

PhonepayPlus

# Strategic Plan 2011/14

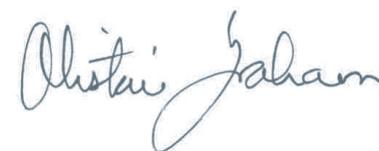
# PhonepayPlus Foreword

In many ways, the external environment in which PhonepayPlus operates could not look more different than it did in 2007 when our first Strategic Plan was published. Since then, we have seen a deep and difficult economic recession, a new Coalition Government that is enacting a shift in public policy on the approach to regulation, the arrival of mobile apps and other digital micropayment services and an increasing number of mainstream organisations utilising premium rate service (PRS), such as the recent growth in charity donations.

I am pleased to say that PhonepayPlus has also significantly changed over this period. We have built stronger, more effective relationships with our stakeholders, including the industry we regulate, with many providers and trade organisations working with us to drive up standards. This has been evidenced in a recent survey of stakeholder opinions, with a strong view that PhonepayPlus was delivering important benefits to industry and consumers through its regulation of the PRS market, and a major reduction in the number of consumer complaints we deal with. I would like to congratulate the Executive on achieving such a strong performance while also driving real reductions in the cost of regulation for the industry.

We have also recently launched both a new Code of Practice and an industry Registration Scheme, which together provide a robust yet flexible framework for regulating premium rate services. Again, these innovations are built on listening to the views of our stakeholders, engaging with them on the details and delivering effective solutions. Both the Code and registration have the potential to fundamentally redraw the way PRS are regulated in the UK, allowing legitimate businesses to invest and innovate, working with the regulator on building-in compliance to services and promotions. This collaborative approach to delivering positive outcomes for consumers, made possible through a shared sense-of-purpose with the PRS industry to see a strong, vibrant and trusted market, will also mean PhonepayPlus can focus its enforcement resources on targeting those few providers who deliberately set out to harm consumers and damage the market.

These positive changes did not happen by accident; they are the result of PhonepayPlus following the strategy we set out in 2007. We strongly believe the strategy set out in this new Strategic Plan, which builds on many of the successful outcomes of our last strategy, will ensure that we are able to respond to whatever challenges the next three years may bring, ensuring that consumers can continue to use premium rate services with confidence.



