

Russia, Irkutsk,



## Summary

1. **Volume of investments required – \$ 530 thousand.**
2. **Production** – national credit card merchant account service (e-commerce, MOTO (Mail order/Telephone order, POS, mobile commerce).
3. **Trade marks** – none.

## Company Profile

**Date of establishment** – January 12, 2007. Since January 2007, basic credit card acceptance payment gateway has been developed by the company. If integrated with acquiring banks the solution provides the merchants with easy e-commerce, POS, MOTO, and mobile transactions processing of Visa, MasterCard, JCB, Diners, Amex credit and debit cards. In June 2007, Acies Inc, NY USA and BVCOM LTD have made an agreement to act as Russian national payment processor through their 50/50 Moscow-incorporated daughter company. Acies Inc contributed as Visa, MC, certified software provider of up-to-date worldwide recognized PCI-compliant payment processing gateway. The gateway is an easy-installed and highly flexible solution to process POS, self-service, e-commerce, MOTO, and mobile transactions.

**Signs of public recognition** – none.

**Number of employees** – 12 persons.

## Team

**Dmitry Germanov** – Director, 24 y.o. Experienced project manager, a winner of few recognized business competitions. Graduated from the Irkutsk State University and the University of Maryland University College with major in financial management.

**Dmitry Sokolov** – Director on Commerce, 31 y.o. Experienced sales manager with vast network.

**Lyudmila Melnik** – Chief Manager, 21 y.o.

**Dmitry Petukhov** – Programmer. High expertise in PHP, JAVA, AJAX, Mysql.

## Products characteristics

BVCOM LTD offers fast and easy way for merchants to accept credit card payments online and via POS terminals. In an e-commerce transaction a cardholder inputs his card data (Visa, MasterCard, JCB, Diners, Amex) to a pre-designed payment form (which he accesses through a link provided by merchant or through the API). The authorization code is real time provided. There are few other companies, which sell similar services. They are: Cyberplat, Chronopay, Assist. We have few competitive advantages to lead our way:

1. Acies Inc Visa and MC certified payment processing gateway with lots of options. It can be integrated with any kind of POS-equipment and meets the requirements of all known data security standards.
2. 3-days financial clearing. Some of the competitors offer 30 days clearing only.
3. Quick merchant account approval – having long-term positive investments with banking partners we can approve merchant account and get all the documents signed within one week after application is received from the merchant. Most of the competitors offer 1–3 months approval period.
4. Lowest basic fee in Russia (3.5% of all successful transactions). Competitors offer – 3.9–5.0%.
5. No requirement to open an account in an acquiring bank, which is a must with competitors.
6. Equipment and software flexibility (chip cards, debit, credit, e-checks, contactless). Easy to integrate with Russian payment system (Sbercart, Zolotaya Korona).
7. Ability to integrate with multiple banks. Option for the client to choose the acquiring bank.
8. Flexible pricing – separate prices for different types of merchants: retailers, restaurants, petrol, lawyers. Competitors do not offer pricing for different types of clients.
9. In the core of the business model we foster is a web-source where merchants can easy find a solution, which best fits their needs: POS, e-commerce, MOTO. The merchant can be from any part of Russia.

## Current state

Average monthly volume processed is \$ 160 ths. Turnover equals \$ 4 ths. Since May 2007 20 merchants has been enrolled, and more than 40 merchants are in progress right now.

## Development strategy

### Use of funds

- |  |     |
|--|-----|
| 1. R&D   | 15% |
| 2. Acquisition of fixed assets (POS-terminals, software integration) | 27% |
| 3. Marketing   | 36% |

**Prospective outcome of investment**

More merchants enrolled due to a marketing campaign, POS-terminal network development, web-portal development. Operational profit is expected in the third quarter of 2008. By the mid 2011 the profit received will cover the investment made.

**Marketing & Markets**

1. *Internet-acquiring*. In Russia there are more than 5000 e-commerce oriented websites. All of them are our potential clients. In 2007 volumes processed online equals \$ 2.5 bln. Our share is close to 0. By 2011 volumes processed in Russia are expected to reach \$ 10 bln. Our share might go for 20%.

2. *POS-terminal (card-present transactions)*. POS-terminal is a piece of equipment, which allows to process credit and debit cards electronically while swiped through the POS-terminal. The volumes processed in 2007 equal to \$ 50–70 bln. By 2011 he expected volume processed might reach \$ 300 bln. Our share is expected to reach 20%.

Information distribution channels: press relations, Web-press, direct sales, via phone, seminars, resellers network development, context advertisement in the Internet.

**Interaction with investor**

The share offered is 30–50% of a parent company (BVCOM LTD). Investing \$ 530 ths in 2007, the price of the share will triple by 2010. The founders also have buyout option for the investor: the buyout price might be as high as \$ 2120 ths by the end of 2010.