

VERICAN

The Future of **NEWSPAPERS** . . .

A billboard is mounted on a blue pillar. The billboard's background shows a landscape with green hills and mountains under a blue sky with white clouds. A single white lightning bolt strikes down from the sky in the center of the billboard. The billboard is tilted slightly to the right.

Internet Profits for Newspapers

One-Stop Advertising Solution for Local Businesses



Newspaper Website



Newspaper Sales Executive / Marketing Expert



Print

Local Businesses Need

- Local Advertising Opportunities with high ROI
- Marketing Services: Customer relationship management, PR, specialty, planning & strategy
- Advertising Services: creative, media buying, placement, etc.
- Local Market Expertise

Auto Dealership & Newspaper Advertiser





Email Edition

Internet Yellow Pages



Sales & Strategic Consulting



Classifieds



Personals



Recruitment

My local newspaper provides me everything I need to reach my customers. I trust them with 100% of my advertising budget.



Local Plumber & Newspaper Advertiser

Email Edition

Email Edition pushes advertising and editorial content to your community and pulls readers back to your website – **twice a day**

Key Features

- No additional staff needed – Verican producers design and send every Email Edition, day and night
- No extra software or hardware needed – 100% hosted solution by Verican, who manages all SPAM-list avoidance, email servers, and software upgrades
- New advertising opportunity – Local businesses can delivery advertisements directly to readers' email inboxes
- Breaking News – Send breaking news alerts anytime

“The Email Edition helps us attract additional ad revenue ... and serves as a way to bring people back to our website”

Bill Lynch, Publisher, *The Sonoma Index-Tribune*

Monthly Profit Potential

Subscribers *	10,000
Editions sent (2x daily)	60
Editions (monthly)	600,000
Rev/Edition **	\$0.05
Total Revenue	\$30,000
Profit	\$21,000
Margin	70%

- * Based on 10% market share of 100K community. Some newspapers have captured >30% market share
- ** Based on 1/3 of suggested rates (\$0.10 per email sent)

Revenue per email sent : \$0.10

Track click-throughs to headlines, ads, and classifieds

Email Edition Reports

Mobile Compatible



Internet Yellow Pages

Newspaper branded product creates revenue from sponsors and from targeted traffic

IYP Homepage



Key Features

- Local data – Verican creates list of local businesses that is easy to maintain
- Local advertisers – Recommended: seed your IYP with current advertisers and then upsell after the first few months

Value Added Options

- Verican high-performance call center helps you sell listings immediately
- Verican consultants prepare marketing & sales guidance and provide sales training
- Customer relationship management (CRM) option facilitates sales team management

Annual Profit Potential *

Businesses	7,000
Advertisers	2,000
Paid Advertisers- 20% in 1yr	400
Annual Revenue / listing	\$1,500
Total Revenue	\$600,000
Newspaper Profit Margin (60-80%)	\$360,000+

* Based on 100K population community

Detailed Business Listing



Mobile
Compatible






Classifieds Order Entry

Best-in-class Internet-based order entry system for print and/or Internet-only classifieds

Key Features

- Place multiple ads per order
- Flexible rates and options
- Up to five photos
- Print subscription up-sell
- Live chat support (never lose an order)
- Cross sell to other publications

Benefits

- Number of ads 
- Revenue per ad by up to 50% (based on customer feedback) 
- Operation costs 



Classifieds Order Entry
Create An Ad Page

Banner/Print Display Order Entry

Turn complicated rate cards into a simplified interactive ad placement process for both print and online

“Demystifies the advertising process.”

Verican Customer

Key Features

- Collect all information
- Price individual ads or packages
- Close deal immediately

Display Order Entry



Classifieds Display

Attractive display of all received via Internet and through newspaper call center



Classifieds Display Page

Key Features

- Simple hosted solution
- Increase revenue with targeted banner ads
- Get started within 24 hours

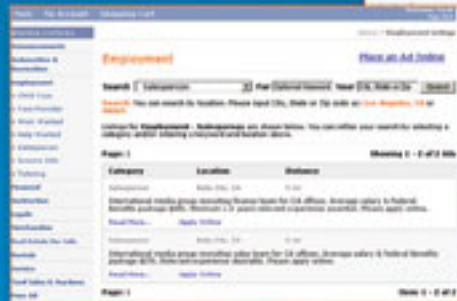
Classifieds Display Listing Page



Recruitment

Integrated recruitment feature that conveniently allows advertisers to receive applications online

Employment



Job Responses

Key Features

- Geared for local employers and local applicants
- Job seekers can search and apply for jobs
- Employers can create jobs, review and sort applications at their convenience

