

Digital Paperless Receipts

White Paper



**Save money and the environment
while making a more meaningful
connection with customers**

environmental progress through a paperless innovation

alletronic
systems corporation



Executive Summary

In today's technology-driven world, consumers and businesses alike are eagerly taking advantage of digital technologies to save time, money, and cut down on the use of paper. Digital Receipts from allEtronic provide retailers with the technology to easily give customers electronic receipts for their purchases. The allEtronic program delivers a range of benefits for retailers:

Helping to save the environment – Digital Receipts eliminate the waste of resources and the carbon emissions caused by manufacturing receipt paper. By participating in the Digital Receipts Program, retailers can demonstrate a commitment to environmental responsibility and attract members of the growing population of environmentally-conscious consumers.

Saving costs – Participating in the Digital Receipts Program costs far less than the price of the receipt paper it will replace.

Providing customers with a valuable service – Digital Receipts are much more convenient for consumers than paper receipts. Receipt data is easily searched, organized, and exported, and lost or ruined receipts and warranties will become a thing of the past. Digital Receipts can even help fight identity theft. Consumers will appreciate the retailers who provide them with this convenience.

Gaining access to advanced marketing research – The Digital Receipts Program provides member retailers with extremely focused and accurate data about customer behavior and shopping patterns across vertical markets. The program can be used to augment in-store loyalty programs, and also allows retailers to send targeted coupons, surveys, and promotions directly to customers with their receipts.

Advanced compatibility and security – The allEtronic Digital Receipt Platform integrates seamlessly with current POS systems, is secure, easy-to-use, and certified by the Visa[®], MasterCard[®], American Express[®], and Discover[®] card associations.

Past attempts to introduce paperless receipts have been unsuccessful because they were too cumbersome or difficult to use and did not focus on educating the consumer about the advantages of such programs, and thus failed to gain wide acceptance.

allEtronic has developed a paperless receipt program that is both meaningful and convenient – and we are introducing it at a time when consumer demand for environmental responsibility is skyrocketing. These elements add up to a solution that is sure to gain the critical mass needed to make a real environmental impact.

allEtronic invites you to be a first-mover in this growing environmental initiative.



Introduction

Over the last several years, advances in technology have enabled both businesses and consumers to replace traditional paper-based activities with digital alternatives. Among much else, individuals get the news, pay their bills, and even send greeting cards online. Businesses now send email instead of memos, set up electronic workspaces for documents, and allow employees to submit digital timesheets.

Digital not only reduces paper, an important concern for today's environmentally-minded world, but also makes things like communicating and managing information easier and faster. It is no wonder that so many consumers and businesses are eager to adopt new digital services.

One digital service that has long been the dream of environmentalists, consumers, and retailers is the digital receipt.

One digital service that has long been the dream of environmentalists, retailers, and consumers is the digital paperless receipt.

While there have been a few clumsy attempts at rolling out digital receipts in the past, the downfall of previous programs has been that they are cumbersome for both consumers and retailers, thus limiting adoption rates. Also, in the past, environmental concerns have not played a huge roll in customer decision-making. For a digital receipt

program to gain critical mass, it needs to be easily adopted and enthusiastically used by both retailers and consumers on a national scale.

With all of the recent media attention devoted to global warming, retailers are becoming more and more concerned with implementing corporate practices to decrease their environmental footprint. Producing the paper currently required to print paper receipts takes a huge toll on our forests and our environment. Digital receipts provide retailers with a way to demonstrate to their customers that they are dedicated to reducing paper waste and making a positive environmental impact.

In addition to pleasing consumers by decreasing the use of paper, Digital Receipts also offer enhanced convenience. Instead of keeping a shoebox or wallet stuffed with a jumble of receipts, consumers who use Digital Receipts are able to easily find, view, and organize their receipts in a convenient digital format.

Making a public stand to help save the environment and offering added convenience to customers are only the beginning of the benefits available for retailers who offer allEtronic Digital Receipts. The technology behind digital receipts will allow retailers to enhance their marketing prowess by providing access to advanced customer purchasing tracking and the ability to reach individual consumers with targeted offers.

allEtronic has developed a simple solution that will make widespread adoption of paperless receipts a reality. This white paper explores the benefits and features of our superior paperless technology. You will find that our solution is easy to use, better for our environment, saves you money, and provides unprecedented value through advanced marketing data.



Digital Receipts NOW

A solution whose time has come

Digital Receipts are truly a solution whose time has come. While there have been attempts in the past to create paperless receipt programs, they have been largely unsuccessful. In general these programs were too cumbersome or difficult to use, and consumers were just not as concerned about the environmental impact of their actions as they are now. Because these programs failed to adequately educate consumers about their advantages, they failed to gain wide acceptance.

