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Outerwall and Beyond: ecoATM, Looking Ahead

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ecoATM: Looking Ahead

Nathan Collins, Tara Ghassemikia, Noah Sawusch, & Emmeline Vu

AGENDA

- Recommendation
- Security improvements
- Marketing plan
- Financial breakdown
- Risks & Mitigation
- Q & A



THE BIG QUESTION: WHAT IS MISSING IN OUR **CURRENT** SYSTEM?

ecoATM Experience

- Mall location
- Activated Verizon Wireless phone
- Emmeline's ID
- Customer interaction



Security

- Recognition of fraudulent transactions
- Prevent threats at earliest stage

\$17.4M NPV

HOW DO WE PREVENT
FRAUDULENT TRANSACTIONS
INSTANTLY?



+220
countries

~800
mobile
operators

HOW DO WE PREVENT ACCEPTING

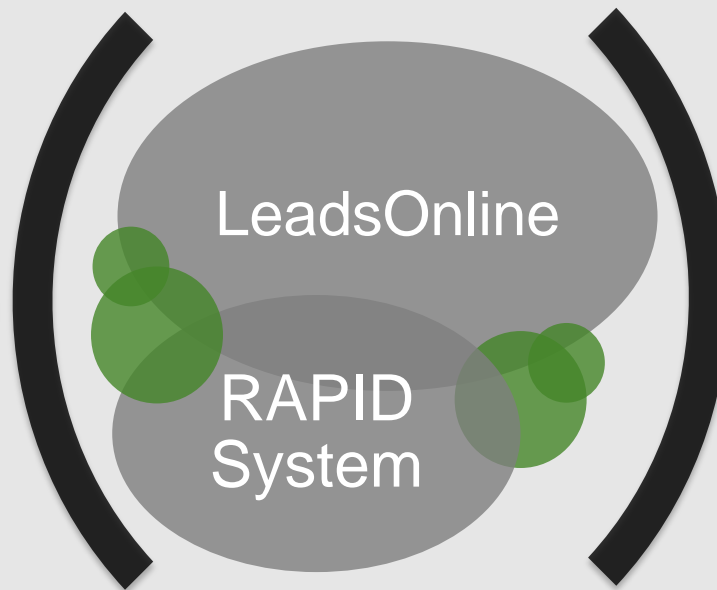
UNREPORTED

STOLEN DEVICES?

Step 1:



Step 2:



Step 3:



