

Product Bulletin

MobileLime

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May 24, 2006

StoreNext is very pleased to offer the MobileLime program to StoreNext dealers. With MobileLime independent grocers and regional chains can implement a fully outsourced plug-and-play loyalty system providing Customer Relationship Management (CRM) along with the ability for targeted, shopper-specific messages and offers via cellular telephones.

MobileLime's service has been developed to easily enhance or replace existing frequent shopper programs for your supermarket base. As you know, many grocers are looking for a way out of their unproductive "defensive card" programs and MobileLime is the answer.



The "buzz" around MobileLime has been great, and gives dealers a powerful high-tech reason to revisit their installed base – and your competitor's too. And besides differentiating your dealership and enhancing your position and tech cred with supermarkets, Dealers will generate significant up-front as well as recurring revenue. Even a small store will likely net the dealer over \$1,000 per year in revenue, while large stores may triple that figure.

Usually, a new high-tech option means a long learning curve, extensive training and a lot of experience to get the implementation right. And for a dealer to market a CRM program would normally require a lot of education in the theory and practice of loyalty systems and CRM best practices so it could be sold effectively. But MobileLime program enables dealers to bring their grocers CRM that has received outstanding industry press and recognition without all the ramp-up delays and issues — it's like getting a banana split with zero calories.

MobileLime has many installations in retailing, including several ISS45 grocers. Recent meetings between these grocers and StoreNext indicate that the MobileLime service has been very effective and is delivering results that exceed the grocers' expectations.

DESCRIPTION OF THE MOBILELIME SERVICE

- ◆ MobileLime provides grocers with a means to contact their shoppers via Small Message Service (SMS) text messages on their cellular telephones or via e-mail. MobileLime cellular telephone services support all cellular telephones in common use today.
- ◆ When signing up with the grocer, shoppers agree up-front to receive MobileLime messages. They are non-intrusive and can be stored and referred-to at the shopper's option. Shoppers can opt-in or opt-out of receiving messages at any time as they wish.
- ◆ Grocers provide shopper data information in standard format to MobileLime. The MobileLime service provides database management of the shoppers and their purchasing behavior at MobileLime's host servers.
- ◆ Grocers work with MobileLime consultants on how to segment their shoppers and how to promote to those shoppers most effectively. Grocers determine the content and timing of messages to send to shoppers, and the MobileLime service uses its automated host to send the messages how and when specified.

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- ◆ Shoppers choose promotional items and receive the discounts at the POS. A special MobileLime interface is required to execute these transactions. When used with ISS45, MobileLime can provide promotions in two distinct ways.
 - ISS45’s standard “promotions-offers-reductions” capabilities can be used by putting the promotion into a standard “electronic coupon” format. When the shopper provides their cellular telephone number during the transaction, the system will verify the member in real time with the MobileLime server, and then provide any MobileLime electronic coupons to the member based on a “default” segment provided to ISS45 by the MobileLime server. Receipts will show the MobileLime savings totaled in the receipts’ order summary.
 - By using ISS45 Advanced Promotions, the grocer can target specific shoppers or segments of their shopper base. In this case, when the shopper number is presented, MobileLime will provide the shopper “segment” to the Advanced Promotions system and the shopper will receive special promotions for the shopper’s applicable segment only. When this method is used, the MobileLime savings will appear as specific discounts with the promoted item on the receipt.
- ◆ MobileLime closes the loop by measuring the response to promotions and offers and reporting results and frequent shopper data and status to the grocer.
- ◆ In addition to MobileLime CRM, a MobileLime payments service is available, providing Automated Clearing House (ACH) functions that have a very low cost for payments processing. To use MobileLime payments, the MobileLime ACH is set up as a tender on POS. Shoppers planning to use MobileLime payments pre-authorize the payment via their cellular telephone and merely provide the last four digits of their cellular number at checkout. Tender time is reduced to seconds and the MobileLime carries an ACH/electronic check transaction against the grocer’s account.

MOBILELIME ADVANTAGES FOR THE GROCER

Most independent grocers and regional chains need to implement a loyalty/CRM program but lack the resources to do so. Many supermarkets have experience with “defensive card” programs — a scenario common about a decade ago — where huge numbers of shopper cards were issued that provided non-differentiated savings to card-holders. As was largely predicted, this quickly a “zero-sum game” much like the earlier multi-couponing fad and grocers came away unimpressed (plus being stuck with frequent shopper programs that are almost impossible to discontinue).

