



Quarterly Operational Report 2010/2011 - Quarter 2

Published Date: 15 November, 2010

Executive Summary

- PhonepayPlus' Key Performance Indicators for Q2 of 2010/2011 are in this report – see page 3
- 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

For Q2 of Financial Year 2010/2011

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

Measure	Target	Actual	Comments
Fine Collection Rate	80%	70%	The KPI of 70% (10% off target) reflects a single IP fine (approx £280k) which has reverted to the SP for payment and is now overdue - excluding this exception, the fine and administration charges collection rate would be 95% and 73% respectively
Administration Charge Collection Rate	80%	70%	See note for fine collection
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 Q2

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 Q2
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 23%	This is based on number of visitors to phonepayplus.org.uk in Q2 of 2010/2011 in comparison to Q1 2010/2011
Increasing prompted awareness of PhonepayPlus	Upward Trend	N/A	This measure is currently being defined by the Communications Team

Operate efficiently

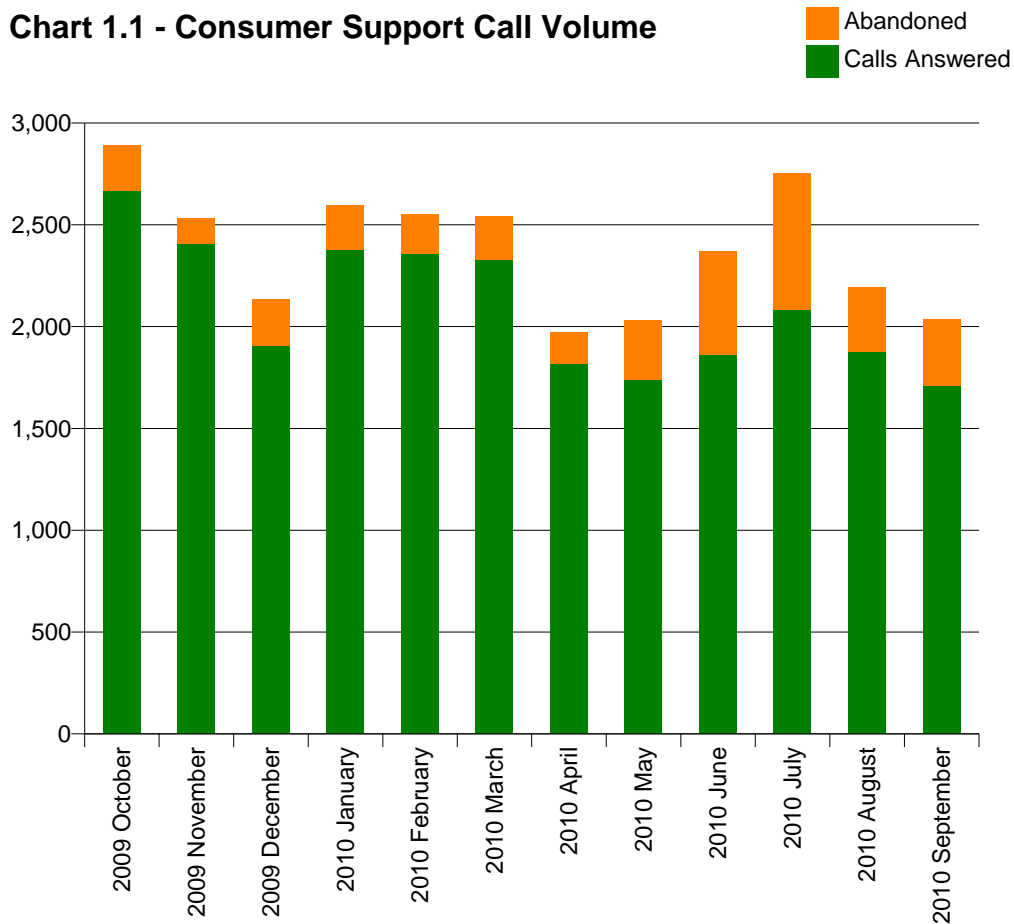
Measure	Target	Actual	Comments
Standard procedure cases brought to adjudication within 14 weeks	80%	53%	17 cases in total were brought to tribunal in Q2 of 2010/2011 – the eight cases missing the target time were of considerable complexity
Calls to Contact Centre answered in 30 seconds	80%	92%	
Response to compliance advice requests answered within five working days	80%	95%	
Complainants are satisfied with the service from PhonepayPlus	80%	78%	Please see the Customer Satisfaction Measures page for further details.
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	1.63 days	In Q2 of 2010/2011, each employee spent an average of 1.6 days in training
Number of working days lost to sickness	< 3%	2.5%	In Q2 of 2010/2011, 2.5% of working time was lost due to sickness

