

PhoneBill:

A “No Credit Card Required” Payment Solution That Lifts Revenue 25% or More

> What It Is:

PhoneBill is a payment service that enables consumers to charge digital goods and services to their monthly phone bill without requiring a credit card. Designed to enhance existing payment options, PhoneBill enables merchants to offer a non-card payment option to nearly 155 million consumer accounts.



> PhoneBill Benefits

- **Substantially lift revenue:** Drive consumer acquisition rates up 25% or more by attracting late adopters and card-averse users.
- **Prevent abandonment:** Deliver a more convenient ‘no credit card required’ solution to convert customers, deliver convenience and allay fraud concerns.
- **Improve retention:** Alleviate problems with credit card expiration and cancellation rates by billing charges to a customer’s recurring monthly phone bill.
- **Eliminate fraud:** Non-card payment and patent-pending detection techniques virtually eliminate fraud, improve customer trust and improve customer quality.
- **Maximize marketing returns:** Increase conversion from existing marketing efforts by 25% or more. Message to over 90% of US households monthly.

> PhoneBill Capabilities

- **The PaymentOne Carrier Network:** A single access point to 155 million households across 1400 network operators including SBC, Verizon, Qwest and BellSouth, and the major ISPs.
- **Bill Presentment:** Consumers charge digital goods and services to their local phone bill accounts by using their ten digit phone number.
- **Validation and Authentication:** Prove account ownership and responsibility using PaymentOne’s proprietary data sources, fraud control and analytics.
- **Payment Acceptance:** Activates the account so charges can appear as line items on the monthly telephone bill.
- **Payment Processing:** PaymentOne manages all related processes including settlement, recourse, unbills, chargebacks, refunds, reserve management and reporting.
- **7x24 Online Reporting:** Delivers access to transaction processing reports including detailed statistics on all billing events.
- **A Turnkey, Hosted Solution:** Complements existing payment options. Seamlessly integrates with existing billing systems and processes (credit, Check/ACH and more).
- **PaymentOne Best Practices and Expertise:** Founded on a decade of Telco co-billing experience and revenue optimization.

How Do You Cost-Effectively Attract and Convert More Consumers Online?

Whether your company is a large digital merchant looking to tap into new card-averse consumer segments to grow revenue, or a fast growth merchant attempting to grab market share before competitors can catch up, your business is all about attracting and converting paying consumers. But for every customer with a credit card ready to purchase your services, how many potential customers – equally qualified and prepared to purchase – do you lose because they demand a non-credit payment option? According to Internet Retailer Magazine, the cost of shopping cart abandonment to online marketers was estimated at \$63 billion in 2004. PhoneBill helps ensure you attract and convert card-averse consumers.

“
78% of consumers want a safer, easier way to pay than credit card...Make it easier for them to purchase by charging your services to their phone bill.
”

How Do You Reduce Credit Card Fraud?

The Internet Crime Complaint Center (IC3) reported a 64.2% increase in online fraud complaints in 2004 – and estimate almost \$70 million in victim losses. This increase in online fraud has led to an upturn in other payment methods when available. When websites require too much sensitive information, more than 50% of online shoppers abandon purchases. When purchasing online, 92.4% of consumers are somewhat or extremely concerned about using their credit cards online according to the UCLA Digital Futures Report 2004. PhoneBill requires the consumer to enter less sensitive information, which reduces fraud concerns and improves conversion rates at the point of purchase.

PhoneBill:

One of the Fastest Growing “No Credit Card” Payment Solutions

PAGE 6 OF 6

PaymentOne
billing questions
call 800-800-2526

ABC Telco TELEPHONE NUMBER 408-555-5173 825000
ACCOUNT NUMBER 012585112015078555
STATEMENT ENDING August 25, 2004

COMMUNICATIONS SERVICES
Billing for PaymentOne
The following charges appear on your ABC Telco bill. Billing questions to the phone number in the yellow border of this page.

Billing on behalf of Music Company Inc. Billing Questions call 1-800-888-1234	
MISCELLANEOUS CHARGES AND CREDITS Charges and Credits for 408-555-5173	
1 Aug 1 Music Company Inc, Music Subscription	9.95
Total	\$ 9.95
Billing on behalf of Web-Host Corp. Billing Questions call 1-800-800-2526	
MISCELLANEOUS CHARGES AND CREDITS Charges and Credits for 408-555-5173	
2 Aug 5 Web-Host Corp.	
Billing on behalf of "Your Company" Billing Questions call 1-800-800-2526	
MISCELLANEOUS CHARGES AND CREDITS Charges and Credits for 408-555-5173	
3 Aug 8 YourCOMPANY, Premium Content Service	

Non-Basic Charges \$33.85
Total \$33.85

11 8705 909555173 9802410 00 VALL11788281A1 0903828 480000202713

PaymentOne PhoneBill enables consumers to charge online purchases to their phone bill, leading to increased acquisition, conversion, retention and revenue

About PaymentOne Services for Digital Merchants

PaymentOne Services for Digital Merchants include convenient and secure “No Credit Card Required” payment options and co-marketing distribution with network operators.

Our services complement existing payment services and help attract and convert consumers that will not or cannot use credit cards or other traditional payment options.

At the core of our services, the PaymentOne Carrier Network leverages longstanding relationships with Qwest, Verizon, BellSouth and SBC and over 1400 other telco and broadband providers, providing access to reach over 155 million active consumers. These services are proven to lift revenue 25% or more for our clients.

How Do You Retain Existing Customers?

Recent consumer polls show that 78% of consumers would be more willing to buy online if given a safer and more convenient way to charge digital goods and services, such as using their phone bill. In fact, 46% of consumers polled said they would spend up to \$20 more per month if able to charge purchases to their phone bill. Use PhoneBill to cement in loyalty through an easier, safer payment option.

Which Payment Strategies and Partners Will Truly Help You Optimize Revenue?

Today, PaymentOne provides a portfolio of payment strategies and services, including PhoneBill, to most of the industry’s most prominent online service providers. PaymentOne PhoneBill complements existing payment infrastructure with additional choices that minimize the leakage of potential customers or the churn of existing ones. Building on over a decade of PaymentOne experience in Telco billing for Internet service providers and digital merchants, PaymentOne has incorporated its best practices into its payment systems and processes. Your end result? We help digital merchants stimulate new subscriber acquisition, increase revenue, and optimize existing marketing and operational investments. PhoneBill has delivered tens of millions of new subscribers for its clients.

“
PaymentOne’s PhoneBill product is a compelling
payment choice that allows us to provide our customers
a truly viable alternative to the credit card...United Online
”

PaymentOne