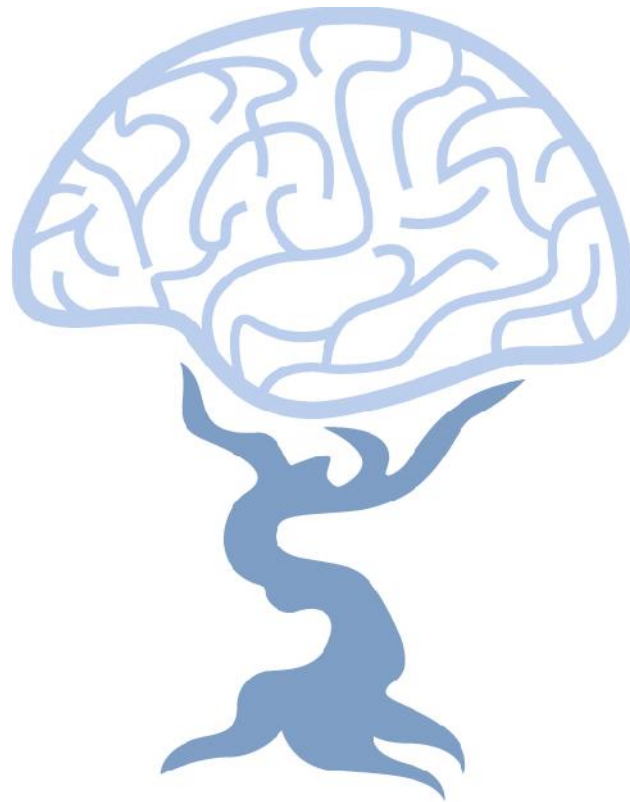


Introduction to the Roozz Payment System



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makes software grow

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Roozz Payment System

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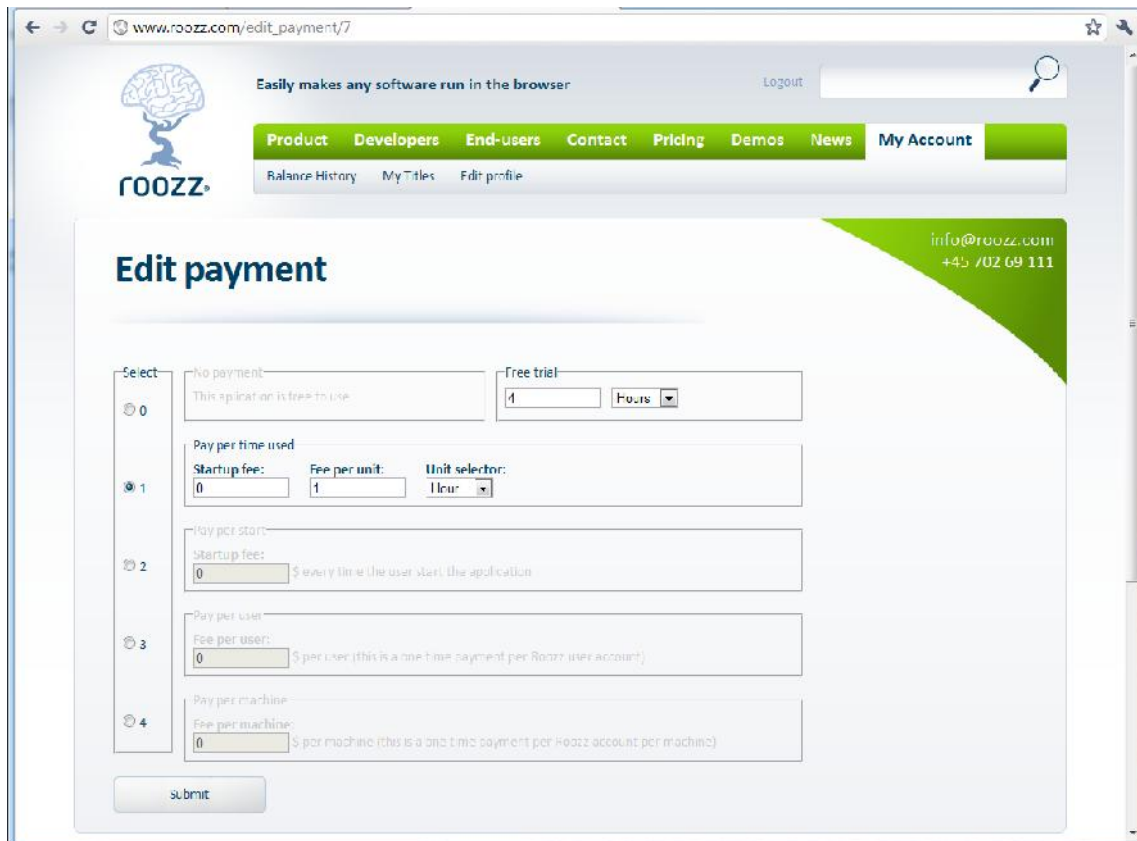
What this document is about

