Tixserve response to Consultation on the Resale of Tickets for Entertainment and Sporting Events – 31st March 2017

Should legislation be introduced to regulate the resale of tickets?

Tixserve believes that the effectiveness of any government legislation would depend on a number of factors.

The first consideration is the extent to which touts and bot operators would seek to circumvent the new legislation. The previous experience of the Tixserve team in the card payments and mobile airtime distribution sectors is that the targets of anti-abuse measures always look to find creative ways of protecting their lucrative ill-gotten incomes. Sometimes, it can be akin to pinning down a lump of jelly!

A second factor is that professional touts already use other non-bot methods of acquiring primary tickets for placement in the secondary market. Touts could, for example, ramp up the practice of using teams of people masquerading as genuine fans to buy significant amounts of tickets using multiple identities, addresses and credit cards.

An unintended consequence of regulating ticket resale might be an increase in the fraudulent duplication or counterfeiting of tickets. This is a low-tech activity when tickets continue to be paper-based.

So while the jury is out on the practical effectiveness of legislation one thing is certain. The recent table-thumping insistence by Iron Maiden that a paperless ticketing solution be used for their tour was hugely successful in defeating the touts.

The ticketing industry is now seeing the emergence of next-generation ‘track and trace’ paperless ticketing technologies that not only stop ticket abuse and fraud but also provide a greatly enhanced digital experience for fans and new commercial opportunities for ticket rights owners and other players in the supply chain.

Tixserve is playing its part in enabling the ticketing industry to benefit from these new secure technologies that we believe are the ultimate solution to ticket abuse but which can also complement any consumer protection measures taken by governments.

Introduction to Tixserve

“For all the progress we’ve made in the digital age, tickets remain pieces of paper; untraceable, untied to identity, basically gold bars with the serial number scratched off.” – Nathan Hubbard, former CEO, Ticketmaster, 24th January 2017

Tixserve was founded in 2015 to protect and monetise the digital ticket assets of rights owners in the global live entertainment market by providing an independent, trusted, B2B ticket fulfilment platform that enables ticket sellers to replace paper tickets, including print-at-home tickets, with secure, traceable, interactive digital tickets delivered direct to the mobile phones of consumers.

Tixserve does not sell tickets or hold inventory. Our clients are ticket sellers, notably, ticket agents, direct-to-fan platforms and venues.

Tixserve is an Irish company based in Co Kildare. Please visit our website at www.tixserve.com The principals in the company have extensive experience of deploying
secure paper-displacing electronic transaction services in the card payments and mobile phone airtime industries at European level. The Board includes a former senior executive with Live Nation/Ticketmaster who has over 20 years’ direct experience within the international ticketing and live entertainment sectors.

The motivation to start Tixserve came from our poor experiences as consumers in getting tickets for music and other events. The fact that the live event ticketing sector lagged behind other sectors such as airlines in adopting digital ticketing technologies also aroused our curiosity.

We found that the big problem is that the rights owner loses control of a paper ticket once the primary ticket seller sells it. The absence of an audit trail facilitates the un-regulated resale of tickets on the secondary market and fraudulent duplication of tickets.

Tixserve has built an innovative digital ticket fulfillment platform that not only fixes these problems better than existing solutions but greatly enhances the ticketing experience for consumers, reduces distribution costs and uniquely captures data on each event-goer to drive m-commerce transactions via the interactive digital ticket.

A number of direct competitors have recently emerged which confirms the market need identified by Tixserve. Our indirect competitors are potential clients who either decide to do nothing or to build a digital ticketing fulfillment solution in-house.

The commercial launch of Tixserve in the UK in February 2017 received widespread coverage in the ticketing trade press and has turbo-charged our sales campaign. Our positioning as an independent solution provider to existing ticket sellers has been warmly received in the UK market.

With a solid base of early-adopter clients and our patent-pending technology, we are now in a position to achieve significant growth in the $35 billion + global live entertainment ticketing market.

**Market-led product development**

Before we wrote a single line of code, we carried out extensive primary research with key players in the relatively complex live event ticketing ecosystem in Ireland and the United Kingdom. We enlisted the help of channel partners to open doors. We found that existing measures to fix problems in the ticketing sector don’t work. For example, the measures used by event promoters to stop large-scale ticket abuse typically involve:

- Limiting the number of tickets that any one consumer may purchase
- The inclusion of the purchasers’ name and or photograph on each security-printed paper ticket
- The restricted use of print-at-home e-tickets for high demand events
- Storage of tickets centrally in a secure place and dispatch by post to fans just days before the event
- The manual checking of photo ID/credit card at the venue access control point

These measures incur excessive costs for event promoters and cause significant friction and inconvenience for fans including long queues and delays at venues.

We also found that mobile tickets are never used for mainstream live music events principally because of concerns about security and reliability. The mobile boarding pass
used by most airlines is not secure. For example, a screen shot copy of an original barcode will successfully pass checks by the scanning devices used at airports. Accordingly, validation of passenger mobile boarding passes is mainly reliant on the checking of each passenger's photo ID at the departure gate. This manual procedure is not practical for most live music events because, typically, thousands of fans seek to gain admittance to the venue within one hour or less of the start time.

