

SECTION:	Direct Sales		
POLICY #:	DR1	PAGE:	1 of 9
SUBJECT:	Wholesaler Program		
DATE:	4/06	SUPERSEDES:	3/05

TITLE: DR1, Wholesaler Program, Enterprise Sales

POLICY: StoreNext will develop Wholesaler Programs with many of the major grocery wholesalers. This Program gives the dealer the advantage of referrals and recommendations from wholesalers on behalf of StoreNext offerings, leading to higher sales levels and more efficient campaigns.

SCOPE: All StoreNext Dealers, StoreNext Area Managers, StoreNext Order Processing

PROCEDURES:

1. Definition

1.1. The StoreNext Wholesaler Program for Enterprise Systems is designed to be a foundation program which can be customized for each wholesaler, depending on their unique business processes for supplying, implementing and supporting retail technology solutions to their member stores and their commitment to StoreNext as a provider of these solutions.

2. Activity Plan

2.1. It is StoreNext intention to meet with each of the targeted wholesalers in order to:

2.1.1. Understand the wholesaler's strategic requirements for delivering consistent retail technology solutions down to their members.

2.1.2. Customize the Wholesaler Program which allows the wholesaler to participate in the marketing, implementation and/or support of StoreNext's Enterprise Systems at the level at which they desire. This could include a referral level, a recommending level or a selling level of participation. These levels are defined below.

2.1.3. Develop the Wholesaler Program which will be a win/win for the wholesaler, the dealer, the wholesaler's member and StoreNext.

2.1.4. With each wholesaler, execute a Wholesaler Agreement which defines the specific terms for doing business between the wholesaler and StoreNext or modify their current StoreNext Alliance Agreement by adding an addendum which specifically addresses any product or term modifications.



2.1.5. Execute the Wholesaler Program with all of the parties involved.

3. Objectives

- 3.1. A primary objective of the StoreNext Wholesaler Program for Enterprise Systems is to use StoreNext technology to improve the relationship between the Wholesaler and the retail customer (“member”) it supplies. This relationship may be improved through the use of StoreNext Enterprise Systems and services at both the wholesaler and member levels. In order to achieve this objective, a close partnership between the Wholesaler, the StoreNext dealer channel, the wholesaler’s members and StoreNext is required
- 3.2. The StoreNext Wholesaler Program for Enterprise Systems offers the wholesaler the opportunity to participate in the sales, implementation and/or support of two types of StoreNext Enterprise Systems – one being the licensed sales of solutions like Retailix Store, Retailix HQ and RBO, and the other being subscription sales of Connected Services. A wholesaler can participate in the Wholesaler Program with one or both types of StoreNext solutions.

4. Wholesaler Participation Levels for Enterprise Systems Sales

- 4.1. Depending on the objectives of the wholesaler for delivering retail technology solutions to their members, there are different ways in which the wholesaler can participate in the StoreNext Wholesaler Program for Enterprise Systems. Some wholesalers want to only validate technology solutions to see if these solutions meet their criteria and possibly do some general promotion of these solutions. There are other wholesalers who look at their retail technology group as a profit center, and these wholesalers want to have much more control over what is sold to their member - even to the point of the wholesaler selling, implementing and supporting the solution themselves.
- 4.2. The participation levels as defined in the StoreNext Wholesaler Program for Enterprise Systems include:
 - 4.2.1. Level One Wholesaler – StoreNext is one of possibly several approved software vendors for the sale of enterprise solutions referred by the wholesaler to its members. The wholesaler will generally do some general promotion of the approved solutions and typically will do central billing and collections of revenues from their members (a requirement for subscriptions solutions).



