



**Core Strategy Planning:
Example Deliverable**

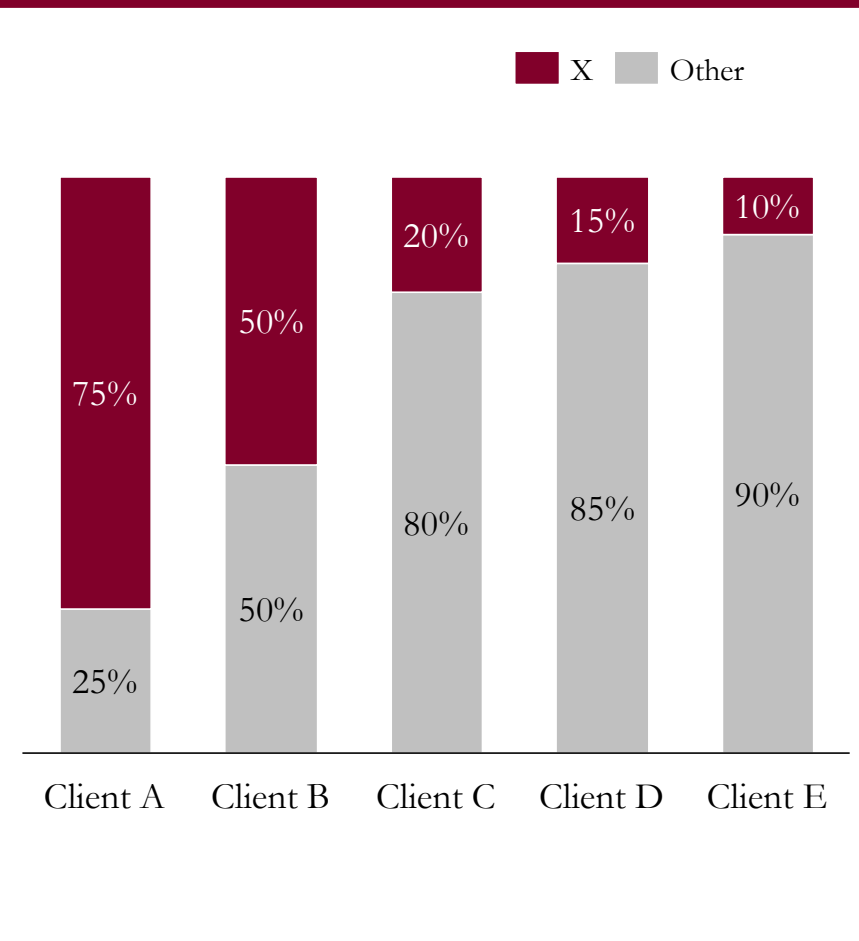
Maximizing Growth. Transforming Organizations. Unlocking Digital.

