

The pursuit of customer profitability

emagine
INTERNATIONAL



Profile

Our aim is to enable our telecommunications clients to pursue customer profitability leadership.

Imagine provides closed-loop marketing solutions that enable telecommunications operators to pursue customer profitability leadership by creating intelligent, value-based customer interaction at each customer touch-point. We rapidly deploy high-impact churn management and revenue stimulation strategies across multiple channels.

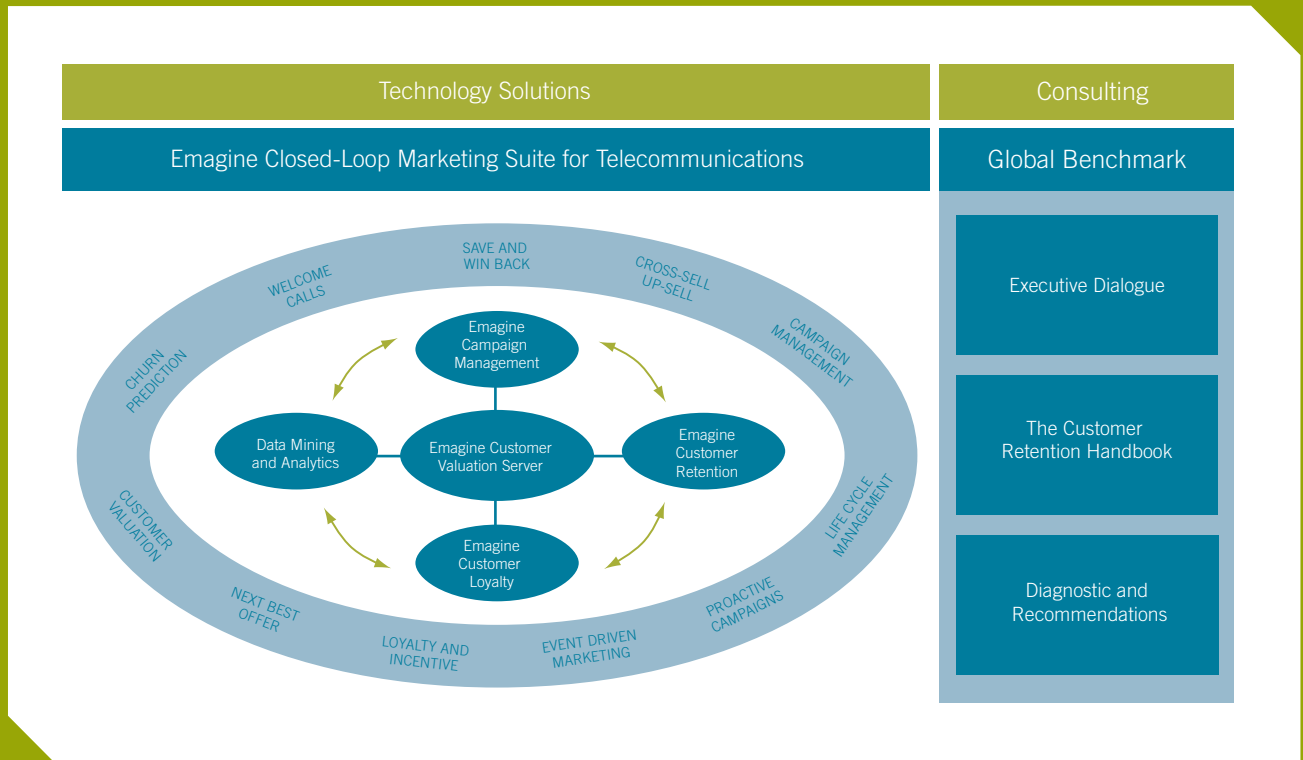


Figure 1.1 – Imagine company overview

How to achieve customer profitability leadership in telecommunications ...

Customer profitability leadership is achieved through best practice Customer Retention (Churn reduction), and effective stimulation of Average Revenue per User (ARPU stimulation).

Average annual churn rates for telecommunications operators remain unacceptably high. The value of the gap for operators between actual and best practice churn rates are equivalent to \$US220 per customer (Source: imagine Global Benchmark Diagnostic).

Furthermore, there are also tremendous gains to be made by operators through effective revenue stimulation strategies, including cross-selling and up-selling.

How Imagine delivers customer profitability leadership ...

- Imagine's global benchmark diagnostic provides unique insight and a roadmap for high-impact initiatives which actually work to reduce churn and stimulate revenue.
- Imagine's Closed-Loop Marketing Suite for Telecommunications is a comprehensive modular solution

designed to deliver high-impact quick-wins to achieve customer profitability leadership.

