

## Partner Bulletin

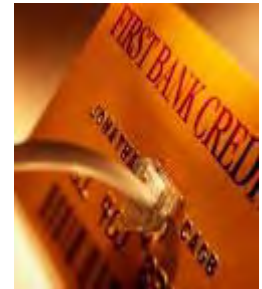
### The Connected Payments Program

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This Issue 8 makes general updates and provides P-2-P encryption information, PINs and pricing. Changes of significance are highlighted in red.

Connected Payments is StoreNext’s answer for independent and regional chain grocers who need a solution to the skyrocketing costs of electronic payment transactions without the typical software acquisition costs – while managing the increasing cost and difficulty of meeting the PCI data security standards and mandates.

The new Hardware Point-to-Point (“P-2-P”) encryption capability makes Connected Payments the first system officially sanctioned to remove a retailer’s enterprise – all the way from the PIN pad to the Connected Payments host – from PCI scope. See the Update Bulletin [“Getting Stores Out of PCI Scope Using Connected Payments Hardware Point-to-Point Encryption”](#) for details.



StoreNext also meets dealers’ needs to simplify the support of complex electronic payments software and drive long-term recurring revenue streams.

Connected Payments provides outstanding payment routing, switching, reporting and analysis. It does not provide the processing itself, which is provided by Connected Payments’ Processor Partners. Several Update Bulletins, presentations and brochures describe the Connected Payments system. The purpose of this Program Reference Bulletin is to document the business proposition, processes, implementation, support and pricing for Connected Payments.

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To Your Success,



Anthony van Seester

## Responsibilities of Program Participants

The Connected Payments Program includes these participants and responsibilities:

### STORENEXT

In partnership with Retailix Global Payments, StoreNext markets the Connected Payments program to independent grocers and regional chains. The program started with a focus on ISS45 and ScanMaster users sold to by StoreNext dealers, and broadened in May 2008 when StoreNext dealers could also sign up customers for Connected Payments with non-StoreNext POS systems.

Retailix is responsible for the Connected Payments Data Centers.

StoreNext and Retailix Global Payments salespeople will assist dealers, processors and wholesalers in marketing Connected Payments. StoreNext is also working to integrate Connected Payments into certain wholesaler payments programs.

All Connected Payments subscription agreements are between StoreNext and the merchant.

### RETALIX GLOBAL PAYMENTS

StoreNext's internal partner, Retailix Global Payments, in Connected Payments is responsible for developing and supporting the software and supporting the sales effort by StoreNext's and the dealers' personnel.

Retailix Global Payments also will sell the solution to direct and large-tier customers in and outside of the grocery market. Retailix Global Payments may use the name "ServerEPS" for the solution when it is sold by the Global Payments team, (although exceptions may exist). The Connected Payments system is also available under the ServerEPS brand name via Global Payments to non-StoreNext dealers.

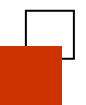
ServerEPS has similar pricing and subscription terms as Connected Payments, although StoreNext dealers may enjoy a greater revenue share. Note that Connected Services features or ISS45/ScanMaster interfaces and payment features cannot be packaged into the pricing for non-StoreNext POS, however, so ServerEPS subscriptions normally provide only the hosted services and no POS or Connected Services features.

Global Payments will provide all software upgrades and updates, including host as well as in-store components. All software changes are planned to be provided via the Connected Payments data centers.

### PROCESSOR PARTNERS

StoreNext is engaging a limited number of payment processors to provide their services over the Connected Payments platform. All payment processing will be done by these payment processors - Connected Payments does not process any transactions itself. The current processing partners are:

- Chase Paymentech – providing debit, credit and EBT services, available today. FSA transactions are currently available.
- First Data – processing via the Atlanta host, including debit, credit, EBT and gift card services. First Data also provides electronic check conversion via its TeleCheck unit. FSA transactions currently can be processed.
- Shazam – provides debit, credit and EBT services.



- Fifth-Third – Credit/Debit/EBT and Gift Cards – including Blackhawk – are supported, and FSA support is available. This agreement is complete and merchants can be boarded.
- SoluPay – provides ECC services. Existing SoluPay users moving to Connected Payments can operate SoluPay ECC via Connected Payments immediately.
- TeleCheck – a unit of First Data, TeleCheck is the exclusive provider of ECC/ECA services over Connected Payments for customers who do not have previous ECC services.
- RBS WorldPay – StoreNext and RBS WorldPay have completed a co-marketing and referral agreement for Credit/Debit/EBT, FSA and RBS gift card transactions and connections are immediately available for these services.
- Elavon – please contact your StoreNext or Global Payments representative if an Elavon customer is interested. These merchants *may* possibly be boarded onto Connected Payments, but some restrictions may apply. Note that all Elavon ECC implementations, for example, are customized by Elavon for the specific merchant, requiring possible development and coordination with StoreNext. *All Elavon ECC (and possibly other transaction media) implementations will require a funded Statement of Work from StoreNext.*

Processors will normally pay a share of transaction revenues to the dealers responsible for the stores. Such shares will be paid directly to dealers by the processors based on referral agreements between each dealer and the processor. Note that with today's "compressed" prices for payment processing, not all processor merchant agreements and not all transaction types can bear a dealer share. Nonetheless, dealers should bring concerns regarding shares to StoreNext for discussion and possible resolution.

All "merchant agreements" for processing services should be contracted directly between a current StoreNext processing partner and the merchant – as opposed to a third party connecting merchants under an "ISO" agreement wherein the store's merchant agreement is not directly with the StoreNext partner processor, regardless of the physical host through which the merchant's transactions are being handled. The Connected Payments subscription agreement enables ISO connections in certain circumstances, however, with the merchant required to take on the full responsibility and liability with the card associations normally assumed by the processor, and additional compensation being paid to StoreNext. See the agreement for details.

