

CSP Questions and Answers

This document contains all questions to date related to the CSP Expression of Interest process. Please address questions and comments to rfp@nunavut-broadband.ca. The source of questions or comments will not be identified.

Please note that this document is in date order; in some cases later answers may amend or clarify earlier answers.

Note that questions received after 5:00 pm, Eastern Daylight Time on June 22, 2004 will not be answered. Questions received up to that date will be posted on the web site on the evening of June 22, 2004. This ensures that all candidates have at least 2 full business days before the June 25, 2004 closing date to review and incorporate the final Q&A document in their response.

Posted as of June 22, 2004

Question 1

Will NBDC accept a consolidated response covering several communities from a regional or territory-wide organization that represents local, community-based entities?

Answer 1

A primary NBDC goal is to enable local technology organizations in every community to act as the NBDC CSP and to provide other technology services in the community where no such service exists. As a result, candidates for CSP will be evaluated community by community based on the qualifications and credentials of the local staff and or organization. While a regional or territory-wide proposal will be reviewed if submitted, it will be assessed based on the credentials of each local community-based entity or staff and awarded community by community. Contracts between NBDC, SSI Micro Limited and the CSP will be signed only with the local organization or person.

Question 2

Will NBDC accept expressions of interest from potential CSPs interested in the larger communities during Round 2?

Answer 2

No. Round 2 is meant to select CSPs in the communities listed in Section 1, Overview in the CSP Expression of Interest document.

Question 3

Will the CSP be able to approach the local Government for accounts during the initial start-up?

Answer 3

The local CSP may sell to any person or organization resident in the community in which the CSP operates including governments or government employees at any level. To be very clear, a community-based CSP may only accept accounts from their own community. This strategy of requiring local purchase is meant to enable the local CSP to generate local sales.

Question 4

Please provide details on how NBDC will manage the modem inventory required for start-up and the ongoing requirements and the associated costs?

Answer 4

CSPs will be expected to commit to using a number modems as described in Section 9.1 CSP Commitments under the heading Sales Quota. Modems will be provided to CSPs based on this quota. The charge per unsold modem (where the CSP has failed to meet the Sales Quota) has not been set but will be less than \$10 per month. All other aspects of inventory management will be managed and funded by SSI Micro and NBDC.

Question 5

How will the NBDC rent the modems to the customer and for how much?

Answer 5

Modems require a refundable customer deposit of \$150. The cost of the modem is included in the service.

Question 6

Will the CSP be paid commission on all revenues to NBDC including rentals, add-ons and the connection charges?

Answer 6

The CSP will be paid a percentage of all the items in the Price List shown on the NBDC web site (<http://www.nunavut-broadband.ca/access.htm>). The CSP will not be paid a percentage of the refundable deposit. There are no other charges related to the NBDC service.

Question 7

When a customer signs up what is the connection fee that the CSP can charge to cover installation and start-up costs?

Answer 7

There is no connection fee. There is a refundable deposit on the modem. CSPs are expected to fund the startup activity in return for a percentage of the on-going customer revenue.

Question 8

In the payments section, please provide more information on how the payment is tracked to ensure a non-paying customer is not billed to the CSP if they are in arrears?

Answer 8

No expenses are billed to CSPs. CSPs receive a percentage of the revenue if and when the customer pays. CSPs will be notified by the administrative system when their customers are nearing or in arrears. Customers are suspended when in arrears and no expense is incurred.

Question 9

In Section 3 of the document (CSP Role in Customer Payments), a modem charge per month is mentioned for an account that is disabled for non-payment. Who is responsible for the modem charge if the customer does not reconnect?

Answer 9

The modem charge will be collected from the customer if he reconnects. If he does not reconnect, the charge will be deducted from the modem deposit if the customer returns the modem. (The charge will be less than \$10 per month per modem.) If the modem is not returned, the disabled account will eventually be

closed and the modem deposit will be released to partially cover the cost of the modem. The CSP is not charged in any of these scenarios.

Question 10 (See also Question 17)

Given that most people in a community do not have a credit card, and potential CSPs may not want to maintain a corporate credit card what other terms of payment will NBDC offer?

Answer 10 (See also Answer 17)

The administrative system will accept a credit card as payment, ideally a customer credit card. All customer accounts must be prepaid for one month in advance so that there is no possibility of unpaid receivables. At the end of the prepaid period the customer account is automatically disabled by the system.

To accommodate customers without a credit card, a CSP must have a valid personal or corporate credit card; this is a mandatory condition of being a CSP.

CSPs may accept cash, cheques or even goods or services in-kind from customers **but if the CSP accepts these forms of payment, the CSP must use their own credit card to enable the customer account.**

There are no other payment terms for broadband service.

While this may seem to be onerous for the CSP, it should be noted that the system will automatically disable a customer account for non-payment so the CSP is not viewed as being responsible by the local customers. This payment arrangement is required by our investors who must be assured that revenue is collected and that we can repay the debt that we have incurred.

