

P-Commerce

Business Plan for 2010 - 2012

Author: Gavin Conran

Version / Date: 1.0 / June 1, 2010

Save Date: June 1, 2010

Status: Released

Revision History

Author	Version	Date	Description
G Conran	0.1	Jan 05, 2009	First Draft
G Conran	0.2	Jan 06, 2010	Added Competitor Analysis
G Conran	0.3	Jan 11, 2010	Added P-Commerce solutions
G Conran	0.4	Jan 18, 2010	Added Solution Roadmap & Conclusions
G Conran	0.5	Feb 12, 2010	Made the solution generic rather than specific
G Conran	0.6	Mar 8, 2010	Updated value proposition
G Conran	0.7	Mar 9, 2010	Added ticket sales
G Conran	0.8	Mar 10, 2010	Updated Sales & marketing, Competitor analysis
G Conran	0.9	Mar 11, 2010	Updated Operations & Financials
G Conran	1.0	Mar 12, 2010	Released
G Conran	1.1	May 14, 2010	Updated verticals
G Conran	1.2	May 28, 2010	Added propositions for Retail & Health

Table of Contents

Executive Summary.....	5
Personal Commerce.....	6
Reference Customer: The Times.....	8
Value Proposition.....	9
Competitor Analysis.....	13
Solution Selling.....	15
Sales and Marketing Material.....	25
Operations.....	28
Financials.....	30
Conclusion.....	32
Appendix I: Competitor Analysis.....	33
Appendix II: Company Formation.....	38
Appendix III: Setting up the Campaign.....	41

List of Figures

Figure 1: Personal Commerce.....	6
Figure 2: subscriptions.timesonline.co.uk.....	8
Figure 3: Incremental Increase from P-Commerce channel.....	10
Figure 4: The Times' Online Selling Solution.....	15
Figure 5: End to End Solution.....	16
Figure 6: New Media Eco-system.....	21
Figure 7: Ad Aggregator (Switch).....	22
Figure 8: Tomahawk for Retail (Brand Alley).....	23
Figure 9: Tomahawk IT Requirements.....	27
Figure 10: Cost of Sales for combined E & P Commerce Campaign.....	28
Figure 11: Cost of Sales for P-Commerce.....	29
Figure 12: Operating Costs.....	29
Figure 13: 2009 - 2011 P&L.....	30
Figure 14: Revenue, Gross and Operating Profit.....	31

List of Tables

Table 1: Revenue Projections for E & P Commerce channels.....	9
Table 2: Google Click Volumes for The Times (with Calls/Day).....	11
Table 3: Quarterly Acquisition Costs.....	12
Table 4: Number of Agents with CPH = 3.....	12
Table 5: Tomahawk Pending Patents.....	14
Table 6: Competitor Pending Patents.....	14
Table 7: Target Verticals.....	20
Table 8: Sales & Marketing Material.....	25
Table 9: Company Set-up.....	28

Executive Summary

Introducing Personal Commerce

P-Commerce is a complimentary sales channel which sits comfortably with existing E-Commerce channels. In essence, P-Commerce supports a new way to engage with customers by combining online marketing, landing pages and contact centres on a single technology platform. Clients increase revenue by raising the Call Rate once users land on a page. In addition, clients can increase market share by making key business decisions based on the performance of Campaigns that track traffic from the online Source to Calls to Conversions.

Competitive Landscape

To date, there are no solution or service providers offering a P-Commerce module as part of their offering. A number of Digital Agencies offer technology which is similar but inferior to Personal Commerce, i.e. TradeDoubler and FreshEgg. There is Intellectual Property assigned to P-Commerce which coupled to the solid code base, gives us a strong sustainable competitive advantage.

Sales & Marketing

The best prospects for our solution are those with a complicated value proposition, high volume of web traffic generated via different sources, a relatively high price and who already publish telephone numbers online. Verticals with such characteristics are media (subscriptions & advertising), retail and health. Media companies we are actively involved in are Sky, The Times and Trinity Mirror. Online Retail companies such as lastminute.com and mydeco.com are suitable and easily contactable. Once we have proven the business benefits of Personal Commerce to one of these prospects we should target both media and online retailers. Personal Commerce offers prospects a risk free route to increased revenue, market share and efficiencies as the business model is CPA based.

Operations & Finances

A new business entity will be set up to pursue this opportunity consisting of members of the Tomahawk team, led by Gavin Conran.

With a CPA of about £40 per transaction a Tomahawk campaign is potentially very profitable. If conservative sales forecasts are met from media prospects, Tomahawk could have a quarterly profit of £690K from sales of £930K.

Conclusion

For the next six months, the team should focus on getting a reference customer to have a successful P-Commerce campaign both commercially and technically. In parallel we should target other media and retail groups.

Personal Commerce

Introduction

With the need to anticipate what prospects are looking for before they arrive at a site and an ever increasing demand to prove the return on marketing investments, the need for 'Personal-Commerce' has evolved from E-Commerce.

More than ever, brands must understand how to turn site visits into sales conversions in a way that lets them treat every customer as the exception.

Personal-Commerce allows brands to follow three steps to a successful online campaign:

1. **Identify:** Key prospects are identified by their online interests
2. **Engage:** Only key prospects are invited to call a specific number
3. **Convert:** Conversion rates are very high with a one-to-one conversation

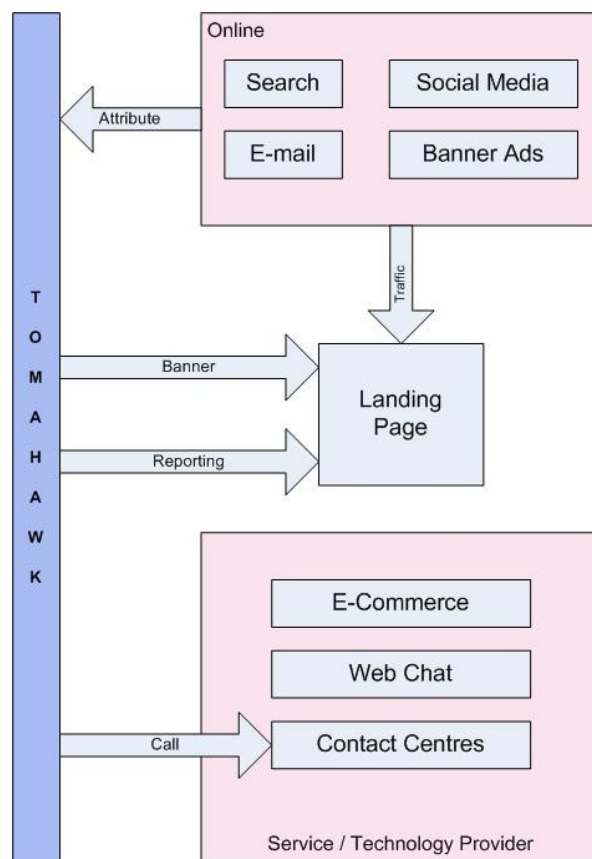


Figure 1: Personal Commerce

By acting as a bridge between Google (and other online sources) and the landing pages, Personal Commerce offers premium prospects a personal route to complete their transactions. With the excellent customer service of a premier contact centre like The Listening Company, Tomahawk can greatly increase the users overall experience and hence increase revenue from online activity.

The user experience can best be outlined by using the Personal Commerce concept of

identify, engage and convert.

Identify

User types in keyword search (or clicks on a banner ad or an E-mail) and merchant's ad appears as a sponsored link.

Engage

User is brought to merchant website and sees a web banner specific to what they are looking for with a direct number to call e.g. 'subscribe today: call 0800 9158078'.

Convert

User calls the number, which is answered by an advisor who has sufficient information about their interests, and product portfolio to convert, cross-sell/up-sell or to provide more advice.

When advisors are not available or when waiting times exceed those deemed acceptable the Tomahawk banners will not appear ensuring premium prospects are not left waiting in a queue.

Key Messages

Maximize marketing spend by increasing conversions

Keyword Acquisition is far the biggest cost of any online campaign. By opening up a P-Commerce channel, in addition, to the existing E-Commerce channel will increase conversions and increase your ROI.

Tomahawk is to the contact center experience what Google is to the web!

Before Google it was almost impossible to find what you were looking for on the web. Even when you found a site the user lacked confidence in the information served on the site. Today, the contact center experience can be viewed the same way. When users make a call they can be faced with a multitude of options from an IVR system. P-commerce ensures callers are directed to a suitable agent who can deal with their enquiry and convert them in the process.

Reference Customer: The Times



Figure 2: *subscriptions.timesonline.co.uk*

What is the campaign selling?

