



## SkyPostal Networks Inc. Case Study



(OTCBB: SKPN)

SkyPostal Networks Inc., based in Miami, Florida, operates the largest private mail network in the Latin American region (LAR), handling mail from US and European postal administrations, merchants, international mailers, and online shoppers. The company, through its operating subsidiary, SkyShop Logistics, Inc., provides Internet merchants the ability to expand their markets internationally without the inherent risks of shipping parcels directly to foreign addresses or via expensive private courier services.

### Background

In 1992, AJ and Albert Hernandez founded SkyBox Services, Inc. SkyBox provided a revolutionary new service to upscale Latin American consumers who previously could not purchase nor receive merchandise from US catalog companies due to stringent and expensive logistics and customs regulations. Skybox facilitated these services by providing foreign shoppers with a US address to receive mail & merchandise. Through its reliable Latin American private mail and logistic networks, SkyBox would quickly and inexpensively transport the merchandise to the customer's home in Latin America. Following the company's rapid growth, SkyBox was sold to Lan Chile Airlines in 2004.

In 2008, with their successful track record of building and operating a network of international logistic/commerce providers and strong established relationships in the Latin American markets, AJ and Albert Hernandez founded SkyPostal. In addition to international private mail distribution, the founders' mission was to capitalize on the exponential growth of the Internet and online shopping in Latin America. Management believed that the strength of its delivery network combined with a growing base of captive customers and merchants would enable the company to serve as a center of international e-commerce and provide SkyPostal with a sustainable competitive advantage. To accomplish this more effectively, SkyPostal formed an operating subsidiary, SkyShop Logistics, Inc. SkyShop is a cross border e-commerce shopping facilitator that provides online international customers with a US address to facilitate Internet purchases from US and international merchants.

SkyShop & its PuntoMio Portal offer:

- 15-30% lower shipping costs utilizing its vast private postal network
- Easy track & trace of packages via its "Intelligent Parcel Post" service
- Full visibility into total landed cost, including merchandise, shipping, custom duties, and taxes

In 2009, to better support its long-standing relationship with American Express, the company developed a private label version of SkyShop/PuntoMio called GlobalShop. To date, both SkyShop and GlobalShop have performed ahead of plan and continue to attract merchants, partners, and consumers in emerging markets.



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### SkyShop and the Littlebanc Team

To become a predominant force in the international e-commerce market, management knew that the company would need to build and implement state-of-the-art merchant technologies that give online merchants the ability to accept international orders without taking on the inherent risks of cross-border shopping. To accomplish this, they knew that they would need significant funding.

But, as a wholesale private postal service, SkyPostal was experiencing a drop in bulk-mail volumes/revenue as a result of the global economic downturn. Management knew that it would not be easy to raise capital in this environment. They decided to turn to the Littlebanc team. They knew the Littlebanc team had a reputation for working with companies like SkyPostal who needed both capital and sound advice.

Littlebanc worked with SkyPostal to eliminate a large portion of its low margin distribution business and shift its focus to building and growing its Intelligent Parcel Post business and the PuntoMio e-commerce portal. And, in May 2010 Littlebanc raised \$2.26 million to rollout PuntoMio, SkyPostal's shopping portal.

May 2010

\$2.26 m Capital Raise

\$4.9m Valuation



*"The Littlebanc team was terrific. They worked closely with us to streamline and restructure our business so that we would be better able to take advantage of the significant opportunity we have to become a major center of international e-commerce. They understood our business and the significance of our strong established relationships in Latin America and our successful track record of building and operating a network of international logistic/commerce providers. And, they were able to convey our strengths to their very impressive investors."*

*Albert P. Hernandez, Chairman & Chief Executive Officer  
SkyPostal Networks Inc.*

In one year of operations, PuntoMio has grown to over 4,000 clients. To date, customer acquisition has occurred organically and through SkyShop's strategic relationships with major banks in the Latin American and European markets. With the infusion of capital and marketing/partnership initiatives, management expects the customer base to reach over 40,000 international clients and revenue to reach \$20 million by YE 2012. The company expects to be cash flow positive by FYE 2010.