- We specialise in telecommunications and deliver deep telecommunications industry experience immediately to your business.
- Our 'ROI driven CRM' implementation methodology ensures that the business objectives and results, not the technology, drive the entire closed-loop marketing project.
- We believe in the power of our methodology and solutions - our licence fees are based on success.

Emagine Closed-Loop Marketing Suite for Telecommunications



Emagine Closed-Loop Marketing Suite for Telecommunications enables operators to pursue customer profitability leadership by rapidly deploying intelligent, high-impact churn management and revenue stimulation strategies across multiple customer touch-points.

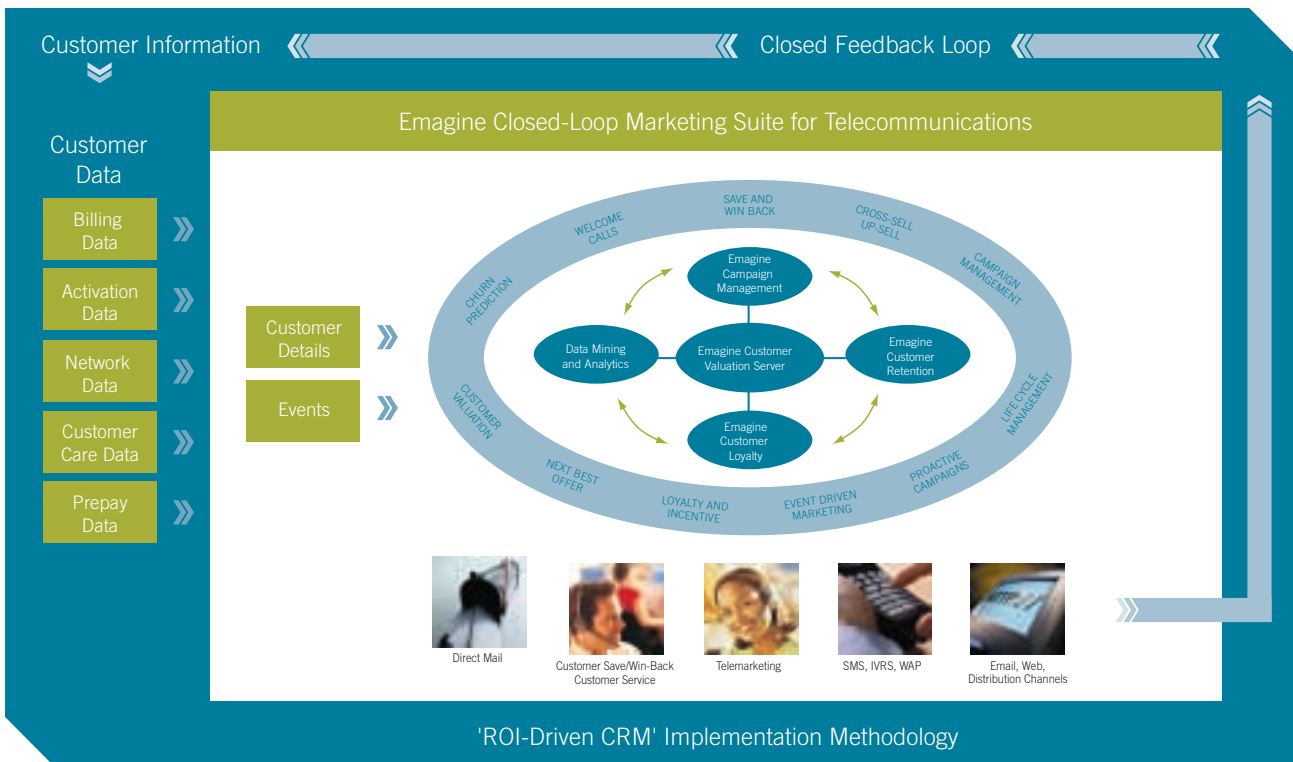


Figure 1.2 – Emagine Closed-Loop Marketing Suite

Specifically, Emagine Closed-Loop Marketing Suite is a modular set of Products and Services comprising:

- Emagine Customer Valuation Server
- Emagine Customer Retention
- Emagine Campaign Management
- Emagine Customer Loyalty
- Emagine Data Mining and Analytics.