A subscription to:

- The Times at 29% discount
- The Sunday Times at a 29% discount

Plus

- Times + membership

There is free delivery to the door if a subscriber pays the cover price for the delivery days. The campaign is voucher based. Times + is a membership of The Times and The Sunday Times. It brings exclusive events + offers + extras. It's usually £50 to join, but subscribers get complimentary membership. Subscribers get to pick one of two packs:

- Travel +
- Culture +

Travel +

- A year's subscription to The Sunday Times Travel magazine
- Cabin upgrades with our cruise partners Swan Hellenic and Voyages of Discovery
- Room upgrades at selected hotels
- Priority booking for exclusive tours and packages like Riviera's tour of Rome with an exclusive private tour of the Vatican museums and an exclusive premium package to see the, once-in-a-decade, Oberammergau passion Play

Culture +

- Regular gifts of books, music and movies
- Priority booking to see the major exhibitions at the Royal Academy with exclusive

access before the doors open to the public

- A free glass of Moët Chandon champagne every time you attend a performance at The Royal Albert Hall, London
- Priority booking for exclusive events with our journalists/writers

Value Proposition

The value proposition of P-Commerce will be explained using The Times' campaign as an example. The value proposition is explained through three basic P-Commerce benefits:

1. Increase Revenue
2. Increase Market Share
3. Increase Efficiency

Benefit 1: Increase Revenue

The P-Commerce channel will increase the Call Rate (number of calls per visitors) by serving a banner, as outline in Figure 2, which is relevant to the keyword which brought the user to the landing page. The related banner will encourage customers to pick up the phone and make the call. With the same volume of site traffic an increase in the call rate will directly lead to an increase on conversions and therefore revenue.

Once a customer calls, the agent will have sufficient information about the customer's interests and the client's product portfolio to potentially sell the customer a more expensive package (up-sell) or sell an additional product or service (cross-sell). The E-commerce channel is for those who prefer self-serve.

Acquisition	
Impressions (Search, E-mail, Ads, Social Networks)	700K
<i>3% CTR</i>	
Clicks per week	22,000
P-Commerce Channel	
<i>1.1% CALL RATE</i>	
Calls per quarter	2,868
<i>40% Conversion rate</i>	
Conversions per quarter	1,147
<i>£40 CPA</i>	
Revenue (TLC) per quarter	£45,886
E-Commerce Channel	
<i>1.1% Conversion rate</i>	
Conversions per quarter	2,868
<i>£40 CPA</i>	
Revenue (TLC) per quarter	£114,714
Total Revenue (TLC) per quarter	£160,600

Table 1: Revenue Projections for E & P Commerce channels

An issue of concern is how P-Commerce will affect the existing E-Commerce channel. This is doubtful as web savvy users will use the self service channel. P-Commerce offers those who are not comfortable with E-commerce a phone alternative.

A second consideration concerns the overall acquisition costs, by far the most expensive element of any online campaign. It is important to convert as many visitors once they are on the landing page, therefore making it sensible to offer a complimentary P-Commerce channel in order to get the best ROI on your marketing spend.

Figure 3 below shows graphically how adding a P-Commerce channel increases the number of conversions without cannibalising the existing E-commerce sales channel.

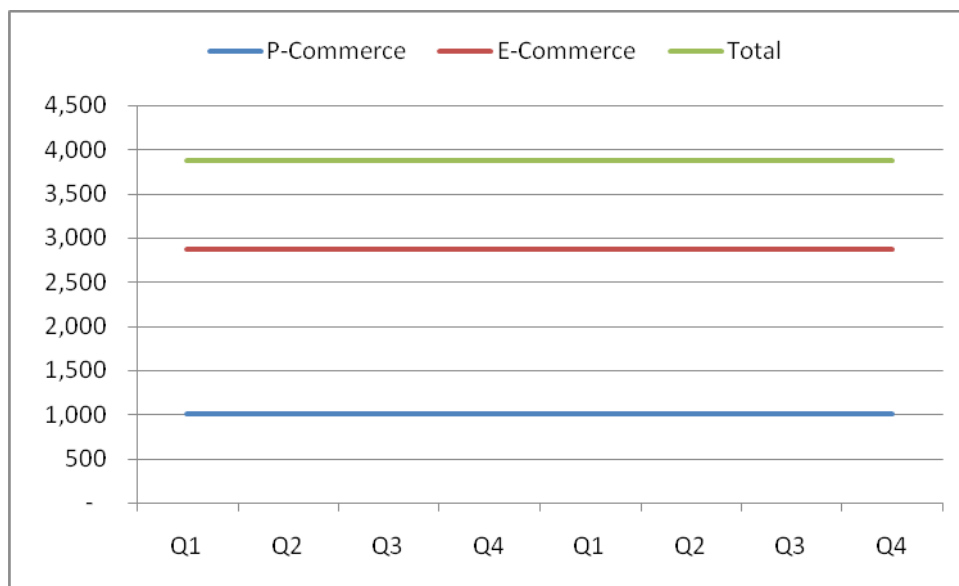


Figure 3: Incremental Increase from P-Commerce channel

By adding a P-Commerce channel the number of subscriptions per quarter will rise by about 1,100 from about 2,800 from the existing E-Commerce channel to about 3,900 in total.

Benefit 2: Increase Market Share

Combined Reporting provided by Tomahawk allows the campaign manager to track all sales back to the source/attribute and spend. This allows our customers to:

- Know the real overall marketing ROI
- Optimise keyword spend and outmanoeuvre competitors

Keywords	Avg. CPC	Ad Positions	Clicks/ Day	Calls/ Day	Conv/ Day	Cost/ Day
Times	£0.14 - £0.30	1 to 3	5,165	52	17	£1,290
Times +	£0.58 - £0.87	1 to 3	4,781	48	15	£4,170
Times Subscriptions	£0.70 - £0.97	1 to 3	2,090	60	19	£2,040
Travel	£1.42 - £2.13	1 to 3	1,273	13	4	£2,720
Sports	£0.28 - £0.37	1 to 3	389	4	1	£150
News	£0.60 - £0.82	1 to 3	263	3	1	£220
Telegraph Subscriptions	£0.83 - £1.16	1 to 3	147	20	6	£190
The Telegraph	£1.49 - £2.23	1 to 3	140	1	0	£320
NY Times	£0.79 - £1.18	1 to 3	112	1	0	£140
The Mail	£2.50 - £2.79	1 to 3	78	1	1	£220

Table 2: Google Click Volumes for The Times (with Calls/Day)

Presently, online advertising tools inform their customers of information for each attribute. Google, for example, give the following information for each keyword:

- Keyword
- Average CPC
- Ad Positions
- Clicks/Day
- Cost/Day

There is no link between a source/attribute and the number of calls generated by that particular attribute. With such information, campaign managers would know the real overall ROI on their marketing spend. In addition, it will become very clear if particular source/attributes generate a higher proportion of calls and therefore conversions:

- Source / Attributes ☑ Calls/Day ☑ Conversions/Day

In Table 2 above the numbers in the Calls/Day column have been estimated by assuming a Call rate of 1.1%. This column will allow our clients to see if a particulate keyword triggers a higher call rate, e.g. Times +. If so, the client can take advantage of this and focus their campaigns on the high performing keywords.

With this information, campaign managers will be justified in reducing the use of non-performing keywords and increasing the use of revenue generating attributes.

Acquisition	Q1	Q2	Q3	Q4
Cost	£52,795	£50,155	£47,515	44,875
Saving	£2640	£2640	£2640	£2640

Table 3: Quarterly Acquisition Costs

Keyword optimisation as described above could lead to a 5% reduction of acquisition costs per quarter giving a net saving of £2640 per quarter.

All this information will be available through Tomahawk's Reporting tools.

Benefit 3: Improved Efficiency

As the Tomahawk number only appears when call waiting times are set this allows the agents to be consistently used leading to:

- Reduced waiting times
- Increased Calls per Hour (CPH) leading to agents always at capacity
- A Reduced number of agents leading to a reduction in costs

Acquisition	
Impressions (Search, E-mail, Ads, Social Networks)	700K
3% CTR	
Clicks per week	22,000
1% Call Rate	
Calls per Quarter	2,868
Calls per Day	13
CPH = 3	
Number of Agents	1

Table 4: Number of Agents with CPH = 3

There is an inverse relationship between Calls per Hour and the Number of Agents, i.e. the better the Calls per Hour (CPH) ratio the lower the numbers of agents are required to service the campaign.

Competitor Analysis

Introduction

There are a number of players in the space of which we call Personal Commerce:

- Digital Agencies
- Solution Providers
- Service Providers

The detailed competitor analysis can be found in Appendix I.