Installing Security Recommendations



ADD ON:
synchronize
IEPI
database



ADD ON:
activated
phone
recognition

Employee Preparation

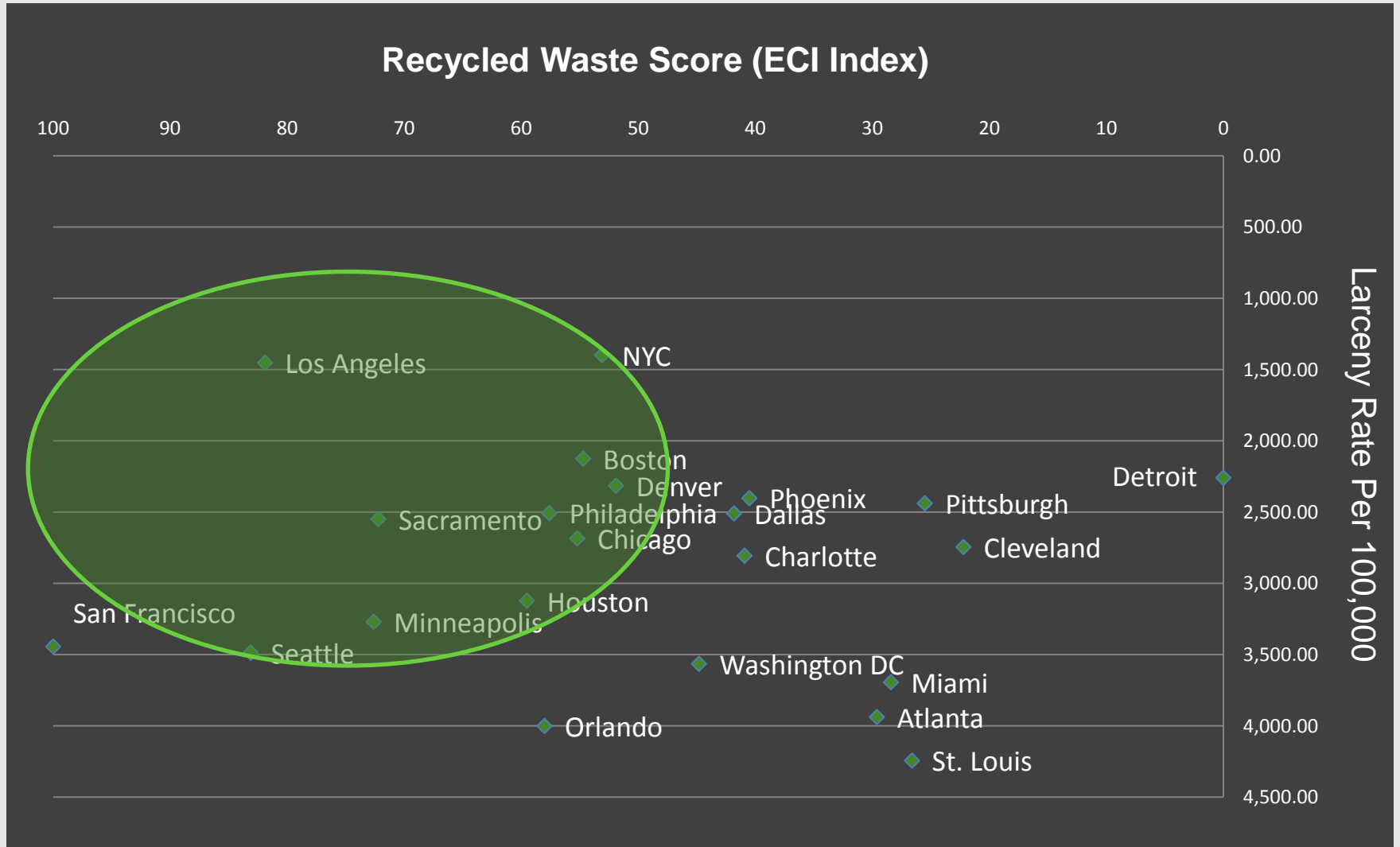


Promotion

- Positive brand in community
- Earn public confidence

\$17.4M NPV

Theft vs Recycling Rate (by city)



Kiosk Expansion

- Target cities
 - Seattle, L.A., Boston
 - Minneapolis
- Target locations
 - Retail outlets, drug stores
 - Coffee shops
- Social movement

Selling An iPhone? You're In Luck!

No iPhone? No problem! ecoATM responsibly recycles over 4,000 different devices for cash.

5s up to \$300
5 and 5c up to \$200
4s up to \$100

[View Prices](#)

What's My Device Worth?



PHONE



MP3



TABLET

[Find It](#)

Find an ecoATM Near Me

Enter City, State OR ZIP Code...



Website Analysis

- Constantly promoted as cash benefits
- Lack of security acknowledgement
- No relation to Redbox, Coinstar, or Outerwall

Search Engine Optimization

- Organic & paid SEO
- Google AdWords
- Key words and phrases
- Limit click throughs





REVAMPING ecoATM's IMAGE

QuickTime Player File Edit View Share Window Help Stop Recording (37%) Sun 7:27 PM

