

IN THE FEDERAL COURT OF AUSTRALIA
VICTORIA DISTRICT REGISTRY

NO VID 578 OF 2007

**AUSTRALIAN COMPETITION AND CONSUMER
COMMISSION**

Applicant

**IMAGINE ESSENTIAL SERVICES LIMITED
(ACN 104 433 098)**

First Respondent

RICHARD EVANS


Second Respondent

**THE TRIUMPHANT GROUP PTY LTD
(ACN 101 493 403)**

Third Respondent

CERTIFICATE OF EXHIBIT SG-19

I certify that the document to which this certificate is attached is the exhibit "SG-19" referred to in the affidavit of SHANE CHRISTOPHER GROSSER made 23 November 2007 before me:



A handwritten signature in black ink, appearing to read 'Matthew David Crowley', is written over a horizontal dotted line.

**Matthew David Crowley
A Barrister and Solicitor of
the High Court of Australia**

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AUSCRIPT

TRANSCRIPT OF PROCEEDINGS

TRANSCRIPT IN CONFIDENCE

O/N 30262

SEMINAR:

IMAGINE INTRODUCTION NIGHT

PRESENTER: RICHARD EVANS

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MR RICHARD EVANS: Thank you, Daniel. Hello everybody. How are you going? Good.? It's always difficult to come out on a Thursday night. Thank God Australian Idol is not on. There would be three people here, I think. Did you see she won at the - I didn't mean that in a disrespectful way -
5 the lady, Casey. Incredible. 16 years old. How long do you think? How many records do you think she'll get?

MALE SPEAKER: One.

10 MR EVANS: One? I don't know. She's - she's incredibly talented. She's got a long time ahead of her, so - but - so I really want to thank you all for coming. Can you all hear me clearly?

MR DANIEL PRIESTLY: I'm just going to turn this off if it is going to - I
15 don't know what is - is that okay?

MR EVANS: Is that okay?

MR D. PRIESTLY: All right.

20 MR EVANS: Can I take this off?

FEMALE SPEAKER: And we can still hear.

25 MALE SPEAKER: Yeah.

MR EVANS: Can you hear me?

AUDIENCE: Yeah.

30 MR EVANS: Very good.

MR D. PRIESTLY: Sorry about that. I'm not sure - - -

35 MR EVANS: That's great. Okay. I don't like microphones anyway. I was in the Army. Use your voice. In the Army they've got a term about using something to project your voice level, want to use them. Thanks very much for coming in. Tonight's presentation will take about an hour and a half and so we should be finishing around 8.30. Is everyone comfortable
40 with that?

MALE SPEAKER: Yes, that's fine.

45 MR EVANS: That's - okay. 8.30, maybe 8.35. Hopefully I'll keep you awake. Tonight's presentation is about the essential services industry, but I'll

give you a little bit of background on myself. I - I did leave the Army in 1988 and I got involved in, initially, the financial services market. Financial services was just on the cusp of a change from the insurance industry, the financial services market, which we now have as an industry, which are the financial planners and the financial advisers. I was there right at the beginning of the change. And I ended up getting into corporate consulting, advising high net wealth individuals and some of Australia's leading business people on positioning their businesses for the future.

10 I specialise in looking at things like Pareto's rule, which is the 80:20 rule, working out where the collective mindset of the marketplace is. Tonight I'm going to talk about the collective mindset of the marketplace, or what we call the mass market need, and I'm going to do some magic tricks tonight. I'm going to read your minds. Okay? So I'm going to make statements, and then

15 I'm going to be reading your mind, telling you virtually what you're thinking, and I can do this, not because I'm a magician, but because I can read the market and read what they call the mass market need. The mass market need, in short, means 90 per cent of people are feeling a certain way. Okay?

20 In marketing it's one of the highest, or it is the highest pinnacle of marketing; to come up with an idea that answers the mass market need, whatever that need is, is the pinnacle of marketing. The best form of selling is unconscious consumption. So tonight you're going to see the mergence, or the binding of two of the most incredible marketing concepts. One is the collective mindset of the marketplace, and the second is unconscious consumption. Now, I'll

25 tell you about unconscious consumption. Unconscious consumption is the use of a product or a service without you actually thinking about it. You're spending money without you really even noticing it. For instance, we're in a hotel. Correct? It's a big building.

30 Stop for a moment and imagine the amount of money this hotel is spending right now on electricity. Think about it. Probably your whole year's supply in one evening. Yeah? Now think about what they're spending in telecommunications, right now. That's why they charge you so much in your room to make a call. Think about what they're spending in water and in gas. These industries have been controlled by the government for the last 100 years and they're called unconscious consumption. Unconscious consumption or essential services are the highest pinnacle of product. They are better than tax, ladies and gentlemen. Tax you have to collect.

40 Unconscious consumption you don't. We pay it, because if we don't what happens? The lights go out. We're in the dark. Correct?

45 So tonight I'm going to be. for the next hour and a half, talking about the marketing potential of a new emerging marketplace, and that marketplace is the essential services and technologies marketplace. The first part of this

presentation I'm going to go into market conditions. But the reason you've
come down here tonight is to see if I can convince you to spend some more
time investigating our company. The whole point behind this - who's come
down here for financial reasons? Put your hand up if you've come down -
5 seriously - to see if you can - can earn a buck. Okay?

Now, people are going to business meetings all the time. I do it too. It's
when you want to see what's happening in the marketplace, and in my whole
I've seen probably more businesses than most people have had hot dinners.
10 When I was working in merchant banking or consulting I would have
business plans past my desk all the time, and I'd look in those business plans
and I'd analyse them, and then advise clients whether or not they were - they
were suitable for investment. This business system you're about to see, I
15 challenge you to spend some time with us and investigate it to the nth degree,
and if you can find a hole in it I'll give you 100 bucks.

MALE SPEAKER: Give it or - - -

MR EVANS: I'll give you 100 bucks.

20 MALE SPEAKER: It's only money.

MR EVANS: You spend some time with us, and I'll have a bet with you
now. If you can find a hole in the system I'll give you 100 bucks. As far as
I'm concerned, it's very cheap consulting. You know what they say about
25 consultants, don't you? Right. This is what they say about consultants,
experts. They said, a novice built the ark, Noah. Experts built the Titanic.
So I've been a consultant for some time. But having a look at this business
system, what's in it for you will come out very clearly. Okay? That's why
30 you're here. I'm aware of that. But before I can get to that I have to give you
our background and what happened. Correct? So you can understand it. So
just bear with me and hopefully you find some - find it interesting and learn
something. Okay?

So the following presentation will be going to the current market conditions
35 of the essential services and the technologies industry. Following that I'm
going to move into creation of a new industry. Going to talk about what
happens in a marketplace when you answer the collective mindset of the
marketplace. New industries are created because of one reason; the
collective need in the marketplace. That's it. New industries. Not new
40 products. New industries. Then I'm going to an overview of Imagine,
Imagine Essential Services, and what's in it for you. And a comparison on
Imagine as an investment for a business, as opposed to other investments in
businesses at the moment. other booming industries when you compare it,
and obviously give you some financial information to show you how much
45 you can earn.

But tonight you will, without a doubt, by the end of this presentation agree with me in one thing. That we have shown you a specific plan. We've shown you that specific plan to earn over \$100,000 a year trailing income out of unconscious consumption. Are you ready? Okay. Here we go. For more than 10 years the government has been deregulating the essential service industry, such as the telecommunications, the electricity industry, the gas and the water industries are just beginning to deregulate. The unconscious consumption industries. These industries in Australia have a combined gross revenue of over \$66 billion per annum. 66 thousand million dollars per annum. Okay? That's the combined revenue of the essential services industry, excluding petrol and technologies.

So that's just the telecommunications, the electricity, gas and water. 55 billion. It's the biggest industry in Australia. The government has been deregulating this, and this wealth has been controlled by the government of Australia for over 100 years, and for good reason. As I pointed out, it's the most effective way to make money. More effective than tax. And for some reason the government, around 12 years ago, started deregulating it in Australia, and around the world, around 30 years ago, starting off in America. Now, I have a whole theory of why they did it, but I won't go into it tonight, because it's too long. But they've been doing it. Correct?
MALE SPEAKER: Will you go into the

MR EVANS: Yeah. I believe that - no, sorry. That over the last 100 years they have been deregulating. So the control of the last 10 years they have been deregulating, and I believe it will be at their peril. But there will be a bonanza of businesses that get it right. Make sense? So I believe this represents one of the greatest shifts in wealth seen in modern history. Say it again. One of the greatest shifts in wealth in modern history. Think about it, ladies and gentlemen. 66 thousand million dollars has been pouring into the government coffers every year, and then 12 years ago some wise advisers in the government started saying, "We should give this to the private industry." And that \$66 billion is shifting across to private industry. Correct?

Now I'm going to show you over the next hour, is how you can create wealth, for the first time in Australian history, out of that. A specific plan, and it's never happened before, and that's the shift of wealth from the government to you. Kings and queens and governments have been the only people, or entities, that have created wealth from this before. So let's have a look. We're going to the current market conditions. In all the service industries we now have more services and more providers than ever before. However, the marketplace has never been more dissatisfied, and there are unprecedented levels of customer dissatisfaction.