## DEALERS

StoreNext anticipates that dealers, in partnership with StoreNext, processors and wholesalers (where applicable) will market Connected Payments effectively to their customers, using it to win and convert or upgrade POS business as well as Connected Payments business. In return, dealers will receive a share of the subscription revenues, and – wherever processor pricing permits – a share of transaction revenues. Dealer share percentages are determined by the dealer status (Premier/Elite/Select) when the Connected Payments site goes live. See the StoreNext Policies and Procedures Manual for details.

Dealers may choose to "opt-in" to certain wholesaler programs, agreeing to certain additional terms, conditions and revenue sharing in return for the benefits of participation.

Dealers are responsible for completing the Connected Payments Subscription Agreements and will normally coordinate and install the store-level client components of the Connected Payments system and set the appropriate POS parameters. Dealers will also provide store-level training in most cases. It is anticipated that dealers will charge for these professional services.

Prior to a dealers' installation, the dealer is also responsible to ensure the store infrastructure is in place, including network connections and the dial-backup telephone line with Internet access via the store's ISP. Please see the Connected Payments Action Plan which details the key steps



and schedule for implementation – available from the StoreNext Dealer Support Web site on the [Connected Payments All-In-One Page](#).

Dealers will normally provide Level 1 and Level 2 support to stores via the dealer’s help desk. The time and effort for this support is expected to diminish significantly due to the hosted nature of the application and the central provision of updates directly to the store, and therefore covered by the dealers’ share of the subscription fees.

## WHOLESALERS

Most wholesalers offer some type of payments program. Some of these programs are comprehensive and by providing internal sales and support and controlling pricing, dealer participation may prove to be limited. Other wholesaler programs provide an outstanding environment for dealer sales success.

Wholesaler agreements for Connected Payments are a necessary ingredient for the success of both the StoreNext and dealer businesses, and StoreNext is pursuing all wholesalers for such agreements across a wide range of participation options.

- The results may be as simple as a wholesaler’s recommendation that all member stores work with their dealers and processor(s) to implement Connected Payments, possibly earning a partial share of the subscription revenue by providing billing services.
- Other wholesaler agreements may be comprehensive in scope and establish Connected Payments sales programs with the dealers, offering varying levels of dealer program participation in return for the dealer’s support of the wholesaler program.
- Wholesalers may also offer networking services or network access. It is important to check with the wholesaler regarding the bandwidth, performance Internet access capabilities and any PCI limitations of these networks prior to assuming that they are available and suitable for payments processing in general and Connected Payments in particular.

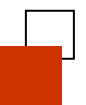
The extent of dealer participation or margin in major wholesale programs cannot be fully protected, guaranteed or assumed by StoreNext. In some cases, large wholesalers largely “own” the payments programs for their member stores: in these cases, StoreNext will work to maximize dealer participation within the confines of the realistically available options.

## EQUINOX (HYPERCOM)

StoreNext has a sales agreement with Equinox to provide payments terminals to StoreNext dealers. StoreNext wants dealers to have as clear a field as possible for these hardware sales, but established sales programs between Equinox and its distributors, wholesalers and processors will often bring competition to the hardware sales situations.

StoreNext works with Equinox to enable pre-injected software keys in as many cases as possible, lowering the dealer’s cost and hassle to provide new terminals.

Equinox is also StoreNext’s current partner in providing hardware P-2-P encryption, which can eliminate a merchant’s entire enterprise from PCI scope. Please see the current issue of the [Equinox Product and Pricing bulletin](#) for complete information.



## ACTIVITY AND RESPONSIBILITY TABLE

	StoreNext	Dealer *	Wholesaler **	Processor
<b>Development and Maintenance</b>				
• Store-level software	+++			
• Hosts / data centers	+++			
<b>Certifications and Compliance</b>				
• Store-level software	+++			
• Hosts / data centers	+++			
<b>Data Centers</b>				
• Setup, operations, communications	+++			+
• Software support	+++			
<b>Marketing and Management</b>				
• Trade shows, collateral, press, Web	+++	Local	Members	+
• Branding and goodwill	+++	+	+	+
• Act as reference	++	+	++	+++
• Speaking engagements	+++	+	++	++
• Retail price setting – subscriptions	+++		Program-Dependent	+
• Retail price setting – processing	+			+++
• Product strategy and design	+++	+	+	+
• Wholesaler/channel programs	+++		+++	+
• Processor Partner agreements	w/StoreNext	w/Dealer	w/Wholesaler	+++
<b>Sales</b>				
• Provide sales support	+++		Program-Dependent	
• Sales channel training on C/P	+++			+
• Present solution to prospects	+	+++	Program-Dependent	+++
• Close processing sale with user	+	+		+++
• Close Connected Payments sale	+	+++	Program-Dependent	++
• Submit Connected Payments orders		+++	Program-Dependent	+
• CP Boarding/processing paperwork		+	Program-Dependent	+++
<b>Installation and Support</b>				
• Software at Data Center (all)	+++			
• Install POS and store components		+++	Program-Dependent	
• Boarding to processor				1, 2, 3, 4
• Store user training		+++	Program-Dependent	
• User help for processor issues				+++
• Support store components	3, 4	1, 2	Program-Dependent	
• Networking infrastructure		As Agreed	As Agreed	
• Software support training	+++			
<b>Finance</b>				
• Subscription A/R and A/P	+++		As agreed	
• Processing Share A/R and A/P				+++

\* Dealer items assume primary dealer role with installation, support and service.

