



Technology, Deal Flow, \$ & PPPs

11th Russian Internet Forum
5-7 April 2007, Moscow, Russia

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Technology, Deal Flow, \$ & PPPs

Today's Message

1. How Attract Attention, € to Russian Internet & Russian Tech?
2. Can PPP Interventions Help?
 - VC? IP? Business Plan Help? Centers of Excellence? Incubation? Capital Markets? Tax Incentives? Grants?
3. How Commercialize Technology?

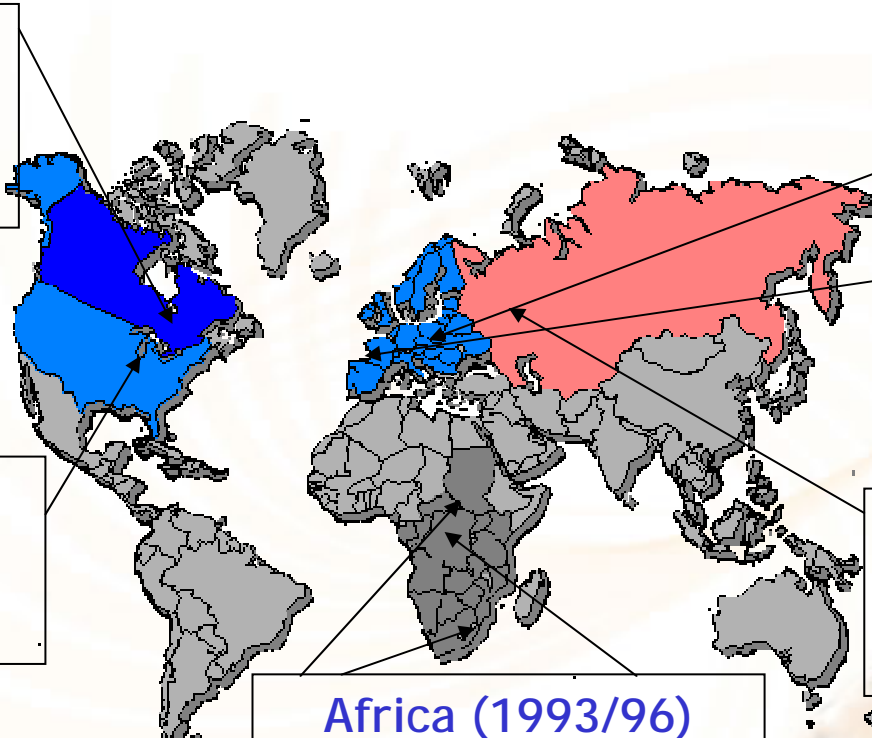
How Get Started? Solutions & Priorities

IVI History-Direct Invest & Advisory

Canada (1992)
 C\$100MM-Canadian
 Bus. Dev. Bank



USA (1986)
 The Michigan Product
 Dev. Fund (\$5MM)



Europe (1992/94)
 TP Fund, \$10MM-
 EU, \$-Financière
 St Dominique,
 Paris



Russia (1997)
 HP LP, \$30MM-EBRD &
 USAID



Africa (1993/96)
 E. Africa \$5MM, Sub-
 Saharan, \$200MM, South
 Africa, \$30MM, IFC/WB



IVI in Russia & Russian Tech

- 1997: Transact Russian VC Deals-Infrastructure
- 2001: IVI's Russian Technology Investment Forum (2 day biz plan comp, 35 top IT SMEs) & VC Workshop (2 days; education/trainings-presentations & elevator pitch)
- 2002: Russian Tech for Oil/Gas (e.g., SLB), IT, Biotech, Medical, Homeland Security (Global)
- 2004: Partnership with Shell (STV/GameChanger)
 - 'Snapshot' the mkt, invest in Gamechanging tech for global mkts & start a relationship to build a portfolio
 - Member, Russian Tech Tour Committee (biz plan)

Successes in the Market Since 2001



Baring Vostok Capital Partners



PBC Lasers & Wostec



Ultra Motor "a revolution in the way the world is driven"



Multinationals w/R&D Labs in Russia



5-7 April January 2007

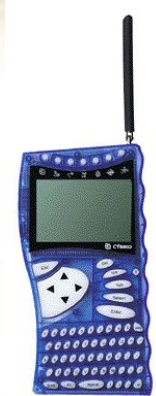
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Some Clouds Too: Learning Curve Lessons



Optiva (\$49M) liquidates:
Nanotech's 1st big flame-out

Startup doctors ease portfolio
pain-Trustworks (\$23M)



