



The 2010 PAF[®] Licence Agreements

8 December 2009

Royal Mail's Address Management Unit (AMU) recently published the 2010 PAF[®] Data Licence and Data Supply Agreements, following our market consultation and extensive discussions with the PAF[®] Advisory Board. The new licence terms will be introduced from 1 April 2010,

This document, prepared by the AMU, provides Solutions Providers and their End-Users with information about the new licence, its features and its benefits, prior to the implementation of the new terms.

What is PAF[®]?

Royal Mail's Postcode Address File (PAF[®]) is the most accurate, up-to-date and complete address database in the UK, containing all known 28 million UK addresses and 1.8 million postcodes.

Who uses PAF[®] and for what?

Around 37,000 UK businesses use PAF[®], from internet shopping companies and Government departments to the Financial Services and Education sectors. Organisations from every sector of the economy are finding ever more innovative uses for the data. It's this widening and changing use of PAF[®] that's driven the need for a new licence.

- PAF[®] is an invaluable tool for any business looking to create or maintain customer databases.
- PAF[®] helps businesses streamline their address-capturing processes and systems, both online and in call centre environments.
- PAF[®] is used by mail operators and mailing houses to correctly address, sort and deliver mail. Using PAF[®] is an important way of reducing the costs associated with returned and undelivered mail.
- PAF[®] data helps power online search, mobile technology, and location-based applications such as mapping software and satellite navigation systems.



How is PAF[®] kept up to date?

- Every year our 66,000 postmen and women check and validate all 28 million UK addresses. Updates from their rounds are fed through to a team of experts who input the amendments.
- On average we make 100,000 updates to PAF[®] each month, more than 1.2 million changes a year!
- Typical updates include changes to a business name or house name, adding details of newly built properties or properties divided into flats or apartments.
- In addition, the AMU works with Local Authorities to keep abreast of local housing and development activity
- PAF[®] is constantly verified and updated to maintain and improve its accuracy. We recommend, given the high volume of changes, that our customers purchase daily or monthly updates. Quarterly updates are also available.

So what are the big changes to the 2010 licences?

The aim is for all Solutions Providers to be licensed under the same terms, thus creating competition based on quality and price of the products, rather than on the licence terms with us.

The 2010 Licence Agreements have two fundamental changes. Firstly, there is greater flexibility on how businesses license/are licensed and on how the PAF[®] data is used. Secondly, our prices are more reflective of your use of the data as an End User. Let's look at each of these changes in turn.



1. Flexible licensing options

Businesses have different requirements for PAF[®] and the 2010 licence terms seek to offer alternatives on how businesses license/are licensed and to reflect the widening use of PAF[®] data. This will be enormously beneficial for small businesses and light PAF[®] users, and will help attract new PAF[®] users too.

For internal use, small End-Users can benefit from a 'pay as you go' option whereby they can purchase blocks of Transactions (sometimes known as "clicks"). End-Users can buy unlimited blocks of Transactions. However, regular Users may favour a licence based on User numbers, but with unlimited use for those Users. For large businesses, numbers of Users are grouped into Multiple User Blocks with pricing caps set for the highest volume End-Users.

Similarly for "external" use, the licence offers two options; a 'pay as you go' option for those businesses who want to budget and have control over their spend, or an unlimited use option for businesses with larger volumes of traffic, or for whom measuring traffic volumes is difficult or less important.

Solutions Providers can now license another Solutions Provider, who may license a further Solutions Provider in turn. The new licence continues to support franchise-type licensing, but now introduces broker-type licensing for members of certain closely connected groups and specific terms for certain businesses using the data for market research purposes.

2. Making our prices more reflective of use

To make our pricing simpler, we now license the **supply** of PAF[®] data and the **use** of PAF[®] data separately.

Data supply pricing

- The cost of data supply has come down, with some prices up to 80% lower than on the 2007 Replacement Agreement.
- There is a double benefit for those businesses which currently purchase the quarterly updates product. They can now take more regular updates whilst reducing spend.
- PAF[®] can now only be accessed via a web download or on a CD. In the future we intend to introduce a secure FTP download service and move from CD to DVD.
- Previously the prices for all media were the same, now downloading PAF[®] data will save businesses money.

