



Quarterly Report

2010/2011 - Quarter 1

Published Date: 13 August, 2010

Executive Summary

- PhonepayPlus' new Key Performance Indicators for 2010/2011 are now included in this report – see page 3
- Consumer enquiry figures are also included in this quarterly report – see page 8
- PhonepayPlus is currently considering all of the consultation responses it received on its proposed new Code of Practice (consultation closed July 15, 2010), which will shift the responsibility for regulation along the value chain
- PhonepayPlus is close to beginning the build of a new Registration System which will ensure that all providers will have to register before they provide phone-paid services – this should come into effect at the same time as the new Code

Key Performance Indicators

Maximise compliance by providers with the PhonepayPlus Code of Practice and ensure that “polluters” pay

Measure	Target	Actual	Comments
Fine Collection Rate	80%	100%	
Administration Charge Collection Rate	80%	95%	
Number of cases resolved informally each month	TBD	N/A	This measure is currently being defined by the Complaints Resolution Team
Emergency Procedure cases brought to adjudication within 20 working days	90%	N/A	There have been no Emergency Procedure cases in Q1

Ensure that we act in a way that is proportionate and transparent

Measure	Target	Actual	Comments
Notices to Industry sent soon after adjudication	< 30 days	N/A	There were no Notices to Industry after an adjudication required in Q1
Tribunal minutes published after panel	< 11 days	100%	
Board meeting minutes published after being agreed	< 7 days	100%	

Maximise awareness and understanding of the role of PhonepayPlus

Measure	Target	Actual	Comments
Increasing usage of PhonepayPlus website	Upward Trend	Decline of 18%	This is based on number of visitors to phonepayplus.org.uk in Q1 of 2010/2011 in comparison to Q4 2009/2010
Increasing prompted awareness of PhonepayPlus	Upward Trend	N/A	This measure is currently being defined by the Communications Team

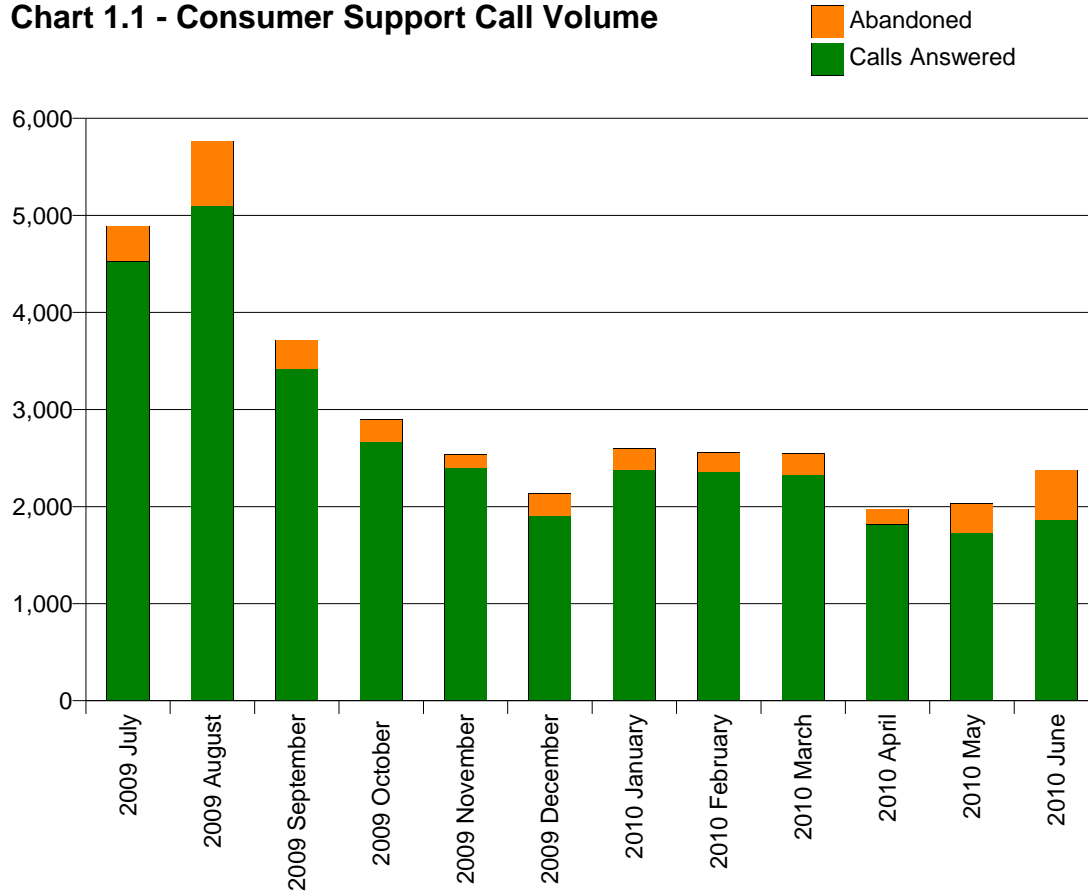
Operate efficiently

Measure	Target	Actual	Comments
Standard procedure cases brought to adjudication within 14 weeks	80%	53%	15 cases in total were brought to tribunal in Q1 of 2010/2011 – the seven cases missing the target time were of considerable complexity
Calls to Contact Centre answered in 30 seconds	80%	92%	
Response to compliance advice requests answered within five working days	80%	31%	This target was missed in Q1 due to a large re-databasing project, carried out in June, of old cases not properly closed on our systems – April and May averaged 95% closed within five working days
Complainants are satisfied with the service from PhonepayPlus	80%	88%	This is based on data from July through December 2009 – the frequency which this survey is collected is currently under review
Industry seeking advice are satisfied with service from PhonepayPlus	80%	82%	This is based on data from November 2009 through April 2010 – this survey will be performed on a bi-annual basis

