phobio

SMART & SIMPLE

Trade-In Built for Retail

The Phobio Advantage

November 2014

ABOUT PHOBIO

Everything can be better, and that is where value is found.

> We serve others by helping them become better at what they do.

We use creativity and innovative technology to reshape the retail experience and create more value in that interaction.

> Faithfully fulfilling these goals requires constant investigation and innovation. This is what we look forward to doing every day, and achieving these goals is what inspires us.
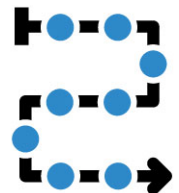>
> Phobio's flagship service is Phobio Safetrade™, a handset trade-in program for wireless retailers to use at the point-of-sale which handles all aspects of device trade-in seamlessly, and embodies this dedication to enhance that space between the consumer and the retailer:
>
> - Providing customers with more buying power than they had before.
> - Providing sales people with more opportunities to delight their customers.
> - Providing the retailers with more revenue to grow their business.

It's not any one thing—it's the many things we do to create more value for retailers.

> We're experts in all the areas of operation that make up an excellent trade-in service. We build our own software, manage our own international disposition channels and everything in between.
>
> From the very beginning, we set out to create the most value to retailers, and innovated a hundred ways to do it at every step in the process with rigor, discipline and creative thinking.

Phobio creates more value and substantially more revenue for you.

> The results are a trade-in program with a continual track record in our industry of:
> - Lowest Adjustment/Discrepancy Rates
> - Highest Attachment Rates
> - Competitive pricing on over 3000 devices
> - Highest prices for non-optimal (poor condition) devices
> - Most adaptive, customizable, and extensible software
> - Most robust analytics and reporting capabilities
> - Comprehensive OEM Lock Solution

Phobio's vision is to provide the best software and services that empower the people of retail.

WHO We are an international team of spirited entrepreneurs who love people, technology and solving problems.

WHAT We create the most value for retailers through specialized retail services that empower the people of retail and enhance their performance

HOW We listen to retailers and provide solutions with lean operations, simple technology and insanely great support

WHY The best use of our energy, expertise, and creativity is in the continual improvement of the retail experience.

Phobio's software is available in the currencies and languages for American English, British English, Canadian French, German, Italian, and simplified Chinese.

Phobio's trade-in program is enjoyed by retailers throughout the United States, Canada, Australia, and Europe.

We're experts in all the different areas of operation that make up an excellent trade-in service.

We build our own software, manage our own international disposition channels, and everything in between.

HOW WE ROLL   HIGH VALUE   LOW ADJUSTMENTS   INSANELY GREAT SUPPORT
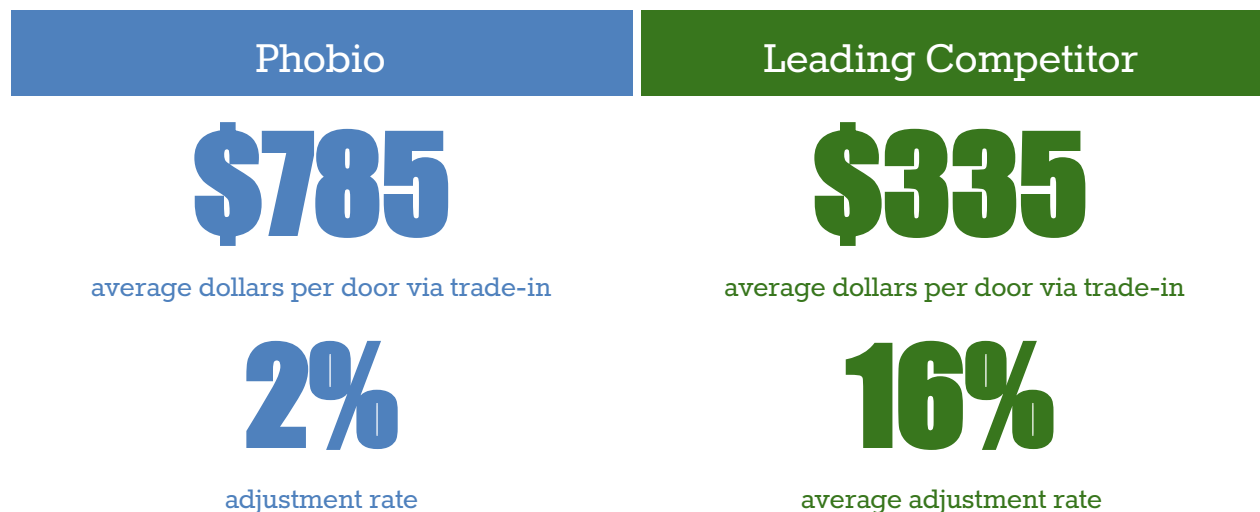
PHOBIO PRICING + VALUE

Adjustments 101

The most important thing to understand about any trade-in program is that a high-quoted value can be a dangerous liability if the trade-in service provider doesn't have a record of actually paying out that price after the device is received and inspected.

