aligned SAPO `s overall DTT Business System Solution Design Specification with version 0.17 of SAPO`s DTT Distribution Plan on 30 Nov 2014
 - SAPO`s packaging, ordering and delivery requirements for the STB equipment has been presented to the potential Bidders at USAASA`s Briefing Session held on 2 December 2014
 - Presentation and discussion of SAPO`s DTT Distribution Plan with the SABC on 16 Jan 2015
 - Presentation of SAPO`s DTT Distribution Plan and State of Readiness to SAPO Administrator on 22 Jan 2015
 - Presentation of SAPO`s State of Readiness to Minister of Communication and Minister of Telecommunication and Postal Services during hand-over session of the DTT Project on 30 Jan 2015
 - Presentation of SAPO`s State of Readiness to the DOC DTT PM on 11 Feb 2015
- ✓ SAPO will achieve **100% system and operational readiness within 4 months** from the date of sign-off of the SAPO Distribution Plan.

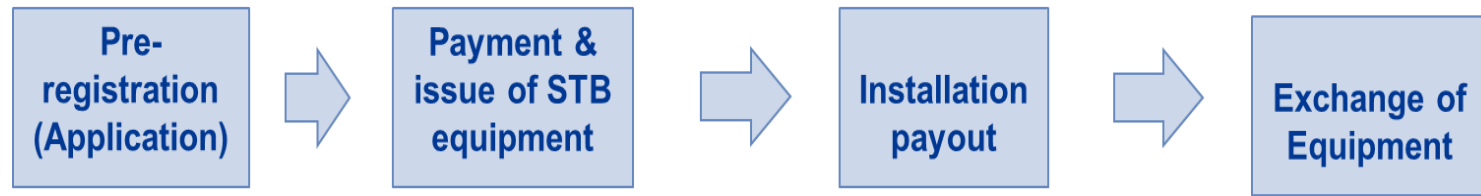
SAPO National Footprint



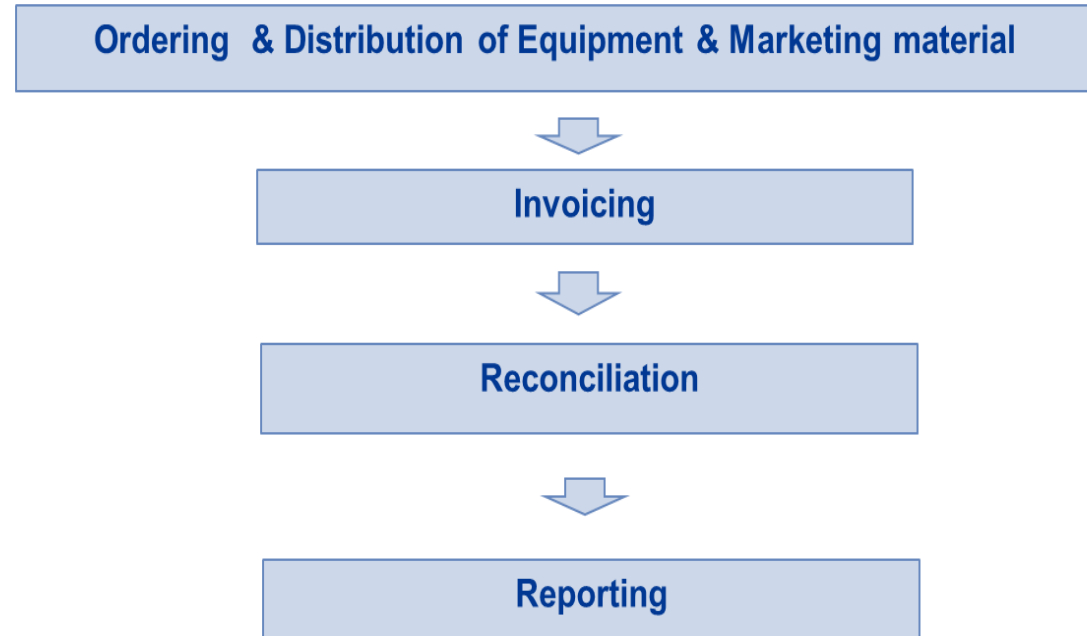
Project Deliverables

- Phased in pre-registration and distribution of STB equipment.
- Processing of applications (pre-registration phase).
- Ware-housing and distribution of STB equipment to branch outlets.
- Distribution will take place in sequential number order.
- SMS notifications to applicants and installers
- Collection of payment and delivery of STB equipment.
- Processing of Installation voucher forms and effecting EFT payments.
- Exchange / replacement of STB equipment. (Reverse distribution)

Front-end process



Back-end process



End - End Process Flow

KEY DRIVERS:

- SAPO National footprint.pptx
- Retail mapping.pptx
- Retail national footprint.pptx
- Retailing experience .pptx

