

**Russia, Yekaterinburg****Summary**

1. **Volume of investments required – \$ 700 thousand.**
2. **Production** – innovational packing that provides the opportunity for keeping, mixing and using of complex multi-component products (juice mixtures, sparkling drinks, sport drinks, hair-dyes, medicine).
3. **Trade marks** – none.

**Company profile**

**Date of establishment** – the project of creating innovative packing for multi-component products started in February 2004. At present the project is run by a non-for-profit association, which comprises a number of natural and legal persons. The plan for the future is to set up a closed corporation according to the main trend of commercialization of the project.

**Signs of public recognition** – none.

**Number of employees** – 3 persons.

**Team**

**Agarkov Andrew** – Project Manager, 44 y.o. In the frame of the project he is responsible for the matters of patenting, financing of international applications, R&D and general project management. He has taken up leading posts in advertising corporations in Yekaterinburg within 10 years. He is creator and applicant for several Russian patents. At present he heads an advertising group of one of the largest state unitary corporations in the Sverdlovsk region.

**Viktorov Nicolay** – Commercialization Adviser, 24 y.o. In the frame of the project he is responsible for business-planning, commercialization of technology and work with investors. He worked as the director of VPK Financial and industrial venture fund, a leading venture fund, within two years. In the frame of the fund work some venture investments of complete cycle were performed. Leaving the previous business, he had profitability more than 700%. At present he deals with realization of a number of his own projects.

**Products characteristics**

While keeping of the drinks in standard packing (glass, polyethylene bottles, tins, Tetra-Pack), it is difficult to keep useful properties of solutes, because, in order to keep the products for a long time, it is necessary to use artificial preservatives, which lower the practicality of the products greatly. There is a solution of this problem: a new packing that allows producing a drink directly before its usage.

Concentrated vitamins and minerals have a long storage life, and, if there is an opportunity for mixing with solvent directly before its usage, the losses of useful properties of the products will be minimized, and therefore, usage of artificial preservatives can be reduced greatly. As an additional feature, this scheme will allow to create new useful drinks from the elements incompatible in the solvents for a long time.

This method is also applied to non-drink liquids: hair-dyes and medicine. Predominant trends in improvement of the packing in these spheres are: simplification of the procedure of mixing of the components, rise of ergonomics, and safety due to reduction of contact with a consumer, effectiveness of usage of the components.

The development under discussion is a reservoir consisting of a vessel with the main component, a container with the input component and the drive member.

The technical advantages of the innovational packing (in comparison with patented and produced analogues) are: absence of rapturable elements in the container; the elements of the packing are not thrown into the final product (capsules etc.); activation is performed due to the only procedure – removal or turn of the capsule; the conditions of extraction of the final product without removal of the container are provided; the construction of the packing under discussion is technological and, while producing, can be used with existed containers.

In contrast to the analogues, the construction of the innovational packing can control the quantity of the disposable components from the container, which *will allow a consumer to model the final product!*

Price, in comparison with the price for the analogical packing:

- by the segments of the drinks, the price is planned to be higher, as there are no familiar produced analogues with the method of mixing of the components during opening of the drink reservoir, however, this will be compensated by the opportunity to put the drinks with unique useful properties into the market; positioning of the product within the medium- and premium-class;
- by the segment of hair-dyes, the price is planned to be lower, as the method is more technological and allows to lower costs of production of the packing.

Packing rights are protected by RF patents. The international patent application has been made. The world intellectual property organization has published the international application and positive report of international search.

The applications for patent are registered in the European patent bureau, USA, Canada, Japan, China, Korea, India and Australia.

### **Current status**

By present the packing for various functions has been designed, some acting pre-production models have been produced. Rigging for short-run pilot batch of the packing is being prepared, preliminary development for modification of production run equipment for output of polyethylene bottles for drinks, which allows integrating the new construction, have been made.

### **Development strategy**

#### **Use of funds**

1. R&D	15%
2. Acquisition of fixed assets (acquisition and modernization of the batch production of the packing for drinks)	50%
3. Marketing	20%
4. Acquisition of current assets	7%
5. Others (strengthening of patent protection at the international level)	8%

#### **Prospective outcome of investment**

After the investment is performed, the acting batch-production enterprise with capacity of 10 mln. items a year will be set up. The enterprise will have its own market on the one hand, and will continue strengthening its position on the innovational packing market due to some new patent developments, on the other.

#### **Marketing & Markets**

*Drink market.* Drink consumption is growing all over the world; according to the expert assessment in 2007 the total world production will reach 1500 billion liters. According to the same expert assessment the drink market capacity can reach \$ 50 mln in a few years, however, at present, this segment is not fully occupied because of lack of competitive technological decisions. It is possible to occupy a market share of 15% if realization of the project is well-timed within 4 years. It should be mentioned that both fresh juice mixtures, sparkling water, "sport" cocktail, high-vitamin mixtures and alcoholic cocktails, which cannot be kept long in concentrated condition, belong to multi-component drinks.

The producer in America and Europe comes across with serious problems: efficient differentiation search of specific target groups are required. The packing to be suggested is the optimal variant for the solution of this problem. Domestic manufacture at the initial stage will be able to meet the requirements of production of multi-component drinks in Russia. Technology replication will allow to put work in order with the largest concerns, and thus, to come into the market of Europe, USA and South-East Asia.

*Hair-dye market.* The American hair-dye market is evaluated at \$ 1.55 billion a year, and growth rate twice exceeds the growth rate of the household product market. By different assessments the volume of the hair-dye market in Russia is approximately \$ 250–300 mln a year and the growth rates are also remarkable for their figures. Final consumers show preference for the "fast formulas" that reduce time of influence of the preparation, and for the packing that do not require complex and long-time mixing process. In fact, at this stage, the designed packing presents a big interest among the hair-dye producers. Thus, it is worthwhile to cooperate with one of the world leaders of the present market, concentrating on non-standard and new decisions of the mixing process.

#### **Interaction with investor**

If the investor takes part in realization of the project, it is possible to set up a joint-stock company with the investor's share up to 50%. Payback period of the project is about 24 months.