Professional Services

With 7+ years of experience, Verican is an expert at helping newspapers leverage the Internet for long-term success



OFFERS SERVICES
IN DIFFERENT FIELDS

Strategic Planning and Sales Training

- Tactical Consulting
- Financial and Performance Management
- Marketing, Brand Management and Pricing Strategy
- Multiple Products Focus
- Sales Training and Support
- Operations Expansion

Contract Sales

- Telemarketing Sales Call Center
- Onsite Sales Consultants and Trainers

Technology

- Flash and HTML Designers and Ad Servers
- Expert in CMS, eCommerce, CRM, ERP, etc.
- Project Management
- Multimedia Convergence



“ We are laser focused on the success of your newspaper. ”

Eric Buskirk, Verican, *President and Founder*

Go-To Market Strategy to Maximize Revenues

Same Sales Strategy – with More Complementary Products



Maximize Revenue and Capture Market Share

1. Rapid Product Launch (1-7 days)

- Launch products, seed with current advertisers
- Value-added for existing advertisers
- Protect current advertising base (27% decline in 2009 Q1 newspaper advertising, Newspaper Association of America)

2. Marketing & Promotion (3-6 weeks)

- Allow time for readers and advertisers to become familiar with new products
- Promote new products with house ads while media kits and sales strategy are updated

3. Sell and Expansion (12+ wks)

- Train and begin selling campaigns
- Optional: Verican provides high performance tele-sales call center and expert on-site sales consultants with packages starting at \$4,500 + expenses for a 3-day training
- Start growing sales
- Expand territory and capture local market share from competitors such as Yellow Pages, radio, etc.

4. Infrastructure Development and Deployment

- Upgrade CRM, ERP/financial systems, etc.

Our GOAL

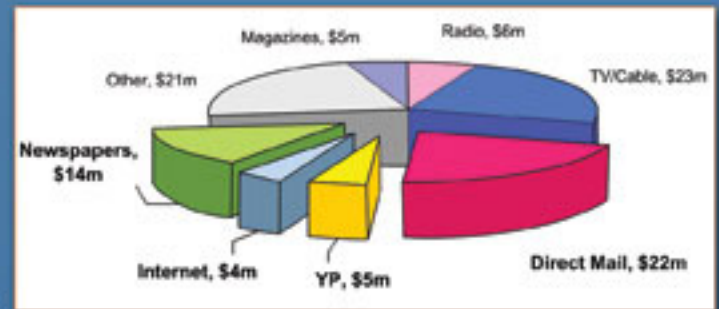
Provide to your newspaper the products and services to enable local media dominance

Return On Investment

1. Market Opportunity *

While radio, TV/cable and yellow pages did not put newspapers out of business, they did take substantial market share. Because these competitors have little or no Internet presence, especially with local readers & advertisers, this is an opportunity for newspapers to increase market share and do so with very high profit margins

- * Total US Advertising Market: \$285Bn. Approximately \$1K per person or \$100M for a 100K population community; Average size newspaper (circulation 10K = \$412K)



100K People Community Advertising Market Breakdown

Newspaper Competitor

Print YP

Radio/TV

Direct Mail

Internet Giants

Newspaper Substitute

Internet YP

Podcast/Video

TMC Print, Email Edition

Website to Dominate Local

2. Financials Opportunity *

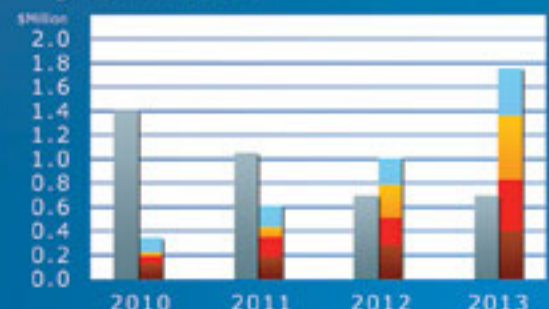
During the next few years print revenue will be higher than Internet revenue, but profit growth will come from the Internet

- * Based on revenue estimates for an average size newspaper (circulation 10,000 = \$412K)

Revenue and Profit Margin per Product (in Millions)