There has never before been such a “perfect storm” of factors as those that are present in the market today. The meeting of these critical factors is what will propel the Digital Receipts program from allEtronic to its tipping point. The elements of this storm are:

- Consumer demand for Green business practices has reached an all-time high
- The internet has only recently matured, with consumer usage of the internet increasing dramatically over the last five years
- Consumer use of credit and debit cards has grown significantly since the year 2000
- The technology required for our patent-pending process of linking a digital receipt to a specific consumer transaction has reached a point where it can support such an effort on a national scale

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Benefits of Digital Receipts

For the Environment

Reducing demand reduces production

Global warming has captured the public's attention in a dramatic way in recent years as scientists, politicians, and even celebrities have begun to inundate the media with warnings about the disastrous effects of abusing the earth's natural resources.

Carbon Dioxide (CO₂) emissions created by burning fossil fuels have been associated with altering weather patterns and with permanently changing climate zones, which could lead to worldwide draught and famine. As the world watches the unbelievable footage of shrinking polar ice caps, tsunamis, hurricanes, and other shifting weather patterns, the question "Is it really happening?" has been replaced with "What can we do about it?"

The realistic answer for retailers is for you to focus on positive actions that can contribute to the lessening of carbon emissions. In order to effect the changes necessary to make a significant impact on the environment, these solutions will need to be at once visionary and yet concrete and easy to implement. They will also need to provide real benefits to both retailers and consumers in order to ensure widespread adoption.

To produce 27 MILLION tons of paper*

**Cuts down
400 MILLION
trees**

**Reducing the earth's ability
to absorb CO₂ by 2-6
TRILLION pounds each
year**

**Emits
150 BILLION
pounds of
CO₂**

The equivalent of adding 14
MILLION extra cars to the
roads for an entire year.

**Burns
10 BILLION
gallons of oil**

Enough oil to power 11.3
MILLION homes for an entire
year.

**Uses up
500 BILLION
gallons of
water**

Enough water to fill 777,963
swimming pools

**Leaves
behind 30
MILLION tons
of trash**

Which would fill 2 MILLION
garbage trucks.

*Amount of paper produced in the US in 2000

allEtronic has developed such a solution.

Digital Receipts from allEtronic directly address the damaging effects that the production and disposal of paper receipts is having on our environment.

By reducing the demand for paper, we can immediately begin saving trees and lowering CO₂ emissions. We can also reduce the consumption of the valuable resources required to produce paper, such as water and fossil fuels, as well as reduce the methane released from paper as it decomposes in landfills. With Earth's resources depleting and global warming progressing at a rapid pace, every reduction is a positive step in the right direction.

With allEtronic Digital Receipts, we estimate that retailers can help save over 9 million trees and eliminate the release of over 3.9 BILLION pounds of CO₂ into Earth's atmosphere each year in the US alone.

By making it possible to change the dominant delivery method of receipts from paper to digital, the allEtronic solution provides a visionary yet actionable plan that provides real incentives for adoption to both retailers and consumers. This concrete step toward change can make a huge impact on our environment.



Your customers are looking for environmentally-friendly retailers

With all the media and political attention given to global warming and other environmental concerns in recent years, it's not surprising that environmental consciousness has begun to affect consumer behavior. A recent survey, conducted by Information Resources Inc., (IRI) found that half of U.S. consumers reported that they consider at least one "sustainability factor" when deciding where to shop or what to buy.

"Sustainability has evolved from a niche segment concern to **a major factor influencing purchasing and shopping behavior** across a sizable consumer base."

- Andrew Salzman, IRI Chief Marketing Officer

While there is a tendency to think of sustainability and environmental concern as a "youth issue," the survey found that sustainability was a concern across all age groups included in the survey. In fact, the survey data showed that older consumers are actually more likely to consider more than one sustainability factor in their purchases than their younger counterparts.¹

In a poll recently conducted by allEtronic with top executives from some of the largest retailers in the US, 57% stated that their company is actively looking for sustainable / environmental solutions, and nearly 85% agreed that it is important that their customers perceive their brand as being environmentally friendly.

Of course, there are many ways to make a difference in the environment, and you have more than one option when it comes to adopting sustainability initiatives. Initiatives adopted at the corporate level can be just as effective as more public measures, but are not as likely to be noticed or remembered by shoppers.