- 4.2.2. Level Two Wholesaler – StoreNext is the only approved software vendor for the sale of those Enterprise Systems recommended or endorsed by the wholesaler to its members, and the wholesaler takes an active role in the promotion of these solutions to its members. As a Level Two wholesaler, the wholesaler also provides host support for item maintenance using StoreNext enterprise solutions or some other application which accomplishes the same.
- 4.2.3. Level Three Wholesaler – Wholesaler plays an active role in the marketing, selling, implementing and support of the StoreNext Enterprise Systems exclusively to its members. A Level Three Wholesaler has established a help desk for providing first level support to members and often will do the implementation services required to go live with a new site. The wholesaler also is responsible to provide the in-depth marketing and promotion of the StoreNext solutions to its members and for securing the paperwork for new orders in order to begin implementation of the solutions.
5. Obligations of the Parties Participating in the Wholesaler Program: depending on the parties involved in these processes, including the wholesaler, the dealers and StoreNext, each party will each have a number of obligations in support of the Wholesaler Program for StoreNext Enterprise Systems. These obligations would include the following:
 - 5.1. Wholesaler’s Obligations:
 - 5.1.1. All wholesaler responsibilities – regardless of participation level
 - 5.1.1.1. Agrees and adhere to the terms and conditions of the StoreNext Wholesaler Agreement or existing Alliance Agreement, across all divisions of the Wholesaler.
 - 5.1.1.2. Wholesaler will distribute a StoreNext-approved general announcement to their Member stores expressing their level of endorsement of StoreNext Enterprise Systems.
 - 5.1.1.3. Supports the StoreNext sales efforts by providing sales leads to the StoreNext Account Executive or the StoreNext Dealer.
 - 5.1.1.4. For StoreNext subscription services, the Wholesaler assumes all responsibility for the billing and collection of all subscription fees from its Members.



- 5.1.1.5. Provides StoreNext or its Dealers and opportunity to purchase a booth at all technology Wholesaler's food shows where technology solutions are made available to its Members.
- 5.1.1.6. Agrees to maintain the confidentiality of all StoreNext supplied demo software to the Wholesaler, making no additional copies without the express written consent of StoreNext management.
- 5.1.1.7. Responsible for all of their direct marketing, sales and distribution costs incurred in the promotion and licensing or subscription of Enterprise Systems.
- 5.1.2. Additional Level Two wholesaler responsibilities to those above
 - 5.1.2.1. Exclusively recommends the StoreNext Enterprise Systems to their Members for the agreed upon StoreNext applications.
 - 5.1.2.2. For licensed solutions, provide hosting to StoreNext's Enterprise Systems, including but not limited to the two-way communication of item maintenance information with the Member's stores and/or offices
 - 5.1.2.3. For subscription solutions, provide integrated hosting support of item maintenance over Connected Item Hosting to contracted Member stores using StoreNext Enterprise Systems.
 - 5.1.2.4. Wholesaler agrees to distribute a StoreNext-approved announcement to their Members announcing their recommendation and endorsement of StoreNext Enterprise Systems and the Wholesaler item maintenance support for these solutions.
- 5.1.3. Additional Level Three wholesaler responsibilities to all of the above
 - 5.1.3.1. Wholesaler agrees to promote the agreed-upon StoreNext Enterprise Systems exclusively to their Members within a defined timeframe.



- 5.1.3.2. Provide in-depth co-marketing and promotion responsibility for StoreNext Enterprise Systems specifically including:
 - 5.1.3.2.1. Demonstration of the agreed upon store-level Enterprise Systems to Members
 - 5.1.3.2.2. Sponsor and engage StoreNext and Dealer representatives in qualified opportunities for demonstrations and in-depth presentations, where necessary.
 - 5.1.3.2.3. For subscription solutions, sign and secure Member stores and provide the paperwork and information to StoreNext to notify Dealers and begin service delivery.
 - 5.1.3.3. Establish and staff the Help Desk with certified people for first-level support to its Member stores for StoreNext's Enterprise Systems
 - 5.1.3.4. Agrees to become certified by StoreNext for the implementation of the Enterprise Systems where the Wholesaler desires to provide this level of service to its Members
- 5.2. StoreNext's Obligations
- 5.2.1. Agree and adhere to the terms and conditions of the StoreNext Wholesaler Agreement
 - 5.2.2. Assign a StoreNext Account Executive to coordinate all activity between StoreNext and the Wholesaler, for the purposes of developing and implementing a Wholesaler Program which meets or exceeds the Wholesaler's strategic objectives
 - 5.2.3. Assign a StoreNext Account Executive to serve as the StoreNext focal point of activity for all Wholesaler Member stores, for the purpose of meeting or exceeding the objectives for those Members
 - 5.2.4. Agree to assist the Level Three Wholesalers in selling StoreNext Enterprise Systems to all of their Members, where assistance is required.



