

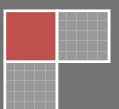
2010
FBA

Monetizing Anticipation “The Live Event”

THE INNOVATIVE “FORWARD MARKET” FOR
TICKETS, GOODS, AND SERVICES ENABLES
INNOVATIVE DISTRIBUTION STRATEGIES AND
STRENGTHENS RIGHTS HOLDERS’ BRANDS

INTRODUCING THE DIBZ PLATFORM

2010 FBA



**IT'S ALL ABOUT
ANTICIPATION...**

In the 2010 BCS National Championship at the Rose Bowl, the Alabama Crimson Tide faced the undefeated Texas Longhorns. Although they were significant underdogs in almost all polls, the Longhorns were confident that, under the leadership of their star quarterback Colt McCoy, they would prevail - as they had in 2006 with Vince Young at QB - to win their fifth national championship. For any self-respecting Longhorn fan, a ticket to the big game in Pasadena was a “must.” Naturally, face-value tickets were impossible to find since they were strictly allocated to a select subset of season-ticket holders, teams, advertisers, and other elites. Average fans were forced into the secondary market where inflated prices reached well into the thousands of dollars.

Determined fans with ample discretionary income made their high-dollar purchases as the game drew near. They scrambled to change work schedules, find flights and accommodations, and make their way to sunny Southern California. Unfortunately, as is so often the case, the game itself was a huge letdown. Under a star-filled sky, the Longhorns were edged by the Crimson Tide – after McCoy’s night ended early with an arm-paralyzing hit in the second quarter. Alabama went on to the win - a costly and forgettable experience for Texans everywhere.

The fact is, from a psychic/emotional standpoint, the *anticipation* prior to a major event is often more rewarding to the ticketholder than the actual event itself. The assurance of knowing they will be able to attend – weeks or months in advance – can create lifetime bonds among seatmates and fellow attendees that are intrinsically tied to their shared enthusiasm for their favorite teams. The anticipation strengthens family, personal, and business relationships and creates opportunities for shared experiences that far transcend the actual event.

**MAKE THE
CONNECTION,
CAPTURE MINDSHARE...**

Traditionally, this anticipation has been an untapped resource for “Rights Holders” - those who produce live events or deliver other highly sought goods and content. Instead, this fan/consumer passion is now being controlled and leveraged by *others* – primarily in the secondary market. However, the emergence of new “**FORWARD MARKETS**” is creating a series of innovative opportunities for Rights Holders to “**monetize anticipation**” and generate new revenue streams while enhancing relationships with their most avid supporters and customers. Every Rights Holder wants to establish a connection to their customers – early and often.



For 10-plus years, major brands have strived to leverage the Internet to capture and strengthen relationships with customers and build mindshare. In large measure, however, the true power of the Internet – as both a powerful distribution channel and vehicle for building and strengthening the brand - has suffered erosion from agile and clever secondary markets. For Rights Holders to optimize brand value and realize economic gain, that dynamic must change.

THE PRIMARY MARKET:
RIGHTS HOLDERS KNOW
IT ISN'T SIMPLE
ANYMORE...

Traditional methods for introducing and distributing tickets are fundamentally broken – thanks to “moment-in-time” allocations when all tickets go on sale to the general public at a single pre-arranged time. Although pre-sales (for fan club or premium buyers) have been one response from Rights Holders, these pre-sales still create heated competition among the most passionate fans – precisely the buyers with whom Rights Holders should seek to build their strongest relationships. In the past, we’ve seen music, sports, and movie fans lining up days or weeks in advance of an on-sale date in hopes of securing highly sought tickets. However, there are a series of familiar drawbacks to that brute-force method.

Massive Inconvenience – The traditional moment-in-time mode of ticket distribution is incredibly costly to consumers in terms of time and sacrifice. Few “regular” consumers can devote days to sleeping on sidewalks to secure playoff tickets or great seats for popular concerts and shows. Even telephone purchases require time, well-planned efforts, repeated dialing, and luck.