\*\* Wholesaler items assume normal wholesaler program. Use Dealer column all or in part for wholesalers when wholesaler takes on sales and/or support roles as part of the wholesaler program.



## Connected Payments Requirements

### NETWORK ACCESS REQUIREMENT

Connected Payments requires a network connection between the store and the Connected Payments data centers. This network can take the form of Internet, a virtual private network (VPN), a corporate network or VPN, satellite or leased-line networking and so forth.<sup>1</sup>

The merchant is responsible to ensure that network and telephone access is available to connect the store with the Connected Payments data centers. This network access *must* extend also to each POS lane, since terminals need to communicate directly with the Connected Payments servers in the data centers. StoreNext has agreements with national networking providers who can install such access in virtually any location via a variety of options and topologies, and wholesalers or dealers may also assist the merchant in securing the required services.

A voice-grade telephone connection or secondary broadband network to enable communications backup in case of network failure is strongly recommended. The dial-backup telephone connection must provide Internet access in the Connected Payments architecture - the grocer is responsible to contract the necessary line and services with their Internet Service Provider (ISP). In most locations, ATT's service is available for approximately \$20/month and customers have reported good reliability, although other options may be available. Dial-up service may be included at no charge in many DSL agreements, although users may want to consider the advantages of having their back-up service coming from a different provider than their principal connection.

All network installations, including POS lane Internet access, must be completed in advance of the Connected Payments installation.

### POS SYSTEM REQUIREMENT

Connected Payments requires a POS system that is compatible with WinEPS and/or the OpenEPS client. Connected Payments is also available to StoreNext dealers to connect to all such compatible POS systems, and non-StoreNext dealers will be able to access the system under the ServerEPS brand name via WinEPS (although with slightly different benefit and content, and not including POS features or interfaces).

### PAYMENT TERMINAL HARDWARE REQUIREMENT

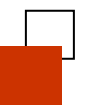
Connected Payments requires each operating lane to be equipped with a compatible payment terminal (PIN pad) that supports the features anticipated by the merchant.

The merchant is responsible for providing compatible payment terminals prior to installation.

1. Connected Payments supports all payment terminals certified for use by Global Payments. See current documentation for a list of these devices, which includes most payment terminals in common usage.

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<sup>1</sup> Private corporate networks or virtual private networks (VPNs) that do not provide suitable Internet access will require special connections to the Connected Payments Data Centers. The installation and ongoing costs of all such connections is the responsibility of the subscriber. If additional management or communications costs are required by StoreNext or Global Payments, these costs will be agreed in advance with the subscriber and invoiced along with the subscription charges.



2. StoreNext provides new Equinox (Hypercom) terminals – these are preferred due to the strong engineering relationship and optimized compatibility between Global Payments and Equinox.
3. StoreNext has released “Hardware P-2-P Encryption,” which implements hardware-generated encryption communications data from the initial card swipe through to the Connected Payments host. The Hardware Encryption option provides the ultimate in security, and PCI limits the audit scope – even eliminating the entire enterprise – for users employing this hardware P-2-P technology.
4. Equinox (Hypercom) PIN pads are currently the only devices supporting the necessary encryption and keys, and the L4250, L4150 or L5200/5300 PIN pad must be injected with the Connected Payments “Hardware Encryption Key.” This key is injected at no charge with new purchases of Equinox terminals from StoreNext, and the Equinox Remote Key Injection (“RKI”) system can be used by dealers to inject these (and other financial keys) on site at stores or the dealer offices.

## MERCHANT AGREEMENT REQUIREMENT

The merchant agreement between the store and the processor will drive the setup of that merchant’s account with the processor. Except for follow-up, Connected Payments is not expected to materially contribute to this process.

Any merchant agreement must be between the retailer and a processor that has entered into an agreement with StoreNext and is a Partner Processor in the Connected Payments program.

All “merchant agreements” for processing services must be contracted directly between a current StoreNext processing partner and the merchant. StoreNext is unable to connect merchants that are under “ISO” agreements wherein the merchant agreement is not directly with the StoreNext partner processor, regardless of the physical host through which the merchant’s transactions are being handled.



## Sales and Order Process

### SALES SUPPORT CONTACTS

For questions and answers, certifications, compatibility, schedules and RoadMaps, features, development and so forth, contact Retalix Global Payments Sales:

Mike Lyden  
973-896-4298  
[Mike.Lyden@Retalix.com](mailto:Mike.Lyden@Retalix.com)

Rob Orolfo  
949-648-9037  
[Rob.Orolfo@Retalix.com](mailto:Rob.Orolfo@Retalix.com)

Cory Sumner  
317-877-7286  
[Cory.Sumner@Retalix.com](mailto:Cory.Sumner@Retalix.com)

New Connected Payments customer Agreements should be sent to Janet Hughes of the Retalix SaaS group. Janet can also handle many implementation support and other questions, and she can be reached at:

Janet Hughes  
972-265-4842  
[Janet.Hughes@Retalix.com](mailto:Janet.Hughes@Retalix.com)

For SaaS billing issues, please contact Amy Scott:

Amy Scott  
972-265-4838  
[Amy.Scott@Retalix.com](mailto:Amy.Scott@Retalix.com)

### SALES COLLATERAL AND MATERIALS

These materials are available on the StoreNext Dealer Support Web site. A special Connected Payments All-In-One Page provides quick access.