An Executive that is fit for purpose and knowledgeable about the sector

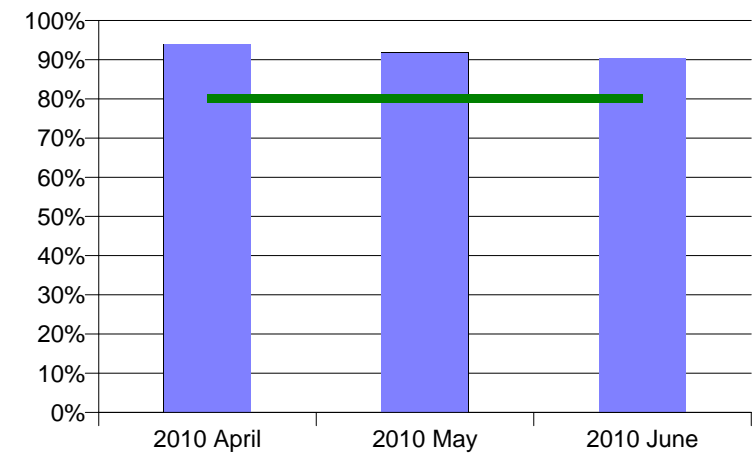
Measure	Target	Actual	Comments
Staff turnover	20% annual	9%	Based on calendar year 2009
Average number of training days	TBD	1 day	In Q1 of 2010/2011, each employee spent an average of one day in training
Number of working days lost to sickness	< 3%	1.2%	In Q1 of 2010/2011, 1.2% of working time was lost due to sickness

Chart 1.1 - Consumer Support Call Volume



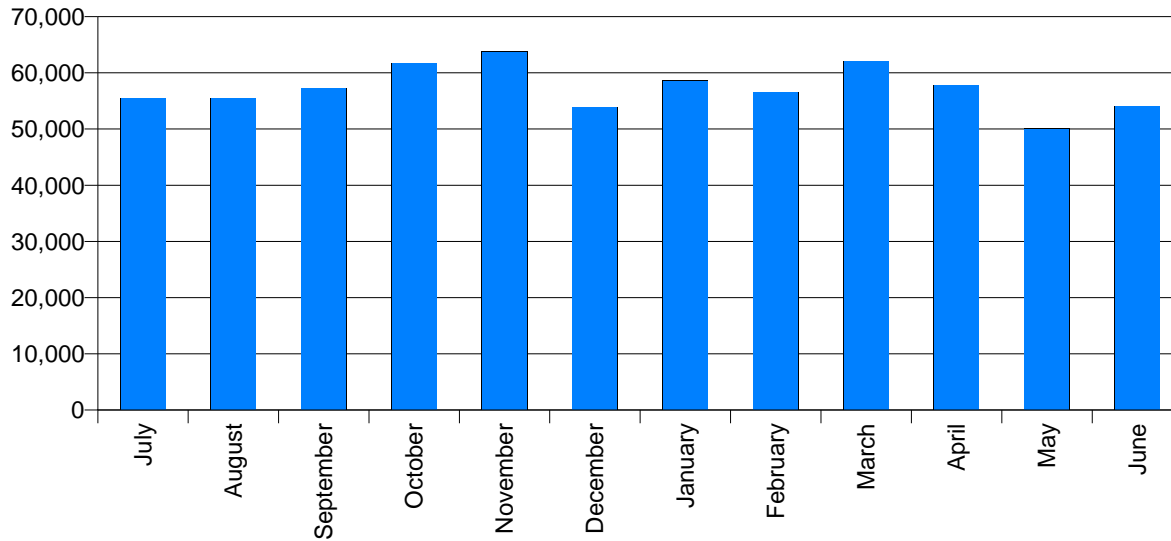
Month	Calls Answered	Calls Abandoned	Total Calls Offered
2009 July	4,525	361	4,886
2009 August	5,101	663	5,764
2009 September	3,421	291	3,712
2009 October	2,669	226	2,895
2009 November	2,405	128	2,533
2009 December	1,905	229	2,134
2010 January	2,379	216	2,595
2010 February	2,359	195	2,554
2010 March	2,329	214	2,543
2010 April	1,817	155	1,972
2010 May	1,736	293	2,029
2010 June	1,863	510	2,373
Totals for Period:	32,509	3,481	35,990

Chart 1.2 - Calls Answered Under 30 Seconds



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Chart 1.3 - Number Checker Usage



Comments:

- PRN = Premium Rate Numbers that are not SMS shortcodes
- The "Other" category contains out of remit, National, and mobile numbers along with mistyped number searches

Number Type	PRN	Shortcode	Directory Enquiries	070	087	Other	Month Totals
July	22,731	16,854	419	706	1,486	13,306	55,502
August	23,608	16,647	295	667	1,889	12,397	55,503
September	24,599	15,829	280	804	1,706	14,052	57,270
October	24,101	17,803	328	817	2,186	16,506	61,741
November	26,236	16,005	315	762	2,109	18,315	63,742
December	22,160	15,820	176	576	1,671	13,479	53,882
January	23,802	15,038	317	700	2,043	16,648	58,548
February	22,941	13,996	309	736	2,079	16,492	56,553
March	23,803	16,144	316	800	2,027	18,910	62,000
April	20,034	16,570	243	569	1,703	18,593	57,712
May	19,373	14,146	323	560	1,834	13,829	50,065
June	22,460	12,745	397	555	1,951	15,965	54,073
Totals for Period:	275,848	187,597	3,718	8,252	22,684	188,492	686,591