Emagine Closed-Loop Marketing Suite enables operators to implement the following strategies:

- Customer Save and Win-Back

- Campaign Management
- Lifecycle Management
- Cross-sell/up-sell
- Customer Loyalty programs.
- Customer Valuation ('P&L' per customer)
- Operation of a true 'closed-loop' marketing environment
- Churn Prediction and Analysis
- Handset Upgrade programs.

Customer Touch-Points include:

- Inbound Customer Service
- Customer Save and Win-Back Teams
- Outbound Telemarketing
- Web
- WAP
- IVRS
- SMS
- Email
- Direct Mail.

Why our solutions are different ...

Leading telecommunications reference clients – Emagine specialises in the telecommunications industry with over 40 clients throughout the European and Asia Pacific region.

Our products are designed specifically for the telecommunications industry to enable true, Event-based, real-time marketing based on individual usage and profiles designed for the high-volume environment of a Telco.

Complementary to existing CRM investment – Our technology solutions are modular and complementary to existing CRM investments, and are proven to reduce churn and stimulate revenues.

Payback within six months – We will structure commercial terms around phases and success, and payback for the investment within six months.

ROI-Driven CRM Implementation Methodology – Our approach is to focus on the high-impact, quick wins to maximise the payback and ROI on your CRM investment. Our methodology ensures the business objectives and results, not the technology, drive the entire 'closed-loop' marketing project.

Emagine Closed-Loop Marketing Suite for Telecommunications

Emagine Customer Valuation Server

Fundamental to achieving customer profitability leadership is an understanding of the value of each individual customer, and to invest retention budgets according to their actual and potential value.

To truly match investment in each customer to their value, sophisticated operators must move beyond simple revenue or rate-plan-based segmentation, to a real-time measure of individual customer profitability.

Emagine's Customer Valuation Server creates and maintains individual customer profitability (down to CDR level) in real-time providing an accurate 'Profit and Loss' statement per customer.

The Customer Valuation Server is the core of the Closed-Loop Marketing Suite, and is 'Event driven'. An Event is any transaction, down to CDR level, which can be captured by the system in real-time.

Any Event can drive individual customer valuation (e.g. customer valuation is credited when the customer makes and receives calls, sends SMS or downloads data, and is debited when the customer calls customer service, or accepts a marketing offer etc).

The Customer Valuation Server includes sophisticated Event transaction management capability to intelligently apply rules to complex combinations of Events to drive customer valuation, and Event-based marketing.

Complex combinations of Events enable operators to create real-time Event-based marketing to their customers (e.g. after three mobile calls to a destination, business customers are sent an SMS, immediately informing the customer of the special rate plan available for international calls to that destination, etc).

For Prepay Mobile customers in particular, Event-based marketing based on actual behaviour and customer valuation is critical.

The Customer Valuation Server has been designed specifically for the high volume telecommunications environment, to accept and intelligently process high volumes of Events (down to CDR level) in real-time.

BUSINESS BENEFITS

- Individual Customer Valuation (P&L) per customer ensures customer retention investment for each customer is commensurate to their current and potential value
- High-volume Event transaction management facilitates real-time Event-based marketing.

