

Retail Supply, Return Recovery & Resale Process  
**Gateway to Africa**

**Pursuit**  **SA**

**Proposal**  
*for*  
Gateway to Africa Retail Store Product Supply,  
Return, Recovery & Resale Process

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## 1 Executive Summary

Pursuit 4 is a UK business and dedicated supplier within the second user mobile handset and after sales service market. The UK based arm of Pursuit 4 is based in Newmarket and provides a consumer recycling take-back scheme for the return of redundant mobile handsets. We believe the growth that our company is undergoing is due to the quality of our services and our understanding of the marketplace.

Pursuit 4 is built upon a solid financial basis which endorses our ability to sustain a long term relationship along with our experience of implementing significant repair, warranty management and consumer recycling take back scheme's in the UK & EU. Pursuit 4 has the financial strength to be able to support GW2A in their objective of establishing a cost effective and efficient solution.

We view our business relationships as key and have found success in our endeavors to build long-term relationships with our customers and suppliers within the industry. By building these relationships aim to help our customers deliver their strategies focusing on service, performance and quality. Our knowledge and understanding of the complete product lifecycle process enables us to enhance and improve service performance, introduce new service concepts and optimize processes in order to deliver cost savings.

We recognize that our people are key to meeting our customer's needs. Long-term relationships with customers are achieved by developing long-term relationships with employees that have the right skills and commitment to our goals. We continue to develop a core workforce that is loyal and committed to Pursuit 4 and our customers

Our proposal is made in good faith and all terms and conditions implied herein are subject to contractual agreement. The basis of our proposal and future negotiations is that the final agreement will enable Pursuit 4 and GW2A to make a fair and reasonable return on investment.

## Capacity

Our programme is designed to assure you of a controlled and efficient solution. Our facilities and capacity handling are scalable which allows us to expand in line with customer demands.

## Performance

We measure all of the key performance indicators for this business. Our commitment is to meet and exceed the agreed service levels as we evolve our partnership.

We recognize that your brand service reputation is vital in securing and retaining customer loyalty and we have a clear understanding of the impacts of this directive.

## Partnership

When applied practically in our business behaviour, we challenge the status quo and seek new ideas and think 'outside the box'; our customer's brand reputation is paramount and we hold quality and the sharing of data and information as key elements of our service proposition; as part of a continuous improvement culture, we train and encourage all our employees to improve and innovate to the mutual benefit our customers.

## Pricing

Pursuit 4 pricing is based upon our working experience and process review initiatives that we implement to improve process times. As our relationship and process understanding grows, we believe we can pass on cost advantages to Nokia.

## Summary

We view our relationship as a long term partnership where we will design and implement new ideas and invest where necessary to grow with you. Our management team at Pursuit 4 is committed to delivering this programme for GW2A and we look forward to being awarded your trust to do so.

## 1 Requirement

### 1.1 General Description of Service Agreement

GW2A currently sell consumer mobile phone accessories via their existing retail network and would like to trial extending this across used, refurbished and end of line mobile handsets.

Pursuit 4 can provide a branded service to GW2A customers offering an ongoing supply of used, refurbished and end of line handsets to be sold from designated retail stores. These handsets will be sold as boxed and fully kitted sales kits in generic branded Pursuit 4 boxes. These handsets will be supplied with a warranty (To be confirmed in line with South African legislation).

In addition Pursuit 4 can also offer to implement a mobile handset recycling scheme within the existing GW2A retail store network where a consumer can be offered a service to agree the sale and take back of any redundant mobile phone handsets they own and for a voucher to be issued to them of an agreed value for those models of handsets by accessing an online pricing table. This voucher can then be redeemed for an agreed value on their next purchase from the retail store.

To deliver success and enable this process to be scalable, it is understood that the need to develop a work in partnership approach between the two companies will enable the successful development and roll out of this new service.

