

## Company Backgrounder

Oxy Systems is a privately held software company and the leader in developing services that bring together mobile music and social networking to create an enhanced mobile experience for today's wireless service subscriber. Oxy Systems' team members are experts in telecommunications, mobile application usability, multimedia, and network scalability. The company has a proven track record in developing highly desirable, easy to use, and fun consumer applications for mobile phones. Founded in 2003, Oxy Systems has its headquarters in Waltham, Massachusetts.

### Mission Statement

Our mission is to deliver **phling!**<sup>®</sup>, a data service that combines social networking and mobile music, enabling mobile operators to offer a service that connects users to their music, friends, and other users within the mobile community.

### Market

Growing up in the age of mobile phones and the Internet, it is only logical that today's youth and teens embrace technology in their lives. Online social networking is a dominant new trend, replacing traditional avenues for entertainment and information sharing.<sup>1</sup> Mobile phones also dominate their lives. In the U.S., 45% of all teens (and 57% for teens aged 15-17) have mobile phones,<sup>2</sup> and worldwide the figure is much higher – in the UK and Italy, penetration rates are edging above 100%!<sup>3</sup> And of course, like past generations, this market has its own music. Not surprisingly, given the key role mobile handsets have in their lifestyle, youth and teens are in favor, 2-to-1, of using their mobile handsets as a music player instead of using just a music player.<sup>4</sup> Oxy Systems has developed a hosted, music mobile community service that enables mobile operators to offer teens and young adults a compelling social networking music service that increases average revenue per user (ARPU) without capital expenditures.

### Product

Oxy Systems' **phling!** is a mobile music social networking service that taps into the youth, teen, and young adults' need to remain connected to all of their media and friends when mobile. phling! turns a mobile phone into a subscriber's very own mobile MusicLounge<sup>SM</sup>. The **phling!** Phone App is a Java application which users download over a wireless network to their handsets. Users also download the **phling!** My PC application to their home PC. This runs as a Windows service, locates all the user's media files, and makes them available on demand for streaming to the user's mobile phone. The phling! MusicStash<sup>SM</sup> enables subscribers to access to their music even when their home PC is turned off.

Once installed, users can wirelessly connect to the **phling!** community, where they can access their own media collection – including music files, podcasts, playlists, and photos. With **phling!**, users can rate the songs in their music library and see how others in the **phling!** community have rated songs. Users can browse the entire **phling!** social network to see which songs are hot, what others are listening to, as well as view the profiles of others in the community who have recently joined. Users can give permission to up to six family and friends to listen to their music collections.

For mobile operators, **phling!** provides the means to offer an additional service on top of their data services to further stimulate operator e-commerce music content services. This is achieved through music discovery, as users browse the **phling!** social network for those who share similar musical tastes or elect to buy ringtones based on their currently playing songs.

### Business Model

We envision mobile operators offering subscribers a service bundle of data and the **phling!** service, with usage paid on either a daily use or a monthly subscription basis. Oxy Systems shares in the revenue generated by the **phling!** service.

<sup>1</sup> Y2M: Youth Media & Marketing Networks, 2006

<sup>2</sup> Pew Internet & American Life Project, *Teens and Technology*, July 2005

<sup>3</sup> Pyramid Research, July 2005

<sup>4</sup> Entertainment Media Research, 2006 Digital Music Survey