

## **Published on behalf of Sky Subscribers Services Limited ("SSSL")**

### **SSSL's Approach to Access Control Charges**

#### **Introduction**

This document describes SSSL's approach to charges for access control ("AC") services. It also specifies indicative charges for types of AC service that SSSL is currently providing.

It should be noted that:

- the method that is employed is not one that leads to a deterministic, rigid rate card. The regulatory regime permits SSSL to enter into commercial negotiations with prospective AC customers rather than develop a rate card. It is SSSL's view that a rate card approach would be particularly inappropriate given that interactive services are a relatively new activity, and given that service providers continue to develop new applications for interactivity for which, in many cases, existing charges are unlikely to be suitable.
- nevertheless, SSSL would seek to set comparable charges for comparable users providing comparable services at any given point in time. This will result in the development of standard indicative charges which are relevant at any given point in time.
- agreements for the provision of AC services are considerably more complicated than a simple statement of charges. It is expected that otherwise similar broadcasters and online digital interactive television service ("DITS") providers may request AC services under different terms and conditions of supply. The indicative charges quoted in this document reflect a basic level of provision of AC services and it should be expected that bespoke requests could result in higher prices.

#### **Types of Access Control Service**

SSSL charges for two separate forms of AC services:

- Signing Services - services by which broadcasters and DITS providers are provided with the signing tools, keys and certificates that enable them to sign their own applications in order that those applications are recognised by set top boxes and permitted access to set top boxes.
- Authentication Services - services by which set-top boxes are able to access a DITS provider's online service.

It should be noted that, in time, SSSL may seek to charge for different forms of AC services as these are made available.

It should also be noted that the Sky digital satellite platform does not currently support use of the modem in set top boxes other than via an authentication server. This means that in order to use the modem the providers of interactive services must procure authentication services from an online DITS provider which has an Authentication Services agreement in place with SSSL.

## **Access Control Charges**

There are currently five types of Access Control Charges:

- a. fixed charges which reflect the costs incurred by SSSL in establishing and operating authentication servers in order to provide DITS providers with the required Authentication Services in accordance with agreed service levels. These charges will be bespoke to the implementation required by the Authentication Services customer.
- b. fixed charges for providing broadcasters' and DITS providers' applications with access to set top boxes in order to execute such applications;
- c. additional Charges (see below); and
- d. charges for the provision of customer data. SSSL will, if requested, make available to DITS providers, data collected on the identity of owners of set top boxes for use in connection with their interactive services. There is no requirement for the DITS provider to take such customer data.

Categories (a) and (c) are described further below.

It should be noted that differences in charges may arise due to objectively justifiable differences between AC customers (whether in terms of the customer's service offering or otherwise) or as a result of different requirements (whether technical, commercial or otherwise) in respect of the AC services to be supplied.

### **Fixed charges relating to the provision of authentication services**

Whilst most of the costs incurred by SSSL are common to all broadcasters/DITS providers on the DSat platform, one element of the costs incurred in providing AC services will be unique to the DITS provider and dependant upon the level of AC service requested.

The cost concerned arises in relation to the provision of Authentication Services and relates to the hardware, software and manpower costs incurred by SSSL in establishing an Authentication Server that provides the capacity, scalability and resilience required by the DITS provider. Such Authentication Server will be dedicated to the provision of Authentication Services to the DITS provider concerned and therefore this is a bespoke cost. As a bespoke cost, SSSL will seek to recover it together with the operating costs associated with it solely from the relevant DITS provider. In common with other charges for AC services, the approach adopted by SSSL in establishing such charges will be based on recovering costs incurred plus a return commensurate with the level of risk, over an appropriate time horizon.

The different requirements (whether technical, commercial or otherwise) in respect of the Authentication Services supplied to different DITS providers mean that differences in actual charges for Authentication Services are likely to arise.

### **Additional Charges**

Additional Charges contribute to the recovery of the costs incurred in developing the digital satellite platform, including a return commensurate with the level of risk involved, over an appropriate time horizon. The digital satellite platform enables broadcasters and DITS providers to provide interactive services, whether online or otherwise, which reach over 8 million households in the UK.

Additional charges are typically based on a combination of the number of uses and/or value arising from the use of the interactive functionality of the digital satellite set top boxes, e.g. a "per authentication" charge and/or a percentage of the value of the transaction.

Different services derive value from the use of interactivity in different ways. For this reason, SSSL's approach is to develop Additional Charges which relate to different types of services, such as selling goods, betting, voting, e-mail and so on. Charges are determined which reflect a fair share of the "economic benefit generated" by the AC customer from its services as a result of the use of set top box interactivity. Without limitation, such benefit generated might relate to:

- revenue (e.g. advertising revenue; the margin generated on transactions; call revenue from PRT services; revenue from lead generation etc);
- costs saved (e.g. where the service allows the AC customer (or its content providers) to avoid customer service costs); or
- other forms of benefit (e.g. where end users are provided with services that make them more valuable customers or are provided with enhanced services which are more highly valued by end users).

In determining charges that reflect a fair share of economic benefit generated, SSSL will make use of value drivers as appropriate, such as gross revenue, gross margin, net profit, numbers of authentications/modem usages etc. The selection of the appropriate value driver(s) will reflect issues such as the extent to which a driver is a sensible proxy for the economic benefit generated and also the practical issues associated with data collection and validation.

### **Indicative AC Charges**

By employing the approach described above, SSSL has developed the following indicative AC charges.

It is important to note that these charges should be treated as indicative. Differences in actual charges may arise due to objectively justifiable differences between broadcasters and interactive service providers, and where different broadcasters and interactive service providers have different requirements (whether technical, commercial or otherwise).

<b>Technical Service</b>	<b>Indicative Charge</b>
Signing Services	£100,000 per annum; <i>and</i> Additional Charges.
Authentication Services	an amount which reflects the hardware, software and manpower costs in establishing an Authentication Server which provides the capacity, scalability and resilience required by the DITS provider and the anticipated operating costs associated with that Authentication Server; <i>and</i> Additional Charges.

## Additional Charges

Service	Description	Charges
E-mail		4p per authentication
Voting		4p per authentication
SMS	Sending text message to mobile phones.	4p per authentication
Marketing Registration	Collection of customer details for provision to service providers	10p per set of details collected
Sales of goods (books, CDs, foodstuffs, household items, electrical goods etc.)		(i) 4p per authentication; and (ii) 2% of value of goods sold
Premium Rate Telephony services	All services for which: (a) the sole revenue source is premium rate telephony revenue (b) there is no other applicable charge	The greater of 4p per chargeable call or 5% of the call charges
Charitable donations	Online donation to charities	15p per authentication
Betting		(i) 25% of gross margin; and (ii) 1p per authentication
Financial services	Online sale to consumers of financial products	(i) 4p per authentication; and (ii) the following charges per completed transaction: Insurance: £7.00, Credit Card £6.00, Personal loan £18.50, ISA £22.50, Mortgage £75
Travel services	Sales of services associated with travel and holidays, Includes holiday insurance, transport tickets, hotel booking, car rental, equipment rental.	(i) 4p per authentication; and (ii) 1.5% of ex-VAT transaction value

Responses to interactive advertisements	Voting and sending of viewer details in response to interactive advertisements (includes "registration")	(a) 4p per authentication (no customer details passed); or (b) 7p per authentication (consumer details passed to an advertiser or their agent)
Broadcast of interactive advertisements	Interactive enhancement of advertisements whether the enhancement includes a response mechanism or otherwise	5% of the charge to an advertiser of the advertising slot
Information services	Online provision of information for which there is no charge to consumers and no commercial service associated with the information provided (eg information on local authority services)	0.75p per authentication
Tickets	Sale of single entrance tickets to live: music events, sports events, theatre, opera, ballet & other dance; cinema screenings and attractions.	4p per authentication

### **Customer Data Sets**

A charge of £10 will be levied in respect of each Customer Data Set (where a Customer Data Set means information held by SSSL in respect of the owner of a Set Top Box collected via an interactive discount contract which SSSL has been authorised to disclose) that is provided by SSSL. Changes notified to SSSL in respect of any Customer Data Set will be passed on to the DITS provider without further charge.

In addition to the £10 charge referred to above, there will also be a charge to cover the technical services required to provide such Customer Data Sets. Again the manner of the delivery of Customer Data Sets will be bespoke to the DITS provider concerned and give rise to a bespoke cost. SSSL will therefore seek to recover those costs solely from the relevant DITS provider. The different requirements (whether technical, commercial or otherwise) in respect of the provision of Customer Data Sets to different DITS providers mean that differences in actual charges for such provision are likely to arise.

### **Future Variations**

SSSL will reconsider its indicative charges periodically in light of new information.

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