Meanwhile, sophisticated grocers have made great market share and profitability gains with CRM systems that can deliver shopper-specific promotions and information. These targeted offers and the critical feedback loop enable “mass customization” of offers to the appropriate shoppers (or groups of segmented shoppers) that maintain shopper interest and loyalty at the store. But such programs normally require resources, experience and knowledge that is seldom available to independents. As a result, small grocers — which ironically may have the most to gain from such programs — have lagged behind the chains in implementing these programs.

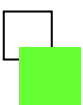
With MobileLime’s program, independents receive several very important benefits:

- ◆ MobileLime provides the database management, analysis and reporting as an out-sourced service to the grocer, eliminating the need for all internal staffing with the exception of the grocery management’s strategic knowledge and direction.
- ◆ MobileLime is a fast-deploying turn-key system. Already proved effective, implementing MobileLime and getting its benefits will take place in a fraction of the time it would take to implement an in-house program. For example:



- No shopper cards are required – so there is no design, production or distribution time required. Shoppers already have their cellular telephones and these can be used without any modification whatsoever.
 - No new databases or servers need to be purchased, set up and managed.
 - No special in-house CRM expertise or hiring needs to be done to manage the program.
 - No special integration of the POS system is required — StoreNext grocers with ISS45 already have the interface available on a plug-and-play basis, and ScanMaster users will also have it soon.¹
- ◆ MobileLime’s text messaging delivery system elevates the image of the grocer with its shoppers. Instead of old-fashioned coupons and their associated stodgy market position, electronic coupons via cellular telephone text messages are much more interesting, immediate, and far more likely to be seen and acted upon. Just the fact that they are individual “news” instead of junk mail is critical to success.
 - ◆ MobileLime promotions are far more effective than typical promotions. Whereas normal coupon offers may have as little as ½ of one percent take-up, MobileLime messages frequently return 20%-30% response from store shoppers.
 - ◆ MobileLime enables grocers to be much more agile than their competitors — or respond to competitive situations much faster. Typical paper-based coupons and offers normally take several weeks to design, produce and mail — and timing is often poor since intermediate events between design and actual delivery can destroy a promotion’s effectiveness. A MobileLime promotion, however, can be set up virtually overnight, enabling grocers to respond proactively and fast to competition and circumstances.
 - ◆ MobileLime grocers have discovered the value of information interwoven with promotions to shoppers. Community events updates (“Independent’s Day picnic at 5:00 - fireworks 10:00 at Main Street Park!”) or important news updates (“Get ready – high winds and heavy snowfall expected tonight!”) can bring shoppers into the stores faster than a milk BOGO — and with a lot more goodwill.
 - ◆ MobileLime Grocers who have been interviewed cite the following reasons they are so pleased with the results of their MobileLime program:
 - Technology works great
 - Lower cost per shopper and per promotion than other promotional means
 - Laser focus on the right shoppers
 - Upgrades store image
 - Enhances the store’s strategy – whether the store is positioning itself as high-service, community-centered, unique or especially convenient, MobileLime is able to deliver the right kind of messages and timing.
 - ◆ Dramatic numbers and sign-up results
 - ◆ Helps stores be perceived as “part of the community”

¹ The ScanMaster V2 MobileLime interface is planned for inclusion in the winter 2.04 release.



- ◆ Shopper enthusiasm – provides the “enhanced shopper experience” that stores need to offer today in order to compete effectively.

SHOPPER ADVANTAGES

Shoppers have described these advantages of their grocer’s MobileLime program compared to a typical (or the former) frequent shopper program:

- ◆ MobileLime offers instant savings and rewards
- ◆ Greater awareness of the store and special offers that would be missed otherwise
- ◆ No more coupon clipping – no more carrying them around either. “I always have my phone with me...”
- ◆ No fishing for another Frequent Shopper card. No more key-chain clutter.
- ◆ No disadvantages — don’t need a new cell phone
- ◆ Good community and special information. Perfect timing and up-to-date.
- ◆ “My store makes me feel special! Everyone gets coupons in the mail, but you gotta care to put a message on my phone!”