45

In the year I wrote this business plan there were 80,000 complaints - around 80,000 complaints made to the Telecommunications Ombudsman alone. That's 80,000 people went to the trouble of writing a letter to complain about problems they were having with the telecommunications industry. Who here
5 in this room has complained to the Ombudsman? There's three of us out of a group of probably nearly 40 people. So out of this room less than 10 per cent of the room has gone to the trouble of complaining to the Ombudsman, and it's hard, isn't it? It's not an easy process to complain to the Telecom Ombudsman, and in fact, you can only complain if your dispute is under
10 \$10,000. Otherwise you have to sue the Telco, using lawyers, and my dispute was a quarter of a million and there was no point. You know, Telstra would have gone - smashed us in Court.

So if it takes 10 per cent of this room, that means 800,000 people out there I
15 believe would have wanted to complain at one point or another, because I think everyone in this room, almost, would have felt like complaining at one point and another. In the late 1990s I noticed a significant undercurrent of essential - of anti essential service sentiment in the Australian marketplace. I'll say it again. In the late 1980s I noticed that the Australian marketplace
20 was becoming extremely anti essential service corporations, leading with the Telcos, but following into mainly all essential service companies, and I'm going to do some mind reading tricks in a moment to show you where your mindset is at.

25 The resulting relationship between the providers and the customers has become cold, commercial, and totally lacking in mutual loyalty. In Australia, what's happened to create this mess? Two major issues have done it. First thing that they did in the late - early 1990s, was they deregulated the industry of the telecommunications industry. For most of this presentation on current
30 market conditions I talk about the Telco industry, only because it's the most mature out of the essential services, but they are all deregulating now. You don't have electricity and gas up here yet, and you will, but you still have the same issues. Okay? The relationships have been replaced by call centres and IVRs, which are interactive voice recognition systems.

35 For the last 10 years call centres have been a major growth industry in Australia. Now they're in decline, call centres are being set up in places like Bombay, India, Pakistan, the Eastern Block countries in Europe. Okay? So they're in decline, which is a bit of an irony because initially, the call centres
40 in Australia were set up in cities, major cities, and they took the jobs from people working in service related parts of Telstra and all these other corporations. Correct? Call centres took their jobs, because Telstra outsourced. Then what happened was, to cut costs, smart people started opening up call centres in places like Bendigo and Tasmania, because there's
45 high levels of unemployment, cheaper, and they could - they could do it

cheaper. So the people in the cities lost their jobs to Bendigo and Tasmania.

5 Now the people in Bendigo and Tasmania are losing their jobs to call centres
being set up in India. Right? And soon the Indians will lose their jobs to call
centres being set up in computers, because of the IVRs. Right? Make sense?
There is a bit of an irony. Market research has shown that call centres are
totally disliked, and IVRs are loathed. Now, here's my first mind reading
trick. 90 per cent of the people in this room would not like dealing with a
call centre, would prefer to deal with - direct with the company. Is that true?

10

MALE SPEAKER: Yes.

15 MR EVANS: It's 90 per cent. Okay. So the majority of people would
prefer going direct to the company, and the reasons why is it empowers you
to go direct to the company. You can ask for the boss. Correct? Ask for the
boss of the call centre and they just read it off the screen. "Who's this client
now?" Correct? But I guarantee you, most of you would loathe using an
IVR, interactive voice recognition system. However, I prefer them now to
call centres set up in India, because they seem to be faster, and they're getting
cheeky. The Virgin Mobile IVR they have now actually insults you.

20

MALE SPEAKER: Yeah.

25 MR EVANS: You've been insulted?

25

MALE SPEAKER: Yeah.

MR EVANS: Did it ask if you were tipsy?

30

MALE SPEAKER: Yeah, something like that. Yeah.

35 MR EVANS: Yeah. It said I was tipsy, but don't need a computer to tell me
I was. Asked me a question and said, "Please say the name that you're
looking for." I said the name. It said, "Sorry, can you say it again?" I said it
again. It said, "Sorry, could you say it again?" I said it - said it again. It
said, "Are you tipsy?" Hung up the phone. Smashed it. No. So IVRs. So
that's a major issue. So that's created a lot of frustration in 90 per cent of the
marketplace. Now, for the providers, the new providers, or providers, and
there's around 90 Telco providers in Australia, and then you've got many
40 electricity companies and gas companies coming in, you know, trying to get
the business.

45

For those companies, the customer acquisition process is in total chaos. That
means it's extremely difficult to get customers, and I'm going to give you
some example of what - what's happened over the last 12 years. In the early

1990s when Optus enters the marketplace they were achieving one out of every two customers they approached. There was a euphoric feeling in the marketplace prior to Optus entering in the marketplace, because we were fed up with Telecom and Telstra. Correct? Now, Optus had a massive run initially, and the run was due to a television ad, an advertising campaign specifically designed to say something to us, and what did it say? "Yes." And what did that "yes" mean? Yes, we want your business. Yes, we appreciate you. Yes, we're going to give you better service than you're currently getting. Correct?

10 Do you remember? That's a really interesting point, because we were dealing with a monopoly back then. It was Telstra. It was one company. And in a monopoly one would think - who's played Monopoly? In a monopoly you'd think, well, the prices are higher. Correct? Yet they didn't enter the marketplace with a price campaign. They entered the marketplace with a service campaign. True, isn't it? And that's because Mr Packer spent fortunes doing market research and came up with the fact that 90 per cent of the collective mindset of the marketplace, when dealing with Telecom and Telstra at that stage, was pissed off, and if you could tell them, yes, we're going to look after you, they're going to come running, which is why they launched a marketing campaign that said "Yes." True?

25 And we did. And in the first year Optus achieved more market share than they ever have since. Over 30 per cent of the marketplace moved to Optus. Since then the highest level they have really had has been downsliding, and they are at around 16, nearly - just under 17 per cent of the marketplace. Now, that 17 per cent has fallen since SingTel took over. A lot of people left Optus when SingTel took over because they wanted to deal with an Australian company. Okay? So the "Yes" campaign was a success initially, but then became the bane of their lives and it was a bane because of one reason. They lied to us. The "Yes", they couldn't deliver on it. And the "Yes" didn't mean "yes, we appreciate your business." It meant, "Yes, we did disconnect you without warning. Yes, you must pay your bill now, and yes, we are the same as Telstra." True?

35 Now, a mind reading trick again. 90 per cent of this room would not see much of a point in difference between Optus and Telstra. Correct? 90 per cent of this room would only leave Optus or Telstra to punish one of the others. And do you think they care? No, they don't. "I'm going to change. Look - hey. Who cut you off." By 1999 - that's when I did my - started writing my business plan. We got Sydney Uni students to do some market research for us and we found that the broking firms and providers had a fall off in customer acquisition process. In other words, it was getting more difficult to pick up clients, and it had fallen so bad that 1 in 10 people approached by telemarketing companies or door knockers, canvassers, would

change. 1 in 10. That's bad, but it's still doable. Right?

5 Now, the numbers are so bad that 1 in 25 people will actually listen to the
approaching brokering; in other words, most people go, "Go away," and they
need to make three appointments, three presentations to get one sale. So
they're speaking to 75 people to get one sale. Added to this there's no
stickiness in the relationships created by the providers, or the broking
10 companies. What that means is there is no relationship and, in fact, 80 per
cent of all business taken from Telstra goes back to Telstra within the first
nine months. 80 per cent. So here's another mind reading trick. I would
suggest that at least 60 per cent of this room - 50 per cent or more of this
room would be with Telstra. Put up your hand if you're with Telstra for your
business landlines or mobiles or a service. Go on, seriously. Put your hand
up.

15 It's the lowest ratio I've ever had, and that's around - around about 45 to 50
per cent. Yeah, about 45 per cent, and that's the lowest I've ever had it in five
years. Got an educated market here. Now, 70 per cent of the marketplace
20 still resides in Telstra and, in fact, last year Telstra disclosed in their report,
annual report, that they increased market share. They're increasing. Now,
from a marketing perspective, from my perspective as a marketer, that does
not make sense, because they are an incumbent monopoly, and it's a
deregulated market, and they are the dearest, because the ACCC make it so.
25 So everyone in this room that's with Telstra is paying too much, and a lot too
much, because the ACCC fixed it. Right? They can't - otherwise Telstra
would just drop their prices and everyone would go broke. Correct? Okay.

30 So 75 per cent of the marketplace still reside with Telstra, and 96 per cent of
the money to be made in the industry is made by Telstra. They're the only
profitable one of the top four Telcos, and they're the only ones making
money. And how much money did they make in the last financial year? \$4.3
billion. To give you an idea how much money that is, the richest man in
Australia is Kerry Packer. He's worth about 6, probably 6.2 billion. Call it 6
35 billion. Telstra made his entire wealth, 80 per cent of his entire fortune in
one year. Profit - it's insane. And it's a monopoly. Do you know Australia
has got the - is the highest per cent of population to still reside with the
incumbent? Canada's the second highest at around 50 per cent.

