

## Intellectual games JSC

**Volume of investments required: \$ 2 400 thousand**

### Use of funds

R&D (telecommunication system) - 15%

Acquisition of fixed assets - 53 %

Marketing - 5 %

Acquisition of current assets - 15 %

Other (patenting) - 12 %

### Company profile

1. Date of establishment – 02 April, 2002.
2. Size and source of investment to date – \$ 420 000 of own funds.
3. Production – services giving a possibility to use a system "Closed World". Organization of different intellectual games tournaments between the remote opponents. Development of game software. Development of software system for strategic estimation of playing position that can be implemented to logistic problems, pursuit problems, economic problems, airport dispatcher's problems.
4. Target market – telecommunications, the Internet, process management.
5. Sales 2004 – \$ 207 000.
6. Description and value of assets – \$ 162 000. – Computers and office equipment, plasma displays, video cameras.
7. Goodwill and intellectual property rights – "The Program of calculation of spati-temporal characteristics of strategic stability of logic games" which was officially registered on September, 16, 2002 № 2002611586, a Russian Federation patent № 2255372 "The way and the system of implementation of information transmission and processing during the mind-game competitions with remote players". International and Eurasian applications "The way of information transmission and processing during the mind-game competitions with remote players". Application of 03.08.2004 № 2004787677 for Russian Federation patent "The way of computer estimation of playing position". Application of 07.06.2005 № 20053436531 for Russian Federation patent "Game embodiment".
8. Signs of public recognition – "Best presentation" diploma of the 4th Russian Venture Fair and a special Microsoft prize to one of the best IT companies.

### Owners

Individuals (2)	100% (50% + 50%)
Share of government property	0%

### Products characteristics

A worldwide telecommunication system, which allows 4 000 chess clubs with 20 000 playing places to be connected up to it. It is designed for mega-tournaments with prize funds over \$ 10 mln.

### Markets & Competition

	Data	Project "Closed World"	Game server ICC (the USA, 1993)	Game server Chess 21 (Spain, 2002)
2004	Geographical Region – The World Market. Market size \$ 150 million			
	Company market share \$ ths / %	300 / 0.2%	7 000 / 4.6%	3 500 / 2.3%
2008	Geographical Region – The World Market. Market size \$ 400 million			
	Company market share \$ ths / %	45 000 / 11.3%	7 000 / 1.8%	25 000 / 6.3%

The world market of classical (European) chess is characterized by the following figures. The number of chess amateurs is not less than 150 mln, including no less than 12 mln having access to Internet. There are 73 529 professional chess-players, whose rating is calculated and registered by FIDE (for 01.06.2005). There are 50 ths chess clubs in Europe.

Description of national and continental markets dealing with chess in money terms: 1) market of chess players' tournaments expenses – no less than \$ 45 mln; 2) market of traditional open-tournaments – no less than \$ 7.5 mln (no less than 50 open-tournaments with average turn-round no less than \$ 150 ths are being held annually); 3) market of club tournaments – up to \$ 100 mln (there are no less than 60 ths chess clubs in the world).

A chess player spends from \$ 1 300 up to \$ 2 000 (flight and accommodation expenses, a tournament payment) to take part in a foreign tournament (10 days). His expenses for the tournament of the same duration in the system "Closed world" will not be more than \$ 600. At the same time a prize fund will be multiplied, which is of great importance for the professional chess players.

### **Marketing & Sales**

Advertising for chess professionals and amateurs all over the world in the Internet on the world-top chess web-sites. Creation of the "Closed World" net and broadcasting of our own chess tournaments on the ACP web-site (Association of Chess Professionals) with which a long-term commercial contract has been signed. Providing different paid services to chess amateurs. Sales of video information to sports TV channels and sales of broadcasting licenses of important sports events.