Chart 1.4a - PhonepayPlus Web Site Page Views & Visits

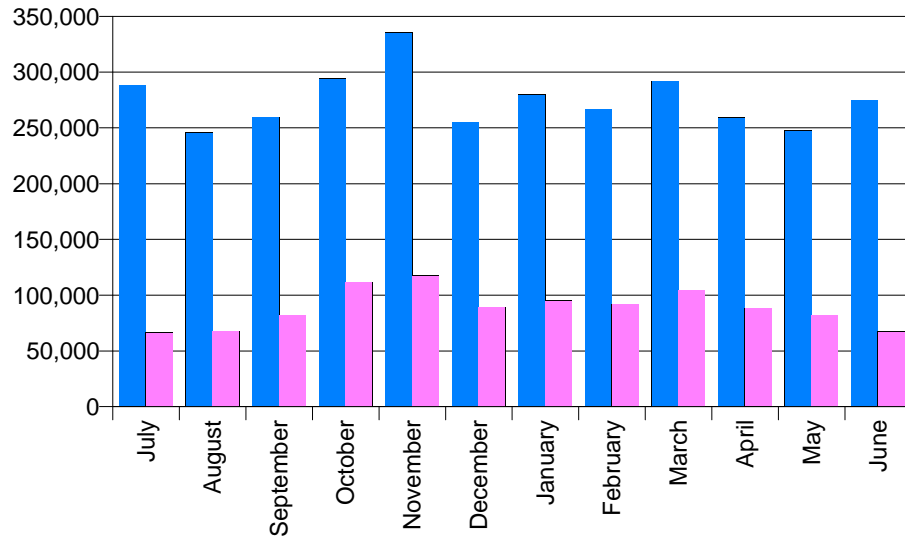
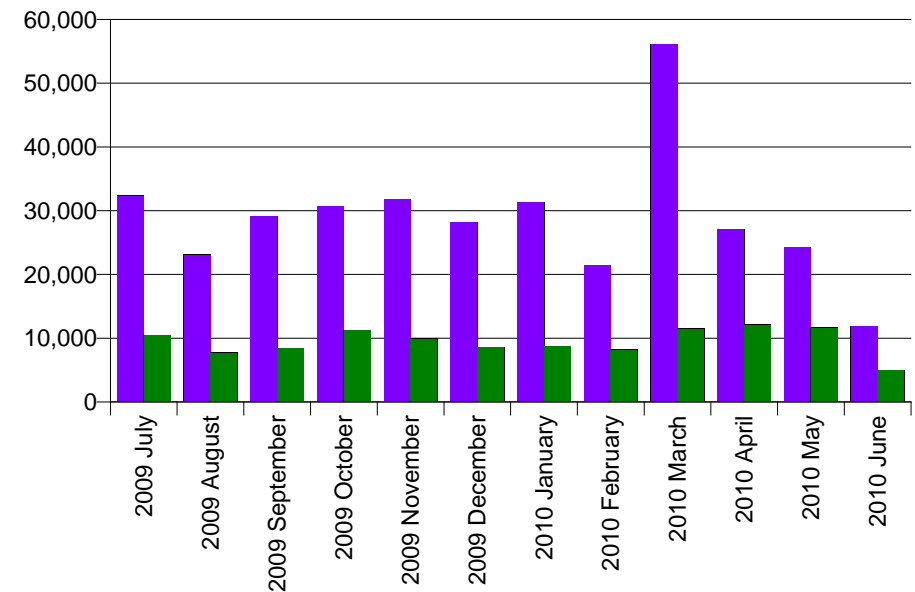


Chart 1.4b - PhoneBrain Web Site Page Views & Visits



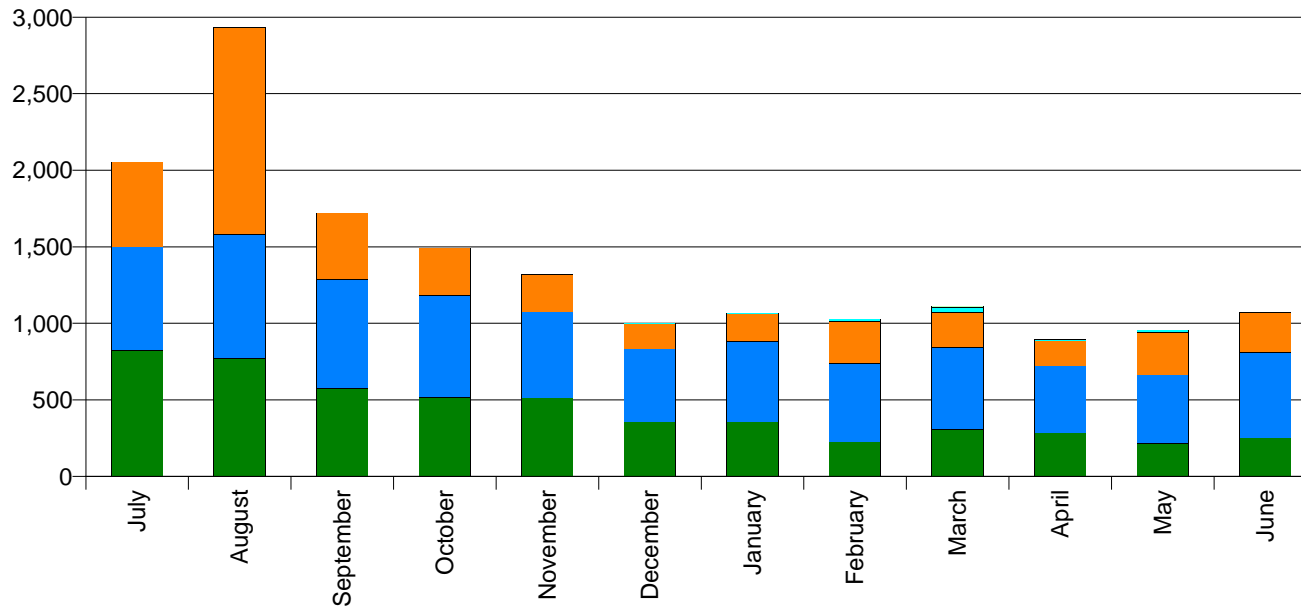
Month	Page Views	Visits
July	288,131	66,407
August	245,671	67,638
September	259,522	82,109
October	294,294	111,830
November	335,290	117,394
December	255,099	89,435
January	279,465	95,038
February	266,556	91,772
March	291,972	104,435
April	259,108	88,191
May	247,140	82,094
June	274,801	67,370
Total for Period:	3,297,049	1,063,713

Comments:

- The increase in visitors to phonebrain.org.uk in March can be attributed to the launch of the PhoneBrain 2010 schools programme that we estimate over 1,000 schools in England and Wales will take part in

Month	Page Views	Visits
2009 April	18,641	6,228
2009 May	20,815	6,612
2009 June	28,591	9,818
2009 July	32,346	10,500
2009 August	23,088	7,709
2009 September	29,115	8,460
2009 October	30,708	11,241
2009 November	31,774	9,900
2009 December	28,199	8,575
2010 January	31,302	8,762
2010 February	21,392	8,173
2010 March	56,146	11,495
Total for Period:	352,117	107,473

Chart 1.5 - Consumer Enquiries



Comments:

The significant increase in out of remit enquiries in August is due to a change in the PhonepayPlus' Customer Help Line menu. The option advising callers of BT contact details was removed. This option was re-instated in late August and the subsequent reduction in enquiries has been observed.

