

ABOUT POSSE

Power to the Posse

Think back to the last movie you saw, music you downloaded, show you went to or item you purchased. What motivated your purchase decision? Did you see a blaring billboard, intrusive television ad or annoying flashing banner while browsing the Internet?

It's likely that you ignored all that clutter and your purchase was based on a recommendation from someone in your "Posse" (your circle of friends and contacts). Recent research as stated by Terry McBride, owner of Nettwerk) in SXSW Magazine, March 2007 found that two-thirds of all North American sales are based on peer recommendation.

Posse is a revolutionary business model that harnesses the power of peer recommendation and relies on advertising's real power base - people. Through social networking and the Internet, Posse will encourage people to share information about experiences or products they're passionate about – and then reward them for doing so.

Posse terminology:

Posse Pimp:	Someone who uses Posse to promote items or events to their friends and earns commissions.
Pipeline Suppliers:	Major companies with websites supplying products available through Posse. Posse negotiates affiliate commission rates with these businesses and deeply integrate with their websites so item they add or remove on their own website will automatically do the same on Posse. Examples of likely Pipeline Suppliers in America are Ticketmaster, Amazon and Expedia.
Promoters:	Any company or person that creates or sells items that are available through the Pipeline Suppliers. An example of a Promoter would be William Morris Agency who have concert tours through Ticketmaster or Paramount who have films available for sale on Amazon. These Promoters will access Posse to upload advertising specific to their product and will encourage their databases to use the system.
Minor suppliers:	Minor Suppliers are companies who use Posse as a marketing and sales platform for their products. Anyone selling anything can become a Minor Supplier by manually uploading their products and advertising to Posse and notifying their existing database to use the system.
Purchaser:	Someone who buys products or tickets via Posse from their friend's recommendation.

How Posse works

Posse is a sales and marketing website that encourages and facilitates word-of-mouth promotion.

The core aspects of the business model are:

1. A Promoter or Minor Supplier joins Posse and uploads information and advertising associated with their item to the central Posse website.
2. The Promoter or Minor Supplier alerts their existing client database that they're now registered with Posse and offer their clients the opportunity to join Posse and promote their product to their fiends and make money. This will become a process familiar to users of Facebook, MySpace or Bebo.
3. The Promoter or Minor Supplier's clients can then elect to become an agent of that business (Posse Pimp) using the tools provided by Posse. These tools will include ad placement and banner ad tools as well all the resources required to promote, sell and track sales and commissions.
4. The Posse Pimp of the Promoter can log into Posse and download any advertising they choose to their MySpace, Facebook, Bebo, website or email signature. They could also simply elect to take a link to the product and email or MSN it to their friends. These Posse Pimps will also have access to the ad placement and banner ad tools as well all the resources required to promote, sell and track sales and commissions. Posse offers automated applications for MySpace, Facebook and Bebo so that the fan would simply need to enter their social networking address and the ad they select automatically appears on their page.
5. The Posse Pimp receives a unique user code which is automatically embedded into every link they download.
6. Each Posse Pimp then alerts all their friends about this great new product, show, album... and encourages them to buy through their online ad.
7. Each click through and purchase via a Posse Pimp's ad or link earns a commission for the Posse Pimp.
8. If the Purchaser is buying a product or ticket from a Major Supplier (such as Ticketmaster) then that Purchaser will be transacting directly with the Major Supplier's transactional engine. If the Purchase is for something available on Posse from a Minor Supplier then the Purchaser will be transacting directly with Posse and Posse automatically splits up the commissions to the Posse Pimp and payment and order back to the Minor Supplier.
9. Once a sale is made the Posse Pimp receives immediate notification that they've made a commission and can track their income via reporting tools and graphs on their individual profile page on Posse.
10. At the end of each month, all due commissions (provided a certain threshold is reached) are paid into the Posse Pimp's bank account, credit card or PayPal account.

The Posse Pimp experience:

Example: concert tickets

Posse will work best for users who are passionate about a product or service. Music, film and entertainment are ideal media, and they are the market segments that Posse will initially target and establish.

People care about live music. They gain and enjoy social kudos from helping promote new bands. The music industry already encourages fans to upload banner ads and to promote concerts or music to social networking pages. Posse takes that initiative to a new level and provides a financial incentive for fans to more actively promote the music they love.

