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**CAP. SOC.** 15.000,00 interamente versato



# ***Presentation of Business Plan***

## **2015-2019**

## BUSINESS

The project involves the conversion of ATMs into “Attention Getters” for development and sale of advertising space on the ATM screens during transactions wait times. Such project aims to meet the needs of three different figures: Advertisers, Banks and ATM Users. The main product is PubliATM System®, an innovative software, a new tool in the “Banking Communication” field which allows to broadcast third-party advertising spots during the wait times of the banking transactions.

This way, the software allows to transform user's wait times into real moments of entertainment, along with the triple advantage of providing the purchasers of the spot a new channel of communication aimed at reaching the target audience, reducing management costs of ATMs for Banks and, for Banks users, the opportunity to learn about new business initiatives.

**PubliATM System®** is a new generation medium, able to develop One-to-One marketing applications. Specifically, it permits to select personalized advertisements for the final customer in tune with the institutional aims of the Bank. The whole process also operates in full compliance with privacy and advertising self-discipline laws and regulations in force in Italy.

Use of **PubliATM System®** is able to offer **commercial benefits** to **every actor in the transaction**: *Banks, Advertising Companies and Users*, thus keeping a balanced ratio of profit for all the parts in the business relation, without any asymmetry in the seller / user relation, which instead are included in a cyclical and dynamic collaborative relationship.

Thanks to **PubliATM System®**, the Bank meets the valuable opportunity to access a new area, getting benefits in terms of:

- license to use free of charge software;
- fall of management costs of the ATMs;
- maximization of Prevention;
- new Retail opportunities;
- maximization of CRM;
- identification of bank-products based on user's characteristics;
- increased visibility.

Thanks to **PubliATM System®**, third-party Advertisers can achieve remarkable benefits in terms of:

- justification of impact cost;
- reporting of the developed contacts;
- network ATM as a means of customer loyalty;
- spot profiling by sex and age;
- media One-to-One;
- high impact at low cost;
- emphasizing self-image;
- overcoming of canonic clichés, to meet consumers with dynamism;

- in-depth information on the advertised commercial products;
- steady, timely and fast update on news related to the advertised commercial services;
- entertainment during banking transaction operations;
- personalized information in respect to specific target audience;
- specific facilitations for users (coupon supply).

Various analyses and a test showed that advertising market is positively interested in purchasing ADV campaigns on the ATM channel. According to the authoritative "Istituto AssoComunicazione", investment estimates in the communications will have a downward trend in 2012, compared to 2011. The crisis, though, contains two dynamics: on the one hand the economic recession, which is holding the investments back, on the other hand the acceleration of structural changes that were already in place earlier. As reported by the chart below, due to the effect of the crisis and of the current recession, at the end of 2010 the communications market have suffered a 5.9% decrease in Italy, going back under the 19 billion euro threshold. In this context, the positive performance of digital media is standing out: although a slower growth (compared with double-digit rates of recent years) is forecast for the Internet, the expected closure to + 9.3% underlines the strenght of the medium, now firmly in third position in Italy.

#### Communication market in Italy: 2010

(in millions of euros and punctuation % 2010 vs 2009)

	2010	variation in %
Newspapers	1.405	-19,6
Magazines	1.041	-24
<b>Total press</b>	<b>2.467</b>	<b>-21,5</b>
Television	4.756	-10,2
Radio	614	-9,4
Cinema	46	-20
Outdoor	656	-13,9
Digital	889	<b>9,3</b>
<b>Total "classic" media</b>	<b>9.427</b>	<b>-12,3</b>
Production costs	838	1
<b>Total "classic" area +</b>	<b>10.265</b>	<b>-11,4</b>
Direct marketing	4.900	0
Promotions	4.400	1,1
Public Relations	2.150	2,4
Events	1.350	3,8
<b>Total Mktg and communication report</b>	<b>12.800</b>	<b>1,2</b>
<b>Grand Total (net after duplications)</b>	<b>18.893</b>	<b>-5,9</b>

Avoiding typical advertising dispersion effects and better allocating new budgets seems to be the new rule for marketing managers. The new medium “**PubliATM**” solves these conflicts, assuring:

- justified cost for impact;
- cancellation of dispersion;
- One-to-One communication;
- timely reporting of the campaign;

This positive trend of digital media, therefore, can be reasonably transferred to the ATM channel. It is no coincidence, as a matter of fact, that in the recent months in which UMIG carried out a massive awareness campaign regarding the new medium, a large number of advertisers showed interest in investing in the medium, making the most of the distinctive features of **PubliATM System®** and the possibility of carrying out co-marketing campaigns with the reference Banking Institution.

