

The Mobile Marketeer

A Sanctum Media Company



Business Plan

July 2015

Table of Contents:

A)	Executive Summary	p 3
B)	Business Concept & Technology Platform	p 4
C)	Finances and Cash Flow	p 7
D)	Market Strategy	p 8
E)	Business Positioning	p 10
F)	Pro Forma and Budget Overview	p 13
G)	Operations Overview	p 16
H)	Risks and mitigation strategies	p 18
I)	Key Personnel	p 19

A) Executive Summary

The ScanBlitz™ Mobile Marketeer is the very first of its kind physical and digital periodical. It was established to market local businesses by combining traditional advertising with cutting edge technology. With the Mobile Marketeer's proprietary mobile marketing solutions, this synergistic relationship will define the Mobile Marketeer as a model publication within the business community.

The Mobile Marketeer is available in two forms: as a twenty four-page high quality hard copy publication and in electronic form as a Magezine. Both forms offer local businesses advertisements and the most recent mobile technology articles and features. In either form, the Mobile Marketeer ScanBlitz™ technologies allow the consumer to redeem coupons contained in the Mobile Marketeer publication enabling 1) direct access to information and promotions via the "smart" device and 2) an "Opt In" capability allowing the end customer to voluntarily share information with the retail partner via data management services provided the Sanctum Media Group solutions. Following two years and \$1.5M invested in the proprietary technology, The ScanBlitz™ Mobile Marketeer solution set is in an ideal position to advance an industry representing \$3.5 billion in redeemed savings to the US consumer.

The retail market in the US is a \$5.3 trillion dollar industry that is making a strong comeback (up 5% in 2014) from the recession triggered in 2008. Coming out of this recession, consumers have a higher focus on paying down debt levels and continue to seek ways to ensure fair if not discounted pricing when they choose to spend. The coupon business continues to evolve to meet this demand. Standing at \$470 billion and utilized by 2/3rds of US consumers, the industry has expanded beyond the traditional grocery store product application. Non-food items now represent 63.5% of the industry. More importantly, 23% of US consumers accessed coupon information via their Smartphone (accessing information via websites) in 2014. This percentage is expected to grow to 40% (127 million) in 2015.¹

¹ Statista, *US Coupon Market Trends – Statistics and Facts*, 2013 p1.

B) Business Concept and Technology Platform

In the hard copy form, the Mobile Marketeer is a high quality monthly publication of approximately 70 advertisements that is distributed both by mail and to high traffic consumer areas at a volume of 10,000 per month (5,000 by mail and 5,000 to high traffic locations) per territory. In the electronic Magezine form, the publication will broaden distribution significantly to 50,000. This increased distribution will be supported by the development of a Post Card publication that allows customers to link directly to the Magezine on-line publication. Post Cards will be distributed via direct mail (20,000), via high traffic outlets (20,000) and by email (10,000) per month. All at a cost lower than the hard copy distribution model. The addition of the Post Card will be introduced to Franchisees following the initial publication in Hard Copy form. It allows the Mobile Marketeer to provide a means for the Franchisee to expand distribution by 5X while simultaneously reducing costs significantly.

Each advertisement in the Mobile Marketeer contains a link that will allow a Smartphone or other mobile device to link to the retail information and “Opt In” to share information with the retail business. Any end consumer opting-in shares contact information the retailer is able to utilize to target their marketing efforts. This synergy between traditional coupon marketing and Mobile Marketeer Technologies will take advantage of the following market trends:’

- 82% of local business web sites are not optimized for mobile devices
- Mobile enabled coupon’s have a 10X redemption rate of traditional print only coupons
- 95% of smart phone users search for local business information via their mobile device
- A full 50% of local searches occur via smart phone

The basis of the current business plan originates with a two-year development cycle and a \$1.5M investment by Sanctum Media Group in the proprietary. As noted above, these technologies will allow customers and retailers to engage in two-way data sharing. The entire process from retail web site development to customer data management of “Opt-In” customers has been developed and deployed in a Beta market by The Sanctum Media Group. Key advantages:

- All advertisements in the Mobile Marketeer available in both hardcopy and online versions from day 1.
- All retail businesses have the option of having a dedicated web site developed that is designed for mobile devices.
- All end customers will have the option to “Opt-In” and share data with retailers in exchange for ongoing promotional and discount consideration.
- All retail businesses will have a backend customer database maintained for their benefit and use.

