Spring Forum 2016

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PhonepayPlus

Welcome

David Edmonds CBE, Chairman, PhonepayPlus

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Overview

Jo Prowse, CEO, PhonepayPlus

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Peter Barker

Director of Corporate Services and Operations, PhonepayPlus

Simon Towler

Director of Policy and External Relations, PhonepayPlus

Ayo Omideyi

General Counsel, PhonepayPlus

Our new values and behaviours

Right touch	Collaborative	Value for money
Fair and proportionate	Open	Effective and productive
Aware of the bigger picture	Decisive	Professional

PhonepayPlus Board

David Edmonds CBE

Chairman

Peter Hinchliffe

Deputy Chairman

Ann Cook

Board member & Chair of the Industry Liaison Panel

Joanne Prowse

Chief Executive

Steve Ricketts

Board Member

Kevin Brown

Board Member

Ruth Sawtell

Board Member

Chair of the Code Adjudication Panel

Mohammed Khamisa QC

14th Code of Practice

New and refreshed Guidance

Consultation still open on Vulnerability Guidance

New name for PhonepayPlus

Charity text giving seminar

Industry Liaison Panel members

Ann Cook (Chair)

Steve Ricketts	Hamish MacLeod	Rob Weisz
Rory Maguire	Andrew Ailwood	Robert Franks
Jeremy Stafford-Smith	Mike Steel	Claire Harding
Eric Feltin	Jacqui Hill	Rickard Granberg
Cathy Gerosa	Suzanne Giles	Anne Hointink

Upcoming work for PhonepayPlus

Code 14 implementation

The future of PhonepayPlus regulation

Consumer strategy review

Funding model review

Monitoring and compliance

Data and reporting

Business plan and budget

Funding & levy

Regulatory metrics

Peter Barker, Director of Corporate Services and Operations, PhonepayPlus

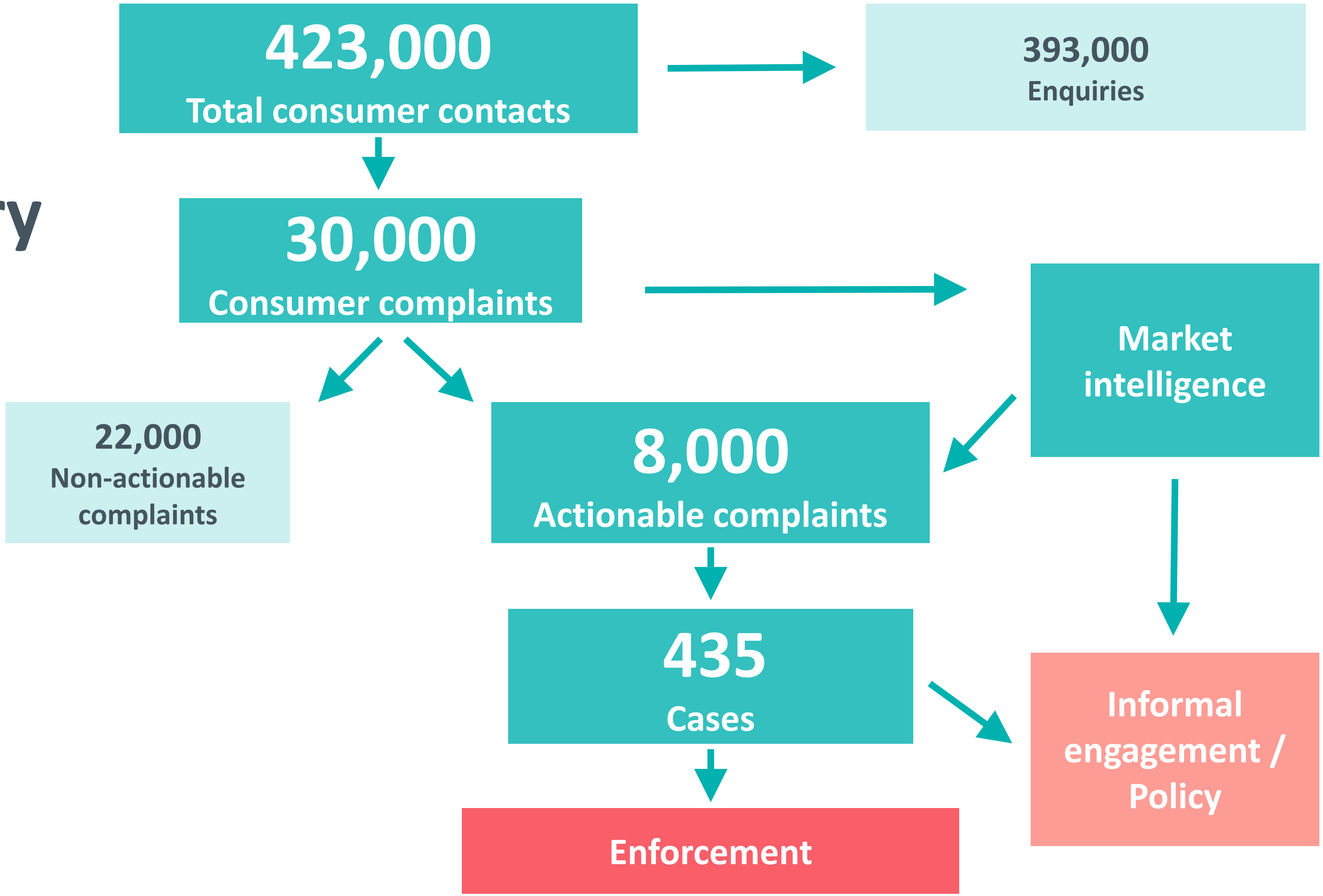
£3,995k budget → £500k (11%) saving in real terms