Agenda

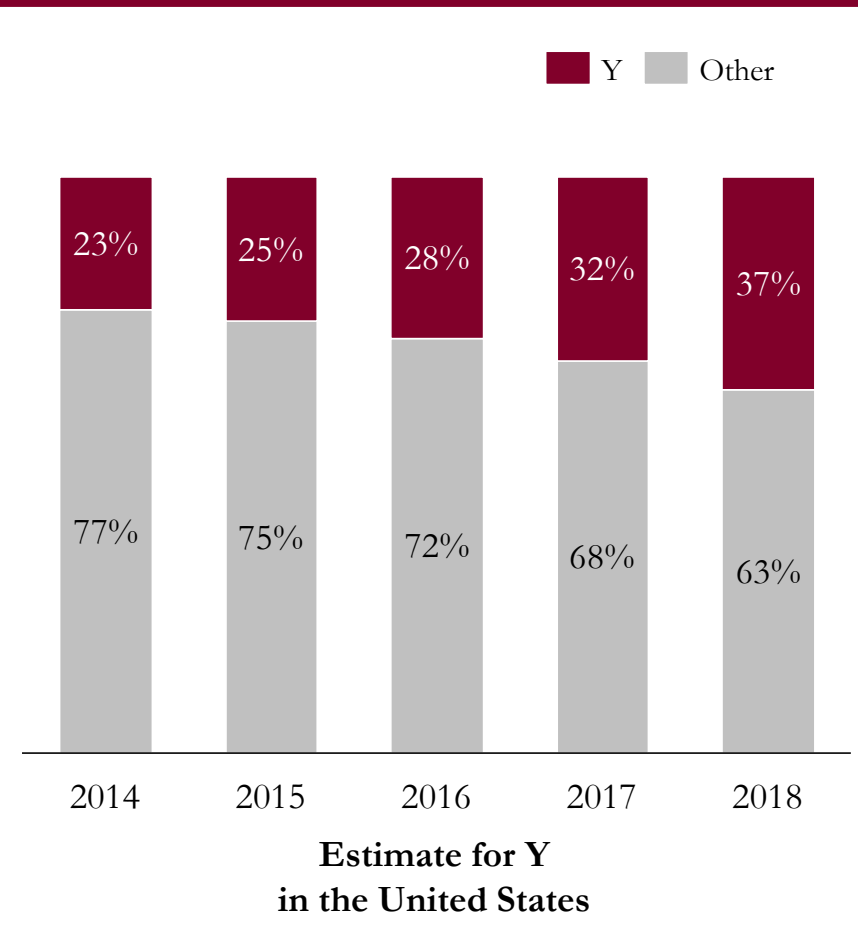
- **Product Margin Analysis**
- Portfolio Recommendations and Projections