The Mobile Marketeer will change the coupon industry from a publish-clip-show sales motion to a scan and save technology based upon the ability of end customers to identify products and services for which they are most interested and for retailers to identify and market directly to these high value customers. The business proposition of the Mobile Marketeer is to provide the retailer a means of direct end customer marketing and end customer data management that will transition to a primarily digital solution at a cost that is significantly lower than that a traditional coupon mailer.

1) The ScanBlitz™ Mobile Marketeer Platform:

a. ScanBlitz™ Customized Mobile Website

A mobile website formatted to fit a smaller screen conducive to a mobile device. The Mobile Marketeer will custom tailor a mobile web site specific to each business. Once a website is created, the business will be able to create and send messages and coupons. By utilizing the ScanBlitz™ Opt-In technologies, customer data will be available for direct marketing purposes.

b. ScanBlitz™ Digital Directory

A mobile compatible directory that will list all of the Mobile Marketeer’s advertisers. Once an electronic connection is made, the directory is stored in the consumer’s device that enables the consumer to list the businesses in their contact manager.

c. ScanBlitz™ Social Media Platform

Business customers will be showcased on the ScanBlitz™ website, Facebook, Linked-In, and Twitter to all followers.

d. ScanBlitz™ Information and Direct Marketing

The ScanBlitz™ Platform will allow businesses to create and send promotional text directly to high value end customers via the Platform. The direct customer connection is further enhanced by the ability of the business customer being able to directly track each individual scan of their ScanBlitz™ mobile links.

2) The Mobile Marketeer Timeline:

The Mobile Marketeer has begun operations in the South Florida market in Q3 of 2015 through a corporate owned territory that serves as a proof-of-concept for the business model. In Q4 of 2015, operations will be expanded via nation wide franchise operations and is projected to expand at a modest Franchise every other month of operations.

3) Revenue Stream:

Beyond the franchise fee, The Mobile Marketeer derives revenue from three primary sources:

- a. Web development – building a web presence that is specifically tailored for the mobile market reader.
- b. Web hosting – the cost to the retail business customer allows for profit sharing between Mobile Marketeer and the Franchisee.
- c. Printing and distribution – the Mobile Marketeer will have volume discounts to pass along to Franchisees that will allow for both savings to the Franchisee and a margin for the Mobile Marketeer.

The Franchisee (or The Mobile Marketeer in the case of Corporate owned operations) derive revenue from two primary sources:

- a. Advertisement sales
- b. Web Hosting

C) Pro Forma Finances and Cash Flow

Despite the potential for rapid growth, the three year Pro Forma used to project revenue, expenses and profit is based on a very conservative growth rate of six franchise sales per year. At this conservative growth rate (and coupled with two corporate owned territories), the Mobile Marketeer will achieve a minimum of the following:

- Profitable operations by October of 2015.
- Cumulatively profitable operations by November of 2015.
- A net profit of \$760K in year one, \$2.4M in year two, and \$3.5M in year three.

Given current assumptions, the Franchisee will achieve:

- Profitable operations by month three.
- Cumulatively profitable operations by month eight.
- A net profit of \$155K in year one, \$775K in year two, and \$920K in year three.

Mobile Marketeer Investment capital in the start up will be as follows:

- Total negative cash flow prior to net profitable operations - \$72,000
- Total non-recurring expenses - \$131,000.
- Negative cash flow by month prior to profitable operations*:
 - Month 1 - \$ 14,000
 - Month 2 - \$ 42,000
 - Month 3 - \$ 15,000

*Assumes offsetting revenue

D) Market Strategy

1. The Market

As noted above, the coupon business that provides \$3.5 billion in redeemed savings to the US consumer is changing rapidly. The breadth of product categories has expanded while the technology for access has changed to be mobile friendly. To fully appreciate the market opportunity for the Mobile Marketeer suite of solutions, it is important to define the current solution set provided by competitors.

a) Traditional Print and Mail – Expanding into electronic offerings

Companies in this segment are familiar to almost all US families. ValPak with 170 Franchisees and 54,000 customers is the leading solution provider in this space that is also represented by Money Mailer, Red Plum, and Super Coups as well as a host of Mom and Pop providers in local areas. The more competitive firms in this segment are aware of the shift in technologies and have moved to also provide web sites with electronic coupon offers which can be accessed via mobile devices.

b) Daily Deal Coupons – Electronic only

Companies in this segment have experienced rapid growth and are represented by such commonly known names as Groupon, Living Social, Wagjag, and Deal Find. These firms offer limited discounts to specific businesses that they email to customers opting to be part of the service. These businesses are electronic services only.