This difference between the quoted price and the price actually paid is called the **adjustment** (also known as the **discrepancy**). We measure this delta and define it with a value we call **adjustment rate**. Essentially, it's a hard number that shows the amount quoted in relation to the amount paid over time.

Phobio's low adjustment rate is an industry benchmark.

Our paid values have been closer to our quoted values more than any other company at any other time and we have the data to show this.

Head-to-head Comparison

Phobio	Leading Competitor
$785	**$335**
average dollars per door via trade-in	average dollars per door via trade-in
2%	**16%**
adjustment rate	average adjustment rate

Based on Phobio VZW dealer data and sample competitor trade-in data for Q3 2014.

Phobio is the only company capable of offering a sustainable 100% Payment + Zero Adjustment trade-in program.
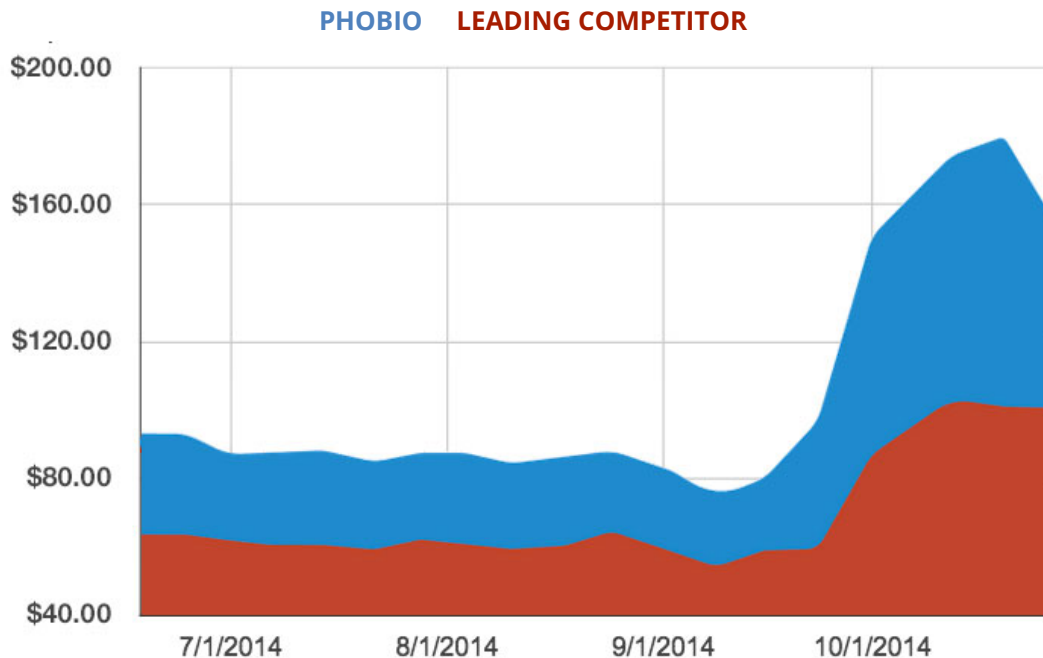
Competitive Device Pricing

We manage our own international disposition channels for over 3,000 models of devices, and our Product Pricing Team maintains comparative pricing data from early 2012. Some of the results from this direct control over disposition include:

- Superior analysis and predictive accuracy on product pricing internationally

- Values that are consistently better than the carriers

- Damaged devices values typically 3X more than competitor offerings

AVERAGE PAYOUT COMPARISON

Below is a graph of **average payout** based on the actual product mix (working vs damaged) on a given date.

The price goes significantly higher at the end of September due to an increase in higher dollar phones being traded in when the new iPhone was released.

Average condition/product payout history weighted by actual volume
(Competitor data estimated with known competitor pricing history/condition mix applied to Phobio actual volume/product mix)

WORKING DEVICE PRICE COMPARISON

Below is a graph of **working prices** for the top 20 traded-in devices by volume. At the end of September, Phobio offered a promotion to our partners that was not offered by our leading competitor to their indirect dealers.