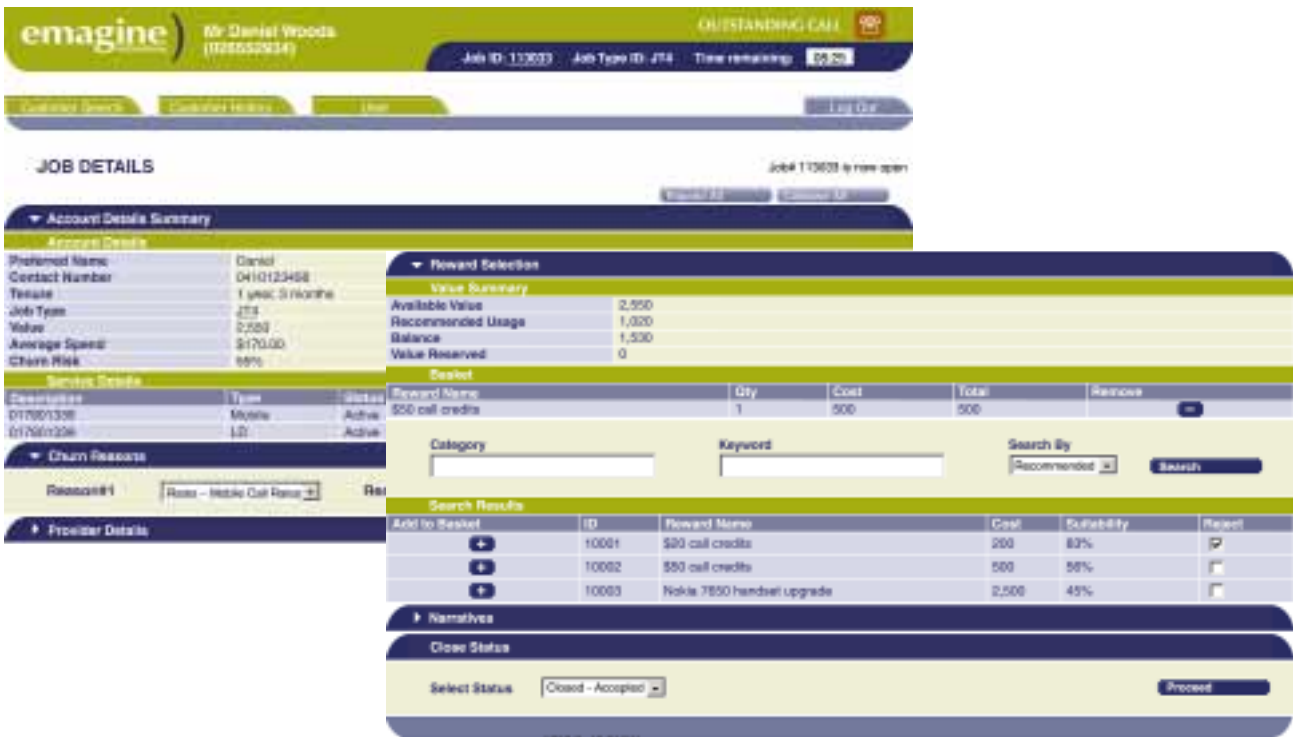


Figure 1.3 – Emagine Customer Retention screens

Emagine Customer Retention

A critical first step in churn management is the implementation of a Save and Winback team as a 'last line of defence' against churn.

To be truly effective and drive profitability, this team must make meaningful tailored offers to each customer, based on their individual value and their specific reason for wanting to leave in the first place.

Emagine Customer Retention is an intelligent call centre and telemarketing tool developed from Emagine's experience implementing high-impact customer save and win-back strategies with telecommunications clients.

Emagine Customer Retention provides an operational tool to manage and execute telemarketing campaigns to rapidly impact on your customers' profitability, such as:

- Reactive Customer Save
- Proactive Customer Save

- Win-Back
- Cross-sell/up-sell
- Other telemarketing campaign execution, e.g. health checks.

Emagine Customer Retention manages the high-volume process of actively targeting individual customers with tailored offers.

Using Emagine's unique Customer Valuation Server, the operator can calculate the individual value of each customer and define and present the available budget to retain that customer to a telemarketing or customer save representative.

The system intelligently learns over time which offers are most effective, and calculates a 'suitability index' for each customer in relation to each offer.

