

Strategic Partnership Opportunity



A RARE OPPORTUNITY TO PARTNER WITH
AN AWARD-WINNING SOFTWARE COMPANY
THAT'S POISED FOR EXPONENTIAL GROWTH



WHAT MAKES US DIFFERENT?

The Turning Point provides an intelligent SaaS solution that, by integrating all aspects of the sales and marketing process in a unified rules-based engine, goes far beyond any conventional CRM. The system supports the specific needs and distinctive roles of corporate managers and sales executives in creating and efficiently maintaining productive business relationships, delivering both enhanced profitability and a satisfying user experience.

EXECUTIVE SUMMARY

The Turning Point, Inc. (TTP) is an Arizona-based software company that has created, developed and successfully implemented a highly innovative web-based technology. The company's "Business Opportunity Engine" automates how information is collected, analyzed and used to identify, capture and maximize sales opportunities in ways that are targeted, timely, secure, compliant and measurable. Delivered as a "Software as a Service" (SaaS) application, currently the hottest area in the world of software, TTP's groundbreaking technology thereby allows companies of all types and sizes to "get more done with less" – a quest that has become more urgent than ever in today's challenging environment.

The system – and the highly profitable business model it supports – have already been tested and proven in the US mortgage industry. In addition to receiving acclaim from its many loyal users in that industry, TTP has established a powerful brand presence and a reputation for technological and thought leadership. This reputation was enhanced in October 2008 when the company was presented with a major national technology award for "having an exponential impact on mortgage lending". Now, by taking the same technology into multiple sectors and territories, TTP is poised for exponential growth. The company is offering a strategic partnership opportunity to parties interested in supporting the development and exploitation of this growth potential.



BRIEF HISTORY

TTP was founded in August of 1995 by Judy and Stephen Margrett, whose vision was to create the ultimate technology-based Business Opportunity Engine. The vision sprung from Stephen's extensive schooling in one-to-one marketing and his twenty years of achievement in the UK and Europe, where he is an acknowledged leader in "relationship marketing". The Margretts decided to implement their technology and business model in the US mortgage industry, where Judy has been a well-known figure since 1981.

To achieve their ambitious vision for TTP the Margretts assembled a dedicated team of experienced specialists, not only in the area of system design and development but also in marketing and production. A rigorous development process yielded an early prototype of the Business Opportunity Engine in July of 1998, which became the foundation for TTP's success in the mortgage industry. Building on this success and taking advantage of the many technological advances during the intervening years, a complete system re-design was begun in mid-2005. Following many months of beta-testing, this brand new system was launched into the mortgage industry as Mach3 in November of 2007.

MACH3 TODAY

Exactly what is this technology and what makes it unique? CRM (Customer Relationship Management) is certainly a part of it – but Mach3 is more than a conventional CRM. So-called “continuity programs”, including automated e-mail marketing, are also components of Mach3 – as are contact management, on-demand campaign implementation and real-time reporting. But Mach3’s synergistic approach to creating and maintaining profitable business relationships is more than all of these things.

The distinction is that, by pulling together and integrating these functions into a robust browser-based solution flexible enough to serve a variety of organizational cultures, Mach3 presents the first-ever comprehensive model of the sales and marketing process, including:

Intelligent Analysis. Mach3 is not a mere data depository. Its rules-based intelligence analyzes and interprets the data, doing much of the user’s thinking for them.

Contact Management. This “active intelligence” enables rapid response to opportunities for referrals, repeat sales and cross-sales as market conditions change.

Activity Creation. In only 2-3 minutes Mach3’s online tools allow users to create their own marketing activities – also to store and manage them in a custom library.

Automated Execution. TTP owns and manages its own sophisticated Production Center to ensure affordable, fast and secure fulfillment of campaigns in all media.

Performance Tracking. Mach3 dynamically monitors the value of key database assets as well as the user’s return on investment from specific campaigns or activities.

What’s more, unlike some applications positioned in the same general category, Mach3 presents corporate-level executives with sophisticated tools for more effective management of the sales and marketing process, including:

Strategy Development. Mach3’s analytics deliver mission-critical metrics that lay a firm foundation for focused business planning and better decision-making.

