

AIME – ‘Success in Interactive Media & Micropayments’

3 Year Strategic Plan 2013-2016

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Chairman’s Foreword

I am delighted to write the foreword for AIME’s 3-year plan. Every organisation should have such a plan and a lot of work has gone into this document, including feedback by members to our survey conducted by the Board earlier this year. I am grateful to the Executive, also to AIME’s Board members and indeed to members for their input.

We operate in an industry, which is often chaotic and fast moving. There are many challenges to business growth that have been faced in the past and will be presented in the future. AIME’s goal is for Industry, across all sectors, to work together and to ensure that there is a strong, single voice which can represent the often diverse interests of our members.

Our last 3 Year Plan was very much focused around trust and confidence in PRS and initiatives that could drive growth from a regulatory environment based around the PhonepayPlus 12th Code of Practice. Under our new 3 Year Plan, while trust in PRS services and our representation of member interests to regulatory authorities remains important, feedback from our member survey is that greater emphasis needs to be placed on how AIME can help grow and promote member businesses. A key part to this will be stimulating Industry growth through focused initiatives and becoming an advocate for Industry, working with members to support growth opportunities in target sectors.

This plan will be reviewed and updated annually by the Board. It also contains our updated annual objectives.

Edward Boddington

Chairman

Executive Summary

This Plan sets out AIME's strategic direction over for the next three years and is underpinned by objectives which will be agreed and reported on annually.

Member Survey Feedback showed that AIMEs key strengths are with regulatory representation and tackling Industry issues. Supporting market growth and maintaining relevancy to members' business were the two key themes, and the following priorities were highlighted:

- i. build AIME's role as Industry Advocate
- ii. target key growth sectors
- iii. generate a commercial environment to attract more merchants members
- iv. work with large interactive platforms and market influencers
- v. provide more 'relevant / profiled' forward looking information and knowledge.

Our aims seek to meet these requirements and ensure a stable platform for the continued representation of member interests and particularly the framework to support market growth:

- i. **Member Business Growth – AIME Structuring**
 - **Creation of Interactive Media Forum** will replace AIME General Meetings and will be focusing on wide commercial opportunities
 - **Working Groups (WG) & Initiatives** to address critical development issues & drive sector growth
 - **Change to the Regulatory WG** to fit in with the work produced from Working Groups
 - **Working Groups Focus in 2013 will be;**
 - Mobile operator payments (includes DOB, Payforit, In-app).
 - Voice Services (VSC broadcast + enterprise sector)
 - PTV Broadcast (PRS, analytics, social media, marketing, IP platforms how to drive service revenues further)
 - **Beyond 2013, additional WGs to cover:**
 - Quasi-physical services - target sectors: ticketing, parking, vending
 - Micropayments (regulation (FCA), virtual currency etc)
 - HRPRS
- ii. **Develop Industry Advocates** to promote Industry to wider market and encourage speaking at events, round table meetings, networking events, targeted news and PR.
- iii. **Continue and increase Knowledge and Networking** events with the objective of Enhancing Members' Commercial Environment.
- iv. **Improve forward looking information** to help members develop business opportunities through targeted information.
- v. **Continue Representation** of industry and foster relations within the Regulatory Environment with the primary objective being to improve conditions for member growth
- vi. **Build membership numbers** and depth of membership along the value chain
- vii. **Maintain staffing levels** and outsource to consultants or members where necessary
- viii. **Increase revenues** through additional services and cost efficiencies to retain membership fee levels.

AIME 2013/14 one year objectives

AIMEs 2013/14 objectives are laid out in detail in [Appendix 1](#). In summary;

Area	2013/14 Objective
Market Growth – WGs	Restructure WGs to drive a minimum of two market growth initiatives
Industry Leadership	Produce annual senior executive event to drive support for key objectives
Regulatory Representation	Work to align UK representation to EC on Payment Services Directive and lobby to ensure digital exemption is optimized for service growth
Membership Growth	5% revenue growth; minimum net increase mbrs 12%
Conference	Minimum of 3 profitable AIME events (10% AIME revenue)
Training	Maintain revenue contribution 8%; update current programme
Webinars	Set up profitable educational webinar programme on topical issues
Public relations	Secure publication of four articles in the trade press
Member Communications	Profile members to ensure communications & marketing remains relevant
Research	Identify and conduct one research project

AIME 3 Year Strategic Plan (July 2013)

1. Introduction

The purpose of the 3 Year Plan is to present to members the Board's conclusions on the way ahead for the organisation – in terms of vision, aims for 2013-16 and annual objectives. There is also a note on the resources that underpin the delivery of these objectives. We will review the plan on an annual basis, to update objectives and ensure a consistent approach to representing member interests.

