

CPS Labs LTD

Volume of investments required: **\$ 1 300 thousand.**

Intended use of investments required:

Product upgrade	10%
Marketing	88%
Fixed assets acquisition	2%

Company profile:

1. Date of establishment - April 30, 2002.
2. Stage of development - Early stage.
3. Size and source of investment to date - \$ 30 th. , personal finance of the founders.
4. Industry - Applied software for the Internet.
5. Target market - Hospitality industry, online sales, electronic payment systems.
6. Sales in 2003 - \$ 36 th.
7. Description and value of assets - \$ 30 th. - computers and office equipment, furniture, Internet sites.
8. Signs and public recognition - CPSLabs has grown from a team of computer programmers formed during the course of studies at the university. At present, it is a software developing laboratory with huge innovation potential and effective management. Product copyright belongs to CSP Labs.

Owners:

4 natural persons	25% each
	other
Share of government property	0%

Management and key personnel:

Galochkin Aleksandr Vladimirovich - Director, 29. Marketing and finance. Before CPS Labs - project manager for geo-information system of land-survey automation.

Uskov Yuri Viktorovich - Technical Director, 31. Research and development. Before CPS Labs - project manager for geo-information system for linear constructions registration in a telecommunications company.

Products characteristics:

Online sales system for hospitality industry TravelLine allows the Internet users to book accommodation and pay for it using a credit card facility. The system offers an easy-to-use, intuitive interface, with options like selecting the right accommodation by looking through images and room descriptions, and online payment. The system's clients are hotels that pay either a monthly fixed fee or percentage from sales for its services (so-called ASP model - Application Service Provider).

The hotel personnel are given an option to manage the system of room registration, fee information; a full line of sales reports is offered. Introducing this system will allow the hotels to offer additional information services, attract additional customers, increase room utilization and, therefore, profit. One of the most important advantages is the fact that creating the booking system does not require any investment on the hotels' part for equipment or software and the rent is considerably lower than possible expenses for the hotel's own information system maintenance.

For a configuration that caters for 1,000 hotels the operational expenses do not exceed \$ 1,000 monthly, i.e. \$ 1 per a hotel. High profitability is further secured by the absence of mass production stage and extremely low technical support expenses. At present hotels pay up to 40% of their takings to agencies. Using our system will allow to reduce this expenditure down to 5%.

Comparative analysis with existing alternatives:

Characteristics	Travel Line	e-Travel Amadeus Global Travel Distribution Испания, 2000	Highware Galileo Inter- national, 2002
Integration with the hotel's web site	Yes	No	No
Sales management interface for the hotels	Yes	No	No
Credit card facility	Yes	Yes	Yes
Costs for the hotels	5	20-40	20-40
Means to notify customers	E-mail, FAX, SMS	Email	Email

A considerable part of western online booking market is occupied by Global Distribution Systems (GDS), such as Amadeus and Galileo. GDS offer access to tens of thousands of hotels and support online booking. A disadvantage of GDS is information being out-of-date and high agency fees. Our proposition at this time is attractive not only in terms of pricing. Unlike GDS that are in fact go-between systems, we offer the end user interaction with the actual service provider – the hotelier offering complete constantly updated information. The hotel's staff directly operating the process of sales through our system has an opportunity to manage the hotel room usage more flexibly, react to the changes in the market situation, offer special prices, discounts, marketing programs.

Markets/competition:

	Data	TravelLine	AMADEUS	GALILEO
2004	Geography – the world. Market value \$ 17.6 billion			
	The company's market share, \$ m./%	0 / 0%	1 760 / 10%	1 760 / 10%
2008	Geography – the world. Market value \$ 70 billion			
	The company's market share, \$ m./%	1 400 / 2%	10 500 / 15%	10 500 / 15%

As reported by Jupiter Research <http://www.jupiterresearch.com>, the yearly global value of accommodation booking paid for via the Internet in 2003 was approximately \$17,6 billion. Based on the same agency's data, the growth of this market in the nearest years will be no lower than 30% each year as the hotels that do not yet have their own booking systems or have not yet joined the global distribution systems (GDS).

The target market for our product is the hotels willing to have their own online booking system. We intend to develop approximately 2% of the market within the nearest 3 years, which by 2008 will create the turnover of around \$1400 million per year, with the service charges of 5% of the value of orders the company's revenue will amount to \$70 million per year with operational profitability of at least 60%.