Sir Alistair Graham  
Chairman

Foreword –  
Sir Alistair Graham  
01

Our Vision and Values  
03

Building on success –  
delivery from the Strategic  
Plan 2008/10  
12

Premium rate services –  
an ever-changing market  
18

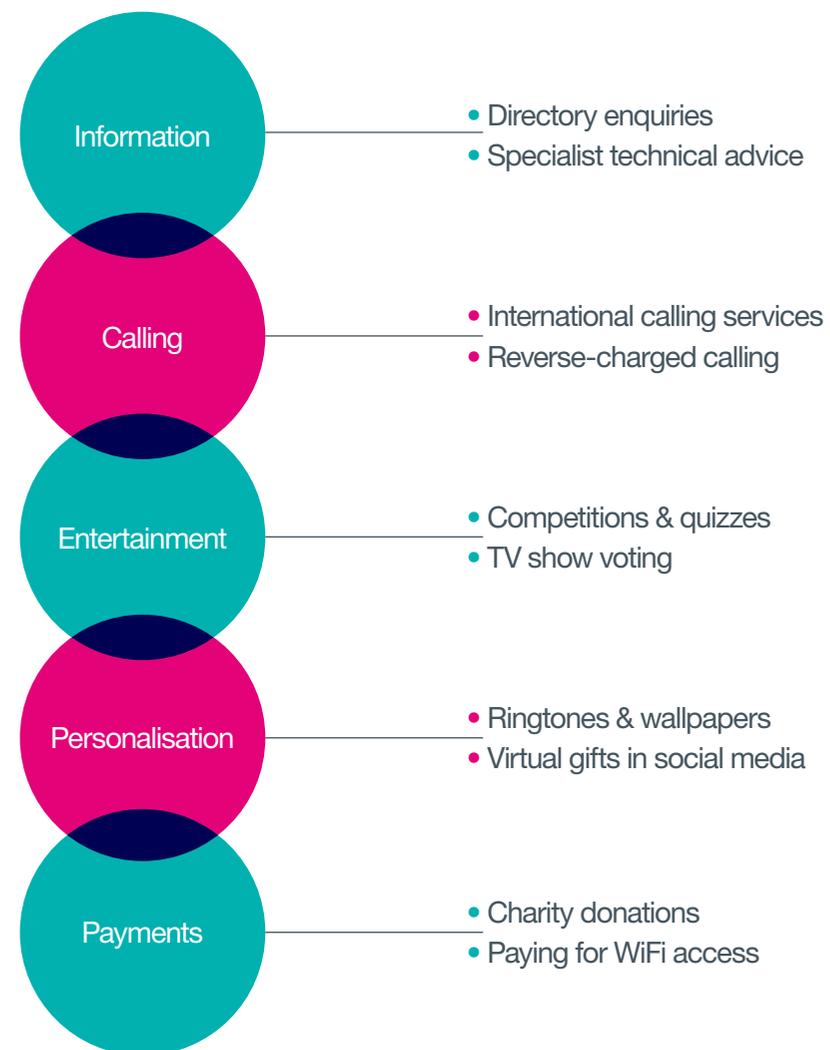
Strategic Objectives  
21



PhonepayPlus  
Our Vision and Values

PhonepayPlus is the organisation that regulates premium rate services (PRS) in the UK – the goods and services that we can buy by charging the cost to our phone bills and pre-pay accounts.

Premium rate services provide consumers with information, entertainment and the ability to interact and participate with other media.



As a modern regulator, PhonepayPlus has worked to develop and implement a regulatory framework that provides effective protection from harm for consumers, while allowing the industry to innovate and invest in premium rate services with confidence that regulation is fair and proportionate.

Our regulatory approach is defined by a simple vision and seven core values that underpin the way we operate in all areas of our work.

Our vision is that anyone  
can use premium rate services  
with absolute confidence.

## PhonepayPlus Our Values

### Effective

#### Our commitment

We want a market in which the public can trust services in the knowledge that they can exercise choice with confidence. A market, too, in which businesses can trust in a well-designed Code, proportionately enforced, that allows them to invest and innovate with confidence. We pre-empt and prevent problems in the market we regulate and deal with misconduct in ways that ensure it does not happen again.

#### Our delivery

Over the last two financial years, we have seen complaints about premium rate services fall by 77%, as a result of our effective regulatory actions, which include both informal and formal procedures, and through building more productive relationships with industry that foster greater compliance with our Code of Practice.

### Accessible

#### Our commitment

We are a well-understood and easy-to-reach first port of call for advice, information and support for consumers, providers, networks, the media, Government and public agencies.

#### Our delivery

Our Number Checker service provides consumers with basic information on PRS they find on their phone bills. This helps consumers self-support in most cases where there is a query or concern about a premium rate number or mobile shortcode. Our Industry Services Team assists PRS providers with compliance advice on their services and promotions, which helps ensure positive consumer outcomes and pre-empts potential consumer harm.

### Independent

#### Our commitment

We will listen to both sides of the story, look at the facts and act decisively, but always on a basis proportionate to the size of the problem. We will always work with industry and other bodies to build our understanding and improve our effectiveness. But we will not lose sight of the importance everyone places on the independence of decisions relating to our Code and its enforcement.

#### Our delivery

In drawing up our new Code of Practice, we have worked closely with our Board, the Code Compliance Panel, Ofcom and other regulators and consumer advocates, while also listening carefully to industry and testing out the practicality of our ideas. Any regulatory environment will necessitate the need to make difficult trade-offs between competing interests. Having an independent sectoral regulator, able to balance both sides and seek a pragmatic solution in a market where the commercial interests are complex and often in competition, is critical to positive outcomes for consumers and industry alike.

### Collaborative

#### Our commitment

We will work closely with all interested parties to encourage a safe and dynamic regulatory environment. We aim to be more enabling, creating a climate for investment and innovation.