The sectors which showed most of the interest in investing in this new media are:

- telecommunications;
- car market;
- media/publishing;
- agencies/institutions;
- leisure;
- tourism/travel;
- food;

The success of the proposed scenario is due to its greater appeal compared to that of traditional media. This will simultaneously stimulate different areas of economic development:

- recovery in advertising investments;
- new ATM business units investments due to generated savings;
- more frequent use of ATMs by customers (commercial benefits – involvement in social responsibility activities).

This detected scenario shows exactly what will be implemented and adopted through this project.

- The market in which the offer is to be oriented is made by all the Banks equipped with an integrated software distribution capable of delivering applications and content across the whole network (Basilea 2006 has imposed on all Banks to make such a migration of the microchip). A further required condition is a minimum number of ATMs which the bank must have. In the mean time, on the other hand, our desire is to submit the initiative to every medium/large company interested in developing advertising campaigns aimed at high impact and low cost. Thanks to being a global service that covers a broad segment of users, the identified target is that of users between 18 and 64.

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## COMPETITION

Using ATMs as a communications medium to convey advertising campaigns belongs to recent history. In the rest of the world, some countries are beginning to make the most of this potential, but only partially. In the United States, for example, only short JPEGs of the advertisers are shown on the screens, alternated by the institutional banking background of the ATMs. In Spain and England, instead, it's possible to watch some short videos, which nevertheless are not outlined on the ATM user's profile.

**UMIG Italia opens the Italian market and revolutionizes the Global one:** in addition to act as advertising agency, it asserts itself as an IT company, thanks to the production of the **PUBLIATM System®** software, which solves all the aforementioned problems (by submitting video commercials, outlineable on the user's profile) and improves the functionality of the ATM.

In Italy, the scene is further different. UMIG was the first and only advertising agency to manage initial idle loop and Key frame space of the transaction of BNL, bank belonging to the BNP Group (April-July 2009). UMIG Italy produced a software provided with remarkable Advertising features, running any manufacturer's ATMs. UMIG Italy is the only company to offer free software and consequently carry out advertising sales.

There exist software capable of delivering advertising on the ATM channel and they have been made by major ATM manufacturers such as: NCR – Diebold – Wincor Nixdorf. The technology offered by these IT competitors allows low target-based profiling of the commercials and shows a strong limitation in terms of compatibility between their technology and other producers' ATMs. The typical offer made to the banks by these products, unlike UMIG, includes the standard sale of the user license on a single machine (about € 100.00 per year) and it doesn't include the possibility to immediately interact with the world of advertising agencies. In fact, therefore, there exist no company like UMIG, able to offer both the license free technology and its related sale of advertising space resulting in a saving on the operational costs of machinery. All things considered, we can state that in Italy, UMIG is the undisputed leader, while in the rest of the world it sets itself as a competitor in start up on the market, but with the highest level of innovation and development of the Advertising module on the ATM channel.

## MARKETING STRATEGY/PLAN

UMIG has pursued its goal since 2002, starting from the idea of converting ATMs into “Attention Getters”; over the years, this idea has become **PubliATM System®**, One-on-One user-outlined ADV campaign broadcasting software.

UMIG's interest is to develop the linked industry from the sale of third party advertising campaigns on the BANKS ATM channel whilst not selling the user license of the software which, indeed, would be given to the BANKS on a free of charge loan for use.

This turnover would create a substantial **Saving** of operational costs of the ATM network by transferring to the Bank such a percentage that could get it ready for broad-spectrum investments in the retail-ATM channel more and more year after year.

