



Quarterly Operational Report

2011/2012 - Quarter 2

Published Date: 21 October 2011

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

| Measure | Target | Actual | Comments |
|--|--------|--------|--|
| Fine Collection Rate | 80% | 78% | The collection rate of 78% is due to non-payment of fines. Collection processes have been exhausted |
| Administration Charge Collection Rate | 80% | 46% | The collection rate of 46% is due to non-payment of administration charges. Collection processes have been exhausted |
| Emergency Procedure cases brought to adjudication within 20 working days | 90% | N/A | There have been no Emergency Procedure cases in Q2 |
| Informal cases resolved within target (Fast-track within 10 working days/Track 1 within 30 working days) | 80% | 93% | |

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 | N/A | *Due to the Google Analytics tag being dropped inadvertently from the Website, stats are unavailable for Q2 2011. |

Operate efficiently

| Measure | Target | Actual | Comments |
|--|--------|--------|---|
| Standard procedure cases brought to adjudication within 14 weeks | 80% | 45% | 11 cases in total were brought to Tribunal in Q2 of 2011/2012. Of the six cases that missed the KPI the majority were completed within 18 weeks. The delays were as a result of extensions given to providers and prioritisation of older cases |
| Calls to Contact Centre answered in 30 seconds | 80% | 80% | |
| Response to compliance advice requests answered within five working days | 80% | 98% | |
| Industry members are satisfied with the service they receive from PhonepayPlus | 80% | 59% | Please see page 14 for a full analysis of this result |
| Consumers are satisfied with the service from PhonepayPlus when their complaint is dealt with by the Complaint Resolution team | 80% | 76% | Please see page 14 for a full analysis of this result |
| Consumers are satisfied with the service from PhonepayPlus when their complaint results in a formal investigation | 80% | 85% | Please see page 14 for a full analysis of this result |

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

| Measure | Target | Actual | Comments |
|---|--------------|-----------|---|
| Staff turnover | < 20% annual | 16% | Based on calendar year 2010 |
| Average number of training days | TBD | 0.54 days | Based on Q2 2011-2012 |
| Number of working days lost to sickness | < 3% | 3.6% | In Q2 of 2011/2012, 3.6% of working time was lost due to sickness |

Call Centre

| Month | Calls Answered | Calls Abandoned | Calls Offered |
|---------------------------|----------------|-----------------|---------------|
| 2010 October | 1,594 | 35 | 2,040 |
| 2010 November | 1,722 | 39 | 2,322 |
| 2010 December | 1,231 | 54 | 1,742 |
| 2011 January | 1,651 | 89 | 2,332 |
| 2011 February | 1,461 | 60 | 1,999 |
| 2011 March | 1,668 | 88 | 2,475 |
| 2011 April | 1,054 | 35 | 1,513 |
| 2011 May | 1,585 | 373 | 1,958 |
| 2011 June | 1,810 | 360 | 2,170 |
| 2011 July | 1,727 | 89 | 1,816 |
| 2011 August | 1,993 | 97 | 2,090 |
| 2011 September | 1,886 | 87 | 1,973 |
| Totals for Period: | 19,382 | 1,406 | 24,430 |

Chart 1.1 - Customer Service Call Volume

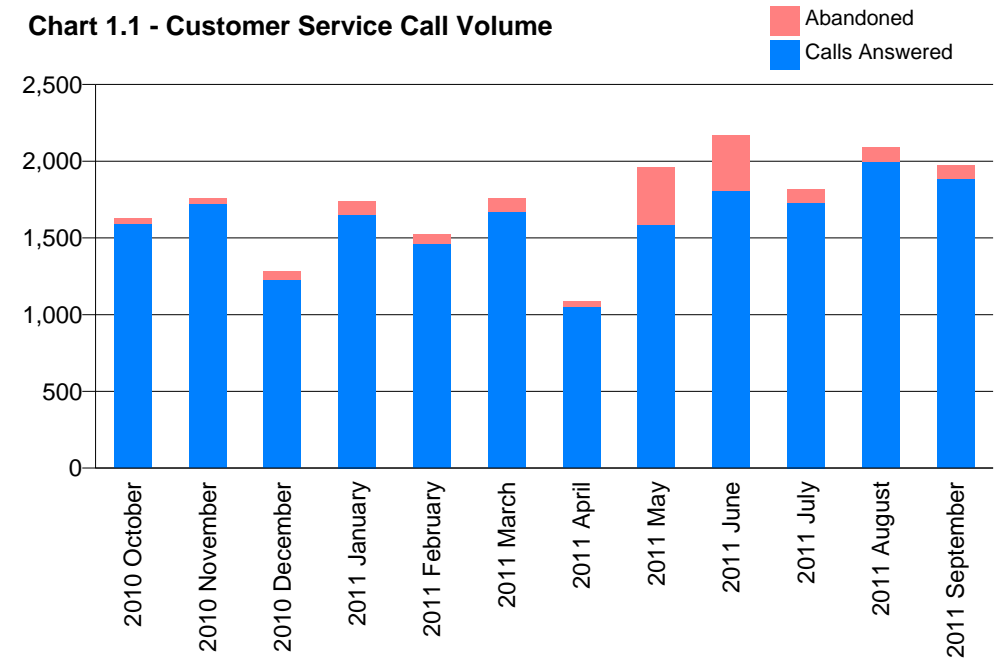
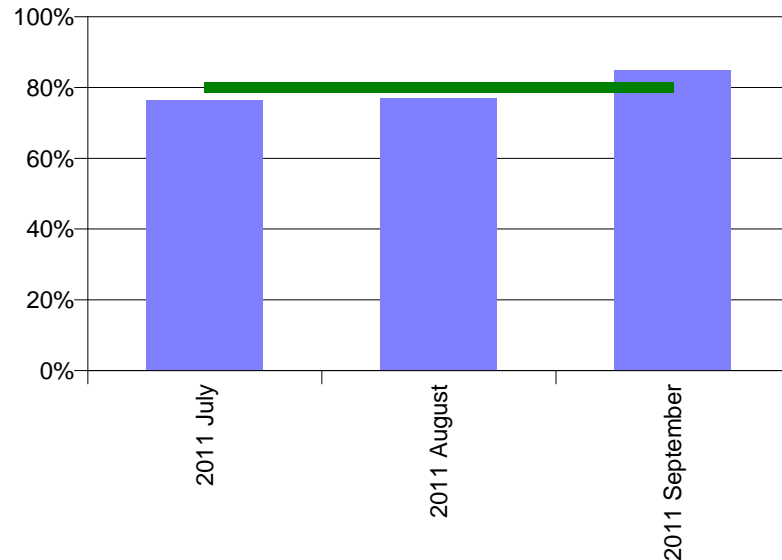