#### Our delivery

Over the last year, we have launched our new Complaint Resolution Team, which allows us to place more emphasis on seeking mutually agreed informal solutions between PhonepayPlus and PRS providers to minor issues that cause little consumer harm. Already, we are seeing a significant increase in the number of cases that are being satisfactorily resolved for consumers, including speedy refunds where appropriate. As a result, fewer cases are formally investigated, allowing us to focus and concentrate our Investigation Team's expertise on the most serious instances of consumer harm and further building confidence in PRS.

### Principled

#### Our commitment

We ensure that real choice and genuine security are created by the standards we set. We aim to build more trust across the market.

#### Our delivery

Our actions as a regulator are based on a sound analysis of evidence, including consumer complaints, industry intelligence, market research and strategic monitoring of services. Ensuring that we proactively seek to identify and mitigate risks to consumers in the PRS market means we are better able to pre-empt and prevent consumer harm, rather than waiting for harm to occur and dealing with the consequential impact on consumer trust and market confidence.

### Efficient

#### Our commitment

We will continually strive to deliver our activities efficiently, challenging ourselves to find new ways of working and improved systems and processes that reduce the costs of regulation, without undermining the quality of the protection we offer consumers.

#### Our delivery

We have challenged every cost that PhonepayPlus incurs in its regulatory duties to ensure we are achieving the best possible value-for-money for our funders, while still being able to deliver effective protection for consumers. By the end of the current financial year (2011/12), our like-for-like costs will have reduced by 20% in real-terms since 2008/9. Our commitment to providing value to our stakeholders is continuing and we hope the introduction of our new Registration Scheme will enable us to develop more efficient operational processes, driving further savings.

### Transparent

#### Our commitment

We will aim to share all relevant information on activities and will respond to all reasonable requests for such information. We will always be open and transparent in our dealings, unless in doing so we would undermine our regulatory effectiveness or breach the rights of others to confidentiality.

#### Our delivery

PhonepayPlus publishes a wide range of key information on its website, including full details of our adjudications on cases against providers, minutes of our Board meetings and a quarterly report showing key operational data and our performance against Key Performance Indicators. We are always looking for ways of sharing information that does not compromise commercial confidences, for example, we published all of our recent consumer research, and we will be carrying out a full review of our information policy in the coming year.



In 2010, the premium rate industry in the UK was worth an estimated £816.2 million excluding VAT.

12.5% of consumers said that they have recently made one or more text-based charity donations: 33.7% of people who actively make phone-paid charity donations claim to do so at least 'once or twice a month'.

Flirt/date/chat services are increasingly popular, up 36% to £35M (ex VAT).

Gambling services on mobile continue to grow in popularity as users become more comfortable with the concept. In 2010, the value of this segment increased 25% to £45M (ex VAT).

Up 34% to £42.6M (ex VAT) per year, phone-paid TV voting and other phone-paid participation with TV and radio has seen a marked increase in revenue, driven by the increasing popularity of reality TV voting shows.

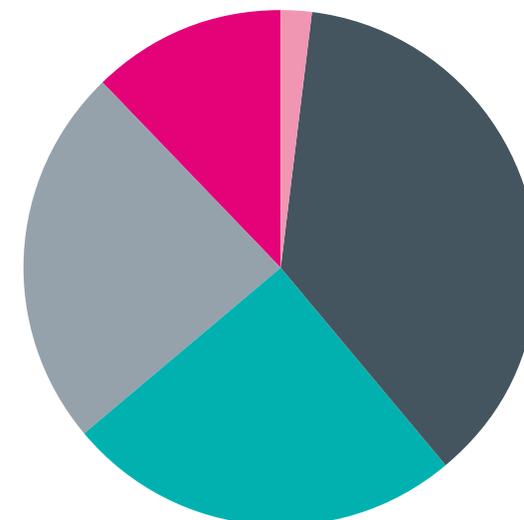
The rapid spread of mobile applications and app stores provides a new channel for distribution and consumption of phone-based entertainment services.