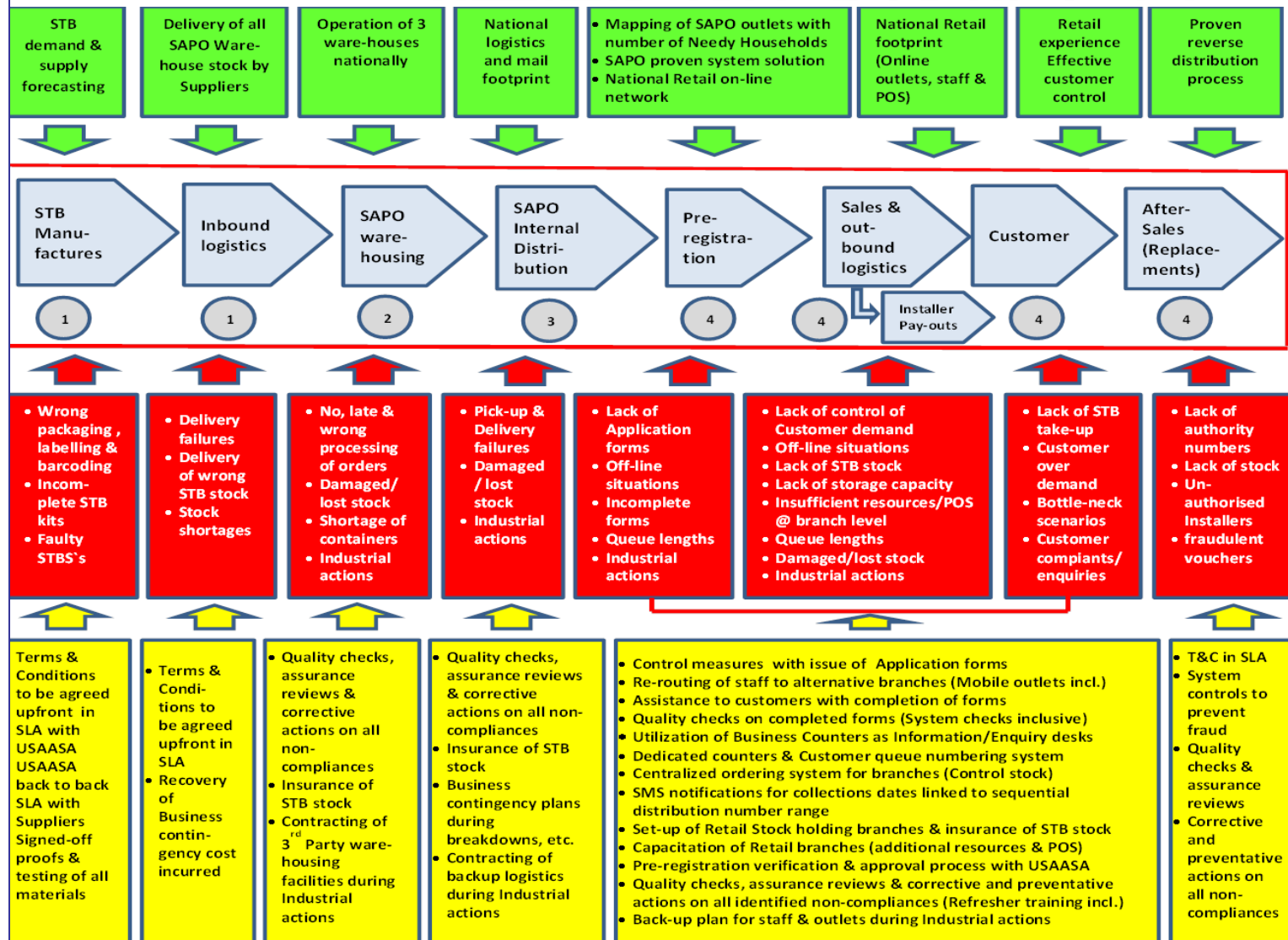
VALUE CHAIN:

- Supplier (USAASA)
- SAPO SCM
- SAPO CFG
- SAPO Retail

PRESSURE POINTS

BUSINESS CONTINGENCY PLAN:

- Retail storage capacity.pptx
- Retail teller & POS capacitation.pptx
- Sequential distribution no.pptx



Other Success Stories

Previous share schemes retailed by SAPO (Applications + Payments)

Name of previous share schemes	Share offer period	Number of applications processed	Deposit amount collected
Telkom (Zabelo)	2003	1 632 000	R4,3b
Multichoice (Phutuminati)	2006	120 000	R1.2b
NEF (Asonge)	2007	86 861	R1,1b
Sasol (Inzalo)	2008	299 360	R3,4b
Vodacom(Yebo Yethu)	2008	106 793	R962,4 m
SAB (Zenzele)	2010	33 869	R124, 4m
MTN (Zakhele)	2010	124 657	R2,8b
Total		2 278 883	R13,9 Billion

Notes:

- Average offering period **1.5 months** (36 working days)
- An average 65% of transactions takes place over last two weeks of Offering period

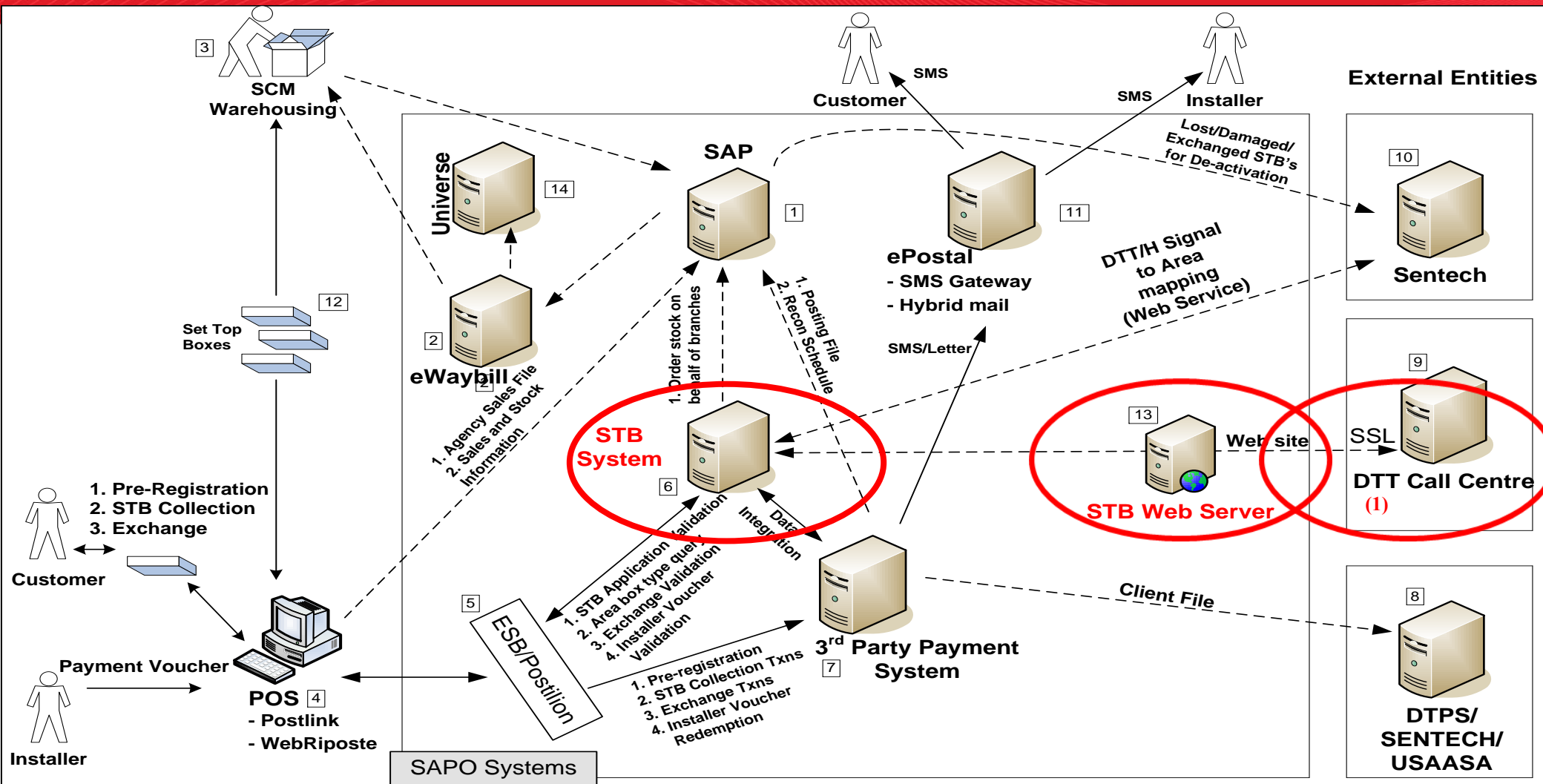
SAPO Parcel Business (Acceptance & Delivery)