The Achilles heal of the Daily Deal provider is that the participating businesses often lose money in the process.² So unlike the tradition Print and Pak providers, the Daily Deal publications have a more difficult time finding repeat business customers.

² Business Model Institute, *Groupon Business Model versus ValPak*, Jim Muehlhausen.

2. The Niche

The Mobile Marketeer aims to leapfrog the current solution providers by returning power to the Retailer while enabling their technological advancement to take full advantage of the changing customer behaviors driven by mobile technologies. The Mobile Marketeer will provide an avenue for direct information sharing between end customer and business client. The return on their investment will not be limited to periodically increased traffic at their storefront, but by information on high value customers that is useful for ongoing targeted and highly efficient promotional activity. The “Opt In” data management of the Mobile Marketeer solution set will change the dynamics of the industry.

E) Business Positioning

1. Corporate and Franchise Operations

Beginning in June of FY15, The Mobile Marketeer was launched in South Florida with the specific aim of establishing proof-of-concept. To accelerate the market penetration and keep COGS to a minimum, the corporate territory will be marketed using a digital publication – the Mobile Marketeer Magezine. In place of full-length publication, a high quality Postcard has been developed that will link the end customer to the Magezine. This digital magazine has all of the content of the hardcopy publication to be rolled out in the Franchisee phase of operations. In total, 50,000 copies of the Magezine will be published each month with 20,000 distributed at key high traffic areas, 20,000 by mail, and 10,000 by email.

In conjunction to the establishment of the corporate owned territory, efforts will begin in Aug to market and promote Franchisee sales. All Franchisee sales in the year will be fulfilled from within the state of Florida with rapid expansion in FY16 to other states. The expectation is to sell a minimum of one Franchise every other month for a total of five in FY15. Corporate owned territories will be limited to one. The projected number of territories in operation is five in 2015 (one corporate and four Franchise), eleven by end of FY16, and seventeen by end of FY17 (year three).

2. Pricing

The pricing for the Mobile Marketeer solution is purposely set for quick market penetration. As such, advertisement costs are set to be at par with current hardcopy-only competition despite the technologically advanced sales motion provided by ScanBlitz³™ technologies. Franchise purchase price is set at \$40,000.

Specific advertisement pricing is dependent upon size of advertisement and supporting web development. In the financial modeling, the following averages were used based upon results attained in pilot market research and competitor pricing:

Monthly Retail Business Pricing* -

Advertisement - \$599

Web Hosting - \$29.95

Web Development - \$133 per new advertisement

* Average price per advertisement. Full pricing sheet is available upon request

3. Distribution and Promotion

Publication development will be owned by Mobile Marketeer Corporate office and run on behalf of all Franchisees and owned territories. Promotion will result from distribution. In the Hard Copy form, 5,000 copies of the Mobile Marketeer will be mailed on Franchisee behalf each month. In addition, 5,000 copies of the Mobile Marketeer will be sent to the Franchisee for distribution to high traffic sites. As noted, the Retailer will be offered an option to upgrade to the Magezine and post card solution set that will expand distribution to 50,000 copies at a reduced cost once the Hard Copy model has been established in the Franchise territory. An assumption is made that this transition to higher margins will follow one year of operations with the Hard Copy solution set.

Franchisee Responsibility:

- Sales
- Customer care – responding to and engaging with retail customers
- Coordination of advertisement sales with corporate Print and Publish management.
- Site identification, permission, and physical distribution of all location (non-mail) specific copies of the Mobile Marketeer for their territories.
- Maintenance of the Mobile Marketeer brand in all printed material.
- Revenue and expense management for the Franchise.

Corporate Responsibility:

- Sales in owned territories
- Sales of Franchises
- Design and publication of Mobile Marketeer in both Hard Copy and Magezine forms.