Resource Allocation. With superior information about where business is coming from, managers are able to make more profitable use of both human and financial resources.

Real-time Oversight. The system allows managers to view events at lower levels in the corporate hierarchy and provides a complete audit trail of who did what and when.

Compliance and Control. Mach3 features robust security protocols that reflect corporate brand guidelines and ensure compliance with legal and regulatory requirements.

Measurement/Accountability. Mach3’s dynamic dashboard enables corporate-level executives to hold sales managers and representatives accountable for their results.



Mach3 Home Page



Data Management



Activities Library

GROWTH OPPORTUNITY

Looking beyond TTP's success with Mach3 in the US mortgage industry, there is clearly an exponential growth opportunity for replicating this success in other business sectors. Banking, insurance, real estate, financial services and professional services come readily to mind – plus multi-level marketing, pharmaceuticals, luxury vehicles, boats, domestic appliances, non-profits and numerous business-to-business applications. The flexibility of the Mach3 model means that TTP's technology also readily lends itself to customization to overseas markets.

"Global CRM license sales will grow 9% annually through 2012, reaching \$440 million", according to Datamonitor (March 2008). A growing proportion of this total will come in the form of SaaS applications such as Mach3. Saugatuck Research (May 2008) predict that "by 2012 70% or more of businesses with greater than 100 employees will have deployed at least one SaaS application." What's more, "15-20% of independent software vendors have already either begun new initiatives or gained access to SaaS assets and development experience through M&A activity. However, over the next 12-24 months we expect this number to rise dramatically, as a tougher economic climate will only exacerbate an already challenged on-premise and traditional perpetual license model."

The strategy for capitalizing on this growth opportunity depends on a prospective partner's objectives and TTP's business model offers great flexibility in this regard. For example, one possible (and attractive) way forward would be to transfer the technology to a new holding company and then to set up a "brand" to service each specific sector and territory. These brands would maintain only the product skin appropriate to the respective market and would license the core technology from the holding company. In due course each of these brands would grow in value and could be sold off at a considerable profit.



SPRINGBOARD FOR SUCCESS

The following points summarize the core strengths of The Turning Point:

- TTP has created a highly innovative SaaS technology: the ultimate web-based "Business Opportunity Engine".
- The technology has a proven deployment and impressive track record in the US mortgage industry.
- This success is quickly and easily replicable in many other industries and territories.
- Strong management in key areas such as system development and production.
- Favorable financial model: high-margin price structure and very lean fixed cost base.
- Patent pending that provides "broad intellectual property protection for the powerful and unique aspects of the revolutionary Mach3 system".

To request a personal demonstration of Mach3 and explore options for creating a strategic partnership with TTP, please contact Stephen Margrett at stephen.margrett@turningpoint.com.

MACH3™
Business Opportunity Engine

THE EXCITING FUTURE FOR SaaS

Mach3 is set to ride the rapidly growing wave of interest in “Software as a Service” (SaaS) technology. All the evidence and expert opinion suggests that SaaS is going to enjoy a very bright future.

The excitement stems from the growing realization of SaaS’s extraordinary benefits, in contrast to traditional installed software, which are proving attractive (even irresistible) across a wide range of business sectors. These benefits include, but are not limited to:

- Low up-front cost
- Rapid implementation
- Minimum risk of failure
- Ease-of-use (“point and click”)
- Quick bug fixes / constant upgrades
- No need for special computing skills/training
- Management control / customizable access rights
- Enhanced spend management
- Enhanced operational efficiency
- Management of regulatory compliance
- Third-party integration / easy flow of data between systems
- Accessible from anywhere there’s an Internet connection

Saugatuck Research is predicting a SaaS “adoption tsunami” – as reported by Phil Wainwright on ZDNet (April 27, 2007) – with “adoption rates of 60-75% by 2010.”

“The cloud opportunity”, according to Merrill Lynch (May 2008), “is potentially \$95 billion, or roughly 12% of the total worldwide software market, within five years.”