SAPO Parcel Business	Volume	
	2012/13	2013/14
CFG (Courier service)	7 399 581	6 950 912
Mail Business	4 156 862	3 885 733
Total	11 556 443	10 836 645

SAPO 3rd Party transactions (Applications, Payments & Payouts)

SAPO current 3rd Party Clients (Applications, payments & payouts)	Transaction volume		Collections	
	2012/13	2013/14	2012/13	2013/14
Municipalities, SOC`s (Telkom SA, Eskom, SABC, etc)	15m	14.9m	R12,2b	R10.8b

System Readiness



Note: (1) SAPO was requested by the DOC on 11 Feb 2015 to do a feasibility study on the possible utilization of SAPO Call Centre for customer enquiries on the SAPO Distribution process. Exercise in progress.

Distribution Readiness



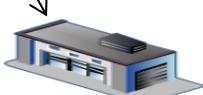
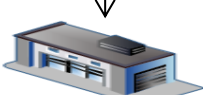
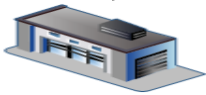
MANUFACTURERS



Manufacturer

Manufacturer

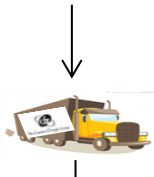
Manufacturer



**SAPO ware-house
Silvertown**

**SAPO ware-house
KZN**

**SAPO ware-house
CPT**



SAPO ONLINE OUTLETS

REVERSE DISTRIBUTION

- SAPO (SCM) initiate order & submit to USAASA
- USAASA process order
- Supplier manufacturer execute order and deliver stock to assigned SAPO national ware-houses
- SAPO SCM process branch orders
- SAPO CFG transport STB stock to assigned SAPO outlets
- Exchange/replacement of STB equipment (Reverse distribution process to apply)

Operational Readiness

Projected Number Of STB`s

Province	SAPO Regions	Number of Metro/District Municipalities	Number of branches	Number of STB`s	%
Northern Cape	2	5	64	113 063	2
Free State	2	5	126	355 165	7
North West	3	4	132	398 231	8
Mpumalanga	2	3	111	474 378	9
Western Cape	1	5	192	529 552	10
Eastern Cape	1	8	207	560 504	11
Limpopo	2	5	140	585 840	11
KZN	1	11	252	895 738	17
Gauteng	3	5	364	1 287 529	25
Total	7	52	1 588	5 200 000	100

Projected Number Of STB Equipment Over 3 Year Period

Region	Total number of STB`s to be distributed over three(3) years	Total number of STB`s to be distributed per year	Total number of STB`s to be distributed on average per quarter	Total number of STB`s to be distributed on average per month	Total number of STB`s to be distributed on average per day
North-East Region	807 729	269 243	67 311	22 437	897
North Central Region	695 868	231 956	57 989	19 330	773
Wits	1 004 678	334 893	83 723	27 908	1 116
KZN	895 734	298 578	74 645	24 882	995
Central Province	704 331	234 777	58 694	19 565	783
Western Cape	531 154	177 051	44 263	14 754	590
Eastern Cape	560 506	186 835	46 709	15 570	623
Distribution impact over 3 years	5 200 000	1 733 333	433 333	144 444	5 778
Distribution impact over 2 years	5 200 000	2 600 000	650 000	216 667	8 667
Distribution impact over 1 year	5 200 000	5 200 000	1 300 000	433 333	17 333

Notes:

Distribution of the following number of DTT equipment:

- DTT STB`s = 3 640 000}
- DTH STB`s = 1 560 000}
- Antenna`s = 3 640 000 (70%)
- Satellite dishes = 1 560 000 (30%)

Number of Installers
required per day

Projected number of STB`s per Branch Classification

Branch Classification	Number of branches	Number of STB`s	% STB`s
A+	7	6 512	0.1%
A	107	298 330	5.7%
B	133	404 821	7.8%
C	435	1 434 009	27.6%
D	333	1 095 485	21.1%
E	574	1 960 843	37.7%
Total	1 589	5 200 000	100%