- In year one 10,000 hard copy distributions per month via:
 - 5,000 to Franchisee to be distributed in high traffic areas.
 - 5,000 to local mail addresses.

- In year two 50,000 Magazine linkages distributed via:
 - 20,000 post cards to be provided to the Franchisee for distribution in high traffic locations
 - 20,000 via the mail
 - 10,000 via email.
- Web site development for retail customers
- Customer data management
- Franchisee metric scorecard and Franchisee performance monitoring

F) Pro Forma and Budget Assumptions Overview

1. Revenue Assumptions

A) To Corporate*:

- From Franchise Operations
 - Franchise Sales (per Franchise) - \$40,000
 - Web Development \$133
 - Web Hosting - \$17.95
 - Printing - \$5,500 per Mobile Marketeer publication or \$3,700 for Post Card distribution.

- From Owned Territories*:
 - Advertisement sales
 - Advertisement - \$599
 - Web Hosting - \$29.95

* Values are averages per advertisement unless otherwise noted

* Sales are assumed to be at a rate of 10 per representative per month. Each territory is assumed to have two representatives. The model assumes a 90% customer retention rate month to month.

B) To Franchisee:

- Advertisement sales
 - New Advertisement - \$599
 - Web Hosting - \$29.95

2. COGS Assumptions

A) Corporate:

- From Owned Operations
 - Printing - \$2,150 per post-card publication and declining to 20% of this cost linearly with Magazine fill rate.

- From Franchise Operations
 - Printing - \$3,500 per hard copy publication or \$1,700 for Post Card printing.

B) Franchisee:

- From Operations
 - Printing - \$5,500 per hard copy publication or \$3,700 for Post Card publication.

3. Expenses Q1

- Total Expenses - \$230,000

- Non-recurring/Startup - \$131,000
 - Legal Docs - \$ 52,000
 - Web Development - \$ 60,000
 - Ops & training docs - \$ 12,000
 - Advertising - \$ 3,000
 - Misc - \$ 4,000

- Commissions - \$ 67,000
- Channel - \$ 26,000
- Travel - \$ 3,000
- Support of Reps - \$ 3,000

2. Resulting Net Income Before Taxes:

A) Mobile Marketeer:

- o 2015 - \$760K
- o 2016 - \$2.4M
- o 2017 - \$3.5M

B) Franchise:

- o 2015 - \$ 155K
- o 2016 - \$ 775K
- o 2017 - \$ 920K

G) Operations Overview

1. Franchisee Selection

Potential Franchisees will be interviewed by Corporate to evaluate a) Business expertise, b) Financial capability, c) Geographic location.

2. Market Mapping

Mobile Marketeer Corporate (MMC) will provide the qualified candidates with a mapping of available territories in their region. Territory Solutions International Inc. of Orlando Florida has been selected to provide this service to Mobile Marketeer. The franchisee will then select the optimal territory for their business and sign a Franchisee agreement with MMC.

3. Franchisee Training and Business Sales

The Franchisee will be provided with all necessary ScanBlitz™ Mobile Marketeer sales support including business cards and printed literature. MMC will provide a two-day training session in the sales motion for the Mobile Marketeer. This training will take at Mobile Marketeer headquarters in Wellington Florida at MMC expense.

The Franchisee is required to field a minimum of two representatives to sell The Mobile Marketeer in their territory. The Franchisee is also expected to sell a minimum of 15 advertisements per representative per month. The Franchisee will bill the business customer for the advertisement, web development, and web hosting. MMC will bill the Franchisee for web development, web hosting, and publication.

4. Publishing

The sales representative will train the business customer on the ScanBlitz™ automated procedures to design and upload their web page and advertisement. MMC will review all incoming advertisements and coordinate publication and web hosting through third party partners – Green Group Studios for Web design and Vision Printing for print layout and publication. MMC will then communicate expected dates for publication within each territory for both Hard Copy and Magazine Post Card linkages.

