WHAT YOU NEED TO KNOW
BEFORE TEXT MESSAGING YOUR CUSTOMERS

Business Considerations for
Implementing Mobile Communications

CDYNE CORPORATION

Success as a Service

S mall, medium, and enterprise business entities are all using SMS to improve workflow and efficiency throughout many business functions. SMS (Short Message Service) is the transmission of text messages to and from mobile devices. For many people worldwide, SMS-enabled devices have become irreplaceable tools to stay connected with the outside world. Immediately communicating with customers, clients, employees, and members therefore makes SMS an extremely powerful messaging tool for businesses. There are two options for businesses to send and receive text messages: short codes and SMS-enabled phone numbers. Which one is the best choice for your business?

WHAT IS A SHORT CODE?

A short code is a special 5-6 digit number (e.g., 75195) that allows consumers to subscribe to mobile messaging campaigns. They are managed by a central issuing registrar in each country. In the U.S., the Common Short Code Administration (CSCA) administers short codes for lease in three-, six-, or twelve-month terms. Short codes are an excellent tool for mobile entertainment, marketing, and advertising campaigns.

The short code number must be purchased up front through the CSCA, and this process can be completed in as quickly as one day. Once the CSCA releases a number for use, the next step is to provision a mobile campaign through an aggregator, who provides connectivity to the wireless carriers, or an application provider, who specializes in software development and hosting for text messaging applications. The campaign is detailed in an application which the carriers will review for approval. If the campaign application is ultimately denied by the carriers, there is no refund on the short code lease.

Part of the application process consists of filling out a "program brief." This includes the type of program content (ringtones, videos, photos, alerts, voting, games, etc), and details out the message flow that the subscriber will experience (e.g., subscriber opt-in and opt-out process and example customer interaction). The carriers want to ensure that each mobile program meets consumer protection best practices before they agree to activate a short code. Once approved, the program may be launched.

WHAT IS AN SMS-ENABLED PHONE NUMBER?

SMS-enabled phone numbers (also known as long codes) are VOIP-based phone numbers that allow two-way text messaging. In the U.S., an SMS-enabled phone number is equivalent to a 10-digit phone number (e.g., 757-544-9510), and may be obtained through an SMS Provider. Unlike short codes which are only available for short-term lease, phone numbers may be purchased for immediate, long term use. These numbers are a good fit for businesses that require a local number, need to send text messages internationally, and have lower messaging volumes. Common phone number applications include low volume communication between a business and its customers and group text messaging applications.

> **COST:** A dedicated short code costs $500 per month plus per message fees, and a phone number costs a few dollars per month plus per message fees.

WHICH OPTION IS RIGHT FOR YOU?

Each method for SMS communication has its benefits and drawbacks, and deciding whether to use a short code or a phone number for mobile communication depends on a number of factors. The following sections address the major advantages and disadvantages when considering a short code or a phone number for text messaging applications. Some preliminary questions to consider include:

- What is the mobile communications budget?
- What are the text message volume needs?
- Will messages be sent internationally?
- What is the timeline to launch a mobile communications campaign?

PRICING

A random dedicated short code costs $500 per month, and a vanity dedicated short code costs $1,000 per month. There are also per message fees for each text message sent or received. Some application providers offer shared short codes, which allow a business to run a campaign on a short code that is used by other campaigns. The benefit is time and money. Tapping into a short code that is already active saves you the time of obtaining and provisioning a short code yourself - plus you can launch a campaign almost immediately. The costs are lower too, since they are shared across many campaigns. The drawback is access to keywords, and the possibility of another campaign abusing the shared short code, thereby shutting your campaign down along with its own.

SMS-enabled phone numbers have a nominal fee. The typical range for U.S. and Canadian phone numbers is $1 to $5 per month for each phone number. Additionally, there are per message fees for each text message sent or received (these fees may vary based on destination).

MESSAGING VOLUME

Another significant factor to consider is text messaging volume. Short codes can send a high volume of text messages. Mobile Terminated (MT) or outgoing messages can be sent at a rate of up to 35 messages per second, or 2,100 per minute. Mobile Originated (MO) or incoming messaging does not have any limitations.

In contrast, phone numbers can only send Mobile Terminated (MT) or outgoing messages at a rate of one message per six seconds, or 10 messages per minute. Combining several phone numbers together will allow you to increase this rate. Like short codes, Mobile Originated (MO) or incoming messaging does not have any limitations.