Clients have increasingly adopted X with industry-wide adoption expected to grow

X penetration varied among X clients in 2014 with some exceeding X%

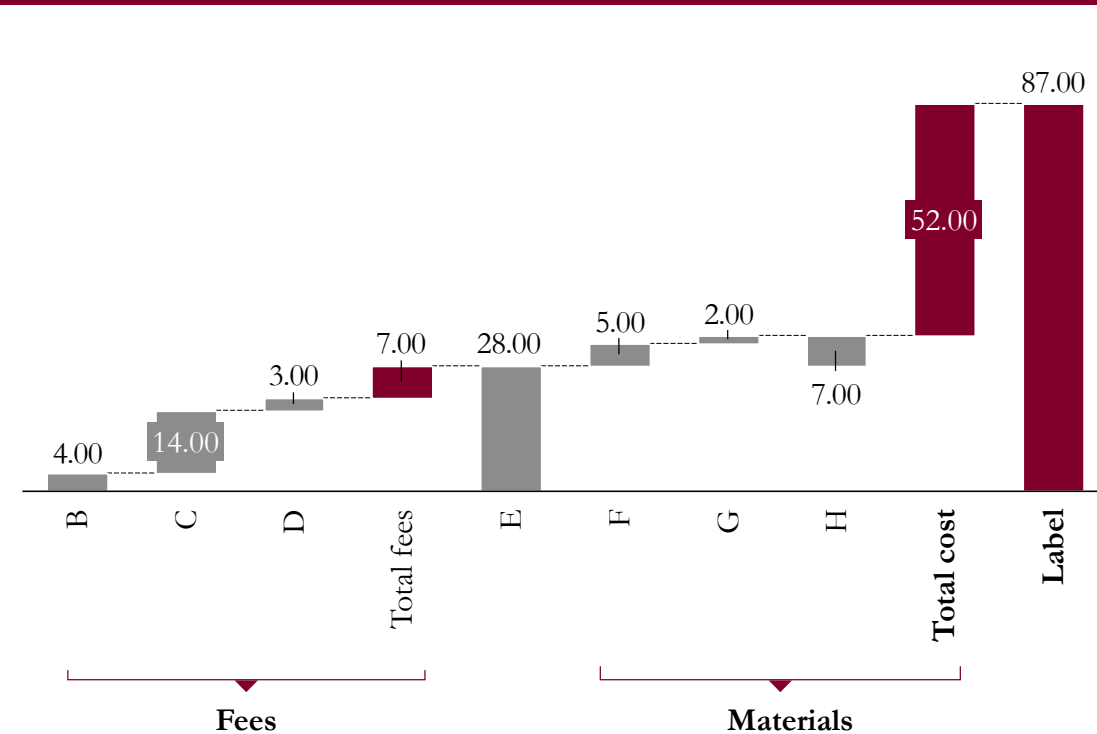


Reports suggests Y penetration of X% in 2015 growing X% annually

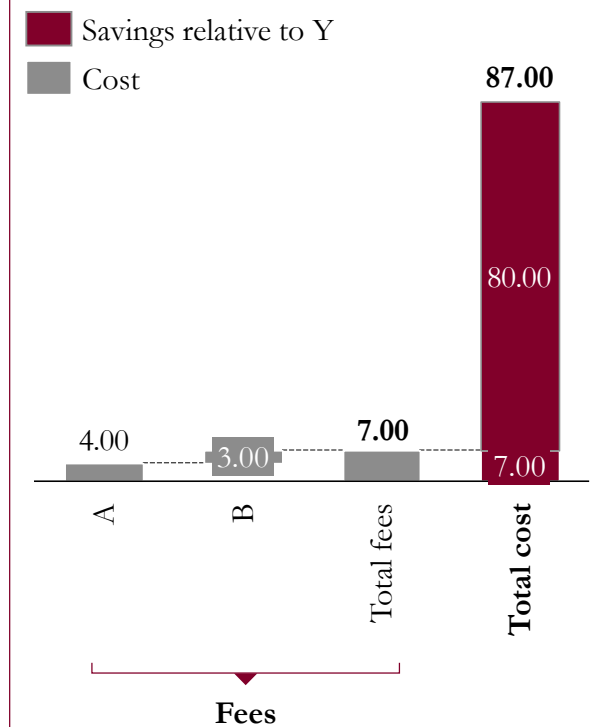


The transition to X delivers significant cost reductions for X clients

Average cost per component: Y (\$s)



Average cost per component: X (\$s)



Key comments

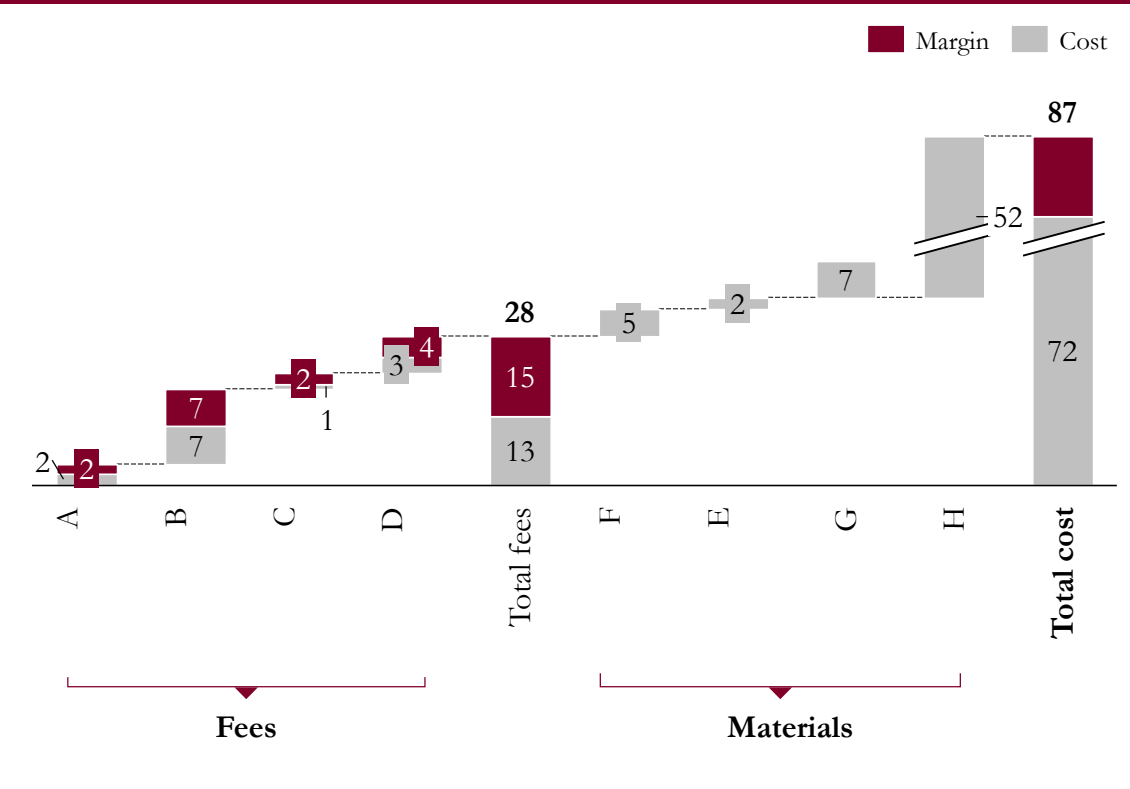
- The move to X saves \$X per product
- This reduction in cost equals a X% savings for X clients per statement
- X% of the savings from X comes from eliminating E F and G expenses(e.g, \$4 of total)