Market statistics taken from 'Current and Emerging Trends in the UK Premium Rate Services Market 2010: A Report for PhonepayPlus', Analysys Mason, March 2011



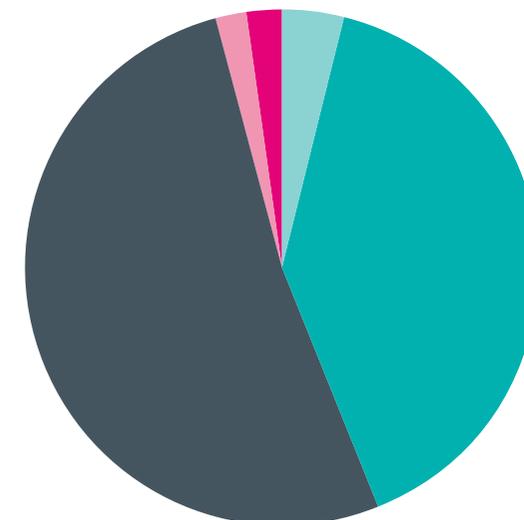
Revenue split (ex VAT), by payment platform/prefix: Analysys Mason, March 2011

- Premium SMS £297.4, 37%
- Directory enquiries £206.4, 25%
- 09 Voice £195.3, 24%
- 087x Voice £96.7, 12%
- Payforit £18.3, 2%
- Red button £2.0, 0%



Revenue split (ex VAT), by category of service: Analysys Mason, March 2011

- Entertainment £425.5, 52%
- Information services £327.1, 40%
- Personalisation & gifts £30.2, 4%
- Payment services £17.8, 2%
- Calling services £15.7, 2%



PhonepayPlus

## Building on success – delivery from the Strategic Plan 2008/11

This is PhonepayPlus' second three-year Strategic Plan. Our first, published in October 2007 and covering 2008/11, set out a deliberate shift in emphasis to focus our efforts and resources more on pre-empting and preventing consumer harm, rather than simply dealing reactively to complaints and market failures.

This proactive strategy has seen significant advances in critical areas of PhonepayPlus' work, with consumer complaints falling sharply and a marked improvement in relationships with industry. The shift in relationship between industry and regulator is crucial, as it is through more constructive engagement with providers around achieving compliance with the Code of Practice that real progress has been made in improving consumer trust in PRS and limiting consumer harm. The willingness of many parts of the industry to work in partnership with the regulator to deliver higher standards of compliance with the Code and build consumer trust has been a defining outcome of the first Strategic Plan.

In PhonepayPlus' Three-Year Strategic Plan 2008/11, we set ourselves the overarching objective that anyone can use premium rate services with absolute confidence. We developed five objectives for the Strategic Plan and below we reflect on our performance against them in the last three years.



Providing effective and proportionate regulation to the industry, based on research, risk assessment, market understanding and strategic intervention

A result of over two years' development, the publication of the new Code of Practice in March 2011 is a big step forward in our aim of providing effective and proportionate regulation to the industry. The new Code will be the framework we need to deliver the more flexible and adaptable regulation that we set out to achieve in 2007.

Informing the new Code are the conclusions of Ofcom's PRS Scope Review published at the end of 2009. One of the main recommendations of the Scope Review was the introduction of a mandatory registration scheme for the PRS industry, with all participants in the sector being required to register their businesses with PhonepayPlus. This recommendation has been adopted and, following wide consultation with industry, our new Registration Scheme launched in April 2011.

In line with our objective of pre-empting consumer harm, we have developed our monitoring and research capability, in order that we stay alert to risks in the market and base our interventions on sound evidence. We have a robust approach to the management of risks posed to consumers, including ongoing intelligence gathering, in-market testing of services and a management group dedicated to the mitigation of identified risks. We have recently expanded this activity through a new working group with industry that should provide better protection for consumers through more sharing of intelligence and joint actions.

The willingness of many parts of the industry to work in partnership with the regulator to deliver higher standards of compliance with the Code and build consumer trust has been a defining outcome of the first Strategic Plan.

Securing higher levels of compliance within the industry through incentives, the consistent and high-performance application of our Code, and raising compliance standards

We have delivered on our promise in the last Strategic Plan to establish an independent, effective and high-performance Code Compliance Panel (CCP). The CCP has established itself as an independent arbiter of cases brought to Tribunal and has, in separating the functions of the PhonepayPlus Board from Tribunal decisions, reinforced the transparent and fair principles that underpin enforcement of the Code and our adjudications process. For example, in 2009/10, only 5% of cases heard by a Tribunal had some aspect reviewed.