Chart 1.2 - Calls Answered Under 30 Seconds

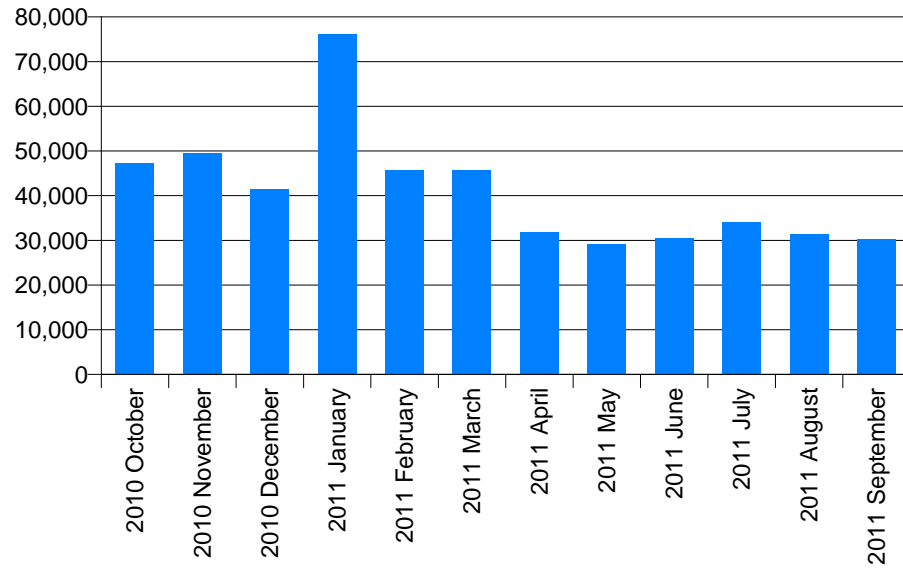


Comments

- The calls offered figures prior to July 2011, included consumers who had chosen option 1 on the IVR to speak to BT. As these calls were not answered by an advisor, we now exclude these figures from the total calls offered reported each month.
- The service level KPIs for calls answered dipped slightly below target in July and August due to increases in customer service call volumes and additional Registration Scheme calls. Close management of resources and improved working practices have resulted in exceeding the KPI in September. Overall adherence is 80% for the quarter.

Number Checker

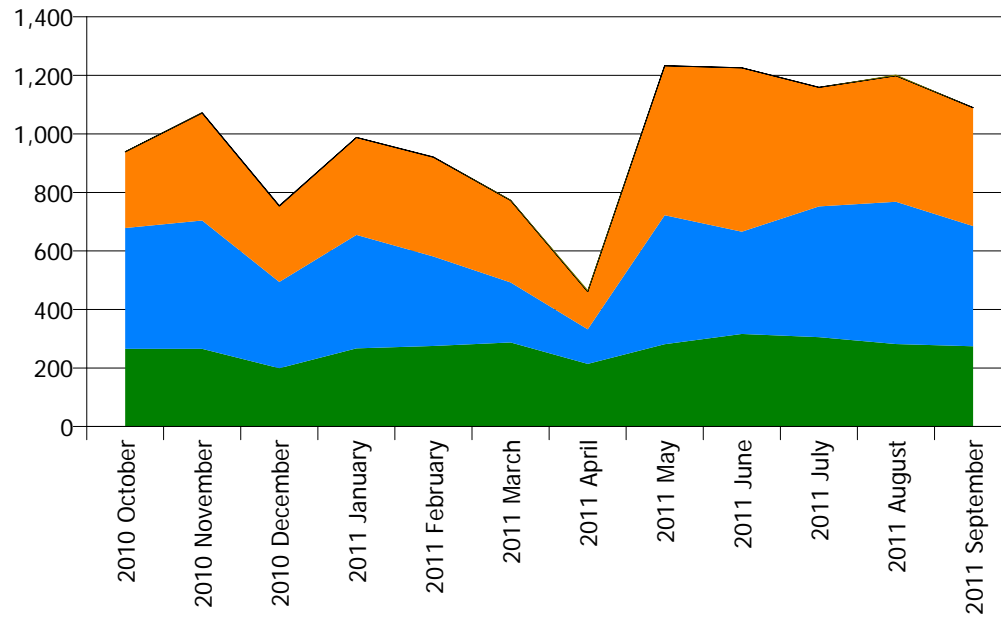
Chart 2.1 - Number Checker Usage



| Number Type | PRN | Shortcode | Directory Enquires | 070 | 087 | Other | Month Totals |
|---------------------------|----------------|----------------|--------------------|--------------|---------------|----------------|----------------|
| 2010 October | 19,047 | 8,283 | 355 | 626 | 1,924 | 17,076 | 47,311 |
| 2010 November | 23,086 | 7,694 | 411 | 613 | 1,899 | 15,723 | 49,426 |
| 2010 December | 18,185 | 7,573 | 320 | 500 | 1,670 | 13,143 | 41,391 |
| 2011 January | 22,340 | 33,705 | 434 | 796 | 2,114 | 16,681 | 76,070 |
| 2011 February | 18,892 | 8,239 | 402 | 679 | 1,786 | 15,751 | 45,749 |
| 2011 March | 18,626 | 8,895 | 395 | 610 | 1,636 | 15,618 | 45,780 |
| 2011 April | 12,492 | 6,684 | 266 | 369 | 1,051 | 10,915 | 31,777 |
| 2011 May | 12,758 | 6,224 | 318 | 487 | 1,369 | 8,083 | 29,239 |
| 2011 June | 12,664 | 6,294 | 279 | 519 | 1,446 | 9,378 | 30,580 |
| 2011 July | 12,435 | 7,970 | 378 | 408 | 1,348 | 11,449 | 33,988 |
| 2011 August | 12,430 | 7,458 | 431 | 502 | 1,648 | 9,014 | 31,483 |
| 2011 September | 12,151 | 7,864 | 359 | 439 | 1,282 | 8,135 | 30,230 |
| Totals for Period: | 195,106 | 116,883 | 4,348 | 6,548 | 19,173 | 150,966 | 493,024 |

Customer Enquires

Chart 3.1 - Consumer Enquires



Comments:

Recent months have seen an increase in consumer enquiry volumes which can be attributed in part to the new CRM driving better working practices around the recording of out-of-remit enquiries.