Google

http://www.google.com/ Google

Apple Yahoo! Google Maps YouTube Wikipedia News (384) Popular

+Nathan Mail Images Share

Google

Google Search

I'm Feeling Lucky

Advertising Business About

Privacy & Terms Settings



SENSITIVITY ANALYSIS

Best Case

• **\$25.4M NPV**

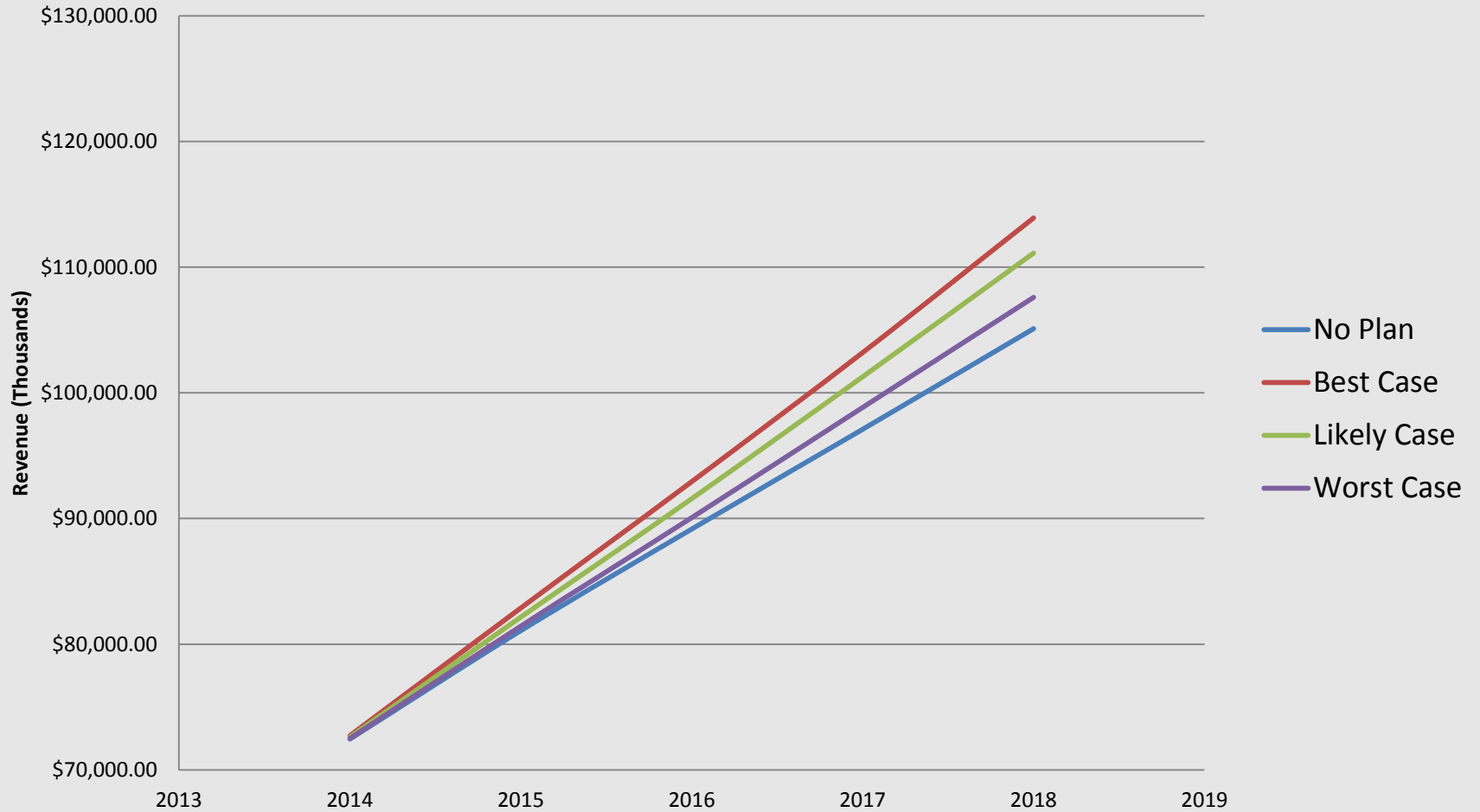
**Expected
Case**

• **\$17.4M NPV**

**Worst
Case**

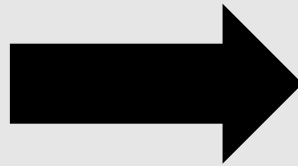
• **\$9.5M NPV**

ecoATM Projected 4-Year Revenue



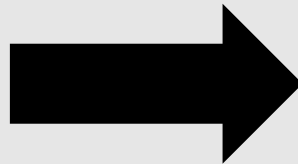
RISKS + MITIGATION

Public Perception
Changes Slowly



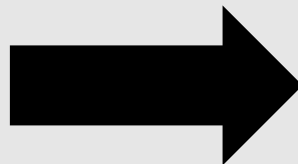
- Strong awareness strategy
- Working with local law enforcement

Overestimating Demand



- Large market
- Unique position

Working with GSMA



- Proven ability to work w/ others
- Purpose is to work cooperatively

ecoATM

IS EVOLVING.

LET'S TAKE A MOMENT TO

RECAP.

- GSMA database
- LabVIEW upgrade
- Employee preparation
- Market outlook
- Improved branding
- Search engine optimization