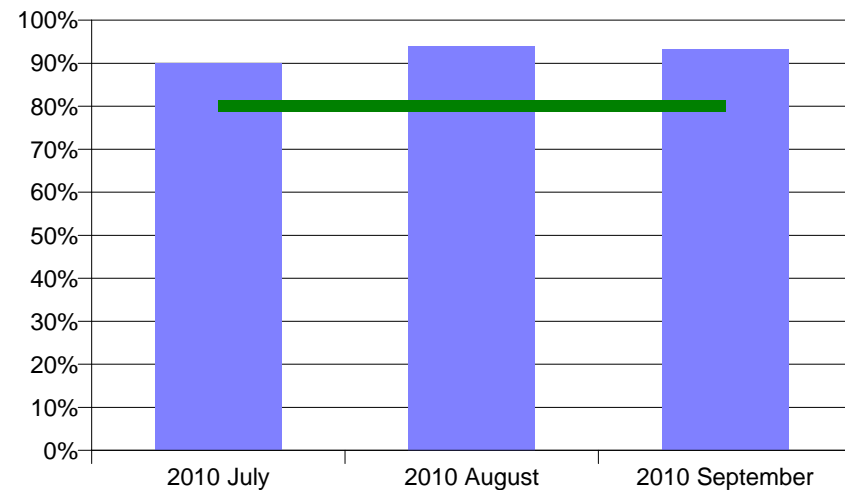
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Chart 1.1 - Consumer Support Call Volume



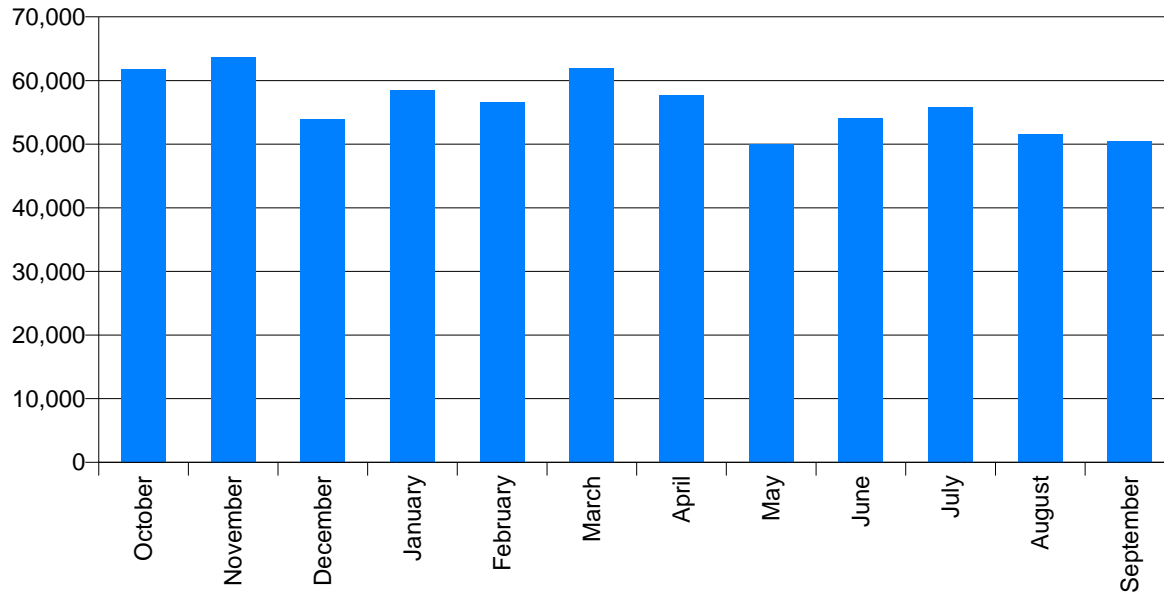
Month	Calls Answered	Calls Abandoned	Total Calls Offered
2009 October	2,669	226	2,895
2009 November	2,405	128	2,533
2009 December	1,905	229	2,134
2010 January	2,379	216	2,595
2010 February	2,359	195	2,554
2010 March	2,329	214	2,543
2010 April	1,817	155	1,972
2010 May	1,736	293	2,029
2010 June	1,863	510	2,373
2010 July	2,081	671	2,752
2010 August	1,878	318	2,196
2010 September	1,711	328	2,039
Totals for Period:	25,132	3,483	28,615

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
2009 October	24,101	17,803	328	817	2,186	16,506	61,741
2009 November	26,236	16,005	315	762	2,109	18,315	63,742
2009 December	22,160	15,820	176	576	1,671	13,479	53,882
2010 January	23,802	15,038	317	700	2,043	16,648	58,548
2010 February	22,941	13,996	309	736	2,079	16,492	56,553
2010 March	23,803	16,144	316	800	2,027	18,910	62,000
2010 April	20,034	16,570	243	569	1,703	18,593	57,712
2010 May	19,373	14,146	323	560	1,834	13,829	50,065
2010 June	22,460	12,745	397	555	1,951	15,965	54,073
2010 July	24,178	12,747	394	711	1,909	15,908	55,847
2010 August	21,535	11,297	427	680	1,938	15,724	51,601
2010 September	20,691	10,499	440	673	2,022	16,130	50,455
Totals for Period:	271,314	172,810	3,985	8,139	23,472	196,499	676,219

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Chart 1.4a - PhonepayPlus Web Site Page Views & Visits