Our proposal is made in good faith and all terms and conditions implied herein are subject to contractual agreement. The basis of our proposal and future negotiations is that the final agreement will enable Pursuit 4 and GW2A to make a fair and reasonable return on investment.

### 1.2 Scope of Work

The product areas covered under this proposal are

- Mobile Handsets

The scope could be widened to include other equipment by mutual agreement.

## 2 Proposed Solution

It is proposed that the initial handset supply & sales solution would be trialled in 1 GW2A retail store to demonstrate the consumer demand, the effectiveness of the fulfilment process and also Pursuit 4's ability to improve GW2A sales values through this process.

### 2.1 Handset Supply

Pursuit 4 agrees to provide GW2A with handset stock to come as fully boxed and kitted sales kits. Pursuit 4 stock will be presented, bought and sold under the following conditions

- Handsets to be supplied to GW2A at a 5% discount against standard wholesale rates
- All handsets to be data wiped securely in line with Data Protection legislation
- \*\* day warranty (TBA) and like for like no quibble exchange policy (IMEI verification)
- COD payment terms for the fulfilment of handset stock
- Handset cabinet to be supplied by P4
- Fully kitted and IMEI labelled box to be provided per handset

Examples of current wholesale/retail prices:

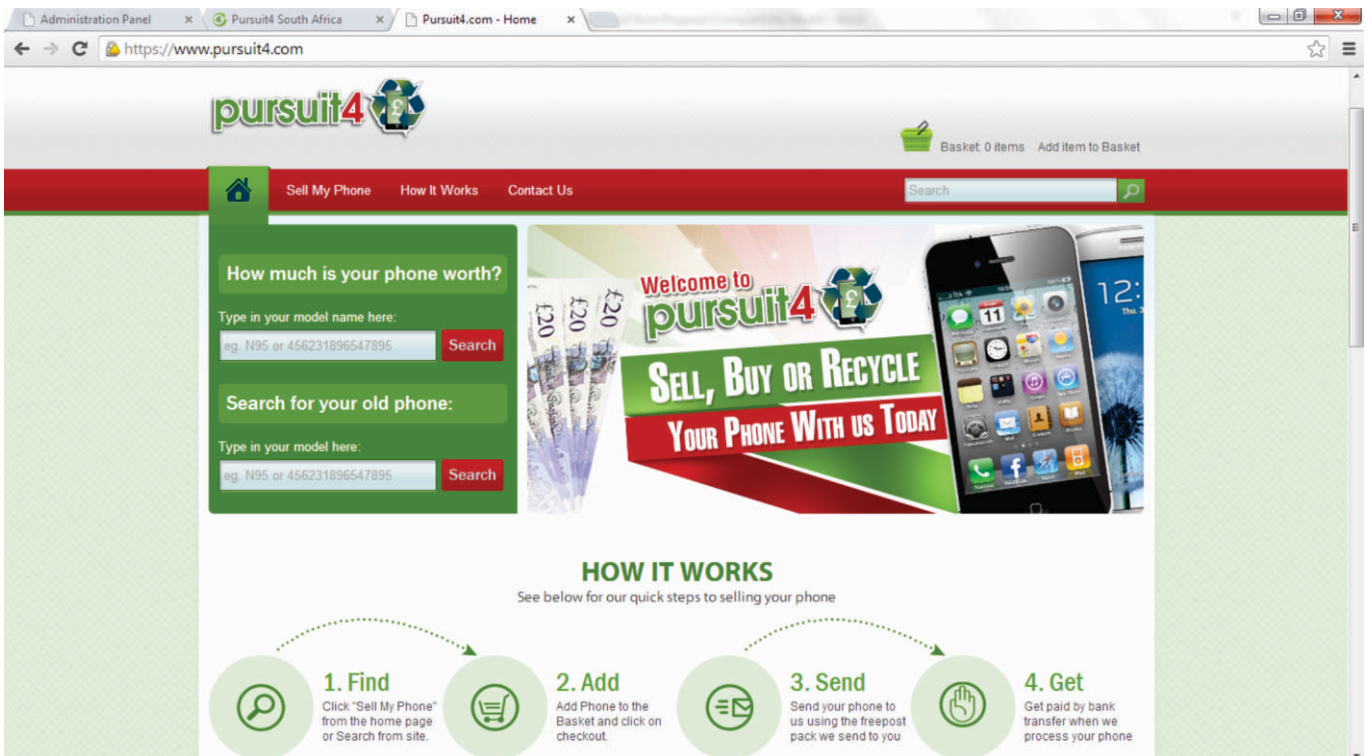
	Wholesale	Vodacom Retail	GW2A
Apple Iphone 4 16GB -	R2000	R4800	R1900
Blackberry Bold 9900 -	R1800	R6400	R1710
Blackberry Curve 9300 -	R600	R1600	R570