Digital Receipts from allEtronic gives you the opportunity to implement a program that publicly shows your customers that you care about the environment, and reminds them of it every time they make a purchase.

¹ Information Resource, Inc. (IRI), *Sustainability 2007; Consumer-Focused CG Growth Opportunities*



Benefits of Digital Receipts

For the environment – *and* the bottom line

Making a strong move toward helping to save the environment sends a positive message to customers and increases their affinity for your brand. Being able to do so while reducing operational costs is what makes the allEtronic solution even more appealing.

Our solution offers you the opportunity to decrease, and potentially eliminate, the cost of buying receipt paper. And the cost of allEtronic Digital Receipts is only a fraction of what you are currently paying for receipt-printer paper.

Case in Point: Big Box Retailers

The average receipt given to a customer of a certain “Big Box” retailer is about 10 inches long and is printed on a Thermal Paper roll that is 2,760 inches long. That means one roll of paper would provide 276 receipts. This retailer serves over 757,750,000 customers every month.

To provide that many customers with receipts would require 54,909 cases of receipt paper per month.

From an environmental cost standpoint:

One case of this paper weighs 32.6 pounds, which means that the retailer is using 895 tons of receipt paper every month. Since it takes approximately 15 trees to produce 1 ton of paper, that means it takes 13,425 trees per month (161,100 trees per year) not to mention the other natural resources required, to provide customers with a paper receipt. Also, the amount of energy it takes to power the printers for 757,750,000 receipts per month must be incredible.

From an operational cost standpoint:

Based on the average cost of Thermal Receipt Paper, the retailer is spending **over \$1 MILLION per month** on receipt paper.

Imagine the effect on the environment and on the retailer’s bottom line if it could decrease its paper receipt use by even a small percentage.

Thermal Receipt Paper is used for receipts at the vast majority of retailers. As of 2005, around 500,000 tons of Thermal Print Paper were sold in the US, and this demand was projected to grow by about 3% each year. That would put the number at approximately **600,000 tons of thermal receipt paper** by the year 2008. Based on these numbers, retailers are spending roughly **\$3.4 billion** every year on thermal receipt paper.

- 2005 Annual Report, Form 10-K, pursuant to the Securities Exchange Act of 1934 on PAPERWEIGHT DEVELOPMENT CORP & APPLETON PAPERS INC.



Benefits of Digital Receipts

For your customers

As we have already seen, customers are eager to adopt new technologies that offer convenience and reduce waste. Digital Receipts from allEtronic is easy for customers to sign up for and use, and is much more convenient and user-friendly than the other available options.

Let's compare:

Paper receipts

Waste natural resources, get ruined or lost easily, and end up crowding landfills.

Web receipts

With web receipts, the customer is required to go to each retailer's website to view or download a digital receipt. This system becomes extremely cumbersome and impractical when you consider the number of stores and restaurants the average consumer visits in a week.

Email receipts

This type of "electronic receipt" program takes too much time at the POS and consumers don't like to give out their email addresses due to privacy concerns. Once sent, the email containing the receipt is likely to get lost or overlooked in the junk/bulk email box. Most importantly, this system fails to provide one of the most valuable aspects of an electronic receipt program – the ability to track customer purchasing data.

Digital Receipts

With allEtronic's Digital Receipts, a customer signs up one time, and from that point all receipts from all participating retailers are quickly and automatically captured with each purchase, and stored on a secure web interface for the customer to view or download later. Participating in allEtronic's Digital Receipts program allows you to provide a whole host of other benefits to your customers. allEtronic Digital Receipts:

- Make it easy for customers to help save the environment with minimal effort and no cost to them
- Replace the notorious wallet, purse, pocket, or shoebox full of paper receipts that eventually get lost, ruined, or thrown away
- Save time at the register, with no extra forms to fill out or cards to present
- Present all of the customer's receipts for viewing in a single location, dated and organized
- Eliminate the hassle of lost receipts or warranties
- Simplify returns; no more time spent searching for the right receipt
- Make tax time easier; information can be exported into any accounting software
- Provide customers with coupons and promotions based on their unique purchasing habits
- Can help thwart identity theft; consumers would realize almost instantly if someone was using their card numbers without their permission

And best of all, the customer doesn't have to remember anything. Once they register their credit and debit cards online, all of their receipts will be delivered in a digital format. If they want to pay with cash, they can simply use their phone number to activate the digital receipt.



Benefits of Digital Receipts

For growing your business

Focused, accurate data is the key to developing winning marketing initiatives that increase market share. One of the greatest “hidden” benefits of allEtronic Digital Receipts is its ability to precisely track and analyze customer spending patterns to provide you with powerful marketing intelligence. The program can also enhance any loyalty program you may already have in place, and gives you the ability to send focused offers and promotions directly to your customers.