Projected Top 20 high STB distribution branches

POST OFFICE NAME	BRANCH CLASSIFICATION	COST CENTRE	POST OFFICE AREA	POST OFFICE REGION	M ² OF SAPO BRANCH BACK OFFICE AREA	NUMBER OF STB's
UMLAZI	E	48972	HIGHWAY	KWAZULU-NATAL	193	26 998
DIEPSLOOT	E	79905	NORTHWEST RAND	WITWATERSRAND	55	26 233
PHILIPPI	C	63008	PENINSULA	WESTERN CAPE	43	25 519
TEMBISA	E	36176	NORTHWEST RAND	WITWATERSRAND	300	24 270
KWAMASHU	B	44286	PORT NATAL	KWAZULU-NATAL	68	23 946
ZOLA	E	29782	SOUTHWEST RAND	WITWATERSRAND	60	22 499
OSIZWENI	C	46905	NORTHERN NATAL	KWAZULU-NATAL	222	21 257
EBONY PARK	D	16379	NORTHWEST RAND	WITWATERSRAND	47	20 989
DAVEYTON	B	14954	EAST RAND	WITWATERSRAND	214	19 866
KWALUGEDLANE	E	23116	Lowveld	NORTH EAST REGION	103	18 530
KWAZIMELE	E	44019	PORT NATAL	KWAZULU-NATAL	80	18 524
MEADOWLANDS	C	20283	SOUTHWEST RAND	WITWATERSRAND	192	18 394
INANDA	D	43573	PORT NATAL	KWAZULU-NATAL	154	18 105
HAZYVIEW	A	19331	Lowveld	NORTH EAST REGION	91	17 975
KWANOBUHLE	C	72022	PORT ELIZABETH	EASTERN CAPE	302	17 805
TSAKANE	E	36955	EAST RAND	WITWATERSRAND	60	17 276
EDENDALE	E	42009	MIDLANDS	KWAZULU-NATAL	109	17 199
STRETFORD	E	14753	EAST VAAL	WITWATERSRAND	78	16 881
KABOKWENI	C	21251	Lowveld	NORTH EAST REGION	68	16 834
KHAYELITSHA	D	70391	OVERBERG	WESTERN CAPE	153	16 739

Distribution Of STB`s In Sequential Number Order Per Province

Sequential number order process per Province

National sequential number range per Province	Monthly number of STB`s delivered to SAPO: 145K	Sequential number range for month one (1)	Sequential number range for month two (2)
NC- 1 to 113 063	16 111	NC-1 to 16 111	NC-16 112 to 32 223
FS-1 to 355 165	16 111	FS-1 to 16 111	FS-16 112 to 32 223
NW-1 to 398 231	16 111	NW-1 to 16 111	NW-16 112 to 32 223
MPU- 1 to 474 378	16 111	MPU-1 to 16 111	MPU-16 112 to 32 223
WC-1 to 529 552	16 111	WC-1 to 16 111	WC-16 112 to 32 223
EC-1 to 560 504	16 111	EC-1 to 16 111	EC-16 112 to 32 223
LIM-1 to 585 840	16 111	LIM-1 to 16 111	LIM-16 112 to 32 223
KZN-1 to 895 738	16 111	KZN-1 to 16 111	KZN-16 112 to 32 223
GAU-1 to 287 529	16 111	GAU-1 to 16 111	GAU-16 112 to 32 223
5 200 000	145 000	145 000	145 000

Pre-registration phase

Pre-registration phase	8 months
Launch of pilot pre-registration phase (Selected District municipality in Northern Cape Province)	1 month
Complete pre-registration to the remaining District Municipalities in the Northern Cape Province	1 month
Complete pre-registration phase for Provinces 2 & 3	1.5 months
Complete pre-registration phase for Provinces 6 & 7	1.5 months
Complete pre-registration phase for Provinces 4 & 5	1.5 months
Complete pre-registration phase for Provinces 7 & 8	1.5 months

STB equipment distribution phase

STB equipment distribution phase	36 months
Commence with phased-in national ordering and delivering of STB stock to SAPO's selected ware-houses (Pilot phase 1st priority)	2 months
Commence with the phased-in ordering and delivery of STB stock to SAPO branches (Pilot phase 1st priority)	1 month
Launch of pilot STB Distribution phase (Selected District municipality in Northern Cape Province)	1 month
Commence with National phased-in distribution: Year1	9 months
Commence with National phased-in distribution: Year2	12 months
Commence with National phased-in distribution: Year3	12 months