Random Allocation – Successful consumers have little control over dates or seat selection. Consumers are all treated as ambiguous equals, overlooking variances in interest and ability to pay.

Cost - Primary-market sellers, venues, promoters, and other stakeholders make massive infrastructure investments to support the processing peaks of moment-in-time ticket distributions.

No Value to Rights Holder – Moment-in-time allocations deliver no upside to the Rights Holder. The process is considered little more than “the way it’s always been done” – a low-risk/low-reward approach.



THE INVASION OF THE
INTERNET: ITS IMPACT
ON THE PRIMARY
MARKET...

While Internet distribution has largely eliminated the dangerous and counterproductive multi-day “sidewalk vigils” by devoted fans, the Web has simultaneously created far greater difficulty by aggregating a massive number of global buyers – many with purely speculative motives – seeking to purchase strictly limited numbers of tickets and turn their purchases into immediate profit via Internet-enabled secondary markets.

Tickets for the 2008 Olympics and the Colorado Rockies in the 2007 World Series are just two recent examples of how volumes of buyers – hundreds or thousands of times larger than the volume of tickets available – all converge to “crash” an on-sale moment in time. These would-be buyers have no relationship to the content or the brand. They are merely responding to the equivalent of a digital billboard offering free money at 10 a.m. EST. In most instances, a vast majority of these tickets are resold at greatly inflated rates, creating public relations problems for artists and Rights Holders.

One prominent example of how the Internet makes things dramatically worse in the primary market was the well-publicized case of Disney’s 2007 Hannah Montana concert series. In this debacle, paying fan-club members – people with a huge passion for and connection to the brand - were crowded out of pre-sales events by huge numbers of scalpers – some using hastily purchased fan-club memberships, others using sophisticated computer programs – who swooped in to snatch huge volumes of tickets. Thousands of angry parents were forced into a wildly inflated secondary market, leading to ugly publicity, talk of lawsuits – and, most importantly, ruptured relationships with people who should be the artist’s biggest supporters. In a form of “brand jiu-jitsu,” the Internet primary market turned fan passion and brand connection into negative feelings and attitudes.



THE EMPOWERMENT
OF CONSUMER
GREED: THE RISE OF
THE INTERNET-BASED
SECONDARY MARKET...

In many ways, the Internet has fueled the rise of an unexpected phenomenon that continues to vex performers and Rights Holders: the secondary market. No longer is “scalping” limited to hustlers outside a venue, seedy walk-up windows, or cryptic classified ads. In fact, in the past several years, most states have eliminated or dramatically watered down anti-scalping laws and regulations.

As a result, the Internet-empowered secondary market – a phenomenon that didn’t even exist 10 years ago - has fueled a “empowerment of greed.” Anyone fortunate enough to get highly sought tickets at face value can convert those tickets into “true-value” revenue in the secondary market. (Even more remarkably, they can do so without income tax consequences.)

Unintentionally, the Internet-enabled secondary market has negatively impacted Rights Holders’ control over core assets – namely, tickets. For instance, traditionally coaching staffs, players, sponsors, boosters, and season ticket holders were expected to use tickets on their own behalf. These ticket holders were far less inclined to participate in less-reputable scalping channels. But now, they are able to easily access profitable gains at low risk in the invisible Internet secondary market.

Today, whether it’s the structured exchange of StubHub, the arranged auctions of eBay, or the “Wild West” of Craigslist, it’s the extremely robust secondary markets that are monetizing the distributed rights that were intended for Rights Holders. Consumers can make online purchases in seconds – provided they are willing to pay prevailing market prices and, in some cases, accept slightly elevated risks of fraud. For several years, Rights Holders have watched this secondary market from the sidelines, largely powerless to capitalize on the lost revenue it represents and unable to monetize the hard work they put into building a brand and making a connection with buyers. They don’t capture the true value of their tickets sold.