This document is intended for publishers of applications on the Roozz Platform. This document describes which features the payment system provides to end users as well as publishers.

The Roozz Payment System main goal is to make it much easier for end users to pay for software and provide a rental model for many software titles. This is accomplished in 3 ways:

- System store credit card information, end user only has to enter username and password to pay. Same as in iTunes
- System allows end users to put money in their Roozz account, to allow them to save money on micro transactions.
- System allows end user to pay for software per minute, hour, day, month etc. Thus allowing the publishers to choose if they will sell their software at one price up front or as Rental. The system also allows publishers to give a free trial period to end users without any need for serial keys, registration and other administrative burdens.

The Roozz Payment System also makes it much easier for software developers, because they don't need to do ANY integration with the Roozz Payment System from their software. To start using the Roozz Payment System is a simple as filling out the following web form:



Payment System from end user perspective

Whenever the end user need to pay the Roozz Plugin will suspend the application and show a popup to the end user that he need's to pay such and such to continue to use the software. Right now we use PayPal to handle our transactions and PayPal store end users credit card information. Later we will add more payment methods and will continue to try to make it easier for the end user to pay.

To avoid the extra steps in the payment via PayPal or to avoid the credit card transaction fee added by PayPal on every transaction the end user can deposit money in his Roozz account and then he can set up the account to draw money seamlessly from his Roozz account.

The price that the end user sees in the Roozz Plugin popup window is the price, which will be drawn from the end users Roozz account. In the following we call this the sales price. This sales price does not include PayPal or other Credit card transaction and exchange fees. Currently the PayPal fee is US\$ 0.30 per transaction + 3.9% of the amount.

Today PayPal has over 100 million registered users and they support the following credit cards: Visa, MasterCard, American Express, JCB, Discover, Solo, GiroPay

Some prices may be shown in localized currencies to the end users, but all transactions to and from the end users Roozz account is always converted to US\$. At any point in time the end user can login to his

Roozz account and see all transaction history. This account history view also includes VAT information and allows the end user to print PDF documents for his own account balance history.

Payment System from publisher's perspective

The software publishers only need to fill out the form shown in figure 1, to start making money on his software on the Roozz Platform. It is possible for the publisher to have several different payment configurations allowing him to do A – B testing to find the best price point or to ask different prices in different channels.

It is possible to embed the Roozz Plugin into any webpage that the software developer choose to. It can be the software companies own website or any other high traffic site such as Facebook, that will allow the software developer to publish his software there. Typically it is in the software developers interest to use many different channels to attract users. Roozz is working with a large number of portals, which can help the software to become discovered. We call these Portals Partners.

The Roozz Platform takes a small share of the revenue of any software sale on the platform. The developer gets the majority of the revenue directly into their Roozz account. In some case other agreements may apply where the revenue split differently, especially if Portal Partners are involved in the sale.

If the end user pay for the software distributed via the Roozz Platform through another channel than the Roozz Payment System, the developer will still need to pay a fixed price or a share of the revenue to Roozz.com. Please contact us at sales@roozz.com to get a custom offer.

Getting the end user to pay

It is a well known fact that it is difficult to get end users to pay for software online. Typical conversion rates from free trial users to paying users are less than 10% in many segments. It is also a well known fact that end users are more willing to pay; if end users only have to pay a small amount and if they don't have to enter a lot of information.

The Roozz Payment System implements 5 key features that will make it easier for software applications to get more paying customers:

- The end user only have to trust their Credit Card information to one party to pay for all the different software applications on the Roozz Platform
- After the end users have paid the first time on the Roozz Platform, then he only need to enter username and password to process successive payments. (same as iTunes)
- By allowing the end user to hold money in the Roozz account we reduce the payment steps from the end user to an absolute minimum, while still allowing the end user to configure how often he wants to see Payment notification popup dialog.
- By allowing the end user to hold money in the Roozz account we can significantly reduce the share of spend money that is used for transaction fees on micro payments. Thus the Roozz

Payment System allows end users to make more micropayments, which in turn makes them more likely to pay.

