

Russia, Vladivostok,

**Summary**

1. **Volume of investments required – \$ 600 thousand.**
2. **Production** – Access Control Systems (safe, door locks) immobilizer, home & office alarm systems, controllers, code pads.
3. **Trade marks** – “Silvio” and logo.

Company profile

Date of establishment – established in 1994 as a computer resale company. The Security branch was established in November 2004.

Signs of public recognition – winner of the Competition of Russian Innovations.

Number of employees – 27 persons.

Team

Kuchma Oleg – Director, 31 y.o. Graduated from Lawyer school FESU (with excellence). Since 1994 has been working in computer company (logistic, purchase manager, branch director). Fluent English.

Zubov Iliia – Designer, 34 y.o. Experience in the field of design of package, corporate style.

Kutukov Anton – Programmer, 27 y.o. Specializing in microcontrollers and fuzzy logic field.

Marinchenko Eugeny – Engineer, 22 y.o. SolidWorks, CircuitWorks, MoldFlow.

Products characteristics

The products under development (high-security electronic smart door locks SOHO) has several unique features:

- One key can work with any lock of this model w/o any hassles.
- Lock can be re-programmed, no need to buy new lock or keys.
- Wireless digital optic interface absolutely protected from intercept of data.
- Rigid design of lock and keys, protected against vandals.
- Rigid key, no power source in keys.
- Original design of lock mechanics.
- Stylish design, wide color range.
- Back-compatible with existing Access Control Systems.

Advantages in compare with competitive products:

- Solid price gap. Shelf price of full kit (ready to work out of box) ~\$ 100. Price for motor-activated locks starts now at ~500 euro. In most cases kit's not complete – user need to buy power supply, UPS, cables etc.
- No way to copy key. Easy to replace key – no need to “program” it. Stolen key is useless. It will work only with legal owner. Most competitors offer just some features, but now all-in-one-product. Extremely high level of security. Include blowtorch, drilling, sawing and lifting jack. Location of lock is invisible from outside. Most of competitors can be drilled within 3–5 minutes.
- High mechanical stress/durability – up to 6000 kg. While it's still very compact (120x70x50 mm). Lock enhance door durability. Has lockable bolt. Most competitors larger, much less rigid and has dead bolts.
- Lock has bronze reduction gear and DC motor, which can be operated from 10–24 V DC/AC. Low peak currency – 400 mA. Stand-by time from built-in rechargeable battery – 6 months. Charger in kit. Competitor products has steel or plastic gears, which can't be reliable operated at under zero temperatures. Required voltage is 18 V or more. It makes it very hard to integrate whose locks with alarm systems.
- Wide color range. Stylish design. Good retail package.
- Easy to install. Drill and screwdriver only required. Detailed (comics styled) manual provided. Most competitors offer very short professional oriented manuals.
- Our product can be easily scaled into big access control systems, it's easy to integer with alarm systems. You can use one key to open 2 locks in the same door.

Current state

Now all R&D are finished. Testing of the samples is almost finished. We pick “right” equipment. We can immediately start plant contraction, upon receiving investments.

Development strategy**Use of funds**

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| 1. R&D (include design of package, testing etc) | 10% |
| 2. Acquisition of fixed assets (equipment and tooling) | 65% |
| 3. Marketing | 20% |

Prospective outcome of investment

As a goal of investments should be mass production of developed products at a modern easily scalable plant in Russia. Within 5 years we plan to grow 5 times and gain highly recognizable brand. The sales cost / cost price ratio should exceed 2.5. We should get good distribution of coverage of the Russian territory. Product is absolutely new offer at the locks market.

Marketing & Markets

- a. Most effective channel for locks – the metal door installation companies. But this channel is pretty inert, especially if concern electronic locks. Because electronics believed to be less reliable and much more complicated.
- b. Second effective channel – security and fire alarm parts and accessories shops. Now it is most common channel for competing products.
- c. Retail stores of mechanical locks. Need to be offered as “product + installation” (like air conditioners market). Need very few sales squares for stand.

Advertising strategy:

- a. SPAM. Very cheap and effective. Starting at \$ 200. Best way – 3–5 spam actions via different SPAM-companies.
- b. Advertising at search portals (Mail.ru, Yandex, Aport). Starting from \$ 200 for short 1-month company.
- c. Banner exchange advertising.
- d. Professional magazines and www-sites articles and advertising. From \$ 400 per a month.
- e. Participating in exhibitions. \$ 3000–4000 for one case.
- f. Voyages of sales representatives in large cities ~\$ 2000.

Market volume in Russian is over \$ 100 min (or 20 mln units) per year. Long time slow grow – around 5% per year. Also, unit price grows and share of electronic locks increases. Our ultimate goal is to get 20% share of 100\$+ locks at SOHO segment of market within 5years.

Interaction with investor

We can offer 50% share. «Zero point» in accordance with Business Plan = 21 month.