1 X cost and margins based on initial estimates

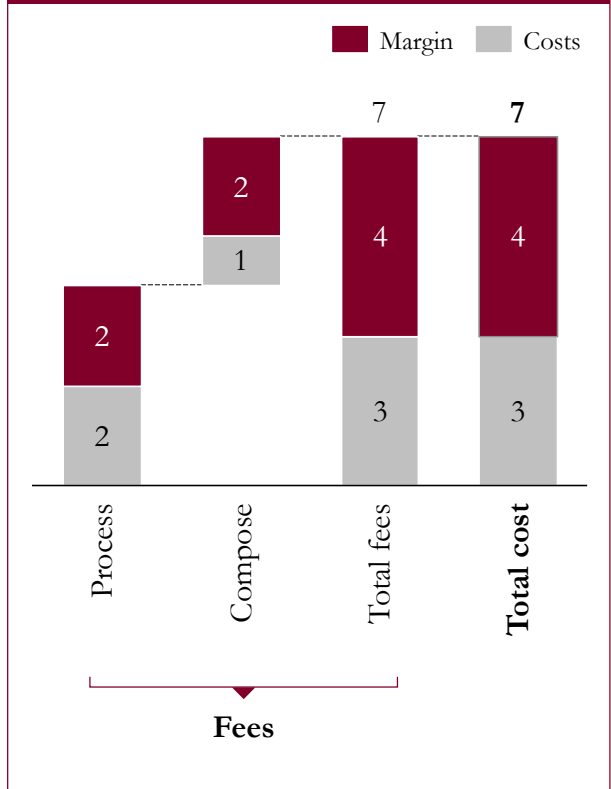
2 This estimate excludes AA, which costs \$Xper item