> **VOLUME:** Short codes can send up to 2,100 messages per minute, whereas each phone number can send 10 messages per minute.

COVERAGE

Short codes must be activated in each country, and only give access to cellular carriers within that country. For example, messages on a U.S. short code may only be sent to recipients in the U.S. Additionally, not all carriers support short codes.

Phone numbers, on the other hand, have international access so text messaging is not restricted by country. For example, a U.S. based phone number that is SMS-enabled has the ability to send to any carrier in the world, as long as the service provider offers carrier coverage for that region.

IMPLEMENTATION

Next to price and coverage, time to implementation is a big consideration. Dedicated short code usage requires carrier approval which is done through an application process that may take up to three months to approve. One alternative is to use an established shared short code for quicker implementation. Phone numbers can be up and running as quickly as a day through an SMS Provider.

VOICE CAPABILITY

Short codes do not support voice capabilities. Conversely, one of the great features of SMS-enabled phone numbers is the ability to integrate SMS with voice functions. This gives businesses more flexibility when engaging with customers. For example, a business sends an SMS appointment reminder to a customer. Instead of texting back, the customer chooses to call the number to reschedule and ask questions. Both SMS and voice features are available with the same phone number.

CUSTOMER CONTROL

Phone numbers are assigned for long term use, and the business using the phone numbers own those numbers. Short codes, on the other hand, can only be leased. In the U.S., short codes are available in three-, six-, or twelve-month terms. In terms of launching a mobile initiative, phone numbers are easier and faster to set up, whereas short codes require a campaign approval process by the carriers, which may take up to three months.

Feature	Short Code	Phone Number
Pricing	High Cost	Low Cost
Message Volume	High Volume	Low Volume
Coverage	Single country	International
Implementation	Slow	Fast
Voice Capability	No	Yes
Customer Control	Short Term	Long Term

GUIDELINES TO COMMUNICATING WITH CUSTOMERS

SHORT CODES
In an effort to protect mobile devices from SPAM and unsolicited marketing, each short code must be independently provisioned and tested by the wireless carriers before they grant access to their networks. This process typically takes three to four months, and ensures that all text messages meet compliance.

SMS-ENABLED PHONE NUMBERS
Phone numbers do not require a carrier approved process to send text messages, but the FCC, FTC, and many courts have passed regulations that govern this traffic. SMS messages fall under the Telephone Consumer Protection Act (TCPA), and the Controlling the Assault of Non-Solicited Pornography and Marketing Act (CAN-SPAM) because they use a telephone network. On February 15, 2012 the FCC issued a Report and Order that set forth new standards for autodialed calls, prerecorded telemarketing calls, and text messages sent to wireless numbers or landlines. These rules will go into effect upon approval by the Office of Management and budget (OMB) and announcement in the Federal Register.

In regards to text messaging, this means that a business must obtain consent from the holder of wireless device before sending text messages to it with a process known as opt-in. This process should occur at the time a wireless number is provided, and must explicitly communicate to the recipient the types of text messages they will receive (e.g., informational, marketing, or both). The following is a list of opt-in examples:

- Recipient may send a Mobile Originated (MO) message from their handset to the dedicated phone number.
- Recipient may initiate opt-in from a website form.
- Recipient may initiate opt-in from an IVR system (telephone keypress).
- Recipient may initiate opt-in from a paper form.

Explicit consent varies by the type of message. Businesses must obtain written or electronic consent as noted above to send marketing messages. To send non-marketing messages only, businesses may acquire opt-in through written, electronic, or oral consent.

A simple way to categorize message types is marketing and non-marketing. A marketing text message is any message that seeks to sell or advertise goods or services. A non-marketing text message is a purely informational message requested by the recipient for a specific purpose. It does not contain an unsolicited advertisement, and is not sent for commercial purposes. Examples of non-marketing messages include bank account fraud, debt collection, emergency messages, non-profit messages, notification messages, and political messages.

> **IMPLEMENTATION:** Dedicated short code usage requires carrier approval which is done through an application process that may take up to three months to approve.

About CDYNE Corporation

Since 1999, CDYNE has provided enterprise Communication and Data Quality Web Services to solve the business need for real-time communication and data quality verification. Web Services include Phone Notify!, SMS Notify!, PAV, PAV-I, Phone Verification, Demographics, Death Index, and IP2Geo. CDYNE billing is transaction-based and post-pay. There are no contracts, startup fees, or cancellation charges. For more information, visit www.cdyne.com or call 1-800-984-3710.

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