0.63% adjusted levy → on £430.5m forecast market size

Adjusted levy: £2.7m

Balance of £1.3m funded by fines collected in 15/16 (£1.0m) and Registration Scheme fees (£0.3m)

2015/16 Regulatory metrics



Code 14 timetable

Guidance and Vulnerability

Simon Towler, Director of Policy and External Relations, PhonepayPlus

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Code 14 current implementation timetable

PhonepayPlus Statement published	10/3/16
Ofcom consultation on Code approval	4/3 – 25/4/16
Submitted to EU for comment	14/3/16
Ofcom approval, EU comment period closes	by 06/16
Code 14 and Supporting Procedures published	06/16

Code 14 in force: July 2016

New and Updated Guidance

We consulted on 5 pieces of new or updated guidance from 16/2-11/4/16. Now analysing responses.
We are aiming to publish the finalised guidance in June 2016.

Vulnerability Guidance consultation
Running until 18 May 2016 – Let us know what you think!

Code 14

Post consultation changes

Ayo Omideyi, General Counsel, PhonepayPlus

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Key changes:

Interim measures

Formal process for settlement

More flexibility for providers under investigation

Internal senior oversight of investigations

Reintroduction of a review process

Code Compliance Panel replaced with Code Adjudication Panel

Post-adjudication review

Significant support for existence of an internal review of PPP Tribunal decisions

Limited review now available if decision results from any of the following 4 grounds:

- Material error of fact
- Error of law
- Material error of process on part of the Tribunal
- *'Wednesbury unreasonableness'* (i.e. a bonkers decision!)