While significantly reducing client costs, X has seen its net margins decrease

Net cost and margin per component:
Y (\$s)¹



Net cost and margin per component: X
(\$s)^{1,2}



Key comments

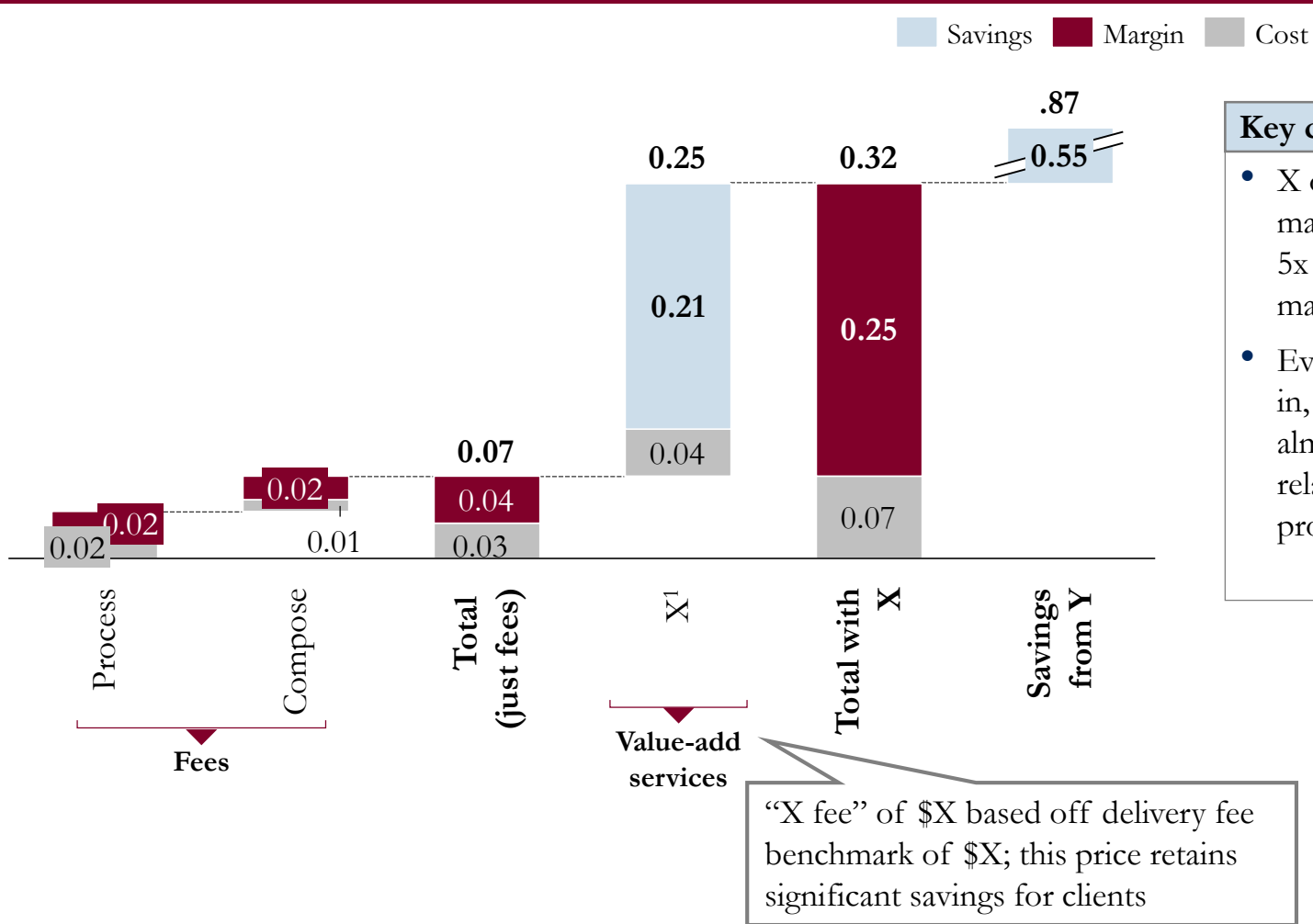
- Overall, X's margin per statement falls \$11 – from \$15 to \$4 – in the transition to digital
- While clients save X% by moving to Y, X sees total net margin decrease X% with its current product

¹ X cost and margins based on initial estimates

² This estimate excludes AA, which costs \$Xper item

X could significantly improve margins while still significantly reducing client costs relative to YYYY

Net cost & net margin per product without & with X (\$s)