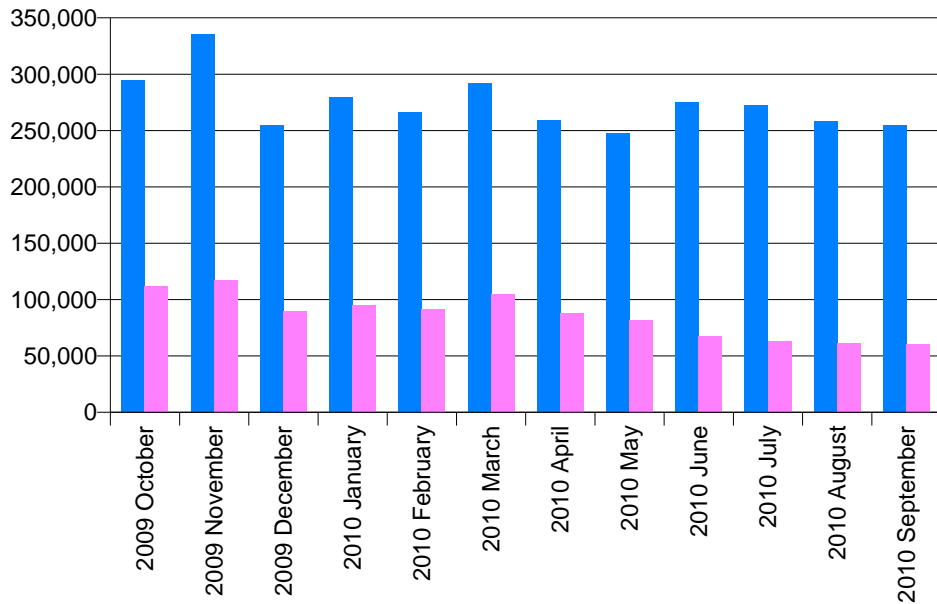
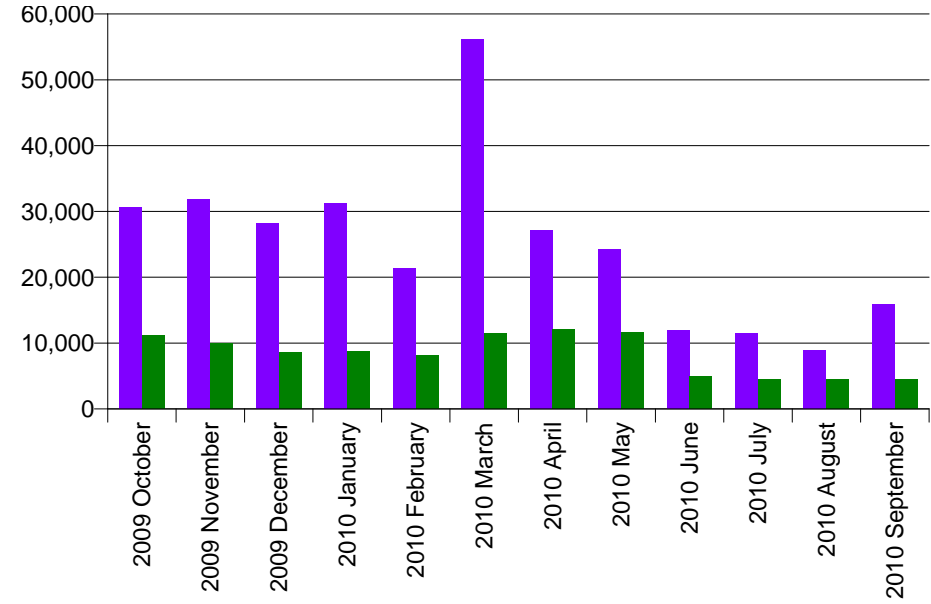


Chart 1.4b - PhoneBrain Web Site Page Views & Visits

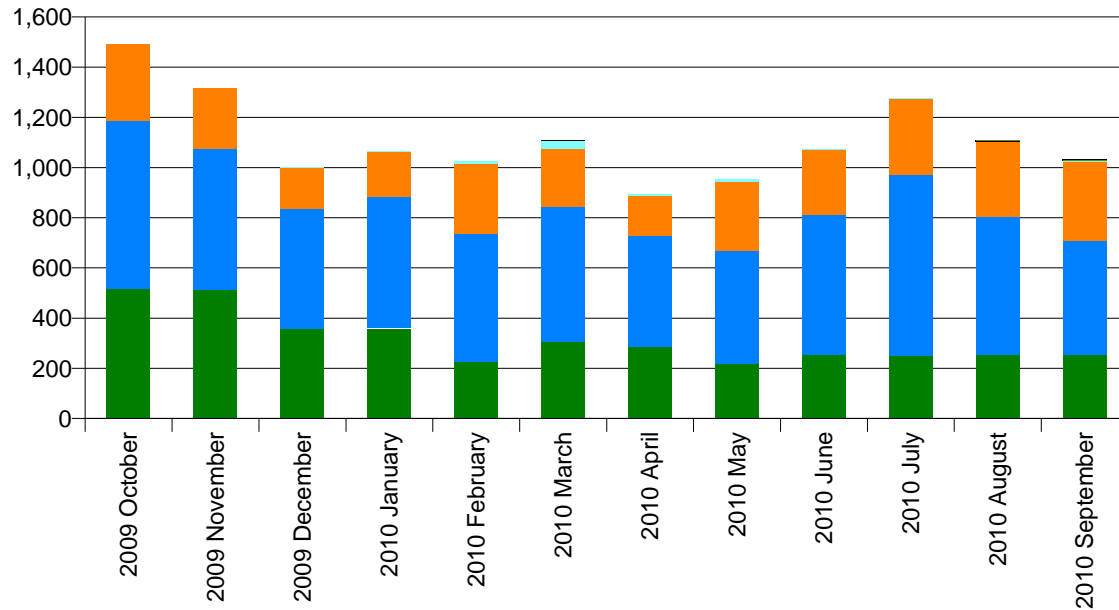


Month	Page Views	Visits
2009 October	294,294	111,830
2009 November	335,290	117,394
2009 December	255,099	89,435
2010 January	279,465	95,038
2010 February	266,556	91,772
2010 March	291,972	104,435
2010 April	259,108	88,191
2010 May	247,140	82,094
2010 June	274,801	67,370
2010 July	272,823	62,476
2010 August	258,376	60,849
2010 September	254,981	60,637
Total for Period:	3,289,905	1,031,521