40 So, in other words, all the other countries, when they deregulate, people
leave. Except for Australia, because we are a marketplace that does give
loyalty, and we're not being loyal to Telstra. We're just very, very fed up. So
I'm going to show you in the next few slides why you're still sitting with
Telstra. Now, 90 per cent of all business taken from - sorry - 80 per cent of
45 all business taken from Telstra goes back to Telstra in the first nine months,
and the providers are spending a fortune to get your business. It takes most

providers around two years to break even, to get to profit, from the cost of that customer acquisition. It's not making money. Okay?

5 Okay. Direct from the provider you only get the advice from the provider. That is a regulated business model. So if go direct to the provider you're only getting their advice. Optus aren't going to say, "I think you should go to AAPT." True? Brokers, the broking industry is in a mess. Okay? And brokers - this is telecommunications brokers. Brokers are commission focused. Now, the biggest broking firms in Australia for telecommunications are companies called SalesForce and Cobra. They have employed hundreds and hundreds of people as backpackers - generally backpackers or transient people that come along, get a job, and they go doorknocking, or telemarketing. But generally it's doorknocking.

15 And they're the people that come and - and they've got little AAPT badges and - the young people who knock on your doors. They're doing that because they get an up front commission. Generally it's around \$30 for a churn of the household. Right? Now, so they're focused on the commission. There is no industry code of ethics. They offer no after sales service. Focused on what we call the churn, the churn and burn. They do not build relationships with their customers. They see them once to change it and they're off. Correct? Has anyone been churned by one of these firms in the past, over the last 10 years? Do you have a relationship with the person that did it? Not at all? Saw them once and that was it.

25 They are not seen as independent professional advisers. They're working directly for a and they're synonymous to the providers to leaving bad debts, and have even been known to tombstone. Now, tombstoning is the fraudulent practice of creating clients that do not exist for an up front commission. I was just reading in today's paper about the stockmarket boom, and the stockmarket boom has now got - there is a warning out to broking firms exactly about tombstoning, and it says beware of people who are setting up accounts, fraudulent accounts, and they're saving, and then obviously they - they miss the run. It goes down and they have a margin call, and they disappear. Understand? Well, that's what tombstoning is. They create clients that don't exist for an up front commission, and it takes the Telcos two to three months before they even realise they've been had. But by then, the people that did it are gone.

40 Now, this is a massive problem. Still is a huge problem, but in the year 2000 the boom, the Telco boom was booming, and the mobile boom was booming. There was all these - especially in Sydney and Melbourne, all these mobile phone shops being set up, mainly in the Lebanese and Asian communities, and Optus disclosed the loss of \$700 million to bad debt and fraud in the year 45 2000. People out some massive rort. Okay? So tombstoning's a real big

problem and bad debts are a big problem. There's - there's a bad debt ratio for the home market that's so bad that the only providers that traditionally go to the home market now are the top four, because they're so nervous, because people just don't pay their bills and they disappear.

5

Now, here's my magic trick again. I'm going to read your minds. 90 per cent of the people in this room - 90 per cent of the people in this room, the collective mindset of the mass marketplace when dealing with essential service providers is that they are left feeling frustrated, cynical, disempowered - and if you disempower anybody it makes them what? Disloyal. True? And easily churnable. Except now people have become resistant to taking up new services because of an apathy in the marketplace and because we're so cynical. We've heard it all before. "You're offering me a discount? Yeah. Go away." And that's why 70 per cent of the marketplace is with Telstra, because it's not price driven. It's service driven, and we're saying, "No, go away." True?

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15

20

25

So 90 per cent of you - and I'll read your minds - will be feeling like that when dealing with essential service providers. Correct? If you are feeling disempowered and cynical towards those corporations put your hand up. This is my magic trick, right? Put your hand up. Yeah, there's - that's 85 to 90 per cent of the room. Always around that. Now that, ladies and gentlemen, in marketing is not a magic trick. It's understanding the marketplace, and do you know what that is, what we just did then is the highest form of marketing you can get. If I can come up with an answer for 85 to 90 per cent of the people in this room they call me a genius, because I can read your minds. Does it make sense?

30

35

40

It's called the collective mindset of the mass marketplace, and do you know when somebody comes up with an answer to that need, the need of the marketplace, for whatever it is, and it could be for - a need for a widget that works, or a wheel - the person that invented the wheel answered the mass market need at the time. People that do it, when they do it, you have a feeling inside that is, "It's about time. Why didn't I think of that?" Right? It's like - and we've all felt that, haven't we, when we see something happening, "Wow, it's about time." Correct? Well, that's the collective mindset, and an incredibly powerful, powerful marketing tool. So what it really is like, it's - at the moment you've got 90 per cent of the people in this room, and it's like you're swirling in a dam. All this energy, and that's the energy, that frustrated cynical energy is pouring into a room, or into a dam, and it can't get out, and it gets more and more and more frustrated and more cynical until some smart little cookie comes along and answers the need and opens up the door, and it just pours through.

45

I'm going to show you an industry that has done that, and the parallels to

what we're creating here and what this industry did, and there's a number of new industries I'm about to show you that have done it. But one in particular, and you're all going to go, "Yes" and then - and you'll get the parallel immediately. Okay? So in order to enter the essential services industry, a
5 summary of the industry, what we found in 1999 was customers were demanding but not receiving a trusting relationship with your providers. Tailored servicing. Everybody wanted tailored servicing. Not just your major corporates. Everyone. Personal instruction and tuition, a reduction in the complexity and chaos in the marketplace, and effective problem handling.
10 That's what we would like.

Now, mind reading, 100 per cent of this room, we would all like that level of service. This business system is specifically targeted towards the 1.2 million small to medium sized enterprises in Australia. The reason we target the
15 SMEs - the small to medium sized enterprises - is because they are demanding that more than anyone else, and you can enter the homes via the SMEs, because everyone that owns an SME lives in a house or a dwelling and their staff do as well. Correct? So we focus on creating a system that answers that need to the small to medium size enterprises. The corporate market is quite well serviced, but the small to medium sized enterprise, which I call my golden mile, are incredibly angry. Okay?

Now, that's a summary of the current market conditions in the essential services industry. You're feeling frustrated, you're feeling cynical and disempowered, and you're wanting a solution, and that's the solution you're
25 asking for, which is interesting because what are all those solutions? They're focused on what? Service. They're not price driven, which means the marketplace is a service driven marketplace, not a price driven marketplace, and that's proof, because 70 per cent of the marketplace is with Telstra. If it
30 was price driven everybody would not be with Telstra. Correct? So is it funny, because when you look at all the marketing coming out from all the companies, they're always what? Price driven. Point of difference is price. It's the only thing they all offer you. "We can save you money at AAPT. We'll save you money at Primus. We'll save your money," and how thrashed
35 are we?

Do you know, if you saw the price, it is the cheapest form of marketing, bar none. Nice and cheap. It's highbrow. But it is the cheapest form of
40 marketing. And so a courtesan sells to service, and a street hooker sells to price. Correct? They're both - both female, or both people. Just that one markets themselves at a higher level. All right? So it's the worst form of marketing. Now, I'm going to go into an overview of new industries and I'm going to validate that tonight you're watching the foundation of a new industry in Australia. Okay. Mortgage broking is a new industry. Correct?
45 Mortgage broking is a new way of distributing an old service - an old service.

Mortgages date back 500 years. The Rothschild family invented the mortgage system. The banking system. Okay? 500 years old.

- 5 Mortgage brokers and mortgage broking answered the collective mindset of the mass market need for better service. Basically, Australians were fed up with the poor level of service the banks were dealing out. Correct? If you - if you analyse the mortgage industry and the founding fathers, or founding mothers of the mortgage industry you will see that they saw an opportunity in the Australian marketplace in the early 1990s because of an undercurrent of
- 10 anti-bank sentiment in the Australian marketplace, and still today I could go so far as to say 90 per cent of the people in this room really don't like dealing with banks. Put your hand up if you do like dealing with the bank? Wow, 100 per cent. Okay. It's easier.
- 15 So what the mortgage broking industry did was they saw an opportunity because of the mass market need, the collective mindset. And now mortgage broking is a normal part of the Australian marketplace. So over the last 10 years mortgage broking has come out of nowhere in Australia and is a normal part of the business way. There are over 5500 mortgage brokers in Australia
- 20 and now, out of nowhere, it is a multi-billion dollar industry. Multi-billion. In the latest BRW Rich 200 there are five individuals with an aggregated wealth of around \$1 billion that they have all created over the last 10 years. Personal wealth. In 10 years. \$1 billion.
- 25 It took the Packer family two generations and an Alan Bond to come up with \$1 billion. Right? It did. Two generations and a billion - and an Alan Bond, and now you've got five individuals in 10 years have created \$1 billion worth of aggregated wealth. And there are many hundreds of mortgage brokers who are financially independent because of that industry. Yet it's a multi-
- 30 billion dollar industry that came from nothing. And what is it? It's a mass market need in a traditional industry that was controlled by governments and banks, which deregulated because of Paul Keating, mortgage market deregulated about five years after that, when it was a massive mess, because all these banks came running into Australia. Became a huge mess. Some
- 35 smart cookie said, "Hey, we'll deliver it in a better way." Correct? And they live off the crumbs. They just sweep off the crumbs out of mortgages, and they get paid trailed income from what was traditionally controlled by the banks. Correct?
- 40 So individuals can now earn money from mortgages. Now, that's a fantastic thing. Instead of just the banks. Now, that's a real powerful wealth creation vehicle, and that's why there's so many successful mortgage brokers. Who knows a rich mortgage broker or two? Okay? Now, a question to you all.
- 45 30 per cent of the room, when looking for a mortgage, would probably go and talk to a mortgage broker as well as a bank. Correct? Put your hand up

if you would talk to a mortgage broker. At least just to have a chat. That's at least 30 per cent of the room. Okay? So in a matter of - about 80 per cent of the - all mortgages are written by mortgage brokers. In England, it's around 60 per cent. In Australia, it's 30 per cent and rising, because they deliver a better service and a better price than you get from the banks, and because they're there for you. Correct? That's it.

And they earn an income, a trailing income for the life they maintain the mortgage and your relationship. The average mortgage in Australia lasts 3.8 years now, and that's because of mortgage brokers. Now, I'll give you some wealth creation, or some statistics which you've probably heard before. But out of 100 people, 100 per cent of the population living at the age of 65, out of 100 per cent, 95 per cent of the population at 65 is living on welfare, charity or government assistance. 95 per cent in western societies in Australia. 95 per cent. 4 per cent of the population are financially independent, and 1 per cent are wealthy. So 5 out of 100. In the mortgage broking industry out of 5500 there are hundreds of financially independent mortgage brokers, and rich mortgage brokers.

The numbers are way out of whack, and they're out of whack because of the key performance indicators in the industry. One was it was a traditionally government and bank controlled industry. Right? Two, they created a new industry by answering the mass market need; and three, they get trailed income. So when they make a sale, it keeps paying. Those three factors have guaranteed wealth in that industry, and now it's - that's the way it is. You'll never see mortgage broking disappear. They will regulate the industry, but it will not disappear. Correct? 30 years ago if you owned a corner fish shop and you need advice on accounting or tax issues, we all went to our accountants. Correct? It was an established industry, had been established for many, many, many years.

If you needed advice on legal issues you'd go and see your lawyers. Do we have an accountant in the room, or a lawyer? A lawyer? Accountant. You're going to love this. This is something for you, this presentation. They love it. So the accounting industry is a structured industry and has been for a lot more than 30 years. The legal industry is a structured industry. Has been a lot more than 30 years. If you needed financial advice 30 years ago would you have gone to a financial adviser? No, because they didn't exist. It came about 15 years ago. If you needed advice on mortgages 10 years ago you'd have gone to the bank. Now, a lot of this room and a lot of the marketplace go to mortgage brokers. If you need advice on essential services, and most services - telecommunications, electricity, gas and water and technologies - who do you go to? If you've got a small business and you need advice on essential services, independent advice, who do you go to?

MALE SPEAKER: Internet.

5 MR EVANS: Internet? There you go. You can talk to an IVR. Who do you go to? Well, now you'd go to us. But before us - and this point was the reason I created this business. On 9/09/1999 at 11.33 pm that dawned on me like a tonne of bricks, and I thought, "My God, we've got a deregulating essential services industry and there is no independent advisory system or service or adviser that can come to my business," and at that stage I had quite a large accounting business, and I was looking for advice on essential services, and I thought, "Oh, well." 14 retail shops that were spending at least \$700 a month just on - per shop on telephone calls, and I thought, "The telephone companies are treating me like" - and, I thought, "What about technology?"

15 I needed new systems and I needed electricity to be looked at and I wanted everything looked at, and I thought, "How can I get someone to look at it?" And I couldn't. And I thought, "Wow." So I started researching the marketplace, and I'm going to give you the numbers that I found with Sydney Uni - unit students from Sydney Uni - and they're incredible. In the financial services industry - that's superannuation and insurance industry - the average dollar spend in the Australian small to medium size enterprise dollar for those services, the percentage of their dollar spend is between 6 and 8 cents in the dollar. Right? 6 and 8 cents. Pretty big. That's why there's so many of them.

25 In the essential services industry the average dollar spend, percentage of dollar for small to medium size enterprise on telecommunications, gas, electricity and water, excluding petrol and technology product, is around 14 cents. It varies between 11 and 15, so we call it 14 cents. It's more than double the financial services market. How many advisers are out there for the 6 and 8 cents? Thousands and thousands and thousands of them. It is a structured industry. In fact, you cannot even walk into a business and talk to someone about their 6 to 8 cents that they're spending unless you're accredited by the Financial Planning Association or the Financial Advisers Association. It's four years to do accreditation now, isn't it? About four years.

30 How many people are out there talking to you about that 14 cents for essential services? There's about 300 of us now. That's a powerful point do you think, ladies and gentlemen? Yeah? Does it make sense? It's a huge point. Nobody's in there. It's a deregulated industry. People should be in there giving businesses advice on where to put that 14 cents.

45 MALE SPEAKER: Well, as you say 300, is that 300 Imagine people?

MR EVANS: There's 300 advisers that Imagine have got. Around 300. It's growing all the time, but there's at least 300 people in our company that talk to people every day about their essential service needs. Okay? Now, in the financial planning industry when I became a financial planner, we used to a
5 financial - explain - financial needs analysis. For the essential services industry we have created a template called an Essential Services and Technologies Needs Analysis. We go to a business and we a needs analysis and we see how much money we can save them and how much - how many more efficiencies we can bring into their business. Make sense? Because it's
10 deregulated with so many providers, we take out the chaos.

So a new industry of essential service advisers is what you're witnessing tonight. I'll keep going. Prior to the mortgage broking industry cleaning up the mess in the mortgage broking industry - or the mortgage industry, in the
15 1990s that's what mortgage broking - or the mortgage market looked like. You had the banks, all these different foreign banks and Australian banks fighting to try and get your business, except they weren't treating us special. Correct? It was a mess. This is what it looks like today. The banks have organised themselves. The mortgage brokers have organised themselves as
20 the distribution model for the banks, set up their own businesses from home, and gone out there and created the market share. Correct? Organising the marketplace.

In 1999 the essential services and technologies marketplace looked like this.
25 You've got the technology companies and you've got your essential services companies, and you've got the marketplace, and it was a mess, and for you people it still is a mess. That's why you're frustrated, cynical, disempowered and so on and so on and so on. This is what it looks like now. With Imagine, we approach the providers; we convince them to provide their products and
30 services into our distribution pipeline; we licence our pipeline to licensees, who then distribute it to the small to medium sized enterprises and to the homes, and become essential service advisers. Does it look familiar? Banking. Mortgage market. And our market. Okay?

35 So you're sitting at the forefront of a new industry of essential service advisers. So, an overview of the essential - of the new industry is this. Deregulation of the essential services industry has created a mass market need for a new way of delivering essential services, thus opening up a new industry. Imagine is the first of its kind. Therefore, Imagine has created a
40 new industry of essential service advisers. We have founded the Essential Service Advisers Association, which is a separate independent body, and all of our licensees become accredited by that Association. That then sets a new industry benchmark of professional advisers. We then lean on the providers, and are now leaning on the government to recognise us as the industry
45 standard, and you should not be allowed to talk to people about their 14 cents

in the dollar unless you're accredited by an association, in our belief, because 14 cents far outweighs 6 to 8 cents, and you're talking about people's money and there should be regulation around it. Correct?

5 So the first strike advantage, which I'm going to talk about in a moment, we've gone into the marketplace and created this. All right? So a summary of the new industry. As I said, the collective mindset of the mass marketplace is what demands a better way. It demands a new industry. We rose to the challenge. Basically, but the Australian marketplace is just fed up with the lack of respect that we're getting from essential service providers.
10 So in order to capture the marketplace we - and we really need to deliver the highest possible service. So the market, we found, was service driven, not price driven, and therefore, with all that energy in the marketplace, we created a new industry of essential service advisers. Mark my words, by
15 Christmas next year, God willing, you will see Imagine as well known as the mortgage broking industry in Australia, and essential service advisers, within five years, will be the only way they sell essential services.

20 It will be - it will have to take the marketplace from the mortgage broking place, because of the collective mindset of the marketplace. Okay? Make sense? So what's in it for you? At this point I'll just give you a quick look into what happens in a new industry. If you had got into the mortgage broking industry in its infancy or over the last 10 years, the chances are you would have been financially independent, or could have even been wealthy.
25 Correct? Well, this is a similar industry, except the income stream you are now going to achieve as an adviser of essential services, is out of essential services. One hopes you pay off your mortgage, but when do you pay off your essential services?

30 MALE SPEAKER: When the bill comes.

MR EVANS: When you're in a box. That's when you stop paying it. Right? You stop paying it when you're in a box. Right? And then your - your poor relatives have to pay it. Okay? You never stop paying it. So it's
35 the most powerful wealth creation vehicle I've ever seen in my life, and governments have known of it, and now I'm going to show you how you can earn an income out of it. Okay? We've come up with a solution that answers the service driven need in the marketplace. At Imagine we give users of essential services a trusting relationship with providers; tailored servicing,
40 and that's to every one of our members; one on one impartial and professional advice - it's impartial because providers pay us the same amount, so that the agents or licensees get paid the same percentage from the Telco providers or the energy providers. It's uniform, so it's unbiased; a reduction in complexity and chaos in the marketplace; effective problem handling; and ongoing one
45 on one relationship with a person that you know who's your essential service

adviser. Make sense? For the life the relationship you maintain with the company. Good?

5 Added to that we give you huge savings, savings that you could no way get without us. So we give you unparalleled service, and a better price than you can get anywhere else. Do you want to know how? We do it through the Imagine Distribution Network. It's a system that allows licensees to distribute provider services to a set number of members. The licensees become service and account managers. Now, the first point of difference in
10 what we do is we have created a national buying group. We go to small to medium size enterprises. We get them to join our national buying group and become members, and then we offer them benefits. So we say to a fish and chip shop who is spending \$500 a month on their phone bill, "If you stand with us we'll give you the same buying volume as if you were spending 1000
15 a month."

20 Make sense? And the same service that a CEO or a CFO of a national company would expect to get. One on one service. They're going to deal with one person. They're going to do an analysis of your business. We're going to find out how efficient we can make the business, and how much money you can save by joining Imagine. The reason the licensees do it is for a generation of an income, and that income stream is a percentage of volume that your clients spend in their essential services. But they haven't paid you a cent.

25 FEMALE SPEAKER:

30 MR EVANS: You get paid direct from us from the providers, and it's trailed income. So once you set up the client you get paid for the life of the relationship.

FEMALE SPEAKER: Okay. All right.

35 MR EVANS: In essential services.

FEMALE SPEAKER: Okay.

40 MR EVANS: As long as you maintain that relationship you'll keep getting paid. They're not going to pay off the mortgage, are they? They're going to keep paying. Make sense? You also receive an up front payment for doing the actual paperwork and the analysis once you do it. But it doesn't come from the client. It comes direct from the providers for lodging the business, and then you receive a trail. I'm going to show you the amount of trails and the amount of income you can earn in a moment, but before I do I'm going to
45 show the system, how it works. Okay? The first thing we do is we get all of

our clients to become members of Imagine. That's an overview of our membership form. I won't read - read it to you, except I'll tell you what it says.

5 Basically, when you go to a business and you ask them to become a member, the first thing they think is how much does it cost, which is probably what all of you are thinking. Mind reading tricks again. Well, it's free. It costs nothing to become a member of Imagine. It is a free - - -

10

END OF FIRST SOUND FILE

15

START OF SECOND SOUND FILE

MR EVANS: We licence it to the licensee, or the adviser. They access that software, and put all the data from all the different essential services deals into it. People then think up - come up with the solutions and the savings. 20 Make sense? Okay? Free. So it's cost you nothing to join so far. So you've just joined Imagine but you still join. Now the advisers can go through and conduct an essential services and technologies needs analysis. The first thing they'll do is a telecommunications analysis, and they go right through your telecommunications services, and they come up with comparisons.

25

In this case we've got a landline comparison, so what happens is we put in all the data from the telecommunications landline bills, and then we show you how much you would have saved if you'd been with a - an Imagine based member provider. Okay? Now, we guarantee - business landlines cost of 30 calls, we guarantee 20 per cent savings. Any business. That's with Optus or Telstra. This is a guarantee in writing. Okay? So 20 per cent. That's a serious dollar in the hip pocket of small to medium size enterprise. Then we do a - I am sorry. Back in this one. Once you've done that you show them the savings. If they then say, "I like them" - - -

35

MALE SPEAKER: How do you a series of those?

MR EVANS: We look at all - well, you only look at the most recent bill.

40 MALE SPEAKER: Only the most recent?

MR EVANS: Mm. Now, you go through that and you analyse it. You then come up with their solution. They then - or you fill in the paperwork for them, because everyone has an aversion to filling in forms, and then they sign 45 at the little tabs that you put on them, and you lodge it. When you do that

you receive an up front commission, and then for the life of the relationship that you maintain you'll receive around 5 per cent of the call spend that they do every month. 5 cents in the dollar. Okay? This is our energy analysis system. This system is good in your market. In other words, you don't have to have a deregulated market. It's a specific system that we have had a JV on, a joint venture, with the company who created this, and it will find business savings and create a trail income for you in energy, gas and electricity. Okay?

10 I won't go into tonight, except to say you now have three residual incomes. One from business landlines, and one from electricity, and one from gas. Also mobiles, we do the same thing. There's residual incomes in it. To give you an overview of an example of how much money we can save a business, because that's why we're here, to see if we can add value, and then when you add value you create a niche, and that's when you get paid. Correct? All right. The average small to medium size enterprise in Australia spends around \$540 a month on their telephone cost of calls. \$540 a month.

MALE SPEAKER: cost.

20 MR EVANS: Yeah, well, that's the average. All right? So I've already stated that we will guarantee them 20 per cent off that \$540. So there's your first hundred dollars in the hip pocket. On top of that we'll save them 10 per cent off their mobile phone bill. That's a guarantee as well. We'll save them 25 20 per cent off their power bill. The power product that I showed you a moment ago at this stage is specifically designed for businesses that are spending \$500 or more a month on their gas and electricity. Okay? So they've got to be spending 500 or more. Look, I'll go into questions after. \$500 or more.

30 You will save them 10 per cent off their gas. Now, the water product is coming next year, to Queensland. It will be here about February. What it is, it's a water auditing system. We're testing it in Perth at the moment. It's fabulous. Most of you people in this room will be paying too much on your water bills every month. We have an auditing system that audits five years back, and we come up with solutions and savings, and then we do it. We get you a rebate from the Board of Works and the water companies, and we pick up a percentage of it for the work. It's a free service. Fuel is just going online in Perth and it will be online right up the eastern seaboard by 35 40 February.

Now, fuel - in Western Australia we've got such a big powerful buying group now that we get a bigger fuel discount than anybody else, and it's bigger than the Western Australian government. So, imagine you've just become a member of Imagine. You're a small to medium size enterprise. We've done 45

an analysis of your business and it's cost you nothing - correct - up to now. Come right through, give you a fuel card, sign all your business up, and you've saved thousands of dollars a year, and you've got one person you can trust now, because he's looking after you. How much has it cost you to save
5 thousands?

MALE SPEAKER: Nothing.

10 MR EVANS: Nothing. In marketing what do we call it? A no brainer. It's a no brainer. So that's why Imagine's becoming so powerful. First, we're there for the little guy. The little guy joins us and they become the big guy. As - as the - Don Chipp says, we keep the bastards honest, like the corporates, and we give to the little guys the same level of service the CEO gets in a national company, and we save them money. Thousands of dollars.
15 Now, once you've done that, and it's cost you nothing to do it, you're going to earn. Now, everybody in this room is about to jump into my time machine. Okay? And we're going to go on a time warp into the future, and this time warp is going to take us two years into the future from today. Okay? Are you ready?

20 Bang. We just did it. What we're assuming, in the last two years that we just missed, you went out and created, with us, a business market with 300 businesses. Each of those businesses are spending an average of \$400 per month on their telephone, business landline cost of calls. \$400 a month, which is under the industry average. So you've now got 300 businesses
25 spending \$400 a month. At the same time while you were there signing up the business, the landline, you're going to bring along application forms for the homes, aren't you? You're going to sign them up on their home, because you'll save them money on a home, and you're going to offer it to their staff, because he's the centre of influence, the owner of the business, and it makes his staff feel special, and you will want to look after them too. Agree?

30 So you sign them up. What we're saying here is that for every business you sign up two homes. These are very achievable assumptions, by the way. And each home is spending \$90 per month. Who's got teenage daughters? You're spending more than \$90 a month on your home phone?

MALE SPEAKER: I don't want to think about it.

40 MR EVANS: Yeah. That's right. It's \$90 a week. What we're saying is 600 homes at \$90 per month, and for every business we're saying that over a two year period you'll pick up about 300 mobile phones. The reason you haven't got 600 is that people are on plans, and you've got to wait until the plans expire. Okay? And each mobile phone is spending \$100 per month. Who is spending more than \$100 per month now? All right? I spend somewhere
45 around 2500 per month, but I'm - I'm the high end user. And you've got 50

businesses that were compatible to the \$500 plus spend that I showed you a moment ago. Okay?

5 Now, if you do that I'll show you the income you're going to earn, but just before I do, at Imagine, when you buy a licence with us, we will guarantee you 300 businesses as members. We'll actually give you them. You've got to go activate them and introduce yourself to them and do the analysis, but we will give them to you. Let me show you how we do that in a moment. That's that bit you're going to like. But 300 businesses. Okay? If you do that over
10 the last two years, if you've just done that, your income would have been around about this. You'd have \$18,000 you would have been paid in up front payment over the last two years, on the business landlines.

15 Now, for the next 12 months, out of the one product, the business landlines, you've now accumulated a \$6000 per month trail income. 6000 per month. 72,000 per annum out of one product. Added to that you've got the homes. The homes, you would have picked up 10,800 in up front payments over the last two years, and for the next 12 months you earn \$2700 in monthly trail.
20 The mobiles you would have picked up add a juicy little \$3000 over the last two years, and for the next year you're going to earn \$700 per month in trail; and the energy product, you would be earning now \$750 a month for the next 12 months. Okay?

25 That's a total of \$31,800 in up front payments for the last two years, and for the next 12 months you're going to earn at least \$121,800. Now, you've also over the last two years earned trail, but I haven't shown you the amount of trail. Okay. But what I'm saying is your trail would have accumulated now to the level of \$120,000 for the next 12 months. Get it? Everyone understand?
30 A licence at Imagine costs around \$60,000. There's an accountant in the room, but I think he'll back me up when I say that that business, \$120,000 trail income business from essential services would have to be worth at least two times - two times annual trail. Now - - -

35 MALE SPEAKER: It's effectively

MR EVANS: Yeah. So it would be about 240,000. And, in fact, that's an extremely conservative estimate, and I'm sure your accountants will back me up on that. So you just did a two year time warp and we have shown you a plan that can create \$120,000 trail income out of the \$66 billion industry. So
40 how much of the industry have you picked up? It's not even a fraction. Not even a fraction. Wouldn't be a blip on the screen. Yet, you're now financially independent. Correct? Why is that possible? Because the collective mindset of the mass market need has demanded a new way of delivering essential services. This is the new way of delivering it, and getting
45 in at the beginning of a new wave, and it's trail income out of essential

services.

5 So at the beginning of this presentation I said it's a very exciting time for
people in Australia. The shift of wealth from governments is now coming
across to who? Us. So you can - you can enjoy that income. And it's a
reality. However, if we go two years in the future, will you be able to earn
that sort of income for the next two years, if you don't start now? It's
10 unlikely, because the marketplace will be maturing in two and three years
time, like the mortgage broking industry is maturing now. It would have
been easy to create a couple of hundred thousand dollar income in the
mortgage broking industry in its infancy, but now you'd have to be pretty
blood good to get a couple of hundred thousand dollars out of a mortgage
broking business. Correct? Trail. Everyone agreed? Because the
marketplace is so mature.

15 You could still do it, but you've got to be a bit of a star. This is achievable
for everybody in the room, and I'll show you a specific plan now before this
presentation ends, a specific plan that guarantees that you will do that, if you
follow it. Okay? Ready? Before I do I'd better show you how we manage
20 the system. Does everyone know what an Extranet is? An Extranet is a
private Internet. The Internet's the global highway. An Extranet sits on top
of it and it's like a private Internet. You need pass codes to access it. We,
over the last five years, have developed - and this is the backbone, one of the
most important parts other than the advisers in the business, the key to
25 running our business. We have created an Extranet system.

This allows you to run your business from home. It's got a - called a content
management system. We train our advisers how to use this system. It takes
30 about six hours to learn how to use it, if you're not computer literate. If you
are computer literate you'll learn - you'll learn it in 15 minutes. Along with
the analysis software, the whole analysis system and this system takes about
10 hours to learn if you're not literate - computer literate. Okay? So any -
anybody can learn it. Now, the providers supply their services, their products
and services - that's all the - their intellectual property, from their application
35 forms to their daily best buy rates for Imagine - and they supply it into the
content management system.

The content management system's managed by the head office in Perth, and
you guys enter the system from your computers at home or your laptops.
40 Don't have to have a laptop. You can just use a computer from home. You
get private passwords. You enter it, and a typical scenario is you will go to a
member that you've been given through Imagine. You will see the member,
do an analysis of the member's business using the comparison software that's
inside the Extranet - see? It'll come up with solutions. You then print off the
45 - the application forms, sign them up and away you go. Then you enter the

data of the new member and their products on your member management system. Then it will tell you how much income you're going to earn and track it for you.

5 You enter their date of birth and it will let you know when their birthday's coming up. You enter their mobile phone plan, when it's coming up to expire, and it will let you know when it's coming up to expire. There's all these little tricks in there that are really good to use to keep you efficient at what? Servicing your clients. So that's a fantastic system. In fact, without
10 that it would virtually be impossible to run this business. But with that you can run a national or international network of advisers, and keep them up to date every day. To summarise, the advantages of using the Imagine distribution template, for the providers, if there wasn't advantages I would be talking to you about nothing, because we wouldn't be selling any products.

15 Well, the advantages from the providers are massive. First and foremost, it's a massive reduction of cost per customer and position. Using our system, and we'll show you the way we market in a moment, but they access a national member base with thousands and thousands of members, and a distribution
20 pipeline, so it costs them very little to distribute their products. They don't have to advertise. They don't have to put on sales tax. They don't have to put on call centres. See? And, in fact, for our Telco providers that have been with us the longest, recently we've done an analysis of their profit return, and most of them are breaking even between five and seven months, using our
25 system. That's opposed to around two years using another way, the traditional way. Good? That's a big benefit.

Second, there's a reduction in bad debt. We'll show you why, but we don't get bad debts at Imagine. However, if your clients don't pay their bills, it's
30 not your problem. Okay? You don't have to cover it. Absolutely no tombstoning. Nobody is going to sign up a client who doesn't exist for a commission they'll never get, because we get paid trail, and when the client pays we get paid. You see? Now, that point, for the providers, is extremely exciting, because they know that they can trust us. Also they know that we're
35 accredited, and we are professional advisers, and that the people that are advising clients own their own business. They have invested in their own business. They are not just some backpacker off the street looking for a 30 buck hit. Okay? So they really like that.

40 Reduction of customer servicing costs. It costs, using our system, far less to service customers because all they have to do is service our advisers, and our advisers service the customers. You see? Aggregate the service. And fantastic customer attention. At Imagine, with customers that have been with us for over two years, we have over a 99 per cent customer retention rate. 99
45 per cent of the people that become members stay members. In fact, 1

personally don't really know of any members, other than a couple, that have left us. Okay? And why would you when you've got all these benefits I pointed out? The advantages to a licensee, to summarise your advantages. First and foremost, you get that massive market need. You get a huge marketplace that is demanding service. Plus, when you buy a licence, we give you a marketplace, so you don't have to find your own members, but we encourage you to do so. Why wouldn't you? Okay? So we're going to give you a marketplace.

10 Secondly, you get product growth. We started off this business with one product. It was business landlines. There's a gentleman in this room that's been with us for a long time, since we started, or started in Imagine's commission system, and he's been actually in business with us for over a year, and when he started we had one product. Now we have the whole buffet of products. Okay? Which is great growth. Professional business training. You'll actually personally get a one on one relationship with what we call the group licence. They will set you up in your own home, set your business up, give you one on one training in all of our systems. Okay? Group licence. John Lark, this gentleman here - John? John Lark is the group licence on the Gold Coast.

There are no territory boundaries, except he'd be your man on the Gold Coast to give you the one on one training in Imagine, and he's doing a fantastic job. And, of course, we give you ongoing training. There is no ongoing fee you pay at Imagine. It's a one off fee, and away you go. We earn our income from trails, the same as you do. And you get on ongoing income stream and, remember, ladies and gentlemen, it's an income stream out of essential services which you could never have done before. Yeah? Okay. This is how we guarantee you a market share, 300 members minimum, and this is specifically why I pointed out that you'd enjoy this part of the presentation.

When you come up with a business system or an idea you have a natural advantage, and that advantage is called, in business, first strike advantage. In marketing, first strike advantage is a very powerful tool. If you come up with an idea, you can get it out there first, you can do really well. It doesn't guarantee success. In fact, Apple had first strike advantage over Microsoft. Ford had first strike advantage over Holden, or General-Motors. Right? And now they're - they obviously have fallen behind. But it still gives you a natural advantage. When I wrote this business plan I knew I was at the forefront of a giant new industry. So I thought I'd better get it right. We've been in the marketplace for over five years now, developing this system from the back end to now the front end, and you people had not heard of us up until tonight. The majority of you people.

45 That was a specific plan. To take the first strike advantage and maximise it.

In the military they teach you about first strike advantage in a battle, how it gives you a 90 per cent chance of winning. Sun Tzu says every battle was won before it was ever fought. So with this system I wanted first strike advantage to go - wham - and hit the marketplace, and do the two most effective things you can do. Block out as much of the marketplace as possible; and take out what's known as the easy money in the marketplace. In the marketplace there is two forms of money; the easy money, and the hard money. The easy money is known as the 20:80, or the 80:20 rule, Pareto's rule.

10 Pareto was a mathematician that lives around 100 years ago, and he came up with a mathematical phenomenon called the 80:20 rule. Who's heard of it? Okay. My life as a business adviser, I would always look at a business and look for their 80:20. What it means is if you get the owners of a company, or the owners - the managers of a company to focus on the 80:20, which means 15 the 20 per cent of their business that produces 80 per cent of their income, they will become extremely efficient and make a lot more money. It's been one of my pet over the last 15 years. So when I created this business I knew that the 80:20 rule was in every business. So what it means is, out of 20 the 1.2 million target market small to medium size enterprises that we're looking out, 300,000 of them make 80 per cent of the money in the essential services and technologies industry. Correct? And 900,000 make 20 per cent of the money.

25 It's very unrealistic to take out the whole marketplace, so I specifically wanted to go out and block out that easy money. We'll leave the hard money to someone else. Okay? And blocking out the marketplace is a very powerful way of using first strike advantage. Now, there are only two forms of traditional marketing that you can use when you come up with an idea. 30 Two forms. The first form is direct marketing, which is cold calling, telemarketing, or direct market. That's it. The second form is mass media marketing, which is the marketing of products through any media outlet; radio, television, newspapers, billboards. Correct? Both of those marketing campaigns are very effective when you've got a brand new answer to the mass market need, but they alert the marketplace, and copycats come running in, which is why I've got so many mortgage brokers, and they don't pick up 35 the 80:20 rule. They get the whole market.

40 Well, this system, I didn't want to use those because I knew it was too - too sexy. I wanted to keep it under the radar. So what I did was I realised that out of the 1.2 million SMEs in Australia, they were all managed by about 18,000 accountants and financial planners, and if you create a business system called a top down enhancement system, which is specifically designed to enhance the professional services of an accountant's business, and you 45 dovetail that business into their business, you're doing two wonderful things.

One, you block out their clients, because this gentleman - do you own your own practice?

MALE SPEAKER: No, no.

5

MR EVANS: No?

MALE SPEAKER: No, no. Never did.

10 MR EVANS: Okay. What he - - -

MALE SPEAKER: A very different way that - and I understand exactly what you're saying.

15 MR EVANS: Okay. So, an example, imagine I was all your accountant, if everyone in this room was my client, and I signed up with Imagine as a member and then an associate, and agreed to introduce my - Imagine to new clients. Even if you hadn't seen it I am, once I agree, put an imaginary wall
20 around all of you. It can still be taken, but it's extremely difficult to get it though. Correct? Okay? And via osmosis you pick up the 80:20 rule, because 80 per cent of the accountant's income comes from 20 per cent of his clients. They are the first person - people you see. You see? And there are three predominant reasons why an accountant will do it. The first reason is it is an accountant's duty to do it, because it's an accountant's duty to save the
25 client's money and make business easier for them. What does Imagine do? Save their clients money and make business easier.

Second reason is the accounting and financial planning industry is a very, very competitive industry. There are thousands and thousands of them. Puts
30 them at the cutting edge of their industry, and if you could imagine for a moment you're at a dinner party, talking to a business colleague who owns a business, and that gentleman or lady says to you, "I've just - my accountant just saved me \$10,000 on essential services over the next year." You'd think, "Bugger. Why didn't my accountant do that? Can I have your accountant's
35 phone number?" Correct? So that's the second reason they do it, and third reason they do it, they do it for income, and the income is the income out of residual trail income, which we pay them, for goodwill which they bring to us.

40 So what we do at Imagine, we guarantee you a business by teaming you up with an accounting firm, introducing you to them, and then they introduce you to their clients. You see? And we guarantee you that they'll have at least 300 clients. Great?

45 MALE SPEAKER: What's the average that an accountant has?

MR EVANS: Well over 300. For the clients that we've picked, the accounting firms that we've got, it's well over it. So we - that's why we guarantee 300. So 300 clients. Now, there's a - there's a quick example. A group licence in Melbourne just picked up an accounting firm of 4500 clients. Right?

MALE SPEAKER: Thousands.

MR EVANS: 300s very, very conservative. Now, what we do, we train you in our system, train you in our service, make you a professional adviser, and team you up with the accounting firm, which guarantees you a system. Okay? So it's a huge opportunity. It's a \$66 billion opportunity. I'm running a little bit over time. Are we right? Everyone right? Because I've got a couple more things to show you. It's a multibillion, a \$66 billion industry, and that's without technologies and petrol, and we have just shown you how we have blocked out the marketplace, and the reason we've blocked it out is we are dealing with accounting and financial payment firms and different associations now, with over 300,000 small to medium size enterprises in their network.

Now, they haven't heard of us, but the centres of influence that control most of their decisions, buying decisions, have. So we've got a system that accesses the essential services income, \$66 billion income, and you can now access that. We're right for time. Okay? I'm - we're right for time. We've qualified it. We've got about another quick - five quick more minutes. I'm going to show you a technologies product in a moment that we are also distributing. I'm showing at the end of the presentation to make you go "Wow" and wake you up. Okay? Because it's a brand new system. But before I do, let's just compare. That's the system, the way it looks now. Imagine has all the providers and the services inside it. We licence it to our licensees, team them up with an accountant, imaginary wall around all their clients, and you go get them over the next two years. Okay?

It's our intention to have over 300,000 SMEs tolling with us within two to three years. Make us a multibillion dollar corporation by then, and make you extremely wealthy. Okay? Potentially. Right. Just to finish off, a comparison of two booming industries that are booming at the moment. If you were to go into the Boost Juice industry now - everyone knows the juice market is going crazy - how big do you think the market could be? We have given a very generous estimation that it's a no more than \$300 million market, in Australia. Boost Juices have sold over 100 franchises. If they all pick up \$1 million in revenue per annum each that's \$100 million revenue. That's one third of the marketplace already consuming. There's a Boost Juice bar that just sold in the Crown Casino for over \$1 million. It's a - it's a huge

run.

5 Coffee bar industry. 150,000 to enter, minimum. You know Hudson's Coffees and all these things. Same with the Boost Juice, around 150 grand plus to enter into the marketplace. Coffee industry, I saw a program on it last week, they estimate it will grow to a billion dollar industry in Australia. Combine those two industries and they are less than 2 per cent of the essential services industry. Less than 2 per cent. With this business plan we are preparing to list next year on the stock exchange, if we had 2 per cent of the marketplace inside that business plan or prospectus, we'd be laughed at because this thing will run way past 2 per cent. I think you'll all agree. Correct? The first strike advantage.

15 I mean, Aussie Home Loans has got nearly 8 per cent of the market, the mortgage market block now. It's one company. So I'm sure we're going to get at least 10 per cent, maybe even that, easy. Maybe about 20 per of the marketplace. Now, two booming industries. Cost you a lot more to get into it and what's your potential? And if you stop working, stop making juices, you stop earning. Right? This is a residual income. Two other new industries, the doggie wash industry - right? There's 140 doggie wash franchises by Hydrodog. Hydrodog's got over 140 now. Hydrodog entry level is around 30 grand. To buy a doggie wash franchise is somewhere between 30 and \$50,000. They don't pay trail income; they pay tail income. Right? And they are, you know, a new industry. Don't know how recession proof though.

25 There's another new industry. It's the bin industry. There's the bin man. They go around cleaning bins and you pay for your bin to get cleaned. Not going to mock them, except to say don't know how recession proof they are, and \$60,000 is the start up of the bin man franchise, where you have to wash bins. You stop washing bins, you stop earning, and both those - in fact, all four of those examples, you have to keep paying franchise fees every month. You don't with us. No ongoing fees. We charge a \$60,000 licence fee which basically covers the cost of training you over the next 12 months, and our licensing software, and products and service. That's it. We cover our costs.

MALE SPEAKER: And a bit of profit.

40 MR EVANS: Sorry?

MALE SPEAKER: And a bit of profit.

45 MR EVANS: Hopefully. You can't making a profit, you know? But that's - that's the reason we do it. So it takes us about 18 months to break even with a licensee, to get into where the trail is running our costs. Okay?

5 So those two examples. Now, how recession proof is the example of the business I've just shown you - Imagine? What do you do in a recession? Cut costs. What do we do? Cut costs. And get ready, because there's one coming. The stockmarket, it's going crazy. The property market's going like this. We've got a recession coming. It's going to be a biggie. You want to set up residual income. Okay? And residual income out of essential services, and it's cost your clients nothing. You have given them a valuable service which they will love you for. True? Okay.

10 And finish off by showing you the holy grail of the technologies industry. Before I do I'm just going to point out the reason we invited you along tonight. Is this turned on?

MALE SPEAKER: Yep.

15

MR EVANS: Just that plug?

MALE SPEAKER: Yep.

20 MR EVANS: Okay. My colleagues in the room are handing out expression of interest forms. Tonight's introduction, and we have gone over time, was designed to stimulate interest in you, and I can see in a lot of your eyes there's a lot of interest. However, tonight's a quick overview. What I am about to do is invite you along to a weekend workshop, free of charge - it will cost you nothing except your time - going to be held, the first weekend workshop, and you can go to either, is on 4 and 5 December, which is the first weekend, which is not this weekend, next weekend, or the weekend after that, which is the 11th and 12th. They are a free introduction to Imagine Essential Services and Technologies. They run for two days. We cater for you and we will supply you beverages, and even give you a drink at the end of this - the show.

25

30

MALE SPEAKER: What are the hours?

35 MR EVANS: The hours, I think, are on - from 9 'til 5. 9 'til 5. Okay?

MALE SPEAKER: It's on the form there. It's different each day because we've got people coming from - from around south east Queensland, so we've got a slightly later start time on one of the dates.

40

45 MR EVANS: Now - now with these introductions, they cost us a lot of money. The reason we're doing this, ladies and gentlemen, is we need advisers to service who? Hundreds of accountants that we're lining up in a taxi rank, to block out - for the market we've already blocked out. It is an unbelievable opportunity for you at - free of charge, to spend my money and

my company's money and our money to see if this business is suited to you, because it's not suited to everyone. A frequently asked question, and I'll go over the four quick questions which would have popped up in your mind.

5 That income I showed you, the 120,000 over two years, how many hours would it take you to build that income, per week? 7 to 10 hours on a part time basis over two years, working through our system. How many hours will it take you to manage a business of that size? It will take you less time than it will take you to manage a share portfolio or a property portfolio. It will take you 7 to 10 hours a week to manage that, once it's set up. Okay? So 7 to 10 hours at the most. Further to that, who's suited to the business? If you don't like people, don't come to the presentation, because you've got to like people. You've got to be people orientated. We need people that are really service orientated people.

15 What age groups? The age groups in the company range from 17 years old to 66 at the moment, but you could be 75. We don't care, as long as you can service the marketplace and offer a high level of service to our customers, we're fine. Do you need to be technology or essential service minded? No. We'll teach you all that. Okay? And there is one more biggie. One more, and it will come to me in a sec. But those are the really most frequently asked questions. That's right. How many people can be in a licence? As many as you like. Licences are an investment entity. You can have 20 different people to put in a few bob each, \$3000 each, and buy a licence. You need one key person that we deal with.

20 Most of our licences now are going into discretionary trusts. We're even talking to the superannuation industry about them being - becoming super - super funds because there's residual income. Okay? So I'm encouraging you to come along and spend a weekend with us. Fill in those forms, hand them to the colleagues at the back of the room when we have a break. Hand them in, and then spend some time examining it. But one question I put to you, is that time machine we just went through. If we were standing two years in the future and you didn't go through that weekend opportunity with us, one question you will be asking yourself when you see Imagine everywhere and you see Imagine licensees, very successful Imagine licensees, if you're not with us, chances are you'll just be two years older. If you are with us, chances are you're going to be financially independent at a very simple level which I showed you here tonight. A very achievable level.

35 40 There's a gentleman in the room who's 26 years old and in two years, at his current growth rate, he's creating a million dollar business, or a multimillion dollar business. Mr Lark, I believe he'll - you can ask him questions. He's created a very, very substantial business. In two years do you think you'll be financially independent out of Imagine, John?

MR J. LARK: Yes.

5 MR EVANS: Absolutely, because we're in a new industry. Now, to finish
off the presentation - so hand those forms in on the way out - and to finish off
the presentation I'm going to make you go "Wow" so you can go home and
have something to smile about. This is paper. Everybody knows what paper
is. Right? This is a pen. For the last 3000 years we've been using paper as a
10 technology to communicate. Write me a quick note on here. That's right. It
doesn't have to be neat. Just write anything. Not too rude.

MALE SPEAKER: No

15 MR EVANS: Just a note.

MALE SPEAKER: Anything? Like, just a little note.

MR EVANS: Just say hello. Did you like the presentation?

20 MALE SPEAKER: Send this later on - check my diary?

MR EVANS: Yeah. What you - what you do is fill in your details. If you
have to check your diary still fill in your details and put you've got to check,
25 give it to the gentlemen at the back, and then they will confirm it with you as
well, because that way we - because we're filling up the weekend workshops,
and that way you get a position. Okay? So it doesn't hurt to fill it in and they
get back to you.

30 MALE SPEAKER: Just put a little question mark in whichever box is - - -

MR EVANS: Just a question mark on the weekend available. Then - - -

MALE SPEAKER: - - - the most likely.

35 MR EVANS: And then they'll get back to you. Now, you filled it in?

MALE SPEAKER: I was - - -

40 MR EVANS: Just a - just a quick thing? Okay. Fantastic. This gentleman,
our colleague in the room, has just filled in a question to me on this piece of
paper, with this special pen. I could write in an email address on here and
tick "send", and if I did it would go to an email address via this Bluetooth
pen, Bluetooth enabled pen, through a Bluetooth enabled mobile phone, into
the Extranet/Internet, over to New York, and back into this computer.
45 However, we're not on the Internet tonight, so what I'm going to do is I'm just

going to dock it, and you watch the miracle of technology. "Wow." Right?
Watch this.

5 This has been a holy grail for 30 years. They've been trying to do this for 30
years. You're about to watch a miracle. They've come up with PDAs,
screens you write on, all this sort of stuff to try and bring the written into the
computer. Correct?

10 MALE SPEAKER: Comes from the pen, not from the paper.

MR EVANS: It's a mixture. It's a mixture, the whole thing. "Hello, how
are you?" That's the - that's your handwriting?

15 MALE SPEAKER: Yeah.

MR EVANS: It's identical?

MALE SPEAKER: Yeah.

20 MR EVANS: It's actually not your handwriting, but it is identical. It's 100
per cent fraud proof identical handwriting. I won't explain it, because we're
out of time. The weekend workshop will, but you just saw a miracle that -
say "Wow".

25 MALE SPEAKER: Like "Wow."

AUDIENCE: "Wow".

30 MR EVANS: Do you know that that is going to create fortunes over the
next 12 months. This is going to hit the Australian marketplace like a mobile
phone. Every business person should have it. It costs \$99 a month under a
service agreement to have the pen and - and one form process. The pads and
everything, they'll be included in that \$99 package. But what it means is, this
35 "send" and all the information goes straight into my Bank application
forms, everything. We're talking to the Tax Department and the accounting
industry and the medical industry at the moment. They're loving it.

40 The applications are huge. It's \$99 a month to run the system. Imagine have
an exclusive distribution to the seamless operating system. There's only two
companies that have brought this into Australia - Destiny Wireless and
Seamless - and we're talking to both of them to distribute through our system.
Why did they come to us? Because that product would not sell in Harvey
Norman. Sits in a cabinet. You need to do what I just did then. You can
45 convert the written text to digital text at a press of a button, change it to type.

The money saving, time saving advantages of this pen and the system are vast.

5 On average, an accounting industry, we found that each pen would save at least \$1000 or more per month per pen, and it costs the firm \$99. So whilst you're out there doing your essential services analysis you will be doing - taught to do technology needs analysis, and it's just questionnaires, and you'll see how you can help your clients improve in their technologies, and improve and save their money, because that's what technology's for. Now, my first
10 presentation to one of my colleagues with that pen - it's a telecommunications company - they have tentatively ordered 6080 pens over the next 12 months. We haven't signed the deal off yet but we're going through that process. 6080 pens would return me, if I was the licensee, 60,000 a month for three years. That's my licence fee back in the first month, once the - - -

15

MALE SPEAKER: Well, how

MR EVANS: Because you get 10 per cent of the contract value for the life of the relationship. So you get \$99, you get \$9.90 every month for three
20 years. We have just started marketing it. In fact, the application process has just come in this week. So that's how hot off the press it is. We will show you on that weekend workshop how you have an essential services business inside your head and a technologies business through the people you know, like Mr Lark has. Mr Lark has not taken up an accountant from us. He
25 doesn't need them. He's running around the eastern seaboard, up and down like - flying Virgin and Qantas and everyone else, seeing all his colleagues that he's made for the last six years, and he's making masses of market share. Correct?

30 And, in fact, since - over the last - and I'll give out some figures. Over the last three months we've just done an average income on you, and you've averaged around \$1500 a week in up front payments. Okay? Now, he's holding - that's - he's virtually one of the record holders in the company now, because the point - he's clever. This business works. Come and join us on
35 that weekend workshop, and the worst thing you're going to walk away with is, "It's not for me." One other thing I neglected to mention. Once you do the weekend workshop, the final part of the weekend workshop is based on business planning, and we will actually create an Imagine business plan specific to your needs. You take it away. It's your plan. You fill in and
40 follow the questions through the plan. It is a corporate quality business plan.

If you think you don't have the \$60,000 the business planning will magically show you where it is. It will create it for you, if the business is suited to you. If it's not, it will show you that it's not suited to you. That's what it's for.
45 Once you've finished that business plan - it's cost you nothing, we're paying

5 for it - we get the business plan and we come up with a daily report, and the daily report will tell you specifically what you have to do every day to achieve your goal that you put in your business plan. Okay? This is a business system that is incredibly intelligent. It is for you to access a \$66 billion industry. So do you all agree that it looks fantastic? Okay.

10 Well, I want to thank you all for coming. I've gone a little bit over time, and I want to thank Daniel Priestly and Triumphant Events and the guys from Triumphant Events for bringing you here, because it's fantastic to see you all come out on a Thursday night. So thank you all for coming, and I hope to see you on the weekend workshop.

15 (APPLAUSE, FOLLOWED BY MANY SIMULTANEOUS CONVERSATIONS UNTIL END OF RECORDING)

RECORDING CEASES