

## Finprom-Resource LLC Industrial Group

**Volume of investments required: \$ 3 500 thousand**

### Use of funds

R&D - 15%

Acquisition of fixed assets - 25%

Product upgrade - 5%

Marketing - 25%

Acquisition of current assets - 30%

### Company profile

1. Date of establishment – October 3, 2000.
2. Size and source of investment to date – \$ 250 000 own funds.
3. Production – industrial equipment, intelligent vehicle control system AVAS (Adaptable Vehicle Associated System), researches in ozone technologies and ecologically clean sources of energy (two research laboratories).
4. Target market – vehicle manufacturing, electronics, IT application.
5. Sales 2004 – \$ 501 000.
6. Description and value of capital assets – \$ 1 557 000: manufacturing facilities – \$ 950 000 (2100 sq. m), 3 laboratories and equipment – \$ 457 000, engineering tools – \$ 150 000.
7. Goodwill and intellectual property rights – 3 Russian patents, the international phase of the AVAS patenting has been finished.
8. Signs of public recognition – participation in the Russian Tech Tour 2004, participation in the ROTOBO (Japan Association for Trade with Russia & Central-Eastern Europe) program, the IFAC (International Federation of Automatic Control) member.

### Owners

2 Individuals	Each has 50% of equity
Share of government property	0%

### Products characteristics

Current production – the company produces driving-gears of different types for technical equipment (engineering tools, cranes, motor transport and others) for Russian and CIS markets.

Products are being worked out – the company has developed the AVAS technology of the ubiquitous computer control of all automobile nodes. Functionally it is similar to aerospace systems.

Only in USA in 2004 a number of automobile refusals was for about 25 million, most of them through electrical and electronic systems fault. The integration of all systems and options of a modern automobile into a ubiquitous control system helps to solve this problem. It also allows the automakers to reduce the cost price, increase security and give new options to consumers in the inexpensive mass sector.

### Markets & Competition

Finprom-Resource holds a stable position in driving-gear market (market capacity is \$ 16.7 mln, our share is 3% – \$ 0.5 mln). As for the AVAS technology the company considers working in two core markets. The data is shown in the Table below.

International automotive market	2003	2009 (forecast)	Company market share in 2009
Electronic automotive components	\$ 14 bln	\$ 21 bln	\$ 420 mln
Automotive software	\$ 2.8 bln	\$ 4.2 bln	\$ 84 mln

These two markets reveal dynamic tendencies. The share of automotive electronics in modern automobiles is forecasted to rise from 22% to 35% in the total automobile cost by 2010. The company is planning to work with 1 or 2 large automobile producers that have 2–4% of the market share and to occupy no less than 2% of the markets. The automobile software market can show the most dynamic growth.

**Marketing & Sales**

The AVAS technology consumers are automobile and electronic corporations. The marketing group on AVAS promotion has been created in the company. Work is underway on European and Asian markets. In Japan, France and Russia preliminary negotiations were held with a number of large corporations. These corporations showed interest in our production. In particular required investments are needed to increase marketing budget for the purpose of:

increasing quality of marketing program;

involving international marketing and promotion specialists in the project;

attracting the maximum number of clients in the project.

**Prospects of development**

Introduction of the AVAS as an industry standard, which has a wide range of functions including vehicle automatic control. Company market perspective is to become an automotive supplier of the IT products and a chief system modeler on the AVAS technology base.