

**Organisation (if applicable):**

GB Group Plc.

**Ofcom may publish a response summary:**

Yes

**I confirm that I have read the declaration:**

Yes

**Additional comments:**

GB Group Plc. is a Royal Mail Solution Provider taking PAF data under licence from Royal Mail. The company is active in the field of identity management in its widest sense, incorporating PAF® into various software products and services that typically link to other proprietary data sets in order to add value to the address data. In addition to providing installed software products and delivering software as a service over the web, we also have our own in house bureau and client database hosting services.

Although it is this 'value added' data and the way that we interpret and use it that gives our business its unique selling proposition, PAF® remains a fundamental and critical building block in our processes and as such, we naturally have an interest in any review of the database.

GB Group is one of the larger Solution Providers in the United Kingdom with several thousand customers subscribing to our products and services.

**Question 3.1: We welcome views from stakeholders on whether the setting of quality targets for PAF would be constructive. If so, would stakeholders find the publication of achievement against those targets helpful? Please state why.**

Our view is that we would generally support the setting of quality targets, provided that they were meaningful and measurable. The first challenge would be to actually determine what was included (or indeed excluded) within the term "quality" which is likely to include a number of different facets, each of which will have a different level of importance according to the intended use of the database. One aspect would be the completeness of coverage in terms of the actual number of delivery points existing in the UK when measured against the total number found on the PAF® database. However 'quality' could also include the contemporaneous nature of the records in PAF®. How up to date are they and how many properties can accept mail, but have yet to be included in the database? It might include the number of errors in the file. How many of the supposedly deliverable addresses have ceased to exist or have the wrong address details or are missing locality information etc. etc.?

Having determined what is to be measured, there is then the question as to how this is to be measured in practice. There would seem to be little point in setting quality thresholds if these cannot be measured in some way. Ideally there would be a degree of independent objectivity in the testing of compliance with agreed thresholds. However this would doubtless require some kind independent or external auditing or checking process which doesn't exist at present and would add to the overheads of maintaining the file: overheads which some camps already feel are too high given the task to be performed.

There is also the associated issue as to what happens if the quality thresholds are consistently broken or cannot be met. What sanctions might there be in these circumstances? Would the application of these sanctions cure the problem or simply exacerbate it if applied in practice? If Royal Mail were seen to fail as the custodian of the file, who would take up the management of the database in their stead and what guarantees would there be that they were an improvement on the previous incumbent?

However, difficulties aside, we would still support the principle of setting quality standards and would argue that there should be some form of measurement to be applied and the results made public in order for this to be effective. The principle of setting certain quality standards and checking that they are met is particularly necessary where a monopoly on the data is maintained. Market forces which would usually moderate quality issues where there was active competition are not present here. The challenge is to keep the costs of production and testing in check. One method of controlling the costs of this activity might be to make more extensive use of other third party data sets as part of an automated testing process. The business names on PAF® for example might be compared against other business files available from suppliers. Other addresses could be cross checked against utilities databases and/or electoral roll data (for example) as part of a quality process.

**Question 6.1: Do stakeholders agree with our analysis of the options for cost recovery against the principles of cost causation, and our proposal on cost recovery? Please give reasons for your response:**

The basic principle that those who benefit from a particular service or product should pay for it seems sound enough. Where there is room for debate is the actual level of benefit that is derived from the use of PAF® and, if we accept that the bulk of the fees collected go towards the maintenance of PAF®, the reasons why the maintenance of the file requires the level of investment and resource that it does. In terms of cost causation, those forcing the greatest number of changes to the PAF® will either be those building new properties or demolishing or changing the use of existing properties (i.e. addresses to which mail is to be delivered or was delivered) and Royal Mail itself due to postcode exhaustion or deliveries reorganisation. On the basis that the 'polluter should pay' the bulk of the costs of maintaining the file should therefore lie with Royal Mail (and other mail operators who use them for the last mile) and developers. If we make the PAF® more static in character (i.e. a national address database) we should in theory be able to drive down the maintenance costs considerably and make PAF® cheaper for everyone across the board. Those that are in the business of mail delivery would need to build their own associated delivery scheduling routines around a much more static database. Alternatively if we accept that the file will continue to change at its present rate, we then have to try to put a cost against the benefit being derived by the different users of the PAF®. This starts to become difficult in that the actual benefits to a business (or the costs of not using PAF®) become difficult to quantify. Are the benefits to a mail operator using PAF® greater than those of (for example) a small charity? In this case they probably are. The efficiency savings can be measured in the case of the former and are likely to be material. The benefits to a small charity in cleaning up their database may be marginal by comparison. The vast majority of PAF® users however will fall into the middle ground where comparative benefits will be much harder to quantify or measure as against other businesses of similar size in different vertical sectors. This is territory which really shouldn't be ventured into. It becomes far too subjective. A price per user (or specific use) is simpler and if the actual cost can be driven downwards, is a fair compromise in the circumstances. We would tend to favour an approach which sees the costs of maintenance being closely monitored and over time being driven down by technological efficiencies as well as a fair and

reasonable system of collecting payment for maintenance from those using the data possibly based upon an externally measurable metric such as the number of employees. This would level the playing field in the sense that the fee liability could be externally checked for accuracy rather than requiring a more detailed audit with consequent savings. There should also be a rebalancing so that extremely large organisations should have a higher cap on their fees than at present. In terms of the costs paid by those organisations weighed against the benefits, they get off too lightly. We do concur with the view that the take up of PAF® is not predicated on price and that the current PAF® fees are not necessarily a barrier to SME's in the take-up or use of the database.

**Question 7.1: Do stakeholders agree with our proposed approach to the terms on which PAF is made available, and our guidance on those terms? Please give reasons for your response:**

We would certainly agree with the proposal that there should be a determined effort to simplify the terms of the End User Licence. At the moment the complexity of this licence (and the upstream complexity that this foments in the terms on which Royal Mail make PAF® available to developers and Solution Providers) is disproportionate to the interest that is being protected. We would further argue that this complexity creates an excessive administrative overhead for legitimate users who try to observe the terms and yet fails to actually discourage those who deliberately or negligently infringe them. Those who are bent on infringing Royal Mail's IPR will continue to do so, despite the presence of complex terms to prevent this. Those who do not seek to breach the licence may still find themselves in deep water because they failed to grasp some subtlety or variant found within the detail. The principle of a level playing field is laudable. At the moment the complexity of the licence lends itself to variations in interpretation which in practice make the playing field uneven or lends itself to this unwanted consequence.

At a high level the guiding principles proposed have merit. Translating these into a licence that is to satisfy different industries and types of end use yet still give Royal Mail the level of protection that it seeks is going to prove a difficult nut to crack. It will require a degree of latitude that thus far Royal Mail have been reluctant to allow. We remain of the view however that the guidelines proposed by Ofcom set useful principles in place which should colour the final licence agreement.