| Type of Enquiry | General Enquiry | Number Check | Out Of Remit | Request For Information | Other | Month Totals |
|---------------------------|-----------------|--------------|--------------|-------------------------|-----------|---------------|
| 2010 October | 265 | 413 | 261 | | | 939 |
| 2010 November | 265 | 439 | 367 | 2 | | 1,073 |
| 2010 December | 199 | 295 | 259 | 2 | | 755 |
| 2011 January | 267 | 388 | 333 | | | 988 |
| 2011 February | 275 | 306 | 339 | 1 | | 921 |
| 2011 March | 287 | 205 | 281 | | 2 | 775 |
| 2011 April | 214 | 118 | 129 | | 6 | 467 |
| 2011 May | 281 | 441 | 511 | | | 1,233 |
| 2011 June | 316 | 350 | 560 | | | 1,226 |
| 2011 July | 305 | 447 | 407 | | | 1,159 |
| 2011 August | 282 | 486 | 431 | | 4 | 1,203 |
| 2011 September | 274 | 411 | 405 | | | 1,090 |
| Totals for Period: | 3,230 | 4,299 | 4,283 | 5 | 12 | 11,829 |

COMPLAINTS

Complaints

Chart 4.1 - Consumer Complaints

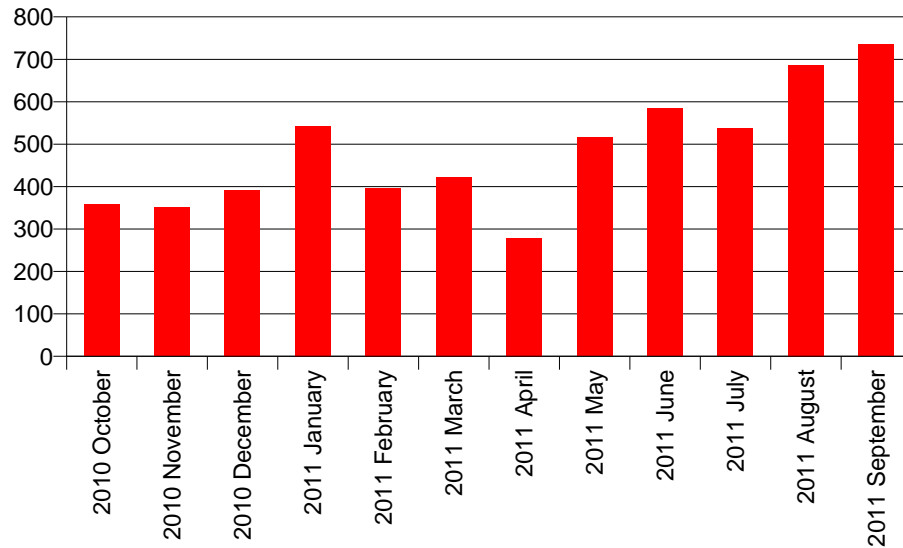
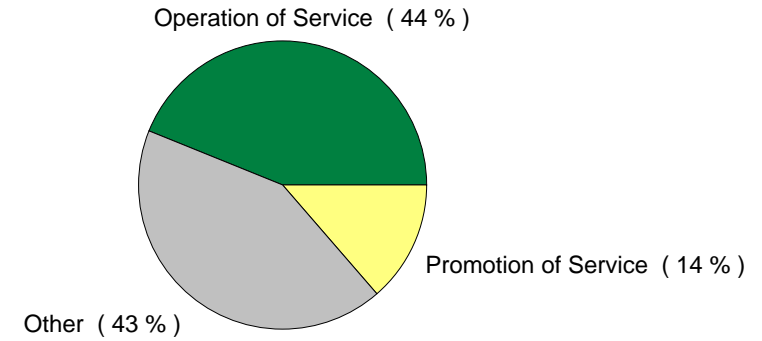


Chart 4.2 - Reason for Complaint (Q2)

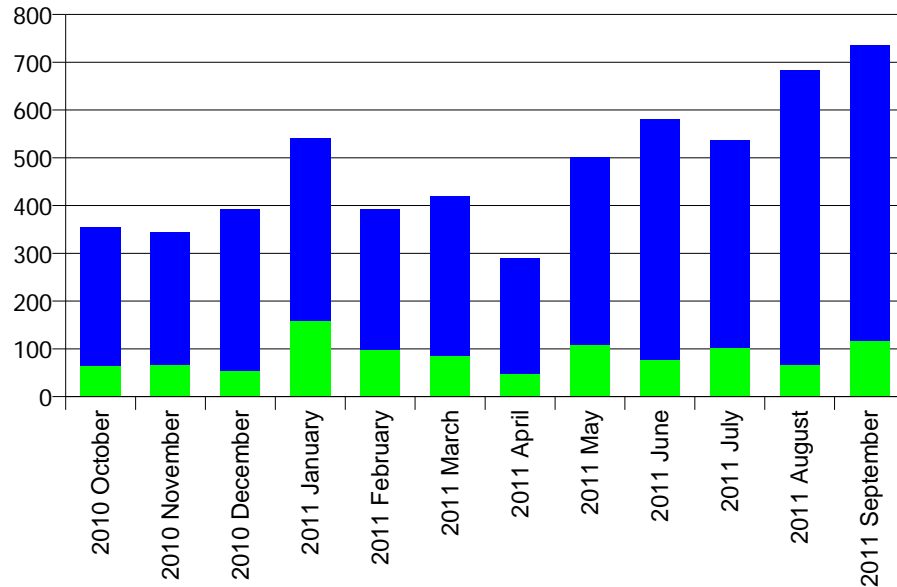


| Source of Complaint | Phone | Web | Correspondence | Other | Month Totals |
|---------------------------|--------------|--------------|----------------|------------|--------------|
| 2010 October | 176 | 178 | 3 | 1 | 358 |
| 2010 November | 172 | 170 | 6 | 3 | 351 |
| 2010 December | 164 | 226 | 2 | 1 | 393 |
| 2011 January | 185 | 343 | 15 | 1 | 544 |
| 2011 February | 137 | 238 | 19 | 3 | 397 |
| 2011 March | 132 | 276 | 9 | 6 | 423 |
| 2011 April | 105 | 169 | 4 | 1 | 279 |
| 2011 May | 124 | 377 | 12 | 3 | 516 |
| 2011 June | 114 | 452 | 7 | 11 | 584 |
| 2011 July | 122 | 374 | 12 | 29 | 537 |
| 2011 August | 197 | 414 | 8 | 67 | 686 |
| 2011 September | 120 | 545 | 8 | 62 | 735 |
| Totals for Period: | 1,748 | 3,762 | 105 | 188 | 5,803 |