The promotion of **PubliATM System®** avails itself of several different channels in order to differentiate the reference targets and develop the most diverse and broad pool of contacts.

That is currently taking place through direct contacts with:

- the banking market, by the proposal of a FREE TRIAL to the Business Unit in charge of the ATM circuit (as occurred with BNL Paribas institute, between April and July 2009);
- marketing managers of big companies and partnership deals with media consulting and advertising agencies (such as Warner Bros., Maggiore, Sony Pictures, Nissan, Moviemax, Fiat Professional and MAG as occurred with the TEST on the Gruppo BNL Paribas BNL ATM)

**PubliATM System®** was presented to the general public through:

- Participation in conventions such as:
  - Diebold Conference, Milano April 2005 (ATM producer);
  - SSB Conference, Rome, June 2006 (company specialized in inter-bank services);
  - Confindustria Event, Palazzo dei congressi di Orvieto, 2007;
  - "CARTE 2008" – ABI Conference, November 27th-28th (Italian Banking Association).
  - "CARTE 2009" – ABI Conference, November 12th-13th (Italian Banking Association).
- The world of Media through our press agency's contact with specialist and general-interest press. Advantages of publiATM System® are indeed witnessed and reviewed by several publications such as:
  - "Spot&Web", March 2009;
  - "055news.it", April 2009;
  - "Adnkronos.com", April 2009;
  - "Leggo", April 2009;
  - "Il Mondo – Corriere della Sera", April 2009;
  - "Corriere delle Comunicazioni", April 2009;
  - "Specchio Economico", May 2009;
  - "Economy", August 2009.

Once the software is released, the next step will be the stage of marketing to launch the product, make it known to a wide audience and then manage the sales. The main marketing techniques that will be used are: marketing promotion through specialist magazines, road shows, partnership deals with major advertising agencies, direct marketing. Such techniques turn out to be very efficient as they offer great visibility. The price will be a key point to guarantee an exponential growth in demand for the product. The strategy is to offer a strong price cut on the listing (66%) in the initial stage for twelve months and then decrease such rate of discount (around 10%) each year.

The intention is therefore to focus on the increasement of market penetration by conveying the product to the widest possible number of companies. Advertising campaigns will be able to be purchased directly from UMIG or through advertising agencies connected to it through joint ventures and deals with the majors and large retailers. The main limitation of this system had been linked, until a couple of years ago (UMIG started to develop the project in 2002), to the initial caution assumed by the Banks Marketing and Communication areas, whose basic mission is to promote their own products, link the Bank's brand with that of the advertising agencies.

## FINANCIALS

The economic performance made by this business are positive and show how such business is profitable and capable of self-sustaining after the implementation of the client server software and the sale of the space on the market. The estimates which have been made involve an exponential growth starting from the second year, due to the emulative dragging. The cash flow turns out negative only for the first year, already increasing in the second year, becoming definitely positive starting from the third year.

Below, a brief summary of the main economic goals that this project aims to achieve: annual sales of at least € 1 million after the first 12 months on just 1000 ATMs (2.5% of the Italian ATM set); net profit on sales over 30% after 3 years; achievement of break even after 12 months.

	2015	2016	2016	20017	2018	2019
ATMs SOLD	1.000	5.000	9.000	15.000	20.000	27.000
DEVELOPED CONTACTS	18.000.000	90.000.000	162.000.000	270.000.000	360.000.000	486.000.000
YEARLY UNIT REVENUE PER ATM	1.200,00	1320,00	1450,00	1600,00	1800,00	1800,00
<b>TOTAL YEARLY SALES</b> % of the 2009 digital advertising market in Italy	<b>1.200.000</b>	<b>6.600.000</b> 0,7%	<b>13.050.000</b> 1,5%	<b>24.000.000</b> 2,5%	<b>36.000.000</b> 4%	<b>48.600.000</b> 5%

EBITDA	169.540	2.208.700	4.674.640	8.131.754	12.287.715	16.763.257
RESULTAT NET/NET PROFIT	88.352	1.392.277	2.955.770	5.143.929	7.773.959	10.614.696

The introduced business plan was developed on a careful study of the current situation of the Italian market, which is in many ways quite similar to the current world scenario.