PHOBIO   LEADING COMPETITOR
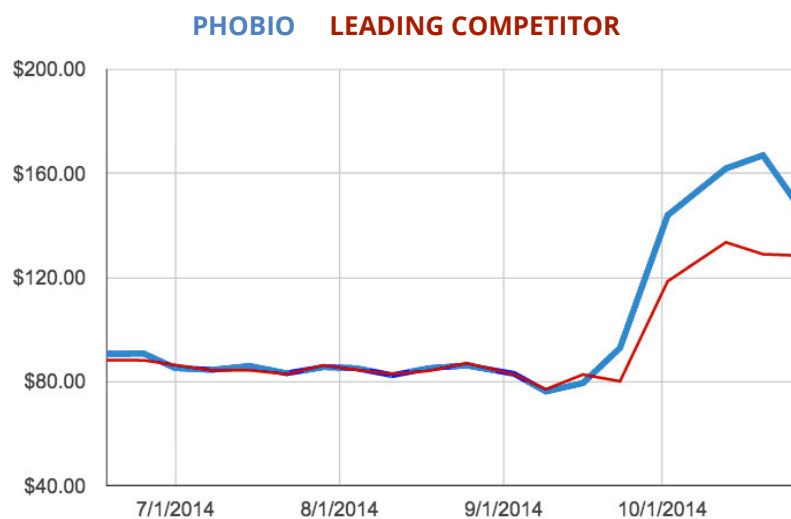
Top 20 Working Device Price Index by Volume

DAMAGED DEVICE PRICE COMPARISON

Below is a graph of **damaged prices** for the top 10 traded-in devices. The graph shows that Phobio damaged prices are consistently higher than our leading competitor. Phobio's damaged prices are typically between 35 and 45% of the working price while our leading competitor is around 25% of working price.

PHOBIO   LEADING COMPETITOR
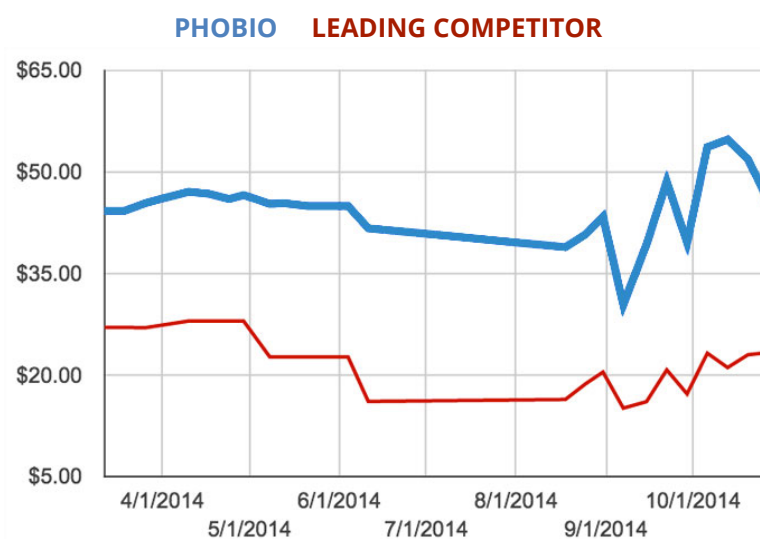
Top 10 Damaged Device Price Index by Volume

100% PLAN

Phobio is the only trade-in program that offers you 100% price + 100% commission 100% of the time with better pricing than the carriers.

No adjustments. No discrepancies. No Risk. No worries.

What's the 100% Plan?

As a Phobio partner, your company is guaranteed 100% payment as quoted on received devices so long as your company's adjustment rate remains **less than twice** the average adjustment rate nationwide for Phobio's partners.

Why is Phobio launching this new plan?

Phobio builds its own software, directly manages the device handling and inspection process, and owns its own disposition channels. Because of this direct control over every aspect of our service, we are uniquely positioned to maximize the value to our partners.

We built our trade-in service for simplicity and accuracy which has resulted in consistently high device values and industry-low adjustment rates. Our goal has been to create that "perfect" WIN/WIN where our partners get top values and commissions without any adjustments. We've thoroughly tested this program with pilot partners since January 2014 and are now happy to extend this offering across the board.

How does it work?

Though all devices are still inspected and "adjusted" to their correct model or condition for our inventory, partners who qualify for the 100% Plan do not experience any financial change to the trade-in transaction based on an adjustment. So for the occasional adjustment, there is no repercussion to your company or commission payment from Phobio.

The National Adjustment Rate Average will be a percentage which is declared and updated monthly by Phobio. Phobio Account Managers monitor your company performance to help maintain a healthy, low adjustment rate to ensure your company remains eligible for the 100% Plan.

100% Plan Requirements

- Must use Safetrade (iQmetrix Partners: available on RQ4.17+)
- At least 85% of your Sales Reps must be verified as having completed Phobio's Online Training for your company (15-20 minutes training time).
- Your company's monthly natural adjustment rate must be within 200% of our national average (currently 80% of our partners qualify).