COMPLAINTS

Complaints by Sector

Chart 5.1 - Mix of Mobile vs. Landline Sector Complaints



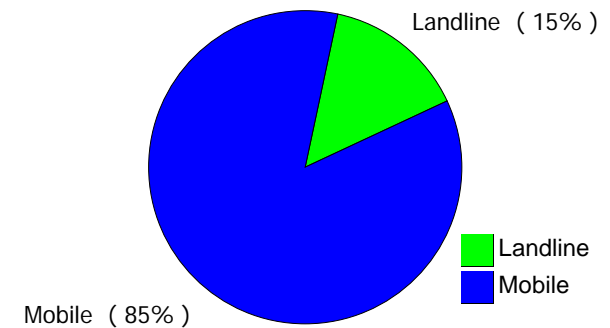
| Month | Landline | Mobile | Total |
|---------------------------|--------------|--------------|--------------|
| 2010 October | 65 | 289 | 354 |
| 2010 November | 67 | 278 | 345 |
| 2010 December | 53 | 339 | 392 |
| 2011 January | 159 | 383 | 542 |
| 2011 February | 99 | 293 | 392 |
| 2011 March | 86 | 333 | 419 |
| 2011 April | 47 | 242 | 289 |
| 2011 May | 108 | 393 | 501 |
| 2011 June | 77 | 504 | 581 |
| 2011 July | 101 | 435 | 536 |
| 2011 August | 67 | 617 | 684 |
| 2011 September | 117 | 618 | 735 |
| Totals for Period: | 1,046 | 4,724 | 5,770 |

Top PRNs with Complaints and 070 Trend

| Month | 070 Complaints |
|----------------|----------------|
| 2011 April | 7 |
| 2011 May | 3 |
| 2011 June | 9 |
| 2011 July | 9 |
| 2011 August | 10 |
| 2011 September | 14 |

| Month | 087 complaints |
|----------------|----------------|
| 2011 April | 9 |
| 2011 May | 8 |
| 2011 June | 3 |
| 2011 July | 7 |
| 2011 August | 3 |
| 2011 September | 11 |

Chart 5.2 - Mix of Mobile vs. Landline Sector Complaints (Q2)



Complaint Investigation

Chart 6.1a - Resolution Type on Complaints Received

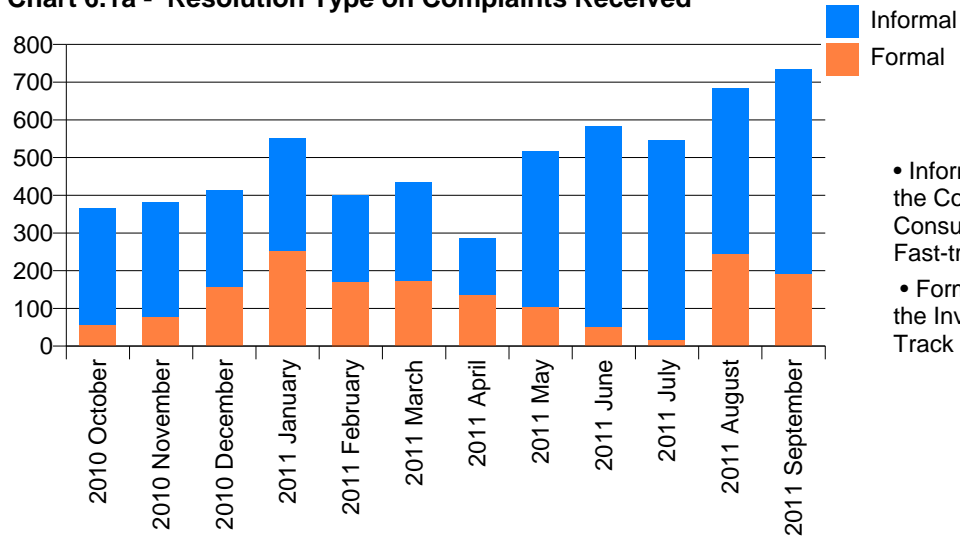


Chart 6.1b - Complaints: Investigation Type (Q2)

- Informal action is undertaken by the Complaint Resolution or the Consumer Support teams (i.e. Fast-track + Track 1)
- Formal action is undertaken by the Investigations Team (i.e. Track 2)

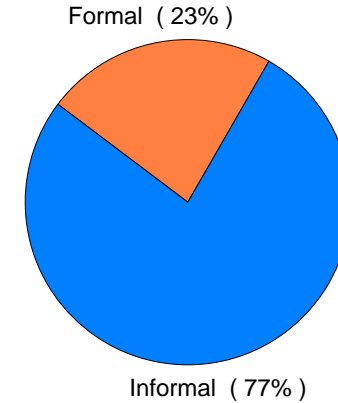


Chart 6.2a - Informal Resolution: Closed Case Investigation Type

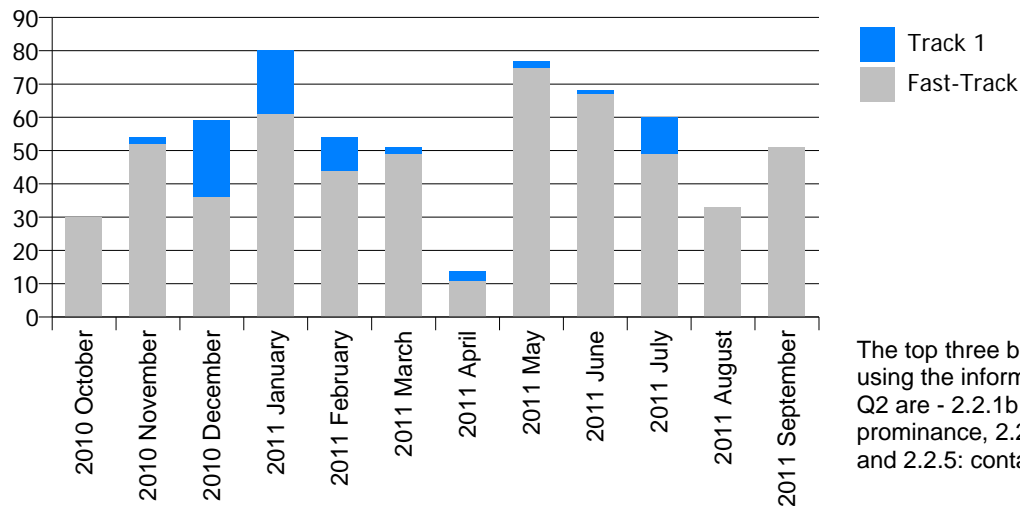
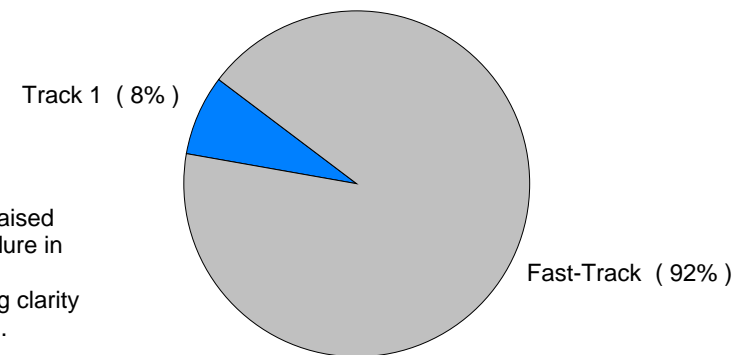