We have established a dedicated team that supports the industry in achieving compliance with the Code of Practice, with requests for compliance advice significantly increasing and frequent updates and advice issued to industry via online publication of advice and guidance. The introduction of the Complaint Resolution Team in 2010 was a notable step towards working closer with industry to resolve problems for the consumer in the most effective and efficient way possible.

### Ensuring the public is better informed about the services we regulate, our role as the regulator and their rights under regulation

We have made great strides in the last three years in consumer literacy. Our PhoneBrain project engaged over 800 schools in England and Wales (in some schools, up to 300 students took part) in learning about the premium rate services we regulate and what compliant services should look like. Comments from teachers praising the project include: 'It's extremely well-planned, put together very nicely and accessible to teachers and students... It's one of the best projects I have seen'. The success of the project was recognised by a national sponsorship award in 2010.

We continue to develop cost-effective, targeted and informative consumer literacy campaigns.

With the re-launch of our website, we had the opportunity to provide consumers with more information online. Our Number Checker service now returns information on 93% of premium rate shortcodes and this should improve to almost 100% once the industry Registration Scheme is fully operational. We regularly publish advice and information for consumers in a variety of formats, from FAQs to informative and entertaining videos.

In 2010, we also established a Consumer Literacy Working Group, with both industry and consumer group representatives, which provides constructive advice on our consumer campaigns to ensure we make the most effective use of our limited resources.

### To be more transparent and accountable

In the last three years, we have taken steps to be more accountable to our stakeholders, whether they are the consumers we aim to protect and inform or the industry that funds our work.

In 2009, we commissioned an independent stakeholder perception audit that gave us insight into how the industry we regulate views us and our work. While the feedback was mainly very positive and supportive, some concerns were raised, particularly in relation to perceptions of transparency and openness.

The action we have taken to improve industry understanding about our operations and procedures includes the publication of a quarterly report on Key Performance Indicators and other business objectives. We have also published full details of our processes for carrying out investigations and Tribunals, including a detailed yet simple-to-follow schematic, so that people can follow step-by-step how this works. In addition, we now publish all the market-focused and consumer-focused research which does not contain commercially sensitive data.

In 2010, we appointed an independent Lay Assessor and introduced a written policy in relation to complaints about PhonpayPlus, reinforcing the fact that we aim to be an accountable, responsible regulator willing to learn from mistakes and improve our performance.

We continue to enjoy excellent relationships with other regulators, particularly Ofcom, who we work closely with on matters of mutual interest.

## By the end of the financial year 2011/12, our like-for-like costs will have reduced by around 20% since 2008/9.

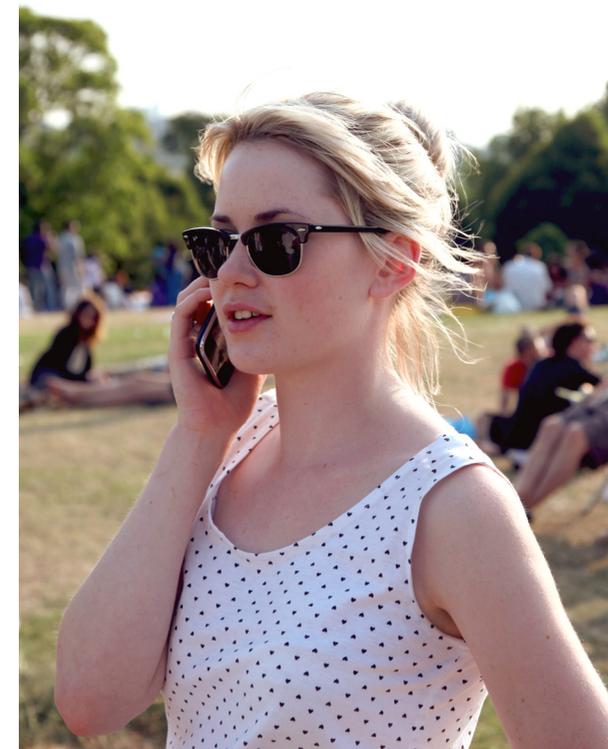
### Ensure resources are fit for purpose

To do our job properly and deliver effectively to all our stakeholders, we need to ensure that we have the right staff and the right systems, capable of coping with a fast-paced, technology-driven industry.