Month	Page Views	Visits
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
2010 April	27,081	12,078
2010 May	24,292	11,593
2010 June	11,878	4,964
2010 July	11,488	4,555
2010 August	8,838	4,515
2010 September	15,830	4,434
Total for Period:	298,928	100,285

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Chart 1.5 - Consumer Enquiries



Type of Enquiry	General Enquiry	Number Check	Out of Remit	Request for Information	Other	Month Totals
2009 October	516	668	306			1,490
2009 November	514	563	241			1,318
2009 December	356	481	161	1		999
2010 January	359	525	178	1		1,063
2010 February	227	512	275	10		1,024
2010 March	306	538	228	35	1	1,108
2010 April	288	440	158	6		892
2010 May	217	450	277	10		954
2010 June	252	560	257	2		1,071
2010 July	251	719	303	2		1,275
2010 August	252	552	298	2	5	1,109
2010 September	253	454	318	2	5	1,032
Totals for Period:	3,791	6,462	3,000	71	11	13,335

Chart 2.1 - Consumer Complaints

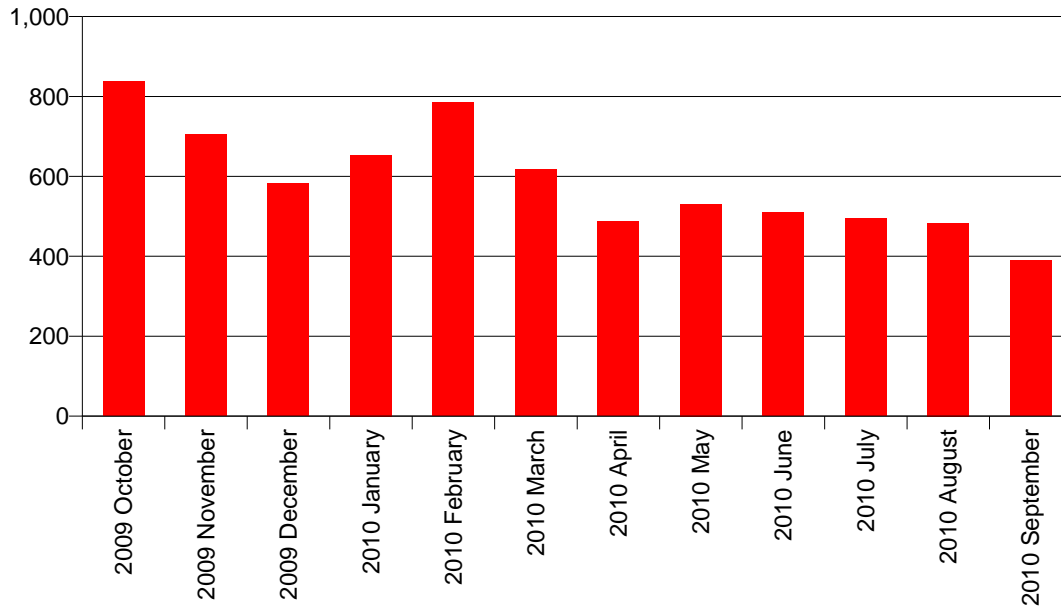
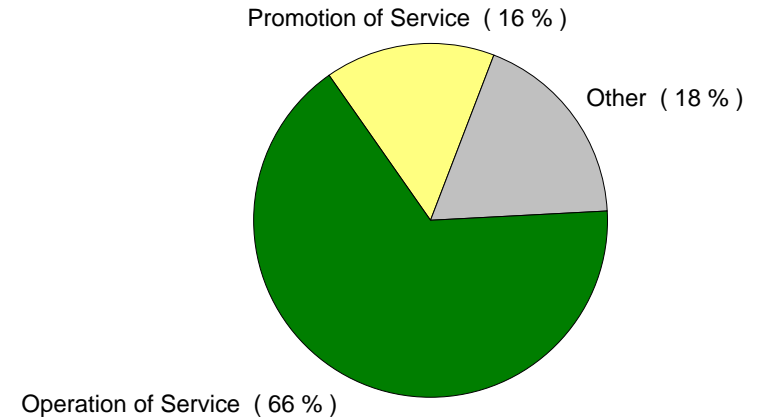