Key comments

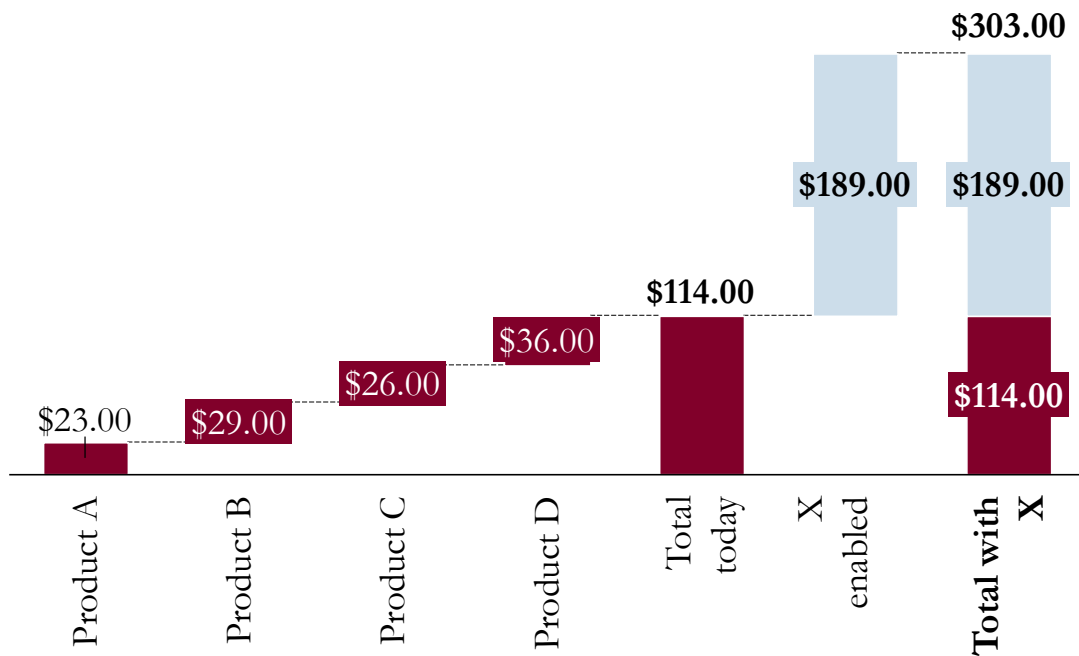
- X offers an incremental margin increase of \$X – 5x today’s current \$X margin per statement
- Even with X costs added in, client costs decrease almost X% – \$X to \$Y – relative to traditional product costs

1 X cost and margins based on initial estimates

Improving margins through X could substantially improve X's overall business

Annual margin per product with X (\$s)

Margin Improvement



Key values

Margin per unit



Key observations

- For products that use X, A represent the largest part of today's annual margin per account (\$X of \$X) due to A's large volume (9 sent per year)
- X could increase margins \$X per year – more than doubling today's margin per account
- Overall, X could increase annual account margins X% from \$X to \$X

Agenda

- Product Margin Analysis
- **Portfolio Recommendations and Projections**

The X portfolio includes products beyond the initial X brokerage statement product

Reviewed previously

Additional opportunities to consider

X products

Product opportunities

Product overview

X base product

X base-plus product

X premium products

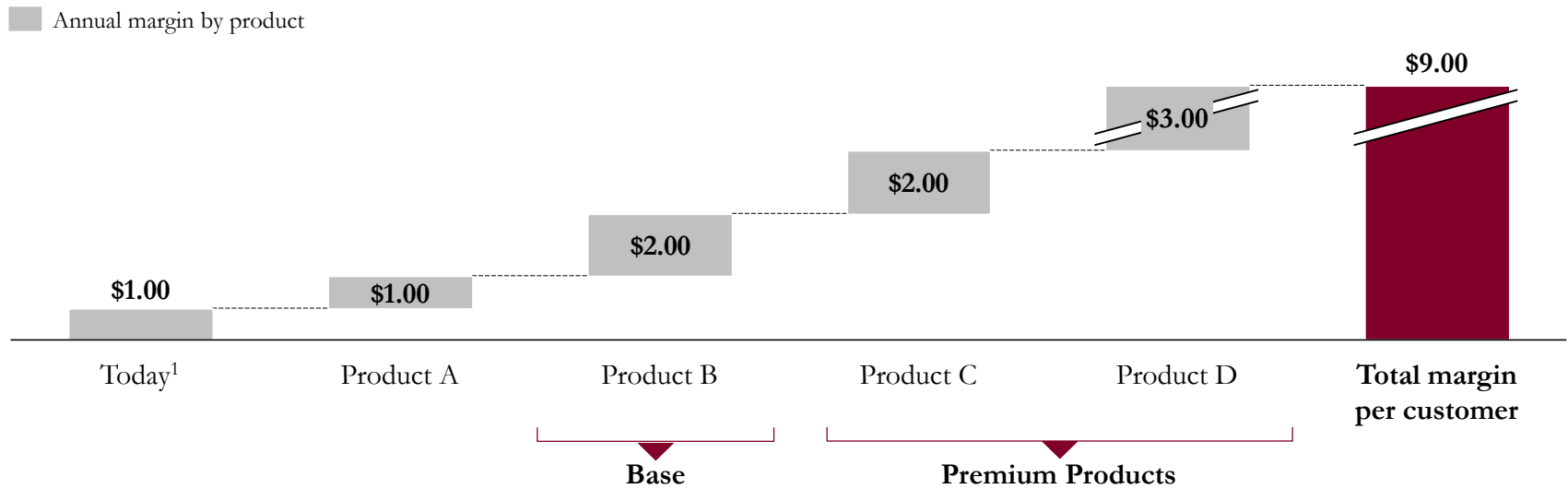
X's additional products can reduce costs and generate revenues for X clients

