



MEDIA RELEASE

Midrand

23 September 2009

THE CONSUMER PROTECTION ACT – IS YOUR COMPANY READY?

The new Consumer Protection Act (CPA) was passed in 2008, appeared in the Government Gazette in April of this year and the first phase of the Act is due to be introduced on 29 April 2010. This first phase primarily revolves around the establishment of the National Consumer Commission, a body that will be empowered to investigate public complaints, issue compliance notices and refer matters to the National Consumer Tribunal that had previously been established under the National Credit Act. The second phase will come into effect in October 2010, and will require the implementation of the majority of other provisions of the CPA.

The Act is designed to provide consumers with a measure of protection against unscrupulous suppliers, and help to ensure delivery of fair products or services at a fair price. Non compliance with the provisions laid out in the Act can mean a hefty fine, a jail sentence or both. However, what businesses need to bear in mind is that the term consumer covers not only the man on the street, or business - to - consumer side, but also the business-to-business aspect. After all, a business that engages with its supply chain is regarded as a consumer of that supply chain.

Unlike much legislation aimed to underpin good corporate governance within large or listed organisations, the CPA is applicable to practically every transaction between a supplier and the consumer (or business), even in small and micro enterprises. Considering that a large proportion of commerce within South Africa involves smaller businesses, this Act will have a huge impact on the way suppliers in the country conduct business.

The business-to-business aspect of the CPA highlights an important area of some of its requirements; that being the critical need for companies to keep accurate records. At the outset, this is no easy task in the modern business world, as a large volume of telephone transactions now take place over fixed lines as well as mobile phones, and accurate record management is no longer as simple as filing a document or even saving an electronic copy. Moreover, to exacerbate this issue, many small businesses rely solely on mobile phones for telephonic communication.

While there is technology available for voice recording, and even mobile voice recording, it traditionally leans towards enterprise organisations and therefore has an enterprise price tag attached to it. This leaves a serious issue for small business owners, who transact mainly via cellular phones, but who, with the new CPA, will still be required to keep records of these transactions.

“Spescom and its various divisions have always been at the forefront of developing technology that enables and facilitates compliance and good corporate governance. Our Libra Voice Recorder has been around for several years, and with the emergence of more mobile transactions we developed Libra Mobile to address the need for recording these transactions,” says Viv Crone, CTO of Spescom.

“However, these are enterprise level solutions that require the company to have its own server to store the recorded calls, something which small businesses can rarely afford or manage. To address the mobile recording needs of small businesses, and even larger organisations that do not wish to own and manage their own infrastructure, Spescom developed ReMo (www.ReMoVault.co.za), a hosted service to store records of mobile voice conversations, text messages and photographs that can be easily retrieved and replayed.”





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This kind of enabling technology will become increasingly important as the deadline for implementation of the Consumer Protection Act looms. As a supplier, mitigating risk by keeping accurate, tamper-proof records can play a vital role should dispute arise.

Says Terry Booyesen, CEO of CGF Research Institute, local experts on compliance, risk and corporate governance, “Having the right technology in place is crucial in mitigating risk and limiting the company and its officer’s liability. The CPA means that businesses can no longer afford to be complacent, or get away with shoddy business practices, as it gives consumers the power to take suppliers to court, where the judge may well impose heavy fines or even hand out prison sentences.”

“Businesses large and small need to be prepared for the impact not only of the CPA, but also the Competitions Act. If the company’s records, be these statutory and or transactional records are not in order, consumers and business to business customers will be well within their rights to take suppliers to task, which could place severe financial burden on a business should their practices be found wanting,” adds Booyesen.

The best way to deal with the implications of these Acts is for businesses to arm themselves with the right knowledge and technology to ensure compliance, risk management and good corporate governance. With these enablers in place and sound policies and procedures implemented, it should be business as usual come October 2010.

About Spescom

Spescom Ltd is a JSE listed company operating in the ICT (Information & Communications Technology) sector. Founded in 1977, this South African Company has developed and delivered a number of world first technologies, as well as innovative products and services to local and global markets.

Spescom’s core focus is the delivery of integrated business communication solutions that leverage voice, video and data technologies to enhance the way businesses communicate with their customers. The deep technical expertise and considerable industry know-how housed in its five divisions - Spescom DataFusion; Spescom DataVoice; Spescom Telecommunications, Spescom Media IT and Spescom Mobile Solutions - combine to deliver world-class solutions, including integrated contact centre platforms and applications, a range of voice application technologies, telecommunications and broadcast solutions.

‘Smart People. Clever Solutions’ reflects who we are and why we are positioned to leverage current and future technology trends and developments to meet the dynamically shifting requirements of our customers and ensure their continued competitiveness.

The company has a staff complement of 290 with offices located in Johannesburg, Cape Town, Durban and London (UK).

For more information about Spescom visit www.spescom.com

For more information about CGF Research Institute visit www.cgf.co.za or www.corporate-governance.co.za

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