100% Plan FAQ

How will I know if my company is eligible?

Existing Partners will be contacted by their Phobio Account Manager with a status update regarding plan eligibility and current Phobio national average adjustment rate..

How can I ensure I continue to be eligible?

Automated email reports on adjustment rates due to iOS lock, model errors, late trades, etc. are sent to your company on a weekly basis. When necessary, your Phobio Account Manager will work with you to reverse any emergent problematic trends.

In what circumstances does a company lose eligibility for the 100% Plan?

If your adjustment rate exceeds double the national average for two consecutive months your Phobio Account Manager will institute a Cure Period of 30 days to correct the problems in order to continue the program. If the adjustment rates do not fall within the 100% plan guidelines by the end of the Cure Period, you will no longer qualify for the plan.

If your adjustment rate exceeds 300% of the national average during any given month, the 100% Plan will be immediately discontinued for review.

Can I be reinstated after becoming ineligible?

Should your plan be discontinued at any time, you have the ability to be reinstated after 2 consecutive months of qualifying results.
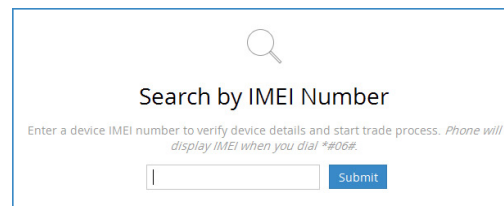
SIMPLE SOFTWARE

Safetrade™ is lean software tailor-made for you.

Built with the wireless retail sales experience in mind, Phobio offers the best handset trade-in solution. Our software walks the user intuitively through the steps of assessing a device and ensuring secure erasure of customer data.
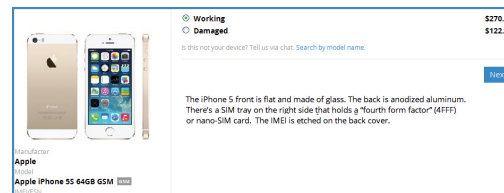
1. IMEI SEARCH
Determines device model automatically (reducing errors)
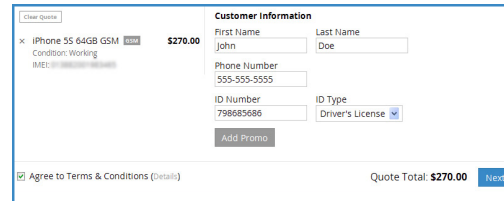Checks IMEI against Lost/Stolen Blacklists (GSM, LTE)

2. SELECT CONDITION
Is it a Working or Damaged device?
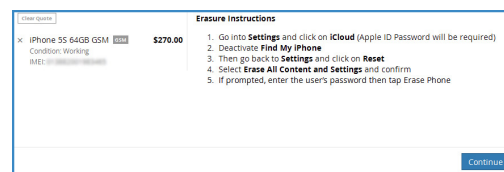Product descriptions help the Sales Representative know what to look for and how.

3. CUSTOMER INFO
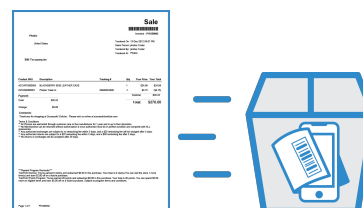Basic customer information is collected for your records.

4. DATA ERASURE
Device-specific instructions are provided to ensure the device is unlocked and customer data is erased.

5. CONFIRM & PRINT
The trade-in value has been added to the customer's bill of sale, increasing their spending power, and the device is ready for shipment to Phobio with its trade-in printout.

Phobio's Safetrade™ is integrated into **RQ** by iQmetrix®

We make it easy.

Simple Device Grading

Phobio has the simplest and most objective product pricing available.   This makes the process easy for your Sales Representatives to correctly assess a device at the point of sale within seconds.

Our competitors typically have 3 or more device condition options (increasing the potential for adjustments), and only 10-15% of devices received actually qualify for their "top tier" condition prices.

Phobio's working price covers over 70% of the devices traded in worldwide.

We do this because Sales Representatives in your stores will always want to offer the highest price possible, so it only makes sense to ensure this price is also the largest category.

Our damaged pricing is very aggressive and is the minimum for which a device qualifies.

Our simple pricing and grading scale ensure you will be able to pass along the most value to your customer with the highest accuracy rate in the industry.

Data Erasure/OEM Lock Countermeasures

Phobio's software requires data erasure at the point-of-sale. For every trade-in, the specific erasure instructions for that device model are displayed and require confirmation from the Sales Representative to proceed. In addition, for any device models which would have OEM Locks or Kill Switch software, there are discreet prompts to ensure the Sales Representative knows that the customer must deactivate those locks with their own account passwords before the device can be erased and processed.