In our country there are about 41 thousand ATMs (the number partially diminishes for those which are already ready to carry the ads), but reaching only the grant of 50% of the available ATM set would mean a total turnover estimable between 30 and 35 million euros per year.

Equally hopeful are the estimates for the foreign market, where advertising sale ability and technology development are equal, if not, in some cases, even better than the italian ones.

The caution shown by the banks in our country in linking the bank's name to third party names (which, as we already pointed out, is currently the only and last obstacle encountered by PubliATM) doesn't define the foreign market where, instead, its enormous potential seem to be already appreciated by the most and where co-branding and co-marketing operations between Banks and companies are on the agenda.

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## HOW EARNINGS ARE GENERATED

**UMIG** produced the aforementioned software that enables to broadcast third-party advertisements on ATMs, during wait the transactions wait times, turning them into moments of entertainment.

**UMIG** has, as a subject matter of its business, advertising management, trading, marketing in general, as well as the exploitation of the ATMs and of advertising space in general.

The **BANK** grants **UMIG** the exclusive utilization of its available advertising space on its own ATM circuit, in compliance of the contract terms.

**UMIG** undertakes itself to collect advertisements in the forms and contents in full compliance of the Italian code of advertising self-regulation, exempting the **BANK** from any and all responsibility and undertaking not to proceed with publishing advertisements which may be clashing with the **BANK's** institutional aims and its ethical and moral address.

For this purpose, the parties agree that **UMIG** will have the exclusive of taking care of sales and management of advertising space to be run on the ATM circuit, acting, then, to independently collect display advertisement, stipulate the related contracts with advertisers, autonomously taking care of billing, collection, and profit taking of the amount dues.

Third party advertisements rates will be determined by **UMIG**, which reserves the right to grant any discount which could be considered necessary in order to achieve maximum economic returns by the advertising sales.

The parties in charge of advertising exploitation of the available space on their ATM circuit, agree upon the following compensation, in favor of the **BANK**:

- a) for the first six months of contract period, the **BANK** waives any form of payment;
- b) beginning from the seventh month of contract period and until the end of it, **UMIG** undertakes to pay the **BANK** a percentage of the proceeds from advertising sales, net of VAT, agency fees and negotiations rights.

The parties expressly agree that all expenses related to advertising sales and production remain at the sole burden of **UMIG**.

**UMIG** undertakes itself to provide statement of discounts made and the agency fees and negotiations.

The **BANK** undertakes to issue a monthly bill in favor of **UMIG** for the due remuneration from the use of operating ATMs.

The compensation derived from the sale of advertising space will be paid by **UMIG** to the **BANK** 90 days by the end of the month from the billing date, for each day of delay the parties agree upon the application of interests to the legal extent.



Because of the exclusivity the **BANK** undertakes to pass on to **UMIG** requests for advertising on ATMs that it could receive directly from third parties. In this case, the compensation above will benefit from an increased rate of 5%.

- UMIG Italia obtains the availability of such spaces from the **BANK**, to assign them for advertisements;
- UMIG Italia sells spaces to large advertisers (telecommunications operators, large utilities company, large consumer goods manufacturers, etc.) interested in advertising on media at a relatively low cost but at a high intensity of response, and with the possibility to target the messages;
- advertising is sold in blocks, differentiating among groups of high, medium and low utilization;
- images appear as, for example: either through placing small logos on the back of the ticket, both in special coupons made ad hoc, including co-marketing operations, promotional offers and/or discount vouchers

Development of the project is divided into three steps: the first is the creation of a demo “light” to show the service to the Banks. The second is a FREE TEST on a limited number of Bank's ATMs, to be able to perform analysis on the system, ensuring its non-vulnerability and performing an analysis of “Customer Satisfaction”. The third is its implementation on the whole ATM set and the creation of the billing structure and service management.

Distribution of the software takes place very quickly (15/20 days) through a “customization” of it based on the operating system used by the Bank.

Once customized, PubliATM System® is installed on the ATMs using software distribution (1-2 days) through an extremely simple operation.