Code Adjudicatory Panel

No PhonepayPlus Board members

Independent judgement on all cases considered by CAP

Decision-maker for all cases including interim measures

Recruitment underway

Questions

Panel discussion:
innovation & growth in the PRS market

Steve Ricketts, Board Member, PhonepayPlus

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‘A key focus is to check our regulation enables you to innovate with confidence in the best interests of consumers and ensures the UK is open for business’

Jo Prowse, Spring Forum 2016

App store pilot

Charity SKIP

Voice shortcodes

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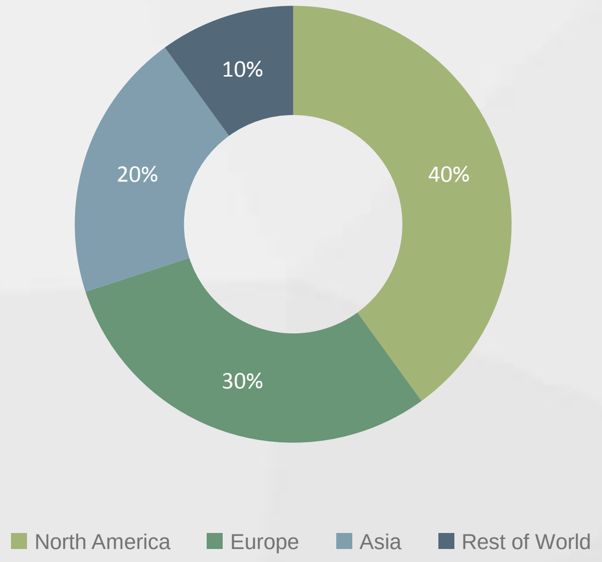
Monetising the Digital Market Through Carrier Billing

Dr Windsor Holden, Head of Forecasting & Consultancy,
Juniper Research

Juniper Research Overview

- Formed in 2001, Juniper Research are mobile and digital market specialists with a worldwide client base.
- We are a trusted research partner of many of the world's leading organisations, including network operators, financial institutions, OEMs, platform providers, content creators and regulators.
- We provide both off the shelf research and bespoke content across more than 50 markets within the mobile and digital ecosystem.
- Our team specialise in identifying changes and disruption within the market, and in providing strategic solutions to the challenges that disruption creates.

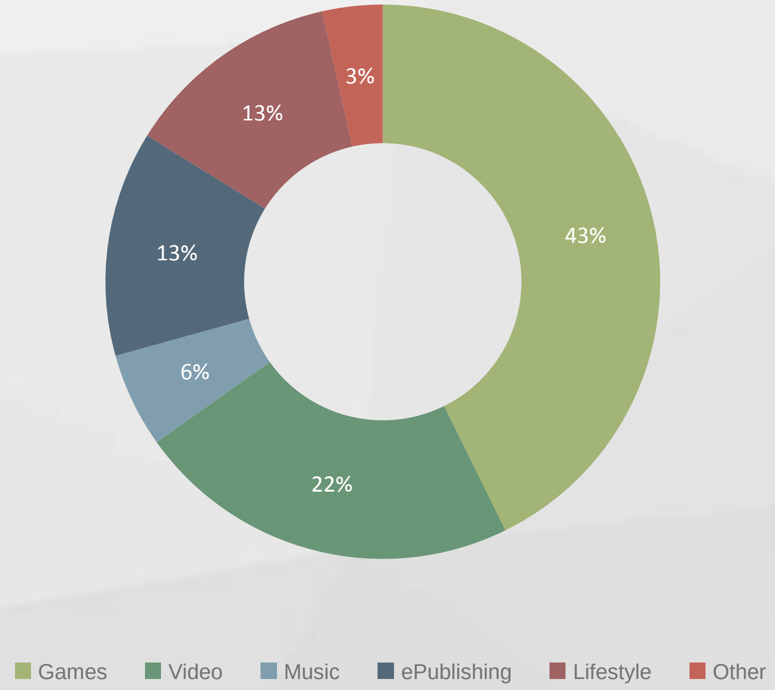


Some of our clients

The Migration to Digital Content

- Consumers are increasingly migrating from physical to digital format: sales of CDs and DVDs are in decline with music and video increasingly delivered as downloads or streams.
- The attendant key migration sees demand for access over ownership, driving growth of players such as Netflix and Spotify.
- This migration has implications across the board, including the need to create optimal business models – how can stakeholders monetise content in a digital environment?
- In the UK, the 3 largest digital sectors by value are Games, Video and ePublishing.
- On the mobile, social games continue to grow in popularity, accounting for top 9 grossing apps on Google Play in April 2016.