For instance, ticket prices to popular college football bowl games are determined well before the participating teams are even known. In early December, the announcement of participating teams sets off a frenzy in the secondary market, as uninterested ticketholders of non-participating schools – again, those without a brand connection or relationship with the event – gather the reward once ticket rights in the primary market are established. For those operating secondary markets, this is like shooting fish in a barrel.



In some cases, artists and Rights Holders have engaged in limited, formalized secondary-market activities, such as premium auctions or “experience” packages that combine seats with travel/accommodations, parties, and gift premiums. However, in most instances, artists are reluctant to aggressively pursue secondary-market opportunities because of the unpleasant optics associated with charging significantly higher prices and the appearance of price gouging.

The fact is, Internet-based distribution of tickets to live events has undergone a massive revolution and is forcing Rights Holders to radically rethink how they strategically use distribution to meet their brand and product goals. Only a few years ago, sports leagues were vehemently opposed to secondary-market resales. Today, many of them are active sellers in those channels.

But that’s not hypocrisy - or is it? It’s simply responding to the realities of a very fast-changing market: the world of distribution is nowhere near the same proposition that it was even five years ago. Rights Holders – the ones who’ve staked their entire business in developing the content and building their brand - now have alternatives that provide innovative new ways to reclaim their ability to monetize anticipation. By doing so, they enhance the passion for their brands that strengthen their customer relationships and provide long-term brand value.

DISTRIBUTION ORDER
RESTORED:
INTRODUCING THE
FORWARD MARKET...

Passionate fans need a new way to affordably access the live events that they desire. And Rights Holders need creative and innovative ways to monetize this anticipation and passion. The vehicle for aligning these interests is the ***FORWARD MARKET*** – an online marketplace where consumers acquire and trade advanced rights to coveted, contingent events that fascinate them most.

In its simplest form, in the *FORWARD MARKET*, the Rights Holder allocates a certain number of tickets to each team eligible for a postseason event (such as the NBA Finals) for which fans can purchase a “DIBZ”™ – a rights-based instrument – an option - to acquire a ticket at face value if the team of their choice qualifies for the event.

The *FORWARD MARKET* enables the Rights Holder to aggregate and monetize pent-up interest and anticipation by selling DIBZ (that carry the duty) to purchase tickets at face value.

For the buyer, the DIBZ is, in effect, a “hedge” against the uncertainty of acquiring tickets later through the primary or secondary market. The non-refundable price of the DIBZ is paid in exchange for the possibility that his



purchase expires worthless if the event does not take place (e.g. his chosen team does not play in the bowl game).

What's more, when the limited allotment of DIBZ for an event are sold out, the *FORWARD MARKET* becomes its own secondary market as DIBZ are bought and sold by DIBZ holders (fans). The Rights Holder then aggregates additional revenue through transaction fees.

EVERY KIND
OF CONTENT
IN EVERYONE'S HANDS...

There are a range of different types of *FORWARD MARKETS* that present different dynamics and offer different opportunities.

Contingent Markets – This is a *FORWARD MARKET* for events that may or may not happen. If the variables occur (e.g. the DIBZ holder's team reaches the championship game), the fan has the right and obligation to purchase the ticket at face value. For instance, if USC and Ohio State qualify for the BCS National Championship Game, holders of USC or Ohio State BCS National Championship Game DIBZ receive tickets at face value. DIBZ for other contingencies (e.g. every other NCAA team) expire worthless.

Fixed Markets – In a fixed market, the DIBZ holder has a forward right to content or goods prior to their general availability, which is non-contingent. For example, a consumer could buy a forward right for the upcoming release of a next-generation Nintendo Wii console. These fixed markets provide convenience for the harried consumer as well as ensuring “bragging rights” – one of the ultimate goals of the early adopter.