2. Background

Our last 3 Year Plan focused on creating an environment of trust and confidence (key to PRS Industry growth), within which our members' business could innovate and grow. This included the strategic re-structuring of AIME under the Future Media Group, to consider future Industry issues and focused working groups, to address current key industry issues.

Earlier this year our Board surveyed the members to understand their priorities and this feedback has been used to help shape the Strategic Plan 2013-16.

3. Member Survey Feedback

The member survey highlights (i) regulatory representation; and (ii) tackling Industry issues, as the two traditional areas of AIME's strength. Although regulatory representation remains important to members (particularly balancing the regulatory environment for different payment types), feedback is that greater emphasis needs to be placed on how AIME can help grow and promote member businesses.

There were five common aspirations from the member's feedback:

- i. to build AIME's role as Industry Advocate;
- ii. to target key growth sectors;
- iii. to generate a commercial environment where more merchants are attracted to membership;
- iv. to work more closely with large interactive platforms and market influencers (eg Facebook & Google); and
- v. to provide more 'relevant / profiled' forward looking information and knowledge.

4. AIME Strategic Overview & Aims 2013-16

Member business continues to evolve and while our relevance is still very much to the premium rate industry, our challenge is to remain relevant while encompassing the general market shift to include a broader group of companies and sectors using interactive technologies and different monetisation strategies and 'value' models.

We see the next 3 years as a natural evolution of previous strategy and that by focusing on member business growth opportunities, rather than looking to predict or lead on Industry change, we will remain relevant. Our aims are more qualitative and include some maintenance standards to ensure a stable platform for the continued representation of member interests and particularly the framework to support market growth.

4.1 Member Business Growth - AIME Structure

During the last 3 years, we have structured AIME into working groups to tackle key market issues, reporting progress at regular General Meetings and this model has been successful in maintaining focus for a wide group of member interests. However, it is also noticeable over the last 18 months that as we deliver on initiatives and the number of PRS critical issues (the main reason for forming such groups) have diminished, support for such a rigid structure declines, as attendees naturally prioritise their work.

We will therefore ensure that there is a clear framework for working group maintenance, providing for the flexibility of being able to react to Industry issues but prioritizing market growth initiatives, and closing working groups in a timely fashion once they have achieved set outcomes. This is outlined below.

4.1.1 Interactive Media Forum (IMF)

The IMF will replace AIME General Meetings (x3 per year). Meetings will cover relevant market issues and focus on wider commercial opportunities, rather than the regulatory theme that AIME General Meetings have tended to follow.

It will be the overriding Member Group (content relevant to most members, as well as a wider online environment).

- platforms, technology, interactivity/engagement, acquisition, social media, payments, regulation (all relevant to driving revenues up)

Where areas of value are relevant but outside AIME core eg marketing or NTS, AIME will work with trade body partners to strengthen its position eg IAB or FCS.

IMF Output / Values

- Knowledge / education
- Resource to Industry / network of companies
- Facilitator of commercial opportunities
- Promoting the interactive Industry

IMF meeting format:

- Maintain pre-meet special interest group / presentations eg Microsoft apps
- Commercial presentation (speaker needs general relevance)
- Industry trend / data or issues eg impact of Weve (ops & threats to market)
- AIME Exec activity update
- Member feedback to galvanise views on market priorities / initiatives

Having a more commercial focus to IMF should attract the right mix of member representatives who are able to participate and generate company support for AIME initiatives.

4.1.2 Working Groups (WG) and Initiatives – Growing member business & critical development issues (barriers & opportunities to growth)

Working Groups will be maintained while there is implicit need to tackle any barriers to growth, mitigate risk or facilitate commercial opportunity.

Future Media Group

To this end the AIME Future Media Group (FMG) will be disbanded as our forward looking working group. While FMG added value, its output was not critical to tackling market threats or creating growth that members require to give up their time to attend such working group meetings.

Regulatory working group

Output from the Regulatory Working Group has made significant change to the PRS regulatory environment, however we believe that any future regulatory initiatives should be aligned to the market growth strategy of particular working groups, where the case for ROI and investment in resource can be proven. This group will be closed and regulatory items will be managed in interest groups as required to drive market growth or prevent industry/consumer harm.