X products	Product opportunities	Background	How X could create value	Medium
X targeted campaigns	Create targeted offers	Revenue opportunity		
	Consolidate A	Cost reduction		
X Communication Management	Create new channel for B	Revenue opportunity		
	Reduce C	Cost reduction		
	Eliminate D	Cost reduction		

Revenue opportunity
 Cost reduction

These additional opportunities can build on the brokerage product and significantly increase per account margin for X

Annual margin per X per year – Product roadmap (\$s)



High-level margin explanation

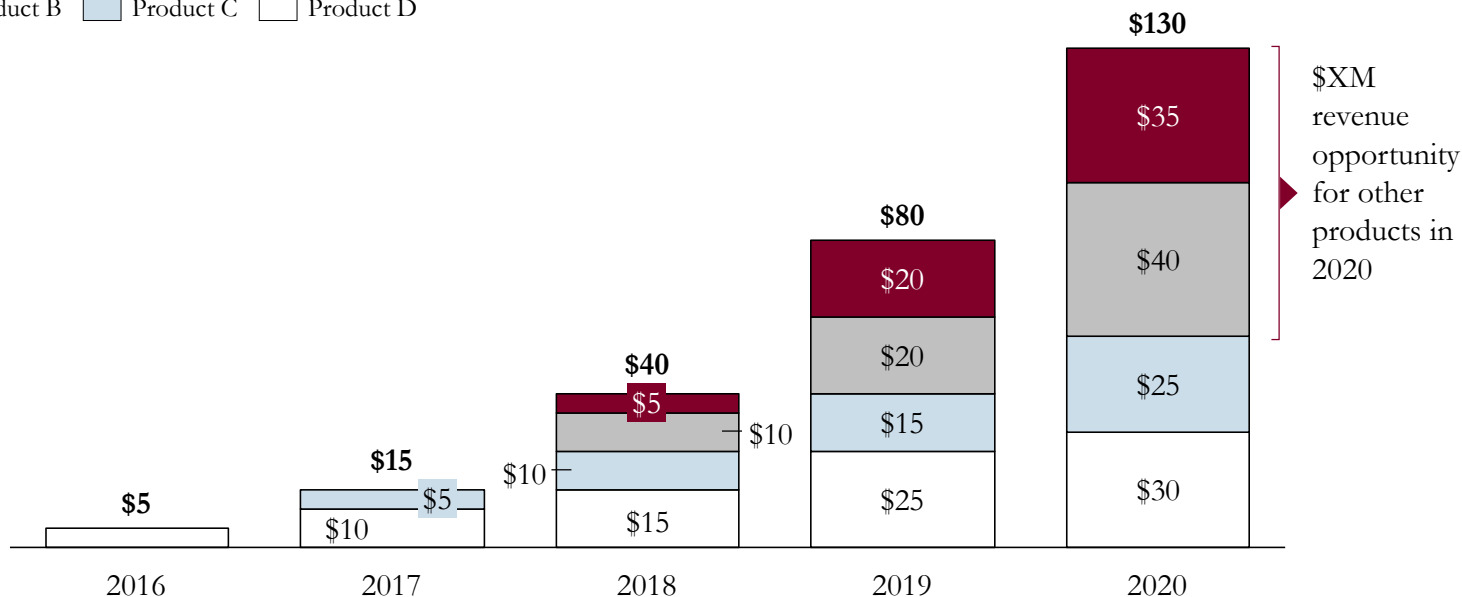
- \$X per product cost with \$X margin
 - Product used X times a year
 - Total margin equals \$X
- \$X fee per statement with \$X margin
 - Product used X times a year
 - Total margin equals \$X
- \$X fee per statement with \$X margin
 - Statements used X times a year
 - Total margin equals \$X
- \$X annual fee charged – X margin after cost
 - Product acts as a tailored X X for clients

