Cubic Interactive

An Integrated Advertising and Loyalty Solution

CUBIC | Transportation Systems
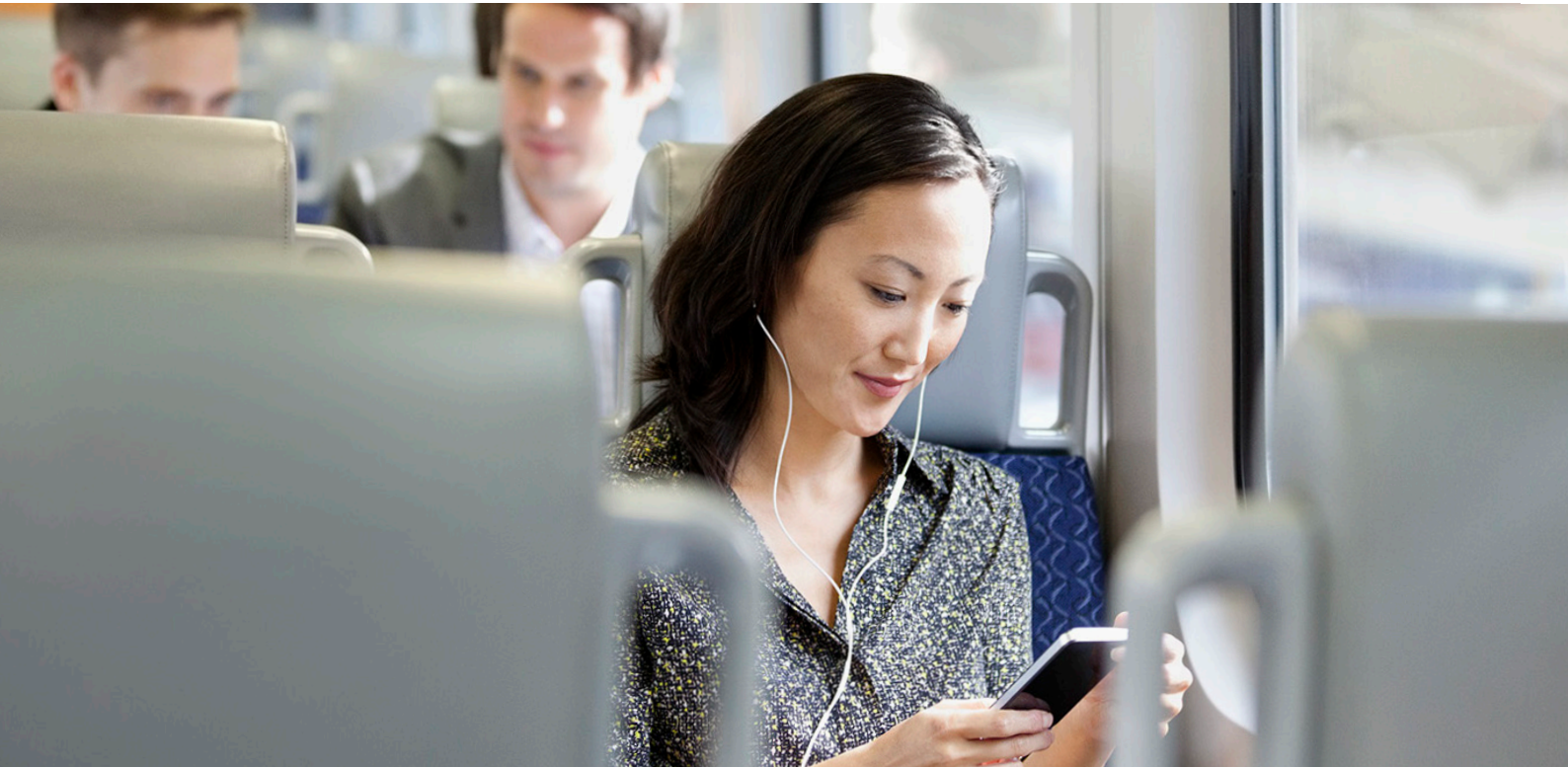
An Integrated Advertising and Loyalty Solution

Cubic Interactive is an innovative, fully integrated advertising and loyalty solution provided as a service. Planned for the end of FY19 and designed for the digital age, it will connect transit agencies with brands (sponsors) seeking to reach new demographics, and generate additional revenue streams for transit agencies, while offering riders an opportunity to subsidize travel costs.