Digital Agencies

Examples of Digital Agencies offering a call tracking service to their customers are DoubleTrader and Freshegg. Back in 2007 DoubleTrader acquired Diallog – a technology provider - and included it in their service portfolio. The Talk service is a complement to their campaign management services (Push, Pull, Talk & Reach).

Solution Providers

E-commerce related solution providers also offer a call through feature. In the US, Atg, an E-commerce technology provider, purchased eStara and now, together with more main stream E-commerce services, offers their customers:

- Click to Call
- Click to Chat
- Call Tracking

Liveperson is a technology provider who focuses on multi-channel (chat and voice) communications and offers:

- Liveperson Chat
- Liveperson Voice

Clickpath is a US based web/call tracking technology provider. The problem they are trying to solve is the “too many keyword combinations for a direct mapping to telephone numbers” issue. Tomahawk overcomes this problem by using extension numbers.

Service Providers

There are a number of E-Commerce providers:

- Coming from “In-House” development
- Coming from “Service” providers

Sky is an example of an in-house service provider. They are sophisticated and skilled enough to create their own be-spoke solution to fulfil their business requirements.

To date, there are no service providers offering an ‘off the shelf’ service for media. The hut group offers an E-commerce service for retail.

Sustainable Competitive Advantage

There is Intellectual Property assigned to P-Commerce, as outlined in Table 5. Once granted, this Intellectual Property coupled with the solid source code, will give Tomahawk a strong sustainable competitive advantage.

Patent Name	Number	Company	Status
Communications System	0821813.3	TLC	Pending in UK
Communications System	12/626,856	TLC	Pending in US

Table 5: Tomahawk Pending Patents

We have set up a watch on A Diallog Work's patent application in the US & Europe (in particular, patent application numbers US 11/995,509 and EP 06755620.9).

In their patent ClickPath dynamically map keywords to available phone numbers stored in a database. Once an available phone number is identified they serve the phone number as a banner on the customer's web site and then track if a call is made on that number. This means that they can get maximum use from a pool of telephone numbers and therefore reduce the cost of telephone numbers.

Freshegg does not have IP and their solution is very basic. It can only tell clients how many calls have been generated by different sources. Tomahawk tells clients exactly how many calls have been generated by actual keywords as well as the source.

Patent Name	Number	Company	Status
Method and system for obtaining information	EP 06755620.9	Diallog	Pending in Europe
Method and system for obtaining information	US 11/995,509	Diallog	Pending in US
Method and system for tracking online promotional source to offline activity	US2007124290	Clickpath	Pending in US

Table 6: Competitor Pending Patents

Conclusion

To date, there are no solution or service providers offering a P-Commerce module as part of their offering. A number of Digital Agencies offer technology which is similar but inferior to Tomahawk, i.e. TradeDoubler and FreshEgg.

There is Intellectual Property assigned to P-Commerce which coupled to the solid source code gives us a sustainable competitive advantage.

Solution Selling

As outlined in the Competitive Analysis, no solution or service provider is including a P-Commerce component in their offering.

Tomahawk has an excellent opportunity to prove the viability of P-Commerce as part of the solution which The Times has constructed with their partners in order to sell Print subscriptions.

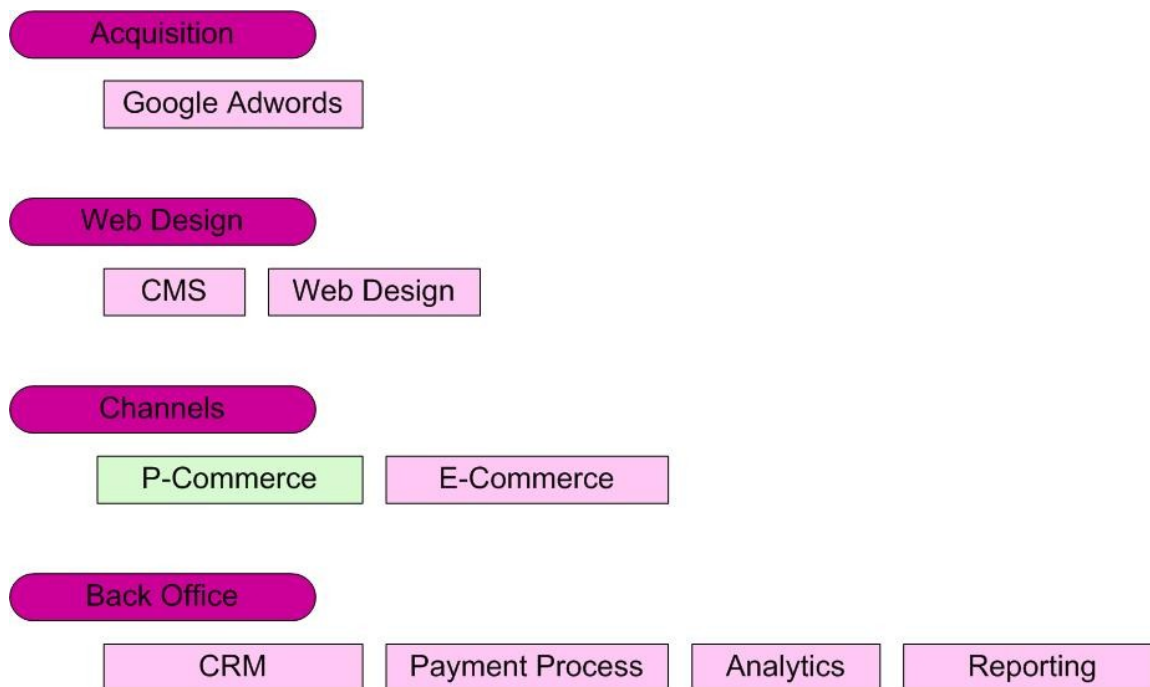


Figure 4: The Times' Online Selling Solution

Once we have proven the business benefits of P-Commerce with The Times there will be four verticals to focus on to grow revenues.

1. P-Commerce for Media (Subscriptions)
 - a. Print & Online
 - b. Mobile
 - c. Broadcast
2. P-Commerce for Media (Advertising)
3. P-Commerce for Retail (High end)
4. P-Commerce for Health

P-Commerce for Media & Telcos (Subscriptions)

Print:

The first is to encourage other print media businesses to start selling subscriptions as similar to The Times, as outlined above in an earlier section. Prospects include The Telegraph, The Mail, The Guardian, The Independent, Trinity Mirror & The Racing Post.

Online / Mobile:

All serious content providers are developing strategies to begin charging for online content distributed over multiple devices. If The Times and Sky are using P-Commerce we will be invited to be part of any solutions selling online content.

Broadcast:

Once we have proven P-Commerce with The Times we will be in a better position to return to Sky and add P-Commerce to their in-house solution, like in Figure 5 outlined earlier.