How concert ticketing will work

1. A Promoter logs-on to the Posse website and adds tour dates and allocates the number of tickets for each show to be sold on Posse.
2. The Promoter then uploads all associated tour artwork, advertising assets, bios and photos to promote the event.
3. They alert the artist own database, offering fans the opportunity to become 'agents' of the artist's show in their town and make money for their efforts.
4. An interested fan (the Posse Pimp) logs onto Posse and downloads artwork relating to a show (usually, but not necessarily, located at a venue in the fan's local area).
5. The Posse Pimp uploads a banner or link advert to their website, email signature or social networking site.
6. The Posse Pimp will then be encouraged to tell all their friends and send out bulletins about the show encouraging people to get tickets through their own MySpace or FaceBook page.
7. A unique user code is embedded in each ad and it links to the back-end ticketing engine with the respective seller's website or the website of an aggregator of ticket sales (such as Ticketmaster). When a buyer clicks a banner ad, Posse will recognise where the link is coming from and who the commission is payable to. The commission payable to Posse will also be simultaneously calculated.
8. Every time someone clicks through the Posse Pimp's ad and buys a ticket, that seller is notified that they've made a commission.
9. The back-end of the Posse website links into the infrastructure of the standard ticketing retailers. In Australia, Posse has a contract with Ticketmaster to provide this service.
10. Posse will also use the business intelligence captured in each sale so that it can supply Posse Pimps with databases of their Purchasers.

Commissioning structure:

Posse give Pimps the opportunity to increase their status in the community through a three level points system. Every new Pimp starts at *, once they've earned \$100 in commissions they become ** and once they've earned \$500 they become ***.

* Entry level Pimp earns 5% of the purchase price. They get access to all generally available products and access to all generally available advertising material. All Posse Pimps get a good set of basic reporting tools and graphs so they can track their commissions.

** After earning \$100 in income the Pimp increases their commission on each sale to 5.25%. They also receive additional reporting and database building tools on their profile page to

help maximize their success as a Pimp. They'll also get access to additional advertising and Posse social networking applications to help make their pages more effective.

*** These are Posse's most successful Pimps who have earned more than \$500 through the site. At this stage they increase their commission to 5.5% and their profile pages are upgraded again. These Pimps will have access to sell exclusive events or products that will only be available to *** Pimps. For example we will encourage Promoters to reward these top Pimps by making tickets available first through the *** Pimps and to put on exclusive events where the only way to get tickets is through these super Pimps (aka super fans).

Posse charges Major Suppliers between 7.5% – 8% and Minor Suppliers 8% so the Posse business makes between 1.5% - 3% per transaction.

How the Posse network spreads:

Posse encourages the Pimp's to encourage their friends to also become Pimps through a one level pyramid system. Posse Pimps can send out invitations to their friends to also become Pimps and 'Join their Posse'. If someone joins Posse as a result of a Pimp's invitation then that person becomes part of their Posse of sellers.

Anyone in a particular Posse of Pimps can create and upload artwork or sales tips and share it with the group.

The leader of the Posse or the original Pimp who started the group makes commission of 10% of any commissions earned by people they invited to join the network. This commission comes from Posse's share so there is no disadvantage in someone joining through another Pimp's invitation.

This cascading commission only goes down one level. The first user would not receive a commission from any sales made by anyone on the next level down. Thus there is a referral commission for each new Posse Member signed up by an existing Posse Member.

This method will encourage members to spread the word about Posse to their friends rather than withhold information about it. It'll fuel the viral fire that Posse will become and help it to become massive quickly.

Posse as an open market:

To keep things simple Posse will launch with the commission structure listed above. However once the site gains traction our vision is to create the commission structure as an open market. Posse could accept a lower commission on high value goods such as computer equipment, consumer electronics, cars or even real-estate. Posse could also allow Promoters or Suppliers to offer much larger commissions to members to encourage Pimps to promote their product. Imagine if a Promoter of a concert tour which has thousands of unsold inventory close to the event offered Posse Pimps commissions of 50% of the purchase price. Music fans could be making \$50 for every ticket they sold and the promoter would be getting rid of tickets they weren't going to sell anyway. An entrepreneurial kid would be likely to take a day off school to go out and sell the tickets!

The Posse community:

The feel of the site is a friendly community that also taps into the desire for young people to compete and win.

There is a sophisticated leader board system which ranks Pimps selling each item, product range and in what area. This way the Posse Pimps can see who they're competing with and who's are selling more or less than them. There's also a homepage leader board so everyone can check out the sites of the top selling Pimps.

Posse also gives this information to the Promoters and Suppliers so anyone with products or shows available on Posse will be able to see who is the most effective Pimps are. Posse allows the Promoters and Suppliers to interact with the Pimps and encourages them to create other incentives and prizes for the Pimps doing the best job at promoting their product or event. In the future Posse will create tools the Promoters can use to run competitions and reward Pimps on top of the money they're making. In music promotion an example would be a Promoter offering backstage passes to meet the band to the Pimp that sells the most tickets in each town.

The Posse site also has a highly developed forum system to encourage Pimps to talk to each other. This will create a real Posse community with Pimps giving each other sales tips, advice on new products. It'll also be a great way for Posse to get feedback from users and get ideas for new applications.

Posse employs a full time 'Community Manager' in each market whose role is to interact with users. This person will ensure users are talking to each other, getting the information they need and taking full advantage of the site. The Community Manager will also offer technical support and will feedback all the user ideas and criticisms to the Posse web developers internationally.