Working Groups 2013-16

AIME's value over other trade organisations is that we have the value chain representation to build the relevant business case and align members to a given strategy to unlock market potential eg VSC to broadcast, Charity Codes, Payforit v.4 etc. We believe that the working groups below offer significant market growth potential.

Working Group Focus 2013:

- Mobile operator payments (includes DOB, Payforit, In-app).
- Voice Services (VSC broadcast + enterprise sector)
- PTV Broadcast (PRS, analytics, social media, marketing, IP platforms how to drive service revenues further)

Future Working Groups:

- Quasi-physical services - target sectors: ticketing, parking, vending
- Micropayments (regulation (FCA), virtual currency etc)
- HRPRS

These working group objectives may be supported by Special Interest Groups (SIGs) set up for project based activity / work streams eg EE research project under IBF.

It will be the responsibility of the WG Chairman to set clear objectives and timescales for delivery, prioritised by how easily these can be achieved and how much revenue they will create for member businesses. This will include a metric of market growth opportunity from each target sector and resource assessment to achieve targets.

Working Group Chairmen will liaise with the Board, who will provide strategic overview of initiatives to ensure priorities are set, objectives are met and resource is managed proportionately.

4.2 Industry Advocate - Promotion of Industry to wider market

We believe there is member advantage to be gained by AIME joining up the fragmented Industry approach to market growth, through one vision and a united voice. By working across members and aligned to our WG strategy, we will target the key sectors with greatest potential and agree a strategy of how best to raise profile and champion member services (utility & value). This may include speaking at events, round table meetings, networking events or targeted news and PR.

Potential Sectors: Gambling, Publishing, Broadcast, Games, Charity....

Target sectors to be agreed by WG and Board.

4.3 Events & Networking – Enhancing Members Commercial Environment

In keeping with member feedback, it is important to create the right commercial environment for members to do business. While AIME WGs are a useful platform for members to share views and engage with peers, there is greater emphasis on AIME to work with members to build on its programme of Knowledge & Networking (K&N) seminars and networking events. AIME events attract over 50% non-members, so not only do they offer a platform to provide knowledge and debate of topical issues, they provide an excellent networking opportunity for members.

Events income now represents 10% of AIME revenues and they are also a proven ground for member recruitment.

We recognize that Industry is swamped with events and it will be an important function of the WGs to ensure that AIME events are focused on hot topics, offer unique value to members and remain profitable.

We will also add roundtable debates and webinars to our events programme, where the emphasis may be on a particular market growth initiative (e.g. quasi-physical services) or education campaign (e.g. misleading digital marketing).

AIME will develop its own market reach, but contributors to success will also depend on working through members to reach a much broader Industry layer of merchants; and partnering with other trade bodies in identified sectors e.g. AIME's successful games event earlier this year with trade body UKIE.

The ultimate commercial environment is to create an AIME network of companies that encompasses the wide ecosystem (platforms, products and payments) and becomes a credible distribution channel for members to launch services into.

4.4 Information

Our member survey confirmed that members want more 'forward looking' information to provide understanding of business opportunities.

We have created an Information resource on the AIME website for use by members. This includes access to relevant country information and sector reports. As with events, the market is

awash with information and data, and we believe AIME can provide assistance to members is focusing on relevant information of value.

We will also look to provide primary information to members by conducting our own research, e.g. mData research or mobile revenue reporting.

The value of AIME generating credible sets of data, goes beyond direct benefit to members and serves as a useful tool to raise AIME profile in support of our Industry Advocate initiative targeting sectors.

However, the value of information produced by AIME and its use by members will be closely monitored by the AIME Board, as this is a resource heavy initiative.

4.5 Representation and the Regulatory Environment

Providing the one coherent voice for Industry representation to regulators and wider stakeholders remains important, and over the past 3 years we have cemented our relationship with key regulators, with a programme of regular meetings and by providing a central role at the ILP. During this period we have responded to 18 consultations affecting members' business, with a success rate of over 55% AIME recommendations being accepted. We have also made significant strides forward in how Industry and regulators engage, resulting in improved understanding of responsibilities and closer working relationships, to the extent that we now proactively ensure that when regulatory consultations are issued, Industry views have already been considered.

