

Russia, Moscow

**Summary**

1. **Volume of investments required – \$ 2660 thousand.**
2. **Production** – electronic converter of water hardness salts «Termit» – an energy-saving device for reagent-free water treatment of a new generation.
3. **Trade marks** – «Termit» (contract on cession of rights).

**Company profile**

**Date of establishment** – September 2004. Company «AlfaTech» was created to promote the «Termit» devices in the market. In 3 years the technology of sales to various segments of customers has been worked out, references practically from all regions of the Russian Federations have been collected.

**Signs of public recognition** – 1<sup>st</sup> degree diploma of the «Salon of innovations» 2001, Moscow; Silver medal of the 3<sup>rd</sup> «International Salon of innovations» 2003, Moscow. Diplomas, letters, articles and publications in mass media testify to social recognition of the company's contribution in economy.

**Number of employees** – 7 persons.

**Team**

**Stepchuk Dmitryi** – Director General, 40 y.o. 17 years of management experience; before had created a business that occupied over 50% of the market share.

**Medvedev Vladimir** – Technical Expert. 25 years of experience including the position of Chief Engineer in production enterprises.

**Balakova Olga** – Expert on relations with administrations and housing and communal services. Earlier worked in the field of investment and construction.

**Products characteristics**

Idea of the project «Russia without hardness salt deposits» (the working title) consists in large-scale distribution of «Termit» devices based on a highly organized system of sales, aggressive advertising and PR campaigns and skilled personnel. The main part of heat power and process equipment working in Russian industry, housing and communal services is not equipped with protection against deposits (hardness salts, iron deposits, etc) or it is not efficient enough, and the equipment has to be regularly cleaned. As a result, between treatments occurs:

- over-expenditure of energy: one boiler/heat exchanger consumes excessive energy carriers estimated of 300 ths–1 mln rubles and more per year;
- preliminary wear of equipment, emergency stops;
- deregulation of technological processes – reduction in quality of the product;
- decrease in quality and reliability in providing consumers with heat and hot water;
- deterioration of ecological situation – excessive emissions into the environment.

«Termit» devices allow to avoid the above-stated problems, thus increasing profit (energy carrier economy at heat generation reaches 5–15%), improving investment attractiveness of both individual enterprises and the regions as a whole. «Termit» devices enable to protect the total range of heat exchange equipment:

- boilers, radiators, heat exchangers;
- compressors, coolers, pumps, distillers, condensers, etc.;
- air-conditioning, heating, water supply systems;
- equipment of laundries, cafeterias, swimming pools;
- sanitary and technical equipment, home appliances.

Exception is the steam boilers. In this case «Termit» devices are added to means for chemical treatment. As a result, efficiency is increased, filtration cycle is enlarged, the cost of water treatment is reduced by 30–50%.

«Termit» device is the latest generation of devices for reagent-free water hardness removal, it consists of a control block and radiating wires that are coiled on a pipeline in front of the equipment to be protected. The «Termit» device operation principle is based on transfer into the water of generated by the microprocessor sound frequency electromagnetic waves that convert the structure of hardness salts resulting in formation of a brittle aragonite form of carbonates. At the same time the quality of potable water is preserved. The result is that no hardness salt deposits are formed. Moreover, deposits having formed earlier are gradually softened (1–2 months) and carried away with water flow. There is no change in the salt composition during water treatment, which retains its quality as potable water without loss of necessary chemical elements.

«Termit» device is patented and certified. Payback time is 1–12 months. The model of «Termit» device is selected in accordance with the pipeline diameter.

«Termit» device is distinguished from competitors by best parameters: universality, cost, efficiency, reliability, ecological compatibility, simplicity of application and service, trade mark popularity, wide database of references from different branches and regions of the RF.

**Current state**

Preparation for large-scale production involving attracted investments.

## Development strategy

### Use of funds

|                                  |     |
|----------------------------------|-----|
| 1. R&D                           | 1%  |
| 2. Acquisition of fixed assets   | 15% |
| 3. Marketing                     | 46% |
| 4. Acquisition of current assets | 12% |
| 5. Other                         | 25% |

### Prospective outcome of investment

In about three years of the project realization sales of «Termit» devices will reach over \$ 68 mln; it is planned to occupy about 5% of the market share of scale control devices.

### Marketing & Markets

Customers are organizations and enterprises of housing and communal services, industries, agriculture, transport, trade and services, construction and repair businesses, households, that is anything where there is heating, hot water supply, or where manufacture of products and rendering services involves using water and others water-containing media.

At present the calculated Russian market volume of scale control devices is about \$ 2.14 bln. It is a niche market that has been positive developing and is expected to grow significantly also due to more importance attached on the part of authorities to housing and communal services, energy saving, ecology, etc. In view of the vastness, the share of «AlfaTech» that is a well known company in the market is hundredth shares of a percent.

The strategy of entering the mass market envisages a dealer network (not less than 200 companies) organization, direct sales, participation in tenders for public procurement, administrative resources attraction.

Large-scale advertising – information support of the project «Russia without hardness salt deposits» envisages the use of federal and regional mass-media, the Internet, outdoor advertising, etc. both as paid and social advertising.

### Interaction with investor

Interaction with the investor assumes the investor's share in the project of 25–50%.