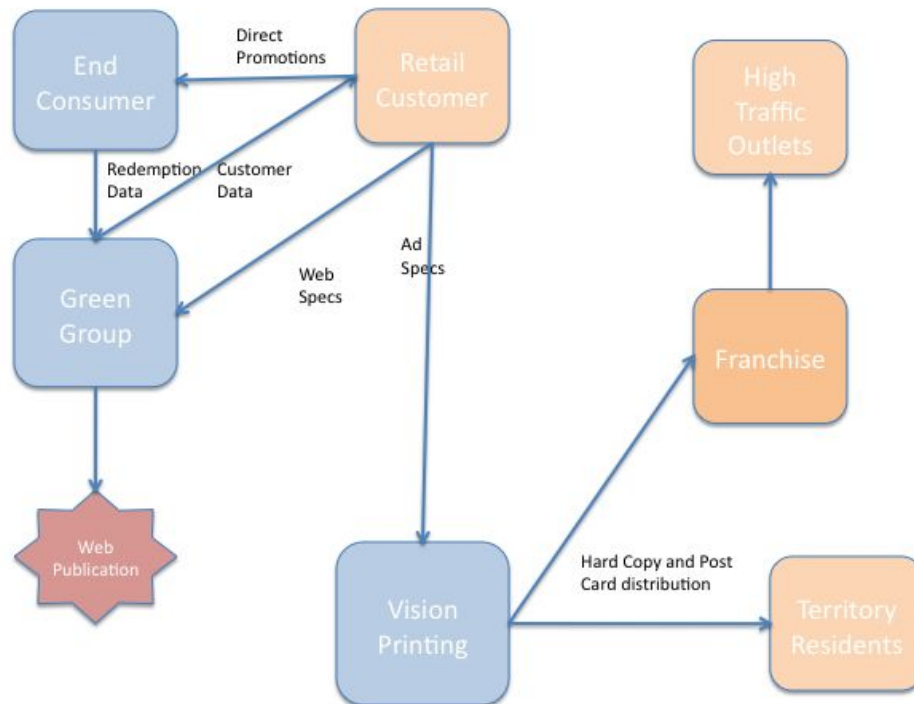
5. Ongoing Metrics Tracking and Evaluation

MMC will track metrics related to sales for each Franchisee. If a Franchisee falls below targeted sales volumes for any two consecutive months an audit will be triggered. The intent of the audit is to review sales practices and aid the Franchisee in adjusting their sales motion to maximize return on representative time in the field. Should an audit be triggered, the Franchisee will be required to provide:

- Number of locations stocked with the Mobile Marketeer.
- Log of times each location was stocked and “refreshed”.
- Number of sales calls, dates, listing of businesses visited for the purpose of generating a sale.

Any retraining will then be provided by MMC.

Mobile Marketeer Process Overview



H) Risks and Mitigation Strategies

1) Market Penetration

With any business evolution, there is a risk that the market will not embrace the change. If retail owners are not convinced that the data management strategies and smart device technologies enabled by ScanBlitz™ technologies justify the cost of the advertisement and web development, sales will not support the projected growth in business.

Mitigation Strategy – Sanctum Mobile Marketing has attempted to address this risk by beta marketing the Mobile Marketeer in a local pilot program completed in 2013. The concept was widely accepted by South Florida retail businesses and advertisements were placed to fill a publication in less than a month's time. The beta publication with actual advertisements is available upon request. The risk will be further reduced to Franchisees by first operating sales via Corporate owned territories in Q2 and Q3 of 2015 and before sales begin to Franchisees.

2) Imitation

The success of the ScanBlitz™ Mobile Marketeer will inevitably draw attention from competitors losing market to the Mobile Marketeer data management and direct promotion enabled sales motion.

Mitigation Strategy – The underlying technology for the ScanBlitz™ Mobile Marketing data management system has taken a significant investment in both time and money. The belief is that competitors would take a minimum of eighteen months to develop and deploy the capabilities of the Mobile Marketeer platform. For this reason, Sanctum Mobile Marketing is choosing to grow the business aggressively via Franchise Operations. Although the business model assumes a conservative growth rate of 6 Franchises per year, there is no capacity limit on the deployment of technology that would keep the company from growing at a significantly higher rate. The eighteen-month interval to develop like capabilities by competitors will allow The Mobile Marketeer to be first to market. Keeping prices low relative to value delivered as represented by the current pricing structure will ensure that business clients of the Franchises have limited incentives to switch their provider of their marketing solution.