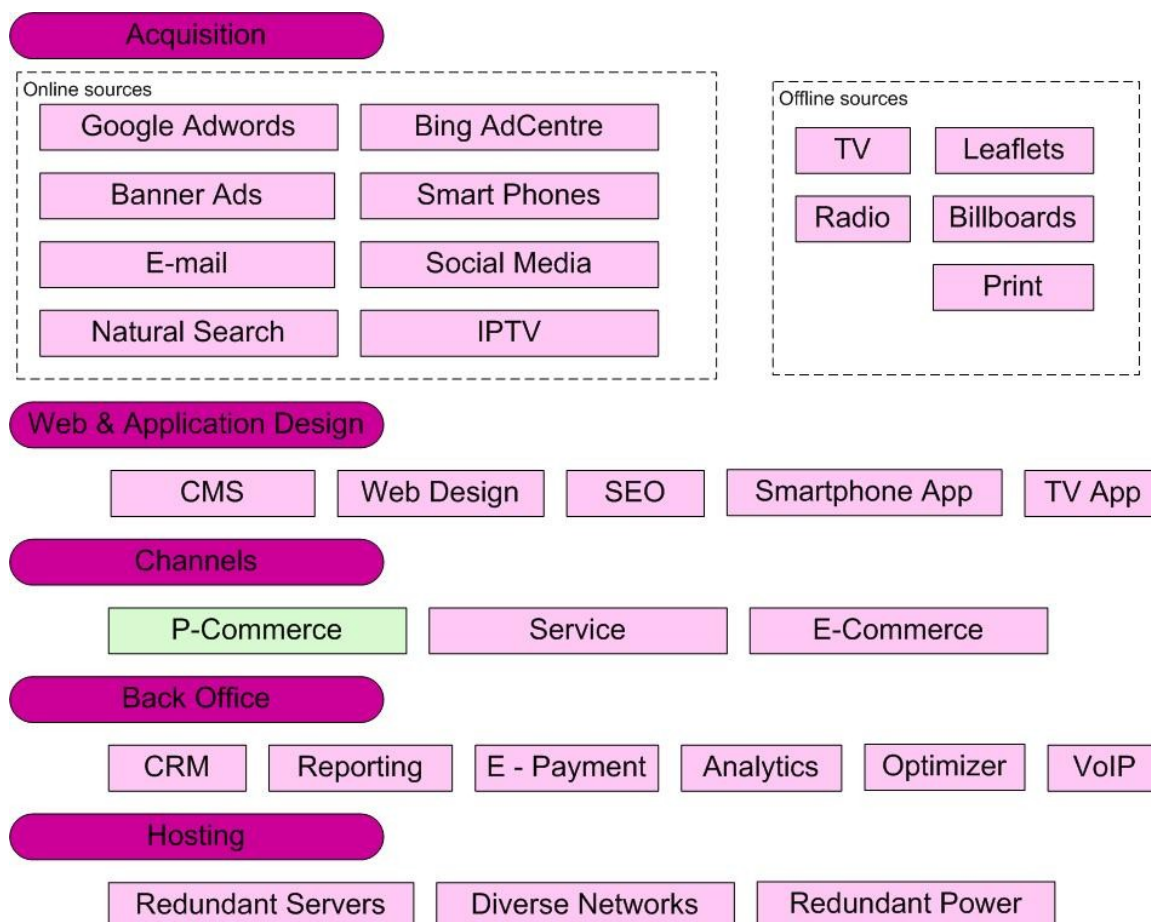


Figure 5: End to End Solution

Table 7 below describes in detail the value proposition P-Commerce gives to each vertical accompanied with a list of prospects.

	Media & Telco (Subscriptions)	Media & Telco (Advertising)	Retail	Health
<i>Reference Customer</i>	The Times	Trinity Mirror	Brand Alley	NHS
<i>Business Model</i>	CPA	CPA	CPA	CPA
<i>Problem</i>	Need to increase subscriptions while reducing acquisition costs.	Need to sell multi-channel advertising as a subscription.	Need to increase sales & memberships while reducing acquisition costs.	Need to reduce visits to GP and A&E for minor concerns.
<i>Value Proposition: Increase revenue</i>	Increase subscriptions by identifying premium prospects and serving telephone number.	Increase subscriptions by identifying premium prospects and serving telephone number.	Increase sales and memberships by identifying premium prospects and serving telephone number.	Only applicable if used outside the UK.
<i>Value Proposition: Increase market share</i>	Improved analytics allows focus on performing attributes.	Improved analytics allows focus on performing attributes.	Improved analytics allows focus on performing attributes.	Improved analytics allows focus on performing attributes.
<i>Value Proposition: Increase efficiency</i>	Drive customers directly to the required expertise. Reduce number of agents.	Identify advertisers and drive them to the required expertise.	Drive customers directly to the required expertise. Reduce number of agents.	Identify patient's condition and drive them directly to the required expertise.
<i>Prospects</i>	<u>Broadcasters</u> Top Up TV BT Sky Simplify Digital <u>Print & Online</u>	<u>Print</u> Trinity Mirror News International <u>Search Engines</u> Google Adwords Microsoft Adcentre	Tesco Sainsbury's Debenhams John Lewis Richemont (Net-A-Porter) House of Fraser	NHS Direct NHS 24 NHS Direct Wales Clinical Solutions

News International	<u>Social Media</u>	Cocosa.com	
DMGT	Facebook	MyDeco.com	
GMG	Twitter	Brand Alley	
INM	<u>Online Advertising Networks</u>	Amazon UK	
Lebedev Holdings	DoubleClick (Google)	Argos	
Trinity Mirror	Atlas (Microsoft)	Play.com	
Pearson	<u>Online Directories</u>	Apple	
Haymarket	Yell	Tesco.com	
Johnson Press	Thomson Directories	Amazon.com	
<u>Mobile & Broadband</u>	<u>Mobile Advertising Networks</u>	Thomson Holidays	
O2	Quattro Wireless (Apple)	Tesco Direct	
Vodafone	Acision	Dell EMEA	
TOM (T-Orange Mobile)	Admob (Google)	Expedia.co.uk	
3	<u>IPTV Advertising Networks</u>	Easyjet	
Talk Talk	OpenTV	Marks & Spencer	
<u>OTT</u>	Google TV	Next	
Lovefilm	AdMarvel (Opera)	Currys	
Hulu		Lastminute.com	
Blinkbox		HMV.com	
		RyanAir	
		British Airways	

			John Lewis Comet UK PC World Ticketmaster UK Thomas Cook Ebuyer GAME O2 Shop ASOS Debenhams B&Q Online Littlewoods UK Symantec Store The Orange Shop ASDA Woolworths UK Boots Odeon Cinemas Lovefilm.com IKEA Screwfix Direct	
--	--	--	---	--

			QVCUK.com TopShop.co.uk Carphone Warehouse Sainsbury's Thomsonfly.com HP Flybe.com Maplin Electronics Dixons Online Apple iPod & Tunes River Island	
<i>Market Size</i>	£100 M per annum	£100 M per annum	£100 M per annum	£100 M per annum

Table 7: Target Verticals

P-Commerce for Media & Telcos (Advertising)

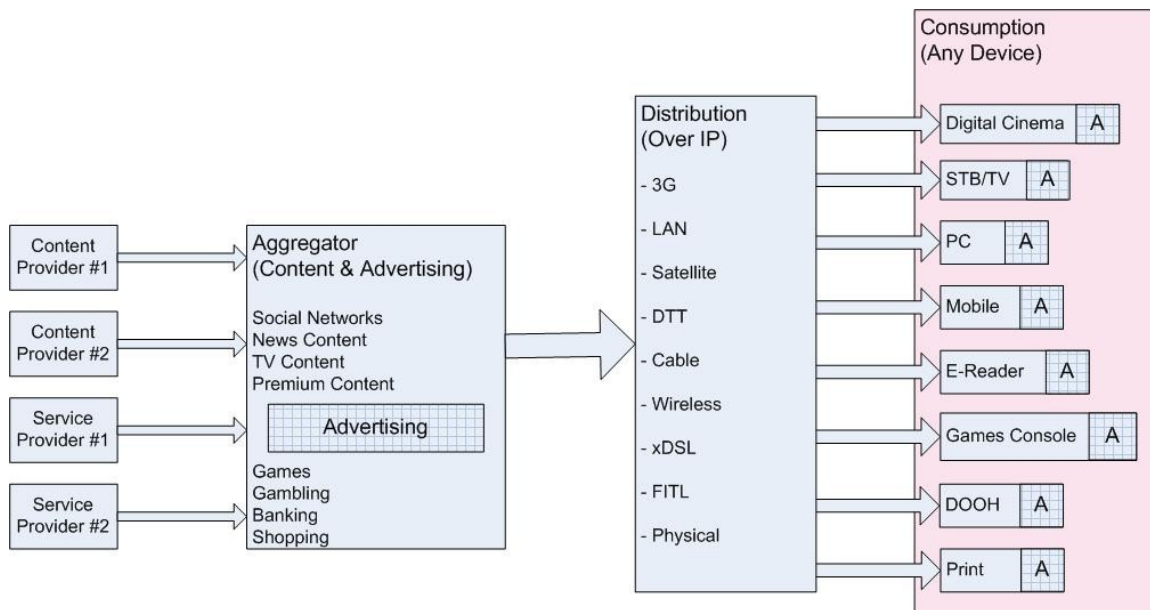


Figure 6: New Media Eco-system

Overview

The media landscape is converging around IP (Internet Protocol) and a new media eco-system is emerging as shown in Figure 6 above. Content and services which are consumed on one platform, e.g. PC, will be available on complimentary platforms such as TVs, mobile phones, games consoles, iPads and most other IP enabled devices and vice versa. This means that a single content aggregator will want to distribute their content and services over any distribution platform to multiple devices.

Convergence will help Media Publishers who are under pressure due to a severe drop in print and advertising sales. Combined with the trend of readers migrating to the web to satisfy their news, sports and entertainment requirements, publishers need to find new ways to generate revenue from their online activity. The Subscription model is already successfully used by the FT and the WSJ.

Media broadcasters such as Sky already use subscriptions to drive revenue and their strategy is to offer their content and services over multiple networks and devices.

Convergence will also change the way advertising is bought, sold and consumed. The opportunity is for advertisers to target consumers with a single message over multiple media, e.g. digital cinema, TV, PCs, mobile phone, iPads, digital out of home as well as traditional print. It is believed that a subscription model could be introduced for SMEs to purchase their advertising media over the multiple digital channels. This also has the benefit of allowing publishers to sell their excess advertising inventory to SMEs gaining value from the long tail.

