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Volume of investments required – \$ 800 thousand

Summary

1. **Production** – applications and services for cell phones, mobile advertisement and marketing.
2. **Trade marks** – none.
3. **Sales 2007** – \$7 ths.

Company profile

Date of establishment – created in July 2007 by former employees of big IT outsourcing companies. We have customers in USA, Finland and Russia; also develop our own products for mobile phones market.

Description and value of capital assets – none.

Previous rounds of investments – none.

Signs of public recognition – none.

Number of employees – 4 persons.

Structure of ownership

Legal entity (LBS Group Ltd)	24%
Natural persons (6)	76% (25%, 20%, 22.5%, 2.84%, 2.83%, 2.83%)
Aggregate share of government property	0%

Team

Zemlyanukha Mikhail – Chief Executive Officer, 42 y.o. Familiar with software development process, has good knowledge of mobile phone market. 15 years of experience in IT world, former employee of Motorola company; embedded systems (mobile phones firmware) lead developer.

Komarova Antonina – Software Developer, 24 y.o. Working with partners in Finland – web-sites testing and optimization for Russian market.

Production

Product “survey service”, an application for mobile phones, allows collecting data (polls, surveys, quizzes) from users of mobile networks for sociological and marketing agencies, mass media. Near analogues: internet-surveys, surveys collected by agent, SMS and phone polls. Competitive advantages: better availability for respondents, user identification (by phone number). For respondents: awarding with bonuses, a money transfer to phone account, extra voice calls time, or free content (extra ring tones, games and applications). For customers: survey cost reduction, higher reliability and efficiency, targeting ability.

Product “service for advertisement targeting” is intended for targeted interactive advertisement in social networks and mobile content (games, video, services). The same as for “survey service”, respondents are awarded with money transferred to phone account, free content and services, coupons for goods discount. Interactive feature of advertisement increases adv efficiency, allows collecting information about respondent, to use it in future adv actions for targeting audience. Though this type of advertisement has higher cost per a respondent, it has better efficiency and represents a new sector of adv market, new channel of interactive personalized adv messages. Customers of our service are adv agencies and mobile content providers. Our income shall come from advertisement efficiency increase when the adv is targeted.

Current state

Our primary business is software development outsourcing. We reached payback after last year, and continue to grow, investing into our own products development; we would like to get additional investments as well. At the present moment, “mobile survey service” readiness is 40%; we have a demo-version available.

Development strategy

A key point for the services is number of respondents. On first stage we will promote “survey service” as much as possible, in cooperation with mass media, sociological and market research agencies, spending money to attract respondents (via bonus programs). When we reach 100K users, we start promoting “service for advertisement targeting” in social networks and mobile content, using existing channels of mobile advertising. Big size of respondents’ base is required to make the services attractive for customers. Next step will be integration the service with social networks and mobile platforms supporting users’ identification.

Use of funds

1. R&D	35%
2. Acquisition of fixed assets	5%
3. Marketing	60%

Prospective outcome of investment

We plan to attract more than 1M respondents, it allows using our service for pools and advertisement events by mass media, marketing, sociological and market research agencies. Our top goal is integration of our services with mobile sites and content providers, such as Mail.ru, Yandex, Mamba, and smaller ones, via our partner program, with integrating our services with their adv systems.

We will launch web-site/service for conducting pools, quizzes and surveys among mobile phones users, available at retail level even for small and medium business, to perform market research themselves.

Marketing & Markets

Current number of mobile phones is estimated at about 3 bln worldwide, as of 2007, and will reach 4 bln in 2008. For comparison: number of computers, including desktops and laptops, are currently estimated at 800 mln globally. Number of TV sets is estimated at 1.5 bln.

Volume of mobile advertising globally reached \$ 900 mln in 2006, \$ 2.2 bln 2007, and is estimated as \$ 12 bln in 2011. In Russia it is estimated as \$ 2.5–3 mln in 2008, \$ 5–7 mln in 2009, and \$ 10–11 mln in 2010.

In this project we target Russia market only. With cost for adv targeting at 10% and higher, and our market share 30%, we estimate our income as \$ 600K in 2011. With a positive development, we plan to enter global market (\$ 12 bln in 2011 comparing to 20 mln in Russia), that will need additional investments, outside subject of current document.

Strategy to enter the market: (a) launch “survey service” for mobile users, active work with mass media to extend respondents’ base, with free pools, bonuses, etc (b) after reaching 100K respondents – commercial launch, selling the service to marketing agencies (c) with collected respondents’ base more than 500K users – launching “service for advertisement targeting” (d) service integration with top mobile content providers and social networks.

Interaction with investor

We offer the investor 35% share of the business, with value on coming out in 2012 as \$1700K.

Financial characteristics, \$ thousand

Data	Facts			Forecast	Forecast with the investment required			
	2005	2006	2007	2008	2009	2010	2011	2012
Sales	-	-	7	35	70	250	600	1 100
Operating income	-	-	0	5	10	50	150	300