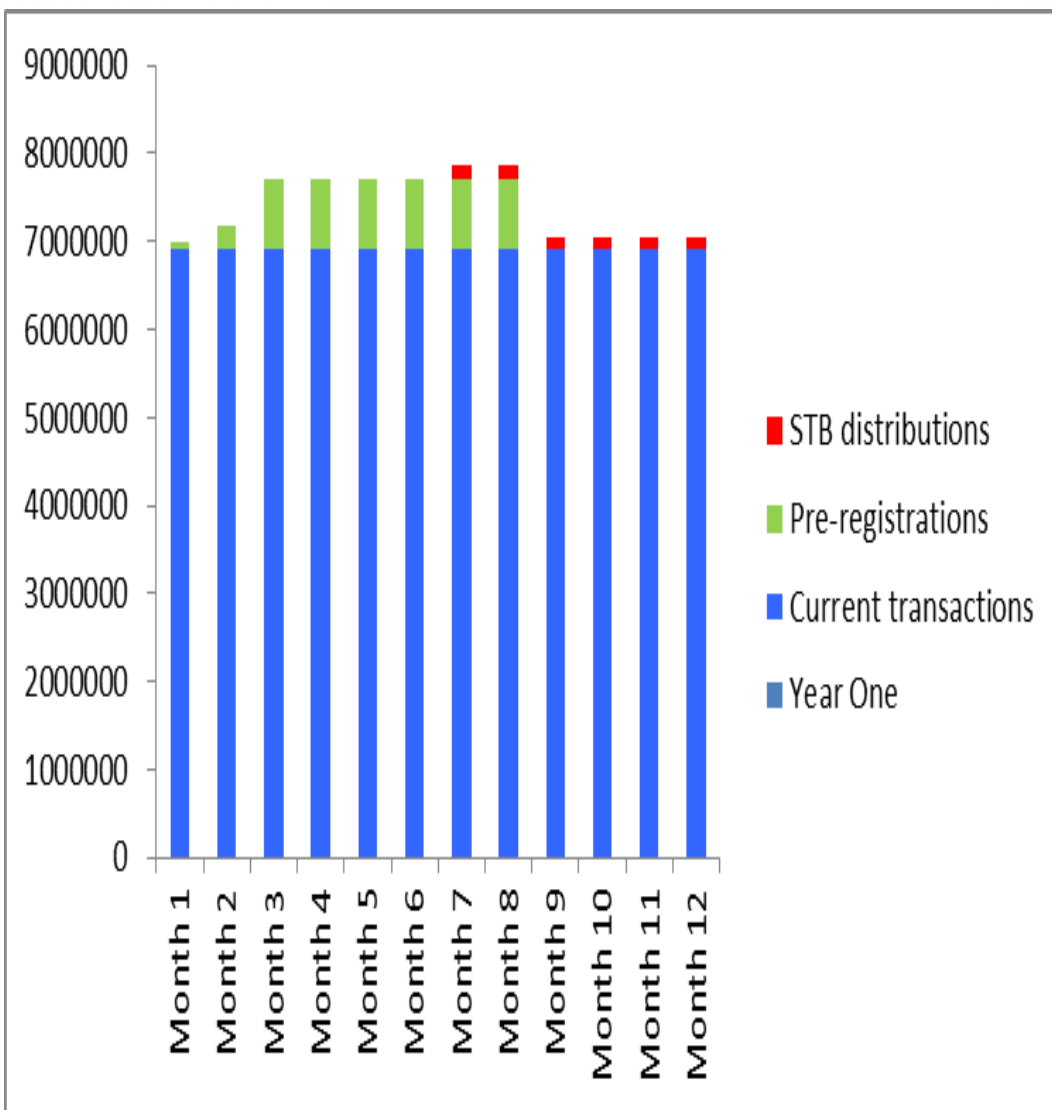
SAPO Retail Branch Storage Capacity

Branch Classification	Total number of branches	Number of branches with less than 20M ² back office space	Number of branches with less than 40M ² back office space	Number of branches with less than 60M ² back office space	Number of branches with less than 80M ² back office space	Number of branches with less than 100M ² back office space	Number of branches with more than 100M ² back office space
A+	7	0	0	0	0	0	7
A	107	2	7	2	7	3	86
B	133	2	10	5	7	6	103
C	435	25	31	49	51	35	244
D	333	34	38	40	43	34	144
E	574	54	79	79	78	52	232
Total	1589	117	165	175	186	130	816
%	100%	7.40%	10.40%	11%	11.70%	8.20%	51%

Notes:

- Nearby Retail stock holding branches to be created for above **red reflected** branches to prevent out of stock situations
- Provision has been made for the following additional security arrangements:
 - Additional guarding for deployment at national SAPO ware-houses
 - Additional guarding and alarm systems at the selected high volume Retail stock holding branches
 - Additional CIT ad-hoc collections during the STB distribution phase

SAPO Retail Capacity On Teller Level



- Existing frontline staff = 4 487
- Average transactions per month = 6,9m
- Pre-registration phase :
 - Additional workload over 6 months = 525 Full-time employees
 - Average 807k additional transactions per month
- STB Delivery phase:
 - Additional work load over 30 months: 94 full- time employees
 - Average 145k STB deliveries per month
 - Provision made for deployment of additional staff at imbalanced sites **inline** with available space and POS.
 - Distribution period to be extended during late uptakes. Additional staff to be deployed according to available POS.
 - Following training process to apply:
 - Train the Trainer concept.
 - Training of branch staff to be completed during the phased-in Pre-registration phase (8 months)
 - Refresher training to apply throughout the distribution period.

SAPO Funding Status

Projected Revenue estimates for 2015-18 vs. Approved Funding

Item	Description	Projected	Current funding	Funding Gap
1	Implementation	R 23 894 925		
2	Distribution	R 592 320 475	R 400 000 000	R 522 518 504
3	Operational	R 306 303 104		
TOTAL COST		R 922 518 504	R 400 000 000	R 522 518 504

Notes:

- SAPO will be able to execute the following within the current available funding of R400m:
 - Completion of implementation cost to the total value of R20.8m
 - Completion of the pre-registration of 5.2m needy households to the total value of R100m
 - Distribution and delivery of approximately 1.8 million STB`s (35%) to the total value of R279m over a maximum period of 12 months (145k STB`s per month)
- The following was agreed to with the DTPS on the suggested way forward on the funding Gap on 9 Sept 2014:
 - To propose to National Treasury via the office of the DG DTPS that the remuneration to SAPO be phased-in as follows over the three year project rollout:
 - To utilize the current available R400m to fund the 1st half of SAPO`s distribution project (Estimated to be absorbed over the 1st 12 months of the rollout from date of implementation)
 - To make provision for the additional funding (balance) in the remaining budget years
- Payment of upfront starting cost to ensure SAPO`s timeous readiness also to be finalized with the DTPS/DOC.
- Above costing exclude the costing for the possible utilization and upgrading of SAPO`s Call Centre for the DTT project.
- Annexure A for detailed breakdown on SAPO DTT Pricing Structure**



Critical Dependencies

- SAPO's ***timeous readiness*** for the subsidized DTT Project depends on the timeous ***completion of the following critical external deliverables***:
 - The approval of the ***final amended Broadcasting Digital Migration (BDM) Policy*** and ***Qualification Criteria*** for the updating and sign-off of the SAPO DTT Distribution Plan. The sign-off of SAPO's DTT Distribution Plan will enable SAPO ***to immediately commence with the development of its System Solution Design*** and the activation of its operational set-up and readiness plans. Important: SAPO will achieve 100% system readiness within 4 months from the date of sign-off of the SAPO Distribution Plan.
 - The ***appointment of the manufacturers for the DTT and DTH STB equipment*** for the finalization of SAPO's packaging, barcoding, labelling, ordering and delivery requirements for the STB equipment with the appointed Suppliers prior to the manufacturing thereof.
 - The ***set-up of the DTT Call Centre*** for the testing and finalization of SAPO's integration requirements. Final decision on the possible utilization and upgrading of SAPO's Call Centre for customer enquiries on the SAPO DTT Distribution process to be taken.
 - The ***appointment of the accredited Installers*** per SAPO Online branch area for the testing and finalization of the integration requirements with USAASA in this regard.

Critical Dependencies cont'd...

- The ***sign-off of SAPO`s Pricing Structure*** for the rendering of the STB service by the DOC/USAASA and National Treasury (Payment of upfront start-up cost included).
- The finalization and ***sign-off of SAPO`s SLA*** for the rendering of the STB service. This will enable SAPO to invoice USAASA for the Project cost incurred to date (R4.4m) and for the rendering of the remaining services, which is critical from a funding perspective.
- The ***finalization of the Mapping exercise*** with SENTECH`s coverage and USAASA`s number of needy households per SAPO Branch Area.
- Confirmation of the ***final approved number of Needy Households***. The current approved number is 5.2m, whilst the latest updated number of needy households according to USAASA amounts to 6.1m. SAPO`s current Pricing Structure and Operational Set-up plans are based on the 5.2m STB`s.
- ***Finalization of the DTT phased-in Pre-registration Plan*** per Province (Pilot evaluation included)
- Finalization of the phased-in STB Equipment Distribution Plan (***Pilot evaluation included***).

