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Bringing to the market a Transformational way of Driving Commerce with their "ZipThru Buy" Service, Billeo is allowing Consumers to make a Purchase Directly on the Browsing Site or Shopping Application such as "Comparison Sites" or "Social Curation" Sites without Requiring Individual Merchant Integration

Business Services
Mobile Bill Payment

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Murali Subbarao
Founder & Chief Revenue Officer

BIO:
Murali Subbarao is an energetic entrepreneur driven by bringing innovative payment solutions to market. The scope of his contributions cover solutions for online, mobile and facebook commerce, context relevant engagement for loyalty programs and card bill payments. He has four patents issued and six patents pending. Previously, he was Senior Director, Strategy and Alliances, for the Financial Services Business Unit of Hewlett-Packard, developing solutions for Internet Banking, CRM, B2B Payments, and Electronic Exchanges for financial institutions worldwide. He has also served as VP of Business Development at Arula Systems, a provider of remote management appliances, and as COO at Imeco Ultrasonics.

About Billeo:
Billeo is a leading provider of online commerce solutions, helping marketplaces drive consumer purchases. Its newest services, ZipThru Buy helps marketplaces, such as comparison shopping engines, offer product purchases directly from their sites, with no merchant integration required. These capabilities can be extended to social media sites, where conversations can be turned into commerce.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

CEOCFO: Mr. Subbarao, would you tell us the vision when you created Billeo and where you are today?
Mr. Subbarao: When we created the company, transactions were happening on the internet at different company websites for making bill payment and we developed a solution for easily managing bill payments. Then, we leveraged our technology within the online shopping space, not only making it very easy to make shopping transactions happen quickly, but also helping to drive transactions based on contextual analysis, or where they were browsing or comparing. A big shift we are seeing now is transactions happening on the mobile phone, where it is pretty 'clunky' to do purchases, mainly because most merchants and marketplaces are not optimized for these devices. We have paid attention to this trend and provide the same seamless, efficient, and optimized "Xpress Checkout" shopping experience from any merchant and marketplace on mobile devices as we offer on the browser.

CEOCFO: What was the greatest challenge in putting the technology together? What have you figured out that perhaps others do not quite understand yet?

Mr. Subbarao: The biggest challenge was how to make this concept of easy, quick transactions really happen. People have come at it in the form of developing "wallets". They say, "If I have a wallet why do I not just click on the wallet and it will happen." The challenge has always been how to get the merchants to allow you or your "wallet" to be used at the checkout. That is one of the biggest problems that exist. Some companies have managed to get their wallets accepted at some sites, but it is far from being ubiquitous. The approach we have taken is to do this with the existing infrastructure that the merchants have in place. Can we leverage that and still deliver transactions to that? That is the biggest challenge that we have overcome, where we allow a "two click" purchase to happen, leveraging the merchant's existing check out mechanisms, the existing payment acceptance mechanisms, all while riding on top of that infrastructure, therefore providing the convenience of seamless and fast checkout. That is the big challenge that we had to figure out to make this work.

CEOCFO: It is a competitive landscape. Perhaps others are not using the method that you are, but certainly companies claim that they can do it. How do you set yourself apart? How do you reach people to understand that Billeo really has a better solution?
Mr. Subbarao: As we are talking about our solution and talking to potential customers we find that our competitors are going about talking to the merchants and saying, "We have