1/5 own a
smartphone

1.3M stolen

1M+ ecoATM

\$17.4M
NPV



Q & A

Theft vs. Sustainability
Chart

Expansion Chart

Existing ecoATM
Locations

Raw Chart Data

Theft Prevention
Benefits

Swot Analysis

NPV Analysis

Kiosk Expansion
Timeline

Potential Venues

GSMA/CTIA
Membership

ecoATM Kiosk Costs

Search Engine
Optimization

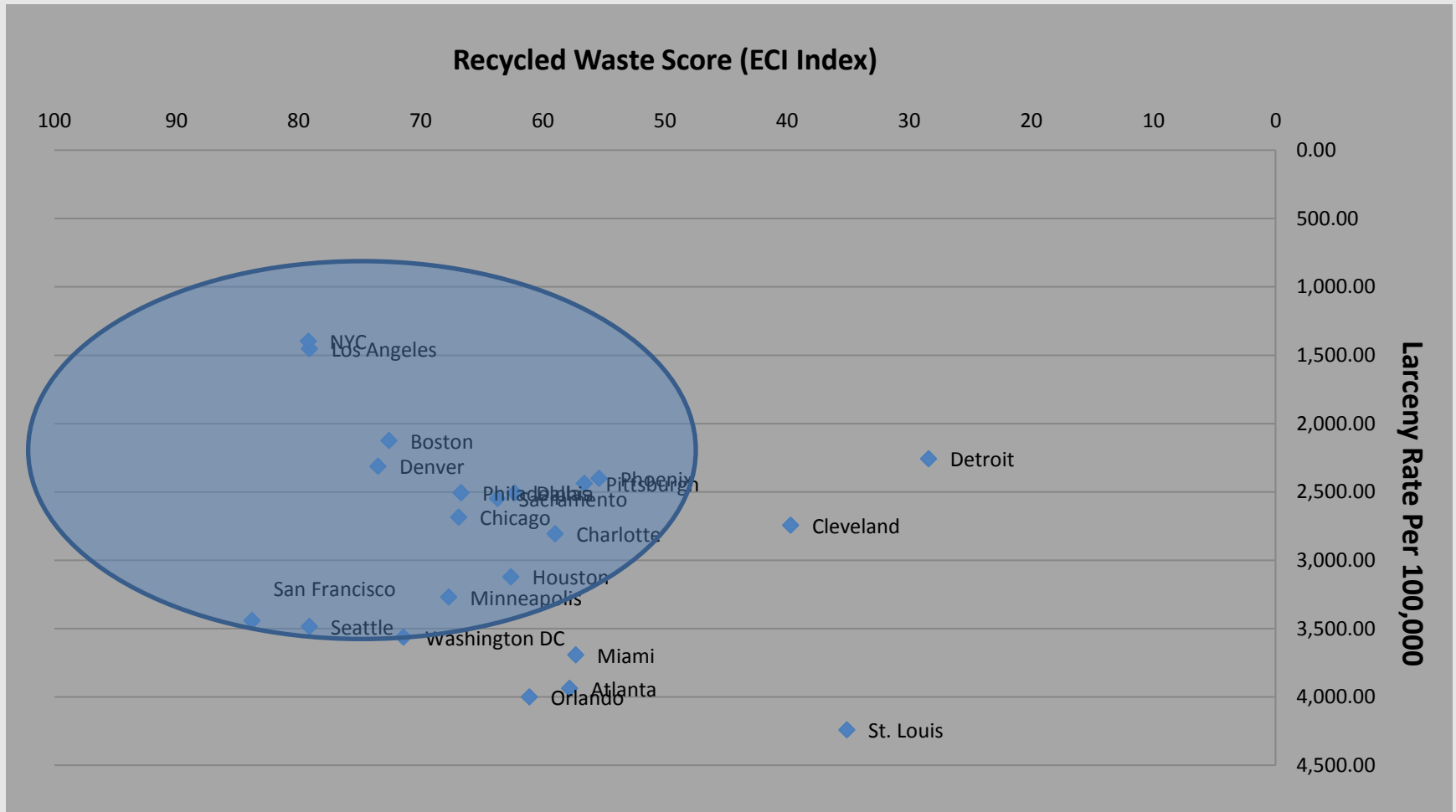
Other Products

Future Projected
Revenue/Growth

HR Training

APPENDIX

Theft vs. Sustainability Chart (by City)



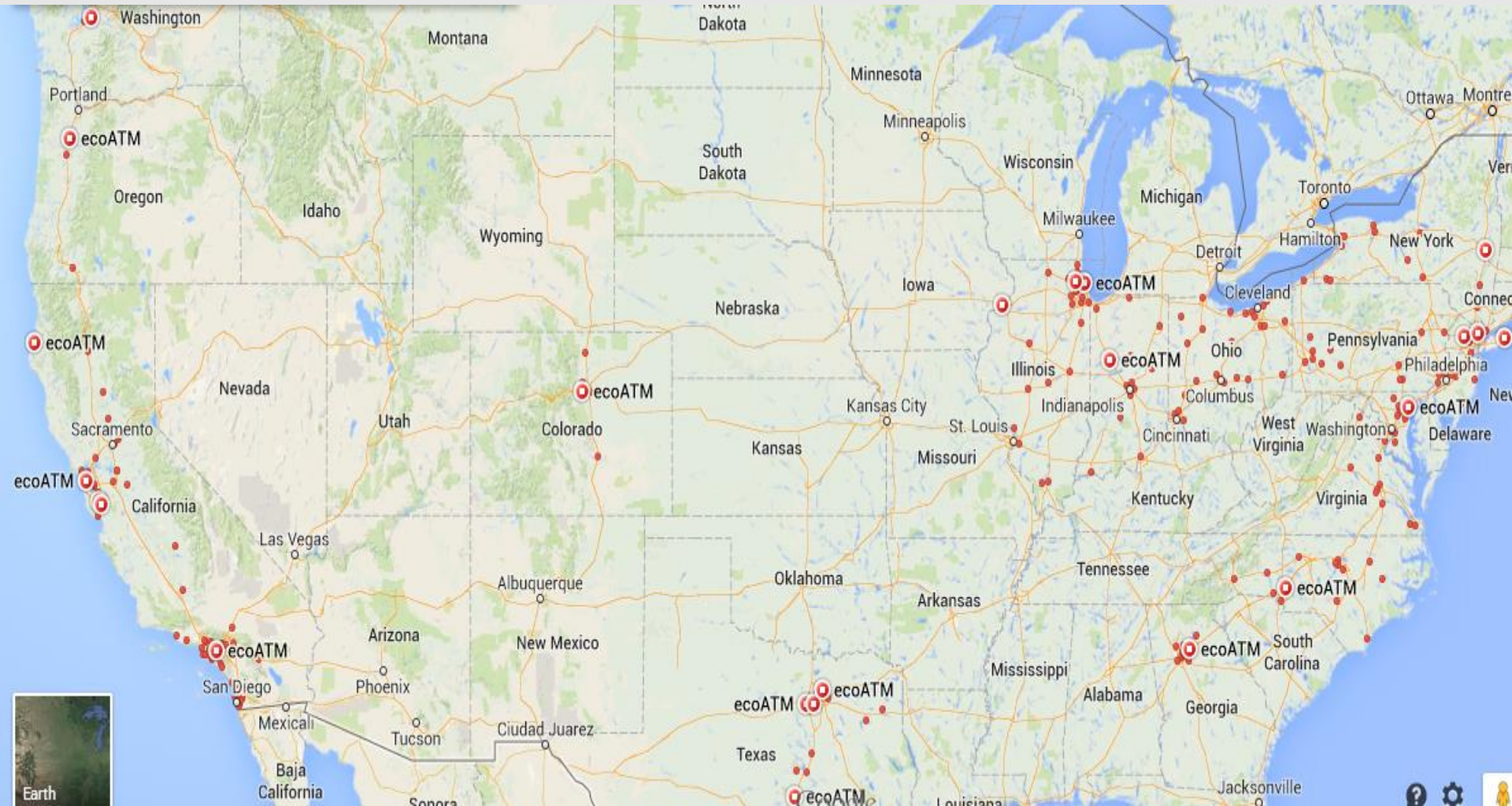
Sustainability Scores Conducted by Economic Intelligence Unit and Siemens, Crime Stats pulled from FBI reported statistics