Critical Dependencies cont'd...

- Finalization, sign-off, printing and delivery of the following DTT Marketing material for display and distribution at SAPO Branches:
 - DTT Application form
 - DTT Installation Voucher form
 - DTT Customer Information Brochure. SAPO`s content for Brochure has been drafted.
- Finalization of the National DTT Communication and Awareness Plan for the updating and alignment of the SAPO Internal Communication and Awareness Plan.
- Approval of additional funding for the extension of SAPO`s Mobile fleet by 100 units (200 additional mobile counters) for the following:
 - To bring service delivery closer to the needy households in the far outlying areas
 - To effectively utilize the extended mobile fleet for business contingency during possible future industrial actions

Status on Key Deliverables

Status on SAPO's key deliverables

Item no	Task Name	Duration
1	SAPO	36 months
1.1	Governance and Planning	Two months
1.2	System development	3 months
1.3	Operational readiness	3 months
1.4	Mapping, Communication & Marketing	3 months
1.5	STB equipment readiness (Packaging, labeling, barcoding, etc)	2 months
1.6	Training (Phased-in process per Province)	5 months
1.7	Pre-registration phase	8 months
1.8	STB equipment distribution phase	36 months
1.9	SAPO Reconciliation	2 months

Note: Annexure B for detail on SAPO key deliverable plan



Thank You

Annexure A: SAPO detailed Pricing Structure

Set Top Box Project	Revenue	Unit Revenue	2015/16	2016/17	2017/18	Total	Notes
Implementation:							
Project Management	R 7 282 939	R 1.40	R 3 850 320	R 1 666 320	R 1 766 299	R 7 282 939	Project Management fee
IT Development	R 4 000 000	R 0.77	R 4 000 000	R -	R -	R 4 000 000	SAPO total projected System Solution design and development cost
Scanners	R 286 200	R 0.06	R 286 200	R -	R -	R 286 200	Scanners x 18 (R15k per scanner)
e-Way Bill System	R 159 000	R 0.03	R 159 000	R -	R -	R 159 000	Scanners x 18 (R15k per scanner)
PC's, printers & servers	R 512 000	R 0.10	R 512 000	R -	R -	R 512 000	Procuring of 3 PC's printers for ware-houses and 2 servers
Alarm Systems	R 890 400	R 0.17	R 890 400	R -	R -	R 890 400	Installation of additional alarms at 84 high volume Retail stock holding branches
SCM Warehousing (Resources)	R 6 087 668	R 1.17	R 2 340 480	R 2 480 909	R 1 266 279	R 6 087 668	Appointment of an additional 25 staff resources
Training of Tellers	R 1 226 769	R 0.24	R 1 226 769	R -	R -	R 1 226 769	Training of 6000 Branch staff
Printing Training Manuals	R 516 432	R 0.10	R 516 432	R -	R -	R 516 432	Printing of 6000 Training manuals
Printing of Application and Installation voucher forms	R 2 929 305	R 0.56	R 2 929 305	R -	R -	R 2 929 305	Printing of 6 million Application and 6 million Installation voucher forms
Installation charges (Once-off) Telkom Diginet line 1024Kbs	R 4 212	R 0.00	R 4 212	R -	R -	R 4 212	Once-off Installation
Sub-Total	R 23 894 925	R 4.60	R 16 715 119	R 4 147 229	R 3 032 578	R 23 894 925	

Annexure A: SAPO detailed Pricing Structure, cont'd...

Set Top Box Project	Revenue	Unit Revenue	2015/16	2016/17	2017/18	Total	Notes
Distribution:							
Distribute Training Manuals	R 119 036	R 74.82	R 119 036	R -	R -	R 119 036	1 591 - 5kg Parcels
Distribute Cylinder Tubes	R 69 589	R 43.74	R 69 589	R -	R -	R 69 589	1 591 - Tubes
Distribute Application Forms	R 2 381 911	R 79.40	R 748 182	R 793 073	R 840 657	R 2 381 911	24 000 -5kg Parcels
Distribute Marketing Brochures	R 2 381 911	R 79.40	R 748 182	R 793 073	R 840 657	R 2 381 911	24 000 - 5kg Parcels
Distribute STB (1 kg) (Exchange)	R 8 040 114	R 49.48	R 2 525 479	R 2 677 008	R 2 837 628	R 8 040 114	130 000 - 1kg Parcels (2.5%)
Distribute STB (5 per box = 5 kg)	R 108 442 632	R 20.85	R 17 081 690	R 44 649 477	R 46 711 465	R 108 442 632	1 040 000 - 5kg Parcels (Volumetric Weight)
Distribute Antenna (5kg)	R 293 172 011	R 80.54	R 45 389 716	R 120 282 667	R 127 499 627	R 293 172 011	3 640 000 - 5kg Parcels (Volumetric Weight)
Distribute Satellite Dish (12kg)	R 177 713 272	R 113.92	R 27 514 054	R 72 912 242	R 77 286 976	R 177 713 272	1 560 000 - 12kg Parcels (Volumetric Weight)
Sub-Total	R 592 320 475	R 113.91	R 94 195 926	R 242 107 539	R 256 017 011	R 592 320 475	

Annexure A: SAPO detailed Pricing Structure, cont'd...