- Connected Payments brochure kit – in hard copy, provides overview 12-page brochure with inserts describing payback, PCI, Global Payments, StoreNext and so forth. A Savings Calculator provides typical savings based on store volume – these calculations match those in the savings sheets.
- Information sheets – in PDF format, cover several of the above topics in soft copy.
- PowerPoint presentations – describe Connected Payments from different perspectives, including an executive overview, detailed architecture, financial strategy/savings/returns, packaging and pricing and Connected Payments' special features and RoadMap.
- Savings spreadsheets – in Excel format, provide numeric backup for savings calculations.
- White papers – and other written materials to inform users or support sales campaigns, normally available in PDF.
- The Connected Payments Customer Agreement – plus ancillary forms are available. A checklist is also provided to help dealers understand the agreement and cover all the bases.



- The Connected Payments Action Plan – lays out the step-by-step “recipe” to take a prospect to success with Connected Payments.

## SELLING AND ORDERING CONNECTED PAYMENTS

1. Dealers, wholesalers, processors, StoreNext or its agents will call upon grocery merchants to describe the advantages of Connected Payments.
2. A merchant agreement must be signed between a partner processor and the store. This agreement provides the merchant with the necessary processing services.
3. Once a merchant agreement is in place, the grocer signs the Connected Payments Agreement. This agreement may be provided to the grocer by the dealer, wholesaler, processor or StoreNext and is not open to amendment.
4. The Connected Payments Agreement includes several exhibits providing the required information (all of it) to set up the stores, including the services ordered, number of stores, processor(s) involved, contact information and so forth. These must be completed (all of it) for implementation to take place. Please see the Connected Payments Agreement Checklist on the [Connected Payments All-In-One Page](#) for a quick run-down on handling this agreement and making sure it's complete and can be processed.
5. The Connected Payments Agreement and the completed Exhibits (designating the services provided, number of stores, processor information and so forth) should be sent to **Janet Hughes** in the Retailix SaaS operation:

Attn: Janet Hughes  
972-265-4801 (FAX)  
972-265-4842 (V)  
[Janet.Hughes@Retailix.com](mailto:Janet.Hughes@Retailix.com)

6. A SKIF (Software Key Information Form) is also required to enable the necessary POS software key upgrade – the SKIF must be consistent with the Connected Payments services order.
7. A copy of the Agreement and SKIF should also be provided to StoreNext Order Entry along with the P.O. for the various software licenses and interfaces discounted at 100%.
  - a. For example, the PINs for WinEPS, WinEPS interface, ECC, Signature Capture (and if Summit, you can also order the Blackhawk interface) must also be on the order but all of these can be discounted 100%.
8. A copy of the initial page and signature page (those pages only) of the Merchant Agreement are required. In many cases, this is the only manner in which StoreNext can positively certify that the merchant agreement is directly with the partner processor and not with an ISO.
9. Once the order has been accepted at StoreNext, the implementation process can begin.
10. Please see the Connected Payments Action Plan which details the key steps and schedule for implementation – available from the StoreNext Dealer Support Web site on the [Connected Payments All-In-One Page](#).



## Implementation Process

### CONNECTED PAYMENTS CONFIGURATIONS

1. All installations from this writing forward assume the use of the OpenEPS “Client” at each lane, providing direct-connect to the data centers. <sup>2</sup>See the Connected Payments [Architecture Presentation](#) for details on the Connected Payments configurations.
2. The use of a full WinEPS software load in the store attached to Connected Payments adds considerable support cost to StoreNext and Retailix Global Payments, requiring the withdrawal of that option. Certain business opportunities may require a full in-store WinEPS implementation – please raise any such opportunities with StoreNext, who will work with you to optimize success in these situations (e.g. ScanMaster V1). Additional subscription or other costs may apply.

### CONNECTED PAYMENTS TECHNICAL AND USER DOCUMENTATION

Connected Payments technical and user documentation includes:

- Connected Payments Release Notes – provided for each new version of Connected Payments, this document describes the new features added to the host and how to use them.
- Connected Payments User Reference – providing information on the setup, use and customization of the reports and report tools, Payments Journal, receipt storage and lookup, and the other features available with Connected Payments.
- Connected Payments Installation and Configuration Guide – describes the store-level installation of Connected Payments and the conversion of existing WinEPS sites to Connected Payments.
- Technical Bulletins as required
- Other documentation as appropriate
- Connected Payments Implementation Action Plan
- Connected Payments Subscription Agreement Checklist

These documents are posted on the StoreNext Dealer Support Web site in draft or released form as they become available.

### CONNECTED PAYMENTS CUSTOMER TRIAL AGREEMENTS

1. Where an installation represents a significantly new configuration (e.g. first site with new hardware or software, or first use of a major new capability) a Customer Trial Agreement with the dealer may be required.
  - a. Such Customer Trial agreements are executed with the dealer (not the customer).
  - b. Depending on circumstances and risk, StoreNext and/or Global Payments Connected Payments staff may attend.

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<sup>2</sup> The “full-WinEPS-to-Connected-Payments” configuration (not using the client configuration) has been withdrawn and is not available.



- c. StoreNext customer trials and trial agreements are managed StoreNext's Customer Satisfaction group. Please contact Heather Blanarik ([Heather.Blanarik@Retailix.com](mailto:Heather.Blanarik@Retailix.com)).