Chart 6.2b Mix of Closed Investigations: Complaint Resolution (Q2)

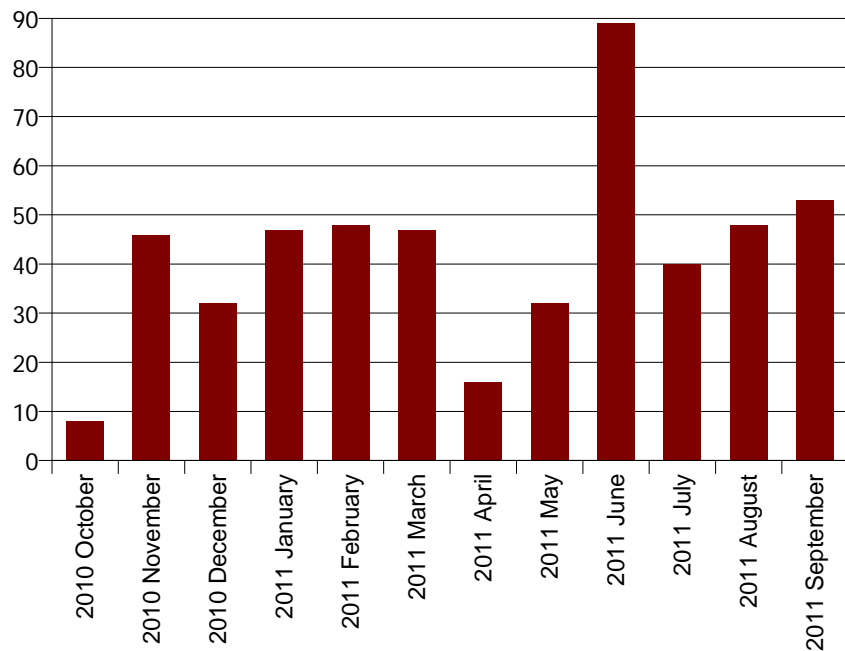


The top three breaches raised using the informal procedure in Q2 are - 2.2.1b: pricing prominence, 2.2.1: pricing clarity and 2.2.5: contact details.

INVESTIGATIONS

New Cases

Chart 7.1 - Cases Identified



Comments:

This graph displays the number of new informal and formal cases identified in this period. A case ranges from a single complaint resolved informally to a formal investigation case containing multiple complaints.

| Open Investigations By Sector | Cases |
|-------------------------------|-------|
| Mobile shortcode | 14 |
| 087/09 | 5 |
| Oral Hearings | 1 |
| Network Cases | 0 |
| Breach of Sanctions | 0 |
| 070 | 0 |

Recent Tribunal decisions can be found at:
<http://www.phonepayplus.org.uk/For-The-Public/Past-Adjudications/>

COMMUNICATIONS

Website

Chart 8.1a - PhonepayPlus Web Site Page Views & Visits

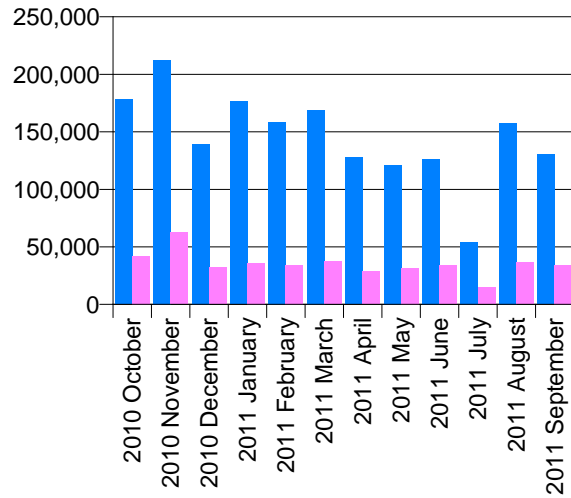


Chart 8.1b - PhoneBrain Web Site Page Views & Visits

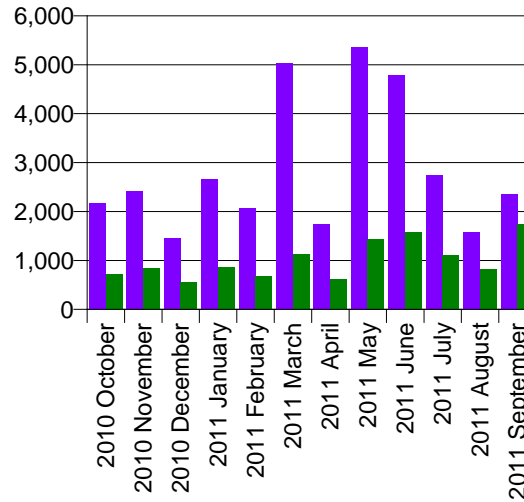
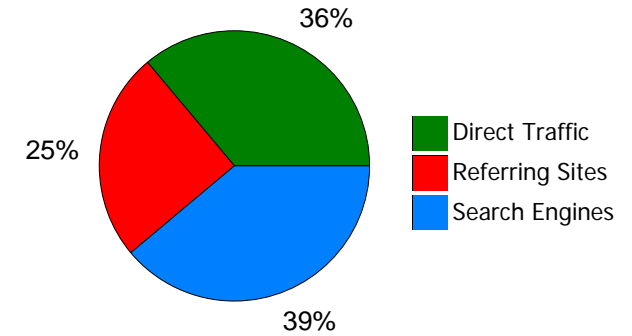


Chart 8.2 - Traffic Sources (Q2)



| Month | Page Views | Visits |
|---------------------------|------------------|----------------|
| 2010 October | 178,126 | 42,370 |
| 2010 November | 212,511 | 62,456 |
| 2010 December | 139,395 | 32,045 |
| 2011 January | 176,490 | 35,927 |
| 2011 February | 158,622 | 34,005 |
| 2011 March | 169,217 | 37,111 |
| 2011 April | 127,573 | 28,659 |
| 2011 May | 121,385 | 31,857 |
| 2011 June | 126,261 | 33,799 |
| 2011 July | 54,326 | 14,836 |
| 2011 August | 158,032 | 36,532 |
| 2011 September | 130,357 | 34,135 |
| Totals for Period: | 1,752,295 | 423,732 |

| Month | Page Views | Visits |
|---------------------------|---------------|---------------|
| 2010 October | 2,174 | 722 |
| 2010 November | 2,411 | 849 |
| 2010 December | 1,450 | 546 |
| 2011 January | 2,658 | 865 |
| 2011 February | 2,066 | 671 |
| 2011 March | 5,040 | 1,128 |
| 2011 April | 1,748 | 624 |
| 2011 May | 5,370 | 1,429 |
| 2011 June | 4,788 | 1,570 |
| 2011 July | 2,737 | 1,099 |
| 2011 August | 1,576 | 822 |
| 2011 September | 2,365 | 1,746 |
| Totals for Period: | 34,383 | 12,071 |