Selling anything via Posse:

Posse is a modular platform that can be modified to sell most products. Despite that versatility, Posse will be rolled out in phases so each market segment is well established and integrated into the overall business.

Phase 1: Australian Launch

During the first phase, the sale of physical and digital music and video, merchandise as well as the sale of concert, theatre and film tickets will be established. Fans will be able to upload banner ads with streaming audio for songs or albums, clips of their favourite TV shows and encourage their friends to buy through their page.

Target: Phase 1 is targeted for completion by 1 February 2009.

Phase 2: US & UK Launch

Posse will swiftly be expanded into the United States and the United Kingdom. Expansion will be assisted by Posse's accounting and banking systems being built from the outset with the international market in mind.

Posse does not intend to build new infrastructures in these markets from scratch. Rather it will partner with likeminded successful businesses who are well connected in the areas of entertainment and new media. Posse will utilize these partners contacts, clout and experience to move the business forward as quickly and on as big a scale as possible as quickly as possible. Posse will physically be based inside the partner's office environment for the first year and use their existing administrative infrastructure.

Posse is a unique selling system that can grow organically and quickly!

The agility of the Posse concept will be crucial as copycat businesses are clearly a major threat to the viability of the venture. It will be crucial that Posse is the first peer-network sales website operating in each target market.

Target: The Phase 2 worldwide launch is targeted for 1 April.

Phase 3: 'Major Supplier Line' Expansion

Posse can easily expand to cover any product or service that can be sold online. Such products could include flights, accommodation, gift vouchers, experiences, books, health food products, fashion, digital video games and software.

Target: The Phase 3 expansion of 'Major Supplier lines' is targeted to commence by June 2009.

Phase 4: Posse becomes an open network to 'Minor Suppliers'.

In this next phase of Posse's development, the site will be opened to any person or businesses who wishes to use the platform to promote and sell their products.

The business model will be similar to e-bay except Posse users will be able to gain commissions from peer to peer marketing and sales. The Minor Supplier will remain responsible for order processing, distribution, customer service and returns.

The Posse infrastructure and pool of users will be an attractive sales tool for any online sellers. It is anticipated that suitable products would include health foods, stereo systems, fashion clothing and furniture. In fact, the possibilities are endless!

Target: The Phase 4 'Opening the Network' is targeted to commence by September 2009.

Posse's self-marketing

An exciting benefit of Posse is that the method-of-sale is also our best marketing tool. Hundreds of millions of dollars are spent every year in advertising and Posse generates the best type of promotion there is - word of mouth.

Businesses that use Posse will receive free directly targeted advertising that is swiftly spread across the Internet by zealous sales advocates who will generally enjoy unsurpassed referral-credibility amongst their peers.

Posse monetizes social networking

Online social networking and content sharing is one of the biggest phenomena of the decade. The flaw in MySpace, Facebook and YouTube's financial models is they all rely on banner advertising (old school) to monetize their new school businesses.

All of these social networking sites are currently experiencing rapid growth. According to a recent published Morgan Stanley Research Report on Internet trends, Facebook grew 305% in the period of March 2007 – March 2008 and has close to 100 million users worldwide.

[Insert graph on Facebook growth from page 13 Morgan Stanley report]

Posse exploits the infrastructure and the vast subscriber base of these existing networks and adds the 'missing ingredient' - the ability for users to market products and generate revenue from their existing social networking activities.

Posse takes the best of last century's **Amway** model and makes it relevant to Generation Y through social networking and the Internet.

Use of Posse by other websites to generate revenue

Anyone with a website that attracts people who might want to purchase items available on Posse could use Posse as an income stream. Businesses can sign up to be 'Business user' and earn a higher 6% commission. To qualify, a business must supply their company name, physical address and taxation number. Posse provides direct deposits and monthly statements to these users for taxation purposes.

The Posse 'Business User' part of the website also offers websites the option of inserting an 'Automatic Posse' piece of Java Script onto their website. Once a business has this on their site then Posse will automatically recognise key words on that website that relate to something that is for sale via Posse and generate links from the site back into that particular product on Posse. This would be particularly useful for media sites such as online magazines and radio stations. Their websites could be generating links back into purchase anything they're talking about on their website and when people browsing their site click through to buy then that website makes a commission.

- Music radio stations could link through Posse and use the back-end infrastructure to sell music, tickets, merchandising or other related products.
- Online news, media or music sites featuring a certain artist would also add a 'Buy' link.
- Online newspapers or blog sites that talk about films, health products, wine or anything available on Posse can link their articles to the product through Posse and make a commission on sales.
- Hotels could add banner advertisements to their website for other attractions in their area that their clients may wish to purchase tickets for at the same time as they book their accommodation. For example hotels around Coachella could feature adds for the music festival with links to buy tickets and then these hotels are all making commissions.

In short, Posse can be a link between sellers, buyers and our horde of keen marketers.