Data licensing pricing

To make our prices more reflective of use, we have removed system licences and the prices we now charge are based on the number of PAF[®] Users that each End-User has or the amount of Transactions they carry out in respect of the data. The prices below are the prices that Royal Mail charges the Solutions Providers. The Solutions Providers are free to choose what they charge their End-Users.

i) An End-User's Internal use

- The cost of a User licence is now just £75. This is 50% cheaper than 3 years ago.
- The cost per Transaction, for the 'pay as you go' option is 8p. This is 20% lower than the price we proposed in our licence consultation.

ii) An End-User's External use

For businesses which offer an ordering service through their website, PAF[®] can help capture correct addresses.

- Those who only want to pay for what they use -can license blocks of 100 Transactions for £1. This is just 1p a click. These blocks last for 12 months.
- Businesses with larger volumes of traffic, or for whom measuring traffic volumes is difficult or less important, can license for unlimited use at the cost of £4,000.



What else has changed in the 2010 licence?

- Although our prices are still generally based on the number of copies of PAF[®] data, as long as certain conditions are met, businesses will no longer have to pay for certain copies of PAF[®] data, such as where the data is used for back up or load balancing purposes.
- Locality PAF[®] and Thoroughfare PAF[®] have been merged into Part PAF[®].
- The 2010 licence allows all Solutions Providers to license End-Users to provide look-up services for private use. Private use is limited to 15 look-ups per day.
- The Postzon terms have been removed from the Licence Agreements. In future Postzon will have its own agreement and shortly we will open the Postzon licence consultation. We are aiming for the terms of the Postzon Agreement to also come into effect from 1 April 2010.
- Data Creation is no longer prohibited. However there are new terms governing how the data is used including limitations on the volume of records that can be created, as well as limitations on the number of Users the data can be passed on to.
- For Database Cleansing purposes, Solutions Providers must sign up as End-Users. End-Users can either cleanse their own internal data, or they can cleanse data and pass it to a third party for their internal use without attracting a fee. Certain terms apply.
- Rather than having a separate agreement, Bureau Services terms are incorporated within the Solutions Provider and End-User terms. Therefore there need only be one agreement to sign. There is also a new fee structure for bureaux and businesses who offer Bureau Services, which is based on the number of records cleansed annually.



Where can I find more information?

End-Users of Solutions Providers

Please contact your Solutions Provider directly.

Solutions Providers

| | |
|-----------|---|
| Online | www.royalmail/paflicence |
| E-mail | paflicence@royalmail.com |
| Telephone | Your Account Manager or our Customer Services Team on 0845 606 8457 and select option 2 |

The information contained in this guide summarises the PAF[®] products and licences that Royal Mail offers and explains how these products can be used by businesses and organisations. The use of Royal Mail's PAF[®] products are governed by legal agreements of which this guide does not form part. In the event of any conflict or inconsistency between these legal documents and this guide, the terms of the legal documents will prevail. These legal documents contain the full details of rights and obligations with regard to the PAF[®] products and their licensing. Reliance should not be placed on explanations or descriptions set out in this brochure. If you have any doubts with regard to your rights or obligations, please refer to the relevant legal documents and/or consult your Solutions Provider.

You may wish to obtain your own legal advice to check that you are correctly licensed.

Royal Mail has made all reasonable efforts to ensure that the information provided in this brochure is accurate and correct at the time of publication. However, Royal Mail reserves the right to correct and amend this guide at any time and without notice.

All prices set out in this guide are correct as at September 2009. All prices exclude VAT at the prevailing rate.

Royal Mail is the creator and owner of, or is otherwise authorised to use and exploit, the databases known as PAF[®], PIF, Alias, and UDPRN. These databases and all supporting documentation, including this brochure, and all Intellectual Property Rights subsisting in and/or relating to the same from time to time are and shall remain the property of Royal Mail or its licensors.