Publications

Media Coverage:

Articles published in Q2: 119

Chart 9.2 - Press Article Type (Q2)

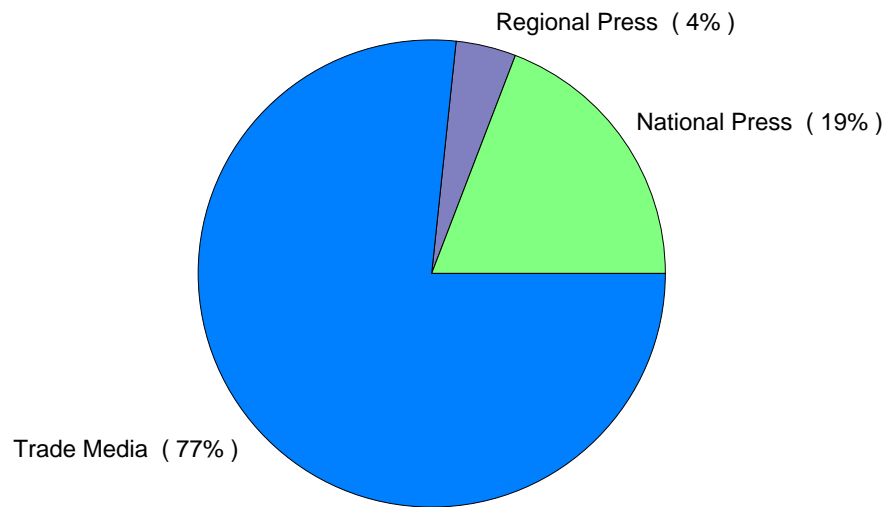
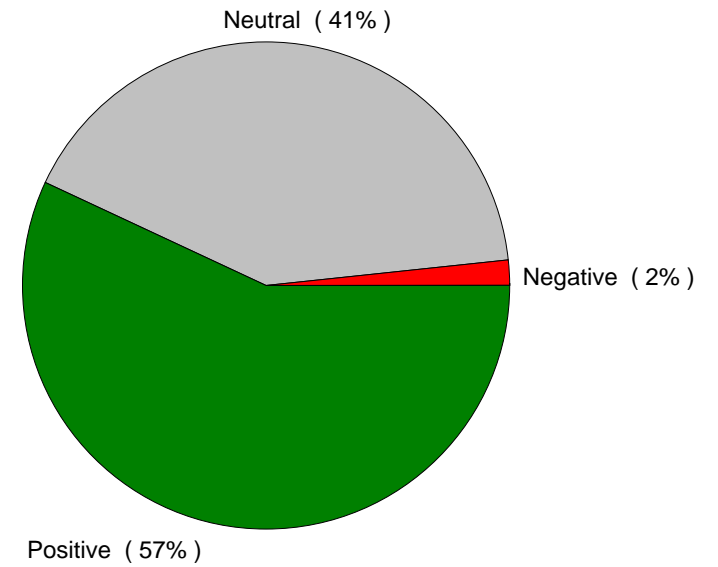


Chart 9.3 - Press Article Type (Q2)



Communications Team:

13 Announcements

- PhonepayPlus Quarterly Operations Report 2011/12 Q1 (29 July)
- PhonepayPlus' £50 (+ VAT) Registration Scheme rate ends on 31 July – Register and pay the cheaper rate NOW (28 July)
- PhonepayPlus publishes online, interactive 2010/11 Annual Report (26 July)
- PhonepayPlus Registration Scheme: Mandatory Number Checker and Due Diligence functionalities now available (18 July)
- Revised Notice to Industry: Launch of the Registration Scheme in support of the 12th Edition of the PhonepayPlus Code of Practice (18 July)
- PhonepayPlus publishes Independent Appeals Body decision on Transact Group (Holdings) Ltd appeal (4 July)
- Notice to Industry: Changes to PhonepayPlus' process used to obtain revenue data during an investigation (1 August)
- 77% decline in PRS complaints prepares way for new regulations (8 August)
- Notice to Industry: Administrative charges from 1 September 2011 (17 August)
- 10-day countdown to regulatory changes for PRS industry (22 August)
- Notice to Industry: Changes to prior permissions from 1 September 2011 (23 August)
- Notice to Industry: Corrections to Guidance in support of the new 12th Edition of the PhonepayPlus Code of Practice (26 August)
- New premium rate Registration Scheme reveals 'one of the most vibrant' PRS industries in the world (1 September)
- PhonepayPlus publishes 10-week public consultation on app-based mobile payments (26 September)

Satisfaction Measures

There are currently three areas where we measure the satisfaction of consumers or industry members contact with PhonepayPlus:

- **Investigations:** where the consumers contact results in a formal investigation and adjudication
- **Complaint resolution:** where the consumers contact is resolved through the informal approach
- **Industry services:** where providers within the industry contact us for compliance and Code advice or guidance on registration.

Consumers and industry members have a 5-point scale of responses to ensure a balanced view of their satisfaction rating – very dissatisfied, somewhat dissatisfied, neither satisfied or dissatisfied, somewhat satisfied and very satisfied.

Investigations

22% of consumers surveyed responded and of these 85% indicated they were either somewhat satisfied or above with the service they received overall. 85% of consumers were somewhat satisfied or above with the explanation of how to obtain a refund and 100% actually received their refund

Actions

1. Review our surveying methods to increase the response rate.
2. We are reviewing the quality measures to ensure the performance of the consumer services team when answering calls continue to exceed customers expectations.

Complaint Resolution

38% of consumers surveyed responded and of these 76% indicated they were either somewhat satisfied or above with the service they received overall. 66% of consumers were somewhat satisfied or above with the explanation of how to obtain a refund and 48% actually received their refund.

Actions

1. Contact all complainants who were either somewhat dissatisfied or very dissatisfied with both their contact with PhonepayPlus or their overall experience to better understand their reasons for this response.
2. Our internal figures suggest in 95% and above of cases complainants have received a refund. We therefore need to understand why, when surveyed, consumers appear to have a different perception.

Industry Services

10% of industry members surveyed responded and overall, 59% were either somewhat satisfied or above with the quality of the service they received. 15% indicated they were neither satisfied or dissatisfied with the response. New Code queries and registration advice were the two main reasons for contact. 67% felt the time taken to resolve their query was about right or quicker than expected.