Type of Contact	General Enquiry	Number Check	Out of Remit	Request for Information	Other	Month Totals
July	825	676	551			2,052
August	772	810	1,348			2,930
September	575	714	430			1,719
October	516	668	306			1,490
November	514	563	241			1,318
December	356	481	161	1		999
January	359	525	178	1		1,063
February	227	512	275	10		1,024
March	306	538	228	35	1	1,108
April	288	440	158	6		892
May	217	450	277	10		954
June	253	560	257	2		1,072
Totals for Period:	5,208	6,937	4,410	65	1	16,621

Chart 2.1 - Consumer Complaints

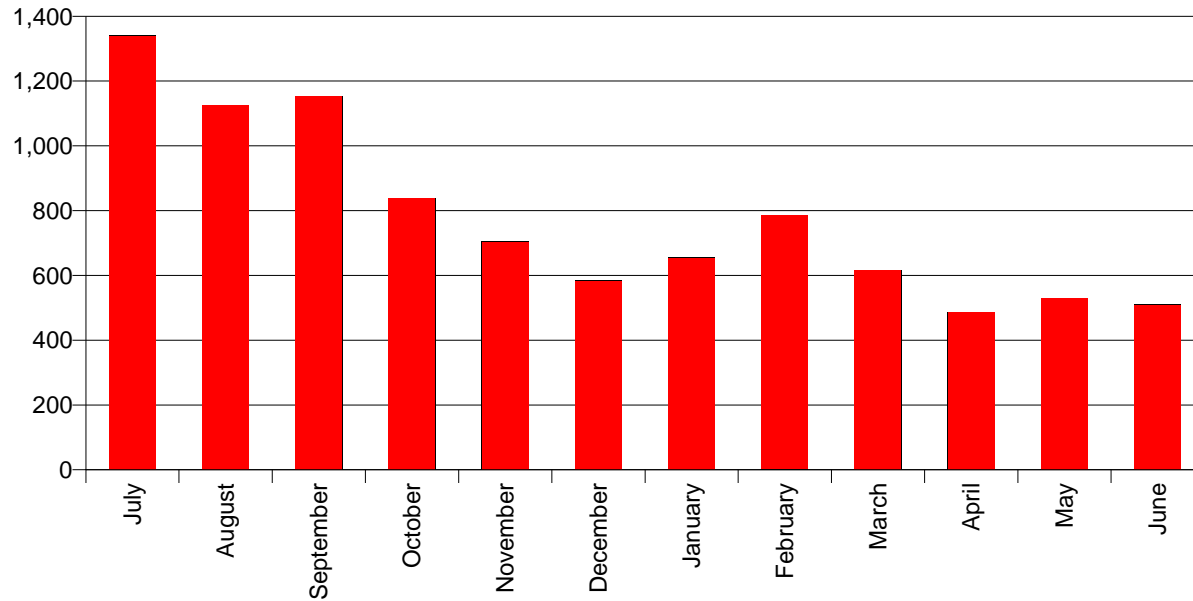
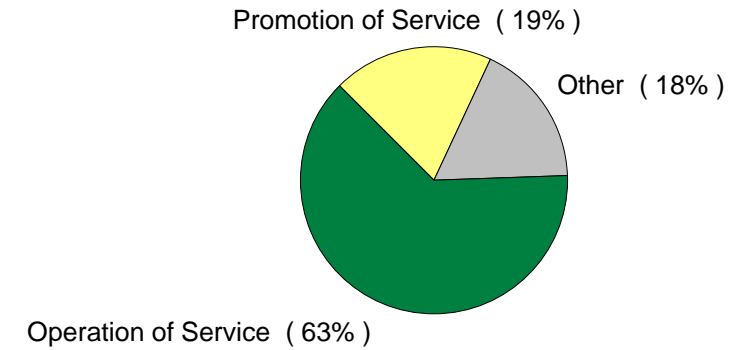