IMEI/ESN Checks Against Lost/Stolen Blacklists

Phobio's Safetrade software allows for the requirement of the Sales Representative to supply the IMEI of the device for trade-in. This option has two important results:

- The device model is detected by the TAC information of the IMEI itself, and the sales representative confirms the model search result via IMEI. This drastically **reduces model identification errors** at the point-of-sale.

- The IMEI is checked against the **official GSMA database's lost/stolen blacklist**. This database includes lost or stolen device IMEI's worldwide, including the members of the Canadian Wireless Telecommunications Association (Rogers, Bell and Telus) and American Carriers such as AT&T, T-Mobile, Verizon and Sprint for LTE devices (MEID). This GSMA blacklist is the core list for other resold IMEI-checking services such as CheckMend, which also checks against law enforcement lists. Phobio prefers to refer to the official GSMA database as the blacklisted IMEI's provided by the carriers is typically more thorough and accurate than the current law enforcement data. If a device for trade-in has a blacklisted IMEI, the Sales Representative is alerted and that trade-in transaction is recorded and cancelled automatically.

Market-leading Analytics & Reporting Tools

From the bold strokes to the fine details, there's a lot of information you need to keep track of how your trade-ins are performing. Phobio puts all that data right at your fingertips so the **right people** have the **right information** at the **right time** to ensure your trade-in program is running flawlessly.

- **transparent reconciliation means easier payment tracking**
- **custom reports help track problem areas such as late shipments or adjustments**

Overviews give you the latest stats on how you are performing over time on company, region, and store level.

The Leaderboard allows you to inspect trade-in details and performance down to the individual user-level.

Break down performance on any and all trade-in activity across your company through **Trade Reports.**
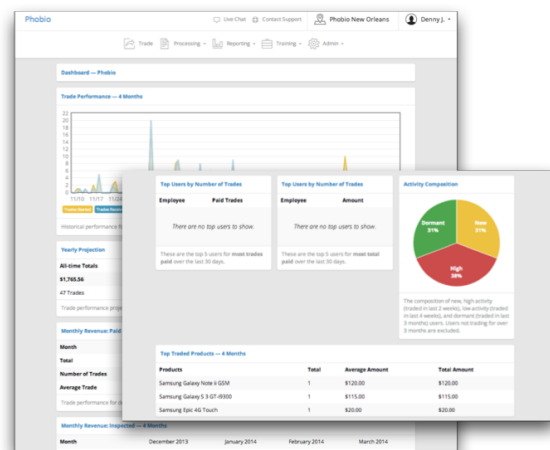
Custom Automated Email Reports

Even better than having all the data right at your fingertips is having the right information **sent to you** at the right time.

Insights straight to your Inbox →

Custom email reports on any aspect of your trade-in performance can be created and scheduled for monthly, weekly or daily email to any list of emails you require.

Oh, and did we mention you can export all your reports into Excel?

More for Your Marketing Toolbox

Phobio's core business is to drive more sales for our retailers, and we provide innovative complementary solutions to increase customer interest. In short, we've got *better mousetraps*.

QUICK QUOTE WEB WIDGETS

Add a complete "Trade-In Quick Quote Widget" to your website or mobile application allowing your customers to see the trade-in value of their devices to redeem at your stores. Phobio can create "campaign-specific" pages for targeted devices integrating the trade-in quote functionality to show your customers the final new device price after trade-in and applicable promotions.
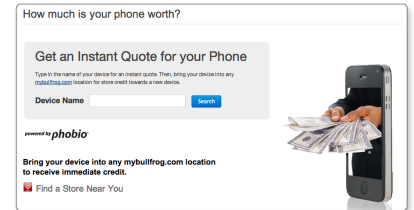
CUSTOMER TRADE-IN QUOTES VIA MOBILE

Drive more store activity through a simple mobile experience…
The customer texts **"Trade"** to your company's Mobile Quote number, and instantly receives a link to a webpage which automatically detects the model of their device, presents the trade-in value, and shows them your nearest locations to redeem the value for their trade-in.

The simple call-to-action can be advertised to your customers to access this tool which displays your company branding and presents your retail locations.
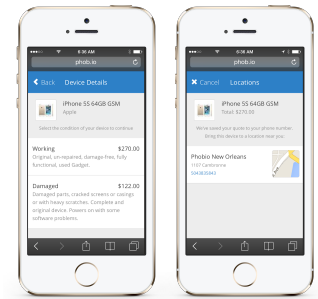
IN-STORE MARKETING COLLATERAL

Phobio offers a quarterly refresh of printed materials for your stores including:
- Posters
- Table Tents
- Point-of-Purchase incentives

Phobio offers a host of **digital solutions**, from HD digital stills to short animations customized with your logo, brand colors, and messaging.
- RQ AdPlay integrated
- Scalable to all digital display options

We can help you win the contest for your customer's attention.

