INTELLIGENT PRICING

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MARKET-BASED PRICING PROGRAM

mather:

PRICING OPTIMIZATION

Intelligent pricing can increase revenue, minimize customer churn, and maximize the lifetime value of customer relationships:

- Optimal pricing will reflect the value of the product to a Customer
- Customers have different total price elasticity depending on how they are acquired, their relationship with the product, and their life stage
- Economic, market and seasonal trends can affect price elasticity by customers differently.

✓ We can set prices to leverage audience-content dynamics to increase acquisition and revenue.
✓ We can identify the optimal prices for each customer throughout their lifecycle with the product.
✓ We can assist with acquisition offer development, renewal pricing, and additional sales to existing customers

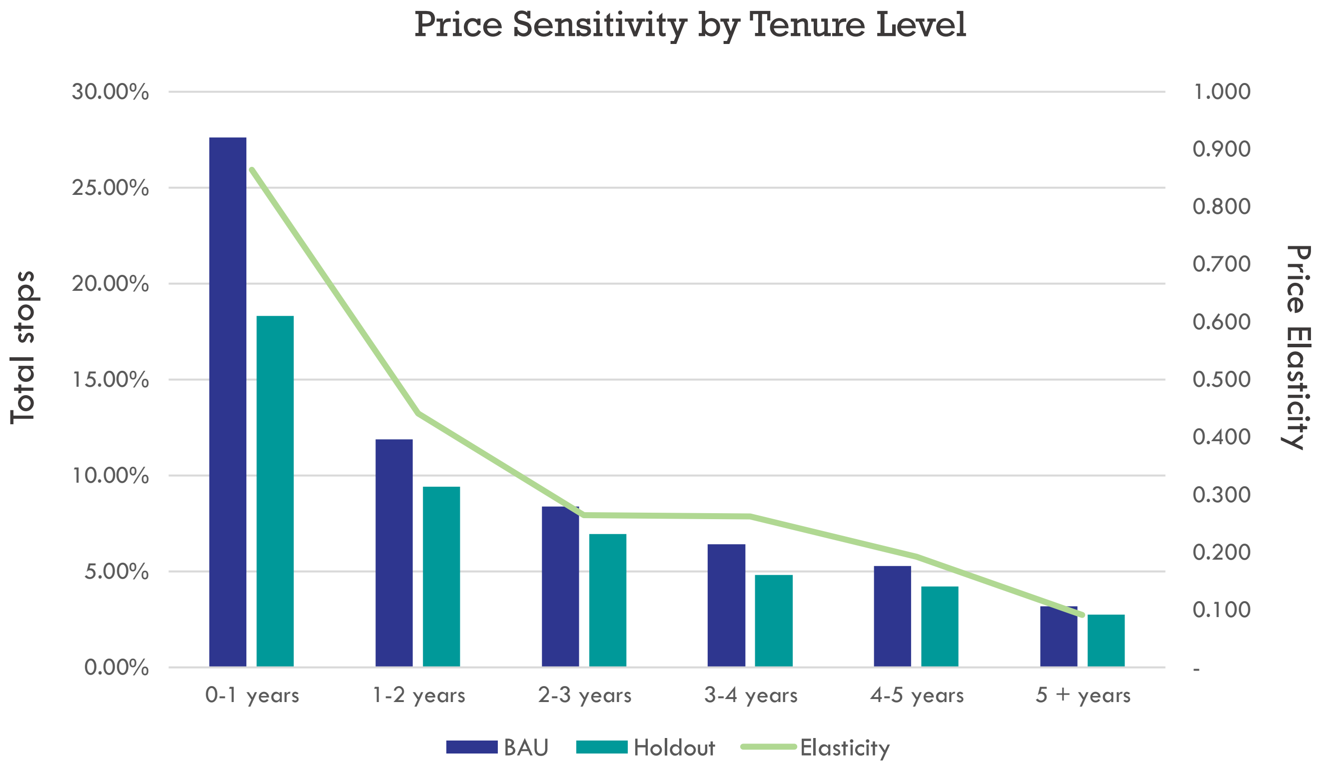
PRICE ELASTICITY/ TENURE

Price elasticity differs greatly by tenure level.

TENTURE YEAR	PRICE STOPS	PRICE ELASTICTIY
0-1	4.3%	-0.9
1-2	2.2%	-0.4
2-3	1.3%	-0.3
3-4	1.3%	-0.3
4-5	0.9%	-0.2
5-6	0.5%	-0.1

- BAU target subs received 5% increase
- Holdout subs received no increase
- Differences in total stops due to price change

Similar findings are true with Digital Engagement, Income levels and Age groups.



