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STANDARDIZATION SECTOR
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D.150
Supplement 1
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SERIES D: GENERAL TARIFF PRINCIPLES

General tariff principles – Charging and accounting in the international telephone service

New system for accounting in international telephony

Supplement 1 – Checklist for bilateral complex agreements

Recommendation ITU-T D.150 – Supplement 1

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GENERAL TARIFF PRINCIPLES

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Recommendation ITU-T D.150

New system for accounting in international telephony

Supplement 1

Checklist for bilateral complex agreements

Summary

Supplement 1 to Recommendation ITU-T D.150 defines a voluntary checklist which can be used to facilitate effective implementation of bilateral complex agreements.

History

Edition	Recommendation	Approval	Study Group
1.0	ITU-T E.250	1972-12-15	
2.0	ITU-T E.250	1976-10-08	
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7.0	ITU-T D.150	1992-10-01	III
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9.1	ITU-T D.150 (1999) Amd. 1	2005-09-16	3
9.2	ITU-T D.150 Suppl. 1	2012-01-20	3

FOREWORD

The International Telecommunication Union (ITU) is the United Nations specialized agency in the field of telecommunications, information and communication technologies (ICTs). The ITU Telecommunication Standardization Sector (ITU-T) is a permanent organ of ITU. ITU-T is responsible for studying technical, operating and tariff questions and issuing Recommendations on them with a view to standardizing telecommunications on a worldwide basis.

The World Telecommunication Standardization Assembly (WTSA), which meets every four years, establishes the topics for study by the ITU-T study groups which, in turn, produce Recommendations on these topics.

The approval of ITU-T Recommendations is covered by the procedure laid down in WTSA Resolution 1.

In some areas of information technology which fall within ITU-T's purview, the necessary standards are prepared on a collaborative basis with ISO and IEC.

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Checklist for bilateral complex agreements

1 Introduction

1.1 Objective

The objective of this supplement is to define a voluntary checklist which can be used to facilitate effective implementation of complex agreements. The purpose is to ensure that all parties involved (telecommunication operators, sales and marketing, legal, and finance) have a common and precise understanding of:

- The content of the agreement;

- The execution of the agreement.

1.2 What is a bilateral complex agreement?

A complex agreement can be defined as:

- An agreement that involves committed volumes and rates based on various threshold(s) and/or breakout criteria;

- A committed volume in each direction at an agreed rate(s) between parties;

- Other common names: send or pay, swap agreements, volume commitment (VC), and nil settlement;

- Other arrangements not included in this supplement.

1.3 Why bilateral complex agreements?

- Certainty in incoming traffic:
    - to limit loss of incoming market share;
    - to limit incoming refile or bypass opportunity.
- Reduction in net cost volatility for pricing.
- Traffic routing strategies:
    - send over a committed amount in the first quarter of the next agreement;
    - staggered SOP's / tactical routing.
- Settlement true-up at the end of agreements.
- Agreed settlements based on volume, or other metric, regardless of traffic carried.

1.4 Key considerations for bilateral complex agreements

- Length of agreement (monthly, quarterly, semi-annually, or yearly);
- Volume commitment;
- Classes of traffic included or excluded;
- Ratio of volumes;
- Multitier;
- Mobile rates including mobile satellite;
- Special services – reverse products;
- Legal requirements on shortfall;
- Quality of service.

2 Bilateral complex agreement template

A complex agreement template should consist of:

- Contractual information;
- Types of agreement or agreements;
- Components or data elements to the agreement;
- Management of shortfall traffic;
- Management of true-ups;
- Terminology or glossary;
- Information to be annexed to agreement.

Each of the above is discussed in the paragraphs below:

2.1 Contractual information

This subsection states the carrier name, period or term of the agreement, contact details for all parties, traffic and statement direction, and whether the agreement is across invoices and declarations and time zone (where applicable).

2.2 Types of agreement

The following are examples of the types of agreements that have been identified:

- Volume commitment;
- Rates agreement;
- Normal agreement (rate and volume);
- Proportional return or ratio;
- Monthly volume thresholds;
- Volume cap (mobile, cities, logical grouping, etc.);
- Swap based on minutes;
- Swap based on amount (South American market);
- Balanced;
- Multi-breakouts within MVC.

2.3 Components or data elements for each type of agreement

Each type of agreement should contain the following data elements or components:

• Destinations

• Origin

• Statement on whether elements cut across franchises or not

• Statement on whether overflow traffic is included or excluded

• Products and special services included or excluded

• Time of day

• Quality of Service (QoS)

• Area codes that comprise destinations and origins should be incorporated as an annex to the agreement.

2.4 Shortfall

The shortfall is usually calculated following the expiry of the contract. The template should explicitly state how shortfall traffic will be dealt with, especially in cases where breakouts are involved.

2.5 True up

The template must explicitly state when true-up adjustments would be calculated, e.g., monthly, quarterly, or at the end of term.

The following options should be available:

• To calculate monthly or quarterly and true up;

• To calculate monthly or quarterly, but true up at end of term.