With convergence comes a different playing field for advertising. Advertisers will want a one stop shop for buying advertising space on all the different platforms. This is ideal for P-Commerce as this will be a difficult proposition for people to understand. We are very

well positioned with Trinity Mirror to create a solution that exactly meets the market's requirements.

The proposition of reaching a targeted audience with a single advertising message through multiple digital channels is very powerful and easily understood by advertisers.

The technology is in place to offer such a proposition but there are a number of problems that must be overcome before it becomes a reality. For example there are digital advertising providers for:

- Digital Cinema ✉ DCM (Digital Cinema Media)
- IPTV ✉ Google TV (Invidi), Opera (AdMarvel),
- Web ✉ Google / Doubleclick, Atlas, Adtech, Criteo
- Mobile ✉ Admob (Google), Quattro (Apple), Opera (AdMarvel)
- E-Reader ✉ Apple, Amazon, Sony, Barnes & Noble
- Games ✉ Microsoft (Xbox), Sony (PSP), Nintendo (Wii, DS)
- DOOH ✉ Clear Channel, CBS, JCDecaux, Primesight
- Print ✉ NI, Trinity Mirror, DMGT, GMT, Lebedev, Telegraph

Being able to offer an advertiser a single place to buy multi-channel advertising has its very clear benefits.

Being able to offer publishers and broadcasters the ability to sell their advertising as a single package and as a subscription guarantees a steady revenue flow from their excess advertising inventory.

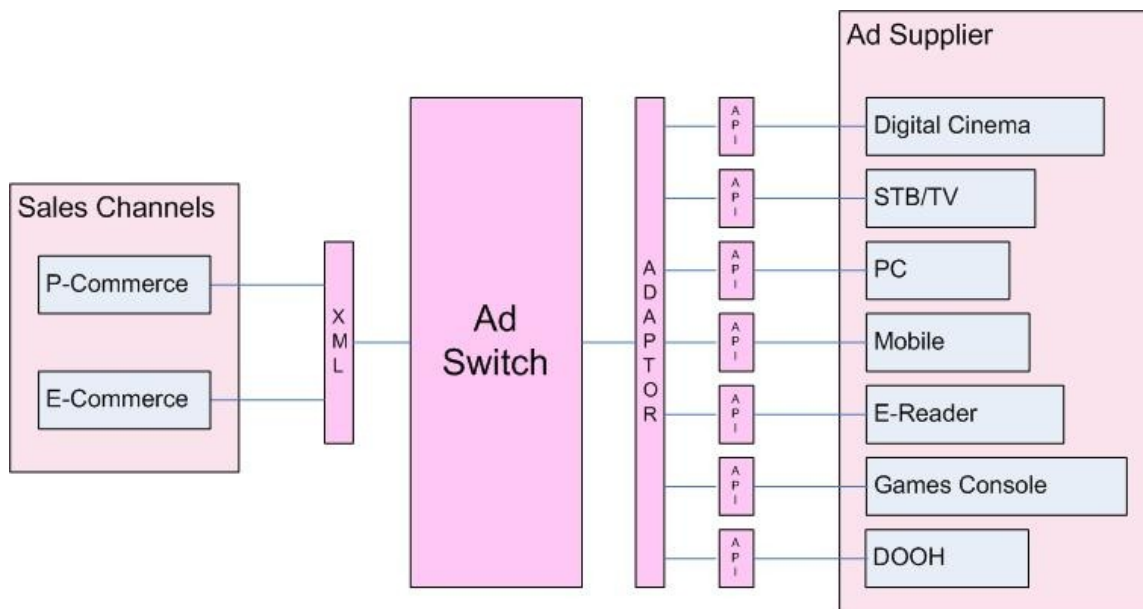
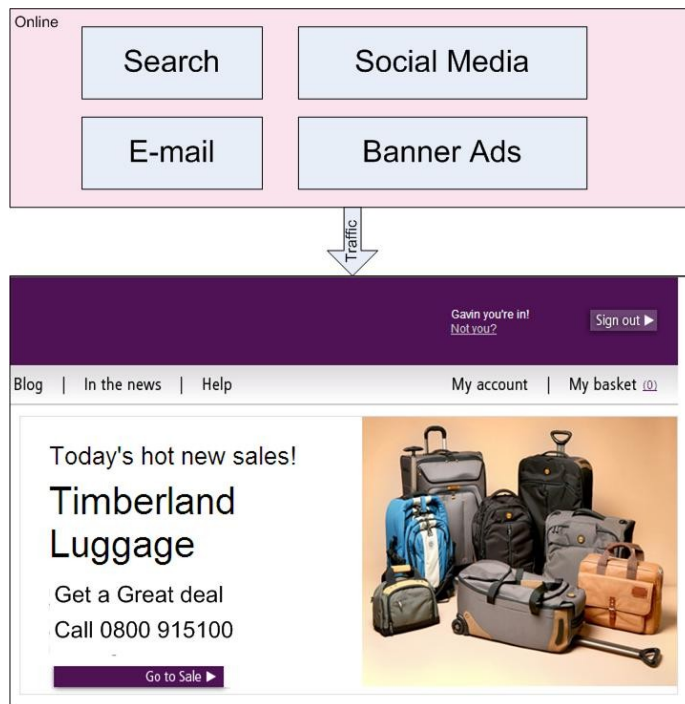


Figure 7: Ad Aggregator (Switch)

P-Commerce for Retail

Tomahawk enables a complimentary sales channel to existing E-Commerce by offering a new way to engage with customers over the phone by combining online marketing, landing pages and contact centres on a single platform.



Identify

User types in a keyword in the search box which is related to a brand, e.g. Timberland.

Engage

User is brought to the landing page and sees a web banner specific to their keyword with a direct number to call e.g. 'Get a great deal on Timberland: call 0800 915100.

Convert

User calls the number, which is answered by an advisor who can sign the user up for a membership and sell them Timberland and potentially other brands.

Figure 8: Tomahawk for Retail (Brand Alley)

By acting as a bridge between online sources and the landing pages, Tomahawk offers premium prospects a personal route to complete their transactions.

Benefit 1: Increase Revenue

The Tomahawk channel will increase the Call Rate (number of calls per visitors) by serving a banner which is relevant to the keyword which brought the user to the landing page. The related banner will encourage customers to pick up the phone and make the call. With the same volume of site traffic an increase in the call rate will directly lead to increased memberships, conversions and therefore revenue.

Tomahawk will not affect the existing E-Commerce channel as web savvy users will use the self service channel as they use today. Tomahawk offers those who are not comfortable with E-commerce a phone alternative.

Due to high acquisition costs, it is important to convert as many visitors as possible once they are on the landing page, making it sensible to offer complimentary Tomahawk channels in order to get the best ROI on marketing spend.

Retention can be increased by adding a Tomahawk campaign to an E-mail campaign. Once a user has become a member of Brand Alley then it is easier to sell them more things. By notifying your existing customer base of upcoming offers a specific telephone number and call to action can be served on the landing page once they have clicked on

the Tomahawk link embedded in the E-mail.

It is difficult for retailers to keep a visual inventory of their stock on the web site. Using Tomahawk, retailers can serve a specific banner with a call to action and a telephone number for users to call.

Benefit 2: Increase Market Share

Reporting provided by Tomahawk allows the campaign manager to track all sales back to the keyword and spend. This allows clients to know the real overall marketing ROI and the ability to optimise their online marketing spend.

Presently, analytic tools give clients detailed analysis of each keyword and how it performs in relation to E-Commerce conversions. But there is a gap in the analytic information. There is no link between a particular keyword and the number of calls it generates. By giving P-Commerce the same analytic capability as E-Commerce, campaign managers will know the exact ROI on each keyword regardless of the channel.

Benefit 3: Improved Efficiency

Number banners only appear when agents are available making sure that premium prospects will be routed directly to a relevant agent rather than left holding in a queue. If a web user arrives at lastminute.com via Google a generic phone number will appear on the landing page. If you go directly to the site then the number does not appear. This means that lastminute.com has identified users arriving via Google as better prospects than those going directly to the site. We can greatly increase the effectiveness by displaying a call to action in addition to a unique telephone number that will increase the call rate and allow a detailed analysis of the performance of the source and the attribute.

Retention can be increased by adding a Tomahawk campaign to an E-mail campaign. Once a user has become a customer of a retail site then it is easier to sell them more things. By notifying your existing customer base of upcoming offers a specific telephone number and call to action can be served on the landing page once they have clicked on the Tomahawk link embedded in the E-mail.