Expansion Chart



Red = Continue expansion efforts
Yellow = Follow-up efforts (1-3 years)
No color = Wait beyond 3 years

Existing ecoATM locations



Raw Chart Data

City	Recycled Waste Score	Overall Score	Larceny per 100,000
San Francisco	100	83.8	3,442.60
Seattle	83.1	79.1	3,485.90
Los Angeles	81.9	79.1	1,452.80
Minneapolis	72.6	67.7	3,269.80
Sacramento	72.2	63.7	2,548.90
Houston	59.5	62.6	3,122.20
Orlando	58	61.1	4,000.00
Philadelphia	57.6	66.7	2,507.70
Chicago	55.2	66.9	2,684.90
Boston	54.7	72.6	2,124.80
New York City	53.1	79.2	1,398.60
			2,313.90
Denver	51.9	73.5	
Washington DC	44.8	71.4	3,564.20
Dallas	41.8	62.3	2,508.80
Charlotte	40.9	59	2,806.20
Phoenix	40.5	55.4	2,401.70
Atlanta	29.6	57.8	3,938.30
Miami	28.4	57.3	3,693.90
St Louis	26.6	35.1	4,242.70
Pittsburgh	25.5	56.6	2,438.20
Cleveland	22.2	39.7	2,744.70
Detroit	0	28.4	2,258.30

* Sustainability Scores Conducted by Economic Intelligence Unit and Siemens, Crime Stats pulled from FBI reported statistics

KIOSK EXPANSION TIMELINE



January 2015: 1300 kiosks nationwide

January 2016: 1700 kiosks nationwide

January 2017: 2050 kiosks nationwide

January 2018: 2400 kiosks nationwide

January 2019: 2700 kiosks nationwide

POTENTIAL VENUES:

TOP RETAILERS IN THE U.S.