INSANELY GREAT SERVICE

Adjustment/Discrepancy Process

No matter how simple we make the process or what measures we put in to ensure accuracy, even your best-trained staff will make occasional mistakes—we are human after all. Fortunately, Phobio has you covered. Our Adjustment Process helps your Sales Representatives clearly understand what went wrong to prevent future errors.

Devices are received, sorted for data erase, and inspected by our Device Technicians. If an error is created, an adjustment report is created:

- **Incorrect Model or Condition:** The Device Technician writes notes which are emailed to the user, manager, and or/loss prevention agent explaining the adjustment reason and includes documenting photos of the issue.
- **OEM Locked Device**: Phones that are received OEM locked are held for remote unlocking procedures.
- **Late Shipment:** All trades not received within 21 days after creation are adjusted to the current price offered. Weekly reports are sent to leadership to help identify locations who may require assistance or additional training in shipping procedures.
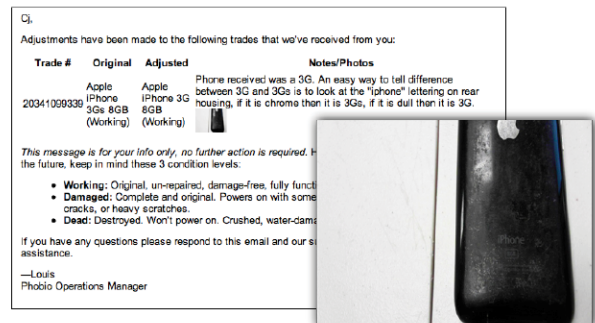
Online Training

The best software in the world cannot replace good training. It is important that all Sales Representatives and Managers know how to use Phobio's tools and features, how to assess devices correctly, and the "business rules" of trade-ins. The result of Online Training are users who are aware of their responsibilities and what support resources are available to assist them.

Each company is provided a unique URL for their Online Phobio Training:
- Customized for each individual company and any unique process needs
- Segmented into different modules for Store Managers and Sales Representatives
- Takes 10-15 minutes to complete
- Includes walkthroughs and quick quizzes
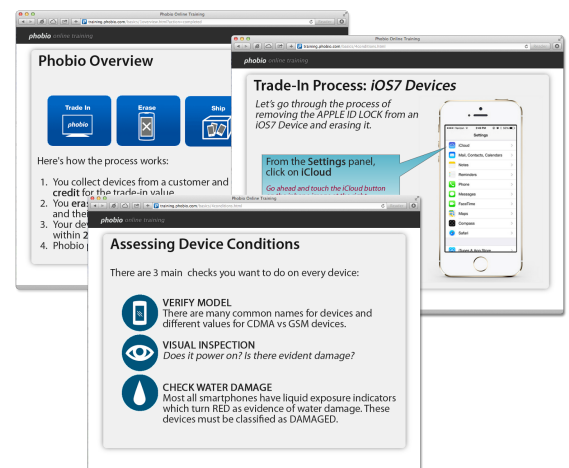
No crazy magic—just good training & solid processes.

Real 24/7 Support

Help is always just a click away for you and your Sales Representatives. Our support team is available via Live Chat 24/7 (no joke) to help your team through any questions they have regarding the trade-in process.

- **Available 24/7**
- **Integrated in RQ**
- **Support is operated by Phobio employees**

Our Account Managers keep tabs with company leadership as well as your sales team to make sure everyone knows how the program is working and what new opportunities we have together. It's a lot of legwork, but we know it makes a difference.

Some of the best tools and service options available through Phobio were suggestions from our partners. We listen to what you need, and figure out the best way to make it happen with elegant software and lean operations.
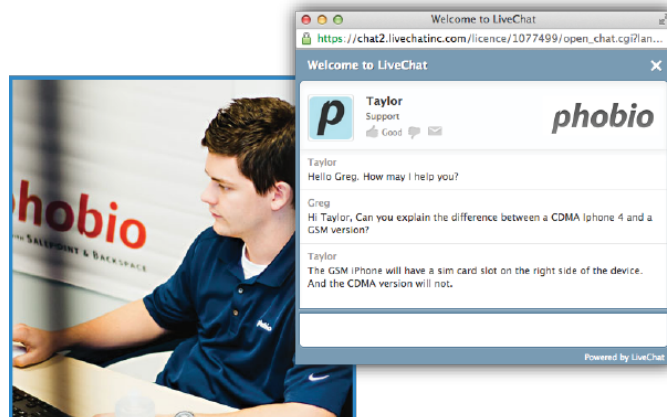
SUPPORT SLAs