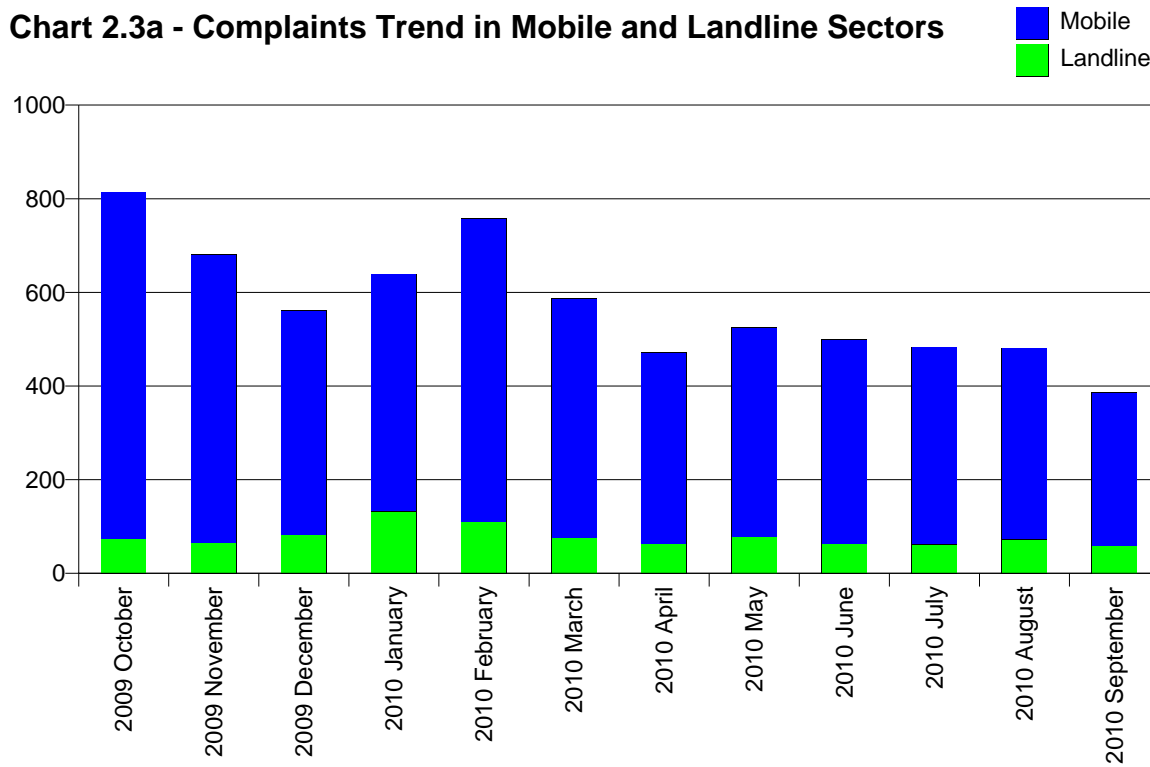
Chart 2.2 - Reason for Complaint Q2



Source of Complaint	Phone	Web	Correspondence	Other	Month Totals
2009 October	546	273	9	10	838
2009 November	458	223	4	20	705
2009 December	335	206	7	35	583
2010 January	359	279	5	11	654
2010 February	487	275	14	10	786
2010 March	396	201	10	10	617
2010 April	267	206	6	9	488
2010 May	312	206	10	3	531
2010 June	286	219	3	2	510
2010 July	279	198	6	11	494
2010 August	250	211	8	14	483
2010 September	212	167	9	1	389
Totals for Period:	4,187	2,664	91	136	7,078

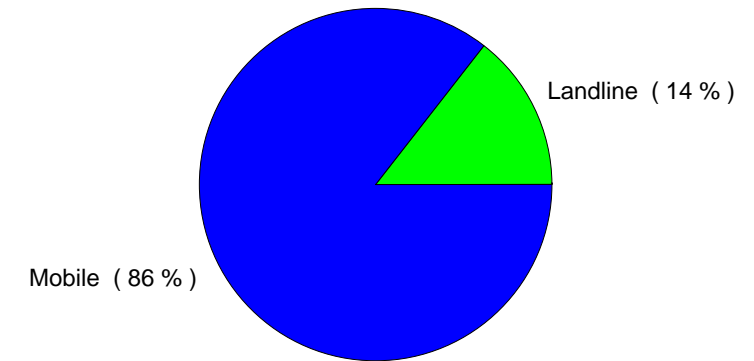
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Chart 2.3a - Complaints Trend in Mobile and Landline Sectors



Month	Landline	Mobile	Month Totals
2009 October	74	740	814
2009 November	66	614	680
2009 December	82	478	560
2010 January	133	506	639
2010 February	111	646	757
2010 March	76	511	587
2010 April	63	408	471
2010 May	78	446	524
2010 June	64	435	499
2010 July	62	421	483
2010 August	73	408	481
2010 September	59	327	386
Totals for Period:	941	5,940	6,881

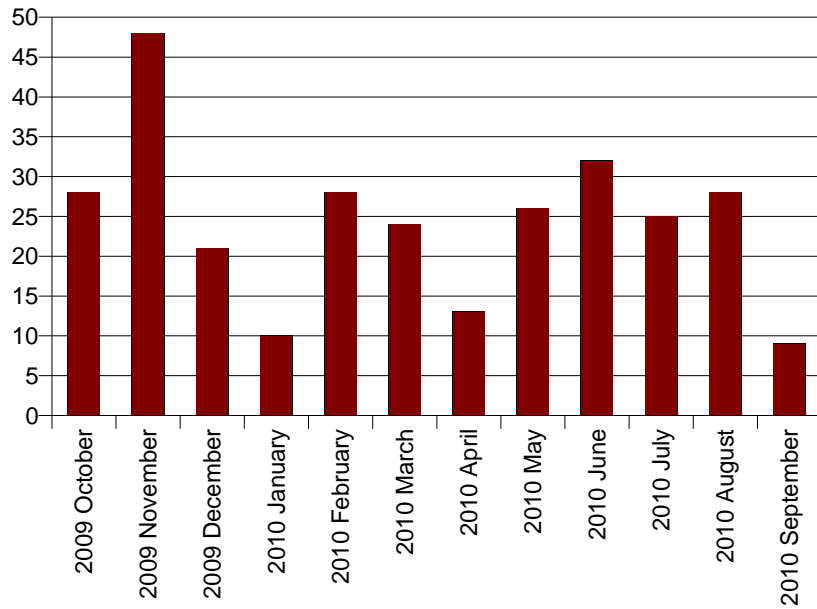
Chart 2.3b - Mix of Mobile vs. Landline Sector Complaints Q2



