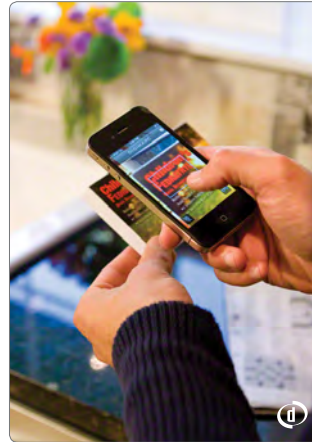


Digimarc Discover™ Value-Added Service Providers

Value-Added Service Provider Program



Working with our partners, Digimarc Discover offers a simple, yet powerful solution that will “wow” and engage consumers, help transform media industries, and bring about pervasive, intuitive computing that so many have envisioned.

The Value-Added Service Provider Program provides a great opportunity for creative agencies, mobile marketing companies and others to incorporate Digimarc Discover into more complete, full-featured solutions that meet the unique needs of large consumer brands and certain vertical markets.

Overview

Digimarc Discover™ is transforming traditional print media by seamlessly connecting offline content to the online world via the mobile device we carry with us 24/7. The Digimarc Discover Platform uses various content identification technologies to provide the best possible end-user experience and is the first mobile platform to include the unique benefits of digital watermarking in addition to audio recognition and barcode detection. The platform helps publishers and marketers engage audiences by instantly linking printed images and text to a wide range of enhanced, interactive content, including video, mobile Web, in-app purchasing and other network services via the consumer’s smartphone.

The Digimarc Discover reader applications are based on a software development kit (SDK) that can be licensed for private labeling or included as a feature in existing mobile applications to quickly recognize imperceptible digital watermarks and QR codes in printed media. While Digimarc Discover provides a very exciting core enabling technology, meeting the needs of publishers and audiences in various market segments will require the expertise, products and services provided by Value-Added Service Providers.

The Opportunity in Publishing

Newspapers and magazines are under increasing pressure to maintain and grow readership in a time of transition. Publishers are looking for ways to reinvent themselves as multimedia companies, with a range of products that deliver quality content where, when and how readers want it. Connecting printed content to the digital world revitalizes reader engagement by transforming printed newspapers and magazines into Web browsers. Using their phones, readers are now able to instantly access recent developments related to stories, view videos, exchange opinions and even complete purchases from printed ads.

Digimarc has been meeting with some of the world’s largest newspapers and magazines about the potential benefits of the Digimarc Discover Platform. To succeed, publishers need qualified service providers to help them integrate digital watermarking into their production processes and workflow and to roll out successful campaigns that educate and attract readers and improve their bottom line.

How the Technology Works

Using multiple content identification technologies – digital watermarking, audio fingerprinting and barcode detection – Digimarc Discover gives

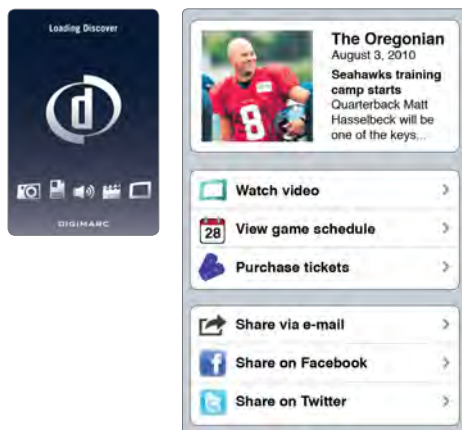
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With Digimarc Discover, readers get up-to-the-minute information directly from their printed newspaper — anywhere, anytime.

smartphones the ability to “see, hear and recognize” different forms of media. Consumers simply launch an app and direct their phone at the item they are interested in. Digimarc Discover then delivers the corresponding choices back to the phone, capturing relevant metrics for downstream reporting.

Unique to Digimarc Discover is the use of digital watermarking technology. Digital watermarks are digital IDs that can be embedded into all forms of media. They are imperceptible to human senses, but easily detected by computers, networks and digital devices such as smartphones. Unlike barcodes and tags, digital watermarks do not occupy valuable real estate on the printed page, nor do they impact design or layout. Multiple images or text blocks on a single page can be uniquely watermarked, allowing consumers to obtain specific information regarding each item they are interested in. Watermark detection is immediate and provides the best possible user experience.



With Digimarc Discover, pictures and print are no longer static. Both can link to related, real time options, such as video, upcoming schedules, sales, and social media.

Digital watermarks also function as digital serial numbers, able to uniquely identify each instance of a piece of content appearing in various contexts. This allows for the granular reporting and analytics essential for large, global campaigns appearing in multiple publications, on multiple days and in multiple locations. Publishers and advertisers can track interaction with content and advertising, enabling refinements to increase response rates and improve the consumer’s experience.

The Digimarc Discover Platform

The Digimarc Discover Platform is made up of the following three components:

- **Digimarc Discover Online Services Portal (OSP)**

The OSP is a Web-based service for embedding and linking digital watermarks from images or text to the desired, corresponding consumer experiences.

- **Digimarc Discover Mobile Applications**

Digimarc provides downloadable applications from the iTunes App Store and Android Market. SDKs are available to Digimarc Value-Added Service Providers for iPhone, Android and Symbian to support the development of additional mobile applications.

- **Digimarc Discover Routing and Reporting System**

Watermarked content detected by a user’s smartphone is routed to a backend database where corresponding user choices, or “payoffs,” are identified and returned to the smartphone. Details of content interactions and device types are captured for reporting.

