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Issue: June 1, 2015
The Most Powerful Name in Corporate News

Proprietary Platform for Distributed eCommerce

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"Now, could you imagine, when you read your news or a running magazine, a little Amazon shop popping up and giving you an offer in the article? Of course you can, but now it is called Atosho."
- Simon Goldschmidt

CEOCFO: ***Mr. Goldschmidt, what is the concept behind Atosho?***
Mr. Goldschmidt: Instead of redirecting users to a shop we reverse that flow and we bring the shop to where the user is and where the user gets inspired inside content and we enable them to finalize the transaction without leaving the site. We have the same technology and the same backend as classic marketplaces, except that we do not have our own destination site/URL. Instead, we partner with media. Therefore, we have image recognition, text recognition and technology that identifies which products are relevant or being talked about in editorial content and we can, with that, open a little shop inside of an article that matches the content. Therefore, when you read about, let us say a yoga class, and there is a mat or some other related products in that article, you can click the image and you can start shopping without ever leaving the article. That is the topic.

CEOCFO: ***This would be different than when you are clicking on an ad and you are going away from the site, is that the idea?***
Mr. Goldschmidt: Exactly! For publishers, they will monetize users without losing them, so they will keep the user and they will have an extended offer in terms of the fact that you can buy what you read about and they will start making money off of the sales they generate. At the same time, they do not have any costs related to building any commerce solutions into their environment. For retailers that feed their products into our platforms, they basically bring the products at a much earlier decision making process or stage for the consumer. The consumer can now get related offers where they get inspired.

CEOCFO: ***Does the consumer notice the difference?***
Mr. Goldschmidt: We have a little icon, which is basically a shopping basket in image. Therefore, when you mouse over that you can see what

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products you can shop in this image. There might be three or four products available to shop in that image which is related to that article. When you mouse over and click on it that little shop expands out of the image. It folds down and is imbedded in the article in the side. We basically brought the checkout funnel including the transaction into the article. In the shop you will see who you are buying from. Therefore, there is a supplier. Right now we have two hundred suppliers that feed their catalogs and their inventory into our platform. Once you, let us say, click on a yoga mat, you can see who the supplier or the seller of that yoga mat is. There can be multiple suppliers selling the same yoga mat on our platform. You can buy from supplier one, two or three, whomever you prefer. It may be the cheapest one. It may be the one with the fastest delivery time or a brand that you prefer. Then you click on that and then there is a three step check out process. Once you shop with us once you can set up an account and you will have what we call an express check out or what Amazon calls "One Click Shopping". Therefore, you can basically shop as you browse in the publishing sites we work with.

CEOCFO: ***It certainly makes sense for people providing content, with the shopper more likely to buy if the product offer is right there. However, are they more likely to buy because it is coming from the content provider? Will people feel that it is almost a recommendation? Is that part of the psychology?***
Mr. Goldschmidt: Exactly! I think that is the key of what we are doing. If you look more broadly and you see that Google and Facebook and others of the social publishers, let us call that social platforms media, they are starting to include shopping buttons as well to shop in their content when they get inspired at some point. Therefore, it is a trend. It is a mega trend that is going to happen now that you shop in content. The interesting part now is how does that really change buying behavior? That is because, instead of going to your preferred store where you might have earned some points or credits or whatever where the loyalty is. That means I will come back to my Nike store every time because I have an account there. Now we are trying to move that buying behavior to the content space. Therefore, your loyalty to the publication is important. It also depends on which kinds of content you are in. Is it more commercial or is it just editorial? Clearly you will not shop anything out of politics or foreign affairs or anything that is not going to inspire you to buy anything. Therefore, there is a very fine line in where you would actually start shopping. What we experience is beauty. People buy beauty. It is a product that is not difficult to buy. It does not demand trying or testing it. You have done that before. You easily buy a lipstick or a perfume. You know it and you will shop it. Do it yourself items are the same. Books are the same. Some fashion items are difficult. Then of course, there are consumer electronics. There are certain verticals where users are more early adaptors to actually buying out of the content of where they get inspired, where other areas are showing that we need to send them an email or a reminder and say, "You have seen this offer. Come back to the article and buy it." Therefore, the instant shopping experience will mature. There are certain indications that some vertical and some sectors are better at this point of progress.

CEOCFO: ***Is the buyer then purchasing through Atosho?***
Mr. Goldschmidt: Yes. Legally they are buying through Atosho. However, we have a back to back agreement with all of our suppliers. Therefore, effectively you will buy from the supplier that supplies the product. That is because what our technology does too is that we place

the order. The order is made on our payment gateway. Once that order is made we automatically feed it into the supplier's order management system. And, they experience an order as if the order was made on their own website. Then they do the whole fulfillment from there.

CEOCFO: ***How would someone get to you for customer service?***
Mr. Goldschmidt: We have email address and a phone number available in the shop. We mostly support the actual process of buying. However, if something is wrong with the product you will get support from the retailer behind the transaction.