## CONNECTED PAYMENTS IMPLEMENTATION

1. The Connected Payments Agreement and payment forms will be validated by the StoreNext Connected Payments group.
  - a. The dealer or other installing/supporting party is responsible for providing complete and accurate information with the Connected Payments Agreement. Missing information must be provided prior to setup and installation, and delays and/or special charges will likely result.
  - b. The agreement and payment information will be validated by StoreNext's Accounts Receivable group for verification
  - c. A copy of the initial page and signature page (those pages only) of the Merchant Agreement are required. In many cases, this is the only manner in which StoreNext can positively certify that the merchant agreement is directly with the partner processor and not with an ISO.
2. The Connected Services and Payments group at StoreNext will coordinate the store installation with the dealer. Based on the dealer information, this group also coordinates the customer's host configuration, preferences and parameters with the Connected Payments data centers.
  - a. The customer will be assigned a unique "Company Number" within the Connected Payments and Connected Services systems.
  - b. This setup also includes setting up the corresponding Connected Services site to provide the customer's additional services provided via Connected Services.
3. When a customer is switching from an existing WinEPS installation to Connected Payments, the dealer needs to provide the "backupconfig.bat" file. This file holds the WinEPS system parameters, which can then be copied to the data center setup for that store.
4. The Connected Payments group will provide a site-specific Connected Payments Configuration File for each store to be installed.
  - a. This file provides the installation routine and all payments parameters and network settings to enable an automated installation with the proper parameters injected to match the customer's host file.
  - b. This file will be different for every store group. The configuration file can be loaded with the data enabling the installation of multiple stores in the same chain, with the installer selecting the applicable site, or the file may be limited to single-store usage.
  - c. The file is normally provided over a dealer-specific FTP site or via e-mail to the dealer.
5. The dealer will also receive an electronic upgrade for the POS software keys in the store driven by the information on the SKIF (Software Key Information Form) for ISS45 or ScanMaster that accompanied the Connected Payments order.
  - a. The POS software keys can typically be upgraded at any time and in advance via remote communications. This function does not have to wait until the installation date for Connected Payments.



- b. A future enhancement is contemplated to enable the Configuration File to contain and drive the update the target store's software HASP keys during the install process, removing additional steps, time and risks.
6. The dealer performs most installations.
  - a. The Connected Payments Implementation Action Plan (on the [Connected Payments Page](#) of the StoreNext Dealer Support Web site) provides the step-by-step plan, indicating the responsible party and estimated times for completing the steps and the project as a whole.
  - b. The complete process for installing Connected Payments is provided in the Connected Payments Configuration and Installation Guide.
7. PIN pads must be ordered and loaded with the correct encryption keys. These keys may now include the Connected Payments Hardware P-2-P key, enabling dramatically reduced PCI scope with Equinox/Hypercom payments terminals. See the [Equinox product bulletin](#) for full details of the available keys and key injection process.
8. The general installation process is:
  - a. Ensure the network is available and properly set up. The dealer should establish the merchant's Internet and dial-backup decisions early in the process, and must validate that it is in place prior to the schedule installation.
  - b. Run the controller installation which automatically configures the Dial Backup Client and any other necessary software. The Connected Payments Configuration File will be called upon to insert all required settings.
  - c. Install the new OpenEPS "Client" configuration on each POS. The necessary settings are also configured automatically from the Connected Payments Configuration File.
  - d. The existing WinEPS or other payments software in the store will be de-installed.
  - e. Run the appropriate system tests.



## Subscription Packaging and Pricing

Connected Payments provides two subscription packages, options, and special pricing for small-stores.

The subscription revenue from Connected Payments is shared between dealers, StoreNext and wholesalers depending upon the dealer status and circumstances in place.

The current [Connected Payments Pricing Sheet](#) for use with customers is always available from the [Connected Payments All-In-One Page](#) of the StoreNext Dealer Support Web site. See also the [Pricing Summary Chart](#) in this document below.

### SUBSCRIPTION PACKAGES

The “*Criterion*” package is the basic subscription, intended to provide grocers with access to the most important savings drivers and system facilities. The Criterion package includes the Connected Payments in-store and host systems, including all traditional WinEPS capabilities and the many new reporting and journaling features provided by Connected Payments.

The Criterion package also includes:

- ISS45 or ScanMaster POS interface
- ISS45 or ScanMaster Signature Capture option (credit only, store-level storage)<sup>3</sup>
- ISS45 or ScanMaster Electronic Check Conversion (ECC/ECA) option
- Connected Payments Electronic Payments Journal (new with Connected Payments)
- On-line reporting system
- BIN file service (required for credit→debit conversion)
- Software maintenance for the included Connected Payments software (this expressly does *not* include WinEPS)

The Criterion package provides a bonus feature from StoreNext Connected Services:

- Report Viewer, enabling anytime/anywhere access to key store reports from ISS45 or ScanMaster

The Criterion package is available for \$35/week subscription. Criterion is also available to stores with five (5) or fewer POS lanes under special transaction-based pricing, with a base subscription fee of \$5/week plus \$0.03 per transaction.<sup>4</sup>

The “*Summit*” package provides several additional features for stores using electronic payments as part of their strategic direction, including:

- All Criterion package features
- Transaction signature/receipt centralized storage and retrieval for credit transactions

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<sup>3</sup> Provides store-level signature and credit receipt storage as provided by the ISS45 or ScanMaster POS applications – the Criterion package does not include centralized storage at the Connected Payments host.

<sup>4</sup> Subscribers under the transaction-based model will be invoiced for each transaction, regardless of type, that is sent to Connected Payments for handling or routing, including transaction reversals, retries and so forth. Transaction-based subscribers will not be charged for extraordinary transaction counts resulting directly from operational faults of the Connected Payments system.