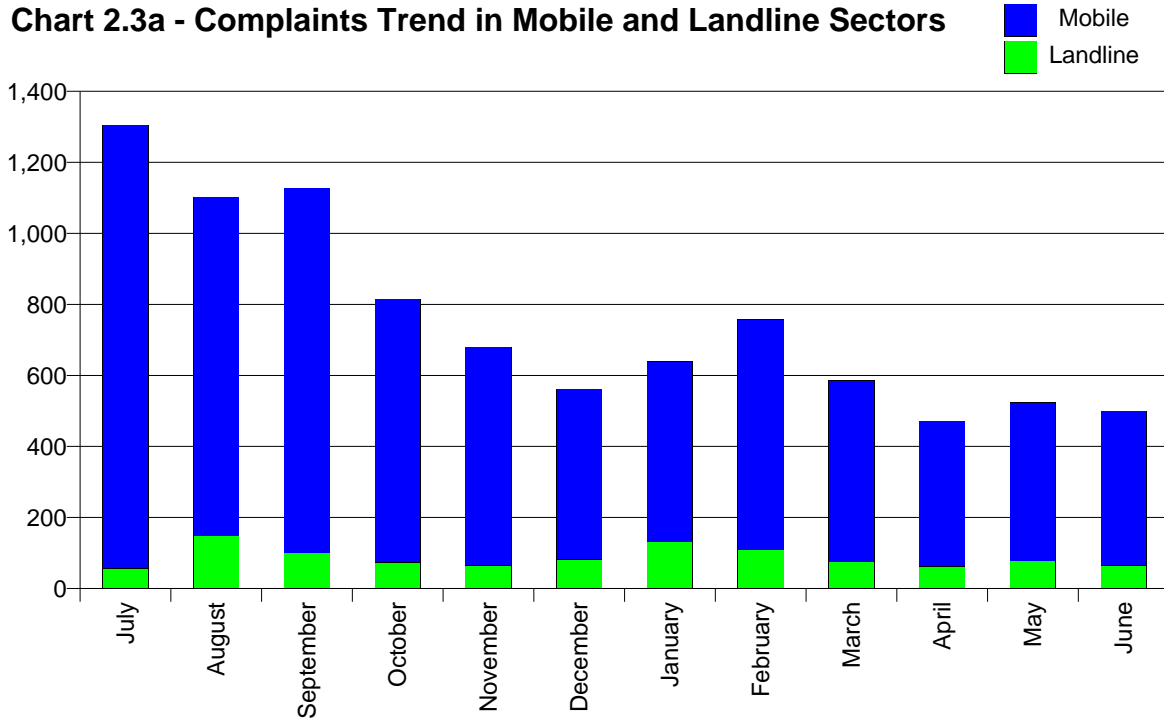
Chart 2.2 - Reason for Complaint Q1



Source of Complaint	Phone	Web	Correspondence	Other	Month Totals
July	942	371	7	20	1,340
August	831	272	2	20	1,125
September	805	330	3	15	1,153
October	546	273	9	10	838
November	457	223	4	20	704
December	335	207	7	35	584
January	359	279	5	11	654
February	486	275	14	10	785
March	395	201	10	10	616
April	267	205	6	9	487
May	311	206	10	3	530
June	286	218	3	2	509
Totals for Period:	6,020	3,060	80	165	9,325

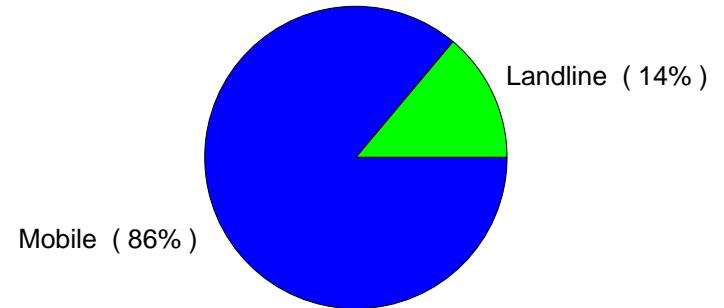
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Chart 2.3a - Complaints Trend in Mobile and Landline Sectors



Month	Landline	Mobile	Month Totals
July	57	1,247	1,304
August	148	954	1,102
September	101	1,026	1,127
October	74	740	814
November	66	613	679
December	82	479	561
January	133	506	639
February	110	646	756
March	76	510	586
April	62	408	470
May	78	445	523
June	66	432	498
Sum:	1,053	8,006	9,059

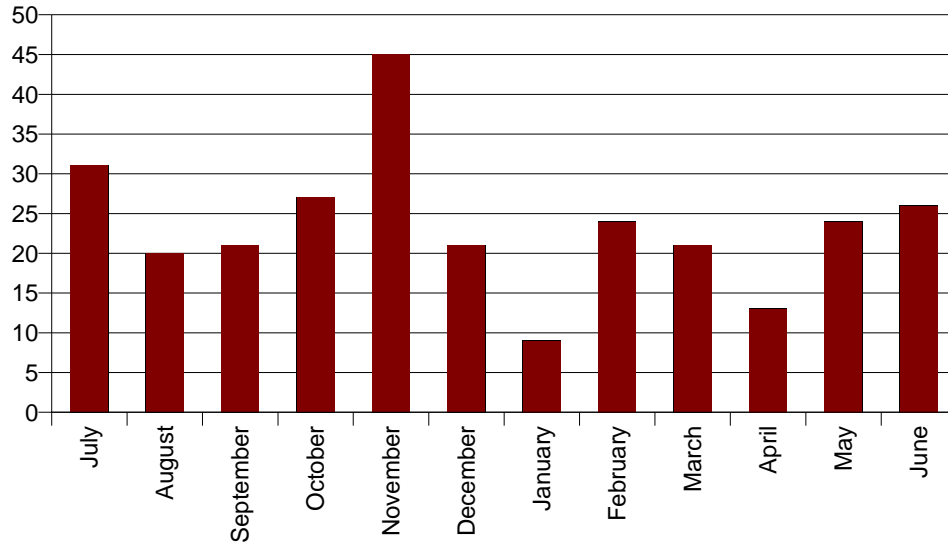
Chart 2.3b - Mix of Mobile vs. Landline Sector Complaints Q1



Month	070 Complaints
January	12
February	11
March	17
April	6
May	12
June	20
Sum:	78

Month	087 Complaints
January	8
February	16
March	12
April	15
May	22
June	13
Sum:	86

Chart 3.1 - Lead Cases Identified



Current Open Investigations as of August 12th: 31 Cases

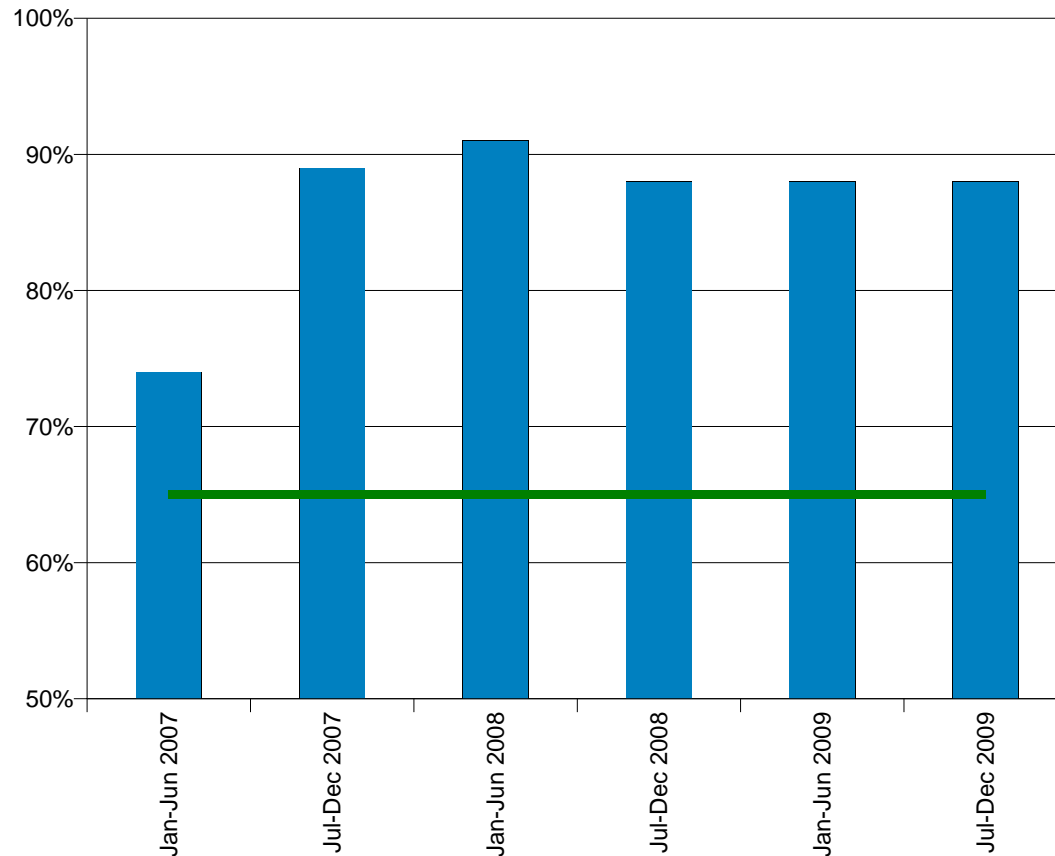
Open Investigations by Sector	Cases
Mobile	3
Directory Enquires	1
Mobile short-code	23
PRN 087	1
PRN 09	3
Sum:	31