Get access to better marketing intelligence

Every retailer that is integrated into the allEtronic Digital Receipts platform will have access to information about the customers who are using the system. This rich customer data is generated by our unique ability to precisely track customer buying behavior across multiple vertical markets. This level of consumer data is not currently available in the marketplace, and will be made available only to participating retailers.

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By improving your understanding of your customers’ buying habits, you will be able to create more targeted marketing campaigns and craft your product and service offerings to increase customer engagement with your brand.

Enhance your current loyalty program

Loyalty programs can be a great source of customer data. With an in-store loyalty program, retailers typically issue a keychain tag with a barcode used to track customer purchases. An inherent problem with this type of program is that other people (e.g., family members or friends) can easily use the keychain tag. It is also easy to forget or misplace, which can result in multiple accounts for the same person, or your cashiers using their own cards on a customer’s behalf. This populates your database with inaccurate information that makes the program less valuable.

Digital receipts are not a replacement for an in-store loyalty program, but they can enhance it. Customers are actually more likely to enroll for Digital Receipts than they are to enroll in a specific loyalty program, but Digital Receipts allow a retailer to treat every enrolled customer as a loyalty customer. The first time an allEtronic consumer makes a purchase at your store, you will automatically receive all the customer information you would normally gather if the consumer enrolled for your store’s loyalty program. Because customers are tracked through their unique payment card numbers, rather than a portable tag, allEtronic is able to provide very accurate customer intelligence, tracking, and information.

Reach customers directly with offers and promotions

With allEtronic Digital Receipts, you can attach coupons, surveys, sweepstakes, or other promotions to the digital receipt, based on actual customer preferences and behavior. This is an extremely targeted and efficient way to connect with your customers.



How Do Digital Receipts Work?

Simple, certified, secure

Digital Receipts have been designed by allEtronic to be easy for consumers and retailers to adopt and use. We use a certified, patent-pending process to ensure the compatibility and security of the program.

Simple

Easy to implement: allEtronic is a software patch, or add-on, that is integrated directly into your Point-of-Sale (POS) software. This add-on will allow a customer to receive a digital receipt by simply swiping their credit/debit card to pay, or by inputting their phone number.

Easy to use: A customer simply enrolls in the free program by going to www.allEtronic.com and linking a credit or debit card to their account. When they present any linked card for payment, the system automatically identifies and authenticates the member and sends the receipt directly to their allEtronic account without any pause in the transaction. If they want to pay with cash they can simply provide their phone number.

Certified

allEtronic is certified as a Level 3 Cardholder Information Security Program (CISP) service provider with the card associations (Visa®, MasterCard®, American Express® and Discover®) to store incomplete card numbers, which allows us to identify and authenticate a consumer at the register in order to deliver a digital receipt to the customer's allEtronic account. This process is patent-pending.

Secure

allEtronic is a Level 3 CISP service provider as defined by the Payment Card Industry Data Security Standard (PCI SSC), and is a fully certified data security and compliance managed solution. Our system stores only the expiration date and the first 6 and last 4 digits of a consumer's card number to identify them at the point-of-purchase. Because we do not have the consumer's full account number stored anywhere in our system, there is absolutely no possibility for fraud in the unlikely event of a system breach.

We utilize Trustwave Compliance Validation Service, which manages our overall security compliance process. Trustwave's vulnerability scan tests for more than 3,000 unique vulnerabilities and is extremely accurate in eliminating false positives. Trustwave has issued us a premium, class-3 Secure Sockets Layer (SSL) certificate. This first generation of SSL certificate encrypts communications between our Web site and our customers at 256 bits.



Conclusion

Digital Receipts from allEtronic saves your business money, appeals to your customers, and gives you valuable marketing intelligence – all while helping you make a positive impact on the environment.

For Digital Receipts to have the maximum effect on the environment requires a critical mass of retailers and consumers to ignite widespread adoption.

You have the opportunity to be a first-mover in this Green initiative and be viewed as a leader in corporate environmental responsibility.

Contact allEtronic to find out how you can take the first step.



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About allEtronic

allEtronic is a wholly owned subsidiary of Cyndigo, Corp. and has leveraged its parent company's strength and expertise in its Point-of-Sale (POS) systems division to create the digital receipt platform.

By replacing a paper-based receipt with a digital one, retailers can begin to eliminate the millions of paper receipts that are printed daily while reducing their overall receipt paper expenses.