THE MOBILELIME PROGRAM FOR STORENEXT DEALERS

Dealers profit significantly by marketing the MobileLime service to their independent grocers. In fact, this program was designed specifically around the dealer’s ability to bring supermarkets to MobileLime — and with a minimum sales-cycle time and investment required by the dealer. The StoreNext MobileLime program operates like this:

- ◆ Dealers become certified by MobileLime to market the MobileLime system by completing a brief, focused training session at the dealer’s offices. Dealers will learn both the marketing and technical aspects of the MobileLime system, including system capabilities and important sales messages. Dealer support staff will learn how to set up the options as well as operational characteristics and requirements.
- ◆ MobileLime and StoreNext will cooperate in providing brochures, presentation materials, case studies, press releases, trade show demonstrations and support, regional trade show presence and so forth to the dealer to help them qualify grocers quickly. See the new [MobileLime All-In-One Page](#) on the StoreNext Dealer Support Web site.
- ◆ MobileLime is providing dedicated sales assistance specifically for StoreNext dealers as well as a nationwide sales force that will represent MobileLime in cooperation with dealers.
- ◆ In addition, StoreNext will be pleased to work with dealers to set up customized materials and scale campaigns to their grocers and prospects.
- ◆ Once a dealer is certified by MobileLime, dealers can qualify grocers as bona-fide MobileLime prospects. Once a prospect is qualified to MobileLime’s satisfaction, a MobileLime account manager will come in to complete the sale with the grocer.
- ◆ The dealer will implement the POS requirements at the store, while MobileLime will handle the store-specific database and CRM setup.
- ◆ Dealers will sell the POS interfaces and any additional system options or features required to optimize MobileLime capability and performance. Standard dealer discounts and terms will apply.



- ◆ Grocers pay a monthly subscription to MobileLime, and also an annual price per shopper for database management. The grocers also pay a per-message price for the SMS communications to shoppers.
- ◆ Dealers will share in both the up-front profits (software options) and the ongoing revenue stream:
 - Dealers will receive a share of the monthly subscription price.
 - Dealers will receive a commission for each message sent to shoppers.
 - These revenues are substantial, and will likely average \$1,000 or more per store per year.²
- ◆ The dealer share of these revenues will be credited or paid to StoreNext dealers by StoreNext on a quarterly basis.³

MOBILELIME SYSTEM REQUIREMENTS

MobileLime currently requires ISS45. Support for MobileLime and the MobileLime interface is available in the following ISS45 releases: An interface to ScanMaster is planned.

- ◆ ISS45 V7.1.0.0-050 (7.1.1.0-050 or above recommended)
- ◆ ISS45 V8.0.8.1-050 (8.1.1.0-050 or above recommended)
- ◆ For shopper-specific and segment-oriented promotions, the ISS45 Advanced Promotion Option is required for either ISS45 V8 or V7.

Order:

PIN	Item	Price	Inst	Maint
45180/080	ISS45 MobileLime Option and Interface (V7, V8)	\$ 995	\$ 100	\$ 100
45180/045	ISS45 Advanced Promotions and Member Card System	1,295	100	100

Standard dealer software discounts apply.

² Your MobileLime representative will describe the exact subscription and commission structure with the dealership owner or management as part of your MobileLime Certification.

³ Payments to dealers are contingent upon timing and payment by the grocer to MobileLime and by MobileLime to StoreNext.



MOBILELIME PROGRAM RELEASE SCHEDULE AND TIMING

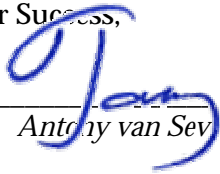
The MobileLime system is Generally Released and available on ISS45 V7 and V8 today.

ScanMaster V2 support is planned for the winter release of 2.04 coming early next year.

Collateral material is available now from StoreNext – see the new [MobileLime All-In-One Page](#) on the StoreNext Dealer Support Web site for brochures, case studies, presentations, press releases and other information. Additional materials will continue to be provided over time.

MobileLime may well be one of the most straightforward and profitable opportunities for POS dealers in many years. To get started and set up your dealership for training and MobileLime Certification, contact *Don Stilley* — MobileLime’s Dealer Channel Director — at 214-695-0950 or e-mail Don at DStilley@MobileLime.com.

To Your Success,



Anthony van Seventer

