

## East Concept CJSC

Volume of Investments required: **\$ 1 500 thousand**

Use of funds:

<b>Products upgrade</b> (CIS) "Intellect Style"	<b>25%</b>
<b>Fixed assets acquisition</b>	<b>20%</b>
<b>Marketing</b>	<b>40%</b>
<b>Other</b> (educational centers establishment)	<b>15%</b>

Company Profile:

1. Date of establishment - January, 1990
2. Stage of development - Expansion
3. Size and source of investment to date - \$ 1,000 th. of Company's own assets
4. Industry - Software for hotel and restaurant business
5. Target market - Hotel and restaurant business, services and sales
6. Sales in 2003 - \$ 573 th.
7. Description and value of assets - Office furniture, office equipment, personal computers - \$ 200 th.
8. Intellectual property rights: JSC "East Concept" is a holder of rights
  - for Hotel ACS "Russian Hotel" according to Certificate No. 970537 of 21.10.97 on formal registration of computer software programs by the Russian Agency of Patents and Trademarks (RosAPo);
  - for CIS "Intellect Style" according to Certificate No. 2002610942 of 13.07 2002 on formal registration of computer software programs issued by the Russian Agency of Patents and Trademarks
9. Signs of public recognition: JSC "East Concept" was awarded with "Signs of Public Recognition" in 1998 and 1999, the Company was a prize-winner under the "Public Recognition" program organized by "Gallap Saint-Petersburg" Institute with support of St. Petersburg and the Leningrad Oblast Consumer Association. The Company has multiple prizes of various exhibitions and is a partner of Microsoft Company.

Owners:

1 natural person	<b>100%</b>
Share of government property	<b>0%</b>

Management and key personnel:

The company is run by a team of dynamic professional Russian managers employed since the very establishment of the company. High skilled and loyal to business, the management team includes experts in marketing , advertising, finance, as well as high-skilled IT-professionals. Dvukhimenniy, Vladimir Ivanovich - Director, 55, higher education. Started his professional career as a technician at a computer center and advanced to the General Director, his life credo is "I appreciate self-made man", his aim in life is to establish a Russian company developing world-class computer technologies. Mishkinis, Ionas Antans - Deputy Director for Development, 45  
Ivankovitch, Kira Arkadievna - Director for Marketing Deputy, 47.  
Boev Evgeniy Efimovitch -, Head of Department for Manufacturing Application, 33.

Products characteristics:

Products: CIS "Intellect Style" is a comprehensive automation system of hotel and restaurant profile, services and sales (from commerce to balance sheets + management accounts + connection to all external electronic systems + Internet reservation)

Services: Development, integration and commission on a "turn-key" basis with subsequent system support and maintenance (including KKM)

Comparative analysis with existing alternatives:

Features	SW package "Russian Hotel", 1992 CIS "Intellect Style", 2000 "East Concept", Russia	"Edelweiss" "Recsoft", Russia, 1996	"Lodging Touch" "Libra International", Moscow	«Micros-Fidelio» «HRS», Moscow
Platform	Windows 2000-2003 + MS SQL server	Windows	Windows	Windows
Functionality	Comprehensive system: Hotel + Restaurants + Accounting + Management accounts + Connection to external electronic systems + Internet reservation	Hotel + Connection to external electronic systems + Internet reservation	Hotel + Connection to external electronic systems + Internet reservation	Hotel + Sales + Connection to external electronic systems + Internet reservation
Cost of automation of a small hotel for 50-60 rooms with 3 automated workstations, \$ thousands	4 - 5	5 - 7	9 - 12	15 - 20

**Competitive Advantages of "East Concept" Products:**

- 21st century development integrating recent achievements in the area of informational and Internet technologies
- multipurpose program (covering all hotel services);
- modular program (stage-by-stage introduction of separate subsystems, connection of other programs);

As compared with Western software, CIS "Intellect Style" has the following advantages:

- are targeted at Russian users (both international and Russian accounting and taxing standards, accounting of several guests residing in one room independently, etc.) and provide opportunity for on-line introduction of changes (according to changes of legislation);
- optimal price/quality ratio.

Markets/Competition:

Data	CIS "Intellect Style"	Edelweiss" + "Actis Hotel" + "Hotel 2.3"	"Lodging Touch "	"Micros-Fidelio"	SW w/o brand name
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2004	Geographical Region- Russia, Market volume \$ 11,000 ths.					
	Company market share, \$ ths./%	940/8.5%	608/5.5%	664/6%	1 659/15%	7 189/65%
2008	Geographical Region- Russia, Market volume \$ 27,650 ths. Geographical Region – Russia, SW-covered market volume \$ 27,650 ths.					
	Company market share, \$ ths./%	9 400/ 34%	9 950/36%			8 300/30%

Currently the Russian software-covered hotel market is 15% of the total Russian hotel market, the share of JSC "East Concept" being about 8.5 %. The strategic Company's objectives are to take over 30-40% of Russian software market for hotels and restaurants, to enter the shop market and the international market.

To achieve this goal it is necessary to implement the marketing campaign for promotion of new product at the market: large-scale advertisement campaign, establishment of networks of training and consulting centers, substantial extension of ' network, active application and new development of Internet projects.