FREEDOM.PAY

White Paper
For Merchants:
Incentives Manager
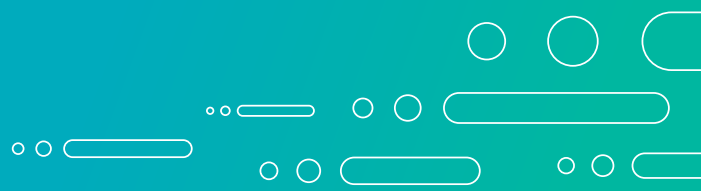
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Introduction

Improvements in technology have led to major advances in communication. Emails and instant messages have replaced hand-written letters, and teleconferences and video chat have transformed corporate meetings. Developments in communication and collaboration have made business globalization a reality. It has never been easier to send vast amounts of information securely, instantly and continually as businesses now have the ability to stay in constant connection from opposite ends of the globe.

Despite these advances, merchant to customer communication has largely remained stationary. As technology rapidly develops and becomes more versatile, merchants underutilize the benefits of technological communication. The development of mobile applications has created a bridge to successfully connect merchants to their customers.

Today, mobile apps are becoming the preferred method of communication for millions of consumers. Applications allow merchants to broadcast their advertisements across a whole new platform on a mobile device. Apps grant merchants the freedom of sending customers various forms of information, anytime and anywhere. Merchants can easily incentivize their customers to buy a certain item based on markdowns, time of day, product, etc. However, many merchants are operating with legacy systems that leave them unable to deliver incentives geared to increase sales and brand loyalty.

This white paper describes the challenges facing merchants, the FreedomPay vision and ultimately, the opportunities that are available to deliver powerful and personal incentives to consumers.
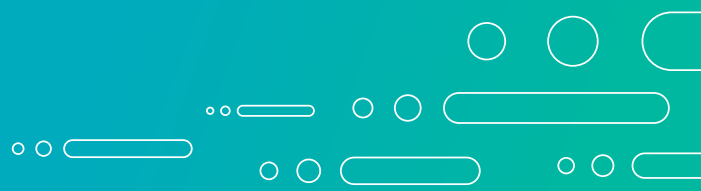
The Problem: "Bridging the Chasm"

The life-cycle of incentives is fractured and increasingly ineffective. Traditional methods of building brand, issuing, redeeming, validating and qualifying incentives are quickly becoming obsolete with the rapid consumer adoption of technology. Consumers are making purchasing decisions based on discount alone. Retailers are slashing prices and are engaged in a zero sum war of price competition. Manufacturers lack meaningful consumer data, analytics and decision-making capabilities to precisely control the result of incentive programs. The market is saturated with poorly devised and ineffective loyalty offerings that have become a tax on retailers as they simply reward consumers' current behavior rather than encouraging a desired change that leads to increased profits.

This discount war is taking place on two fronts - online and in stores. A chasm exists between traditional brick-and-mortar and web eCommerce stores as consumers spend more time on the internet. Now that virtually all consumers carry a smart phone with them into stores, a new paradigm has emerged and the chasm widens; a consumer tether at all times.

With the widening of the chasm, presenting the brand and conveniently issuing and redeeming incentives across three platforms (in-store, online, and mobile) has become too complex or unavailable. Increasingly, consumers' expectations on ease-of-use are expanding. Historically, efforts to expose the brand have been managed by mass spend through media advertising including; coupon presentation in the local newspaper, local radio and television advertising and free standing print inserts. The Internet is killing newspaper readership and shrinking television audiences, while iPods are eliminating radio. The exponential increase in the expectations of convenience is quickly driving traditional means of marketing into obsolescence.

This is a unique time in product marketing history. Never before has the ability to communicate directly to a consumer in a timely manner been so available. The Internet and mobile environments are no longer boutique; they are ubiquitous. Many companies have yet to harness the power of these targeted marketing methods because they are hesitant to gamble on new technologies in this unchartered water.

End users are clear in their demands for more targeted offers accessible through easier methods, which forces companies into a race to "Bridge-the-Chasm" across brick-and-mortar, web, and mobile. Building this bridge is not only possible today, but is a reality that FreedomPay delivers within its high performance Cloud Platform.
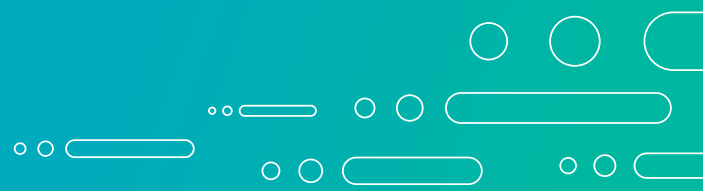
The FreedomPay Vision

The FreedomPay vision encompasses the presentation, issuance, redemption, validation and settlement of incentives in a fully secure, electronic world.