¹ Total margin per account today with X and YYY

A revenue estimate for the X portfolio indicates the potential long term opportunity for X

X service revenue estimate by product¹ (\$Ms)

Product A Product B Product C Product D



Total X

Customers (Ms)

Year	2016	2017	2018	2019	2020
Customers (Ms)	X.X	X.X	X.X	X.X	X.X

Penetration rates²

Marketing (%)

Marketing (%)	X	X	X	X	X
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X & X (%)

X & X (%)	X	X	X	X	X
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X (%)

X (%)	X	X	X	X	X
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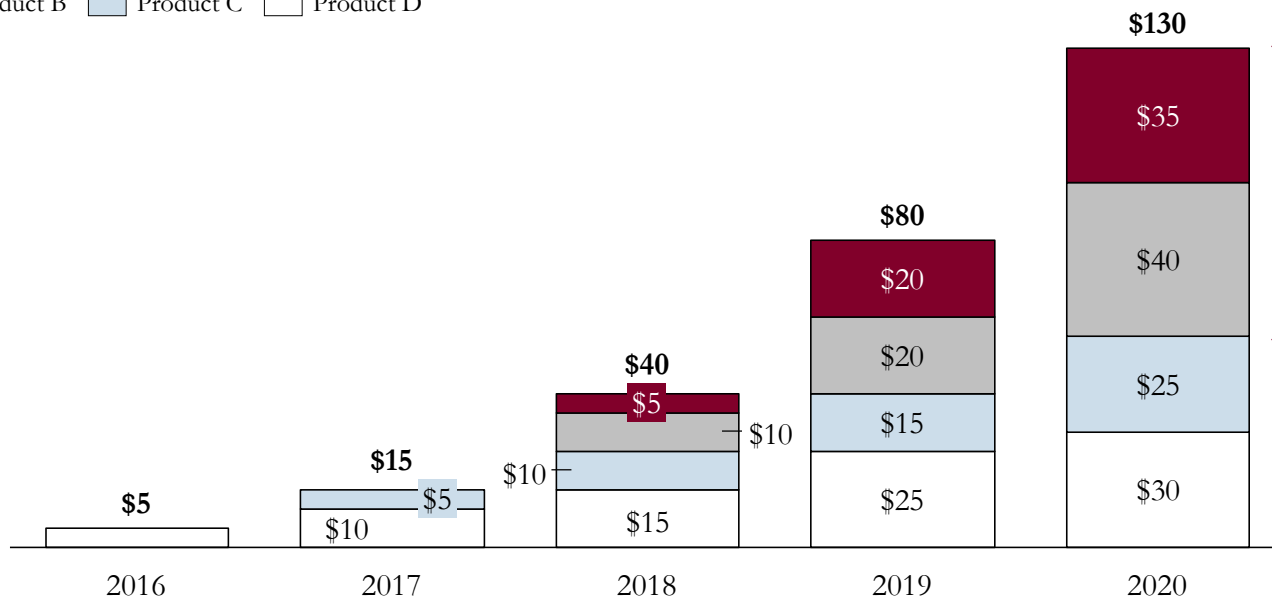
¹ The estimates for the base product includes X revenue and excludes X and X costs; the product estimates include only X revenue estimates

² Each add-on product assumed to sell into X's base product

High margins on X's products means the large revenue opportunity translates into significant gross profit

X gross profit estimate by product¹ (\$Ms)

Product A Product B Product C Product D



\$XM income opportunity for products in 2020

Total X

Customers (Ms)

Year	2016	2017	2018	2019	2020
Customers (Ms)	X.X	X.X	X.X	X.X	X.X

Penetration rates²

Marketing (%)

Marketing (%)	X	X	X	X	X
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X & X (%)

X & X (%)	X	X	X	X	X
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X (%)

X (%)	X	X	X	X	X
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