We will continue to ensure regulation is appropriate, proportionate and supports controlled Industry growth and believe it is important to continue to represent members' business to PhonepayPlus and Ofcom, where significant regulatory issues hold relevance. WGs will continue to produce Industry Guidance or Best Practice documents where they add value to members' business and compliment the regulatory framework.

However, recognising the proliferation of regulation across a converged media environment and the increasing use of micropayment technologies (which sit outside of current premium rate regulations), AIME will seek to strengthen its relationship with relevant regulatory authorities and stakeholders, to ensure a joined up approach to regulation and investment in industry best practice.

4.6 Membership Growth

Across the last 3 years AIME has continued to grow its member base, which now stands at 80 members. Although churn has increased slightly to around 10 companies per annum, we have continued to attract around 18 new members on an annual basis. Membership revenue has increased 10% per annum, although last year's continued growth was mainly due to the adjustment of membership fees to the new scale.

Although we have grown 'other' revenues (training and events) to 20% of total revenue, membership subscriptions remain our critical revenue stream ensuring we are well funded to tackle issues and invest in initiatives.

It remains of fundamental importance to continue AIME membership growth because broad industry representation raises our level of influence and notably strengthens our business cases and those of members to create market opportunity.

By adapting to the needs of the broad spectrum of members and aligning our main focus on growth, we hope to reduce churn and provide an attractive proposition for new memberships.

5. Objectives

Annual objectives will be maintained by the Board and issued as appendices to the 3 Year Strategic Plan. *See appendix 1 for 2013/14 objectives.*

6. Staffing Resource

To deliver on our 3 Year Plan and the Annual Objectives, we see no immediate requirement to increase staffing. Where there is requirement for expertise outside of the core Exec team (e.g. legal) or to support particular initiatives, we will outsource to consultants. This approach will maintain the necessary flexibility married to revenue and agreed annual budgets.

The Plan does rely on our small team of Executive staff being supported by an active Board, who volunteer time to support AIME strategy and lead working groups where required. It also requires members to participate in working groups and provide an element of company resource when called upon. We aim to identify member ambassadors to support each working group chairman in their objectives.

See Appendix 2 for further resource information and example of Tactical Roll Out Plan

7. Sales

As noted, AIME's strategic emphasis is for the working group structure to enable market growth initiatives to be carried forward to prioritized target sectors. As part of this tactical roll out plan the Exec, with input from Working Group Chairmen, will refine sales strategy (including sector specific messaging), work with key members to identify targets for membership recruitment and link other services such as events and training to the sales plan. *See Appendix 2 tactical roll out.*

One Board member will be appointed to oversee AIME's sales strategy and plan, working closely with the Exec.

We see no immediate change to AIME's fee structure at the moment and believe the structure introduced last year, based on membership benefits and company size, works well. We will look to add discount incentives for members who commit to longer terms of membership.

8. Finance

AIME membership subscriptions have grown over the last three years by 25% to circa £205,000. During this period the PRS market has decreased in size and although significant growth opportunities exist, we have adopted a cautious approach to membership revenue growth of 5% in year one of the plan. We expect to see uplift in years two and three, depending on the timing of initiatives opening up market opportunity. Focus will be on supporting and retaining current members.



We will continue to develop revenues from events and training, which have been built over the last three years to make a revenue contribution of 20% to total annual revenues of £260,000. We expect to maintain a 20% contribution.

We will work within the agreed budget set by our Board and aim to hold a rolling reserve of £40,000, a necessary cushion during continued Industry contraction and upheaval.

Appendix 1 - Objectives 2013/14

1 Market Growth Strategy

We will restructure to three working groups under the Interactive Media Forum:

- Mobile Operator Payments (includes DOB, Payforit, In-app)
- Voice Services (inc. VSC in broadcast & Enterprise)
- PTV (PRS, analytics, social media, marketing, IP platforms how to drive service revenues further)

Each working group will drive a minimum of one market growth initiative, whilst continuing to respond to industry issues as they arise.

2 Senior Exec Roundtable

The significant market growth opportunity presented across the three working groups above will require backing by member representatives at a senior level. While it is appreciated that much of the ongoing day-to-day activity may be conducted by supporting member personnel, we will hold an annual senior exec roundtable or networking lunch to ensure strategic input in support of our objectives, but also to communicate the continued value of membership.

