

The Leading Provider of Card-Linked Marketing Solutions, Cartera Commerce Increases Revenue and Customer Loyalty for Merchants, Banks, Card Issuers and Loyalty Programs by Providing the Industry's Most Comprehensive Offer Platform

**Business Services
Card Linked Marketing**

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**Tom Beecher
CEO**

BIO: As president and CEO, Tom brings more than 20 years' experience building businesses that require both consumer marketing expertise and business services skills. Prior to joining Cartera Commerce, Tom was CEO of Imagitas, a marketing services company whose clients included Bank of America, JPMorgan Chase and Home Depot. At Imagitas, Tom played a series of key roles in setting company strategy, managing relationships with key clients, and growing the company's core lines of business. As CFO at

Imagitas, he led the \$265 Million sale of the company to Pitney-Bowes and subsequently became CEO. Early in his career, Tom was a consultant at Bain & Co., president and co-founder of a start-up, and a financial services product manager at Fleet Financial Group (subsequently acquired by Bank of America). He has an A.B. from Dartmouth College and an M.B.A. from the Harvard Business School, where he was a Baker Scholar.

About Cartera Commerce:

Cartera Commerce is the leading provider of card-linked marketing solutions that increase revenue and customer loyalty for merchants, banks, card issuers and loyalty programs. For banks, card issuers and loyalty programs, Cartera provides the industry's most comprehensive offer platform that powers personalized shopping programs to build consumer engagement, maximize card spend and create new revenue streams. Cartera's platform delivers offers via multiple digital marketing channels including Websites, online banking, email, mobile, social media and browser apps. Three of the top four largest financial institutions, all five largest airlines and thousands of merchant advertisers drive incremental revenue with Cartera's fully-managed, performance-based solutions. The company is headquartered in Lexington, MA and has significant operations in Atlanta, GA.

**Interview conducted by:
Lynn Fosse, Senior Editor**

CEOCFO: Mr. Beecher, what is the concept for Cartera Commerce?

Mr. Beecher: The basic concept for Cartera is card-linked marketing. What that means is that we link offers to rewards programs that consumers care about. This could mean to one of their rewards-based credit or debit cards, one of their loyalty cards, or an online rewards program they are a member of. There are over seventy million consumers in the US who are members of these types of programs. There is a new type of consumer on the rise, a rewards-centric consumer, and their driving the awareness of these types of programs. These consumers are looking to earn rewards in the form of miles, points or cashback as they shop. These programs offer consumers the opportunity to do just that, with offers from more than a thousand retailers. Cartera Commerce works with three of the top five credit and debit card issuers as well as all five of the largest airlines in the US. Cartera has a technology platform that sits in between those retailers who want to make offers and the banks and the airlines and their customers. That platform does all of the targeting and offer delivery and transaction matching that makes the whole system work.

CEOCFO: Your website indicates you are reinventing the deal. What have you figured out that others have not? What is better, easier, faster or cheaper?

Mr. Beecher: One of the core things we leverage is the affinity consumers have, the passion in many cases, for a particular reward currency. Certain consumers prefer joining an airline frequent flier program where they are able to earning miles to use towards

an upcoming trip, while others prefer a points program associated with a major credit card issuer. What we have seen is that there is a subset of consumers that care so much about those loyalty currencies they are willing to change the way they shop in order to collect more of their preferred 'reward.' They are willing to try new retailers and willing to spend more to take advantage of offers that are denominated in the loyalty currency that they care so much about.

CEOFO: What is the competitive landscape? Are many people in that space that can really get it done as effectively as Cartera?

Mr. Beecher: There are certainly others in the card-linked marketing space. It is one of those both exciting and challenging aspects of our business. Other companies in this space that have spent a lot of venture capital money invested in us, and others in this space. What we have seen is that there are many companies in this space that are struggling because they don't have some of the advantages we have, like the relationships we have with the banks and airlines. These relationships give us the ability to deliver a "special sauce" – the currency consumers prefer, as well as the ability to scale and serve millions of consumers. Also, over the last seven or eight years, we have built a sophisticated technology with the ability to deliver offers across a wide range of marketing channels. Lastly, there are the marketing channels themselves, the ability to manage and orchestrate the communications from the banks and the airlines to their consumers to manage that partnership; that is a big key advantage for us.

CEOFO: Are there channels of reaching customers that many of the companies offering cards miss? Have you found things that are not commonly understood in the industry?

Mr. Beecher: Different players in the marketplace have taken different approaches. There are some players who have picked one particular

marketing channel and really honed in on only that channel. What we have seen is that different consumers want to be communicated with in different ways, and across different channels. Therefore, our approach is to be as broad as possible and to facilitate various kinds of communications to consumers. Channels could range from an email, an online shopping portal, within an online banking statement, mobile and in some cases via US mail. That is our approach. The companies that only focus just on a single marketing channel really are missing out on targeting a wider range of consumers.

CEOFO: Do you provide the program for the people or do you work out the campaigns with them? What is

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the role that Cartera plays?

Mr. Beecher: It varies a little bit from client to client. Each bank and airline has their own way that they want to go to market. We are always involved in the campaign -- sometimes we will create the emails and use our technology to send those emails for other marketing campaigns and other times we will do some of the background work and turn it back over to the bank or airline to do the communications themselves. Then on the other side we work with the retailers by helping to design the offers. In this respect, it is usually a partnership. The retailer will decide what the offer should look like, but we try to make it as collaborative a process as possible, so that the retailer can benefit from the expertise we have developed over the years in communicating to this particularly attractive segment of consumers.

CEOFO: Do most companies that you work with take your advice?