Question 11

Has NBDC defined the type and scope of services the CSP will be required to provide under the contract? Can the CSP charge for out of scope services? How will the CSP be compensated for out of scope calls? Please provide the guidelines NBDC has established regarding hours of service and required response targets.

Answer 11

The type and scope of the services will depend on the community. In the largest communities, CSPs are expected to assist their customers in using broadband during normal business hours. In the smallest communities, the hours of service will be published from time to time by the CSP. Customer

calls will be logged and tracked. Performance targets will be negotiated with the CSPs as a group after the Round 2 selection is complete. The type and scope of the work will depend on the extent of the customer's and the CSP's knowledge and skills. It is up to the CSP to decide when the work is out of scope and when additional charges are appropriate. Customers who feel that their CSP is not providing appropriate service may log complaints which will be tracked and reviewed by SSI Micro and by NBDC.

Question 12

Is the CSP connection provided at no cost under the proposed contract?

Answer 12

No. CSPs will pay the standard customer price for their account but will receive the standard percentage rebate on that revenue.

Question 13

Please outline how NBDC will provide the training required and how the CSP will be compensated for this cost. When training is required will it be in the CSP community or centralized? Please provide NBDC's policy outlining travel assistance for small centres where revenues will be marginal?

Answer 13

Our objective is to do the initial training face-to-face in regional centres with full travel assistance. Subsequent training will likely be done using the broadband network. The details and extent of the assistance are entirely dependent on our success in obtaining the necessary funds.

Question 14

Given that most communities will not have a significant subscriber base, and that you have indicated that CSP contracts will not be exclusive, please provide NBDC's policies and guidelines for CSP's to ensure that the viability of the community service will not be compromised with multiple providers?

Answer 14

As a condition of our funding, NBDC is required by Industry Canada to provide Open Access including appointing more than one CSP per community in Round 3. Where customers in a community wish to support more than one CSP, they will do so.

Question 15

Can you provide the details of how the quota will be established and outline the CSP's involvement in setting the target? How will the quota be established if there is more than one CSP? Is NBDC providing advertising, marketing and customer incentive programs and funding to help the CSP meet the assigned quota and can you provide the details?

Answer 15

The quota set for each CSP will be based on the economic and social conditions in the community and the skills and existing business interests of the CSP in the community. The purpose of the quota is primarily to manage the inventory of modems, not to drive revenue. Quota will be negotiated individually with each CSP. The NBDC focus will be on building successful CSPs in every community and satisfying the broadband customers. The focus is not to maximize revenue at all costs although the planned revenue targets must be achieved to repay our debt and to service the overall network.

Question 16

NBDC has set a target of 25% of revenue available for the CSP. In small communities it is likely that at this level there will be too few subscribers to support the service standards. Is NBDC prepared to provide a minimum revenue threshold for the smaller communities to cover customer support and administration costs?

Answer 16

No. The role of the CSP for the broadband network in small communities is not expected to justify a full time position or significant overhead.

Question 17 (See also Question 10)

Assuming that the customer pays for services with cash or cheque and the CSP's credit card is used to cover those customer accounts, what assistance is provided to the CSP in banking cash and cheques?

Answer 17 (See also Answer 10)

As described in Answer 10, all customer payments must be made by credit card. If the customer does not have a credit card, the CSP may accept cash or cheques from customers but in these cases must use his own credit card to

secure those customer accounts (**a one-time credit card payment is recommended that covers only the amount of the cash or cheque received from the customer so that the CSP is not at risk**).

When the CSPs card is used, the cash or cheques belong to the CSP and may be banked or even spent by the CSP in the most convenient way for the CSP. If there is a bank in the community, the cash and cheques can be banked to cover the CSPs credit card commitments. If there is no bank in the community, the proceeds can be mailed for deposit to a bank outside the community or mailed for payment to the CSPs credit card which is used to cover the customer's payment.

Essentially, in some communities without a bank, the CSP's credit card is acting as the local bank for customers without a credit card. The CSP will be financially secure in this role provided that the customer cash and cheques received are used by the CSP to cover his credit card balance and provided the CSP is cautious about accepting cheques from customers.

Question 18

When will my community broadband service be launched?

Answer 18

The current schedule is outlined on our web site at <http://www.nunavut-broadband.ca/access.htm>. All communities are planned for completion by the end of March 2005. The schedule is dependent on sealift and the order of the communities may be changed to minimize travel due to weather and other considerations.

Question 19

Please explain the note in Section 7.2 Open Access that reads *NOTE: You must be or intend to be a distributor of broadband services to exercise this option; this option is NOT available to a commercial customer or a government for its own use.*

Answer 19

This statement was not applicable to CSPs and in the version of the document now on the web site, this note has been removed. Anyone may apply for connection at the PoP.