		2010	2011	2012	2013
Newspaper Website	Revenue	\$0.5	\$0.65	\$0.8	\$1.00
	Margin	25%	30%	35%	40%
	Profit	\$0.13	\$0.19	\$0.28	\$0.40
2x Daily Email Edition	Revenue	\$0.1	\$0.25	\$0.4	\$0.70
	Margin	60%	60%	60%	60%
	Profit	\$0.06	\$0.15	\$0.24	\$0.42
Internet Yellow Pages	Revenue	\$0.1	\$0.25	\$0.6	\$1.10
	Margin	35%	40%	45%	50%
	Profit	\$0.035	\$0.1	\$0.27	\$0.55
Classifieds	Revenue	\$0.3	\$0.4	\$0.5	\$0.70
	Margin	40%	40%	45%	50%
	Profit	\$0.12	\$0.16	\$0.22	\$0.35
Total Internet	Revenue	\$1.0	\$1.55	\$2.3	\$3.50
	Avg Margin	34%	39%	44%	49%
	Profit	\$0.34	\$0.60	\$1.01	\$1.72
Total Print	Revenue	\$7.0	\$7.0	\$7.0	\$7.00
	Margin	20%	15%	10%	10%
	Profit	\$1.40	\$1.05	\$0.70	\$0.70

Profit for Newspapers per Product



3. Product Management Model

Verican helps newspapers shift from a single product (print only) model to the proven multi-product business model. Optionally, the newspaper can shift responsibility from Geographic Territories (i.e. each sales rep covers one or more postal codes) to Categories. It is more manageable, more customer centric and it improves performance in many ways, ultimately increasing newspaper market share. Implementation is simple and intuitive: Online and technology managers become product managers and focus on helping sales representatives. Product managers and sales representatives are all accountable to increase revenue/profits

Revenue (2013 EST) (in Millions)		PRODUCT MANAGEMENT TEAM					Print	Total Revenue	Market Size	Newspaper Market Share
		Website (General)	Email Edition	Internet Yellow Pages	Classifieds (Inc Banners)	Total Internet				
SALES TEAM	Food & Beverages	\$0.20	\$0.20	\$0.20	---	\$0.60	\$1.00	\$1.60	\$12.00	13%
	Transportation	\$0.20	\$0.15	\$0.15	\$0.15	\$0.65	\$1.40	\$2.05	\$15.00	14%
	Real Estate	\$0.20	\$0.10	\$0.10	\$0.20	\$0.60	\$1.10	\$1.70	\$10.00	17%
	Misc Retail	\$0.20	\$0.15	\$0.25	\$0.10	\$0.70	\$1.40	\$2.10	\$28.00	8%
	Services & Other	\$0.20	\$0.10	\$0.30	\$0.10	\$0.70	\$1.20	\$1.90	\$25.00	8%
	Recruitment	---	---	\$0.10	\$0.15	\$0.25	\$1.00	\$1.25	\$10.00	13%
		\$1.00	\$0.70	\$1.10	\$0.70	\$3.50	\$7.10	\$10.60	\$100.00	11%
Profit Margin		40%	60%	50%	50%	49%	10%	23%	---	---
Profit		\$0.40	\$0.42	\$0.55	\$0.35	\$1.72	\$0.71	\$2.43	---	---

4. Newspaper Valuation

Increasing shareholder/owner wealth is the goal of most organizations. This model demonstrates the rise and dramatic fall of newspaper valuations during the last ten years. It also demonstrates how newspapers can substantially increase company valuation with successful high-growth, high-profit margin products (as provided by the Internet)

Valuation (in Millions)	1992		2000		2008/09		2010		2013	
	Print	Internet	Print	Internet	Print	Internet	Print	Internet	Print	Internet
Profit Margin	30%	---	30%	---	20%	10%	20%	35%	10%	50%
Growth	10%	---	10%	---	-27%	-17%	0%	50%	0%	50%
Multiplier **	2.4	---	2.4	---	0.3	0.3	0.3	7.0	0.5	8.0
Revenue	\$8.0	---	\$12.9	---	\$8.0	\$0.5	\$7.0	\$1.0	\$7.0	\$3.5
Valuation	\$19.2	---	\$31.0	---	\$2.4	\$0.2	\$2.1	\$7.0	\$3.5	\$28.0
Print + Internet Valuation	\$19.2		\$31.0		\$2.6		\$9.1		\$31.5	

* Forecasts from internal and external data. Sources: Universal McCann, Kelsey Group and TNS media

** This revenue multiplier is derived from the combination of revenue growth and profit margins. The actual table and an example can be found at www.verican.com (Source:ThinkPanmure)

Newspaper 2015, www.np2015.org

Between now and 2015 newspapers will have undergone more change than they did during the entire 20th century. NP2015 is a not-for-profit organization focused on helping newspapers identify a strategy to survive its midlife crisis.

Verican is an NP2015 sponsor and founder.

For more than seven years Verican has provided Internet products to newspapers. You have my word that we will do everything possible to ensure the success of your publication



Eric Buskirk
President & Founder

Verican serves **250** newspapers customers worldwide with high profit Internet advertising products



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