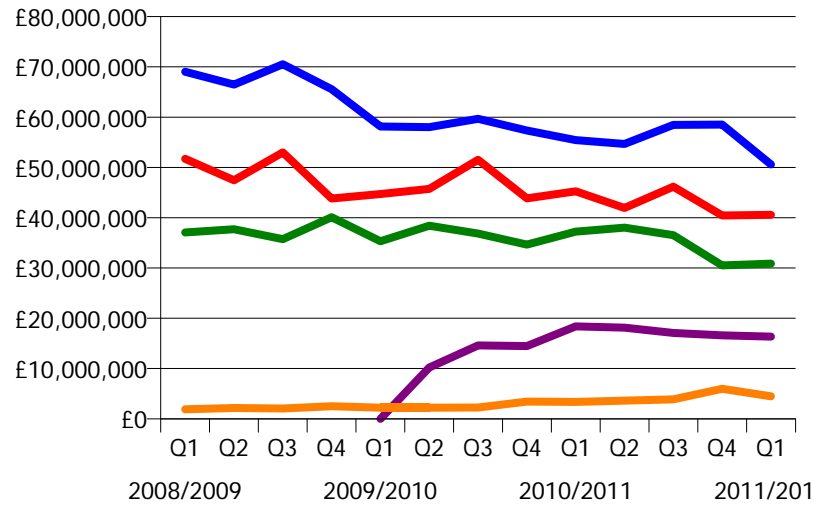
Actions

1. Review our surveying methods to increase the response rate.
2. We will examine further options for ongoing feedback, such as on a monthly basis, to enable us to better understand reasons for dissatisfaction and build in improvements in process and policy as required.

Outpayments & Fines

Chart 10.1 - Outpayments by Sector

(Updated Quarterly)



| Financial Year | Quarter | Mobile | Landline | DQ | 087 | Payforit | Totals |
|----------------|---------|--------------------|--------------------|--------------------|-------------------|-------------------|--------------------|
| 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 | 153,812,341 |
| Total: | | 233,242,977 | 185,860,805 | 145,256,594 | 39,335,439 | 10,154,481 | 613,850,296 |

| | | | | | | | |
|---------------|----|--------------------|--------------------|--------------------|-------------------|-------------------|--------------------|
| 2010/2011 | Q1 | 55,439,992 | 45,266,859 | 37,262,249 | 18,401,667 | 3,380,214 | 159,750,980 |
| | Q2 | 54,682,718 | 41,941,108 | 38,047,101 | 18,149,041 | 3,625,628 | 156,445,595 |
| | Q3 | 58,477,774 | 46,203,416 | 36,546,182 | 17,095,403 | 3,878,279 | 162,201,054 |
| | Q4 | 58,515,164 | 40,465,883 | 30,524,150 | 16,616,640 | 5,980,575 | 152,102,410 |
| Total: | | 227,115,647 | 173,877,266 | 142,379,680 | 70,262,751 | 16,864,696 | 630,500,040 |

| | | | | | | | |
|---------------|----|-------------------|-------------------|-------------------|-------------------|------------------|--------------------|
| 2011/2012 | Q1 | 50,623,677 | 40,571,833 | 30,868,878 | 16,355,459 | 4,501,230 | 142,921,077 |
| Total: | | 50,623,677 | 40,571,833 | 30,868,878 | 16,355,459 | 4,501,230 | 142,921,077 |

| | | | | | | | |
|---------------|--|--------------------|--------------------|--------------------|--------------------|-------------------|----------------------|
| Total: | | 510,982,301 | 400,309,904 | 318,505,152 | 125,953,649 | 31,520,407 | 1,387,271,413 |
|---------------|--|--------------------|--------------------|--------------------|--------------------|-------------------|----------------------|

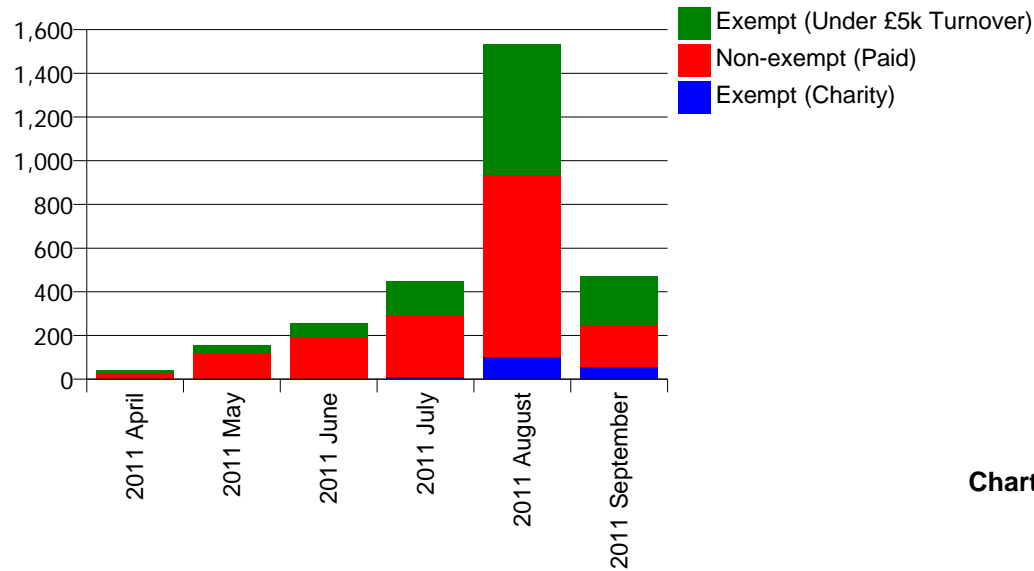
Fines:

(Updated Monthly)

| Financial Year 2010/2011 | Mobile | Fixed | 070 | 087 | Network Breach | Totals |
|---|----------|---------|-----|--------|----------------|----------|
| Fines invoiced from 01/04/11 - 31/03/12 | £377,041 | £37,500 | £0 | £5,000 | £1,000 | £384,041 |
| Sanctions suspended | £0 | £0 | £0 | £0 | £0 | £0 |
| Oral hearing | £0 | £0 | £0 | £0 | £0 | £0 |
| Deferred Payments | £0 | £0 | £0 | £0 | £0 | £0 |
| Services barred due to insolvency | £0 | £0 | £0 | £0 | £0 | £0 |
| Fines not yet due | £0 | £0 | £0 | £0 | £0 | £0 |
| Fines due | £377,041 | £37,500 | £0 | £5,000 | £1,000 | £384,041 |
| Fines paid | £293,219 | £32,500 | £0 | £0 | £1,000 | £295,219 |
| Fines due but not paid | £83,822 | £5,000 | £0 | £5,000 | £0 | £88,822 |
| Collection rate | | | | | | 78% |
| % due unpaid | | | | | | 22% |