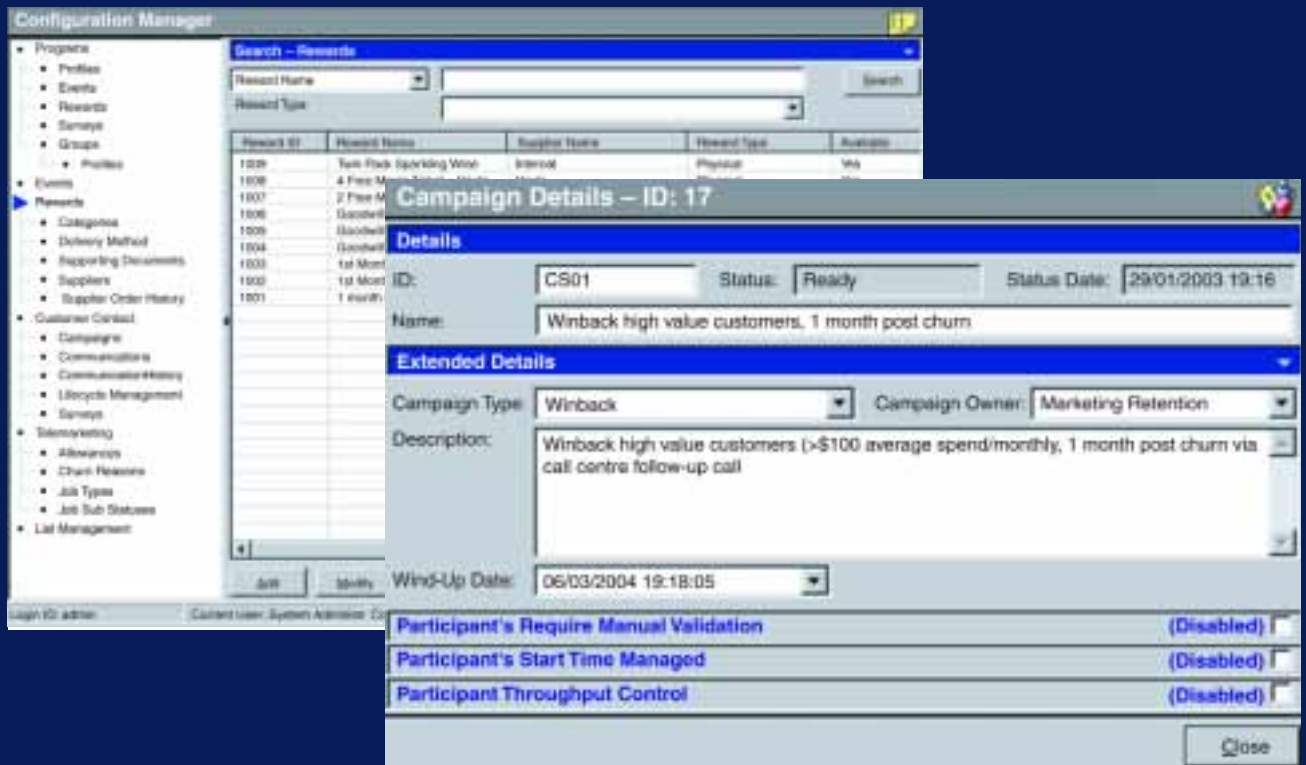
This 'suitability index' enables the front-line representative to recommend the best offer to each customer based on the customer's value, the churn reasons and other relevant data.

Finally, the solution manages the fulfilment process of incentive offers and automates tracking of key performance indicators such as conversion (save) rate, average call handling time, cost per customer saved, offer effectiveness, etc.

Emagine Customer Retention is a Web browser-based application for ease of deployment, with an easy-to-use, simple and intuitive interface. It integrates cleanly with predictive dialler/screen pop to manage a high-volume process.

BUSINESS BENEFITS

- Rapid execution of high impact Save and Win-Back strategies to immediately impact churn
- Maximises effectiveness of offers by intelligent recommendation of 'best offers' based on individual customer valuation and churn reasons
- Supports critical revenue stimulation initiatives also, such as Cross sell/Up sell
- Web-enabled for ease of integration.



Emagine Campaign Management

Emagine Campaign Management is a comprehensive campaign management application designed specifically for telecommunications operators to execute Event-based marketing campaigns via multiple channels, and dramatically reduce customer churn and stimulate revenues.

Our focus on telecommunications means ease of integration to existing systems down to CDR level, and an application leveraging the power of mobile and Internet channels such as Web, SMS, Email in addition to the traditional channels of direct mail and telemarketing.

Emagine Campaign Management enables real-time, Event-based marketing to customers based on CDR level 'Events' (or transactions) which drive intelligent individual campaigns to customers based on their behaviour and individual customer valuation.

Campaigns are designed and executed, and can be any combination of:

- Event-based one-2-one marketing (e.g. sending an SMS to a customer who has just completed three international calls from their mobile to inform them of the new international call rates and specials)
- Lifecycle management (e.g. welcome calls, end of contract offers, health checks)
- Segment-based offers (e.g. driven by high propensity to churn, and value)
- Time-based offers (e.g. Christmas specials to all customers exhibiting a certain behaviour)

Customer touch-points include:

- Inbound Customer Service
- Customer Save and Win-Back Teams
- Outbound Telemarketing
- SMS
- Email
- Direct Mail.

Emagine Campaign Management is a 'closed-loop' marketing solution that

provides an immediate and measurable impact on customer churn and profitability.

Using Emagine's ROI-Driven CRM Implementation Methodology, our experienced consulting team has assisted clients to create 'test teams' to create, test and improve campaigns over time.

This methodology ensures that your business objectives drive the entire campaign management program.

BUSINESS BENEFITS

- Provides a complete 'closed-loop' marketing solution for executing customer campaigns to measure and improve over time
- Reduce customer churn by making targeted tailored offers based on individual customer valuation. Enables operators to manage intelligent, Event-based, real-time marketing to their customers
- Maximum leverage of telecommunications channels such as Web, SMS, Email to keep campaign costs under control.

