I believe that this project was created with the best intensions, no doubt and, as promised has turned out a failure or partial failure and, so instead of being in better circumstances, we are placed in very complex situations.

WHY DID THIS INITIATIVE FAIL:

**IFT** (Independent Field Technicians) **Futuremakers Programme Objective**

Telkom established the Futuremakers programme to assist with the Enterprise Supplier Development initiative. This was as a response to the B-BBEE requirement and improving their scorecard. As part of this initiative Telkom called upon all former Telkom employees to participate in the Futuremakers Programme. The procurement process was followed in which all interested parties had to attend a briefing session followed by submission of a Business Proposal which after a scoring process was followed by a Presentation Process. Those companies who did well the whole process were signed on to the Programme. The process was transparent and fair which lead to those Businesses who met the requirements being on-boarded to become Service Providers to Telkom. We believe the Programme was well intended and some companies have benefited from it. But, unfortunately, a good number of Black Businesses which participated in the programme were setup to fail as they were sabotaged on their efforts of seeking growth. The following unfair practices have been perpetrated by Openserve Staff under the watch of their Line Managers and Senior Managers; at times Line Managers were and still are involved in these processes as they did not act when their subordinates were reported for wrongdoing. The following are some of the Tactics used to sabotage the small businesses:

We are facing a number of challenges, the biggest one on everybody’s lips now is the **Penalties and Non-payable jobs: IFTs** (Independent Field Technicians) were contracted to do commodity services that includes installations and repairs of ADSL lines and Fibre to the Home (FTTH). The contract states that a job is completed once tested by Telkom and a customer are happy with the workmanship of the Technician. But, unfortunately, because of a very old copper network, so many installations fail within 30 days of installation. The failure is the result corrosion in copper joints where contractors have no access to the network. Openserve, deem it fit to penalize the Service Provider and not pay them for the installations that fail within 7 days and were moved to 30 days of completion on the 1st September 2017, Service Level Agreement. The number of days for returns is indefinite 5, 10 times or more. The following is factors that also contribute towards the failure: lightning, floods, heavy rain, wind, hail, (Act of Nature /“God”), vandalism or any other reason beyond the technician’s control.NO CALL OUT FEE IS INCLUDED IN THE BOQ.

Please take note of the following material used per job and the cost of expenditure per month:

1. Material used on a installation/fault

indoor wire

jacks

window blocks

black and white saddles

glue sticks

loop fasteners

Excon Wire

Laptop/smart phone

Expenditure:

|  |  |  |
| --- | --- | --- |
| Description | Cost | Notes |
| Material | R 5,000.00 |  |
| Salaries (Technicians) | R  |  |
| Vehicle Lease | R5,500.00(x3) |  |
| Fuel  | R2,800.00(x2) |  |
| IDF Loan | R10,000.00 | For Vehicles and Salaries |
| Airtime | R250.00(x2) |  |
| Data | R250.00(x2) |  |
| Laptop/smart phone contracts | R 600.00(x4) |  |
| Admin (Office) | R3,500.00 | Telephone, internet, paper, stationary |
| Admin Fuel | R | Quality checks, Meetings from JHB to PTA, Site visits, CR visits |
|  |  |  |
|  |  |  |

These include repeat faults and Fines FFR (First failure rate) UCHO (Unnecessary cable hand over), these incidents are not investigated with the company concerned and once issued, it is final, NO DISPUTE PROCESS EXISTS, (As per SLA), but are instead imposed via the payment file (A system that Openserve utilizes indicating jobs): 1. Jobs that will be paid, 2. Jobs not to be paid, 3. Jobs fined; You are instead told that this contract is drafted in such a way that companies will ‘’Lose **some and win some”**. How do you penalize me when I am using the same **NFS test portal** Telkom provided which tests and issues the technician with a Pass Reference Number indicating that the fault has indeed been repaired and the customer is happy? **“This is unfair labour practice as the Technician has no control over Telkom’s ageing network .This has resulted in huge revenue losses for the IFTs and the money should be paid back to the IFTs”.**

**Definitions for ease of reference:**

A **Repeat fault** according to the amended contract is an incident whereby a technician is activated within ….and were 30 days from the day when the first technician attended to the same fault irrespective of the actual cause of the dispatch. A typical example:

**Firstly**, is where a technician repair a fault using own material i.e. cable, jack etc.

**Secondly,** test and obtain a pass reference number from Telkom’s system and clears the fault off the system and expect payments for service provided. Two weeks later the same line or equipment gets struck by lightning, floods, heavy rain, wind, hail, (Acts of Nature /“God”), vandalism or any other reason beyond the technician’s control**.” This is an unfair expectation and demand that the technician must attend to the fault again without being remunerated or another technician will be despatched to repair the fault and get paid”.**

**Lastly,** the aforementioned automatically prompts the customer to report the faulty line and what happens next: Openserve system randomly dispatches the same technician or another technician to attend to this fault ‘meaning’ the last technician on the job will get paid and the first technician will not get paid due to failure of the line even though it was beyond the technicians control or the merit thereof. No dispute process or site-meeting is to be entertained between Openserve and the Service Provider to investigate the reason for this failure.