Month	070 Complaints
2010 April	6
2010 May	12
2010 June	20
2010 July	28
2010 August	12
2010 September	25
Sum:	103

Month	087 Complaints
2010 April	15
2010 May	22
2010 June	13
2010 July	9
2010 August	20
2010 September	11
Sum:	90

Chart 3.1 - Lead Cases Identified



Month	Lead Cases Identified
2009 October	28
2009 November	48
2009 December	21
2010 January	10
2010 February	28
2010 March	24
2010 April	13
2010 May	26
2010 June	32
2010 July	25
2010 August	28
2010 September	9
Total for Period:	292

Current Open Investigations as of November 15th: 29 Cases

Open Investigations by Sector	Cases
Mobile short-code	20
PRN 09	6
PRN 070	3
Total:	29

Recent tribunal decisions can be found at:
www.phonepayplus.org.uk/output/Adjudications.aspx

Customer Satisfaction Measures: July 2010 – December 2010

As noted in last month's report, we have recently introduced a five-point scale of responses to ensure a more balanced view of our satisfaction rating (previously we used a three-point scale).

We have since seen a decrease in the levels of performance in certain areas of the report because, previously, the answers were unfairly weighted to a positive score - the three possible responses that consumers could choose to grade their experience being - unsatisfactory, satisfactory and good.

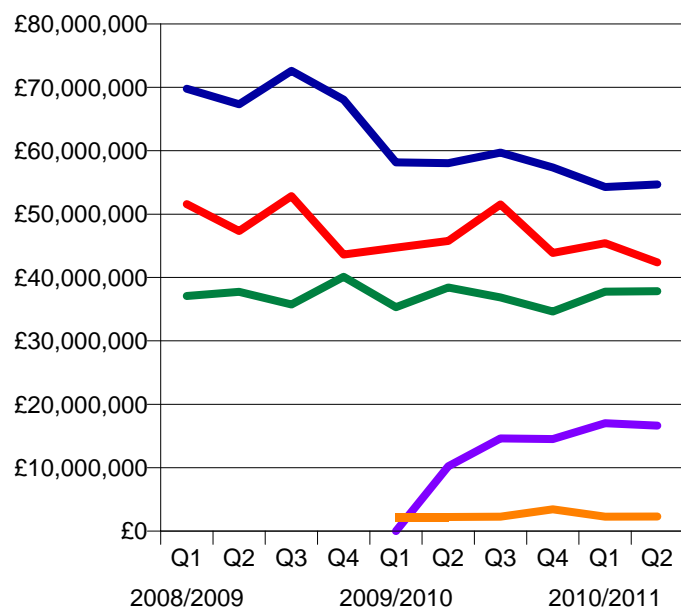
Consumers now have the opportunity to grade the questions with the following responses – very dissatisfied, somewhat dissatisfied, neither satisfied or dissatisfied, somewhat satisfied and very satisfied.

The results of the latest survey (with suitable comparisons) are:

- 78% of people surveyed were satisfied or above with the service they received from PhonepayPlus (88% previously)
- 22% of complainants contacted agreed to respond to our survey (125 out of 570) – this compares to 27% in the late part of 2009
- 78% felt we met our target timeframe for the investigations carried out (84% previously)
- 66% did receive notification of the outcome either electronically or by post (89% previously)*
- 61% felt we explained the outcome of the adjudication sufficiently (96% previously)
- 46% also felt we explained clearly how to obtain a refund (96% previously)
- 58% of consumer commented they were somewhat unlikely, or very unlikely, to use phone-paid services in the future (88% previously)

* This percentage seems unusually low when, wherever possible, we email out the adjudication letter. It could be that consumers simply forget they have received a response from PhonepayPlus.

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
Total:		£277,769,817	£195,328,981	£150,657,975			£623,756,774

2009/2010	Q1	£58,162,923	£44,715,635	£35,314,507	£0	£2,213,188	£140,406,253
	Q2	£58,031,069	£45,755,188	£38,428,137	£10,224,816	£2,221,779	£154,660,989
	Q3	£59,696,090	£51,520,062	£36,869,647	£14,611,738	£2,273,176	£164,970,713
	Q4	£57,352,895	£43,869,920	£34,644,303	£14,498,885	£3,446,338	£153,812,340
Total:		£233,242,977	£185,860,805	£145,256,594	£39,335,439	£10,154,481	£613,850,295

2010/2011	Q1	£54,288,641	£45,412,914	£37,770,540	£17,013,010	£2,281,719	£156,766,823
	Q2	£54,682,719	£42,386,368	£37,842,042	£16,624,433	£2,310,159	£153,845,721
Total:		£108,971,360	£87,799,282	£75,612,582	£33,637,443	£4,591,878	£310,612,544

Fines:

Financial Year 2010/2011	Mobile	Fixed	087	070	Network Breach	Totals
Fines invoiced from 01/04/2010 - 31/03/2011	£1,033,711	£94,500	£8,000	£116,000	£2,000	£1,254,211
Sanctions suspended	£-30,000	£-15,000	£-8,000	£0	£0	£-53,000
Oral hearing	£-202,959	£0	£0	£-70,000	£-500	£-273,459
Deferred payments	£-195,553	£0	£0	£0	£0	£-195,553
Services barred due to insolvency	£0	£0	£0	£0	£0	£0
Fines not yet due	£0	£0	£0	£0	£0	£0
Fines due	£605,199	£79,500	£0	£46,000	£1,500	£732,199
Fines paid	£502,947	£42,661	£0	£-30,606	£500	£515,503
Fines due but not paid	£102,252	£36,839	£0	£76,606	£1,000	£216,696
Collection rate						70.4 %
% due unpaid						29.6 %

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Chart 5.1a - External PhonepayPlus Newsletter (NewsPlus) Readership

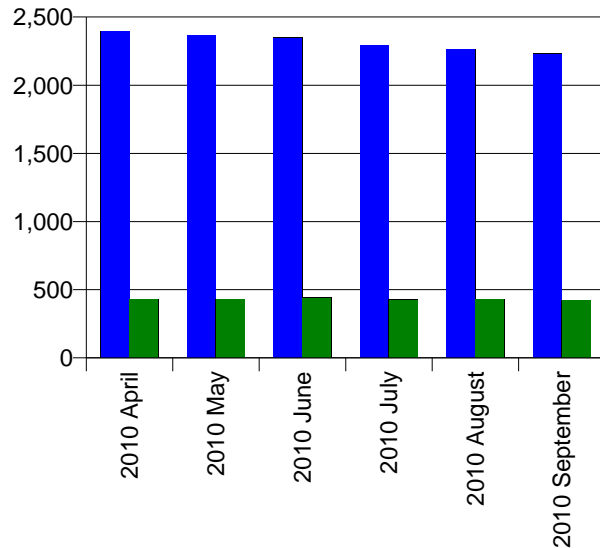
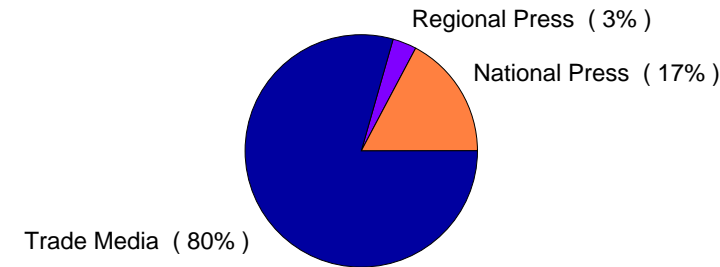
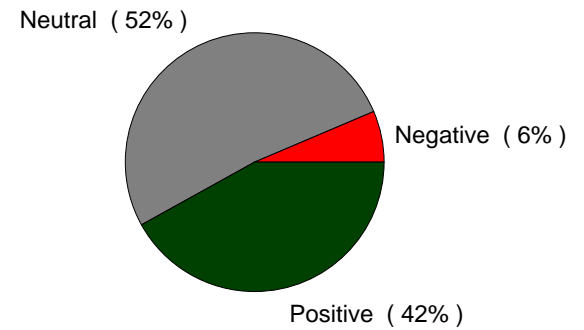


Chart 5.2a - Press Article Type (Quarter 2)



Articles Published in Quarter 2: 64

Chart 5.2b - Press Article Tone (Quarter 2)



Note: Article Tone is measured internally by our Communications Team

Communications Team

11 Announcements:

- PhonepayPlus announced formal complaints procedure and appoints independent Lay Assessor (1 July)
- PhonepayPlus' consultation on new Code extended by one week (6 July)
- PhonepayPlus published its Annual Report for 2009/10 (20 July)
- PhonepayPlus published research: Code 12: The view from consumers (22 July)
- Oral Hearing Tribunal decision: Transact Group (Holdings) Ltd published (23 July)
- PhonepayPlus announced changes to Multi-Party Chat prior permission (30 July)
- PhonepayPlus clarified rules on Broadcast SMS (19 August)
- PhonepayPlus published Quarterly Operations Report (2010/11 Q1) (23 August)
- PhonepayPlus published Joanne Prowse, Director of Operations, appointment notice (23 August)
- PhonepayPlus published consultation on its new Strategic Plan for 2011/14 (3 September)
- Notice to Industry: Interim Regulatory Arrangements for Payforit (6 September)

Other activity:

- Published three issues of NewsPlus – PhonepayPlus' monthly e-newsletter – on 30 July, 31 August and 28 September