Emagine Customer Loyalty

Emagine Customer Loyalty is a highly flexible and configurable customer loyalty system, enabling operators to cost-effectively launch and manage a loyalty program as a key part of their customer marketing mix.

The Emagine Customer Loyalty solution enables operators to award points or loyalty credits to customers based on use of services, billed revenue, payment and any other desired behaviour (e.g. direct debit, response to promotion, completion of surveys, recharge of prepaid cards, etc). These loyalty points can be used to redeem rewards from a configurable list of rewards and partners.

The ease of configuration enables operators to keep the program fresh with the addition of promotions, specials, new rewards and new partners (e.g. 'double points for roaming calls in December', '5000 bonus points for a new ADSL connection').

Emagine Customer Loyalty is especially strong in the online and mobile-related

channels (Web, WAP, IVRS, SMS, Email) keeping ongoing administration costs to a minimum and stimulating the use of online channels to interact with the operator.

Innovative features are used to differentiate the customer experience of loyalty programs, such as members' online auctions, transfer of points as gifts to other account holders, or to exchange points for free minutes.

Emagine Customer Loyalty is fully Web and WAP-enabled, and our Web / WAP 'white sites' are easily customised to the look and feel of your existing brand guidelines.

Using Emagine's ROI-Driven CRM Implementation Methodology, our experienced consulting team will assist clients to design the business objective of the loyalty program (e.g. revenue stimulation, cross-sell, churn reduction, handset upgrade).

The loyalty program is then designed to meet these business objectives:

- Which customer segments to be targeted

- What investment is required in loyalty points
- Which rewards will be most effective in achieving the desired results
- What communications channels will be used, etc.

This methodology ensures that your business objectives drive the entire customer loyalty program.

BUSINESS BENEFITS

- Rapidly launch a comprehensive and powerful customer loyalty program
- Strong promotions capability keeps the program fresh, and customers interacting
- Powerful online and mobile customer interaction (Web, WAP, IVRS, Email, SMS) keeps management costs of loyalty program to a minimum.

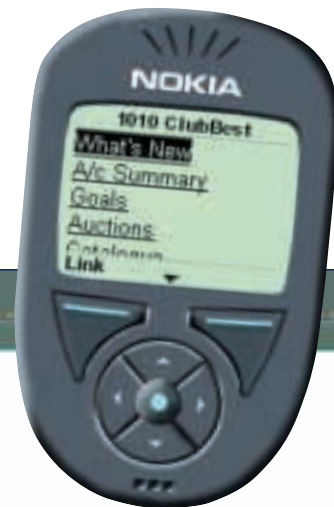


Figure 1.5 – Emagine Customer Loyalty – customer Web and WAP screens

Emagine's data mining and analytics capability



Emagine Data Mining and Analytics

Propensity modelling enables operators to better target customers, leading to more cost-effective retention strategies.

These models may be used to predict the propensity of a customer to churn, or the propensity for a customer to take up a certain product or service (cross-sell, up-sell). Models can also be built for profitability, acquisition targeting or 'next best offer' for reactive cross-selling.

The more accurate the models, the better targeted your investment in your customers to achieve the high-impact results.

To achieve the best results for our clients, our expert telecommunications data mining consultants use best practice off-the-shelf data mining software to rapidly construct predictive models for our clients.

Our ROI-Driven CRM Implementation Methodology means we rapidly assess the availability and quality of your data and will deploy a model using the available data. Contrary to popular belief, modelling can often still be effective, even if your data warehouse is non-existent or still under development. This enables you to get campaigns operational, and get real business results faster.

BUSINESS BENEFITS

- Propensity models enable better targeting of offers and therefore more cost-effective retention and stimulation strategies
- Rapidly deploy prediction models based on available data, and get operational results quickly
- Build a variety of models (Churn Prediction, Cross-sell/up-sell, 'next best offer') using best practice off-the-shelf tools.

Architecture and technology benefits of Emagine



Integration

Emagine is fully J2EE compliant and uses standard architectures to interface effectively to existing systems, both internal and external, including complementary CRM elements. The smooth integration of the Emagine product suite enables centralising and exploiting data from existing and new sources.

Convergence

Emagine can be integrated to multiple legacy IT systems ... providing a single point of customer valuation for each customer.

Performance

Exploiting the latest technologies with advances in processing

performance and optimum platform configuration, Emagine can manage millions of customers in real time.

Scalability

Emagine has proven scalability and reliability. Installations range from start-up operators through to market leading, blue chip telecommunications clients.