The introduction of the Registration Scheme in 2011 will assist greatly in collecting accurate data and delivering efficient working practices and business processes.

In parallel with refining our business processes, we have looked hard at our expenditure budget, making efficiency savings where we can and ensuring that we deliver best value to industry, particularly where the levy is concerned. By the end of the financial year 2011/12, our like-for-like costs will have reduced by around 20% since 2008/9. We have stabilised the unadjusted levy rate at consistently under 0.8% and, when we could deliver a lower adjusted levy rate (the rate industry members actually pay) through the collection of fines etc., we have done so, with the discounted levy rate being on average about half the unadjusted rate over the last five years.

The people who deliver PhonpayPlus' objectives – our staff – are critical to our success. Our HR policy over the last three years has attracted and developed considerable talent and we have invested in their training and development, including an initiative to train staff on industry issues so that we can keep pace with developments in the market.



PhonepayPlus  
Consumer Trends

Three-quarters of 16-35 year olds use their mobile to access social networking sites.

9% of consumers have purchased something for their mobile while using a social networking site.

47.3% of respondents who had purchased a phone-paid service stated that a TV or radio advert had been their call to action.

Web advertising is, on average, the second most likely form of advertising to have led respondents to use a phone-paid service, with 19.6% of respondents (across all service types) stating that they discovered a phone-paid service in this way.



## PhonepayPlus

## Premium rate services – an ever-changing market

This year, PhonepayPlus celebrates 25 years regulating premium rate services in the UK. It is fair to say that both the premium rate market and the approach to regulating it have evolved substantially over this quarter century.

### From fixed-line to mobile and beyond...

Initially, the Independent Committee for the Supervision of Standards of Telephone Information Services (ICSTIS – the original name of PhonepayPlus) was tasked with supervising a limited number range on landline telephones which were opened up for premium charging. PRS were mainly information and entertainment voice-based services and regulation was designed to set common standards and protect consumers from high bills or rogue charging.

With the advent of mobile telephony, the range of services on offer to consumers began to explode, with mobile personalisation (ringtones and wallpapers) and text chat among early innovations. Subsequently, the advent of feature phones and, latterly, the smartphone has enabled a new revolution of internet-based services to be developed. Each new development in the market has brought with it exciting opportunities to develop and create attractive new services for consumers, but has also required a number of regulatory and policy changes to ensure there is a fair market and positive outcomes for PRS users.

### A strong and stable market

PhonepayPlus, working with Ofcom, consumer advocates and the industry, has been able to maintain a successful regulatory framework for PRS in the UK. The scale of this achievement can be measured by the fact that the UK has arguably enjoyed the most stable and sustained market for PRS in the world. However, it should not be assumed that maintaining the health of the PRS market will be straightforward: the pace of change in technology and the competition that PRS faces from competing micropayment mechanisms in the digital space means that the future is far from certain.

In 2011, PhonepayPlus is implementing a new regulatory framework for PRS, which is the culmination of those 25 years of experience overseeing the market. A new, outcomes-based Code of Practice, coupled with an industry Registration Scheme, will allow the industry to invest and innovate in the market with confidence, while PhonepayPlus works with PRS providers to pre-empt and prevent harm occurring through building-in compliance to services and promotions. A broader range of Code enforcement measures will allow for better targeting of action, from fast-track resolution of minor issues through to robust investigations into providers whose actions harm consumers and damage the market.

The new Code of Practice sets out six consumer outcomes which, if met by providers, are designed to deliver a positive consumer experience for PRS users. This broad framework is supported by non-binding, but fully developed Guidance that helps industry test whether their services are likely to be compliant with regulation. One of the key benefits of the new Code is that new and revised Guidance can be produced much more swiftly than it takes to produce a new Code of Practice, meaning both the industry and regulator can act more speedily and decisively to ensure a healthy market can be maintained.