### 2.2 Recycling Take Back Scheme

Pursuit 4 would commit to implementing an online service for GW2A customers which would enable them to carry out a model search on their redundant handset which would offer them a price for the return of their handset. The customer would then be asked to return the redundant product to the designated store where they would receive a voucher for the agreed value. This voucher can then be redeemed on their next purchase from the retail store.

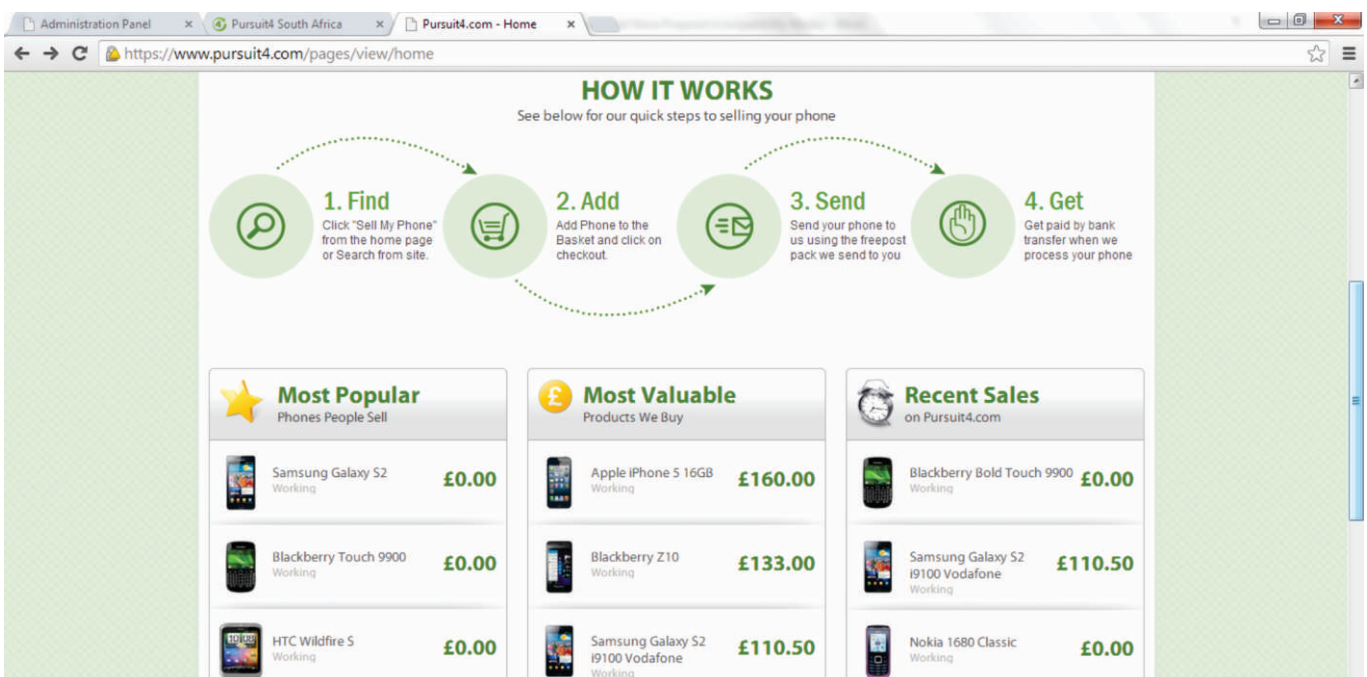
Pursuit 4 currently manage one of fastest growing and successful recycling offerings within the UK market. The system infrastructure to be able to roll out a speedy, scalable solution is in place. Although there are market variations in terms of how the process works with regard to the handset return process, the solution we have is flexible to be able to accommodate these changes easily