Chart 6.1 - Industry Written Advice

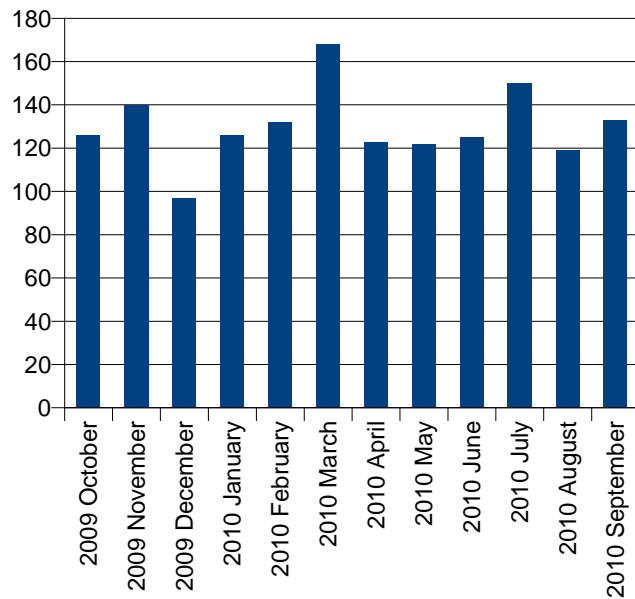


Chart 6.2 - Industry General Enquiries

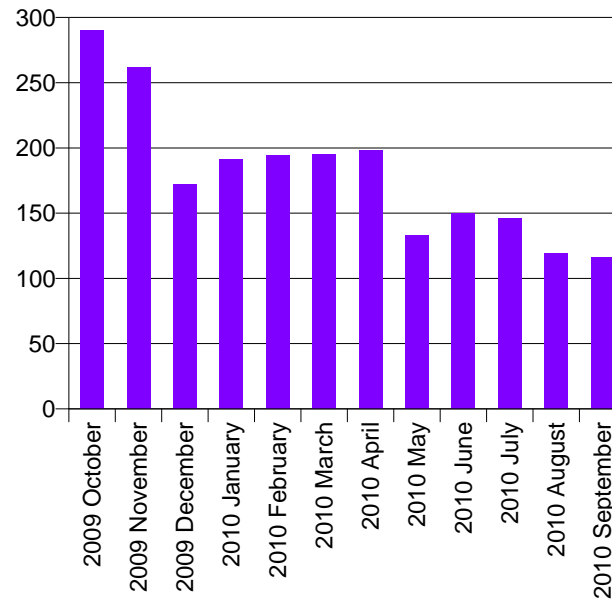
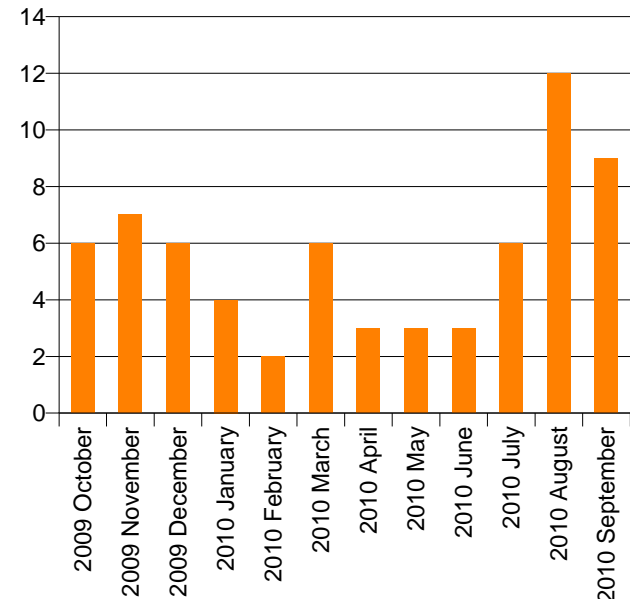


Chart 6.3 - Prior Permissions



Comments:

- Written requests for advice have risen around 12% in September - this after a increase of around 20% during July and then a fall of around 20% during August. We will continue to monitor the trend over the next 2-3 months. By contrast, telephone requests for advice have been stable for the past two months.
- Prior Permission requests dropped slightly in September. However we have recently undertaken a review of current data, which shows only completed applications, rather than all current applications being processed. If permissions being currently processed are taken into account, then the volume of work is significantly higher. As a result, we have communicated to applicants that we may not be able to process their applications within the usual six-week target. (Although, despite the volumes, that target currently is being met.) We are working on presenting the current number Prior Permissions being processed, in addition to the number completed within a month, in future reports.

Month	Advice	Enquiry	Prior Permission
2009 October	126	290	6
2009 November	140	262	7
2009 December	97	172	6
2010 January	126	191	4
2010 February	132	194	2
2010 March	168	195	6
2010 April	123	198	3
2010 May	122	133	3
2010 June	125	150	3
2010 July	150	146	6
2010 August	119	119	12
2010 September	133	116	9
Total for Period:	1,561	2,166	67

Market Intelligence

Research Projects:

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

Following an internal scoping project undertaken in the previous quarter, this project sought to better understand potential attacks of smartphones or laptops with broadband dongles, which result in unsolicited or fraudulent billing initiated by malware, hacking or other means. This work utilised complainant data from PhonepayPlus and expert opinions from global leaders in the mobile security community.

The findings are being used as a basis for industry stakeholder discussions in mid-November.

Commissioned research project: MT-billing, consumer experiences and understanding of the billing mechanism – research undertaken by Recom

The purpose of this research was to gain a better understanding of consumers' level of comprehension regarding MT-billed services. The work focused on two main genres of service that use MT billing as a payment mechanism, namely subscription services (for mobile personalisation, mobile content, quizzes, brain-teasers, IQ tests, Adult Services etc) and virtual text chat services. The primary aims of this research project were to establish:

- If consumers felt that the service (offered through subscriptions or virtual chat) was transparent, and if not, what it needed to be transparent.
- Whether customers are aware of what they are purchasing and how MT billing works
- Whether customers understand how to terminate the service they have engaged with

Findings are expected to be published later in the year.

In-house research project:

Application payments: review of app stores and payment mechanisms available

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

Monitoring and testing of services during Q2 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:

- Psychic services
- TV channels using PRS services for interaction, bids and sales
- Penny auction services
- Compiling a list of web-promoted services that charge to provide a customer service contact number (government services and commercial)