It is difficult for retailers to keep a visual inventory of their stock on the web site. Using Tomahawk, retailers can serve a specific banner with a call to action and a telephone number for users to call. An example of this is www.harrods.com.

P-Commerce for Health

The UK healthcare market continues to evolve. Virtual health services are becoming an increasingly important part of local and national care delivery as the NHS looks at innovative ways to become more efficient. Such services not only provide cost efficiencies but also bring other benefits that and can help address the following common challenges in healthcare provision.

As the UK market reaches a level of maturity where patients now trust and expect electronic health channels for support and advice, a new era of great potential unfolds for P-Commerce in the world of health care.

Sales and Marketing Material

Regardless of going direct or indirect Tomahawk will have to provide sales and marketing material.

Deliverable	Status
Competitor Analysis	Appendix 1
Reference Customers	The Times
Leads	Trinity Mirror, Racing Post, Sky
Name	P-Commerce
Web Site	www.pcommerce.co.uk
Domain Name Registration	tomahawknetworks.com tomahawknetworks.co.uk pcommerce.co.uk personalcommerce.co.uk
Sales Materials <ul style="list-style-type: none"> • Brochure • Case Studies • Presentation • Proposal template 	Done
Legal <ul style="list-style-type: none"> • Legal Contract • SLA 	Done
Intellectual Property <ul style="list-style-type: none"> • Patent • Trade Mark 	Done
Customer Engagement <ul style="list-style-type: none"> • Set-up Template • Training Material 	Done
Advertising & PR	Done

Table 8: Sales & Marketing Material

Conclusion

At this stage TLC should sell directly to media prospects and the appropriate marketing material should be prepared. The focus should be Media. Opportunities should be identified by volume of traffic, a recurring revenue business model and a willingness to offer resellers large CPA/commission.

Infrastructure Requirements (Manual fail-over à Auto fail-over)

Virtual Servers	TH-WS-1	TH-DB-1	TH-WS-2	TH-DB-2
Applications	Campaign Manager Reporting Banner Server		Campaign Manager Reporting Banner Server	
Web Server	IIS		IIS	
Database	SQL Standard 2005	SQL Standard 2005 (Log- ship for auto failover)	SQL Standard 2005	SQL Standard 2005 (Log- ship for auto failover)
OS	Windows Server 2003	Windows Server 2003	Windows Server 2003	Windows Server 2003
Physical Servers	TH-PS-1		TH-PS-2	
Virtual Layer	VMWare ESX3.5i		VMWare ESX3.5i	
Server	HP DL360 G6 (Rack mounted Server)		HP DL360 G6 (Rack mounted Server)	
CPU	Dual Quad Core CPU		Dual Quad Core CPU	
Memory	22GB RAM		22GB RAM	
Hard Drives	4 x 146GB 10K SAS HD's		4 x 146GB 10K SAS HD's	
Communications	Quad NIC		Quad NIC	
Power	Dual PSU		Dual PSU	
Remote Management	Advanced iLo management		Advanced iLo management	
Communications				
Load balancing	N/A (Needed for Auto Failover)		N/A (Needed for Auto Failover)	
Firewall	Cisco ASA 5520 Firewall		Cisco ASA 5520 Firewall	

Switch	Cisco 2960 Catalyst 24 Port Switch	Cisco 2960 Catalyst 24 Port Switch
Cables	Cat.6 Cables x 8	Cat.6 Cables x 8
Support		
HP	4H 8x5 3 year care pack (server)	
Cisco	SmartNet Support ASA	
Cisco	SmartNet Support catalyst 1 year	
Hosting		
Provider	FastHosts; rack D, row 2; 6U	
Bandwidth	100 mbps; Diverse A + B to Tier 1, 100GB per month	
Domain name	Tomahawknetworks.co.uk; IPs = 87.252.58.1 à 87.252.58.13; SN = 255.255.255.240; GW = 87.252.58.14	
Certificates	SSL cert from rapidsonline.com; P3P cert	
Back up	TLC	

Figure 9: Tomahawk IT Requirements

Operations

Company Formation

This section will cover the operational requirements and associated costs of developing Tomahawk and supporting related campaigns.

Deliverable	Status
Form IN01	www.companieshouse.gov.uk
Memorandum of Association	www.clickdocs.co.uk/limited-companies.htm
Articles of Association	www.clickdocs.co.uk/limited-companies.htm

Table 9: Company Set-up

For a more detailed explanation of forming a company in the UK see Appendix II.

Cost of Sales

Cost of sales for a solution consisting of Acquisition, P-Commerce & E-Commerce costs.

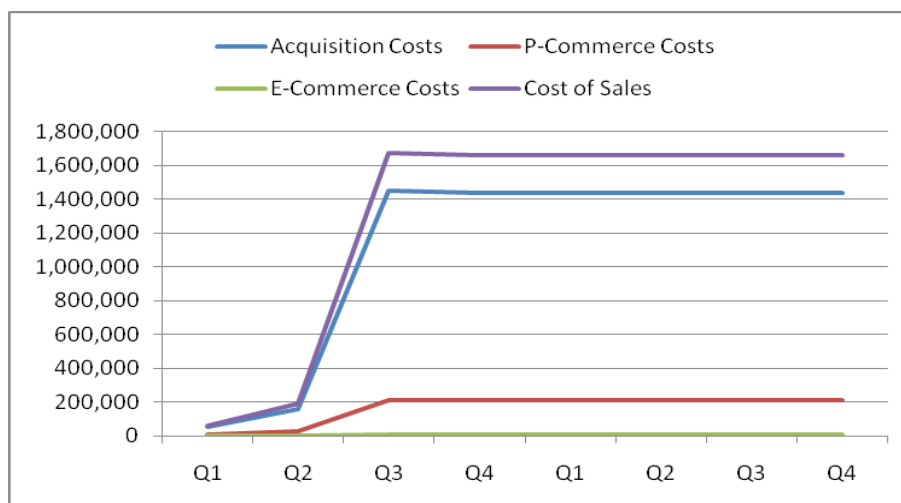


Figure 10: Cost of Sales for combined E & P Commerce Campaign

For P-Commerce TLC will charge Tomahawk £10 per agent per hour. The charge per campaign will be £10 multiplied by the number of agents. This will cover the cost of sales. This cost is variable and depends on the number of agents on each separate campaign.

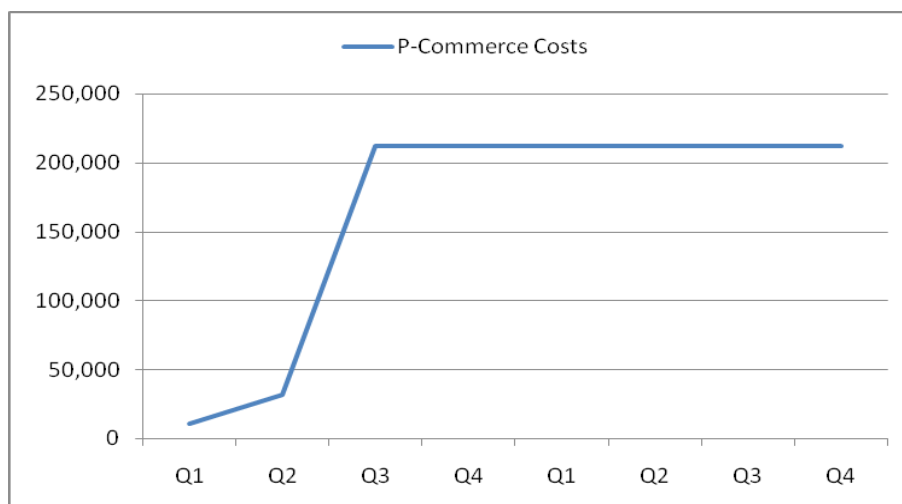


Figure 11: Cost of Sales for P-Commerce

Operating Costs

The main cost is for the development of Tomahawk and related support. In this first year this will be about £10K per quarter.

Additional costs include:

- Salaries
- Rent
- Utilities
- Marketing
- IT
- Administration

A depreciation cost has also been added to cover the cost of the developers' equipment. A small charge Travel & Entertainment has also been included.