Once the parties agree upon the true-up adjustment, it is recommended that a party settle the adjustments in the same agreement period. This can be done in two ways: a party can include the adjustment in either their:

• Supplementary outbound/inbound statement;

• Net settlement statement.

Where possible, avoid including the true-up adjustments in future statements as the net settlement will fall outside the agreement period and could lead to further delays in settlement, particularly if the net settlement is issued on a quarterly basis.

The parties should also agree to timeframes for true-up calculation and adjustments.

2.6 Terminology or glossary

It is recommended that a terminology or glossary be added to the template shown in Appendix I that defines each term or concept contained in the template.

Term	Short description
Account declaration	Statement that Carrier "A" sends to Carrier "B" to declare what Carrier "A" owes Carrier "B".
Achieved traffic	Actual volume of traffic.
Agreement period	Period for which the contract is valid.
Agreement type	Identifies the type of agreement, e.g., Send or Pay, Committed Volume, Threshold, Bilateral Termination, etc.

Term	Short description
Bilateral traffic	Refers to parties who have direct circuits between them.
Calculate at end of term	The committed/incremental/tier rates are only applied after the contract has reached its end date.
Calculate at next tier rate upon volume reached	The incremental rates or next tier rates are applied as soon as a committed/incremental volume is met, i.e., carrier immediately benefits from agreement.
CAP % or CAP volume	Indicates the CAP percentage or CAP volume that applies to the agreement.
Committed volume	Volume of traffic a party agrees or commits to exchange with another party.
Contract parties	Identifies the parties to the contract or agreement.
Currency	Indicates the currency in which transactions will be settled or rated.
Declaration	Origin carrier (origin traffic sender or the debtor) issues a statement of liability which shows traffic details and amounts that are payable to the destination carrier. This is a reverse concept of the invoicing/billing arrangement.
Destination	Identifies the fixed and/or mobile destinations and breakouts, e.g., countries, cities, mobile operator breakouts, etc. that applies to the contract or agreement.
Dial codes/destinations included	List of dial codes for countries, cities, and breakouts that applies to the contract or agreement.
Grace period	Number of additional months a carrier has available to achieve a committed volume after the contract has expired.
Invoice	A legal instrument stating how much a sender of traffic owes for using the service provider's network (the billing party). Invoices are normally issued with a 30 day net term.
Net settlement currency	The currency in which net settlement is effected.
Net settlement payment term	The period a net settlement is based on, e.g., monthly, quarterly, etc.
Penalty rate	Rate that should be applied if the committed volume is not reached at the end of the term or if CAP is exceeded.
Rate/minute	The rate applicable to a specified volume of traffic or CAP.
Rollover agreement	Indicates the rate(s) and currency that will apply if a new contract is not in place by the time the current contract expires.
Shortfall traffic	Volume of traffic short of the committed volume, e.g., committed volume less actual traffic volume.
Supplementary invoice/declaration	Supplemental invoice/declaration implies that the true up will not be included in the first available invoice/declaration, but that an additional invoice/declaration will be generated for a past period, e.g., if the bilateral complex agreement ends in December 2005 and the true up is only calculated in February 2006, then the true-up value will be included in a supplemental December 2005 invoice/declaration instead of a February 2006 invoice/declaration.
Surcharge per call	A fixed rate applied per call, usually in addition to a per minute rate.
Threshold volume	A traffic volume that has not been committed to, but does attract a new rate.

Term	Short description
Back to first minute	Apply rate back to the first minute, e.g., if the actual volume of traffic falls within Tier2, then all minutes will be rated at the rate specified for Tier2.
Tier	Apply rate as specified for each committed and incremental volume.
Traffic direction	Indicates the traffic direction the contract details relate to, e.g., traffic originates from <my country> to <your country> (outbound) or from <your country> to <my country> (inbound), etc.
Traffic types	Traffic types, services or products the agreement applies to e.g., direct dial (DD), ISDN, station/person, VOIP, etc.
True-up adjustment(s)	Specifies how true-up will be accounted for, e.g., included in monthly invoice/declaration, supplementary declaration or net settlement invoice.
True-up calculation	Specifies when the true-up will be calculated, e.g., at the end of the contract term, monthly, quarterly, etc. True-up calculations are usually based on the call date.

2.7   Annexes

It is recommended that areas codes that comprise destinations/origins be added as an annex to the template.

Where applicable, groupings of products, etc., could also be added as an annex.

2.8   Check list

The table below merely serves as a guide to determine if critical elements of a bilateral complex agreement have been considered. The aim of the check list is to ensure that the terms and conditions of a bilateral complex agreement are clear. It should be read in conjunction with the bilateral complex agreement template shown in Appendix I.