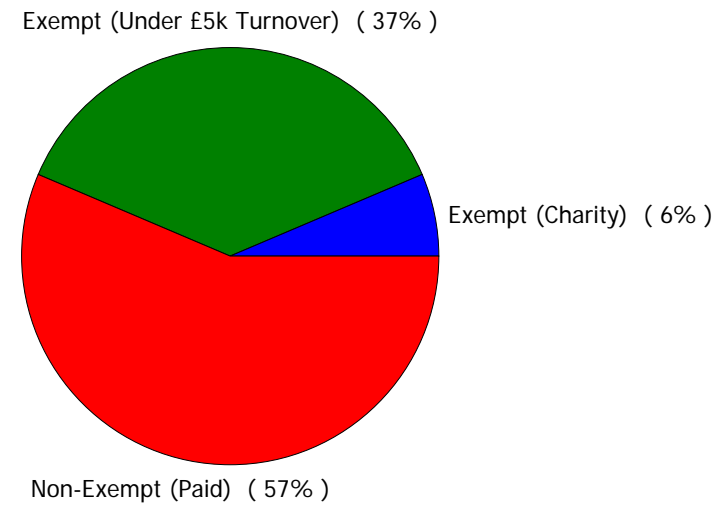
Registration Scheme

Chart 11.1 - New Scheme Registrants



Cumulative total of registrants to Q2 2011-12: 2,934

Chart 11.1a - Total Registrants Breakdown (to Q2 2011-12)



Advice

Chart 12.1a - Industry Written Advice

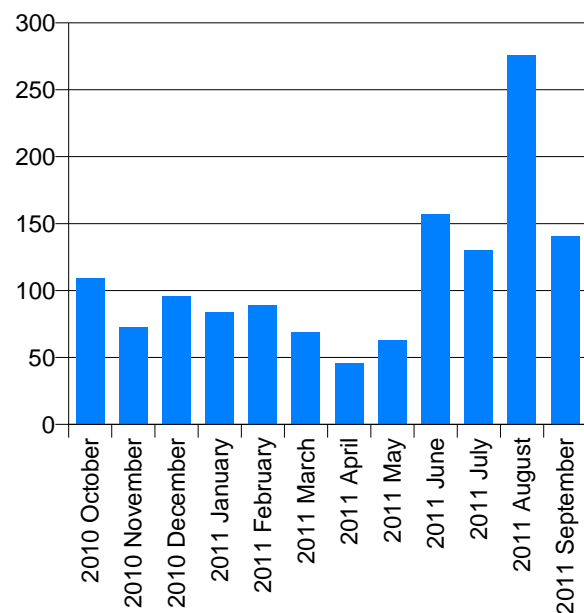


Chart 12.1b - Industry General Enquires

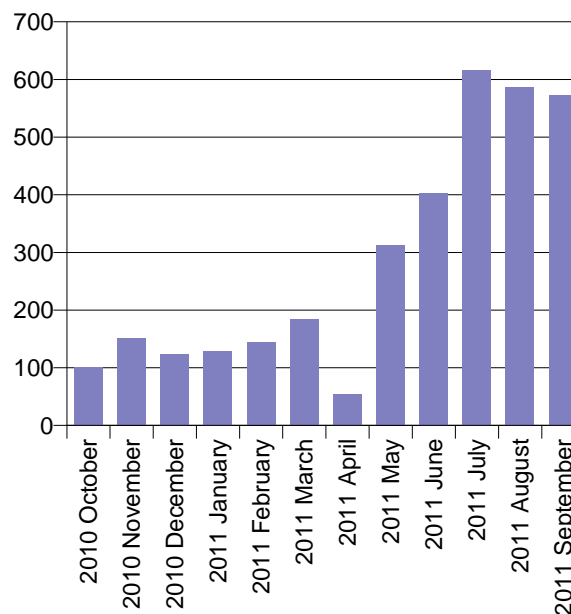
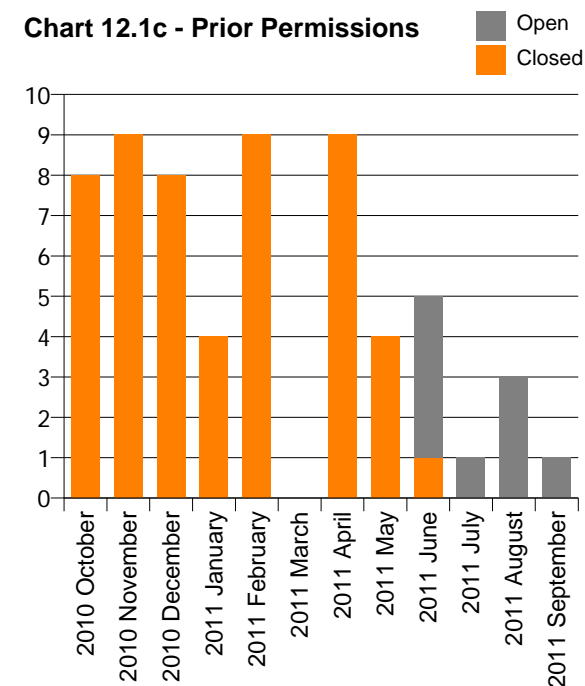


Chart 12.1c - Prior Permissions



After reviewing the formula used to calculate the Industry written advice volumes, an error was identified, and as a consequence the volumes reported are now significantly higher.

| | Advice | Enquiry | Prior Permission |
|---------------------------|--------------|--------------|------------------|
| 2010 October | 109 | 101 | 8 |
| 2010 November | 73 | 151 | 9 |
| 2010 December | 96 | 124 | 8 |
| 2011 January | 84 | 129 | 4 |
| 2011 February | 89 | 144 | 9 |
| 2011 March | 69 | 184 | 0 |
| 2011 April | 46 | 54 | 9 |
| 2011 May | 63 | 312 | 4 |
| 2011 June | 157 | 403 | 4 |
| 2011 July | 130 | 617 | 1 |
| 2011 August | 276 | 587 | 3 |
| 2011 September | 141 | 573 | 3 |
| Totals for Period: | 1,333 | 3,379 | 62 |

Comments:

Industry written advice and enquiries were high in Q2 due to calls and e-mails regarding registration and the new Code.

Research & Market Intelligence Projects

- Commissioned research: Consumer profiles and experiences of using online social gaming paid for using PRS & micropayments in combination with virtual currencies (being undertaken by Jigsaw Research).
- In-house research: Establishing methodologies detecting and gathering evidence from Android-based mobile applications that use PRS.
- To be commissioned: Market review for the PRS market in 2011 with forward-look to 2012. This annual piece of research will provide an update on the market and look in some detail at market drivers and inhibitors. The consumer-facing portion of this research will look in detail at engagement with services by children and young people.