PRICING STRATEGY VALUE PROPOSITION

20% improved yield from a targeted 10% price increase vs. an across-the-board 10% price increase to 100,000 subscribers:

SUBSCRIBERS

Subscriber:	100,000
Monthly price:	$50
Monthly rev:	$5 million
Annual rev:	$60 million
Average increase:	10%
Gross incr. rev/Mo:	$500,000
Gross incr. rev/Yr:	$6 million

ATB
ACROSS THE BOARD

Avg. ren. price elasticity:	-0.4
Lost subs from pricing:	-4,000
Lost monthly revenue:	-$240K
Lost annual revenue:	-$2.64M
Remaining subs:	96,000
Price per month:	$55
Annual revenue:	$63.36M
Net yield on increase:	$3.36M
Yield percentage:	56%

TARGETED PRICING

Reduction in price stops:	50%
Lost subs from pricing:	-2,000
Lost monthly revenue:	-$120K
Lost annual revenue:	-$1.32M
Remaining subs:	98,000
Price per month:	$55
Annual revenue:	$64.68
Net yield on increase:	$4.68M
Yield percentage:	78%

REVENUE YIELD

Targeted pricing reduces pricing-related subscriber and revenue loss while improving revenue yield for this pricing action by

$120,000/month or $1,320,000/year & 20% better yield

CUSTOMER ACQUISITION – OFFER PRICE

Offer pricing balances quality and quantity:

- Higher prices attract fewer customers with less churn
- Lower prices attract more customer with higher churn

Optimal prices maximize total expected operating margins

Mather uses predicted customer retention and conversion rates to find optimal prices

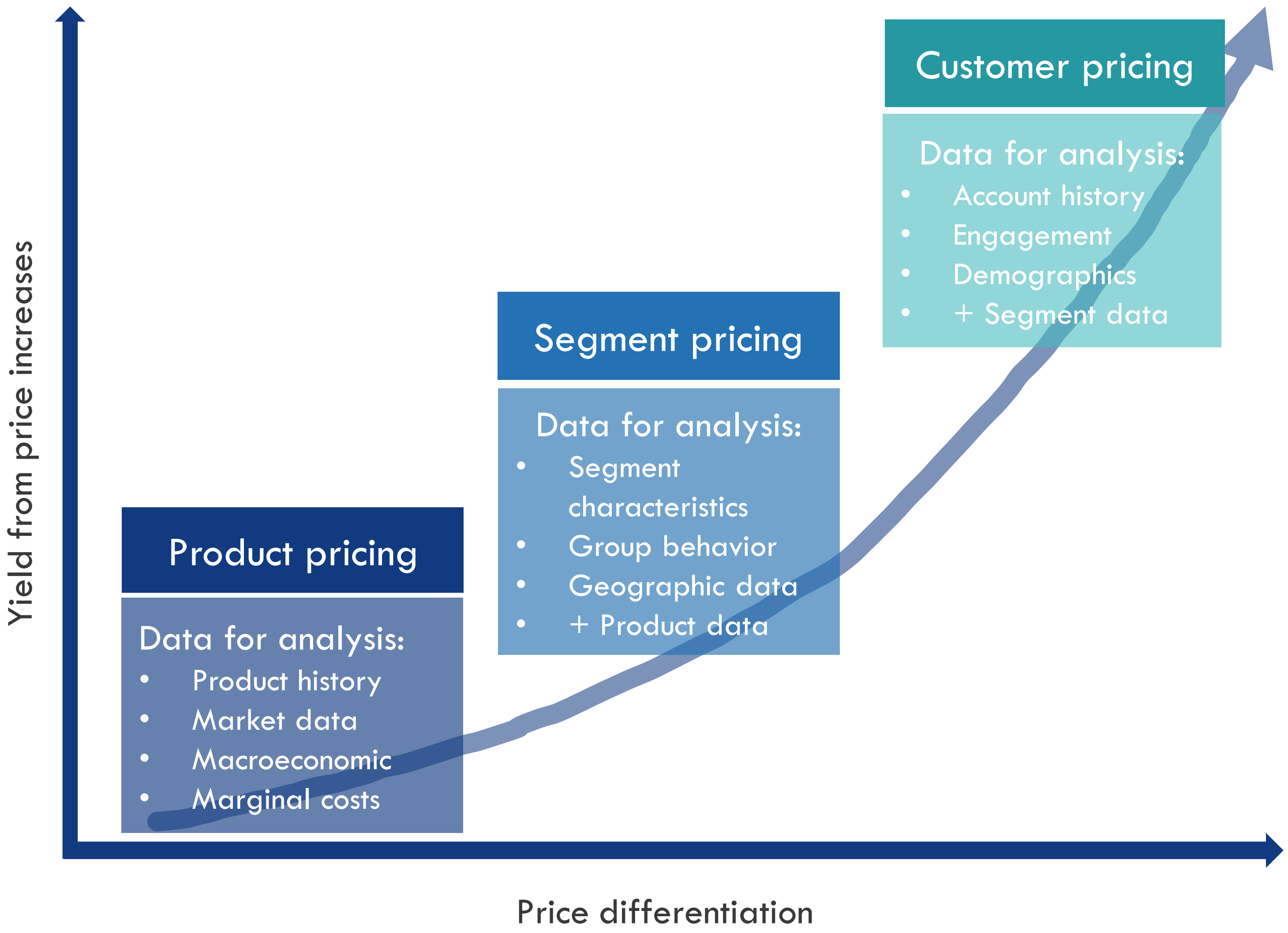
MARKET BASED PRICING – APPLICATION OPTIONS

Increasing pricing intelligence and flexibility increases yield.

Analytics can identify customers with high or low sensitivity to price

More accurate targeting improves performance and efficiency

Tradeoffs between complexity and yield can be measured



LONG-TERM REVENUE STABILITY

Market Based Pricing helps to stabilize customer revenue over the long term

Declining customer volumes in disrupted services can be offset by targeted rate adjustments.

Revenue stabilization provides an extended runway to invest and grow new products.