

Overview: Services for Digital Merchants

Payment Services That Increase Revenue 25% or More

> Why PaymentOne Services for Digital Merchants?

Increase Digital Revenues 25%-35% or More with PaymentOne Services for Digital Merchants. PaymentOne provides a portfolio of “No Credit Card Required” payment options and offers co-marketing distribution with Network Operators. Current customers report that these services have delivered over \$1.5 billion in incremental revenue.



Payment Is Now a Critical Part of Marketing

Once relegated to the back office, payments are now a strategic part of the marketing function and consumer experience. Digital merchants are increasingly deploying a wider set of payment options in order to better reach more consumer segments and eliminate point of sale friction and fraud concerns.

Attract, Convert and Retain More Consumers

Online consumer desire for more “payment convenience” and a growing fear of fraud both continue to impact buying behavior. Last year alone, digital merchants lost an aggregated \$172 million a day due to abandonment. More than 78% of online consumers would be more inclined to make online purchases if given safer and more convenient payment options.

In contrast, PaymentOne clients typically attract, convert and retain 25% more consumers when deploying complementary “no credit card required” payment options and strategies.

A Single Access Point to 155 Million Consumers

The foundation for our Services for Digital Merchants, the PaymentOne Carrier Network provides a single connection and integration point to 155 million billable consumers and 1400 Network Operators. Merchants who have business relationships or are looking to expand their relationship with operators can leverage the PCN for rapid time to market. Proven through billions of transactions and dollars processed over many years, the PCN is based on PaymentOne’s long term strategic relationships and deep experience working with the major network operators.

Network Operators Are Now Also Distribution Channels

In addition to offering consumers a convenient option to charge services to their existing operator bills, merchants can also use the PCN to market and bill their services directly through the major network operators.



Abandonment Costs

Merchants \$172M Per Day



> Market Perspective:

Consumer desire for convenience and fear of fraud are increasingly impacting buying behavior and are key reasons for abandonment.

Consider:

- Online abandonment rates still exceed 50%. Online cart abandonment cost US online marketers \$63 billion in 2004 (that’s \$172 Million per day) according to Internet Retailer.
- Fraud concerns increasingly threaten consumer behavior: 92.4% of consumers are concerned about using their credit cards online according to UCLA Digital Futures Report

The Good News: Payment options help solve these challenges:

- 78% of consumers would be more willing to buy online if given safer and more convenient payment options according to Javelin Research.
- 46% of consumers say they would spend up to \$20 more per month if allowed to charge online services to their phone bill.

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Co-Marketing and Third Party Billing Services That Reduce Churn and Increase ARPU

What Can PaymentOne Do For Your Business?

- **Substantially Lift Revenue:** Drive consumer acquisition rates up 25% or more by attracting new consumers and converting previously lost consumers with safe and convenient payment options.
- **Expand Your Distribution Network:** Get to the 56% of consumers that want to buy rich bundled services: Co-marketing services from PaymentOne help you tap into a network of millions of active customers.
- **Speed Time to Market:** PaymentOne enables you to add multiple new card and non-card payment options at the same time with a streamlined implementation process that speeds time to market and time to revenue.

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Services for Digital Merchants

PaymentOne Services for Digital Merchants enable you to add safer, more convenient payment options and also facilitate active co-marketing with network operators. We deliver the best practices and affiliated services to ensure your success. Services include:

PhoneBill: Our flagship payment service, PhoneBill enables consumers to easily charge digital goods and services to their monthly phone bill without disclosing private financial information at point of sale. Designed to augment and seamlessly integrate with existing payment options, PhoneBill enables merchants to offer a safe and secure non-card payment option to over 155 million billable consumer households. Because PhoneBill only requires the consumer to enter basic name, address and phone number for authentication, it eliminates fraud concerns and substantially increases conversion prior to abandonment. Through increased conversion and fraud reduction, PhoneBill typically lifts revenue by over 25%.

Payment Services: PaymentOne offers a portfolio of consumer-friendly card and non-card payment options. Our service bureau approach helps get new payment services up and running fast with minimal up front investment. Our services provide everything from presentment strategies to authentication to processing to reconciliation and reporting. Services include:

- **Check/ACH** - Provide secure bank account debit capabilities integrated to the STAR network
- **DirectBill** - Deliver a custom branded invoice to consumers via postal mail or e-mail.
- **Micropayment** - Enable, cost-effective small pay-per-use or pay-per-item transactions.
- **Stored Value** - Issue spending credit for one-time, debit balance or recurring charges.
- **Credit Card** - Apply charges to Visa, MasterCard, American Express, Diner's Club, Discover or JCB cards.

PaymentOne Carrier Network: At the core of our “no credit card required” services, the PaymentOne Carrier Network (PCN) provides merchants a single direct access point to easily bill over 155 million active consumers. The PCN is made up of over 1400 Network Operators, including Qwest, Verizon, BellSouth and SBC, and covers over 90% of US households.

Co-Marketing With Network Operators: PaymentOne Co-Marketing with Network Operators is a set of services that enables you to participate in an online BroadBand Store where you can market and sell branded or bundled digital goods and services. We provide access to the PaymentOne Carrier Network and deliver strategic co-marketing relationships with top network operators. We also provide a portfolio of services for digital merchants to get you up and running in a carrier-branded online store quickly and efficiently. And, we provide the underlying payment services that help convert customers and streamline payment processing.

PaymentOne