tScheme Board End of Year Report for 2003

Summary

2003 has become the most successful year ever for *tScheme* in terms of our financial position, which has improved considerably at year end. As a result of careful financial management our surplus of funds at year end is almost £40K, even after accruals made for committed expenditure.

However, this is no time for complacency. Our operating budget for 2004 shows no more than a break-even position for the year; and therefore this financial cushion is best viewed as a sensible reserve, reflecting the continuing loyalty of our members. Our position at the end of the current year also still depends on the success of our new service approval and new member recruitment activities.

Even so, our stronger year-end position will give us the opportunity to invest in new activities designed to broaden our goals as we look ahead - not least in pursuing our key communications objectives for 2004.

Of these the most significant is the need to raise awareness of *tScheme* in the market generally; and especially within leading Government departments and agencies. Here we need to engage in a thorough mutual review of emerging risk management requirements in the area of electronic identity and authorisation security for online applications. In addition to supporting e-government strategic objectives, this will ensure that *tScheme* continues to define its best-practice criteria in terms of genuine relying party requirements for service assurance: and that as a result an appropriate requirement for *tScheme* service approval is reflected in Government procurement activity. This of course includes our traditional focus on digital certificate services, as well as our emerging role as independent regulator for new electronic identity services - on which we are already working closely with the project team in the Cabinet Office.

Operating costs remain under tight control, and therefore all additional revenues from new member contributions and service approval fees will go directly toward funding our ambitious communications programme for 2004.

2004 Key Objective - Communications

Plans are being prepared for a high-profile market event during the first half of 2004; together with a linked media plan to achieve full value through high market recognition.

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The event will be attended by the appropriate DTI minister who has already confirmed his intention to lend personal support at the event.

Our key messages for the event will include the success of *tScheme* in delivering all of its initial objectives in establishing a robust independent regulatory scheme; and will go on to promote *tScheme*'s emerging role as the independent regulator for all services in the new area of electronic identity provision and management. As a leading private sector organisation representing a wide range of expert opinion on best practice in this critical new area, *tScheme*'s traditional role as an ideal partner for Government continues to be highly relevant - as issues of identity fraud and the challenges of e-government demand a flexible regulatory approach.

tScheme President

The appointment of our first *tScheme* President - Alastair Macdonald - will provide us with an important boost to our key communications campaign, especially with Government department contacts.

Alastair's extensive experience of working within DTI and other Government departments will be an important success factor in our campaign to raise awareness across all departments, and to create strong recognition and appropriate support for *tScheme* service approval as an external procurement requirement, as well as an internal service assurance standard. He will also help us to establish a strong working relationship with Government departments and agencies currently leading on initiatives to combat identity fraud.

Electronic Identity service approvals

Ideas continue to be discussed with the Government's project team for the roll-out of new Electronic Identity services from their initial group of potential service providers - including certain Local Authorities, the online banking community and major private sector employers. This project is positioning service approval by *tScheme* as the required standard, and raising market awareness of our independent regulatory role based on agreed best practice criteria.

Membership news

A total of sixteen member organisations have renewed their membership of *tScheme* for 2004, two of which joined as new members in 2003. Unfortunately, for various business reasons, four previous members decided they were unable to continue for this year.

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In total since its formation *tScheme* has enjoyed the direct participation of over thirty supporting organisations - most of these becoming members at some stage - and our best practice approval criteria and processes have gained considerably from their being based on such a broad range of expert opinion. In a market such as ours, fluctuations are inevitable - but our objective is to reach a total of twenty member organisations during 2004 as new services and related best practice perceptions continue to evolve.

We need to spread the message that all those with an interest in the networked economy, and in developing best practice to support secure electronic transactions, should now become members of *tScheme* to participate fully in our expert working group activities.

Approvals news

Following successful submissions for approval by four services in 2002, one further service approval (Equifax-SecureMark) and one new Registered Applicant (BeTrusted) appeared in the Directory during 2003. This was a disappointing outcome, but reflected the continuing slow pace of the market for electronic trust services.

However, two new Grants are pending early in 2004; and with the introduction of new Electronic Identity service approvals alongside our existing focus on Certificate-based service approvals, we are forecasting at least a total of four new Grants during the year.

Our longer-term goal is still to establish approval and renewal fee income as the main source of revenue, reducing our dependency on members' financial contributions.

International markets

tScheme, through its leading role as a founder member of ViTAS - the 'Voluntary Trust service Approval Schemes' multilateral workshop group, will continue to work to increase the level of *tScheme* international recognition and the consequent cross-border acceptability of our '*tScheme*-Approved Service' Marks.

Our attendance at the World Summit on the Information Society (WSIS) in Geneva during December proved encouraging, in respect of the number of peer scheme presentations already mentioning *tScheme*. We continue to investigate the potential for IPR-licensing arrangements with other territories; and a third ViTAS Workshop is being planned for the second quarter of 2004 to work further on the concept of a shared Code of Practice leading to some form of international 'mutual recognition' between peer schemes.

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