### PRS: fit for the future?

By working with industry continually to evolve standards to meet the needs of new services, PhonepayPlus is confident that the traditional PRS micropayment market can continue to offer interesting and entertaining services to consumers and opportunities for investment and innovation. However, PRS providers increasingly find themselves facing competition from alternative micropayment mechanisms that fall outside the PhonepayPlus regime.

Bank cards and payment aggregators, like PayPal, are increasingly the choice for merchants wishing to monetise content on digital media platforms. One-click micropayment purchases and virtual wallets are becoming popular in social

media and other internet-based purchases via connected media devices such as Amazon's Kindle e-reader and Apple's iPad tablet PC. While this in itself is not a concern, there needs to be careful thought given to whether the legislation and regulation that surrounds micropayments governed by financial regulators offers consumers the same fit-for-purpose protection that PhonepayPlus' evolved micropayment framework offers PRS users. Many of the mechanisms in place to protect consumers under financial sector regulation are designed to manage high-value products, not small-value purchases, which means consumers may struggle to resolve issues they have with non-PRS services or to get redress when things go wrong.

As the micropayments sector develops, it will be important to ensure that the needs of consumers remain at the heart of policy development and industry practice. Unless a framework is developed that is as effective at protecting consumers as the one developed for UK PRS, then a potentially highly significant market could fail to grow in the way that many expect.

The Government announced in 2011 a review into communications regulation, including the way PRS is regulated, with a view to publishing a new Communications Bill later in this Parliament. PhonepayPlus believes it would be prudent to take this opportunity to review micropayment regulation in the UK to see what lessons can be learned from the experience with PRS, so that the hoped-for growth in the micropayments market materialises, benefiting both consumers and economic growth. We will be looking to work constructively with Government and Ofcom on reviewing the legislative framework for PRS in this context, engaging the industry on creating a future-proof and fit-for-purpose regulatory regime that encourages investment and effectively protects consumers.

## PhonepayPlus Strategic Objectives

Create a proportionate outcomes-based regulatory regime for the premium rate services sector by launching and successfully implementing the new Code of Practice and industry Registration Scheme.

Pre-empt and prevent consumer harm and build consumer trust in PRS by working with the industry to build-in compliance to all emerging and developing premium rate services. Drive-up overall levels of compliance in the market through strategic use of monitoring and increased use of informal resolution of minor Code breaches.

Inform the development of the Code of Practice and targeting of enforcement action by increasing the quality of intelligence about the premium rate services market and its consumers through more effective use of internal and market data, supported by targeted research.

Work with industry to assist consumers of premium rate services to increase their ability to use them safely and confidently.

Deliver effective and efficient regulation for the premium rate services sector through smarter use of resources and further investment in building knowledge and skills of PhonepayPlus staff.

Market statistics taken from  
'Current and Emerging Trends in the  
UK Premium Rate Services Market  
2010: A Report for PhonepayPlus',  
Analysys Mason, March 2011

[Back to Contents Page](#)



## PhonepayPlus Strategic Objectives

PhonepayPlus' strategy for 2011 to 2014 aims to build on the successes of our first Strategic Plan. We want to consolidate the shift to more proactive regulation aimed at pre-empting and preventing consumer harm, as well as building increasingly constructive and effective relationships with the PRS industry. We want to give the PRS industry a proportionate and outcomes-based regulatory regime to assist it in managing the disruptive changes taking place as consumers embrace the digital economy.

With our new, more flexible Code of Practice and the industry Registration Scheme coming into force in September 2011, realising the potential of this new approach, which includes many elements that have been long sought after by industry, will be the central aim of our work over the period of this Strategic Plan.

Set out below are the five high-level objectives that will form our strategy for the next three years and underpin our annual business planning cycle, along with an indication of the work programmes we expect to undertake. These objectives have been subject to a full consultation and we believe provide a clear set of aims that should meet the needs of PRS consumers and industry stakeholders alike as they take advantage of the digital economy and micropayments.

**Objective 1** Create a proportionate outcomes-based regulatory regime for the premium rate services sector by launching and successfully implementing the new Code of Practice and industry Registration Scheme.

