

aimm's three year strategic direction



Introduction

aimm's merchant and member base is highly dependent on telecommunication providers to deliver both the telecommunications and charging facilities to enable interactive media products and services to be marketed and sold to consumers.

With the exception of issues around AIT withholds and interconnect pricing, fixed line telecoms is reasonably stable although in decline on premium rate voice.

The mobile micropayment environment continues to be highly unstable through a number of factors. Once the dominant facility, emerging alternative digital payment mechanisms, consumer adoption of other online payments, consumer understanding of mobile micro payments facilities and restrictive regulation (which is applied towards dealing with worst case scenarios) is causing mobile payments to lose its competitive edge as a universally available micro-payment facility.

aimm's membership that has developed through innovation is now facing business decline as their payment mechanism are withdrawn or regulatory changes have increased friction and reduced conversion.

Consumer issues with mobile based payments are increasing through a combined effect of lack of care and attention as the consumer encounters an online payment facility, lack of awareness by consumer that they can apply a charge to their mobile account and sharp or devious practices that maximise this lack of attention and education. These practices can create a race to the bottom amongst competitors, deter attention away from new business development, create regulatory changes that affect all and dissuade blue chip services from adopting the mobile payment mechanism.

Members also face significant challenges in the form of the updated EU Payment Services Directive, which although was intended to provide a limited exclusion for telecom operators and their intermediaries who process payments from consumers through to merchants, through poor drafting has resulted in the certain activities being potentially captured by financial regulation (subject to Treasury consultation).

Delloite forecasted that by 2019, UK consumers would be spending £7bn on digital content and services of which between £100m and £500m will route through Operator Billing. This growth potential has also been outlined by Juniper Research which also detailed increasing consumer spend on new online goods and services including ticketing and e-publishing.

It is vital to aimm's strategy that growth areas are fulfilled through micropayment and delivery facilities that are world-leading and that aimm supports its members who are utilising their mobile payments expertise to develop other forms of payment facilities for interactive media or to support their customers own developments.

aimm's three year strategy, detailed in this document will be focussed on continuing to support members and stabilising their markets, continue to fight for pragmatic and proportionate regulation and laws that otherwise can stifle growth, encourage market leading changes to the education and post-sale support of consumers, develop and foster new business verticals for micropayments and assist members to create standards that benefit business development and consumer choice.

aimm will also encourage growth in its membership base by increasing the proportion of merchants that utilise micropayments through telecoms or digital currencies, increase representation of their interests while increasing the portfolio of new and innovative interactive services.

During the three year life of this strategic plan, **aimm's** executive will also examine the feasibility of expanding its role outside of the UK to support members who operate in other markets and in doing so, gain intelligence on other markets that can be fed back into the UK operation.

aimm's three year strategy is, as always, supported by a rolling one-year tactical plan, business plan and operational budget.

Three year strategic direction

The strategic direction for aimm to support existing membership, grow new market sectors and thus grow the membership base will be focussed around three key focus areas:

- Commercial Growth in Micropayments
- Improved Industry Communications and Knowledge
- Proportionate Regulation and Standards

Commercial growth using micropayments

New Business

aimm will promote new opportunities for growth either by introducing sectors where we see demand emerging or opening new demand by influencing regulatory or government changes.

E-Tickets and Online Publishing are initial areas where we will promote growth and bring these markets to members businesses. These areas may take time to develop into new opportunities, but will provide long term sustainable revenues.

Charity: We are currently negotiating a new business opportunity for aimm members to exploit volume growth in Society Lottery services and will bring the companies who will benefit to members businesses.

aimm will continue to push forward other new commercial opportunities where it benefits existing members and aids membership growth.

Collaboration with Trade Associations

aimm is developing relationships with trade associations where the members of those associations will benefit from being introduced to aimm's members and vice-versa. We will work with the relevant trade associations to understand the opportunities and bring members together under a "hothouse" environment developed by aimm. Initial targets are Association for Online Publishing, Emerging Payment Association and Society of Ticket Agents and Retailers.

Freedom to Innovate and develop business

aimm's primary role in commercial development is to generate the environment where members are free to develop their own business strategies and commercial initiatives. Market instability and consumer complaints have dominated the agenda for two years.

aimm is working with regulators and mobile operators to bring problematic areas of markets into a stable situation and to perform quality analysis behind the root causes for consumer complaint.

Improved communication



Central Information Source

It is felt that communications on regulations, new rules, new laws etc requires improvement and aimm will develop a centralised source of information such as a Wiki to assist members.

At present members can get communications from a range of sources, sometimes conflicting, sometimes hard to interpret and aimm should be seen to be the central source as well as providing regulatory interpretation specific to members businesses.

Improvements in communications about events, working group meetings and decisions being made under long timetables (such as PSD2) are already underway.

Productising Charge to Mobile

It is clear that low awareness from both consumers and prospective merchants of the benefits of mobile micropayments may be suppressing potential growth opportunities while confusing a percentage of vocal consumers.

aimm will develop the "Charge to Mobile" brand and underlying product story to enable communications to prospective merchants, consumers, government policy makers and consumer press.