Set Top Box Project	Revenue	Unit Revenue	2015/16	2016/17	2017/18	Total	Notes
Operational:							
Application Registration (Successful and unsuccessful)	R 100 305 745	R 19.29	R 89 453 983	R 5 267 846	R 5 583 916	R 100 305 745	5 200 000 Application forms
Issue Duplicate Installation Voucher Form	R 639 198	R 3.93	R 200 778	R 212 825	R 225 595	R 639 198	130 000 (2.5%)
Webhosting, Data Traffic & Support	R 764 064	R 0.15	R 240 000	R 254 400	R 269 664	R 764 064	Web-hosting, maintenance and support cost
SCM Warehousing (Packaging Material)	R 1 020 000	R 0.20	R 353 333	R 333 333	R 333 334	R 1 020 000	Fixed
Poster display fee	R 1 627 142	R 0.31	R 511 101	R 541 767	R 574 273	R 1 627 142	Fixed
Accept Payment & Deliver Parcels Over Counter	R 91 583 911	R 17.61	R 14 179 276	R 37 575 065	R 39 829 569	R 91 583 911	5 200 000 payments and delivery of 10.4m parcels
SMS notification to Installers & Applicant	R 2 799 145	R 0.31	R 433 410	R 1 148 476	R 1 217 259	R 2 799 145	9 150 000 SMS's send
Letter notification to Applicants	R 5 403 416	R 4.32	R 836 744	R 2 217 105	R 2 349 567	R 5 403 416	1 250 000 Letter notifications send
Payment of installation fee to Installers	R 75 665 553	R 14.55	R 11 714 752	R 31 044 078	R 32 906 723	R 75 665 553	5 200 000 installation verifications and payments
Exchange faulty equipment Fee	R 3 343 348	R 20.57	R 1 050 178	R 1 113 189	R 1 179 980	R 3 343 348	130 000 (2.5%)
Return faulty decoders to warehouse	R 2 580 404	R 15.88	R 810 530	R 859 162	R 910 712	R 2 580 404	130 000 (2.5%)
Return faulty antennas to warehouse	R 9 031 413	R 79.40	R 2 836 855	R 3 007 067	R 3 187 491	R 9 031 413	91 000 Antennas
Return faulty satellite dishes to warehouse (LNB Only)	R 2 412 034	R 49.48	R 757 644	R 803 102	R 851 288	R 2 412 034	39 000 Satelites (LNB's)
Customer Enquiries Over Counter	R 5 104 312	R 0.98	R 790 264	R 2 094 198	R 2 219 850	R 5 104 312	Counter enquiries and referrals
Insurance (0.5% of Rand Value for 25% of Products)	R 4 023 419	R 0.77	R 622 917	R 1 650 729	R 1 749 773	R 4 023 419	Fixed
Sub-Total	R 306 303 104	R 58.90	R 124 791 766	R 88 122 343	R 93 388 995	R 306 303 104	
Total Revenue	R 922 518 504	R 177	R 235 702 810	R 334 377 111	R 352 438 583	R 922 518 504	
Total Cost	R 792 763 798	R 152					
Total contribution	R 129 754 706	R 25	14%				

Annexure A: SAPO detailed Pricing Structure, cont'd...

Notes:

1. Pricing based on volume of **5.2 million**.
2. Costs of **R463** million absorbed resulting in average STB pricing decreasing from **R246 to R177 per STB**.
3. Pricing **excludes VAT**.
4. Distribution costs includes current fuel levy of **25.6%** which is variable.
5. Pricing is based on the tariff structure for the **2017/18 financial year**, there after increases were calculated on a **6% CPI**. Any funding beyond the 2016/17 financial year has to be confirmed.
6. Debit card transactions (**0.7%**) and Credit card transactions (**1.9%**) costs excluded from pricing and will be recovered separately.
7. Software development cost based on Rand/Euro exchange rate at **28 Oct 2014**.
8. Software development excludes additional system change requests after sign-off, which will be recovered
9. Payment and delivery fee based on delivery of all STB equipment to the qualifying Applicant.
10. Terms and conditions for business contingency cost due to external factors to be agreed upon in SLA.
11. Provision has been made in **Year one** for the following main activities:
 - 11.1 The completion of all the main development activities
 - 11.2 The completion of the phased-in pre-registration phase
 - 11.3 The phased-in distribution of approximately **867 000 STB's (145 000 per month)** during the last six (6) months of Year One.
12. The Pricing excludes the SAPO design & development ballpark amount of **R515,2k** quoted for the USAASA Installer Self Service Website. USAASA reply in this regard is awaited. If approved then this cost must be included under IT development.

Annexure B: Status on SAPO Key Deliverables

Item no	Task Name	Duration	Percentage completion	Predecessors	Notes
1	SAPO	36 months			
1.1	Governance and Planning	Two months			
1.1.1	Signing of the NDA	0	100%		
1.1.2	Signing of MOU	0	100%		
1.1.3	Submission of SAPO's imputes to DTT Qualification criteria	0	100%		Final approved DTT Qulaification Criteria document awaited
1.1.4	Approve SAPO Business Rules (Distribution framework)	1 month	99%	1.1.3	Finalisation dependant on final Qualification Criteria document approved
1.1.5	Approve SAPO DTT Pricing Structure	1 month	99%		SAPO updated DTT Pricing Structure for the 3 year period 2015/16 to 2017/18 submitted to DTPS on 4 Nov 2014 for finalisation with National Treasury
1.1.6	Signing of updated SAPO Governance documentation	1 month	99%	1.1.4	Finalisation of updated documents subject to item 1.1.3 and 1.1.4 above
1.1.7	Alignment of SA Post Office DTT Project Plan with the National DTT phased-in Implementation and Rollout Plan	1 month	5%	Dependant on approval date for National Rollout Rollout plan	Completion of exercise subject to approval of BDM Policy
1.1.8	Finalisation and sign-off of SLA	2 months	70%	1.1.4 & 1.1.5	Completion of exercise subject to approval of DTT Qulaification Criteria & SAPO Business Rules document

Annexure B: Detail status on SAPO Key Deliverables, cont'd...

Item no	Task Name	Duration	Percentage completion	Predecessors	Notes
1	SAPO	36 months			
1.2	System development	3 months			
1.2.1	Alignment and signing of SAPO System Specifications	1 month	95%	1.1.4	SAPO system specifications is currently 95% aligned to the latest updated version of SAPO Business Rules document
1.2.2	Commence with development of SAPO System Solution Design (STB Installer database included)	2 months	0%	1.2.1	Development will take three months from date of sign-off of SAPO Business Rules document
1.2.3	Delivery, testing and implementation of the SAPO overall System Solution Design (STB Installation DB and Integration testing to SENTECH, DTT Call Centre and USAASA included)	1 month	0%	1.2.2	

Annexure B: Status on SAPO Key Deliverables, cont'd...