*Example: to date*

**Unnecessary Cable Handover (UCHO)** is when the technician has to attend to this particular fault only to discover that the Underground Cable is faulty and has to be routed to the relevant Underground Cable Department. Should it happen that the UG cable technician dispatch a report back to inform the Contract Representative that the fault found on the UG cable irrespective of the merit the findings the Service Provider will automatically be fined (R500-00) without any investigation/site-meeting arranged to ascertain the validity of the UG cable findings by the technician. It is also critical to note that it would not make sense for a Service Provider technician to unnecessarily handover a job to the UG department, this would usually be the last resort bearing in mind that as per the revised contract, payment by Openserve is effected only when a fault is repaired and cleared off the system,

**First Failure Rate (FFR)** is where a technician has installed a new line on a client’s premises and for some or other reason the installation fails within 30 days, the SP gets fined (R713-00) for that particular job for example when a technician completed such an installation , tested and completed with a clearance reference number obtained from Openserve’s call centre to proof that the line is in now active and weeks later the same customer reports the installation faulty another technician attends to it , only to find that the client’s equipment had gone faulty and not the actual installation. Again there is no dispute process on FFR’s, no explanation to why the client reported the fault. Same payment technique applies as above.

In addition with contrast to the concerns we have challenges with the following issues:

**1. Amendment of contracts and rates**

Fault repeat duration unilaterally altered from 7 days to 30 days (no consultation with concerned company to address problem as per SLA ,BOQ unilaterally altered , e.g.: To fix a fault including divert in 2016( R560+R230=R790) with material provided by Openserve and in 2017 (R620 all inclusive) SMME, requested to provide own material after being shifted from incubation stage to maturity stage without any consultation of the company’s business analysis or performance. (Please refer to previous verses current)

**1. IDF Capital Loan**

IDF Capital is an SME fund manager, investing in economically viable and innovative black-owned and controlled businesses within South Africa that can yield commercial returns. Companies and directors were not vetted or any credit checks done. The performance of the company was also not considered. This can be regarded as irresponsible lending and IDF is in transgression with the NCR (National Credit Regulator) No proper processes and record keeping when funding was requested and repayment processes and terms did not exist. Companies were threatened and bullied into opening of clearing accounts after IDF realized that there were no processes in place to recover the funds. “Intentionally we are forced to pay back the money even though some companies find it difficult to pay back these loans on time as their revenues is constantly reducing due to a lack of jobs and a budget constraint.” NEVER TRAINED TO MANAGE OUR FINANCE

**1. Unfair on-boarding of Technicians**

Since the beginning of the Futuremakers program, Small business have recruited and trained a number of Technicians, but these Technicians were on several occasions refused on-boarding. It is to be noted that Small business were required to train their staff even though a promise was made by Telkom to assist these companies with the training of the Technicians. Once the Technicians were trained by the Service Providers themselves, they were assessed by Telkom to check their fitness to carry out the job. However, having passed the assessment, the Technicians were refused on-boarding or it was delayed as much as possible to frustrate the Technician to a point of resigning from the Service Provider. It is to be noted that, the big and “White own companies” did not have the same requirement of sending Technicians for assessment. “This is unfair procurement practise that resulted in advantaged the “White Owned Companies”. As a result, small and “Black Owned Businesses” always lost their employees to their White counterparts.

It should be highlighted that this practice has not stopped. Telkom has announced the migration of their customers from the copper network to the Fibre Network. In a fair and honest environment, IFTs/Black owned Service Providers would have been allowed to upskill their Technicians with fibre skills and onboarding of the Technicians would follow. Numerous skill audits and promises were made about a scope increase which never materialised . (*Please refer to e-mail from ESD dated 23/05/17*)

 But unfortunately, as it has happened in the past, certain companies are allowed to onboard fibre Technicians and others are not allowed. Meaning that, certain companies are allowed to increase their staff compliment which result in them earning more revenues that others. “The capital outlay was extreme to a point where it became impossible to do FTTH eg, vehicles, splicing machine for every vehicle.