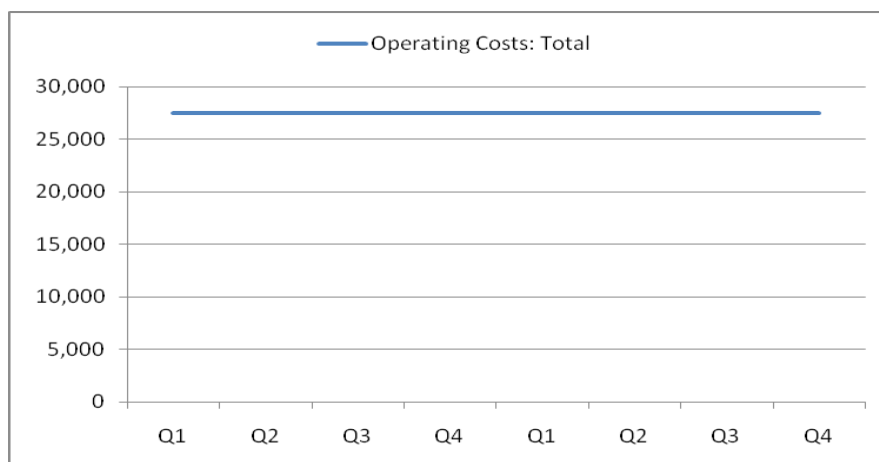


Figure 12: Operating Costs

Financials

Profit and Loss 2010 – 2012

Time Period	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Y1	Y2
No of Agents	2	5	30	30	30	30	30	30		
Conversions										
P-Commerce Conversions per Quarter	1,009	3,028	19,988	19,988	19,988	19,988	19,988	19,988	44,014	79,951
Conversions per Quarter	1,009	3,028	19,988	19,988	19,988	19,988	19,988	19,988	44,014	79,951
TLC Revenue										
Revenue	40,379	121,138	929,854	929,854	929,854	929,854	929,854	929,854	2,021,225	3,719,415
Revenue per Quarter	40,379	121,138	929,854	929,854	929,854	929,854	929,854	929,854	2,021,225	3,719,415
Cost of Sales										
P-Commerce Costs	10,723	32,169	212,313	212,313	212,313	212,313	212,313	212,313	467,519	849,254
Cost of Sales: Total	10,723	32,169	212,313	212,313	212,313	212,313	212,313	212,313	467,519	849,254
Gross Profit	29,657	88,970	717,540	717,540	717,540	717,540	717,540	717,540	1,553,707	2,870,161
Operating Costs										
Operating Costs: Total	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	110,000	110,000
Operating Profit	2,157	61,470	690,040	690,040	690,040	690,040	690,040	690,040	1,443,707	2,760,161

Figure 13: 2009 - 2011 P&L

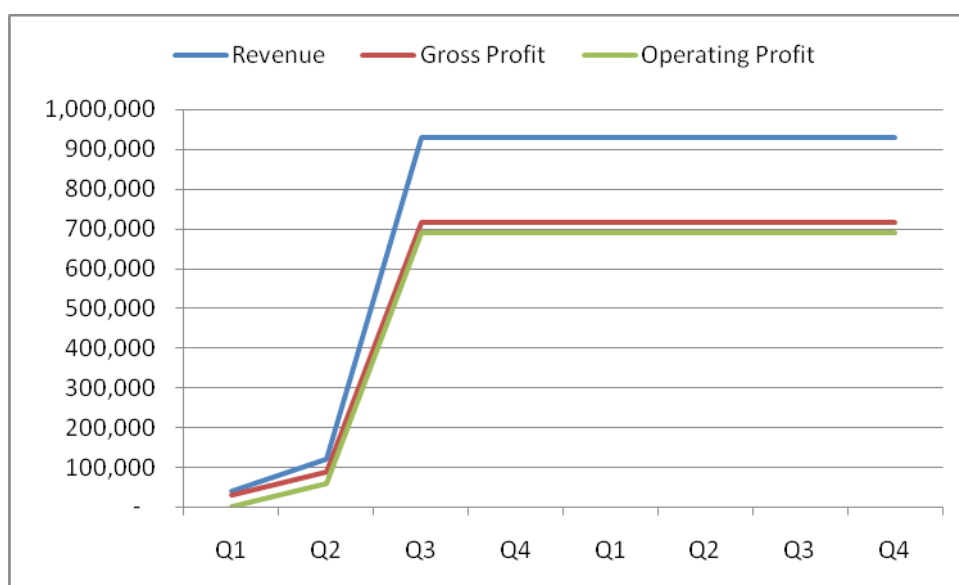


Figure 14: Revenue, Gross and Operating Profit

Figure 13: 2009 - 2011 P&L above shows graphically the quarterly revenue, gross and operating profit generated from Tomahawk by closing the deals shaded in the following list:

- **Print Media** ☑ **The Times** **Starts Y1Q2** **£40K per Quarter**
- **Print Media** ☑ **The Telegraph**
- **Print Media** ☑ **The Mail**
- **Print Media** ☑ **The Guardian**
- **Print Media** ☑ **The Independent**
- **Print Media** ☑ **The Racing Post** **Y1Q2** **£40K / Quarter**
- **Print Media** ☑ **Trinity Mirror** **Y1Q2** **£40K / Quarter**
- **Broadcast Media** ☑ **Top Up TV** **Y1Q3** **£800K / Quarter**

Conclusion

Personal Commerce supports a new way to engage with customers by combining online marketing, landing pages and contact centres on a single technology platform. P-Commerce clients increase revenue by raising the Call Rate once users land on a page. Tomahawk enables clients to increase market share by making key business decisions based on the performance of Campaigns that track traffic from the Source to Call to Conversion. In depth analysis of the performance of keywords will also enable customers to lower their acquisition costs by reducing the spend on underperforming keywords.

To date, there are no solution or service providers offering a P-Commerce module as part of their offering. A number of Digital Agencies offer technology which is similar to Tomahawk, i.e. TradeDoubler and FreshEgg. There is Intellectual Property assigned to P-Commerce which, coupled to the solid source code, gives us a sustainable competitive advantage.

The best prospects for our solution are those with a complicated value proposition, high volume of web traffic generated via different sources, a recurring revenue business model (or big ticket item) and who already publish telephone numbers online. Verticals with such characteristics are media (subscriptions & advertising), high end retail and health. Media companies we are actively involved in are Sky, The Times, Trinity Mirror and The Racing Post. Online Retail companies such as lastminute.com and mydeco.com are also reachable. Once we have proven the business benefits of Tomahawk to one of these prospects we should target other media groups. Personal Commerce's business model is CPA based.

A new business entity will be set up to pursue this opportunity managed by members of the Tomahawk team, led by Gavin Conran.

With a commission of about £40 per transaction, a Tomahawk campaign is potentially very profitable. If conservative sales forecasts are met from media prospects, Tomahawk could have a quarterly profit of £690K from sales of £930K.

For the next six months, Tomahawk should focus on getting The Times to have a successful P-Commerce campaign. In parallel we should target other print media groups and reintroduce Sky to P-Commerce.

Appendix I: Competitor Analysis

The Players

Player/ Feature	Google	AT&T/ Ingenio	Atg/eStera	TradeDoubler /Dialog)	Marchex/ VoiceStar	LivePerson	TLC/ Tomahawk
<i>General</i>	Stopped Service in 2007	Acquired by AT&T in 2007	Purchased eStera in 2006	Purchased Dialog in 2007	Purchased VoiceStar in 2007	TLC licensed Webchat for Sky	Hired Circus Street in 2007
<i>Owner-ship</i>	Public [GOOG]	Public [T]	Public [ARTG]	Public [TRAD]	Public [MCHX]	Public [LPSN]	Private
<i>Markets (Based)</i>	Worldwide (US)	US	Worldwide (US)	Europe (Sweden,UK)	US	US	UK
<i>Business</i>	Online services & apps	End-to-End solution for advertisers	Technology Service Provider. ASP	Digital Marketing. Platform. Account Man	Digital Marketing. Platform. Account Man. Google Adword Reseller	Online engagement solutions - Webchat - Voice	Call Centre
<i>Focus</i>	Online Search	Pay-per-Call	E-com P-com	Online Marketing	Online Marketing for Local	Online engagement	Call Centre

Player/ Feature	Google	AT&T/ Ingenio	Atg/eStara	TradeDoubler /Dialog)	Marchex/ VoiceStar	LivePerson	TLC/ Tomahawk
					Portals		
<i>Slogan</i>	Organize the world's information	Pay-per- Call	Get Serious about E- commerce	Market like you mean it	Advancing local search & advertising	Liveperson	?
<i>Business Model</i>	PP Click	PP Call	PP Action as ASP. S/W Lic	PP Action as ASP. Consultancy	PP Action as ASP. Consultancy	S/W Lic PP Sale	PP Hour
<i>Verticals</i>	Most Online sales channels	Local advertisin g for large brands	Retail Fin Service Media Cons Prods Tele/Cable Travel Hospitality	Travel Electronics Telecoms Retail Fin. Services Portals	Local Advertising for large brands	Fin Services Retail Telecom High Tech Travel Hospitality Automotive	Media – Sky Mobile Automotive Fin services (MBNA)
<i>Call Centre</i>	Directed callers to business number	Directs calls to clients call center	Directs calls to clients call centers	Directs calls to clients call centers	Directs calls to clients call centers	Directs calls to clients call centers	Provides call centre services