Item no	Task Name	Duration	Percentage completion	Predecessors	Notes
1	SAPO	36 months			
1.3	Operational readiness	3 months			
1.3.1	Set-up of the required Financial processes in the SAP environment (GL accounts, postings, etc.)	1 month	15%	1.2.1	
1.3.2	Capacitate the identified Retail Single-hand branches (Resources & POS)	3 months	20%	1.1.4 & 1.1.7	Activation of Set-up plan subject to approval of National Rolloutplan
1.3.3	Set-up and activation of SAPO's ware-houses, distribution network and Retail Operational Centre and the identified Retail stock holding branches	3 months	20%	1.1.4 & 1.1.7	Activation of Set-up plan subject to approval of National Rolloutplan
1.3.4	Phased-in upload of appointed Installers on SAPO's Vendor system (Pilot phase 1st priority)	2 weeks	0%	1.2.3	Completion of exercise subject to appointment date of Installers by USAASA
1.3.5	Activation of SAPO's invoicing process	3 months	5%	1.1.8	Activation of SAPO invoice process subject to approval of SAPO Pricing Structure and SLA

Annexure B: Detail status on SAPO Key Deliverable, cont'd...

Item no	Task Name	Duration	Percentage completion	Predecessors	Notes
1	SAPO	36 months			
1.4	Mapping, Communication & Marketing	3 months			
1.4.1	Map USAASA Needy Household database with SAPO Outlets	0 days	100%		
1.4.2	Map SENTECH's type of coverage areas with SAPO Outlet areas in small place format	2 months	80%		The mapping of a total of 7 of the 9 Provinces has been completed
1.4.3	Alignment of SA Post Office DTT Communication Plan with the National DTT Communication & Awareness Plan for implementation	2 months	70%	Dependant completion date of National DTT Communication & Awareness Plan	SAPO's internal draft framework has been completed and is currently in circulation for comments. Final updated plan will be subject to the final approved National Communication and Awareness Plan.
1.4.4	Design, testing, sign-off and phased-in printing and delivery of STB Application and Installation voucher forms to SAPO selected CFG warehouse	3 months	70%	1.1.4	The draft STB application and Installation voucher forms has been designed and aligned to the latest updated DTT Qualification Criteria and SAPO Business Rules document
1.4.5	Commence with the phased-in ordering and delivery of phased-in STB marketing material to SAPO branches (Pilot phase 1st priority)	1 month	0%	1.3.10	
1.4.6	Design and distribution of SENTECH coverage maps to SAPO outlets for display to assist applicants	2 months	10%	1.3.8	SAPO's requirements has been submitted to Sentech for completion of required mock-ups

Annexure B: Detail status on SAPO Key Deliverables, cont'd...

Item no	Task Name	Duration	Percentage completion	Predecessors	Notes
1	SAPO	36 months			
1.5	STB equipment	2 months			
1.5.1	Finalization of SAPO's packaging, operational and system requirements for all STB equipment with Suppliers	1 month	60%	Date dependant on appointment date of Service Providers by USAASA	SAPO's packaging , ordering and delivery requirements for STB equipment has been presented to the potential Bidders at USAASA's Briefing session held on 2 December 2014.
1.5.2	Testing and sign-off of packaging and system requirements on all on STB equipment & packaging material with Suppliers	1 month	0%	1.4.1	
1.6	Training	5 months			
1.6.1	Pilot Training Completed	1 month	5%	1.1.7 & 1.2.3	Completion of exercise is subject to items 1.1.7 and 1.2.3
1.6.2	Phased-in Training commences	4 months	0%	1.5.1	

Annexure B: Detail status on SAPO Key Deliverables, cont'd....

Item no	Task Name	Duration	Percentage completion	Predecessors	Notes
1	SAPO	36 months			
1.7	Pre-registration phase	8 months			
1.7.1	Launch of pilot pre-registration phase (Selected District municipality in Free State Province)	1 month		1.1.7; 1.2.3; 1.3.2; 1.3.3; 1.3.11; 1.3.12 & 1.5.1	
1.7.2	Complete pre-registration to the remaining District Municipalities in the Free State Province	1 month		1.6.1	
1.7.3	Complete pre-registration phase for Provinces 2 & 3	1.5 months		1.6.2	
1.7.4	Complete pre-registration phase for Provinces 6 & 7	1.5 months		1.6.3	
1.7.5	Complete pre-registration phase for Provinces 4 & 5	1.5 months		1.6.4	
1.7.6	Complete pre-registration phase for Provinces 7 & 8	1.5 months		1.6.5	
1.7.7	Phased-in completion of pre-registration results for evaluation and signing of by USAASA. Assessment exercise to be completed per Province in conjunction with USAASA.	8 months		1.6.1 to 1.6.6	The assesment exercise will take place in a phased-in manner over a total period of 8 months starting with item 1.6.1 and ending with item 1.6.6
1.7.8	Alignment of SA Post Office DTT Project Plan with signed-off registered number of qualifying needy households and type of STB's to be distributed per SAPO Outlet per Province.	8 months		1.6.7	

Annexure B: Detail status on SAPO Key Deliverables, cont'd...

Item no	Task Name	Duration	Percentage completion	Predecessors	Notes
1	SAPO	36 months			
1.8	STB equipment distribution phase	36 months			
1.8.1	Commence with phased-in national ordering and delivering of STB stock to SAPO's selected ware-houses (Pilot phase 1st priority)	2 months		1.4.2	The STB equipment distribution phase will take place in a phased-in manner in sequentail distribution number order once the STB equipment becomes available for distribution.
1.8.2	Commence with the phased-in ordering and delivery of STB stock to SAPO branches (Pilot phase 1st priority)	1 month		1.7.1	
1.8.3	Launch of pilot STB Distribution phase (Selected District municipality in Free State Province)	1 month		1.1.7; 1.3.2; 1.3.3; 1.7.2	
1.8.4	Commence with National phased-in distribution: Year1	9 months		1.7.3	
1.8.5	Commence with National phased-in distribution: Year2	12 months		1.7.4	
1.8.6	Commence with National phased-in distribution: Year3	12 months		1.7.5	
1.9	SAPO Reconciliation	2 months			
1.9.1	Finalisation and submission of final consolidated reconciliation report for the Subsidized STB project to USAASA for sign-off	2 months		1.7.6	