CEOCFO: ***How long has Atosho been available? What is the usage so far?***
Mr. Goldschmidt: We started in 2011. We started out with price comparison sites. It would make sense, when you go out and you search for a running shoe; Nike Free for example, and when you get a result page, instead of being redirected, you would start shopping there and then. That went really well. However, the price comparison sites that we then worked with did not really want to go into becoming a marketplace, which essentially would have been a price comparison marketplace that we would have converted it into. Most of their clients then who were retailers or advertisers wanted to have the user redirected to their site. There are a few reasons that we had to move away from that, also because price comparison sites mostly bought cheap traffic and sold it more expensively to advertisers. Traffic costs increased for many price comparison sites caused by an update in Google's algorithm. That changed everything for them and it was not a good fit at the time. Therefore, in 2013 we modified our solution to be matching publisher's content and reaching out to users at that stage. By now we are only live in Europe. We have been live in Europe with this solution since the beginning of 2013 and that is mostly in UK, France and Danish publishers.

CEOCFO: ***Do you have plans to expand the geography?***
Mr. Goldschmidt: Of course. The question you had before about adaptation and when do users actually start shopping in content, at a scale where I can go back to the biggest retailers in the world and say that we can provide ten percent of sales are now in content, rather than a fraction. Then it becomes really interesting and attractive for them as a sales channel. Once we have enough proof in big enough publication, in UK, France, the US will be the first attractive market and then we will expand. Basically, the technology we have is one hundred percent scalable and there is no limitation other than changing the language and having local supply with local retailers. Therefore, the expansion is very easy once we have enough volume in the existing markets.

CEOCFO: ***Was the challenge in putting together the technology or more in getting people to understand the concept?***
Mr. Goldschmidt: I think it depends on the stage. I think in the beginning it was a lot about being creative about the architecture behind the technology. That is because transacting on a third party website was not easy in the beginning. To actually be allowed to receive a payment on a site that is not your own and then actually close that order into a third party; there is a lot of architecture and there are many ways of doing it. However, it is important to have everything in place. Once we got to that, clearly the biggest thing we are working on here is to change peoples buying behavior and that is not simple. That is another reason

that we are working with the largest publishers and premium publishers--because they influence consumers. They already do that and have done that forever via their advertising. Now, we are just changing that little thing that they are not being redirected, but they shop in content.

CEOCFO: ***Does it matter where on the page when the offer comes up? Have you tried different methods or is that up to the content provider to figure out what works?***
Mr. Goldschmidt: We have three standard shop formats. One is a 1:1 match; which is once there is a review of the product we make it shoppable. That is the obvious one. However, content about specific products is often only about five to ten percent of the publisher's content/inventory. If you as a consumer go to a site and can only shop one out of twenty times or one out ten times it is not enough. It is not convincing enough that I can now shop out of content and it is too random. Even though, the 1:1 match has proven very successful. It has very high conversion rates. There is not enough volume in that. Therefore, we have introduced what we call Theme shops. You could have an article about healthcare and nutrition. Then we would have a theme shops as a mini marketplace or little storefront where we would display between two and four related items that you can shop in this article. Once you click that you will open up for a mini marketplace, only with nutrition products, for instance. Theme shops can in principle cover the whole magazine; much more relevant and easier to match the content. Then of course we deliver full marketplaces. I think the key driver or what you asked is if we are supplying the right products. As I said, we have about two hundred really retailer suppliers of products today. If you can buy the same everywhere publishers do not want it. They want to feature unique offers to their readers. Therefore, publishers can negotiate directly with each of our retailers. Maybe they wanted to say, "We want to send this offer to all of our readers in an email or we want to feature it this way or that way if you get them ten percent discount." That way you can work with exclusive offers and make that a unique experience. That is key.

CEOCFO: ***Why pay attention to Atosho today? What sets you apart?***
Mr. Goldschmidt: There is a mega a trend in these media starting to add buy buttons to their services. Therefore, shopping is going to be integrated into content. When you look at Google, Facebook and so forth, it is only for their own environment. Atosho has a SaaS solution where all publishers can easily, in a single script implementation, have access to their solution and they can modify it and make it unique. Therefore, there is a much larger reach that goes beyond a specific title. There is full infrastructure and it is available. That is one side. The other side of it is that if you look at the marketplaces today traffic is expensive. Look at Amazon. They are very successful. They are dominating the space and have been doing that for years and there has not really been much disruption of ecommerce since Amazon. Now, could you imagine, when you read your news or a running magazine, a little Amazon shop popping up and giving you an offer in the article? Of course you can, but now it is called Atosho. Therefore, it is a new way of looking at distribution. It is getting a much larger reach than you would have if you just had a single platform where you would have to go to. Therefore, I think getting into that base is attractive.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine