



# Digital-First Transactions

How to leverage digital for your next transaction

The world's leading provider of software for corporate transactions and settlements



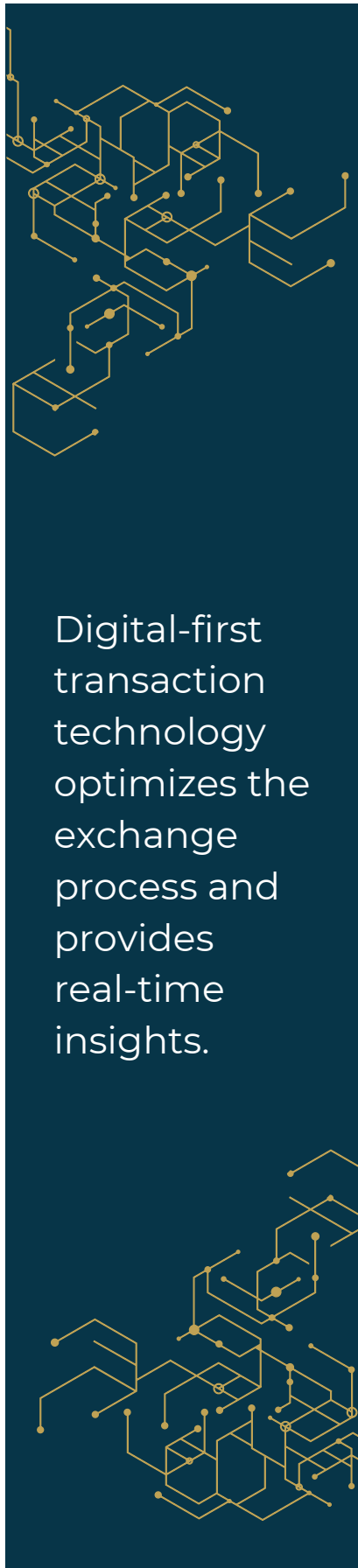
## DOCUMENT PROPERTIES

Company The Reach Agency Pty Ltd  
ACN 138 360 120

Author Candice Cooke  
Company The Reach Agency

[www.TheReachAgency.com](http://www.TheReachAgency.com)





Digital-first transaction technology optimizes the exchange process and provides real-time insights.

## Digital-First Transactions

### How to leverage 'digital' for your next transaction

As our world has been reshaped by a global health crisis it is important to consider how digital services can be used to ensure your deals run smoothly.

We look at some of the advantages a digital-first strategy can bring to your transaction and how you can increase offer-participation and lower your costs.

#### What is a digital-first transaction?

A digital-first transaction strategy involves offering shareholders an online method of exchanging information during a transaction.

Traditional transaction strategies, by contrast, involve the physical mailing or emailing of print-ready information packs. This method requires the recipient to proactively take steps to complete the process. There is a break in the pathway that ultimately translates to lost opportunities and sluggish participation rates.

Digital-first transaction strategies optimize the process. They streamline the process. The recipient receives an email containing a personalised link which takes them directly to a summary of their preloaded information. They can then review and submit their instructions with only a few clicks. It creates the 'absolute path of least resistance' that is so important to the timeliness of transactions in today's ever more digital world.

For those managing corporate transactions, opting for a digital-first strategy provides a flood of real-time analytics that simply cannot be achieved using traditional methods. Live, actionable, business intelligence flows through from the market and puts Deal Teams firmly in control of the entire process. It empowers Issuers and their teams to act with information that can optimize the transaction.

## The Shareholder Experience

### What is the customer journey for shareholders?

During most transactions, a brand-aligned microsite, also known as an offer information page, is established on a dedicated domain as an extension of the corporate website.

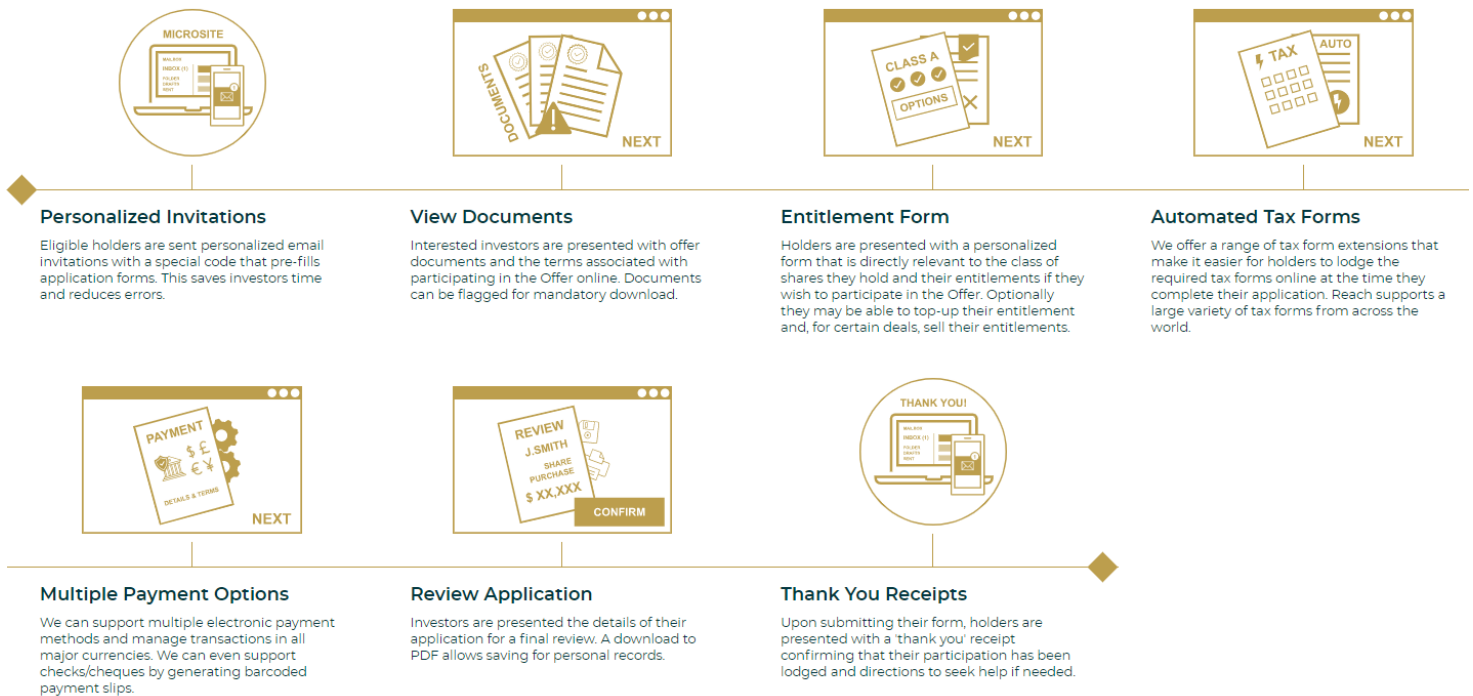
Existing shareholders who are eligible to participate in secondary offers are sent personalized email invitations with unique links that allow us to pre-fill any known information on the Share Registry.

These unique links allow us to auto-complete holder identification; we can present the address on record for confirmation or update; and we can calculate entitlements or generate the amount payable on screen. As the investor does not need to make any manual calculations the accuracy is extremely high.

Successful participation can be processed in a matter of minutes. Each applicant has an opportunity to review the details before they are submitted. Confirmation is presented on screen and emailed.



Figure 1.1 - An overview of the experience a Holder has using a digital sales facility.



## The Value to Issuers

### Why should Issuers consider this option?

To explore the value to Issuers we offer the following case study on a Share Purchase Plan delivered for an insurance company with a large retail base.

#### CASE STUDY

#### NIB HOLDINGS LIMITED (ASX: NIB)

93% EFT/BPAY

81% ONLINE

NEW EMAILS



PROFILE	RESULTS	HIGHLIGHTS
<p><b>OFFER TYPE</b> SHARE PURCHASE PLAN</p> <p><b>SIZE</b> 147,000 ELIGIBLE HOLDERS</p> <p><b>RETAIL TARGET</b> \$15 Million</p> <p><b>OFFER PRICE</b> \$5.65</p>	<p><b>UPTAKE</b> HIGHER THAN ANTICIPATED AT 5% OF RETAIL BASE</p> <p><b>PAYMENT</b> 93% EFT VIA BPAY 7% CHQ</p> <p><b>FROM SITE</b> 81% OF APPLICATIONS 75% OF MONIES RAISED</p>	<p><b>REMINDER</b> 45% OF FUNDS CAME IN DURING LAST 4 DAYS</p> <p><b>UPDATED DETAILS</b> 5,164 NEW EMAIL ADDRESSES</p> <p><b>SUBSCRIPTION</b> OFFER 100% OVERSUBSCRIBED</p> <p><b>COMPLAINTS</b> ZERO</p>

In this example the Issuer is a demutualized Insurance company. The firm used a separate \$60 million Institutional placement and a \$15 million Retail Offer to raise capital for an acquisition. The Retail Offer was extended to 147,000 eligible holders.

As a demutualized company, policyholders were issued shares at demutualization in 2007. As a result, a large portion of the retail base was not engaged in communications from the Issuer with many addresses on the registry out of date. The decision was made to deploy a digital-first transaction strategy to digitally invite investors to participate in the Offer.

By law, shareholders must be notified of Offers via the communication method they indicated when being issued shares. For many Issuers these methods can pre-date the use of electronic communications.

To meet this notification rule the holders were sent a postcard with details of how to access the Offer booklet online at a fraction of the print and post costs associated with sending a 100+ page Offer Document.

Using the online facility brought several other benefits that are available when using traditional methods of distribution.

- > Automated reminders were sent with great effect as 45% of funds came through in the final days of the transaction.
- > The funds were predominantly raised electronically and could be monitored daily.
- > The offer was promoted digitally to notify holders that could have been lost.
- > The successful plan trapped more than 5,000 new electronic opt-ins for long term cost savings and improved engagement.
- > Less than 1% of holders requested hard copies. Less paper was wasted on ineffectual mail-based communications.
- > There were zero complaints made through the information line.
- > Post can be slow to reach remote and rural holders, but the online facility made access instant.

In a general exploration of the value that Digital-First transactions can bring to Issuers we offer these key points to corporate teams that might still be on the fence about leading with digital.

### Key reasons to lead with a Digital-First Strategy

<p><b>VALUE FOR MONEY</b></p> <p>An Offer site can be distributed repeatedly and promoted in multiple ways. By contrast print and post fees are used on a single event.</p>	<p><b>MULTI-CHANNEL DISTRIBUTION</b></p> <p>Reach your shareholders online through digital marketing; personalized email campaigns; through PR and via partnered channels to drive awareness.</p>	<p><b>INSTANT ACCESS, FROM ANYWHERE</b></p> <p>Allow all holders equal access to the Offer at the same time - the instant it becomes available. Engage people travelling, working remotely or in remote locations.</p>	<p><b>OPTIMIZE WITH TRANSPARENCY</b></p> <p>Track uptake and channel performance throughout the Offer period. Identify geo hot-spots and age groups to optimize engagement. Give your Board &amp; Leadership real-</p>	<p><b>ERROR-FREE TIME SAVINGS</b></p> <p>Form controls, built-in calculators, pre-filled details... These features save significant time and ensure every application is acceptable. Less errors mean more deals close faster.</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

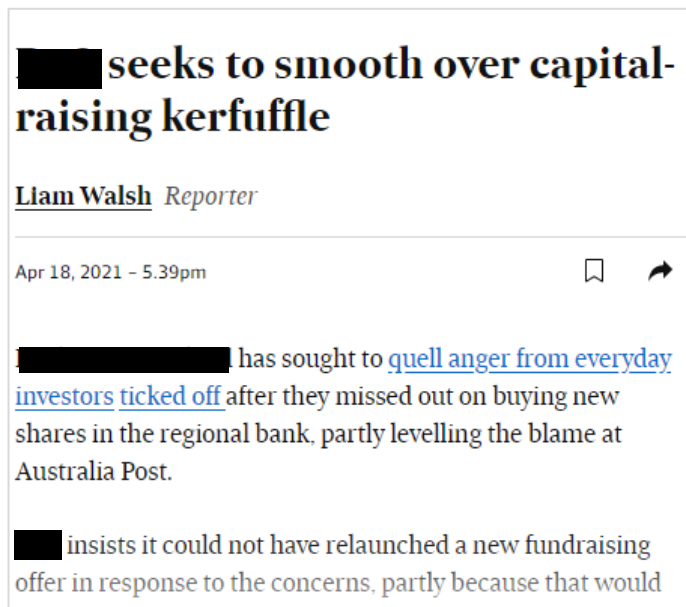
### In the press

Today’s investors want the convenience of online and with many working remotely since the pandemic, mail services are ineffective.

Rising markets, savvy stock marketing and extensive social media coverage have seen the population of retail investors opening online-broker accounts surge into the millions with record numbers of first-time investors around the world.

Going forward into a rapidly evolving digitally connected world, it will become ever more important to meet and engage investors online to ensure the success of capital raisings and other corporate actions.

Figure 1.2 – Press on poor access to an Offer. An article from the Australia Financial Review



The digital age is leveling the playing field for the everyday investor and they want their voice heard - or at least the opportunity to invest in a good thing.

It’s important for all Issuers to not to fall into thinking that these investors aren’t watching; and/or won’t bring significant money to the deal so aren’t worthwhile engaging.

There’s nothing quite like a misstep in the planning and execution of an Offer to remind everyone how loud these Retail Investors can be.

Institutional investors discreetly let their views about individual offers be known but retail investors can be highly connected and influential people with a platform. Press like this can call into question ethics and company values at a time when all eyes should be on the success of the capital raising and the renewed outlook.

## Choosing digital-first

### How do we get started with this approach?

Start by discussing distribution options with your registry provider. Most registries will have relationships with companies that can support the needs of your transaction digitally.

The Reach Agency has been a joint venture with Computershare Limited globally for over 10 years. We would encourage you to share this paper with your registry representative to make your intentions to use a digital-first strategy clear or contact the team at Reach directly to discuss an upcoming transaction under a non-disclosure agreement.

If you are registered with Computershare and have an upcoming offer that you wish to run with a digital-first strategy, share this discount with our team to collect on our promotion.



GO DIGITAL-FIRST WITH A  
**\$200 DISCOUNT**  
ON REACH CAPITAL SERVICES\*

\*Contact us for terms and conditions.



The world's  
leading provider  
of software for  
corporate  
transactions and  
settlements.



Software as a service for transactions in the equity capital markets industry.



Proprietary fin-tech software for restructures, mergers, and acquisitions.



A complex workflow management solution for onboarding client projects.



Cross border tax certification software for Tax Offices.



A customer friendly approach to reconnecting with lost accounts.



#### NORTH AMERICA

1290 Avenue of the Americas,  
Level 9, New York, 10104

+1-855-219-5480

#### ASIA PACIFIC

79 Commonwealth St,  
Surry Hills NSW Australia, 2010

+61 (0)2 8278 7110

#### UK / EUROPE

SkyDiscovery, 58 North St,  
London, NW97 3CX

+44 1632 960484