

Risks and uncertainties

Experian's vision is that its people, data and technology become a necessary part of every major consumer economy around the world. The main potential risks to achieving this are either specific to Experian's business model, such as information security, or more general, such as the impact of competition.

Risks to Experian are anticipated and regularly assessed and its internal controls are enhanced where necessary to ensure that such risks are appropriately mitigated.

Experian has identified the following major potential risks.

Data

The data that Experian holds may be inappropriately used

Experian has established rigorous information security policies, standards, procedures, and recruitment and training schemes, which are embedded throughout its business operations. Experian also screens new third party partners carefully and conducts targeted audits on their operations. The loss and/or potential misuse of consumer data is addressed through continued investment in IT security infrastructure, including the significant use of data and communications encryption technology.

Legislation or government regulations may alter what data Experian can collect and how it is collected

To the best of Experian's knowledge, the Group is in compliance with data protection requirements in the jurisdictions in which it operates. Experian actively monitors its collection and use of personal data, while the Group's legal, regulatory and government affairs departments work closely with senior management to adopt strategies to educate lawmakers and influence the public policy debate, where appropriate.

Technology

There could be security breaches of Experian's systems and processes or its systems could fail

Experian's data centres are protected against damage from fire, power loss, telecommunications failure, natural disaster, hardware or software malfunction, computer viruses or other purposeful attacks, such as physical break-ins or hacking. To mitigate the risk from insecure or unreliable IT systems, Experian maintains off-site copies of all information contained in databases and runs back-up data centres. The Group also has established support arrangements with third party vendors and strict standards, procedures and training schemes for technology services, physical security, information security and business continuity.

People

Experian is dependent upon highly skilled personnel, especially its senior management and other experienced staff

Loss of these people could have an adverse effect on the company's ability to deliver its corporate objectives. Experian aims to provide compensation and benefits that are competitive with other leading companies, as well as fulfilling future career opportunities.

Other risks

There may be an economic downturn in one or more of Experian's major markets, which impacts the demand for consumer credit in particular

Experian is not immune from economic risks in any of its markets. However, the breadth of Experian's portfolio by product, by geography, by sector and by client partly mitigates the impact of this risk.

Experian could face increased competition, especially in the credit reporting industry

Experian mitigates this risk through continued research and investment in people, technology and products as prioritised by its strategic plan.

Expanding Experian's email marketing business into important new markets

Experian acquired Emailing Solution, a leading French permission-based email marketing company, in May 2007. The acquisition extended the geographical reach of Experian's existing CheetahMail business into one of the largest and fastest growing email markets in Europe.

Emailing Solution was founded in 2001 and provides email marketing services in France and Spain to over 500 brands, including AXA, Orange and Hewlett Packard. Now part of Experian CheetahMail, clients have access to a wider range of services and a broader distribution network.



There may be consolidation among Experian's clients, which may cause price compression and a reduction in its revenue and profits

No single client accounts for more than 2% of Experian's revenue, which reduces the probability of this potential risk having a significant impact on the business.

Acquisitions may not meet expectations

Experian assesses all acquisitions rigorously, using both in-house experts and professional advisers. In addition, the Group conducts extensive post-acquisition reviews to ensure performance remains consistent with the buy plan.

The outcome of litigation could be unfavourable to Experian

Experian carries insurance cover against such risks and employs expert legal personnel in-house, as well as retaining the services of several leading legal practices, to assist in the effective management and disposal of legal proceedings.

Experian could fail to protect adequately its valuable intellectual property rights or face claims for intellectual property right infringement

Experian seeks patent protection and appropriate agreements regarding its intellectual property rights, where appropriate and feasible, and continues to monitor this situation.

Experian could fail to protect adequately against its exposure to financial risks

As described in note 3 to the Group financial statements on page 81, Experian's financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.