“One favorite is Salesforce.com. They’re really the leader of on-demand software, in which, in a nutshell, you basically log in, go online, and the software’s all there. Earnings are soaring, huge clients are coming onboard and growth is accelerating.” - Mike Cintolo, Vice President of Investments at Cabot Heritage Corp. (Wall Street Reporter, August 6, 2008).

“Recession Proof Software? Try SaaS, managed services and open source. Conventional wisdom says software as a service (SaaS) companies like Salesforce.com and NetSuite will perform well during a recession. I wouldn’t go quite that far. But I do believe technology investors should focus on three markets in 2008. They are SaaS, managed services and open source.” - Joe Panettieri (Seeking Alpha, January 15, 2008).

“We’ve come full circle,” says Tracy Lefteroff, global managing partner at PricewaterhouseCoopers. “Corporations are investing for strategic reasons, looking for new technology and products that fit their corporate missions.” “It’s a give-and-take, mutually beneficial relationship, like finding a spouse,” says John Park, a partner at the Morgan Lewis & Bockius law firm in Palo Alto, Calif. “But if you’ve got great technology, the Ciscos and Intels of the world will work with you and make concessions.” Edward Iwata (USA Today, May 19, 2008).



TTP WINS TECHNOLOGY AWARD

At a special ceremony on October 19th, during the Annual Convention of the Mortgage Bankers Association in San Francisco, The Turning Point was presented with the prestigious “10X Award” for 2008 by Mortgage Technology magazine.

“The 10X Award is given to a company, product or technology application having an exponential impact on mortgage lending. The Turning Point is recognized for providing technology to identify targeted opportunities and then shape these opportunities into exponential business instead of one-off loans. Instead of equating one customer to one mortgage, The Turning Point’s Mach3 helps lenders broaden their perspective and see every customer as a constant revenue stream.”

IN THE PRESS

Recently published articles by or about TTP include the following:

Goodbye, CRM: Maximizing Customer Value
– Stephen Margrett
Secondary Marketing Executive (August 2008)

Technology's New Clothes: Brokers can use software-as-a-service systems to improve marketing operations – Stephen Margrett
Scotsman Guide (March 2008)

Riding Out The Storm: Active intelligence in your marketing platform maximizes the value of existing customers and referral sources
– Judy Margrett
Mortgage Banking (February 2008)

Getting Personal: First-person accounts from mortgage professionals – Stephen Margrett
Scotsman Guide (January 2008)

The Turning Point Makes Data Actionable
– Anthony Garritano
National Mortgage News (October 2007)

How To Enhance Modern Marketing Management – Ryan Steinert
Scotsman Guide (September 2007)

Need More Business? Let Technology Help
– Anthony Garritano
Mortgage Technology Tech Niches (July 2007)

PRICING/PROFITABILITY MODEL

As a consequence of the company's lean operating model, TTP's existing price structure already delivers a gross margin of approximately 70% and its low fixed cost base ensures that this translates into a healthy bottom line. Despite this, the company is in the process of revising its pricing model in order to capture an even greater profit opportunity. This enhanced model – including user set-up fees and a hosting subscription – is eminently marketable given the richness of the Mach3 system and TTP's in-house production capability – and it's in line with the established models used by other SaaS vendors.



MANAGEMENT STRENGTH

Although TTP is a relatively small company, it has experienced and talented management in several key areas of its operation:

- Judy Margrett (President) is a significant and popular figure in the mortgage industry, a master networker and sales generator par excellence.
- Stephen Margrett (CEO) is a product design and development visionary as well as an effective leader of those who do the actual work.
- Steve Hicks (CTO) combines an extraordinary technical talent with a business brain that ensures his approach to his work is always commercially sound.
- Julie Quinn (Director, Production and Fulfillment) designed and created the company's state-of-the-art in-house Production Center, which she now manages.
- Janice Cordner (Marketing Director) brings her brilliant design skills and expertise in a wide range of software tools to bear upon TTP's marketing needs.