Month	Lead Cases Identified
July	31
August	20
September	21
October	27
November	45
December	21
January	9
February	24
March	21
April	13
May	24
June	26
Total for Period:	282

Recent tribunal decisions can be found at:

www.phonepayplus.org.uk/output/Adjudications.aspx

Chart 3.2 - Consumer Satisfaction



Comments:

July – December 2009

The survey for the latter half of 2009 introduced a five-point scale for consumers to choose the most suitable response. The options available are – very satisfied; somewhat satisfied, neither satisfied or dissatisfied, somewhat dissatisfied or very dissatisfied

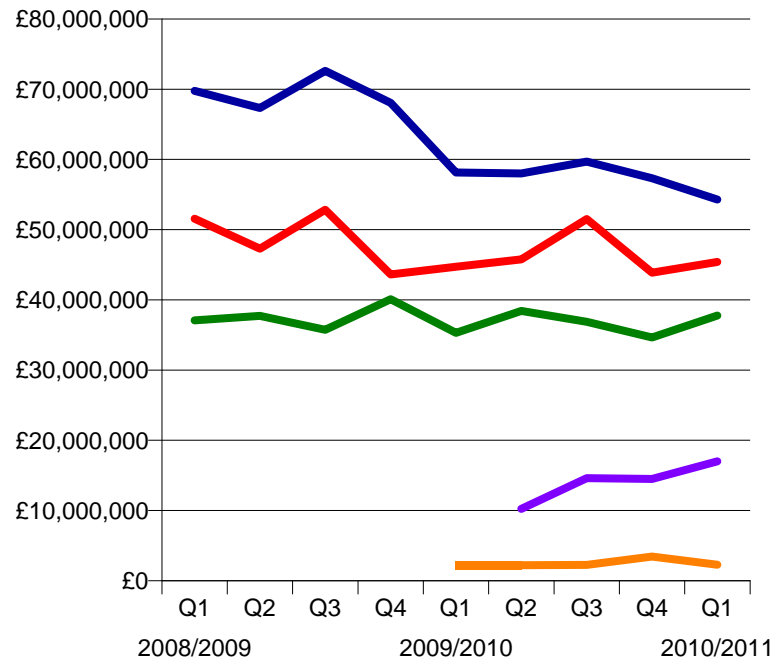
- 88% of people surveyed were satisfied or above with the service from PhonepayPlus
- 27% of complainants contacted agreed to respond to our survey (101 out of 376) – this compares to 30% in the first part of 2009
- 84% felt we met our target timeframe for the investigation
- 89% did receive notification of the outcome either electronically or by post – a significant improvement on the 66% in the first part of the year
- 96% felt we explained the outcome of the adjudication sufficiently – an increase from 62% during the first half of the year
- 96% also felt we explained clearly how to obtain a refund – an increase from 85% for the first half of the year
- 88% of consumers commented they were somewhat unlikely or very unlikely to use phone-paid services again

If you would like more detail regarding these results, please contact:

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 Head of Customer Satisfaction
mpemberton@phonepayplus.org.uk
 020 7940 7407

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Chart 4.1 - Outpayments per Sector



Financial Year	Quarter	Mobile	Landline	DQ	087	Payforit	Totals
2008/2009	Q1	£69,765,887	£51,566,146	£37,080,629			£158,412,662
	Q2	£67,320,403	£47,310,155	£37,730,948			£152,361,506
	Q3	£72,613,676	£52,829,823	£35,743,700			£161,187,199
	Q4	£68,069,852	£43,622,856	£40,102,699			£151,795,406
Totals:		£277,769,817	£195,328,981	£150,657,975			£623,756,774

Financial Year	Quarter	Mobile	Landline	DQ	087	Payforit	Totals
2009/2010	Q1	£58,138,995	£44,721,635	£35,314,507		£2,213,188	£140,388,325
	Q2	£58,008,117	£45,760,438	£38,428,137	£10,224,816	£2,221,779	£154,643,287
	Q3	£59,679,874	£51,525,312	£36,869,647	£14,611,738	£2,273,176	£164,959,747
	Q4	£57,337,967	£43,875,170	£34,644,303	£14,498,885	£3,446,338	£153,802,663
Totals:		£233,164,953	£185,882,555	£145,256,594	£39,335,439	£10,154,481	£613,794,022

Financial Year	Quarter	Mobile	Landline	DQ	087	Payforit	Totals
2010/2011	Q1	£54,288,641	£45,412,914	£37,770,540	£17,013,010	£2,281,719	£156,766,823
	Totals:	£54,288,641	£45,412,914	£37,770,540	£17,013,010	£2,281,719	£156,766,823