Predictive Markets – Today, many products and services enter the market backed by only the vaguest assumptions about consumer demand. The manufacturer (or artist) produces the product – but without certainty. A *FORWARD MARKET* enables the Rights Holder to aggregate demand ahead of production and determine whether to produce additional content. For instance, a popular band may contemplate a U.S. tour, but is unsure which 30 cities to book. It could offer a *FORWARD MARKET* for 100 cities and see which ones draw the largest number of DIBZ purchases (as well as the prices paid in subsequent DIBZ trades). To maintain good relations with DIBZ holders in “losing” cities, the tour promoter might offer a full refund or a discount or pre-sale opportunity in the nearest city that is booked. Collectively, this information – backed by genuine consumer transactions – is credible evidence of strong demand, minimizing risks of half-empty arenas and maximizing revenue for the tour.



Earned Allocation – Rights Holders want to strengthen relationships with their strongest fans/customers. Rather than simply reward the first consumer lucky enough to connect over the Web to a purchase site, a continuous allocation paradigm bestows rights and privileges based on desired behaviors – such as collecting points from soda caps, joining fan clubs, previous ticket or merchandise purchases, and more.

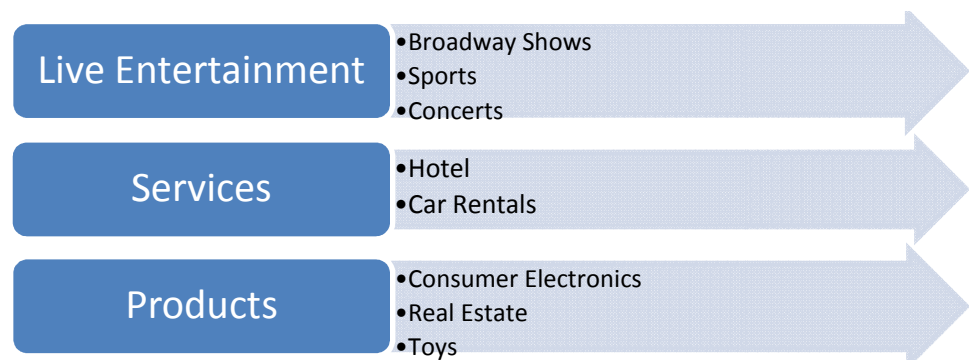
INTRODUCING
TTR'S *DIBZ PLATFORM*

Through a vast portfolio of patented intellectual property and innovative technology, TTR's *DIBZ PLATFORM™* is the only technology for *FORWARD MARKETS* for advanced access to tickets, goods, and services. The *DIBZ PLATFORM* is an innovative exchange technology that combines the powerful content of tickets and other highly sought goods and services with the consumer-directed sales and exchanges found in popular auction sites. The *DIBZ PLATFORM* offers Rights Holders:

- A Web-accessible “bid/ask” electronic marketplace
- A proprietary rights-based instrument – the DIBZ™
- A secure, liquid, neutral, and transparent market
- A cost-efficient platform for both owners' and fans' convenience and predictability

TTR works directly with Rights Holders to place an allocation of tickets for sale in the *DIBZ PLATFORM FORWARD MARKET*. TTR does not cannibalize from the primary market because the full face value of the ticket is paid by the consumer if the event takes place. Instead, the Rights Holder monetizes *even the possibility* of the event and receives incremental revenue (in the form of DIBZ purchases and DIBZ-trading fees) above and beyond any and all ticket sales.

When a consumer holds an “in the money” DIBZ, he achieves significant savings over secondary-market prices and has the peace-of-mind that comes from the assurance that if his team makes it to his desired event, he can attend at face value.





PROPRIETARY
& POWERFUL
DEPLOYMENT MODELS...

Rights holders can take advantage of TTR intellectual property and *DIBZ PLATFORM* technology through a variety of innovative deployment models and service plans that range from shared back-end services to complete technology autonomy.

Shared Back-End Services – In this model, the TTR’s *DIBZ PLATFORM* comes with a variety of TTR Platform Services to help manage and host your forward markets - but always under the right’s holder’s brand. All money goes directly to the Rights Holder for later reconciliation with TTR.