In order to maximize consumer spend, merchants must reach the consumer as near the "point of purchase decision" as possible. Retailers must operate where the consumers exist, presenting targeted incentives when and where they are shopping. Merchants influence a consumer's impulse to buy nearly all the time. The buyer's decision can be influenced in the car, down the street, in the store, at the counter, and at the shelf.

The Incentives Manager by FreedomPay enables the presentation and redemption of incentives for direct consumer marketing across traditional brick-and-mortar, web, and mobile platforms. It satisfies the increasing demands of the consumer and improves the efficacy of these incentives by laser targeting the right consumer at the right place, at the right time with the best possible offer.

Incentives Manager is a cloud-based transaction platform that is revolutionizing the enterprise processing world. The Incentives Manager platform provides an interactive, open architecture that allows companies to leverage legacy systems and prepare for future growth.

The Incentives Manager platform includes mobile payment and incentive technologies that integrate with live POS systems. The POS systems, which are state-of-the-art gateways that transport exceedingly detailed data and rigorous security tools, have the ability to leverage the platform to improve sales, customer retention, and incentive effectiveness.

A New Reality

Real-Time Offers

In the FreedomPay system, web and mobile brand presentation occur in real-time and are centrally managed. There is no need to create and manage a multitude of web pages and mobile applications. A single web environment and a single mobile application support a dynamic and centrally managed presentation. Based upon consumer selections, FreedomPay dynamically pushes the brand look-and-feel to the web page or mobile device resulting in one application with an unlimited number of skins.

It is simple for the consumer using a single mobile application that works for an unlimited number of merchants.

It is simple for the merchant to concentrate on core competency; presenting and selling great products and offering stellar customer service.

It is simple for the retailer to implement FreedomPay with no investment in new hardware or changes in current redemptions processes at the point-of-sale.

Touching the Consumer with Ease

FreedomPay allows the merchant to reach the customer directly with brand exposure and incentives toward targeted purchases. To enhance the chance of success, the brand exposure needs to occur as near the consumer point of decision as possible. To optimize consumer acceptance we:

- Present exposures as near the time of decision as possible
- Present brands of interest to the consumer
- Present at a frequency that will not alienate the consumer

FreedomPay is easy to use for consumers to maximize consumer acceptance. Viewing the presentation of incentives is simple and acceptance of an incentive opportunity is as simple as clicking the activation button. Redemption follows similar intuitive use principles.

No Merchant Barrier

Our solutions require no additional hardware investment by merchants. Merchant cost is low and implementation is simple. Using a software-only interface, merchants may redeem incentives electronically without the need to purchase NFC readers or other expensive POS hardware. We even eliminate the legacy costs associated with processing paper coupons including point-of-sale validation, manual reconciliation, and paper handling.

Centralized Management of Incentives

Historically, the management of advertising and marketing campaigns required loading complicated incentives across multiple locations. This resulted in significant expense, and the results were still not clearly measureable.

With FreedomPay, these difficulties are a thing of the past. Today, FreedomPay enables centralized management of incentives across geographies, merchants and consumer categories with a level of detail and accuracy that can drive top and bottom line growth.

You can establish incentives among selected products, manufacturers, consumers, and/or times. Definition of the product may occur by brand, product hierarchy, or unique SKU. You may identify merchants by geography, retail tier, or unique merchant store. On the basis of purchasing habits, profiles, and registrations, you may classify the consumer accordingly. Being able to pin point the best possible target for each incentive increases the likelihood that a consumer will act on the incentive and also reduces the likelihood of a consumer receiving an incentive for a purchase they would have made anyway. The breadth and depth of the data that FreedomPay can track gives you the knowledge and power to dynamically create incentives that will achieve the desired response.

Actionable Business Intelligence

Finally, no effort, program or project is successful without an ability to measure the results and respond accordingly based upon actionable business intelligence. FreedomPay offers a set of reporting and business information tools that provide measurable results based upon detailed data of the consumer purchase transaction. Consumers and merchants may access actionable business intelligence as pertinent for the goals and objectives of each. This intelligence is available from the Incentives Manager Portal offering or can be imported into your business intelligence (BI) platform.

The Solution: "Incentives Management Platform"

Incentives Manager allows the merchant to centrally manage incentive creation and release of incentives across geographies, retail categories, specific retailers and consumer profiles. The Incentives Manager is a powerful means of managing the incentive-enterprise with ease. As a secure portal, Incentives Manager is "control center" for the management, presentation, validation, redemption, and settlement of incentives in a single hosted platform. Never before has this power and simplicity been available.

For The Consumer: Convenience and Added Value

With an objective to touch the customer as near the time of decision as possible, FreedomPay enables web and mobile marketing platforms. This can be used in conjunction with traditional media.