Mr. Beecher: It varies. I would say over time more and more. They have seen the results of working with us. We're seeing more and more companies understanding our expertise and relying on us for advice.

CEOFO: How do you reach potential customers or do people come to you at this point?

Mr. Beecher: We are known well enough in the industry now that customers do come to us on the retail side. We are working with just about every online and multichannel merchant, certainly all of the big ones. We work with more than forty-five of the fifty largest online retailers; all are partners of ours. In the bank and the airline space, sometimes we will reach out directly, but we are again well enough known in the industry that if someone wants to do program like this we will automatically be in their consideration set.

CEOFO: What is new in rewards that people might not realize are now available?

Mr. Beecher: Although there are millions of consumers who are passionate about earning rewards while they shop, there are still many more consumers who have the ability to take advantage, but it either has not clicked for them or they may not know about their earning potential. For some consumers, the potential to earn rewards is still new. We spend a fair amount of time working towards how to make that better every day. There is always something new – elevated offers on great brands like Sears and Nordstroms, new participating merchants, special offers like free shipping. It is one reason we encourage consumers to keep coming back to check what is new. Some limited time offers can allow consumers to earn 10 times the typical amount of rewards.

CEOFO: Where were the challenges in putting your offering together? How has it changed over time?

Mr. Beecher: One of the things that is challenging in general about this

business is that it's really a two-sided network. It is hard to get the banks and airlines interested in what we do unless there are already retailers onboard. However, it is also hard to get the retailers interested in what we do until we have consumers onboard. The same goes with those bank and airline relationships. We solve that "chicken and egg" problem the old fashioned way, by grinding it out for a bunch of years. We have now really built up critical mass on both sides of that equation. That is another challenge for new entrants in this space. What we have seen over time is that we really have been able to build that critical mass, build that momentum and get that flywheel going, so that in some respects, it is not that it is easy, but it does get easier once you are able to build momentum on both sides of the equation.

CEO CFO: You have considerable experience developing companies. What have you learned in past ventures that have been most applicable at Cartera?

Mr. Beecher: That is a good question. The previous company that I was CEO of was called Imagitas. It was also what you would call a B-to-B-to-C business. One of the things I have learned that has certainly helped me here is the importance of every one of those steps. It adds a lot of complexity, but if you can do it well it also adds a lot of value to the equation. Therefore, what we do has to work for the retailer because they are only putting money into the system to acquire new customers or get current customers to spend more. That is the first "B". Then everything also has to work for the second "B", which is the bank and the airline. What they want out of it is for their consumers to be even more excited about their loyalty currency and to be even more loyal to themselves as a company. Finally and most importantly, they have got to work for the consumer. Ultimately, the consumer has to be willing to change the way that they shop and change the way they act to take advantage of these offers. My previous experience had all of those same challenges and

it definitely has helped me and helped our team be able to think about each piece of that -- or each leg of that "three legged stool" and make sure that we are satisfying all three of those constituencies.

CEO CFO: Where do non profits come in?

Mr. Beecher: We have done some work with nonprofits in the past, however, our testing in that area has been less successful. I think the core reason for that is to get a consumer to change their shopping behavior to support a nonprofit winds up being a reasonably complicated marketing message. In fact, what we saw is that it is actually better and more efficient to just give them the very straightforward marketing message, which is "please support our nonprofit directly" and to make a direct "ask for" donation. The added complexity of the messaging did not really generate enough incremental value for the nonprofit to make sense. There are still a few that we work with and a few in the marketplace, but not many. That has not been an area that we have pursued aggressively, because the early testing did not generate much value, neither for us or the nonprofit.

CEO CFO: Airlines constantly merge. Banks are sold to one another. Hotels are in one chain one day and then they may be in another chain the next. How does that affect the program? Is it really not as big a deal as I would think?

Mr. Beecher: It has not been a very big deal. In our airline relationships, for example, we have experienced two major mergers over the last couple of years with clients. Ultimately, it has been neutral to probably "slightly good" for us, just from our perspective. There tends to be a short-term period of disruption where it is just harder, and things can seem a bit muddy. It is harder to get the attention of the folks who are working at the airline, because they have many other things to worry about. It can also be a little confusing for consumers. However, generally once the merger has been completed, it winds up being a good thing for us. That is because there is a renewed focus on, "Okay,

we are through all of that, now we have to make sure that our customers are happy. Let us make sure they know all of the ways that they can collect their loyalty currency." We tend to be one of the key pieces of that message.

CEO CFO: Do you work primarily with U.S. companies? Do you see an international component in the future?

Mr. Beecher: Yes, we currently do work entirely with US companies. However, I do think there actually are global opportunities here, particularly on the airline side. Financial services would probably be a bit trickier to get through the regulatory regimes that are so very different from country to country. The travel side could offer some interesting global opportunities.

CEO CFO: What is ahead for the next year or so?

Mr. Beecher: We have seen a lot of growth over the last year. Between the last year and the holiday season we saw an almost ninety percent sales growth in our top online programs. Our expectation is that we are going to continue to see that kind of growth moving forward. One area that I think is particularly interesting, one which we've spent some time on and will spend much more time on going forward, is mobile as a way of working with consumers. Not just to communicate offers, but for a way they can take advantage of offers as well. Therefore, mobile will certainly be an area of focus for us in the future.

CEO CFO: Why should investors and people in the business community pay attention to Cartera Commerce?

Mr. Beecher: Everyone -- in general -- should be taking full advantage of the benefits these types of rewards programs provide to consumers as they shop. Since there are miles, points and cashback they could be earning. Though, from a broader perspective this is an interesting space. We are at the intersection of some hot trends: big data, changes in payments, changes in consumers buying behavior and how to drive consumer loyalty.



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