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a way to activate the check out with our button on your check out page." That is the approach that they are taking. What Billeo is doing instead is going to the marketplaces where there are already products being displayed, by many of these merchants, with a lot of users in there, but no commerce is happening. Let me walk you through a couple of examples to show how we are approaching it differently. Take an example of a comparison shopping engine, such as a Google shopping engine, a loyalty rewards shopping site, or a product review comparison shopping site. When you search for a product that you want to buy you get a list of all of the same products available at different merchants. You can very quickly compare the prices for the product, the reviews for the product and the particular places where you can buy it. Currently, what the comparison shopping engines do is, if you want to buy it, you click and you're directed to the merchant's store site to complete the transaction. What we are doing differently is providing an "Xpress Checkout" button that allows direct purchasing on the browsing site or shopping application, without requiring individual merchant integration. Billeo provides this through our "ZipThru Buy" service. When the user clicks on the Xpress Checkout button we instantly complete the transaction. It takes about twenty to thirty seconds. We complete the transaction for the user right where they are and the merchant's side of the transaction is still happening at the merchant's site. That is the way that we are differentiating ourselves. Rather than going to the merchants' site and hitting the Buy button, we are putting the Buy button where the product is being talked about and looked at. The merchant still gets the transaction. When we talk to the merchants now they like the fact that we are sending them transactions and we are not asking them to do anything. They want to talk to us now and say, "Are there other ways that we can work with you? Are there other things that we can do?" Therefore, now we are having conversations about enabling these buy buttons to be put at what we call "social curation" sites. There is a whole genre of social media sites that have come up. Facebook is the biggest one, but there are many others like Pinterest and Wanelo; many of those companies out there where consumers are talking about products that they like. There are conversations happening in there. There are typically nice little images of products with lots of conversations or comments. If you want to buy the product today, you again have to leave that site and go the merchants' site to complete that transaction. Therefore, merchants are trying to figure out how to convert that consumer interest into a purchase right there. We can put the buy button right there at those social media sites and complete the purchase. Now, the merchant gets the transaction, the consumer is happy because they wanted to buy it and they bought it with two clicks, and the

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marketplace, which so far was only being a facilitator and driving conversations, can now monetize the site and also know those transactions happened so those conversations can extend beyond, "this product is cool," to "I bought the product, I am using the product, and this is my experience with the product." All of that can be now integrated into the conversation. That is how we are differentiating ourselves; by making the purchasing happen at places where the products are being looked at and discussed. You could think of it as moving a storefront anywhere, in a way, but just on a product-by-product basis.

CEOCFO: How could a merchant possibly say no? What could prevent everyone from saying "I want that"?
Mr. Subbarao: When merchants put up a store, what they like is traffic. They want people to come to their store. The very first reaction they get is, "I want them to come to the store. If they come to the store they may want to buy one product, but I can tell them to buy the other products and increase the basket size." That is initially one of the reactions that we get as soon as we talk about this. That is because we do not send them to the website to complete the purchase. However, when they realize that these are transactions that they may not even capture they say, "It is okay if they do not come to my site. I like the fact that you convert them right there." They now want to sit down and say, "What else can we do?" Some of the conversations that we are having are about, "I have spent some money advertising at different places. Can I have a product advertisement and convert that into a purchase right where they see the advertisement?" Imagine that it is a product advertisement with a QR code: you scan that on your mobile phone and complete the purchase. Merchants are trying to see how they should shift from allowing a purchase to happen elsewhere and not have the consumer come to the store. That is one of the conversations that we are having. We are talking about the advantages of this and how they can still leverage and connect with the customer afterwards. That is because they have all of the information available to them. Let us say you bought something at Pinterest or Facebook. They can still talk to you afterwards and engage you to come back and buy more things from them. That was a great question Lynn. Bear in mind that with these social curation sites, like Facebook or Pinterest, that the interest there would not be to have one merchant connected in, but it would be to have many, many merchants connected in. We are in a great position to help with that. That is because we will work with any merchant. We have activated over 75 top tier merchants and are integrating more and more every day.

CEOCFO: Do you envision a time when Billeo would just be standard; if you are selling something you should have a Billeo icon?
Mr. Subbarao: Absolutely, yes. Our vision is to have a ZipThru Buy service where when they see that button

there they have confidence in the experience they are going to get. That is because it is going to be consistent across different merchants and it is fast. It has the details for the purchase and it is aggregated, so independent of merchants you buy from have all of the information in one place. We would love ZipThru Buy to be pervasive, which is what we are working towards. However, one marketplace at a time is how we are going at it. As we add more merchants, we are inching closer to that vision of having a ubiquitous way of completing express checkouts**.**

CEOCFO: What group did you start with? Where are you in the process of reaching out to different groups of merchants and different types of products?
Mr. Subbarao: We wanted to see where the biggest transactions are happening. Our initial thrust was to look at the Internet Retailer 500 and the list of 500 merchants. We picked up merchants from three categories; clothing, electronics and home improvements. I was really surprised when I noticed that clothing was the number one category for online purchases. I took me a while to accept that, because I did not think that people just looked online and bought it. This is data from a couple of years ago. We consistently saw clothing coming out as a top category for purchases. We looked at the top five merchants for clothing, top five merchants for electronic transactions, top five merchants for home improvements, and that is how we had the initial list. Then as we went through that we expanded to some of the other categories to see if this can generally be applied across a variety of categories. Therefore, we went further on to other things like jewelry, sports, pets and pet products. There are about twenty-six different categories out there and we tried to pick a few merchants from each of those categories to show that we can truly provide a single platform to provide checkouts for these various merchants. Part of the learning we have had to go through is understanding how the checkout varies as you buy different types of products. For example, when

buying a lawnmower from Sears, a pair of shoes from Shoebuy.com, or a sweater from J. Crew, the check out process often varies, both within the product categories as well as across different merchants. Those are the kinds of things that we learned and we pulled together a pretty nice platform that understands these differences, and normalizes them across merchants, to enable building out coverage for lots of merchants.

