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Call for Evidence - Tixserve submission

1 message

20 November 2015 at 17:01

To: ticketing@culture.gov.uk

Hello,

Please see attached submission.

Regards

W: www.tixserve.com



Tixserve - call for evidence.docx
146K

Review of Consumer Protection Measures relating to Online Secondary Ticketing Platforms

Evidence submitted by Tixserve Limited - 20th November 2015

Summary

Thank you for this opportunity to share our views on the live event ticketing sector. We believe that existing measures to curb abuses in the secondary ticket market are treating the symptoms of the problem and not the root cause, namely, the use of paper as the form factor for ticketing. The protection of the interests of consumers and other stakeholders lies in the adoption of a new generation of secure mobile ticketing solutions now being brought to the market by Tixserve and other players.

Who is Tixserve?

Tixserve was founded in January 2015 and is based in Ireland. The founders of the company previously played senior leadership roles in building two successful electronic transaction businesses in the United Kingdom and across Europe at Transaction Network Services and Payzone. Tixserve has received investment from Zoosh and Enterprise Ireland. Our website will go live in January 2016.

What does Tixserve do?

Tixserve provides a mobile ticketing platform service that enables organisers of live events to replace paper tickets with secure digital tickets delivered to consumers' phones. Tixserve has already signed up a number of live music promoter customers including those who have concerns about the ethics of certain practices in the ticketing sector and the commercial implications of this for future live event ticket sales. We conducted a successful Beta trial of our technology solution at a live event in Midhurst on 23rd October 2015. A second trial will take place at a London venue on 16th December 2015. It is planned to roll out our commercial service in the United Kingdom by the end of Quarter 1, 2016.

What problem is Tixserve solving?

Ticketing for live events has not fundamentally changed since the Roman era. The difference now is that tickets are predominantly issued in paper whereas the citizens of Rome gained admission to live events in the Coliseum with pieces of slate.

The predominant use of the paper form factor (including print-at-home e-tickets) causes a number of problems:

- A. **Consumer inconvenience:** In a digital age, consumers view paper ticketing as anachronistic and Tixserve's research indicates that there is a pent-up demand for the convenience and efficiency of mobile ticketing.
- B. **Excessive booking fees:** The booking fees charged by *primary* ticket sellers to consumers (averaging 12.5% of the face value) reflect, among other things, the relatively high costs of printing, storing and distributing paper tickets.
- C. **Ticket abuse - unauthorised resale:** Large-scale unauthorised resale of tickets at exorbitant prices in the *secondary* market stops genuine fans and patrons from buying tickets at face value prices. Bot-nets are used extensively by professional resellers to harvest large numbers of tickets seconds after they go on sale. This abuse threatens the loyalty of fans to music artists who are increasingly dependent

on live event ticket sales due to the relative decline in revenues from recorded music.

- D. **Ticket abuse - fraud:** This involves the fraudulent sale of multiple copies of 'print-at-home' e-tickets. Only the first such ticket presented at the venue will gain admission. Forged tickets may also be presented.

Existing solutions and their drawbacks

The current measures employed by event organisers and other interested parties to stop large-scale ticket abuse involve:

1. Limiting the number of tickets that any one consumer may purchase.
2. The inclusion of the purchasers' name and/or photograph on each security-printed paper ticket.
3. The non-availability of 'print-at-home' e-tickets for high demand events.
4. Storage of tickets centrally in a secure place and dispatch by post to fans just days before the event.
5. The manual checking of photo ID at the venue access control point.
6. Strengthening of consumer protection legislation.

The measures listed at 1 to 5 above incur excessive costs for event organisers and cause significant friction and inconvenience for fans and patrons including long queues and delays at venues. Recent public commentary by consumer rights organisations such as *Which?* casts doubts on the effectiveness of the changes contained in the Consumer Rights Act, 2015.

The All Party Parliamentary Group on Ticket Abuse in its 2014 Report (Conclusion 11) correctly flagged that new technology is the real answer to curbing address ticket abuse:

"Further technological advances, and new solutions that these may facilitate, could possibly get around such barriers in the future, but while those solutions arrive the problems identified by this investigation and others persist, and the absence of such solutions does not excuse the worst aspects of the current secondary market as highlighted during this investigation."

So why has mobile ticketing not already been deployed in the live event sector?

Mobile tickets are never used for mainstream live events principally because of concerns about security. Airlines passengers are increasingly using mobile boarding passes. However, the mobile solution used by most airlines is not secure and a screen shot copy of an original barcode will successfully pass checks by the scanning devices used at airports. Accordingly, validation of airline passenger mobile boarding passes is mainly reliant on the security afforded by checking each passenger's photo ID at the departure gate. This manual visual identification procedure is not logistically practical for most live events because, typically, thousands of fans seek to gain admittance to the venue within one hour or less of the start-time.

Another constraint to the adoption of mobile digital ticketing is that some players in the ticketing supply chain have a vested interest in retaining paper tickets because they are

easily tradable on the lucrative secondary market.

What is uniquely different about the Tixserve solution?

Tixserve has the following points of difference:

- **Positioning:** Our technology platform enables existing ticket agents and venues to deliver secure mobile tickets to their customers; Tixserve is a B2B service provider and we do not sell tickets to consumers (unlike other new mobile-oriented entrants who are positioned as competitors to incumbent ticket agents).
- **Security:** The security of our solution is superior and does not depend on physical checking of photo ID. Tixserve has partnered with the Centre for Secure Information Technologies at Queens University Belfast in the development of an end-to-end digital ticketing solution that is secure against bot-nets, screen shots and other threats, reliable, user friendly and compatible with existing ticketing scanning systems at major venues.
- **Intellectual property:** Our new-to-market proprietary technology is protected under patent filings.

What are the benefits of the Tixserve solution?

The principal benefits for the live event ticketing sector are:

1. **Convenience:** No need to bring a piece of paper to your favourite event – just use your phone.
2. **Reduced booking fees:** This reflects the lower costs of digital distribution of tickets and the efficiency of non-manual validation of tickets at venue access control points.
3. **Better access to tickets at face value prices:** This will result in, for example, enhanced loyalty of fans to music artists that use Tixserve to prevent large-scale unauthorised resale of tickets on the secondary market.
4. **Authorised re-sale of tickets:** This is permissible within the Tixserve eco-system under business rules set by the event organisers where, for example, a ticket purchaser is no longer able to attend an event.
5. **Lower fraud:** The secure digital ticket developed by Tixserve will help to stamp out the use of duplicate and forged tickets.
6. **Enhanced PR image:** The current abuses and other problems in the live event ticketing industry have resulted in a 'murky' image for the sector. New technology solutions such as that being offered by Tixserve will restore consumer trust and goodwill towards the live event ticketing sector.

Ends.