Flexibility

Emagine understands that – from different companies to different markets – customer marketing programs require a system that can adapt readily to consumers' demands. The Emagine solution provides flexibility of configuration to tailor the system while maintaining a high degree of simplicity of use.

Support

Emagine technical staff are continually on-hand to provide technical and customer support worldwide ... up to 24 hours a day, seven days a week. Emagine also provides comprehensive user and technical training on-site to enable clients to effectively manage their own customer programs.

Business Consulting

Emagine International's team of telecommunications business consultants all have extensive industry experience working within telecommunications operators. This means real-life, relevant experiences are applied to the benefit of our clients.

Emagine's Global Benchmark Diagnostic

Emagine's Benchmark Diagnostic is a global multi-client consulting project to rapidly measure your

performance in customer profitability versus our database of over 30 other participants worldwide. It provides a unique 'apples-to-apples' comparison, with a valuable mixture of in-depth quantitative and qualitative measures, practical case studies and Emagine analysis and commentary.

Diagnostic framework

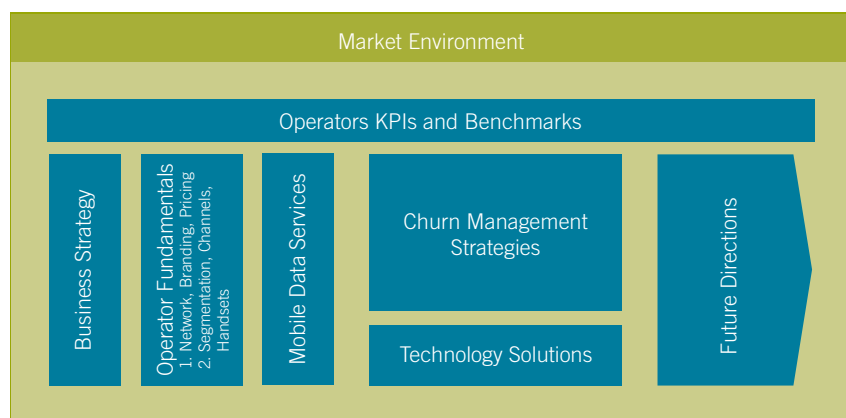


Figure 1.6 – Global Benchmark Diagnostic framework

Operators participating in the Global Benchmark Diagnostic receive two outputs:

1. Customer Retention Handbook

Based on Emagine's unique methodology, the Customer Retention Handbook is an essential tool for understanding how best practice churn and ARPU results are being achieved, specific to your market and for both Postpaid and Prepaid businesses.

It is a highly practical tool which offers key benchmarks for strategy development and operational activities and includes detailed case studies on strategies and tactics employed by

mobile operators, which have led to the maximisation of customer profitability.

2. Operator specific recommendations

Emagine's unique methodology enables Emagine to create an objective set of priority recommendations, identifying the most suitable high-impact 'quick wins' in order to achieve a rapid and effective impact on customer profitability.

Emagine's Retention Performance Index is a weighted index of performance across all customer value management related activities within each operator. Experience proves that the better the Retention Performance Index, the lower the churn rate.

Emagine uses the Retention Performance Index as part of Emagine's Diagnostic methodology to identify opportunities for improvement from current practice to best practice and create tailored recommendations.

BUSINESS BENEFITS

- Participate in the industry benchmark on customer retention management
- Gain strategic and operational insights from over 30 operators across the Asia-Pacific region, Europe and United States
- Assess your operation in an independent benchmark against other operators, using indexed metrics that facilitate 'apples-to-apples' comparisons
- Identify specific gaps between your performance and industry best practice
- Evaluate the potential value to be captured in closing the gap
- Obtain 'for your eyes only' individualised recommendations, including the priority next steps you should take and a road map to achieving best practice
- Explore specific findings and recommendations in an on-site workshop.

Audience

- Board CEO/CFO
- Marketing Director
- CS Director
- CRM Head

- IT Director
- Marketing Director
- CS Director
- CRM Head
- Retention Manager



Outputs

- How do we compare to operators in the same or similar markets around the world?
- What is \$ value gap between our operation versus best practice?
- What more should be invested to close the gap?
- What areas should we focus on to close the gap between our performance and best practice?
- How much will these various strategies cost and the expected impact on churn?
- Holistic review of the customer retention activities operations around the globe.
- Identifies what is best practice.
- Provides best practice case and audience on what has worked, what hasn't and why.
- What churn management systems are operators using and who is the vendor?
- How much are operators spending and how effective has the CRM system been?
- How satisfied are the operators with their IT solutions?

