Text-to-Donate in the Post-Paid World

By Tim Young

In the aftermath of any natural disaster, the first order of business for those fortunate enough to live beyond the affected area is to find a way to help. Sometimes helping means wielding a shovel or delivering clean water, but for most, helping means monetary donations. Given the increased speed and frequency of communication and the extent to which the desire for instant gratification has pervaded all aspects of life, it's only natural that relief agencies have begun to offer the option of making small donations via SMS shortcode. But facilitating charitable giving in a manner that is rife with conditions is a dangerous game.

The Haiti Precedent

This process for giving $5 or $10 at a time to organizations like the Red Cross made its large-scale debut after the 2010 earthquakes in Haiti, and the results were astonishing. The earthquake

Years later, she still had not deleted the page.

ORDER-TO-CASH BILLING HOSTED IN THE CLOUD
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tore through Port au Prince on a Tuesday afternoon in January, and by the following Thursday, the Red Cross reported that over US$5 million had been raised via text donation. Consider that's more than $5 million raised $10 at a time in two short days by mobile subscribers who never had to write a check, visit a website, or handle a credit card. No fuss, no muss, right? The subscriber becomes a donor and relief is speeded to those who need it. So, where's the downside?

One person to ask that question would be United States Senator Barbara Boxer, who wrote a letter in March to US wireless carriers asking them to cut the time it takes for money to find its way from carriers whose subscribers have made donations to the organizations in need of those donations.

Referring specifically to the crisis in Japan, the letter was written in response to a petition that law student Masaya Uchino started and refers to statements US carriers made that text donations could take up to three months to reach the Red Cross and other charities. The lag is an outgrowth of postpaid billing realities. Carriers set a precedent during previous crises where they ponyed up the cash in advance, in hopes that their customers would pay their bills with no complaints and wouldn't overwhelm carrier call centers with baffled inquiries about the extra ten bucks on their wireless bills.

Wireless carriers have opened yet-another Pandora's box, as donors want to be able to donate via text from now on. But they also want wireless carriers to front that cash to charitable organizations rather than hold onto it until the end of the billing cycle. And

this isn't the only complaint about the way wireless firms handle text donations. Other concerns include carrier-imposed caps on the amount that can be donated through a single SMS (that 10 dollar cap is set by carriers, not by donation recipients), and carrier-imposed limits on which firms can receive SMS donations through that carrier (which means that some wireless subs may be able to donate to organizations via text that subs to a different carrier may not have access to). It's a convoluted landscape.

However, as has been the case time and time again, carriers may find themselves being cut out of the process, altogether. Firms like California-based Obopay are starting to enable text donations without becoming entangled in the sometimes-byzantine and often-sluggish postpaid wireless billing process.

"Crisis relief to Haiti put mobile donations on the map in America, but until recently, mobile donations had only been available for a handful of non-profits and executed through carrier billing solutions, which places low limits on the amounts that can be donated and can sometimes delay the receipt of funds," said Carol Realini, Founder and Executive Chairman of Obopay, in a statement announcing the firm's relationship with a Virginia chapter of charitable organization The United Way in March of this year. "The Obopay text-to-donate offering addresses these issues and meaningfully expands the market and speed for making and accepting mobile donations."

Charity Over the Top

Wireless customers wanting to donate to participating charities send a message to a prearranged shortcode, just as they would when contributing through their wireless provider. However, where the postpaid donor would receive a confirmation in return, and would actually make the payment at a later date, the Obopay solution would respond to the shortcode with a mobile site where the donor could arrange payment details through what Obopay calls "a simple process."

That makes a huge difference. Rather than a text-to-donate solution, the Obopay arrangement seems to be more of a simplified online payment process with an SMS front-end. Such a solution certainly taps into the text-to-donate zeitgeist, but lacks the end-to-end user-friendliness of carrier-based text donations.

Furthermore, while Obopay generally "donates" their solution to interested non-profits, as it did with the United Way, the firm charges a fee to the donor to use the solution. Needless to say, while this increases the

amount of money that reaches the intended charity, it further complicates the donation process and possibly sours the donor experience as a result.

What, then, is to be done about text donations? It seems the only way to keep the process as effortless as subscribers have come to expect is to integrate it into the postpaid billing infrastructure. This probably limits the effectiveness of over-the-top text-donation solutions like the one Obopay offers.

Furthermore, the caps on donations are not a major drawback, as text-donations are best suited for those who would not otherwise donate and are designed for high volume and rapid response. Those who want to give more can use one of the myriad other channels for giving.

If that's so, the sticking point is really the lag time in donations moving from the carrier to the recipient organization. Carriers can either ignore complaints and pass funds along only as they become available or be prepared to manage some PR lash back each time a non-profit faces a net-90 fulfillment timeline.

receiving an email late at night letting me know that one who could easily have been lost was still alive.