I) Key Personnel

· Salvatore Renaldi – Chairman / CEO

Mr. Renaldi is the Founder and CEO of The Sanctum Group of Companies, Inc and majority Shareholder and operator of Sanctum Media Group, Inc. Mr. Renaldi is also currently the CEO of the Renaldi Group, Inc a private equity investment firm headquartered in San Diego, California with a specific emphasis in first round bridge financing. Salvatore has nearly 30 years of experience in all phases of corporate finance and complex deal structure, as well as expertise in mergers and acquisitions, restructurings, venture funding and reverse merger transactions. Mr. Renaldi has served numerous industries spanning the globe including healthcare, biotechnology, information technology, consumer products, oil and gas, as well as alternative energy related companies.

Prior to the formation of the Renaldi Group, Inc Mr. Renaldi was Managing Partner of S.R. Capital Corporation, an investment firm specializing in a variety of advisory services as a Merchant Bank with companies ranging from as early as startup to more seasoned and profitable enterprises. He has also managed and operated many successful sales and marketing campaigns over a span of more than 25 years.

Mr. Renaldi is a passionate Philanthropist involved in many charities, sits on various boards and steering committees, and is a Fourth Degree and highest order of the Knight of Columbus.

· Pierre Parent – Chief Financial Officer

Mr. Parent brings over 25 years of business and financial experience in the consumer Electronics industry. Mr. Parent was the former Vice President of financial operations of Mitac Digital Corp the owner of the Magellan GPS. In addition to managing Finance he also led the Legal, Supply Chain, and Account Services groups. As a member of the Executive team he was engaged in a turn-around of the company by leading the business into new segments and improving cost position.

Previously Mr. Parent worked for Hewlett Packard Co., including time in HP's personal computer, Desk Jet printing and digital photography business. Pierre was involved in growing the Desk Jet business from sales of \$100M

to over \$5B. A few of his major contributions include leading the Finance team in the establishment of a Latin American manufacturing and distribution operation and providing the financial advice for HP's acquisition of Snapfish.

Mr. Parent graduated from the University of California at Berkeley and has an MBA in finance.

· **Scott Culbertson – Director of Project Development**

Mr. Culbertson has 23 years of experience in the technology sector. He started his journey in Finance by receiving his Series 7 license for Financial Planning in 1987 while working for American Express. His work history is a continuous flow of knowledge advancing in finance, as well as planning procedure and development.

Mr. Culbertson began working as a Finance Analyst for Hewlett Packard from 1989 through 1993. His career then branched into Supply Chain and Operations management with jobs in Procurement and Planning leading to senior management positions in Operations Management.

In his management positions with Hewlett Packard, Mr. Culbertson has been directly responsible for the planning and reporting of a multi-billion dollar Inkjet supply chain. His passion has been for developing and implementing programs to establish sustainable advantages in execution. Mr. Culbertson recently retired from Hewlett Packard to take this new position with Sanctum Media Group, Inc. He will be instrumental in the implementation and management of the territory sales and licensing rights of Sanctum's Mobile print business.

He attended Lewis and Clark College in Portland, Oregon from which he graduated with his Bachelor degree in Business Administration in March of 1986. He also attended the University of Washington in Seattle where he graduated in June of 1989 with his MBA in Finance.

· **Jessica Donahue – Dir. of Bus. Development & Procurement**

Jessica Donahue is a highly seasoned business development and client retention professional. She has expertise in identifying and capitalizing new and untapped market opportunities. She started her career at Pitney Bowes in Miami Lakes, Florida, where she was a Major Account representative. After 8 years, she left Pitney Bowes and ventured off to start her own Insurance

company, Palm Beach Insurance Group. She was responsible in the start up and growth of this company as she managed a book of business exceeding \$3.6 million dollars, trained sales team to exceed annual quotas and sales objectives, represented the company at national and regional insurance conventions and maintained a higher-than-industry-standard client retention ratio. In June of 2013, Ms. Donahue left the insurance industry to focus on Business Development with Zindigo Boutique. She worked as a Director of Business Development as she successfully directed all Marketing and Promotions. She is seasoned in all aspects of Social Media.

Ms. Donahue is the Director of Business Development at Sanctum Media Group, Inc. She will be responsible for lead generation, networking and relationship development, strategically launching new products/services to the market, plan and implement logistics in new territories, brand and reputation management as well as ensure high quality, unparalleled levels of customer service.

Ms. Donahue received her Bachelor's degree from Florida Atlantic University in 1993.