



LOCAL HEROES COMMUNITY MODEL

Local Heroes was specifically developed to assist locally owned businesses and provide opportunities to strengthen the bonds between small business and surrounding communities. Local Heroes is available only to locally owned businesses, a franchise can participate as long as it maintains local ownership.

Participating merchants simply download their existing countertop terminal, most of which are already compatible with the Local Heroes software. Program transactions can also be tracked on existing point of sale equipment utilizing the MasterCard, VISA or Debit/Maestro networks. Virtually any countertop terminal or electronic cash register that accepts MasterCard or Visa can participate in routing a program transaction. Local Heroes merchants will also have the option to switch their terminal device which include high speed, wireless and portable models that provide access to a variety of value-added applications and CRM programs. Previous to Local Heroes, these types of applications have not been widely available to small and mid-size merchants.

The GeN "X-1" & "X-2" technology will serve to greatly enhance marketing and promotional efforts year-round and provide merchants turnkey access to the tools necessary to compete in communities that more and more are facing greater competition from an influx of large corporations and multi-national chains. For years these corporations and large chains have been able to outspend local businesses with advertising campaigns and electronic marketing programs supported by an unending supply of resources.

Several major retail studies have provided unimpeachable evidence, (Santa Fe Independent Business Report, Angelou Economics), that chain merchants take at least four times more money out of the community where a consumer transaction takes place, than when performed at a locally owned business. In one way or another, a high percentage of the revenues end up at corporate headquarters. Local businesses tend to re-invest in themselves and in the process more dollars remain in the community. The time has come to provide small merchants access to the same technologies as their larger counterparts and finally begin to level the playing field in what has become a very competitive marketplace.

The Local Heroes model has been engineered to leave very little for the merchant to think about except selecting which applications to engage, and at what time, to best suit their individual marketing and promotional needs. This allows the small business owner the opportunity to create personalized electronic loyalty, stored value, VIP and gift card programs with the ability to monitor precise results. Thus, merchants have the flexibility to dynamically change these programs, remaining competitive as seasonal business cycles will dictate throughout the year.

Cardholder recruitment and enrollment will be obtained through local banks and community organizations including schools, churches, social networks and qualified local charities. Besides these distribution channels, any consumer who patronizes a participating merchant can, on the spot, enroll in the program, activate his or her Local Heroes card and immediately benefit from the use the program. Strategic kiosk locations will be setup and staffed to provide community relations and assist in consumer awareness.

The Local Heroes software is compatible with most next generation merchant terminals and can be remotely downloaded in minutes to any of these devices. Most of the initial targeted merchants already have compatible terminals in use. In the case of merchants who have electronic cash registers systems (ECR's) that include payment, the Local Heroes "trigger module" is integrated into the operating system. The integration process takes about 15 days and once completed the resulting software can be downloaded to any terminal that runs on the same operating system. There are only 5 major ECR systems that will need to be integrated to cover 80% of the targeted merchants. Plans have already begun to complete this integration with the top three manufacturers.

SAMPLE TRANSACTION FLOW

A cardholder presents their Local Heroes Membership Card at a participating merchant either in person, by phone or on-line. Assuming a merchant offers a 10% benefit to a cardholder and he or she purchases a \$100 dollars in merchandise, he or she receives an instant \$10 reward. Merchants have complete discretion over how much of a benefit they wish to set. During the enrollment process the cardholder selects a minimum of 25% of their benefit to be automatically transferred (at the point of sale) to their designated charity. Several charities can be designated in rotation. Merchants will also select a charity to support and can decide what percentage of the gross transaction to give automatically. These cardholder and merchant donations are cleared instantly and are deposited to the charities bank account by the following business day. All benefits provided by merchant qualify as a charitable donation/promotion and are 100% tax deductible. Cardholders can also deduct the portion of their benefit that they designate to their charity.