Financial Year 2010/11	Mobile	Fixed	070	087	Network Breach	Totals
Fines invoiced from 01/04/2010 - 31/03/2011	£563,500	£74,500	£71,000	£0	£0	£709,000
Sanctions suspended	£0	-£447	-£70,000	£0	£0	-£70,447
Oral hearing	£0	£0	£0	£0	£0	£0
On hold by finance team	-£207,103	£0	£0	£0	£0	-£207,103
Services barred due to non receipt of payment	£0	-£35,392	£0	£0	£0	-£35,392
Fines not yet due	£0	£0	£0	£0	£0	£0
Fines due	£356,397	£38,661	£1,000	£0	£0	£396,058
Fines paid	£356,397	£38,661	£0	£0	£0	£395,058

Fine Collection Percentage: 100%

Chart 5.1 - External PhonepayPlus Newsletter Readership

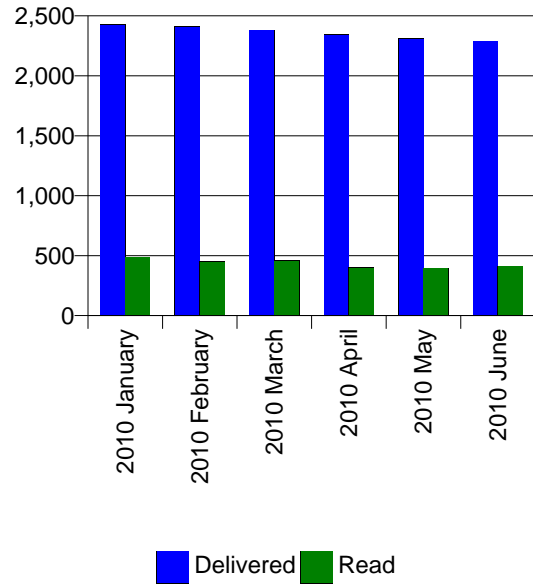
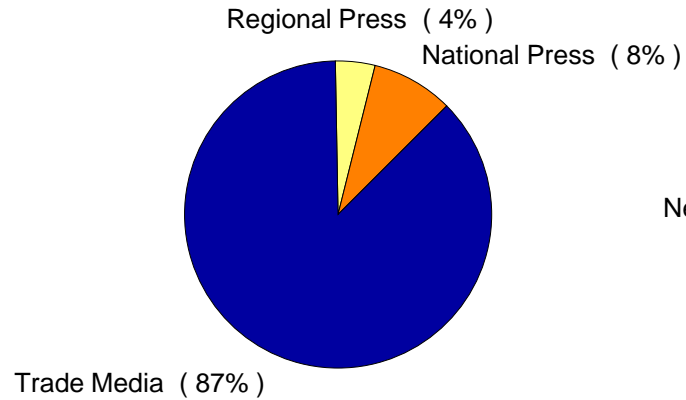
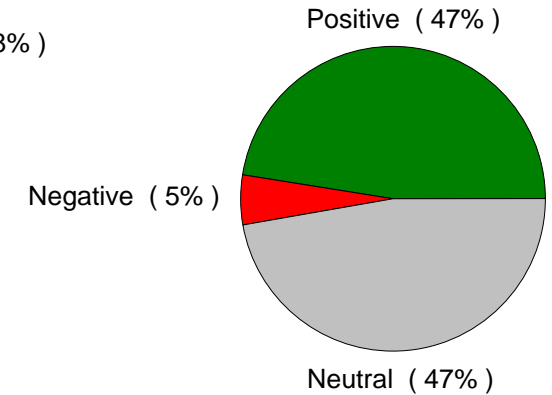


Chart 5.2a - Press Article Type Q1



Articles Published in Q1: 95

Chart 5.2b - Press Article Tone Q1



Note: Article Tone is measured internally by our Communications Team

Communications Team

Nine announcements:

- Interim update and short consultation on PhonepayPlus' proposed Registration Scheme published (13 April)
- PhonepayPlus' quarterly operations report (2009/10 Q4) published (22 April)
- Public consultation on PhonepayPlus' proposed new Code of Practice published (29 April)
- PhonepayPlus announces that it has requested that a premium rate number linked to parcel delivery card is switched off (5 May)

Continued on next page...

Communications Team continued

Announcements continued:

- PhonepayPlus announces new Complaint Resolution Team (27 May)
- PhonepayPlus issues invitation to tender for Registration Scheme (28 May)
- PhonepayPlus responds to Ofcom's review of non-geographic calls services (1 June)
- Summary version of PhonepayPlus' new Code consultation and fast-track online response form published (2 June)
- PhonepayPlus publishes an updated Fact Sheet on Charitable Fundraising Services (3 June)

Two events:

- PhonepayPlus new Code workshop – Manchester (21 June)
 - Held at The Palace Hotel in Manchester
 - Attended by approximately 30 stakeholder representatives (including mobile networks, service providers, content providers, trade associations and other regulators)
 - Presentations by PhonepayPlus and delegate breakout sessions
- PhonepayPlus new Code workshop – London (24 June)
 - Held at Tower Hotel by Guoman in London
 - Attended by approximately 80 stakeholder representatives (including mobile networks, service providers, content providers, trade associations and other regulators)
 - Presentations by PhonepayPlus and delegate breakout sessions

Other activity:

- Published three issues of *NewsPlus* – PhonepayPlus' monthly e-newsletter – on 30 April, 28 May and 25 June