Top Retail Stores

Wal-Mart - #1

Target - #3

Walgreen's - #6

Safeway - #9

Macy's - #14

Staples - #31

Whole Foods - #35

IKEA - #95

Other mentions:

Starbucks (#229 in fortune 500)

SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> • Cash back – strong incentive • Fast, efficient system • Charitable causes • Technology trend 	<ul style="list-style-type: none"> • Lack of direct security knowledge • Employee training • High accessibility w/o interaction • Motivation factors for others to steal
Opportunities	Threats
<ul style="list-style-type: none"> • Rebranding image – encouraging security and safety • Becoming proactive community members against this issue • Adding on several security layers 	<ul style="list-style-type: none"> • Gazelle.com • Swappa.com • iCracked • TechPayout • Usell.com • Best Buy • Major Cell Carriers

HR TRAINING

- Increased Training Preparation
- Increased Staff
- Easier Communication Access
- Continuous Evaluation & Improvements

ADDITIONAL PRODUCTS

- Similar procedure
- “Activated” acceptance
- Cross-referenced with database
- Stored separately and denied if stolen



Theft Prevention Benefits

% of Stolen Phones	2013 Phones Bought	Total Stolen Phones	90% Return Rate	Avg Price for iPhone
1/1,500 =.067%	1,333,333	893	800	\$175.00

Total Yearly Loss: \$140,000

As a Proportion of total Revenue: .22%

ecoATM Kiosk Cost

- Payback in 18-22 months
- \$100,000 annual Revenue - \$8,333.33
- Cost between \$149,999.94 and \$183,333.26

GSMA Membership

Annual Revenue in US\$	Annual Contribution in GBP	
0 < 50 million	9,900	
50 - 100 million	14,500	
100 - 250 million	24,500	
250 - 500 million	49,500	
500 - 700 million	74,500	
> 700 million	99,000	\$164,706.30

Note revenue figure is required in US\$ and the contribution is charged in GBP

CTIA Membership

- Supplier Member
- Revenue Multiplier: .0001258
- Dues: $2,300,000,000(.0001258) = \$289,340$

Search Engine Optimization

- Project Team: \$2,500 – \$5,000 Monthly Retainer
- \$30,000 – \$60,000 Annual Retainer

Billboard Promotion

- Initially 20 billboards within proximity of kiosks in large metropolitan cities
- Average Monthly renting price: \$5,000
- Initial Billboard Cost: \$100,000

RedBox Utilization

- 42,000 RedBox machines
- Low-cost single page signs
- ~\$210,000

- Digital Advertisement: Free

Future Projected Revenue (Mill \$)

Year	Without Project	Project-Best Case	Project-Likely Case	Project-Worst Case
2014	72.45	72.74	72.62	72.53
2015	81.08	82.88	82.16	81.62
2016	89.16	92.94	91.58	90.45
2017	97.09	103.20	101.28	99.44
2018	105.10	113.92	111.12	108.47

Future Projected Growth

Year	Without Project	Project-Best Case	Project-Likely Case	Project-Worst Case
2014	13.37%	15.03%	14.36%	13.87%
2015	10.38%	12.55%	11.68%	11.03%
2016	9.31%	11.46%	10.87%	10.22%
2017	8.24%	10.38%	10.06%	9.41%
2018	8.24%	10.38%	9.52%	8.88%

Net Present Value

(\$ MILL)	Year 1	Year 2	Year 3	Year 4	Year 5
Best Case	.45	2.78	4.83	7.21	10.12
Likely Case	.35	2.09	3.38	4.87	6.73
Worst Case	.27	1.58	2.29	3.12	4.19

	NPV
Best Case	\$25,394,663
Likely Case	\$17,419,654
Worst Case	\$11,465,319

Comparable Growth Rates

- “Coinstar, which exchanges loose change for gift cards, grew by 8.4 percent to \$80.7 million, driven by a price hike.”
- “The company expects Redbox’s annual revenue to grow in the 4 to 7 percent range over the next few years, down from its previous growth projection of 8 to 16 percent.”

http://seattletimes.com/html/business/technology/2022854068_outerwallearnings.xml.html

Plans to Monitor

- Work closely with law enforcement to monitor stolen phone purchases
- Use market research to keep an eye on public opinion
- Meet with GSMA representatives to discuss improvements to system