*Estimate Value:*

**Students:** Telkom introduced IFT companies to The Department of Environmental Affairs’ FemPowerment Programme whose core objective for this programme was to identify unemployed youth from their database and link them to various IFT companies where they would be trained and upon successful completion of the programme duration, they would be absorbed into the said companies as employees thereby making a mark in alleviating the unemployment issue in the country. MoU’s were signed with the Department, We mentored, trained, covered them on COIDA and also provided them PPE yet after completion of the programme as per agreement, Openserve regrettably informed the students that they could not be absorbed as there was no business need yet we still have new technicians/companies on-boarded on the network.

***The following are benefits declared in the Beneficiary Agreement***

**Grant:** it should be investigated as to what type of grant that was promised to the companies, what amount and whether this was fulfilled or not. As IFTs believed that this money was never extended to them if ever existed, it therefore should be investigated.

**Loan and equity investment funding:** Safe to say that companies received theBridging finance that was linked to the next invoice. Unfortunately, because of the unfair work allocation, IFTs find it difficult to pay back these loans on time as their revenues are constantly reducing.

**Time of employee:** Services Providers/IFTs recruit employees with the intention of employing them full-time, but unfortunately, the employee and the Services Providers are frustrated unfair onboarding process and the unfair dispatching process. This has always resulted in a very high employee turnover for the Black Owned Service Providers and this is defeating the whole aim of Job creation.

**Business development and support:** The IFT companies under the FutureMakers Programme have received little or no support from Telkom. Instead these companies have been sabotaged to a point of closure, and unfortunately, some did not survive the onslaught.

**Virtual and Physical incubation:** Sizwe Ntsaluba Gobodo (SNG) was appointed as the implementing partner of the Future Makers programme. The assumption was that incubation was going to be done by SNG. Unfortunately, SNG made used of Interns to support the IFTs as a result the IFT financial reports are either not done or done incorrectly. This leads to the Small Businesses that are “TAX non-complaint”.

**Product Discounts:** IFTs received materials from Telkom for a short period and that discontinued before the ESD period ended. That meant that, IFTs have to buy their own materials at full costs to them with no discounts as promised.

**Connectivity Discounts:** SomeIFTs don’t even know what that entails as they never received these discounts and they don’t know how to claim for them.

**Marketing Support:** IFTs were made to pay a full amount to their cobranding with Openserve. It should be said that, this was unfair as the IFTs were not given a choice and they were fined when their vehicles were not branded according to Openserve standard. We believe that, Telkom should have carried the costs of the cobranding as our vehicles we used to promote their subsidiary “Openserve” at no cost to them. If funds for this were allocated, then those involved in this unfair practice should be investigated.

**Training:** IFTs were promised Training which only came very late in the programme through a partnership between Telkom and The Department of Environmental Affairs. But unfortunately, that was also a failure because, the interns that were trained, were also denied onboarding. So, the investment done by the IFTs in training and subsidising the stipend for the Interns went to waste at the loss to the Small businesses again.

**Business Linkages:** This can only be explained by Telkom as the IFTs can’t evenget work from other Telkom Subsidiaries like BCX and Gyro. So, we are not sure what linkages were to take place. But also, because these businesses were deliberately kept small, how were they going to have capacity to deliver to other customers?

**Settlement discounts:** Only known by Telkom or Futuremakers team.

As small businesses under the Futuremakers Programme we have been setup to fail and we have no doubt that, most, if not all black owned businesses within the Futuremakers programme have experienced the similar treatment and that some might not have survived. These practices should never be allowed to thrive as they perpetuate the legacy of apartheid. Black owned businesses and their employees are subjected to unfair discrimination on the bases of race. That should be condemned and people responsible should be found personally responsible and brought to book.

As Small businesses under the Futuremakers, we are committed to Telkom as a client and a Business Partner. It is a concern to us seeing this business being destroyed through unethical practices. Telkom should lead in the front in routing out corruption, racism and other forms of discrimination within it’s ranks.

Financial Compensation

It is clear from this report that, Telkom has not been honest about their empowerment of Black businesses in this regard. The financial losses suffered by the business owners in the regard should be compensated. The fact that these businesses were not allowed to grow as a result of sabotages, they should be compensated for that.

**LOSSES INCURRED**

**1. Delayed Payments**

There has been a systematic process of delaying payments and this has been done at various levels starting from a Contract Representative and all the way to Accounts Payable. This has damaged the credit record of SMME’s , negatively affected their ability to borrow from the banks and prohibited them from growth. Even though, there has been some improvement on the payment side, the damage done in the past has left these businesses in a dire state

**2. Dispatched to undesignated areas**

Assurance were given for travelling outside designated areas above 50 km, but no process in place to recover travelling expenditure.