- Provide brand exposure via web and mobile platforms
- Push brand exposure and incentives closer to the time of the purchase decision
- Suggest incentives to consumers for related products to drive up-sell or decision change
- Present incentives based upon geo-location from retail location, recent activity or geo-fencing

For The Merchant: Real Time, Fully Electronic and Measurable

Establishing an incentive may apply to a cross-section of geographies, products, product families, and consumer (segment or individual). Establishment of incentives may occur in bulk-load through a template format or managed via our secure Incentives Manager portal.

| (1) Create Incentive	(2) Promote Incentive and Notify Customer	(3) Customer Response	(4) See Results
• Design incentive • Select audience • Choose your time-frame	• Send advertisements / alerts to web and customer phone	• Customers receive incentives through notifications and alerts • Customers visit merchant location	• Increase business Intelligence through immediate results • Track responses • Create real time reports

Types of incentives:

- Get % off
- Buy X get Y free
- Spend $X and get Y% off
- Buy X of product A and get Y% off product
- A set value for a finite time
    Ex) "Receive 10% off; good through 12/31
- A set value that varies over time
    Ex) "Receive the greater of $10 off for the next 6 hours or $5 off the next 2 days"
- A set time frame with points
    Ex) Earn 100 points within 30 days and get $5 back
- Immediate
    Ex) Come in during the next 30 minutes for 20% off
- Varied rates as a function of locale, distance from retailer, consumer profile, specific retailer, product or product family
    Ex) "Customers within 5 miles away get 20% off and customers between 5-10 miles away get 30% off"

Never before have retailers had such access to granular actionable information in real-time. This visibility not only gives you instant feedback on your incentives, but can increase customer loyalty and alter buying behavior to help grow your business.

FreedomPay validates qualification of the incentive against the product purchase by manufacturer, product hierarchy, and SKU. Where applicable, we validate specific details such as a serial number (S/N) or vehicle identification number (VIN).

- Real-time validation of purchase details for accurate application of activated incentives specific to the consumer
- Validate by quantity or monetary value of a specific product or product bundle
- Validate by retailers, group of accepting retailers or sponsoring manufacturers [Virtual Mall]
- Validate by specific merchant or grouping of manufacturers and suppliers
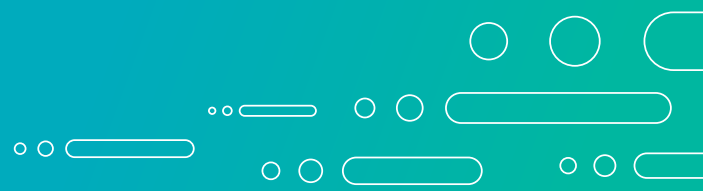
Redemption occurs electronically in real-time at the point of purchase. Retail point-of-sale provides the full receipt with line item details. Consumers identify their position at the specific retail register by scanning a barcode, entering a code, or by other forms of identification including NFC.

- Retail detailed ticket provides input for validation
- FreedomPay validates application of incentives to qualifying line items
- FreedomPay response to the POS with application of incentives at each qualifying line item or additional line items as necessary for the specific POS
- No change in cashier processes; simple to use
- No scanning or filing of paper coupons
- Automated application of the incentive at the qualifying line item
- Real-time redemption at Retail POS
- Real-time redemption mobile-to-mobile for small merchants

FreedomPay provides secure access to business intelligence for the merchant. The FreedomPay dashboard gives you the ability to:

- Measure key parameters of the success of specific incentives, unique retailers, and consumer groups across geography and period of time
- Select widgets for the real-time graphical presentation of key parameters
- Schedule recurring reporting for future delivery

Reinventing Your Incentives Strategy

Never before have merchants been able to centralize marketing incentives in real time across brick-and-mortar, web and mobile. The incentive engine's user-friendly interface enables retailers to implement relevant offers to potential consumers in real time. Now merchants can improve their business intelligence with purchase data by SKU, location, time period, and customer. The incentive manager enables merchants to deliver offers to their customers on a secure platform without having to purchase supplementary hardware. The time has come for merchants to rethink their incentives strategy and look for new ways to drive business by presenting the right offer, at the right time, to the right customer.

About FreedomPay

FreedomPay is the engine inside the world's expanding and interconnected ecosystem of commerce. The cloud-based platform helps merchants lower costs, improve the customer experience and gain increased visibility into consumer purchasing behaviors. With a PCI-Certified P2PE solution, FreedomPay connects POS systems, transaction hosts, incentive engines and other disparate systems to a cutting edge transaction superhighway.

We make payments smarter, simpler and more secure in-store, online and on mobile.
Learn more at www.freedompay.com

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