Chart 6.1 - Industry Written Advice

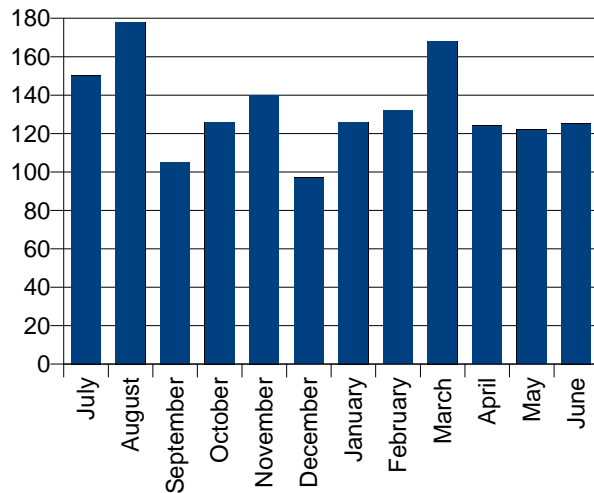


Chart 6.2 - Industry General Enquiries

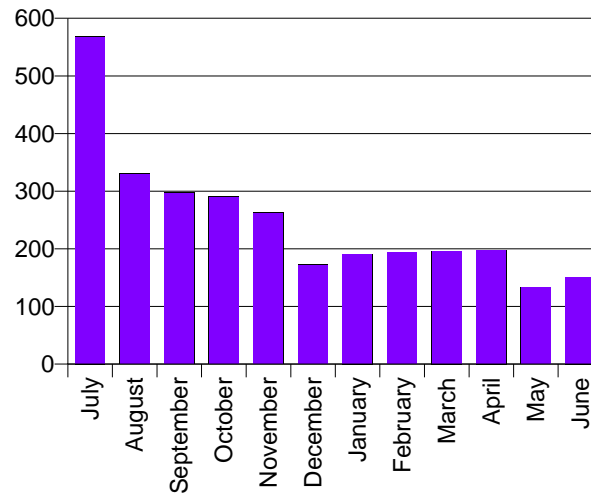
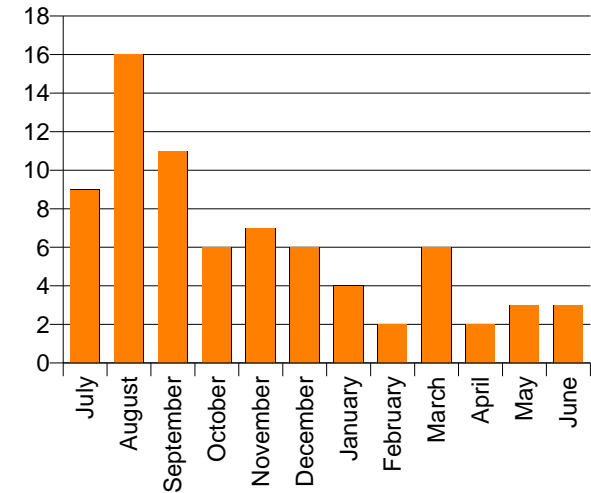


Chart 6.3 - Prior Permissions



Comments:

- Industry Written Advice has dropped slightly in comparison with Q4 (down 13%), but has remained consistent across Q1 from month to month.
- Industry General Enquiries (i.e. telephone-based) have also dropped in comparison with Q4 (down 17%). Enquiries usually relate to registration or setting up a PRS, with all enquiries relating to a specific service being asked to submit a written enquiry in order to provide an audit trail for any advice given. As a result, we can conclude that the last couple of months have seen slightly less prospective entrants to the market.
- We will shortly begin a review of the Prior Permissions process. This is both to prepare for the revised process as it is intended to look under the new Code and to act on feedback from the Code Compliance Panel about the process as it currently exists.
- The Consultation on the New Code of Practice closed on July 15th. We have now compiled a log of issues arising from the consultation, and will address them through August and September. We will consult on all the proposed Guidance in support of the new Code later in the year.

Month	Advice	Enquiry	Prior Permission
July	150	568	9
August	178	330	16
September	105	297	11
October	126	290	6
November	140	262	7
December	97	172	6
January	126	191	4
February	132	194	2
March	168	195	6
April	124	198	2
May	122	133	3
June	125	150	3
Total for Period:	1,593	2,980	75

Research Projects:

Commissioned research project: UK market compliance research undertaken by WMC Global

This UK Market Compliance Report measures compliance of premium rate services. Compliance rates have been calculated from the results of three months' analysis of services operating in the UK market. Services were identified by monitoring TV advertising, print media advertising, online advertising and mobile internet advertising, as well as SMS. Then the services were tested to determine their compliance with applicable requirements in the PhonepayPlus Code of Practice and its associated Help Notes and Statements of Expectation. The report's summary findings will be published in the autumn.

Commissioned research project: Consumer expectations with the use and regulation of PRS undertaken by Thinktank for the new Code's development

<http://www.phonepayplus.org.uk/upload/PhonepayPlus-Code12-TheViewFromConsumer-research.pdf>

PhonepayPlus undertook this research in order to incorporate a broad range of consumer opinions alongside its consultation on the development of the new Code of Practice. This research obtain consumers' views on a number of issues relating to the way that premium rate services are currently regulated, and how they might be regulated in the future. The research sets out to cover four key consumer-centric aspects of the new Code of Practice in relation to the consumer experience when using premium rate services. This was based on four tenets of consumer protection:

- Transparency (of pricing and billing mechanics)
- Fairness & Privacy (relating to quality of service)
- Redress (what do consumers want when things go wrong)
- Flexibility of regulatory enforcement

Commissioned project: Market map for premium rate services value-chain

<http://www.phonepayplus.org.uk/upload/2010-PhonepayPlus-MarketMap.pdf>

A visual introduction to the premium rate value-chain and its interrelationships. Its purpose is to serve as a primer for other companies, organisations and individuals who require knowledge of the premium rate services value-chain.

Research Projects continued

Internal research project: Looking at potential security threats linked to unsolicited billing via compromised smartphones and broadband dongles

The project acted as a scoping exercise to determine the risks posed by smartphone and dongle malware capable of dialling UK and international premium rate numbers or generating SMS messages to PSMS shortcodes. Information from IT security companies, academic papers and market research agencies was used to compile a series of feasible attack scenarios. Data on existing PC and mobile malware was sourced to determine possible mechanisms of dissemination and propagation. Limited practical testing on handsets was conducted to ascertain feasibility of certain propositions. The findings will be used as a basis for industry stakeholder discussions – especially with those in the mobile value-chain.

Areas of focus for intelligence-gathering, monitoring and in-market testing

Monitoring and testing of services during Q1 of 2010/11 included services on mobile and fixed-line handsets promoted via internet, TV, print and outdoor media and within mobile applications and SMS promotional messages. Several in-depth monitoring projects were also undertaken to assess the nature of the market sector and consumer experience with that sector. Sectors tested included:

- Online wallets for digital goods, games and services
- Car-part finder services
- Interactive TV games accessed through the remote control's red button