SPECIALIST EXPERTISE

TTP's technological expertise is clearly reflected in the scope, power and ease-of-use of Mach3. The company's marketing expertise is also considerable and is manifest most obviously in Mach3's extensive library of professionally crafted content. These communications defend the user against competitive threats, build recipient loyalty, address current sales opportunities and drive response to the user's specified media.

INTANGIBLE ASSETS

In addition to its technology per se – and how this differentiates the company from any would-be imitator – The Turning Point's many intangible assets include the following:

- Pricing/profitability model
- Brand recognition
- Management strength
- Current contracts
- Specialist expertise
- Consumer database
- Organizational strength
- Partner integration
- Patents and trademarks
- Relationships and memberships

ORGANIZATIONAL STRENGTH

At the heart of TTP's success lies the combination of its team of talented specialists and its commitment to a rigorous development methodology utilizing state-of-the-art tools. Backing up the client-facing Mach3 system, the company's Production Center ensures reliable and accurate delivery of both printed and electronic output, while at the same time providing significant benefits in terms of cost savings, quality control and data security. The Center employs the most sophisticated hardware and software available, enabling rapid template creation, multi-format data import, intensive personalization, limitless graphics, rapid turn-around and viability of short runs. The Production Center also operates top-of-the-line machinery for in-line folding, drilling, stitching, trimming, inserting, sealing and stamping.

PATENTS & TRADEMARKS

TTP owns numerous registered trademarks – including The Turning Point, Personal Touch, LoyaltyWise, Marketing-Toolbox, You've Got The Power, Mach3 (pending) and Intelligent Marketing Solutions (pending). In addition, the company has filed for a key patent designed to provide "broad intellectual property protection for the powerful and unique aspects of the revolutionary Mach3 system". The claims are specifically directed towards a computer-based apparatus and method for the unique business processes enabled by Mach3, including automated marketing programs, customized client interaction and communications, business intelligence, database management, and more.

Domain names owned by TTP are: www.turningpoint.com, www.theturningpoint.com, www.ttp-inc.com and www.marketing-toolbox.com.

BRAND RECOGNITION

TTP is nationally acknowledged as a leader in the US mortgage industry – with a reputation for excellence second to none. This positive brand recognition has been achieved through a thoughtfully developed and carefully implemented mix of marketing strategies, which are reflected in the company's website at www.turningpoint.com. Acknowledgement of the company's technological leadership has come most recently in its winning of the prestigious "10X Award" for 2008 from Mortgage Technology magazine.



CURRENT CONTRACTS

TTP has more than 1,000 contracts in place with its US mortgage industry clients. Around 80 of these are with corporate (multi-branch) clients of varying sizes, accounting for approximately 5,000 loan originators and for some 80% of the company's revenue.

CONSUMER DATABASE

The Mach3 database contains a total of more than 500,000 loans which, being an extraordinarily rich repository of consumer financial and demographic information, provides almost countless cross-selling opportunities.

PARTNER INTEGRATION

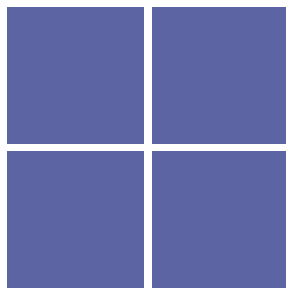
Through an initiative code-named "The TTP Hub", the company is in the early stages of developing a major new revenue stream through partner integration. The objective is to offer third-party providers of complementary services and communications content a plug-in facility for their clients to enjoy Mach3's database management and business analysis tools plus its hands-free production and fulfillment capabilities. The first such integration – with Kroll Factual Data – is complete and others are in process.



RELATIONSHIPS & MEMBERSHIPS

TTP has created powerful relationships with many influential figures in the US mortgage industry – including officers of major trade associations, editors of key periodical publications, nationally-known speakers, leading consultants and coaches, senior management of progressive mortgage companies and owners of companies offering complementary services. In addition and very significantly, The Turning Point has been accorded the rare privilege of Premier Membership of the Mortgage Bankers Association. ■■■

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