

Update Bulletin

Connected Services Wholesaler Value-Add Program

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StoreNext is pleased to announce a new wholesaler value-add framework that will bring wholesaler support and promotion of Connected Services to member stores while reducing dealer selling effort and expense.

The new framework is designed to develop wholesaler support for Connected Services. It further enables dealers to offload significant marketing and sales responsibilities and expenses from the dealer to the wholesaler, while the dealer will enjoy greater net payments streams from Connected Services subscriptions.



UWG is the first major wholesaler to implement the new Connected Services plan, and discussions are underway with other key wholesalers. The standard dealer plan (see [dealer revenue-sharing arrangement bulletin](#) announced simultaneously) will be in force until a program is announced for that wholesaler's member stores.

This Connected Services wholesaler framework recognizes three levels of wholesaler commitment and added value in helping dealers promote and sell Connected Services. At all levels of this framework, the anticipated cost displacement is designed to progressively benefit the dealer.

The levels are defined as follows (note also the revenue summary table following these descriptions):

Level One – the wholesaler will provide:

- Wholesale central billing – the wholesaler collects all Connected Services revenues from the stores.
- General promotion – the wholesaler will distribute a StoreNext-approved general announcement to their member stores expressing recommendation, support and approval of StoreNext Connected Services.
- In recognition of these services, StoreNext will compensate the wholesaler 5% of the Connected Services revenue for the covered stores by StoreNext – the 30% dealer share is unaffected.
- For stores under the Level One wholesaler plan, the dealer will receive 95% of the first ten weeks of subscription revenue.

Level Two – in addition to the services above, the wholesaler contracted to Level Two of the framework will also:

- Provide integrated support of item maintenance to their ISS45 and ScanMaster stores over Connected Item Hosting by developing the necessary interface to StoreNext Connected Services CIH and supporting wholesaler-supplied item maintenance for contracted member stores over CIH.

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- Endorsement announcement – the wholesaler will distribute a StoreNext-approved endorsement announcement to their member stores announcing warehouse item maintenance via StoreNext Connected Service Item Hosting (CIH).
- In recognition of these additional services, the wholesaler will be compensated an additional 5% of Connected Services revenues for the covered stores for a total of 10%. StoreNext and the dealer will contribute equally to the wholesaler’s total value-add percentage share. The displacement of selling costs from the dealer to the wholesaler and the additional subscription revenue is designed to provide positive financial benefits to the dealer.
- For stores under the Level Two wholesaler plan, the dealer will receive 90% of the first ten weeks of subscription revenue.

Level Three – in addition to all the above services, the wholesaler will also:

- Establish and staff the Help Desk for first-level support to its member stores for Connected Services applications.¹
- Sign and secure member stores and provide the paperwork and information to StoreNext to begin service delivery.
- Provide in-depth co-marketing and promotion responsibility specifically including:
 - Demonstration of StoreNext Connected Services to member stores,
 - Capability to effectively present and sell the basic feature/function and benefits of StoreNext Connected Services,
 - Sponsor and engage StoreNext and dealer representatives in qualified opportunities for demonstrations and in-depth presentations.
- In recognition of these additional Level Three services, the wholesaler will be compensated an additional 10% of Connected Services revenues for the covered stores, for a total of 20%. The dealer and StoreNext will equally contribute 10% to the wholesaler’s value add percentage share. Again, the displacement of selling costs from the dealer to the wholesaler and the additional subscription revenue is designed to provide positive financial benefits to the dealer.
- For stores under the Level Three wholesaler plan, the dealer will receive 80% of the first ten weeks of subscription revenue.

¹ Depending upon the nature of the individual wholesaler agreement, the timing of the help desk implementation may be dependent upon a pre-agreed “critical mass” of retailers using specific applications.

REVENUE SUMMARY ²

Wholesaler Program Type	Dealer Share, First 10 Weeks	Dealer Share, After 10 Weeks
No Wholesaler Value-Add	100%	30%
Level One Value-Add	95%	30%
Level Two Value-Add	90%	25%
Level Three Value-Add	80%	20%

The powerful combination of broad wholesaler support and front-loaded dealer payments for Connected Services provides these outstanding applications with a suitable marketing and financial match.

To Your Success,

Drew

*Drew Otte
Connected Services Business
Development*

² Note that these are the standard framework numbers. Your mileage may differ: final negotiated wholesale programs may vary.