No.	List	Check
1	Have the parties to the agreement been specified?	
2	Has the type of agreement been specified?	
3	Has the agreement period been specified?	
4	Has the traffic direction been specified?	
5	Has the destination(s) and/or breakouts been specified?	
6	Are the dial plans for the destination(s) and/or breakouts attached?	
7	Has the committed volume been specified?	
8	Has the threshold or incremental volumes been specified?	
9	Have the rates been specified?	
10	Has the currency been specified?	
11	Has it been indicated if rates should be applied in a tiered or back to the first minute manner?	
12	Has the traffic types, services, product, etc., been specified?	
13	Has it been specified how the bilateral complex agreement will be calculated, e.g., as soon as the committed volume or threshold has been met or at the end of the contract term?	
14	Has it been specified what will happen if the committed volume is not reached or if a CAP is exceeded, e.g., apply penalties, do nothing, etc.	

No.	List	Check
15	Has it been specified when the true up will be calculated, e.g., end of term, monthly, etc.?	
16	Has a grace period been specified, if applicable?	
17	Is a rollover agreement in place?	

3   Conclusion

This supplement is intended to assist telecommunication operators involved in the analysis and implementation of complex agreements. These guidelines are voluntary and are not required to be included in commercially negotiated contracts between operators.

Appendix I

Bilateral complex agreement template

Annex A - Agreement Details   **Contract Parties:** [ ]   **And**   <Your Carrier>

Section 1:

Agreement Type: [ ]

Agreement Period: **Start Date:** [ ]   **End Date:** [ ]

Term: [ ] **Month(s)**

One single currency agreed for all rates [ ]

TRAFFIC DIRECTION: From <Your origin> to <My destination>

TRAFFIC DIRECTION: From <My origin> to <Your destination>

A: TRAFFIC TO FIXED NETWORK:

Destinations/Selling Destinations	Item	Tier 1	Tier 2	Tier 3	Tier/Back to First Minute	Declaration or Invoice ?
<Destination 1>	Volume					Declaration
	Rate					
	Committed / Threshold					
<Destination 2>	Volume					Invoice
	Rate					
	Committed / Threshold					
<Destination 3>	Volume					
	Rate					
	Committed / Threshold					
<Destination 4>	Volume					
	Rate					
	Committed / Threshold					
<Destination 5>	Volume					
	Rate					
	Committed / Threshold					

A: TRAFFIC TO FIXED NETWORK:

Destinations/Selling Destinations	Item	Tier 1	Tier 2	Tier 3	Tier/Back to First Minute	Declaration or Invoice ?
<Destination 1>	Volume					
	Rate					
	Committed / Threshold					
<Destination 2>	Volume					
	Rate					
	Committed / Threshold					
<Destination 3>	Volume					
	Rate					
	Committed / Threshold					
<Destination 4>	Volume					
	Rate					
	Committed / Threshold					
<Destination 5>	Volume					
	Rate					
	Committed / Threshold					

Traffic Type Status	IDD	ISDN to Fixed	IVPN On-net	Operator Collect	HCD	ITF/UIFN
Included in Deal?	Yes		No	No		
Rate						
Surcharge						

Traffic Type Status	IDD	ISDN to Fixed	IVPN On-net	Operator Collect	HCD	ITF/UIFN
Included in Deal?						
Rate						
Surcharge						

B: TRAFFIC TO MOBILE NETWORK:

Destinations/Selling Destinations	Item	Tier 1	Tier 2	Tier 3	Tier/Back to First Minute	Declaration or Invoice ?
<Destination 1>	Volume					
	Rate					
	Committed / Threshold					
<Destination 2>	Volume					
	Rate					
	Committed / Threshold					
<Destination 3>	Volume					
	Rate					
	Committed / Threshold					
<Destination 4>	Volume					
	Rate					
	Committed / Threshold					
<Destination 5>	Volume					
	Rate					
	Committed / Threshold					

Traffic Type Status	IDD Mobile	ISDN to Mobile	IVPN On-net	Operator Collect	HCD	ITF/UIFN
Included in Deal?						
Rate						
Surcharge						

B: TRAFFIC TO MOBILE NETWORK:

Destinations/Selling Destinations	Item	Tier 1	Tier 2	Tier 3	Tier/Back to First Minute	Declaration or Invoice ?
<Destination 1>	Volume					
	Rate					
	Committed / Threshold					
<Destination 2>	Volume					
	Rate					
	Committed / Threshold					
<Destination 3>	Volume					
	Rate					
	Committed / Threshold					
<Destination 4>	Volume					
	Rate					
	Committed / Threshold					
<Destination 5>	Volume					
	Rate					
	Committed / Threshold					

Traffic Type Status	IDD Mobile	ISDN to Mobile	IVPN On-net	Operator Collect	HCD	ITF/UIFN
Included in Deal?						
Rate						
Surcharge						

C: OTHER SPECIAL SERVICES:

Traffic Type Status	Satellite to +61 145X RAUS only	Satellite to +61 147X RAUS only	Telex	Packet Switched	Personal Numbers	Paging
Included in Deal?						
Rate						
Surcharge						

C: COMMENT

<type>

C: OTHER SPECIAL SERVICES:

Traffic Type Status	Telex	Packet Switched	Personal Numbers	Paging	<Other services>	<Other services>
Included in Deal?						
Rate						
Surcharge						

C: COMMENT

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