CEOCFO: Are most of the companies that should be aware of Billeo aware of you? Is it still an education process?
Mr. Subbarao: It is still an education process. We are known in certain online commerce spaces, where we have worked with companies such as American Express and J.P. Morgan Chase as well as several major airlines. Now, with ZipThru Buy, we are talking to many marketplaces, where we have got several new deployments. We expect a healthy uptick in awareness of Billeo as our service is more broadly deployed and propagates.

CEOCFO: Is revenue transaction based for you?
Mr. Subbarao: Yes it is. The way I would say it is that it is performance based. It is fairly well established that merchants are used to paying sales commissions when you bring them transactions. In the online world they call it affiliate commissions. There is money that flows through the system when the transactions are completed.

CEOCFO: Are there barriers to entry for someone who sees Billeo and says "that is a good idea; maybe I can do that too?"
Mr. Subbarao: A few different ones that really comes out is that, first of all it is the knowledge and expertise of understanding how shopping interactions happens in the a variety of spaces and devices, such as online space, on a tablet, on a mobile phone, and across different merchants. Understanding these specific interactions is a key expertise of ours, where we know on any particular level exactly those series of questions that are asked and the associated vari-

ables. That is one of the basics, just understanding shopping. The second one is translating that into a platform that scales to support to a large set of merchants. Our platform has been developed and continues to evolve as online shopping and digital shopping **expands**. The third one is that we have a product that is making this very easy, through efficient credentialing. For example, when you purchase something, you have to say how you want to pay for it and where you want it to ship. Usually that information is captured in a "wallet". We do not position ourselves as a wallet, but we have that wallet technology and we have the necessary security processes and procedures built into the solution. Plus, we are PCI level 1 compliant. Having those credentials in there allows us to efficiently drive transactions. We also have the ability to understand where to put the buy buttons; for example, we can recognize that there is a conversation happening and we know where to put the buy buttons. We have the technologies that allow us to identify if on a social site that there might be pictures or a nice photograph of something versus an actual picture of a product that you can buy. And, in this instance, we have an understanding of where to put that buy button. Or when you are searching on a browser, we know which searches lead to results that are product results, so we can put the buy button directly on the merchant's name, directly on the search results page, where we can complete the purchase. That is another key capability we offer, recognizing the intent and the context and placing the buy button appropriately. The team has been at it for about six years, working in this space. We also have worked with large card issuers, mobile operators, airline companies and we understand loyalty programs. We have been in this space to work through and know what it takes to deploy. Those are the things that I would call out as some of the challenges, some of the things that new entrants into the space would have to come up to speed to compete effectively with us.

CEOCFO: Why should investors and people in the business community be paying attention to Billeo? What makes you an exceptional company?

Mr. Subbarao: We are bringing a transformational way of driving commerce. People have seen the phenomenal success of the Amazon "marketplace" and how wonderful the check out experience is. This experience is not available on other marketplaces or shopping applications dues to the complexity and merchant integration challenges. Nor is Amazon itself able to offer products from all merchants. The opportunity here is also being compounded by the growth in mobile shopping, where Billeo excels. Billeo is a company that, through its platform, is going to expand the number of buying options as well as how people buy things on their devices. That change is going to happen and people or investors who are interested in the commerce space should look at the changes that Billeo is driving. There is a real differentiator in how we are doing it, which is quite a bit different from how others may be trying to solve the same or similar problem or issues. We have an ability to greatly drive the adoption of this notion of a marketplace and help those sites really monetize and drive a higher number of transactions. Marketplaces are still trying to figure out how to monetize their sites. This is true especially in the social market, social conversations and social curation sites, where they are still trying to figure out how to drive transactions and complete purchases. This is the area we are focusing on; bringing more commerce to all of these marketplaces.