

ActiveXchange – an independent intelligence partnership Risk Assessment and Mitigation

ActiveXchange (AX) occupy a unique, unprecedented and privileged position in the Australian and New Zealand sport, leisure and aquatic sector, working in partnership with a wide range of facility operators, sport organisations and government. These organisations share their data and business objectives with ActiveXchange on a rolling basis. This sharing is in strict confidence and these partnerships require trust to function. To ensure and reaffirm this independence ActiveXchange puts in place measures to reduce any risk or conflict of interest. This paper outlines these measures.

This central independent sector role enables ActiveXchange to generate valued market and business intelligence (applying and tailoring a sector view on what works to local contexts), centred around 4 core predictive models and managed through a dedicated SportsEye application (password protected):

- **Investment Planning Model** - identifying types of member/customer demand around sites, extent of conversion and importantly 'unmet demand', when accounting for local competition. This also shows relative under/ over performance of sites. The unmet demand feeds into our activeCAMPAIGNS Acquisition service (below), bringing the cost of member acquisition on average to below \$12. This same model was used widely in AX's first 6 months for new sites or operators assessing new contract opportunities. AX also developed and manages Australia's first national up to date audit of facilities.
- **Member Value Model Scorecard** (the 'so what next' question for existing sites) - 2-3 specific site-level interventions aligned directly with a \$ ROI. Aim is to support positive change, increasing existing member lifetime values and increase rate of acquisition of unmet demand (interventions are identified from facility spec investment, timetable programming, pricing, other operational initiatives) with outcomes constantly tracked to enhance the accuracy of the predictive modelling, sector wide.
- **activeCAMPAIGNS intelligence marketing**
 - Retention: advanced predictive model, triggering of targeted messaging, tracking pan-operator of what works to increase all partner's effectiveness at increasing member lifetime value.
 - Acquisition: using the unmet demand from the IPM, acquiring optimal channels and direct marketing contact data from Experian (with group buy discounts across operators), and building optimised social media audiences. Then tracking of types of incentives, all in order to reduce cost of member acquisition to below \$12 for every partner.
- **Social Value Model** - Developed in partnership with KPMG (federal government model provider) and launched in January 2019 initially with AX partners. Risk profiles members and aligns their profile of activity with a risk reduction across specific indicators - then calculates savings by program/ site/ contract automatically. All tallies to federal government models. Accurate, consistent and credible tracking across operators. The relative nature of outputs helps all operators make the case behind the value of their services.

Overall approach to operator partnerships

- **Beyond referencing the partnership itself (if approved by the operator), no further information on how AX is working with an operator is ever communicated externally without prior consent. We are however very open to joint promotions of the collaboration with each partner (conferences, case studies etc.)**
- Alex Burrows (AX Founder Director) acts as the Partnership Director for all operator relationships, ensuring all staff working across these partnerships follow these guidelines. All staff are trained and signed off as part of the induction process, prior to direct access to any commercially sensitive data or knowledge.
- The operator is and remains the Data Owner at all times. AX is the Data Processor. AX maintains an audit of how and where data is being used at all times. Any data application will require operator written consent in advance.
- Any potential conflict of interest beyond the scenarios and mitigations outlined in this paper will be discussed with all concerned parties in a respective manner.

Service-specific measures to ensure independence:

Investment Planning Model (IPM)

Scenario/ Risk	Mitigation
<p>Different operators bid for the same contract and order the same report from AX under the partnership.</p> <p>Risks:</p> <ol style="list-style-type: none"> 1. Disclosure of the report order (which operator is tendering for which contracts) 2. Intelligence and recommendations being shared/duplicated 	<ol style="list-style-type: none"> 1. The IPM predicts member and visit numbers. This scenario already occurs and we have had no issue to date. No employee is permitted to discuss another operator's account. Account Managers (lead analyst) support their own operator to leverage most value from the model. 2. A standard report of any site is already available to any organisation and will remain so (projected members and visits). <p>Under an AX partnership the IPM is also configured to each partner to reflect their own business to enhance accuracy (e.g. demand projections) when accessed through the SportsEye application. We also proactively work with operators to test new bespoke investment or operational scenarios within these model runs that reflect their own</p>

	business strengths. This helps tailor different tender responses for new sites and contracts.
The reach of different competitor facilities. Within the IPM we model the likely influence of competing sites on new or existing partner sites. We may hold data from another of our partner's facilities in that catchment. At no point can this source data be used to model scenarios. Central anonymised parameters are always used.	<p>AX's Director supervises all modelling ensuring parameters applied within models are always statistically anonymised (operator or location).</p> <p>Data from operators is stored in silos. When processing the data we anonymise it from the outset. Any operator specific data remains locked in the silo within our database so there is no risk of it being used by mistake within sector models.</p>

Member Value Model (MVM)

Risk	Mitigation
Disclosing what is working best for one operator in generating member value to another operator	Members data is anonymised (including their link to any operator or site) at the point of data processing for this model. Therefore, it is impossible to identify any specific operator against any recommendation. Partner recommendations are based specifically on the current profile of the partner's member base at any point in time.

activeCAMPAIGNS

Risk	Mitigation
Same risk applies as per the IPM and MVM.	Same mitigations.

Social Value Model (SVC)

Risk	Mitigation
This is a fixed product that operators can opt into that is used by 4,500 sites globally (different models prepared for different countries). It provides anonymised benchmarking.	All standard mitigations.