Figure 1.7 – Key deliverables from Emagine's Global Benchmark Diagnostic

Global benchmarks

The following chart is an example of how you can compare your operations to over 30 other mobile operators' customer bases. This chart analyses postpaid annual churn rates by the level of market competitiveness (MCI).

Each operator's average customer lifetime value is represented by the size of the bubble. This example of an 'apples-to-apples' comparison between multiple operators enables participants to determine their performance relative

to their peers in similar levels of market competition. The true potential for individual operators to achieve best practice can then be explored.

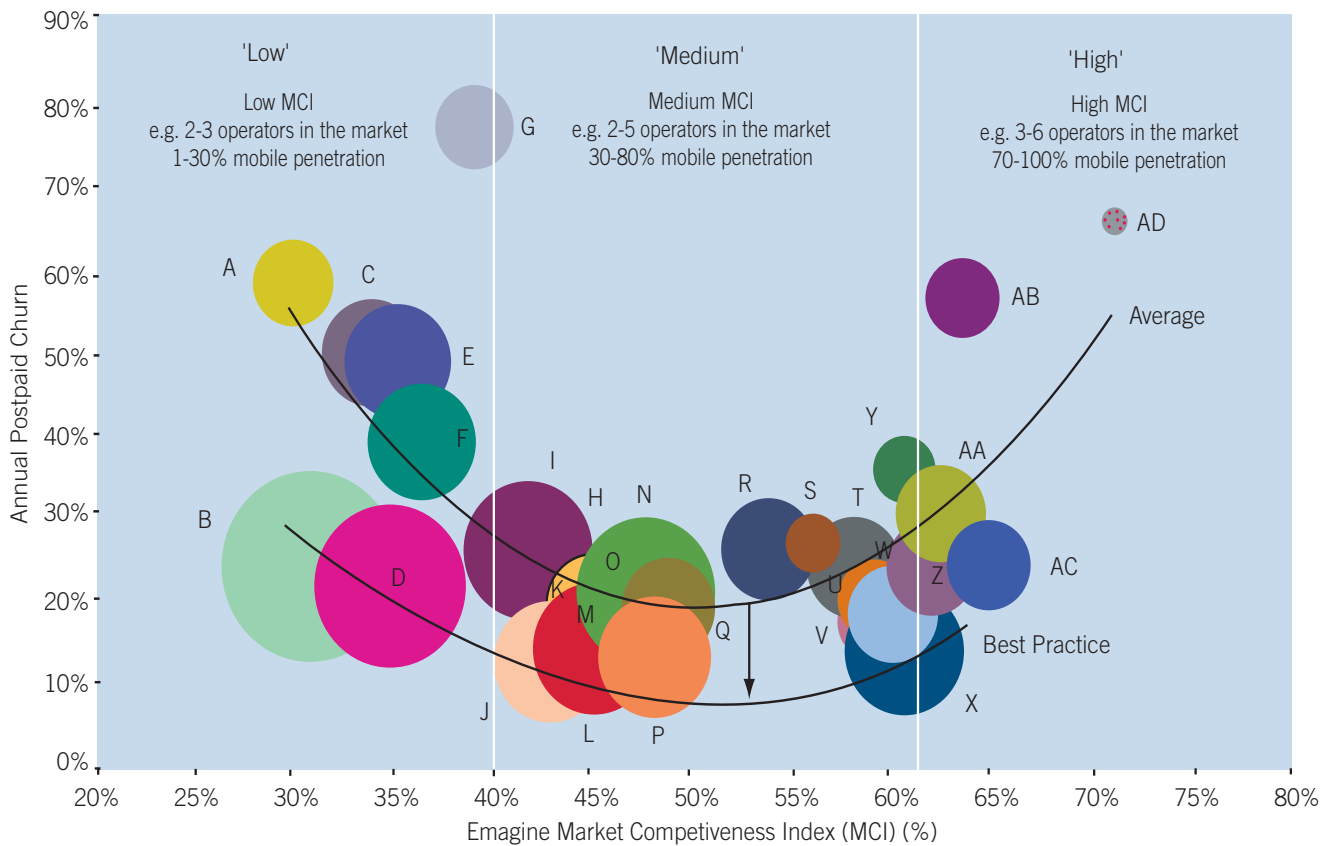


Figure 1.8 – Sample chart investigating Postpaid customer churn rates by market competitiveness

To participate in Emagine's Global Benchmark Diagnostic contact us at info@emagine-int.com



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