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Volume of investments required – \$ 600 thousand

Summary

1. **Production** – CRM software for sales departments and in box consulting for sales managers and chief executives of small and mid size enterprises (2 trainings on DVD).
2. **Trade marks** – Galloper.
3. **Sales 2007** – \$ 1 ths.

Company profile

Date of establishment – May 2007, software development started on October 2003.
Description and value of capital assets – \$ 2 ths (personal computers, workplaces).
Previous rounds of investments –\$ 110 ths (equity).
Signs of public recognition – none.
Number of employees – 7 persons.

Structure of ownership

Natural person	100%
Aggregate share of government property	0%

Team

Chicurov Yuri Fedorovitch – CEO, 62 y.o. 25 years of management experience including 15 years of operational management, 10 years in business development and start-ups.
Veselov Andrey Anatolievitch – Director on business development, 34 y.o. Member of non-executive directors association, Galloper CRM concept author, 3 patents inventor; strategy, management and sales independent adviser; entrepreneur; founder and president of Externet group of companies.
Ostapchuk Vladimir Viktorovitch – Technical Director, 28 y.o. 10 years experience in software development, 3 years in software project management, CEO at SkyMax (CTO at Externet group of companies).
Maramchina Olga Vyacheslavovna – N. Novgorod branch Executive, 30 y.o. 7 years experience in HR, 3 years of management experience, 1 year in sales force management (direct sales).

Production

Galloper CRM (Customer Relationship Management) – easy-to-use software for sales departments (1-20 employees) of small and mid size companies working mainly in B2B sector. Galloper CRM increases personal efficiency of sales people in 20%. Properly designed CRM business processes and correctly installed CRM software scientifically raises a quality of customers service and thus increases sales volume (20% on average by statistics).

Unfortunately, most of vendors and assistants can not deliver a qualitative right CRM solution, a few quotations from mass communication media (translated to Russian, then back to English):

- 69% CRM projects does not affect efficiency of sales (Insight Technology Group);
- 70% innovations in the CRM field will be unsuccessful in the next 18months (Giga);
- 60% CRM projects will fail;
- 60% enterprises have no benefits after CRM installation.

A proper business logic design and CRM installation does take too much time and demands expensive consultants and advisors (they say that a minimal budget of CRM installation projects starts from \$ 10 000). Using the author Galloper CRM concept we can deliver a qualitative CRM solution at least 5times less (just only for \$ 2 000). The idea is to provide packaged software and consulting services (training courses on DVD for executives and sales managers); this will allow quick and effective self-dependent business process design and CRM installation without outsourcing to expensive experts.

Main competitors:

- A) service application providers, CRM on demand (online services by Internet);
- B) executable Win32 CRM software vendors.

Our competitive advantages:

- A) Packaged solution including:
 - administrative consulting in sales (DVD training course “how to raise sales on 20%” for sales executives);
 - easy to use and install CRM software;
 - education and fluctuation movement sales personnel solution (DVD training courses for salespeople: “Get ready to sale”, “How to sale effective on phone”, “How to sale on meetings”).
- B) Result money back guarantee:

- if you will not earn at least \$ 4 000 more in the next 6 months, we will pay you back.
All sales can be done online. Courier delivery to the door.

Current state

Software is ready for sale in Russia. About 20 000 downloads of free personal version of Galloper CRM yearly. Collected 14 000 actual e-mails of potential users. Sales income of multi-user Galloper CRM software in Russia is equal to advertising expenses.

Free subscription course (13 e-mail letters) for sales executives is launched. We are getting about 500 new subscribers on the e-mail sales executive subscription monthly.

DVD courses have to be created in the near future. Concepts and scenarios are ready. The DVD products are already announced. We are receiving about 20 requests on the DVD products a month.

Development strategy

Use of funds

1. R&D	25%
2. Acquisition of fixed assets	25%
3. Marketing	50%

Prospective outcome of investment

Record and produce DVD courses. Increase average revenue per user from \$ 700 to \$ 2 000 (by additional DVD courses sales). Translate web site, software, free and commercial DVD courses to English, Portuguese and other languages. Entering into international market.

Marketing & Markets

According to IDC 2007 and LINEX 2008 marketing researches:

A right CRM installation increases sales volume in about 20%. Our target market – B2B small and mid size enterprises, they use CRM systems in 10–15% of cases. Market growth – more than 20% a year. Total target market volume in Russia is more than \$ 100 mln, 15% is settled, our share is at least 5% of total market and 20–50% of our target market growth starting in Russia in 2009, internationally – in 2010.

The strategy is:

Attract visitors on the corporate web site. Provide personal software for salespeople for free. Provide free e-mail subscription learning courses for executives. Collect contact information (names and e-mails), send them relevant reminiscent e-mails once 1-2 months and finally sale multi-user software, DVD courses and additional products (books, trainings, consulting services, telephony services etc).

Interaction with investor

In exchange to the necessary (\$ 600 ths credit) investment, investor will get 26% of equity share. Exit – management buyout in the end of 2013 (more than 50% profitability). Projected 26% share price in 2013 will be about \$ 3300 ths on the basis of total company price as 10 EBITDA.

Financial characteristics, \$ thousand

Data	Facts			Forecast	Forecast with the investment required			
	2005	2006	2007	2008	2009	2010	2011	2012
Sales	-	-	1	37	610	1 010	1 510	2 010
Operating income	-	-	-53	-67	162	342	562	862