- ISS45 or ScanMaster gift card/Blackhawk option and interface
- eWIC interface and capability (currently Kentucky, Michigan and Nevada)
- Hardware P-2-P Encryption

The Summit package is available for \$50/week subscription. Summit is also available to stores with five (5) or fewer POS lanes under special transaction-based pricing, with a base subscription fee of \$5/week plus \$0.04 per transaction.<sup>4</sup>

## SUBSCRIPTION OPTIONS

Connected Payments options currently available include:

- Storage and retrieval of Debit and EBT receipts for an additional \$5/week – this price applies above and beyond all subscription types.
- Fuel Option – customers with combined grocery/fuel sites may use a second Connected Payments installation for the fuel site. The price for the additional installation is \$10/week plus a \$75 setup fee.
- eWIC Option – provides capability for online WIC EBT transactions (Kentucky, Michigan and Nevada are eWIC states as of this writing<sup>5</sup>). This capability is not available within WinEPS, and is priced at an additional \$10/week for Connected Payments Criterion subscribers. Summit customers will receive the eWIC capability at no additional charge as part of their Summit subscription.
- **Hardware P-2-P Encryption Option – this enables point-to-point hardware encryption of transactions, which essentially removes the merchant’s enterprise from PCI scope, according to the PCI Council. This option is included at no charge with the Summit package and \$5 per week with the Criterion package.**

Note that some wholesalers may package Connected Payments as part of a wholesaler payments program with a customized feature mix and pricing based on the specific needs of the wholesaler and its membership. Some wholesaler pricing and offers may therefore be different than standard pricing.

## TRANSACTION-BASED PRICING

Small Stores with five (5) or fewer POS lanes may wish to consider transaction-based pricing.

- Criterion is available under transaction-based pricing for with a base subscription fee of \$5/week plus \$0.03 per transaction.<sup>4</sup>
- Summit is available under transaction-based pricing for with a base subscription fee of \$5/week plus \$0.04 per transaction.<sup>4</sup>
- Other than the pricing mechanism, there are no other differences in the Connected Payments services or options delivered. For example, the optional receipt-storage option for debit, EBT etc. transactions can be added for the same \$5/week fee.
- The dealer share for support and sales is the same as for flat-rate subscriptions
- Subscribers can switch between flat-rate and transaction-based pricing models on their subscription agreement anniversary/renewal dates without penalty. A new subscriber agreement will be required.

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<sup>5</sup> StoreNext has successfully completed certification for all three states, and is awaiting the certificate as of this writing from Nevada only. Please contact StoreNext for updates if required.



- Subscribers can switch at any other time with a \$200 change fee. A new subscriber agreement will be required.
- The “Transaction Count Invoicing Report” is now available on the Connected Payments system to display a subscriber’s transaction count status.
- Subscribers using the transaction-based model are invoiced on the same schedule as flat-rate subscribers.

Dealers should make sure they help grocers calculate their average transaction counts on a full annual basis, not just a few sample weeks. The holiday season significantly boosts transaction counts, and these months should be taken into account when determining the best pricing plan.

## SPECIAL OFFER FOR SMALL STORES

In addition to the Transaction Based Pricing described above, small stores of five (5) POS or less will benefit from a lower subscription price for the Criterion or Summit packages.

- The Criterion package for small stores is \$30 per week.
- The Summit package for small stores is \$40 per week.

A small store is defined here as five (5) point-of-sale terminals or less. Controllers, workstations and “virtual terminals” do not count toward the POS terminal total.

## FULL WINEPS

Occasionally there are special case sites where full WinEPS must be installed in the store, operating either directly to processors or to the Connected Payments host. This is not a standard supported configuration and requires agreement in writing from StoreNext management. With the centralized tools unavailable, these sites are also more expensive to support and maintain. A \$5/week subscription surcharge applies to these sites, which will be removed when the site converts to the standard direct connection. Use of full WinEPS within a Connected Payments agreement does not constitute meeting SMS obligations for the WinEPS license at that site.

## SETUP SERVICE

A one-time setup service charge of \$150 applies to each Connected Payments store on all subscription agreements. This service covers the implementation of the subscriber’s account and information on the Connected Payments host systems. Please note that this service will be automatically added to all subscription agreements – even in cases where the setup service has been omitted from the Services Summary Exhibit of the Subscription Agreement.

A separate on-time setup service charge of \$75 applies to the Fuel Option.

The setup service fee will not be charged when subscribers modify their accounts or subscription services received by Connected Payments.



PRICING SUMMARY CHART

<b>Connected Payments Subscription Prices</b>		
	<b>Criterion Package</b>	<b>Summit Package</b>
<b>Subscription - Standard Stores:</b>	\$35 (SCP-CRI-N-L-01)	\$50 (SCP-SUM-N-L-01)
<b>Subscription - Small Stores:</b>	\$30 (SCP-CRI-N-S-02)	\$40 (SCP-SUM-N-S-01)
<b>Fuel Site Option (requires store site)</b>	\$10 (SCP-FUEL-01)	\$10 (SCP-FUEL-01)
<b>eWIC (On-Line WIC EBT) Option</b>	\$10 (SCP-EWIC-CRI-01)	N/C (SCP-EWIC-SUM-01)
<b>P-2-P Hardware Encryption Option</b>	\$5 (SCP-P2P-C-01)	N/C (SCP-P2P-S-01)
<b>Enhanced Receipt Storage Option</b>	N/A	\$5 (SCP-SIG-01)
<b>Full WinEPS option:</b>	\$5 (SCP-FAT-01)	\$5 (SCP-FAT-01)
<b>Transaction-Based Pricing:</b>	\$5 + .03/transaction	\$5 + .04/transaction
Setup service charges: \$150 per store; \$75 additional for Fuel site		
<i>Prices are weekly subscriptions in effect as of January 1, 2012</i>		



## CONNECTED PAYMENTS PINS

Reflecting the pricing and packages described above, the following PINs must be used with the Services Summary of the Connected Payments Subscription Agreement:

PIN	Item	Price/Wk
<b>Criterion Packages</b>		
SCP-CRI-N-L-01	<b>StoreNext Connected Payments Criterion Package</b>  Use this PIN for Criterion sites not previously licensed for WinEPS with 6 or more POS terminals. Price quoted is weekly subscription. ¶-The Criterion Package includes OpenEPS in-store and Connected Payments hosted components, Connected Payments software maintenance and support, POS interface to ISS45 or ScanMaster, Credit→Debit conversion, Signature Capture option (store-level storage), Electronic Check Conversion (ECC/ECA) option, Central Electronic Payments Journal, and the StoreNext Connected Services Report Viewer.	\$ 35
SCP-CRI-N-S-02	<b>StoreNext Connected Payments Criterion Package, Small Stores</b>  Use this PIN for Criterion sites not previously licensed for WinEPS with 5 or fewer POS terminals. Price quoted is weekly subscription.	30
SCP-CRI-T-01	<b>StoreNext Connected Payments Criterion Package, Transaction-Based (01)</b>  Use this PIN for Criterion sites when transaction-based pricing is selected. Subscribers may switch between standard and transaction pricing models on the Subscription Agreement anniversary/renewal date without penalty, or a \$200 fee at any time. See product description on Page 14 above.	5 plus \$0.03 per trans.
<b>Summit Packages</b>		
SCP-SUM-N-L-01	<b>StoreNext Connected Payments Summit Package</b>  Use this PIN for Summit sites not previously licensed for WinEPS with 6 or more POS terminals. Price quoted is weekly subscription. ¶-The Summit Package contains all the items from the Criterion Package, plus BIN File Service, Centralized Signature and Receipt Storage for credit transactions, the Pay By Touch ISS45/ScanMaster interface and option, the Blackhawk ISS45/ScanMaster interface and option, and the eWIC Connected Payments function and the ISS45/ScanMaster interface.	\$ 50
SCP-SUM-N-S-01	<b>StoreNext Connected Payments Summit Package, Small Stores</b>  Use this PIN for Summit sites not previously licensed for WinEPS with 5 or fewer POS terminals. Price quoted is weekly subscription.	40
SCP-SUM-T-01	<b>StoreNext Connected Payments Summit Package, Transaction-Based (01)</b>  Use this PIN for Summit sites when transaction-based pricing is selected. Subscribers may switch between standard and transaction pricing models on the Subscription Agreement anniversary/renewal date without penalty, or a \$200 fee at any time. See product description on Page 14 above.	5 plus \$0.04 per trans.



PIN	Item	Price/Wk
<b>Connected Payments Options</b>		
SCP-P2P-C-01 (for Criterion)	<b>StoreNext Connected Payments P-2-P Hardware Encryption Option</b> This option provides hardware-encrypted point-to-point ("P-2-P") transactions, which can remove the retailer's entire enterprise from scope according to the PCI Council. Requires Connected Payments P-2-P encryption key in the PIN pad — this key is supported by the Equinox L4250, L4150 and L5200/L5300 payment terminals only, and can be injected with initial terminal purchase or via Equinox Remote Key Injection ("RKI"). This feature is included with Summit subscriptions at no charge and at \$5/week with Criterion subscriptions. For either Summit or Criterion, the appropriate PIN must be ordered if this feature is desired. Price quoted is weekly subscription.	\$ 5 (Criterion)
or		or
SCP-P2P-S-01 (for Summit)		N/C (Summit)
SCP-SIG-01	<b>StoreNext Connected Payments Receipt Storage Option for Debit and EBT</b> This option provides centralized storage and retrieval of any captured signatures and receipts for Debit and EBT transactions. The Summit package is required, which provides centralized storage for Credit transactions. Price quoted is weekly subscription.	\$ 5
SCP-FUEL-01	<b>StoreNext Connected Payments Fuel Option</b> This option provides a second Connected Payments installation for a fuel operation to augment a Connected Payments store site at the same location. Price quoted is weekly subscription. Requires Fuel Setup (SCP-SETUP-F) below.	10
SCP-EWIC-CRI-01	<b>StoreNext Connected Payments eWIC Option for Criterion Stores</b> This option provides the eWIC (On-Line WIC EBT) feature for stores using the Criterion package. This capability is provided with the Summit package at no additional charge. Price quoted is weekly subscription.	10
SCP-FAT-01	<b>StoreNext Connected Payments Surcharge for Full WinEPS In-Store (01)</b> This PIN is only to be used when 'Full' WinEPS is installed in a store instead of the client implementation of OpenEPS, directly connected to the data centers. Price quoted is weekly subscription. This is not a standard configuration and is not supported or available without agreement in writing from StoreNext management. Use of WinEPS within a Connected Payments site does not constitute that site meeting its obligations for WinEPS SMS.	5
<b>Connected Payments Services</b>		
SCP-SETUP	<b>StoreNext Connected Payments Store Setup</b> This initial one-time charge provides the implementation services for the subscriber's account and store on the Connected Payments host. This setup fee will be charged per store in all cases. The setup service fee will not be charged when subscribers modify their accounts or subscription services received by Connected Payments.	\$ 150 Price is net. Shares do not apply.



<b>PIN</b>	<b>Item</b>	<b>Price/Wk</b>
SCP-SETUP-F	<b>StoreNext Connected Payments Fuel Store Setup</b> This initial one-time charge provides the implementation services for the subscriber's account and fuel store on the Connected Payments host. This setup fee will be charged in all cases of Fuel stores. The setup service fee will not be charged when subscribers modify their accounts or subscription services received by Connected Payments. Fuel store setup charge is chargeable in addition to standard Connected Payments setup charges (SCPR-SETUP).	75  Price is net. Shares do not apply.