Autonomous License – The *DIBZ PLATFORM* resides on the Rights Holder’s website. The Rights Holder pays a software licensing fee for TTR technology.

Benefits for Rights Holders

- > New and recurring revenue stream
- > New insights into target markets
- > Greater fan/customer interest and excitement
- > Capture revenue lost in secondary market
- > Cross-sell/up-sell opportunities
- > Rapid deployment

Benefits for Fans

- > Advance access to premier content
- > Greater fan empowerment
- > An enhanced ability to enjoy the anticipation of a highly desired event
- > Secure, reliable transactions
- > Avoid the disadvantages of secondary market
- > An entertaining user experience
- > A "beat-the-system" gratification

THE MONETIZATION
MULTIPLIER...

To get a better sense of how TTR can monetize pent-up demand and anticipation for a highly sought event, consider a common scenario involving the NCAA Men’s Basketball Championship using the following assumptions:

- 330 Division I-A teams.
- Four rounds
- 2,500 tickets allocated per team, per game.
- That creates a total of 3.3 million DIBZ.



The opening price for DIBZ will vary, of course, based on proprietary algorithms while post-opening prices are 100 percent market-driven. DIBZ for upper-tier basketball powers likely carry higher prices. Even with modest DIBZ “strike” prices and DIBZ-trading volumes, the *FORWARD MARKET* for a fraction of seats can generate incremental revenue well into the tens of millions of dollars.

It’s a similar story for the NCAA football championship. Setting aside a mere 5,000 tickets for a *FORWARD MARKET* can be a lucrative proposition. For instance, issuing 2,500 DIBZ (at a price ranging from \$15-\$150, depending on the school) for 119 Division IA football schools and providing a market exchange can generate incremental revenue of millions of dollars per bowl game.

INTERACTIVE
ENTERTAINMENT:
ISN'T THIS WHAT
THE WEB IS ALL ABOUT?...

The purchase and trading of DIBZ, while clearly being understood as a means to an end, additionally entails for Rights Holders the compelling benefit of connecting with and capturing positive user experience during passionate moments. As fans engage in DIBZ transactions - acquiring, owning, and/or trading a DIBZ - they experience interactive entertainment that complements the brand. For many fans, DIBZ trading provides bragging rights, a novel way to “beat the system,” and a cross-selling juggernaut.

Rights Holders that engage fans in a *FORWARD MARKET* and build an ongoing connection inevitably “invent” new and creative markets and stimulate user-generated content. Beyond a DIBZ market for USC in the BCS National Championship, aren’t there also DIBZ markets for USC’s opening day of practice, memorabilia, and almost everything associated with the program? DIBZ markets become the leading interactive connection for Rights Holders and their media partners.



THE MEEK SHALL INHERIT
THE EARTH -- BUT NOT
THE MINERAL RIGHTS...

Distribution is undergoing a radical transformation – and the *FORWARD MARKET* is rapidly becoming an attractive option for Rights Holders because it helps them reassert their primary role as the content owner. Unlike secondary markets – a distribution channel with very unappealing optics – the *FORWARD MARKET* complements and enhances their massive investments in building, enhancing, strengthening, and extending – and in many instances, recapturing - the value of their powerful brands.

In many intangible ways, anticipation is more enjoyable than the actual event itself. With highly sought events, prestige brands/products, and unique fan/consumer experiences, Rights Holders are sitting on untapped reservoirs of revenue they can monetize by redefining when their content begins to exist - even if it's only on the drawing board. A TTR *FORWARD MARKET* has the potential to strengthen the bonds between Rights Holders and their most important customers and fans.

Just as important, fans will find that long-term anticipation gives them even stronger relationships with friends, family, college roommates, and business colleagues who enjoy a locked-in opportunity to attend once-in-a-lifetime events. The advent of the *FORWARD MARKET* translates into unprecedented opportunity for Rights Holders and consumers to achieve new market efficiencies through optimized revenue and optimized access to desired content.



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