Through Cubic Interactive, riders will engage with advertising content from brands and earn loyalty points in the form of Stars – a proprietary digital loyalty currency, owned and operated by Cubic Transportation Systems, Inc. (Cubic®). Users opt-in to participate in the program and earn Stars, for instance by watching a 30-second video ad. Collected Stars can then be turned into transit value (stored value or to buy products) and used to subsidize or pay for transit.

The value of each Star will be controlled and paid for by the brand — meaning transit agencies never lose out on a fare, while riders enjoy discounted travel. The platform will not only allow agencies to recoup revenue lost due to the decreasing transit ridership numbers, but it will

enable transit providers to offer Stars to riders as an incentive to modify their travel behavior to optimize the transportation network, relieve congestion and improve the efficiency of transit services.

Market Insight

While traditional advertising platforms such as TV reach large audiences of potential customers, brands that seek the ability to offer targeted ads increasingly turn to digital spaces. Digital advertising is a growing opportunity, valued in the billions of dollars and mobile is its fastest growing segment.

Providing brands with access to a captive transit audience through personalized advertising on mobile devices can be a significant source of additional revenue for agencies. Since they hold vast amounts of information on various transit demographics (e.g., executives on their way to a business meeting or parents on their way to pick up children), they make valuable and attractive advertising partners.

Cubic Interactive will offer brands a unique opportunity to reach large audiences with targeted ads that are

relevant to specific traveler profiles. This will provide offline attribution of mobile ads by identifying riders that respond to mobile advertising when visiting a physical location, as opposed to a click or a call. When developed, it will be the perfect platform for brands that seek activation (the process of driving a specific consumer action through brand interaction or experience) in the mobile advertising space.

Through future partnerships with third-party providers for geofencing and card-linked offers technology, Cubic Interactive will allow brands to create conversion zones, which will let them track the percentage of physical traffic at their location that has previously seen one of their ads. By following full customer journeys, from first brand interaction to purchase, Cubic Interactive can provide advertisers with unprecedented insights into consumer behaviors and campaign effectiveness. In the future, Cubic Interactive can also offer in-app linkages to purchases through e-commerce partnerships.

Technology Behind Cubic Interactive

Software
The core of Cubic Interactive is software, provided as a service to both transit agencies and brands. Cubic Interactive will feature open APIs ready for back-office integration, as well as CRM integration, mobile app integration, and other functionality. There is also the potential for a stand-alone Cubic Interactive mobile application.

Cubic Interactive functionality is designed to be self-contained within the Cubic Interactive platform with minimal integration points to external parties such as transit agencies. All computation regarding awarding, management and redemption of Stars will occur within the Cubic Interactive platform.

KEY FEATURES

- **Advertising:** Display third-party advertising on gates, Ticket Vending Machines (TVMs), and mobile apps
- **Loyalty:** Award loyalty points for advertising engagement
- Loyalty points redeemable for public transit travel at discounted rates
- Traditional loyalty program whereby transit agencies issue loyalty points for travel including shifting the peak
- **Data:** Leveraging transit information, Cubic will be uniquely positioned to provide data to advertisers to target end users with content based on predictive travel behavior
- Create personalized user profiles targeting users based on transit use and demographics
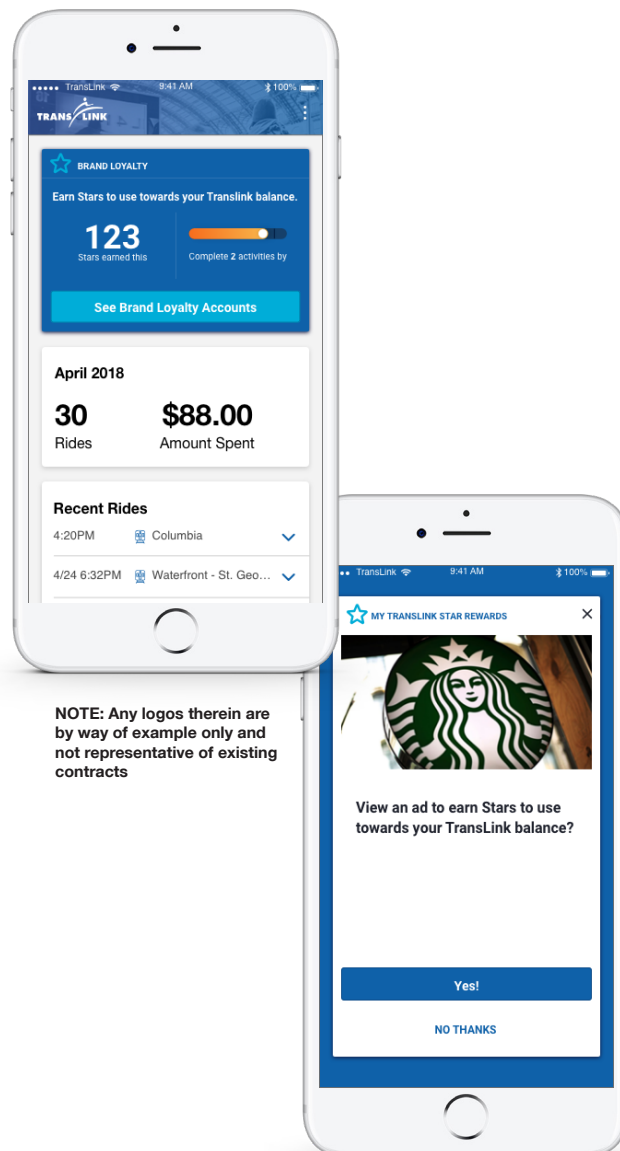
NOTE: Any logos therein are by way of example only and not representative of existing contracts