## Revenue, Collections and Shares

### SUBSCRIPTION COLLECTIONS

All Connected Payments subscription charges are published as weekly fees. Customers will be charged on a monthly basis, however, with the same amount invoiced every month.<sup>6</sup> All subscriptions are charged simultaneously on the same cycle.

All subscriptions run on a Monday-Sunday cycle, with the week's subscription charge starting as of the Monday of the week installed. The first month will be pro-rated if necessary to the end of the 4- or 5-week billing cycle, after which it will fall into the standard billing cycle for all subscribers.

Billing for Connected Payments will be done via one of the following methods:

- ACH / Account Draft – StoreNext will draft the customer's account directly at the end of each of the monthly cycle described above. This is the intended billing method in all cases other than wholesaler billings below.
- Wholesaler – with some wholesaler programs, the wholesaler will pay StoreNext for all customer installations in the program after billing the grocer.
- Other methods – in unusual circumstances, StoreNext will consider other billing methods such as credit cards etc. These processes require manual billing effort and a 5% surcharge to cover the additional cost will be assessed. There are no mechanisms in place or contemplated for StoreNext to issue invoices to dealers with dealers collecting from the customers.

### SUBSCRIPTION SHARES

Dealers will normally receive a share of the subscription revenue for the stores under that dealer's care. The base percentage of the dealer share is currently 30%/25%/20% for Premier/Elite/Select dealers respectively, and assumes full participation of the dealer in the Connected Payments program and the dealer's sales, support and services responsibilities.

<sup>6</sup> The monthly charge is calculated to be the weekly fee multiplied by 52 weeks and then divided by 12. For example, a \$50/week subscription results in a monthly charge of \$216.67, calculated as  $(\$50 \times 52) / 12$ .



These percentages apply to new subscriptions as of January 1, 2012.<sup>7</sup> Dealer and other channel shares do not apply with setup fees and other professional services. See the StoreNext Policies and Procedures Manual (Policy RS24) for the details and the full policy.

These percentages are therefore not automatic and will be affected by:

- Dealer program participation – dealers not actively or consistently participating in the Connected Payments program, the sale/customer/subscription in question or fulfilling the dealer's support and service roles will receive limited shares.
- Wholesaler sales and billing – in cases where a wholesaler promotes Connected Payments to its member stores and performs a billing service, the transaction share may be reduced by an appropriate percentage compensating the wholesaler for these services.
- Full wholesaler programs – where the wholesaler controls member store participation in that wholesaler's payments program and carries out some or all of the sales or support functions normally required of the dealer, part of the subscription share will normally be earned by the wholesaler.
  - Note: particularly for example in cases where a wholesaler has a payments program in place, and that wholesaler converts existing stores to Connected Payments, the dealer share may be limited.

Dealer subscription shares will follow the Connected Service model and will normally be credited on a quarterly basis.

Special conditions apply when a dealer separates from StoreNext or a site moves from one dealer to another. Please see the StoreNext Policies and Procedures manual (Policy RS24) for details.

## TRANSACTION FEES

StoreNext has negotiated with partner processors in the Connected Payments program to provide shares of transaction fees when circumstances permit to dealers who sign referral agreements as a part of the Connected Payments program.

Dealers may receive a share of the processing transaction fees from a given site depending upon the following variables and circumstances:

- Dealers must have a referral or similar agreement with the processor in question in order to receive transaction fees. These agreements are executed directly between the processor and the dealer and are not the responsibility of StoreNext.
- All dealer transaction fees will be calculated and paid directly to the dealer by the processor.
- The timing and amount of such payments are regulated solely by the dealer's agreement with the processor.
- Most processor agreements may exclude some portion or all of the dealer transaction share depending upon pre-existing agreements with other parties (such as wholesalers) or pricing levels.
- It is expected that processors will construct referral agreements with dealers using the terms negotiated in advance by StoreNext and the processor. Dealers wishing to understand these terms prior to executing processor referral agreements should contact

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<sup>7</sup> Sites contracted and live prior to January 1, 2012 will remain at the original percentage share levels.



StoreNext. Referral agreements executed between a dealer and processor take precedence over any guidelines agreed by StoreNext and that processor, however, and StoreNext can neither enforce nor challenge the content of these dealer-processor agreements.

## WINEPS SOFTWARE MAINTENANCE AND SUPPORT (SMS)

There are no separate maintenance or SMS fees or payments due on sites using Connected Payments. Sites converting from WinEPS to Connected Payments will no longer have SMS payments due, and as a consequence the WinEPS license is assumed to expire and be null and void. Details:

- A Connected Payments subscription in no way fulfills any obligations for WinEPS SMS.
- The continuation of any of Customer's WinEPS licenses are conditioned upon the customer's continued timely payment of all WinEPS support charges.
- Sites using the "Full WinEPS" Connected Payments option above will not have to pay for WinEPS SMS even though the WinEPS system is still installed in the store. This site is considered a Connected Payments store, however, with the WinEPS subsumed to the Connected Payments system and its license expiring.
- Any stores reverting to standard WinEPS from Connected Payments must re-license WinEPS.
- StoreNext will cease billing for WinEPS SMS as of the quarter *after* Connected Payments goes live. For example:
  - A site going live with Connected Payments in November will be liable for SMS in the 4<sup>th</sup> quarter. This is because the store count for SMS is taken as of the first day of the quarter, and in this case the store was using full WinEPS as of October 1, and used WinEPS normally for a portion of that quarter.
  - This site will be marked as converted to Connected Payments, and will not be counted for the following Q1's SMS. That store count is as of January 1, and this store will be running on Connected Payments at that time.
- No pro-rating will be done for partial quarters.
- It is the transaction processing date that counts, not the hookup or installation date.