- **Live Chat** response within **30 seconds** (industry standard = 3 min)
- **Support Ticket** response within **2 hours** (industry standard = 23 hrs)

ACCOUNT STRATEGY & STORE-LEVEL SUPPORT

- **Status Review Meetings** with your company leads every 30 days to help you keep tabs on progress and improve your bottom line
- **Store Manager Check-ins** every 60 days to ensure your teams are getting all they need to succeed
- **Quarterly In-Store Visits** allow us to gather intel on the needs and challenges of the front lines and are a key opportunity to learn as we train staff and promote our services
We leverage **Market Source** for store visits to provide training and impartial 3rd party feedback to continually improve our service.

Insanely great service yields awesome results.

CARRIER-GRADE SOLUTION

We are proud to provide you with information about our technological and operational security, processes and certifications that ensure Phobio provides carrier-grade service to its partners.

Technology and SLAs

Phobio has the capacity for rapid user training and onboarding for a massive number of users in a short time. Our integration with **iQmetrix's RQ** software allows for a simple and seamless launch of our trade-in service.

Our high-availability cloud platform maintains at least a 99.93 percent uptime, and we perform all North American scheduled maintenance well outside of business hours to make sure we're always online when you need us.

Operations and Certifications

Our receiving operations are audited regularly and this accountability extends to our disposition customer base. These customers are vetted and audited annually for compliance with PACS001 operational and security requirements. Additionally, our logistics partners maintain certifications for operational quality as listed below.

Phobio's Main Receiving Facility is the "lab" for refining the workflow process and provides the template for all Phobio receiving facilities to ensure compliance to our operational standards. This main facility is also located in the same building as the Corporate Offices for Phobio USA, so Phobio's leadership and account managers are always only feet away from the daily operations to review and improve quality and collaborate on new processes.

Our software provides responsive load balancing, so devices shipped from partners' stores are shipped to the appropriate Inspection Facility or logistical partner.

OPERATIONAL SLA
Devices Inspected and Inventoried within **24 hours** of being received
(industry standard = 5 days)

Phobio and our logistics partners maintain the following certifications:

R2 (Responsible Recycling) | ISO 14001 | ISO 9001 | e-Stewards | OHSAS 18001

We're experts in all the different areas of operation that make up an excellent trade-in service.

We build our own software, manage our own international disposition channels and everything in between.

Payments and Processing

or every trade-in you accept, you're giving the customer immediate store credit towards their purchase. This is a great closing tool for your Sales Team, but also also increases the importance of receiving device payments on-the-mark and on-time. The good news is: **Phobio has never missed a payment to our retail partners. Not once. And we intend to keep it that way.**

Phobio receives your devices throughout the month, and the total amount is paid to you via electronic ACH on the last day of the following month. This allows ample time for you to know the total amount due to your company and any adjustments that may have been made upon device inspection. This way, you are paid quickly, regularly, and accurately.
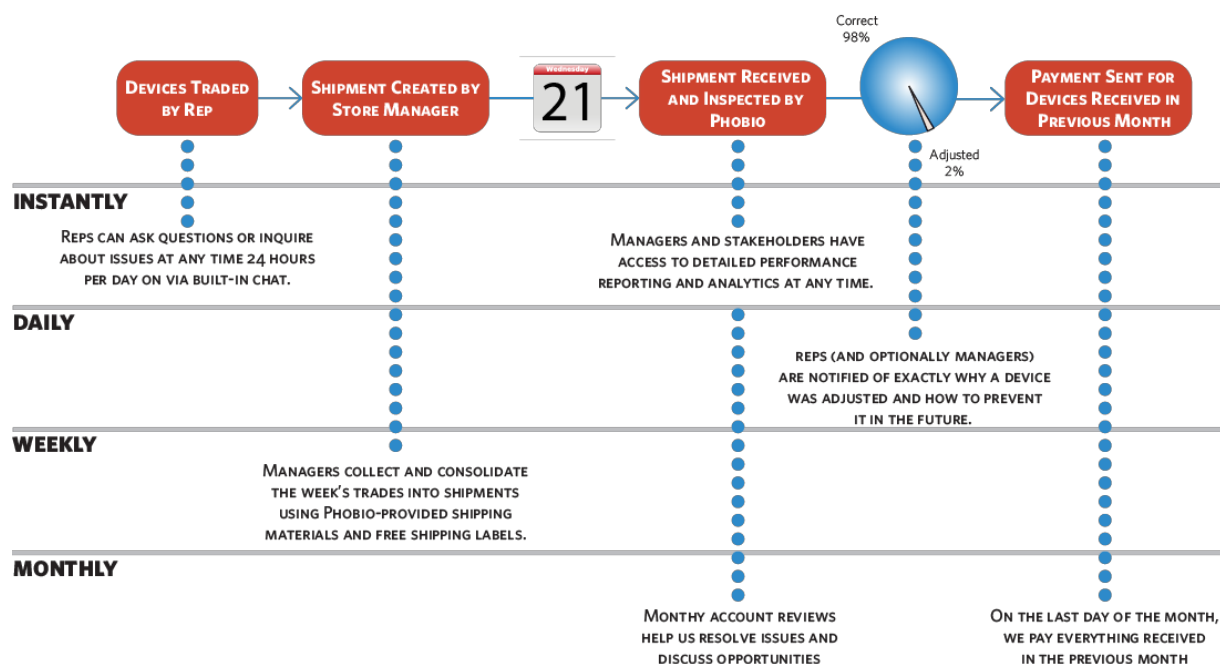
All devices are tracked and labeled throughout the process from Trade to Receiving to Inspection to Resale.