We expect to

- Deliver on the comprehensive plan for implementing the new Code and Registration Scheme and through that plan ensure a smooth transfer without unnecessary disruption or confusion to industry providers;
- Draw up a plan for reviewing and measuring the effectiveness, over time, of the new Code and Registration Scheme in terms of the impact on consumer outcomes and our vision;
- Review the administrative charges we set under the Code and publish an updated schedule of charges in time for 1 September 2011; and
- Work with Ofcom to ensure that the PRS regulatory regime remains fit for purpose in a changing digital environment for micropayments.

**Objective 2** Pre-empt and prevent consumer harm and build consumer trust in PRS by working with the industry to build-in compliance to all emerging and developing premium rate services. Drive-up overall levels of compliance in the market through strategic use of monitoring and increased use of informal resolution of minor Code breaches.

We expect to

- Periodically benchmark overall market compliance in order to determine compliance trends and report on these, as appropriate;
- Issue timely guidance and other information to industry providers about emerging trends in the market so that providers can be aware of areas of risk that they should manage with care;
- Report periodically on trends in the use of informal resolution procedures in order to assist providers in building compliance into their services; and
- Report on key trends in compliance failings and work with industry and trade bodies to drive improvements in the overall compliance with the Code of Practice.

**Objective 3** Inform the development of the Code of Practice and targeting of enforcement action by increasing the quality of intelligence about the premium rate services market and its consumers through more effective use of internal and market data, supported by targeted research.

We expect to

- Plan and publish an annual research and intelligence plan, outlining key areas of priority each year;
- Ensure enforcement action is targeted on the appropriate point in the PRS value-chain and, in particular, bring enforcement action against due diligence and risk control failings where the evidence for this supports it;
- Work with industry to drive improved practices in due diligence and risk assessment and control in order to minimise opportunities for scams and sharp practices; and
- Build strategic partnerships on research and intelligence with stakeholders to make best use of limited resources.

**Objective 4** Work with industry to assist consumers of premium rate services to increase their ability to use them safely and confidently.

We expect to

- Launch a more robust and accurate Number Checker facility for consumers of PRS;
- Work with all phone companies to ensure that the provision of information to their customers about PRS is accurate and easily accessible;
- Undertake mystery shopping exercises to understand what the consumer experience is when using PRS, particularly when problems are encountered, and work with the results from that research to improve signposting for consumers with enquiries or complaints about PRS;

- Develop research to understand consumer behaviour in the PRS market, including hard-to-reach consumers and those engaging with new technologies and services, and use the findings to inform policy development and monitoring and enforcement activities to ensure the pre-emption and prevention of consumer harm;
- Work with children's and other groups to assist in ensuring that children are equipped with the skills necessary to manage PRS micropayments, especially on mobile devices, and to use services, where they choose to, with trust and confidence; and
- Work with industry, other regulators and consumer organisations to ensure consumers can access PhonepayPlus at the point of need.

**Objective 5** Deliver effective and efficient regulation for the premium rate services sector through smarter use of resources and further investment in building knowledge and skills of PhonepayPlus staff.

We expect to

- Continue over the period of the plan to seek reductions in our costs in real terms;
- Review all operational processes under the new Code to ensure that we are maximising opportunities to work in the smartest and most efficient way;
- Review our KPIs to ensure appropriate management of resources and effective performance;
- Review the prior permission regime and ensure it is fit for purpose under the new Code;
- Produce benchmark data on unit costs and, where possible, assess this data against equivalent information from other bodies in order to understand how costs can be challenged on an ongoing basis; and
- Implement HR strategies to ensure that we have a workforce properly resourced and kept up to date with developments within the industry they regulate.

## PhonepayPlus Future Trends

Ofcom has now cleared the path for the introduction of TV voting apps.

Facebook, the world's leading social network, launched a proprietary virtual currency, Facebook Credits, in September 2010. 200 Facebook-based apps and games accept the new currency form, led by the site's most popular game, Farmville.

Premium SMS can be attractive for providers looking to target the youth demographic, pulling in users who don't have bank accounts or credit cards.

Leading internet players have also entered the mobile apps environment. Online giant Google's Android platform is now being used by multiple handset vendors.

The success of the mobile application ecosystem will require PRS providers to reassess where they fit in the value-chain, as it expands to include applications developers, device vendors and app stores.



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