Who cares?

Music artists are concerned that rip-off prices in the secondary market threaten the loyalty of genuine fans and future ticket sale revenues, which now account for the bulk of their income because of the decline of revenues from recorded music due to streaming. Sports and performing arts organisations have similar concerns about the negative effects of the secondary ticket market on the loyalty of fans and patrons.

While the UK parliament recently moved to protect consumers from ticket abuse, the legislation in question is regarded as relatively ‘light touch’ and has proven to be difficult to enforce. Similarly, it remains to be seen whether proposed new legislation in the UK (and in the USA) to ban the use of bots to harvest tickets for resale on the secondary market will have any practical effect.

In December 2016, Tixserve met with Nigel Adams MP a leading member of the Culture, Media and Sport Select Committee of the UK House of Commons to outline how our new technology, among other things, stops professional touts using bots to harvest tickets for re-sale. It is expected that Tixserve will be called to give evidence to the Select Committee in due course.

Tixserve also met with Noel Rock TD in Leinster House in January 2017.

How the Tixserve solution is deployed in the live event ticketing supply chain

Clients may use white label
Tixserve mobile wallet app or the Tixserve wallet can be embedded in an existing app
Tixserve solution: a new digital ticketing experience

**Rights owner can track & control:**
Patent-pending technology

**Secure:**
Stops bots & fake tickets

**Low distribution costs:**
No secure printing or manual dispatch

**Reliable:**
Tickets can never be ‘lost’

**Venue friendly:**
Works with existing barcodes & scanners

**Marketplace:**
Ticket resale is regulated by rights owners; other in-app services

**Data capture:**
Geo spatial, details of each attendee

**Business benefits for Clients**

Tixserve solves a number of significant problems for the live entertainment ticketing industry:

- **Stops Unregulated Re-Sale:** The track and trace technology ensures the original ticket rights owner(s) retain control of the ticket throughout its life cycle. Tixserve requires a ticket purchaser to pre-establish a secure link between their name, phone number and the unique ID of the phone. This ‘triple-lock’ prevents the large-scale harvesting of primary tickets for un-authorised resale in the existing secondary market. The Tixserve ecosystem enables ticket resale to be regulated by the event organisers/rights owners thus ensuring that any added resale value is retained within the entertainment industry and not left to the grey market. Our early adopter clients favour the resale of tickets at face value.

- **Stops Fraud:** Unlike paper tickets, the Tixserve-powered digital ticket cannot be duplicated. The innovative use of ticket activation and animation technologies ensures that ticket barcodes/QR codes only go ‘live’ at the appropriate time in the vicinity of the venue and screen shots are prevented.

- **Reduces Costs:** The relatively high back-office and distribution costs associated with the use of paper as a form-factor for tickets are eliminated. It is recognised that paper and digital will co-exist during the transition to mobile phone fulfilment.

- **Enables data-driven mobile marketing:** Many tickets are purchased on behalf of groups of friends or family. However, ticket sellers generally do not capture any information on the identity of the group members except for the lead purchaser. The Tixserve solution eliminates this commercial and security blind spot for event stakeholders by enabling the capture of the name and phone number of each attendee. Up to 40% of tickets for live music events go unsold and many tickets are sold at less than face value in the secondary market. Tixserve’s data intelligence will allow direct targeted marketing to consumers, saving on marketing costs and driving sales of tickets, merchandise and other sources of ancillary revenues.

- **Improves PR image:** The adoption of more transparent and consumer-friendly mobile ticketing technology will help the ticketing industry to dispel negative sentiment of consumers and legislators arising from perceived ticket abuses.
Benefits for Consumers

The Tixserve platform reinvents the ticketing experience for consumers and delivers these benefits:

- **Convenience**: As tickets are delivered directly to the mobile phone App, there is no need to print out paper tickets or wait for tickets to arrive in the post or to endure box office collection delays.

- **Security**: The digital ticket cannot be lost, stolen, copied or touted. The Tixserve solution prevents ticket abuse and gives better access to tickets at face value prices by stopping large-scale touting and bot activity.

- **Faster venue access**: There is no need to bring a credit card to the venue to prove purchase of the tickets nor is there any need to suffer the delays caused by blanket photo ID/credit card checks where existing paperless ticketing solutions are used to prevent ticket touting for high demand events.

- **Better event experience**: Fans can digitally connect with favourite artists and teams through the ticket and access exclusive content, merchandise and other services.

- **Reliability**: There is no need to worry if the phone battery dies or if the phone is lost or there is no network coverage. Tixserve ensures that genuine ticket holders will always get access to events. This is achieved by giving security staff at venues mobile device access to the database of tickets purchased to enable validation of the status of the fan by checking his/her phone number and name.

- **Transfer and resale**: Where a ticket holder can’t make it to the event the Tixserve-powered mobile App enables the transfer of tickets to friends or family. Regulated re-sale of tickets via the App will also be available under rules set by the event organiser.

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