- The Roozz Platform is all about trust! We make sure that malicious software or bad software that does not give the end user what he rightfully can expect is removed from the Roozz Platform. Thus the Roozz Platform will over time gain the end users trust, such that they expect to get what they pay for when they pay for software on the Roozz Platform.

Acquiring new end users

It is a well known fact that people are most likely to try something new if it is recommended by a friend. Thus the Roozz Payment System has a built in feature that will allow the end user to get US\$ 5 into his Roozz account for each friend he recommends a software application to. The US\$ 5 will be credited to the end users account as soon as his friend visits a webpage and try the same application.

This type of recommendations system has proven a VERY effective way of getting more users. E.g. Dropbox is a very well known example where users get more storage space if they recommend Dropbox to their friends. Among hundreds of competitors on the cloud storage and cloud file sharing services Dropbox has become the most successful in a very short time because of this unique recommendation feature.

On the Roozz Platform the end user can use the US\$ 5 bonus he get to pay for any application on the Roozz Platform once these money credited to his Roozz account. Thus there is no enforced correlation between the application that get's recommended to the friend and which application / developer actually end up making revenue in his account from those US\$ 5. However the US\$ 5 is deducted from the account that belongs to the developer, which application was recommended and visited. Since all publishers on the Roozz Platform benefit from having more users on the Roozz Platform and since all publishers can potentially benefit from this US\$ 5 revenue, then this recommendation feature is mandatory for all payment apps on the Roozz Platform.

To avoid fraud, it is only possible to recommend an application to each unique email address one time. If other friends try to recommend to the same application to an email address that had already received a recommendation, then the system popup window will tell the end user that recommendation was not send, because this friend has already received a recommendation. The US\$ 5 will not be credited to the user Roozz account until his friend has actually visited the application and logged in to get his free trial. When this happens we send an email to the first user account telling him that his friend has visited and his account has been credited with US\$ 5.

In addition we also monitor the system, such that if an end user mass recommend many applications to a large number of users, then this recommendation feature will be disabled for that user. Also if more than 20 recommendations have been send to an email address, but he has never returned to try any of the recommended applications, then additional recommendations to this user will also be disabled. Finally we only allow users to get the US\$ 5 bonus for the first 5 friends they recommend per application. If they recommend more than 5 friends, then they only get the US\$ 5 when the friend has paid with their credit card in the Roozz Payment System.

Roozz.com reserves the rights to adjust this bonus system such that it creates the optimal outcome while minimizing fraud. Roozz.com also reserves the right to disable this bonus feature for selected end users if they are suspected to misuse the bonus system.

Real time transactions history

There is no difference between a normal end user account and a developer's account in the Roozz Payment System. The developer can have several applications associated with their Roozz account. Every time an end user pays for the developers application on the Roozz Platform, then both accounts will show this transaction in real time. The amount in an account can never become negative. It is possible to deposit money to the Roozz account in real time and each deposit and withdrawal including related fees, will show up on the transaction history too.

Withdrawing money from your Roozz account

To comply with regulations and to avoid fraud, any withdrawal of money from a Roozz account is handled manually by a Roozz employee. To avoid overload of these employees withdrawal can only take place once per month, or else we will require additional handling fees. We support both PayPal and bank transfer as withdrawal method and the Roozz account holder pay for all fees to banks and PayPal that apply to the withdrawal. It is not possible to withdraw money that was made via the recommendation feature described above.

VAT and TAX

Roozz.com is still awaiting answer from the TAX authorities about how to calculate the VAT on each transaction in the correct way. When this answer is ready, we will add an additional section to this document.

Until then, we run our business by these rules:

But the rule of thumb is that Roozz is incorporated in Denmark, thus we must charge 25% VAT on all transactions to end users in EU and no VAT on transactions to end users outside EU.

All Publishers we do business with must have a company registration and they must submit appropriate VAT and TAX in the country where they are incorporated. We will not collect or charge any VAT for these companies. But Publishers must let us know what VAT percentage they should pay to their country, because Roozz must report the same amount to Danish VAT authority and Roozz will automatically generate invoices on the Publishers behalf including these numbers, where Publishers withdraw money from their Roozz account.