UK Digital Content Spend, 2015 (£4.7bn)



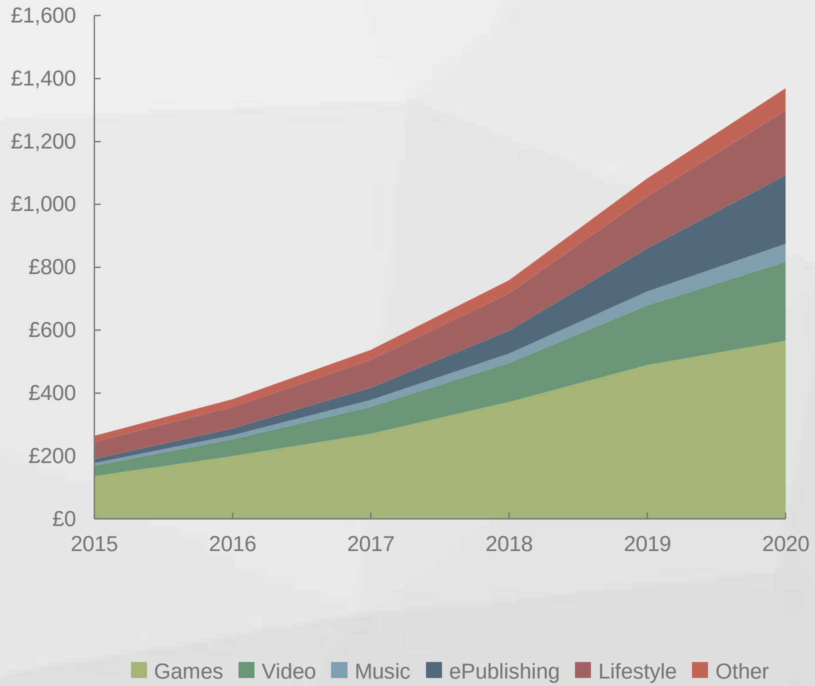
Source: Juniper Research

Driving the Carrier Billing Market

Carrier Billing: The UK Opportunity

- In 2015, carrier billed content accounted for around 5% of the UK market by value.
- We believe that as the digital migration continues, this proportion is likely to rise to 17% by the end of the decade.
- Market growth based on Vodafone not recommencing carrier billing with Google Play.
- Apple has soft launched carrier billing in Germany and Russia.
  - a) We envisage that a UK launch will occur in 2017 and that by 2020.
  - b) However, due to preregistration of credit/debit cards for iTunes we do not believe that iOS customers will account for more than 7-8% of carrier bill by value by 2020.
- We anticipate particularly strong growth in revenue derived from eBooks & magazines.
- Beyond content, we also envisage significant potential in sectors such as mTicketing.

Revenues from UK Carrier Billed Content (£m), 2015-2020



Source: Juniper Research

Panel discussion:

innovation & growth in the PRS market

Steve Ricketts, Dr Windsor Holden, Brian Gorman, Sally Weatherall, Anil Malhotra

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Steve Ricketts
Board Member, PhonepayPlus

Dr Windsor Holden
Head of Forecasting and Consultancy, Juniper Research

Brian Gorman
Head of Product and Propositions, Commerce, Telefonica

Sally Weatherall
Managing Director and Founder, Strategic Brief

Anil Malhotra
CMO and Founder, Bango

Annual Market Review

Initial findings were presented at the forum on the 4th of May.

The report is due to be published in June 2016 on the PhonepayPlus website.

New Vulnerability Guidance

have your say

As you will see, we have intentionally kept the proposed Guidance short, user friendly and practical. Let us know what you think!

bit.ly/new_VG

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Closing remarks

David Edmonds CBE, Chairman, PhonepayPlus