Please see below a screenshot of the current Pursuit 4 UK recycling website offering



The returned stock pricing table will also be able to be accessed at the POS within the retail store so staff at the store will be able to process handsets to determine the correct price to be issued for the returned handset. The classification of returned handsets will be as either working or non-working condition. The payment of a working condition is only applicable if the handset powers up and does not display any LCD damage.

Example image of our online model pricing table



The returned product would then be placed in a branded Pursuit 4 recycle tub within the store. This would then be collected within an agreed timescale or as and when required. The returned product will be a mix of handsets both working, non-working and of mixed cosmetic standards. A percentage of this stock will be recoverable where it is non-working and can be repaired and refurbished and also where handsets are of a damaged cosmetic condition these can also be refurbished these can then be resold via the GW2A retail sale model at increased sales values.

Pursuit 4 agree to provide GW2A with a full detailed monthly analysis of the product returned, its functionality and then this total number of returned product can be reconciled with the number of vouchers which have been issued and this value transferred to GW2A.

To restrict the purchase and sale of stolen handsets, Pursuit 4 work in the UK with the national body Check Mend which manage the database for stolen handsets. These checks are carried out on the receipt of handsets that we purchase. They are aware of our business in South Africa and they are discussing the roll out of this service in the local market.

## 2.2 Resale & Fulfillment

GW2A will provide Pursuit 4 with sales information relating to demand, forecast and best sellers to enable Pursuit 4 to manage the sourcing, repair/refurbishment and fulfilment processes effectively.

Pursuit 4 will provide GW2A with online, real time updated stock availability information to enable GW2A to deliver just in time fulfilment to the consumer

## 2.3 Logistics

For the purposes of the trial process roll out, an agreement on how the logistics and costs associated with this stock fulfilment process requires discussion. This is detailed here with the idea of discussing the management of logistics as a whole, if the service is rolled out to multiple stores and also if the service agreement is extended to incorporate additional areas of business. (See 3 Additional Service Roll Out)

To ensure that the process is as effective and as lean as possible with regards to cost any proposed logistics could be piggy backed onto any existing logistics route used for store fulfilment/faulty returns which may be within an appropriate timescale (daily, weekly etc)

This simple approach has the following advantages

- No additional process required for the delivery/return of product
- Cost for process minimised
- Designed to reduce process variability
- Reduction in variability ensures consistency and minimisation of waste



## 2.4 Promotion

GW2A will actively promote this new service via any customer marketing buy in process (newsletter etc), website and any other jointly arranged campaign media

## 3.2 Disposal & Scrap Management

Due to environmental legislation and to ensure that duty of care is shown it is also vital that non saleable product is disposed of within the appropriate environmental guidelines and that the customers' legal obligations are fulfilled. It is expected that this disposal process will yield both negative and positive values due to the product expected to be returned (batteries, chargers, headphones etc)

inevitably some returned product will not have a resale value. In these cases Pursuit 4 work with licensed disposal agents. Value is generally dependant upon the type and weight of the material for disposal.

All equipment for disposal will be recorded and a certificate of disposal will be obtained. An example is attached as Appendix 2.