Value-Added Service Provider Program Details

Digimarc’s program for Value-Added Service Providers offers an opportunity for companies with a focus on mobile marketing and expertise

Digimarc provides an exciting core-enabling technology for reinvigorating consumer engagement with print.

in some or all of the areas outlined below. The Digimarc Discover Platform delivers the core enabling technology to support a wide range of applications and campaigns. Expertise is needed in specific market segments to deliver complete solutions, such as:

- **Full campaign development and management services** – One of the greatest causes of failure for mobile marketing campaigns is taking the consumer to something they care nothing about. Creative agencies and content experts are needed to develop compelling user experiences that will entice readers to download and try the mobile app and fully engage them with the print product.

Campaign management elements may include:

- Identification and development of enhanced content.
- Metrics, analytics and reporting.
- Development, formatting and hosting of applications, video and other content.
- Consumer education.
- Management of links and enhanced content.

- **Mobile application development** – Digimarc provides Value-Added Service Providers with mobile applications for iPhone and Android for private-labeling and SDKs for Symbian to providers who wish to offer applications for a broader range of devices. We also provide ongoing support, maintenance and enhancements.

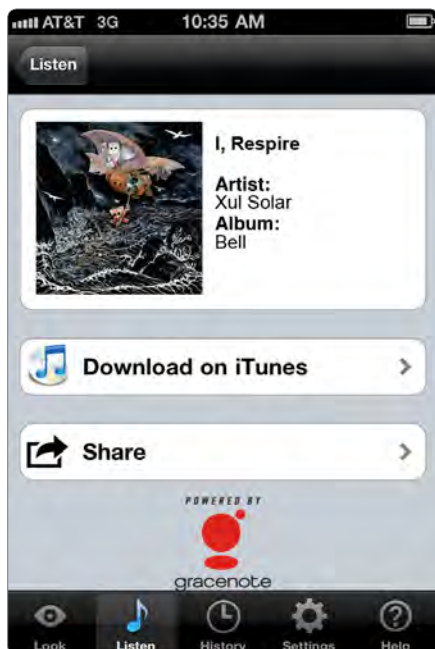
- **Consulting and training services** – For large-scale and complex deployments, onsite consultants may be required to provide training to production staff, assess current workflows and assist with integration requirements.

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- **System integration services** – Publishers making widespread use of Digimarc Discover may require help integrating watermark embedding into their processes and workflows, especially in cases where large volumes of images need to be embedded quickly. Opportunities exist for providers to develop automated batch processing solutions that can be integrated with the print production environment.
- **Foreign language support** – At present, support for Digimarc solutions is available only in English, opening opportunities for providers to deliver localized solutions to meet the needs of specific markets.

The Business Model

The Digimarc Value-Added Service Provider program is designed to allow each company to be paid for the part of the overall solution they provide. Value-Added Service Providers may establish their own pricing, terms and conditions in a separate agreement with the publisher. All revenue generated from the value-added products, consulting and/or training services delivered by the service provider is retained by the service provider – with no additional payments to Digimarc. Digimarc receives its revenue from the link fees as outlined in the Online Services Portal.



Music recognition capabilities are available to Value-Added Service Providers when a separate license agreement is executed with Gracenote.

Value-Added Service Providers Receive:

- Use of Digimarc embedding software to develop and deliver value-added products and solutions to meet the needs of specific market segments and production environments.
- License, support and maintenance of all currently available mobile reader applications and SDKs for app development or integration.
- Opportunity to operate and offer solutions and services globally (with certain exceptions as noted in the agreements).
- Participation in beta programs.
- Ability to provide input on future development efforts and receive early updates on what is planned in future product roadmaps.
- Joint marketing opportunities with promotion on Digimarc's website, at industry events and in marketing collateral.
- APIs to the backend resolver, allowing service providers to create their own customer-facing interfaces with a range of campaign management features.
- Technical support.
- Leads and referrals.

Requirements to Participate in the Program:

- Demonstrated competency in some or all of the areas noted above.
- Payment of \$5,000 USD quarterly program fee.
- Compliance with program terms and conditions, including branding guidelines and performance standards.
- Execution of the Digimarc Value-Added Service Provider Program Agreement and Mobile Reader Agreement if mobile applications are to be developed.
- Use of the established Digimarc payload for digital watermarks and the backend resolver to ensure consistent standards and interoperability.

Mature, Scalable Technology

Digimarc's digital watermarking technology is broadly deployed across a number of industries, with billions of digitally watermarked objects being detected by millions of devices each day. Examples of where the technology is providing great value today include:

- Broadcast monitoring and audience measurement solutions by The Nielsen Company and Arbitron.

- Digital Cinema Initiatives' mandate digital watermarks to be included in all digital theaters.
- Use of the technology by a worldwide consortium of banks for counterfeit deterrence.
- Detectors present in all Blu-ray players for copyright protection.
- The majority of U.S. driver licenses and many government-issued IDs used for security and authentication.

As a technology company focused on innovation, Digimarc's quality patent portfolio includes over 600 patents issued and more than 400 pending. Historically, Digimarc's business model has been to make its technology available to a range of partners who have delivered complete solutions to the market.

Digimarc's vision is to help enable pervasive, intuitive computing by giving digital identities to all forms of media and even many objects.

Contact Us!

At Digimarc, we are committed to our service providers and pursuing this rapidly changing and growing market together. If you are interested in discussing business opportunities and learning more about the Value-Added Service Provider Program, contact us today by calling toll-free **+1 800 344 4627 ext 4644**.

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ABOUT DIGIMARC CORPORATION

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