- 5.2.5. Conduct regular Business Reviews with the Wholesaler's Management team on the success of the Wholesaler Program
- 5.2.6. Provide regular StoreNext product updates to the Wholesaler in addition to conveying StoreNext future strategic initiatives and roadmaps
- 5.2.7. Provide StoreNext product marketing collateral to the Wholesaler for distribution to its Members
- 5.2.8. Provide StoreNext or StoreNext Dealer attendance at regularly scheduled Wholesaler food shows as much as practical
- 5.2.9. Provide StoreNext demo software for StoreNext's Enterprise Systems to the Wholesaler's technology team, up to a maximum of one copy for the headquarters and each of its division technology teams
- 5.2.10. Provide software discounts and/or rebates as agreed upon based in the StoreNext Wholesaler Agreement
- 5.3. Dealer's Obligations for Level One and Level Two Wholesalers
 - 5.3.1. Agrees to market StoreNext solutions to all targeted Wholesaler Members Promote StoreNext to all Wholesaler Members regardless of where the lead was generated and notify StoreNext of the status of the account before introducing a competitive product.
 - 5.3.2. Agrees to provide a StoreNext-defined level of implementation services and support to the Wholesaler's Members
 - 5.3.3. Promote the Wholesaler's Program as defined to get consistency from the Dealer channel's sales efforts
- 6. Wholesaler Discount Levels for Licensed Enterprise Systems
 - 6.1. Each Wholesaler in the StoreNext Wholesaler Program for Enterprise Systems will participate in StoreNext discounts based on one of the following participation levels – Level One, Level Two or Level Three. The size of the StoreNext discount varies depending on the degree to which the Wholesaler markets and supports the StoreNext software. The Wholesaler shares in the volume discount based on all Member sales made by StoreNext, the StoreNext Dealer channel or the by the Wholesaler themselves. These discounts will be defined for each Wholesaler as the Wholesaler Program is customized to meet their specific needs.



6.2. Discount Table:

Software Discounts as a % of List Price

Products & StoreNext Annual Net Revenues	Wholesaler Discount Levels		
	Level One	Level Two ⁶	Level Three ⁶
StoreNext Products			
Base discount provided by Dealer	10%	17%	25%
Dealer Net Margin on StoreNext Products (non promoted Products)	30%	23%	N/A
3rd Party Products			
Base discount	4%	7%	10%
Dealer Net Margin on 3rd Party Products	16%	13%	N/A
Quarterly Rebates to Wholesaler based on volume commitment (Paid by StoreNext)	2% - 4%	2% - 4%	2% - 3%
IMS Upgrade to Retailx Store or POS eXchange Conversion	No Discount	No Discount	10% 15% of net sale to StoreNext
Dealer SPF on approved Prospects⁷ *	N/A	N/A	StoreNext

6.3. Notes on the Discount Table

6.3.1. The discount level is the maximum amount of discount available to the Wholesaler's Member. The Wholesaler can determine whether they want to keep some of the discount or pass it all onto their Members. An order process would be developed for each Wholesaler and published to all parties.

⁶ These Wholesaler discount levels typically require the Wholesalers to recommend or sell StoreNext exclusively as their Enterprise System of choice. StoreNext reserves the right to change the Wholesaler discount levels if the Wholesaler fails to live up to the obligations of the participation level.

⁷ See Sales Participation Fee and Prospect Registration policies



- 6.3.2. Dealers have the right to make available additional discounts to the Members in a competitive situation.
 - 6.3.3. Software discounts are provided to the Members by the Dealer, the Wholesaler or StoreNext direct sales at the time of the sale, depending on which party sells the Member
 - 6.3.4. Sales for the purposes of rebates or Dealer SPF are based on net software revenues to StoreNext
 - 6.3.5. 3rd party products include all non StoreNext software which is not bundled with StoreNext software applications, like Retailix Store Plus.
 - 6.3.6. Wholesaler must be the primary supplier of the Member being sold the StoreNext software
7. Wholesaler Plan and Revenue Shares
- 7.1. The Wholesaler value-add 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.
 - 7.2. 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.
 - 7.3. Wholesalers share in the revenue generated from the Connected Services fees paid by their Members based on the Wholesaler's participation level as follows:
 - 7.3.1. Level One Wholesaler
 - 7.3.1.1. In recognition of the services provided by a Level One Wholesaler, StoreNext will compensate the Wholesaler 5% of the Connected Services revenue for the covered stores by StoreNext.
 - 7.3.2. Level Two Wholesaler
 - 7.3.2.1. 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%.



SECTION:	Direct Sales	
POLICY #:	DR1	PAGE: 9 of 9
SUBJECT:	Wholesaler Program	
DATE:	4/06	SUPERSEDES: 3/05

7.3.3. Level Three Wholesaler

7.3.3.1. 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%.