Get Paid The Right Amount On-Time Every Time.

PHOBIO BRINGS MORE VALUE

30%
average attachment rate

$70
average extra spending power per custome

1.3
additional accessories sold per transaction

our values for damaged devices are typically
3X
more than our competitors' values

competitive pricing on over
3000
devices

<2%
adjustment rate in over 1,000 locations

our top "Working" price covers
70%
of all devices traded-in

18 seconds
average live chat response time

Phobio is the only company innately able to offer innovative trade-in solutions that consistently deliver unparalleled results.

Don't just take our word for it...

"Phobio has been an integral partner with Wireless Communications helping us to increase our accessory and ProtectCell attachment. The items that set Phobio apart are their detailed, customized reporting and device processing. The ability to track our trade ins with that much detail is crucial to managing this program. It is also very helpful that most of the Account Managers have previous wireless sales experience so they are able to connect with our sales team on their level."

— Katie Peterson, Director of Operations, Wireless Communications

"Phobio has proven to be an excellent partner of ours. They're competitive in their offerings, possess excellent (and flexible) back-end reporting, and have a seamless integration with our point of sale system. Not only are trades easy to assess and straightforward to process, but they're easy to track through their salepoint portal and organizational analytics are superb. Phobio has a great understanding of the competitive marketplace and does an excellent job of providing us aggressive pricing, good marketing and training material, as well as flexibility with our program structure. The program has been a great addition to our business, and most importantly, an excellent option for our customers."

— Jason Robertson, Director Help Center & Programs, MyBullfrog.com

"Our experience with Phobio has been a wonderful journey. They provide a more customized retailer experience which allows for a stronger partnership. Their reporting is accurate and timely, which is a necessity in order to track devices, reconcile and avoid fraud. The Phobio support staff is always available to answer questions and work quickly to resolve any issues or complications that may arise. Their team works hard to aggressively compete with any trade-in promotions offered by Verizon, allowing us to keep the customer's funds within our agent doors. As our business continues to evolve, so does our relationship with Phobio. They are the kind of allies that any wireless retailer would benefit from utilizing."

— Kelly Eisman, Revenue Assurance Manager, 4G Wireless

LAUNCHING PHOBIO

Training and Launch Process

Our RQ Integration + Online Training + Onboarding process allow for rapid deployment of partners. In fact, we have onboarded more than 5,000 users in over 300 locations in under 48 hours.

We believe it is ideal for most partners to schedule launch at least **1 week** after agreement to ensure:
- All points of contact are clearly defined and informed
- Issues or feedback from your management teams are addressed
- All shipping materials and merchandising collateral are received
- All Sales Reps have ample time to complete the Online Training so we track and ensure an agreed minimum percentage have completed the training before the service is activated

Launch Stages:

KICKOFF MEETING (1 day)
- Identify trade-in setup options for your company and gather location list
- Determine company points of contact related to trade-in service
- Define initial set of Automated Email Performance Reports for company POCs
- Order shipping materials and merchandising collateral

TRAINING (4 days)
- Online Training is provided for review/feedback from management
- Phobio Onboarding Team coordinates integration setup with company's in-house RQ Admin and iQmetrix Account Manager
- Online Training URL is communicated throughout your company for Sales Representatives and Managers (takes appx 15 minutes to complete)

LAUNCH (1 day)
- Phobio's integrated service is enabled in RQ and all company users have immediate access

POST-LAUNCH
- Monthly performance meetings with your Account Manager
- Quarterly in-store visits by Phobio Marketing/Feedback Teams