3 Regulatory Representation

The EC is reviewing the Payment Services Directive in 2013, and it is important that AIME aligns member interests with UK authorities to ensure the current exemption for digital services via network billing remains and that we lobby for an exemption based on value, so that charge to bill can be used for both digital and physical goods. Should this objective require legal or specialist support, we would expect it to be separately funded by parties with a vested interest.

4 Growth in membership

We aim to achieve at the minimum a net increase in members of 12% (or 10 members), together with a 5% growth in membership subscriptions to c£215Kpa in 2013/14. Membership retention is increasingly important in the current climate and we will focus Exec energies on ensuring current members maximize their value from membership.

Each working group will identify anchor/super members who may be recruited into membership on a free basis but donate committed value and information to the wider membership base through their participation. This should also open up AIME as an attractive forum to a much wider merchant base. Super members are likely to be significant brands and platforms.

5 AIME Events

We will create a profitable programme of at least 3 Knowledge & Networking events during 2013/14, aligned to strategies developed through the AIME working group structure. Reducing emphasis on member subscriptions, we will maintain a minimum 10% event revenue contribution of total gross income.

6 Training

We aim to reduce revenue emphasis on member subs by growing AIME's training programme (for example adding relevant training courses), to maintain an 8% revenue contribution of total gross income.

Our current programme of training courses includes PRS Foundation, Micropayments and Payforit. The majority of members have placed delegates on these courses (where relevant to their business) and it is therefore important that we work with members to reach a wider industry base outside of membership to ensure we have a strong base of potential attendees. We will continue to run current courses if they remain profitable and where necessary will update content to ensure their value is extended. We will bolster expected decline in revenues from aged courses by adding a new training course in 2013: Compliance 101.

7 Webinars

Earlier this year we launched our first webinar on misleading digital services, which was highly rated by attendees. The value of webinars is that they can be constructed in a timely fashion around topical subjects, ensuring members receive valuable updates and education on issues important to their business. Webinars also reach a wider audience (including internationals) and can showcase AIME value to potential new members.

We will grow our programme of webinars to a minimum of 6 per year. The value of webinars as a member engagement platform on key issues means that the main focus will not be on revenue contribution. However, we will target revenues of £4,000, to be generated through member sponsorship or small levels of charging, which will as a minimum cover our costs for running the webinars.

8 Public relations

We will seek to establish AIME as the authoritative voice of industry, particularly around the core working group streams identified.

We will co-operate with our members' PR agencies to ensure a consistent approach and message. In addition, we will work with our appointed PR agency to create a programme of media features for deployment. We will also assign writing responsibility to individual Board members and secure the publication of four articles in the trade press during 2013/14.

9 Member Communications

It is essential that AIME communication with members is relevant. To this end we will construct a system to profile member companies and individuals within those companies to ensure the information and marketing they receive from AIME is appropriate.

Direct communication with members will be further enhanced through greater use of social media tools.

10 Research

We will define a research program during 2013/14 to support members' business interests and raise AIME's profile, seeking necessary funding or working with members who are in a position to subsidise research through their own organisations e.g. EE mData research.

Given the working group focus around mobile operator payments, it is also our intention to work across mobile operators and their aggregators to put in place research for measuring sector revenues. This will enable AIME to measure success of initiatives targeted at sectors and raise the profile of members' business through PR opportunities.

Appendix 2 – Working Group Target Sector Campaign

Structuring:

- will have x2 Board members (Chair & Vice-Chair)
- supported by a core of member ambassadors who have vested interest, to grow the particular market and raise their corporate profile
- x1 Exec Lead to manage work stream (commercial, regulatory, research & info)

Clarity of reason for Board / member support:

- Industry growth can be achieved at greater pace as a collective
- Individuals raise company profile as leaders & personal profile as ambassadors (direct commercial incentive)

Example of WG tactical roll out plan to m-gambling sector:

- Agree objectives (threat, risk or opportunity) & timescales
- Agree ROI for AIME & members e.g. Industry growth opportunity £100m pa; AIME value £30,000 (membership & events).
- Select Board Leaders & member ambassadors
- Sales: target companies & influencers
- Map out initiative focus: Mobile Operator Payments, analytics / CRM, acquisition
- Support programme with research & stats (member information)
- Create marketing messaging (bespoke to sector)
- AIME webinar (extends reach to wide base)
- Networking Event with key targets – roundtable meeting / lunch / social
- AIME K&N Event
- Marketing (members, trade body & media partners)
- PR campaign around growth opportunity & events