Routes to Market

Player/ Feature	Google	Ingenico	Atg/eStara	TradeDoubler /Dialog	Marchex/ VoiceStar	LivePerson	TLC/ Tomahawk
Web Publishers							
<i>Affiliate Networks</i>		√		√	√		
<i>PPC & Search Affiliates</i>	√			√ (Adword Reseller)	√ (Adword Reseller)		√ (Google only)
<i>Loyalty & Reward web sites</i>							
<i>Niche content & Personal interest</i>					√		
<i>Direct</i>		√	√	√		√	√ (Sky)

Technology

Player/ Feature	Google	Ingenico	Atg/eStara	TradeDoubler /Dialog	Marchex/ VoiceStar	LivePerson	TLC/ Tomahawk
Home Network							
<i>VOIP (PC)</i>	√		√			√	
<i>Phone</i>	√	√	√	√	√	√	√
Contact Number Generation							
<i>Dynamic: linked to Keyword, URL & agent avail</i>				√			√
<i>Static: URL only</i>	√	√	√	√	√	√ ?	
Reporting Features							
<i>Reportin g</i>	?	√	√	√	√	√	
<i>Tracking</i>	?	√	√	√	√	√	
<i>Analysis</i>	?	√	√	√	√	√	
<i>Optimize</i>	?	?	?	√	√		
3rd Party Integration							
<i>Omnituch</i>						?	√

Player/ Feature	Google	Ingenico	Atg/eStara	TradeDoubler /Dialog	Marchex/ VoiceStar	LivePerson	TLC/ Tomahawk
<i>Epicentre</i>						?	√
<i>Analytics (natural search)</i>							X
<i>Adwords (paid search)</i>							√
IP							
<i>Patent</i>	?	?	?	Pending?	?		Pending

Appendix II: Company Formation

Business Structures

Before going through the steps of setting up a limited company, it is important to understand the different available business structures.

Sole Trader

This is the simplest structure for any business as it is subject to the least number of regulations and obligations. Keeping records and accounts is relatively straightforward and all the profits made are yours, after tax. However, raising finance is more difficult as you will need to utilize your own personal assets as security and you are individually liable for any debts that accumulate.

Partnership

In a partnership the burden of ownership is shared between two or more people and is a relatively simple and flexible way to run a business. The business does not have a separate legal entity meaning that should a partner leave, die or go bankrupt the business will not cease but the partnership will have to be dissolved and re-built. Each partner is considered to be self-employed and will be entitled to a share in the profits. However, as with the sole trader, personal assets must be used to raise finance and any debts are the responsibility of the partners.

In England, Wales and Northern Ireland there is a joint liability meaning that any burdens are shared equally between the partners. In Scotland, the liability is joint and several meaning that the debts are either shared or one partner can be held responsible for the entire sum.

Limited Liability Company

Limited companies have a separate legal persona from their members. This means they can raise finance in their own right and any debts belong to the company, reducing any personal burdens. The private limited company is the most common form of this business structure and will have one or more private shareholders.

The company must be incorporated with Companies House and there is a great deal of administration required to comply with the obligations imposed by statute. Directors are treated as employees of the company and profits are normally distributed as dividends.

Limited Liability Partnership

An LLP is similar to any partnership except that the liability of the partners is limited to the amount of money they have invested in the business to any personal guarantees they have granted to raise finance. At least two partners must be 'designated members', meaning they carry some extra responsibilities in respect of the administration that is required.

As with a limited company, the LLP must be registered in Companies House increasing the amount of paperwork that is required. The partners remain self-employed but there is an element corporation tax payable depending on profit.

Setting up a Limited Liability Company

This section outlines how to set up a limited company in the UK. There are two main types of limited company:

- A company limited by shares, and
- A company limited by guarantees

Limited by Shares

A company limited by shares is the conventional and most well known type of limited company. This type of company is commonly used for a small business. The company issues shares and the profits can be distributed to shareholders individually.

Limited by Guarantee

A company limited by guarantee is the conventional type of company for a “not for profit” organization such as a club or an association. This type of company does not issue shares and profits are not distributed individually.

Limited by Shares

A company limited by shares is the type of company commonly used for forming a small business. This company will have limited liability – if the company fails there is no claim on the assets of the shareholders (beyond their original investment).

Shares are issued and directors are appointed by the shareholders (often the same people in a small business). The purpose of this type of company is to trade and make profits. These profits can be retained in the business to fund future growth or distributed to shareholders as dividends.

The process to form a limited company is reasonably straightforward. You need to choose an acceptable name, complete the appropriate documents and send to Companies House with a £20 registration fee.

The required documents are:

- Form IN01
- Articles of Association
- Memorandum of Association

Form IN01

This document is issued free by Companies House. It is one of the suite of documents required when incorporating a company in the UK. It replaces Form 10 and Form 12 which were used when incorporating a company prior to 1 October 2009.

Form IN01 needs to be completed with details of the initial directors, (optional) company secretaries, the address of the registered office, details of share capital and initial shareholdings (for companies limited by shares), details of subscribers (for companies limited by guarantee).

Articles of Association

For conventional companies (limited by shares) the Articles of association set out the rules for the running of the company’s internal affairs. All companies must register Articles with Companies House. The Articles must include the following clauses:

- Interpretation and limitation of liability
- Directors’ powers and responsibilities
- Decision-making by Directors
- Appointment of Directors

- Shares
- Dividends and other distributions
- Capitalization of profits
- Organisation of general meetings
- Voting at general meetings
- Administrative arrangements
- Directors indemnity and insurance

Memorandum of association Limited by Shares

The memorandum should include the following clauses:

- Company name
- Statement of intention
- Subscribers

Appendix III: Setting up the Campaign

Within an organization, there will be a number of different stakeholders involved in setting up and running a Personal-Commerce campaign:

- Marketing
- Development
- Finance
- Contact Centre

Marketing run all online and offline promotional campaigns and have a large influence on the development group, the technical owners of an organisation's current E-commerce and online platforms, such as web sites. The marketers also have influence on contact centre operations and as we all know, everybody must justify their endeavors to Finance.

A Personal Commerce campaign consists of four areas of activity:

- Google Adwords Campaign (This could also include a Banner Ad or E-mail campaign)
- The Listening Company Contact Centre Campaign
- Tomahawk Campaign
- Reporting

Before engaging with technology, the first step is to create a brief describing the goals of the campaign. This is very important as some major set-up decisions will reply on this information. The campaign brief should include:

1. Product, pricing and incentives
2. Keywords, landing pages, Google Ads and Tomahawk banners
3. Key campaign timings, such as start and end date, days and times of operation

Google Adwords and other Sources

Large marketing groups tend to out-source their SEM (Search Engine Marketing) campaigns to specialist digital agencies. Smaller organisations tend to run SEM in house. Whether SEM is outsourced or run in house the set-up steps remain the same.

Step 1: Create a new Google Adwords account.

Step 2: Create an Ad Group, Keyword groups & populate them with relevant keywords and landing page URLs.

CRM

Step 1: Create a CRM campaign using The Listening Company's EpiCentre.

Step 2: Allocate campaign telephone and extension numbers

Step 3: Hire and train agents.

Tomahawk

Step 1: Design in service and out of service banners.

Step 2: Add at least one campaign phone number.

Step 3: Set up campaign details.

Step 4: Map the Tomahawk campaign to the Adwords Account.

Step 5: Map keywords to telephone number/extension number and URL.

Step 7: Insert 'In Service' and 'Out of Service' banners.

Step 8: Insert the banner code within the client's relevant landing pages.

Reporting

To complete the cycle, Personal-Commerce gives brands a unique insight into how well particular keywords are performing in relation to calls, conversions, revenue and most importantly their Return on Investment (ROI). Reporting for a Personal-Commerce campaign combines information from Adwords, EpiCentre and Tomahawk to give clients a unified view of campaign performance.

For each keyword Google provides the following:

- Cost Per Click (CPC)
- Average Ad position
- Number of Impressions
- Number of Clicks
- Click Through Rate (CTR)
- Cost per day

For each keyword EpiCentre provides the following:

- Number of transactions
- Value of transactions

For each keyword Tomahawk provides the following information:

- The number of banners served
- The number of telephone calls generated
- The number of sales closed

Reporting gives marketers an accurate ROI for any Personal Commerce campaign.

End of Document 