DIFFERENTIATORS

- Monetize mobile applications and transit environments
- Incentivize user engagement with advertising with loyalty points
- Connect brands/advertisers to consumers and transit agencies
- Global AFC network
- Cubic brand

BENEFITS

- Monetize mobile, TVMs and gates in previously under utilized manners
- Secondary revenue stream for transit agencies
- Allows transit riders to offset transportation costs through advertising engagement
- Shift the peak transit patterns using loyalty programs

The core components of Cubic Interactive are:
- Oversight Engine
- Account Manager
- Analytics Server
- Ad Manager
- Corresponding web portals for internal operations and advertising ingestion

Cubic Interactive will also provide full data dashboard support and access to brands and transit agencies.

Hardware

At present, there are no hardware requirements for Cubic Interactive. However, as part of the Cubic Interactive multi-year roadmap, we envision the ability to introduce advanced out-of-home advertising across transit gates and on screens at Ticket Vending Machines (TVMs), as well as other digital and hardware platforms. Utilizing hardware as secondary advertising locations is a natural progression of Cubic Interactive capabilities, while ensuring a smooth and uninterrupted use of TVMs and transit gates remains a priority. As such, Cubic will take measures to limit disruption while still achieving revenue goals. For example, a brand logo would be displayed on the gate for sub 400 milliseconds as a static image. Should the user wish to engage with the ad and earn Stars, they may do so on the other side of the gate with a timed delay that is both agreed upon by the brand and the transit agency.

Analytics

By relying on a combination of machine learning and artificial intelligence, Cubic Interactive will feature sophisticated data ingestion methods for integrating data from third-party sources, such as transit agencies and demographic services to help create personalized user profiles, thus offering advertisers the way to target high-interest users.

By leveraging predictive data to create unique demographic segments and personas brands can target repetitively, Cubic Interactive will allow sponsors to create more relevant and personalized brand experiences based on demographics, location, and end user behavior.

While the requirements for its analytic function are yet to be refined, Cubic Interactive is expected to capture the following types of data:
- The number of ads viewed (cumulative and per user)
- The number of ads viewed to completion (cumulative and per user)
- Ads viewed per user
- Stars earned (cumulative and per user)
- Stars redeemed (cumulative and per user)
- The number of ads ingested into system
- The number of active ads

Cubic's data scientists will work with brands and transit agencies to fine tune advertising campaigns, ensuring optimal return on investment.

Cubic recognizes the need to protect the end user data and will not sell or share it with advertisers. Instead, we will allow brands to submit desired customer profiles which will then be targeted through the Cubic Interactive platform for users who have voluntarily opted into the service.

OFFLINE ATTRIBUTION OF MOBILE ADS

- Identify audiences responding to mobile advertising by visiting a physical location as opposed to a click or call
  - Track online to offline conversion
  - Enrich mobile performance
  - Evaluate campaign effectiveness

- Utilizing card-linked offers technology we can determine which users engage with advertising content and ultimately "activate" on that content with purchases