Charge to Mobile should also include the ability to utilise emoney accounts for physical goods inked through the network operator as a billing agent.

Charities will benefit from Charge to Mobile Growth as many charities consider product supply alongside donations to overcome restrictive marketing rules.

Significant revenue opportunities exist from raffles, lotteries and digital purchases enabled through Charge to Mobile.

Increase industry awareness

Productisation of Charge to Mobile and Regulatory Simplification are key areas to resolve before attempting to increasing awareness amongst the unaware merchant community.

Awareness requires spend, website material, PR, Conferences and significant marketing. These are only possible once there is a clear and clean product to promote and all intermediaries are supporting the product and regulatory clean-up.

Mobile operators have all the potential merchants as their customers although not necessarily with the right contacts.

The strategy should include utilising this potential promotional vehicle.

Awareness of Charge to Mobile requires improvement inside the Mobile Networks as well. **aimm** should target this objective with the product story. The benefit will be to create a more harmonious relationship between MNOs and the value chain if senior managers support growth initiatives.

Increase Consumer Awareness

Increase of awareness by consumers is essential to remove the likelihood of inadvertent purchases which drive confusion and consumer complaints. A “trust mark” will be developed to be recognised by consumers as they are purchasing. This trust mark will also be available for non-online businesses such as broadcasters and charities. The Mobile Operators will be asked to be involved in informative communications to their consumer base.

PR


aimm has invested in PR facilities to drive the potential for awareness growth and to build a relationship with journalists. We also propose to make it known that we are the “go-to” organisation for comment on breaking stories and to offset bad PR caused by ill-informed journalists.

Additional resource is required to exploit the PR facility and to poll members for their stories to provide promotion.

Social Events

Relationships between industry members became strained in late 2015 and have not seen any significant improvement. More opportunities to get members together in less formal or rushed settings may be needed to improve the level of dialogue.

Proportionate regulation and standards



Regulation is imposed in the form of statutory regulation from regulatory bodies such as Phone-Paid Services Authority and self regulators such as the Payforit Management Group.

Working alongside MNO's to deliver "Project Slimline" and with Phone-paid Services Authority to deliver the output of "Project 30", aimm will target reducing the complexity of the overall regulatory landscape for existing and new entrants to "Charge to Mobile" and micropayments environment for all participants, being mindful of the desire to reduce consumer risk.

aimm is concerned that new business that may utilise other forms of payment may find the telephony regulatory environment complex. Our role is to provide education and assurance to these businesses to promote growth.

aimm's three year strategy is aligned around working with the regulatory initiatives of Project 30 and Project Slimline to support growth.

Risk Based Regulation

Risk based and proportionate regulation will help to stimulate the market. aimm will work to ensure low risk products and services benefit from a simplified rule set while understanding why consumer issues exist to help define higher risk and appropriate risk mitigation.

Regulatory Landscape

aimm will continue the work with other regulators including Trading Standards, Information Commissioner, Ofcom, ASA, EU, Charity Regulators and governmental policy makers to drive simplification or to guide members through any overlapping and complex rules.

Consumer Complaints and Consumer Journey

Consumer complaints drive regulatory intervention and reduce the ability to invest time in growth strategies. aimm is seeing an increase in poor recall of purchases made, insufficient usage of the subscription reminder / stop facility by consumers and poor handling of consumers who query bills.

aimm's working group is creating initiatives to improve the consumer journey and an initiative will be created to overcome the poor recall of purchases by consumers.

Standardisation

Standards work for businesses as it reduces complexity in integration and therefore creates easier decision making. **aimm** will work across its members to create standards that will then feed into the communications strategy. Under immediate discussion is a universal subscription management facility that will aid consumers and MNOs. **aimm** is polling members for interest in aggregated market data to analyse trends and growth analytics.

Membership growth



Membership growth will be achieved by stability of the UK environment, improvements to increase membership potential, increasing awareness of **aimm** and the potential of international subsidiaries.

The Primary Authority scheme, already in position, will encourage Merchants to join **aimm** to take advantage of the legal protection.

If **aimm** is successful in negotiating an “**aimm** rate” for society lotteries with MNOs, we anticipate growth in membership to take advantage of this rate.

We also have small growth from charities (broadcasters and enablers) who utilise Charge to Mobile products. **aimm** activity has yielded significant benefit in Gift Aid and changes to privacy regulations will require extensive work to communicate the new requirements to charities. We anticipate small growth in additional charities and enablers.

Broadcasters benefit from a stable environment but enter into areas of high risk as they introduce products and interactivity into on-line purchasing. **aimm**'s position of expertise in these areas and drive towards regulatory simplification will demonstrate value to broadcasters and may enable growth with other broadcasters such as Sky, Virgin, Bauer etc.

Outside of this, an investigation will be conducted to establish if **aimm**'s unique role will benefit membership in other countries either through partnerships or by creating subsidiaries.