Cybiko Ceases
Operations

Not Seeing Entrepreneurial SME Creation from MNC R&D Labs

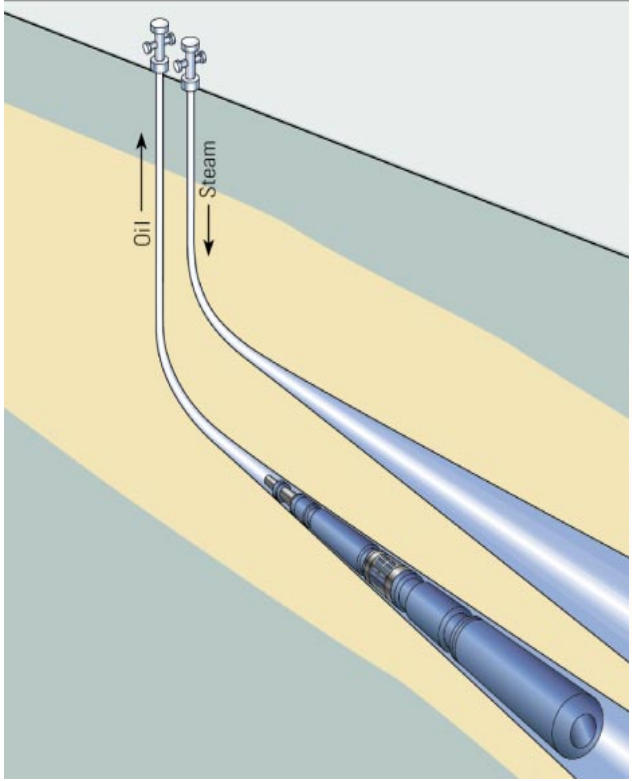
Multinationals w/R&D Labs in Russia



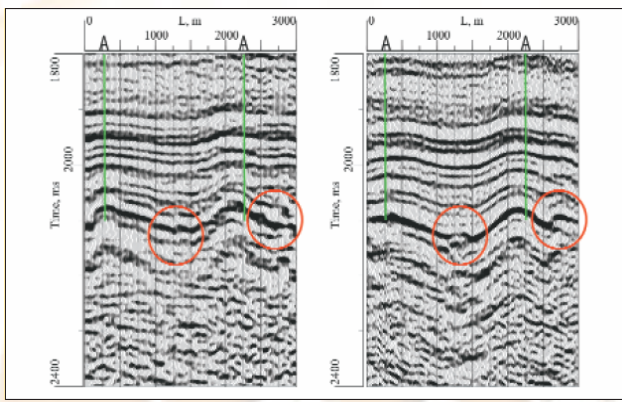
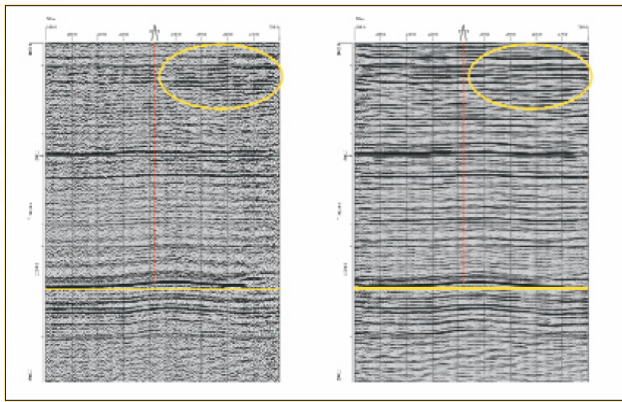
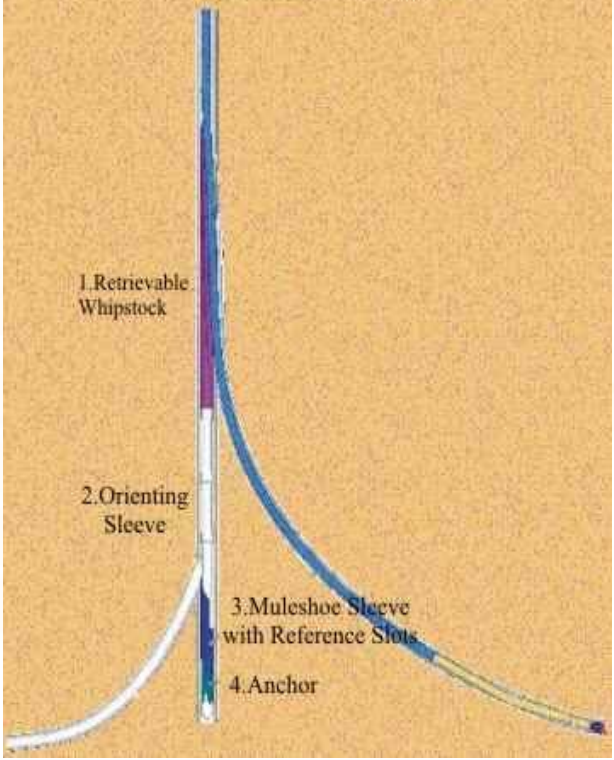
Good Reasons for Seeking Russian GameChanging Tech

Russian Contributions to the Oil Industry

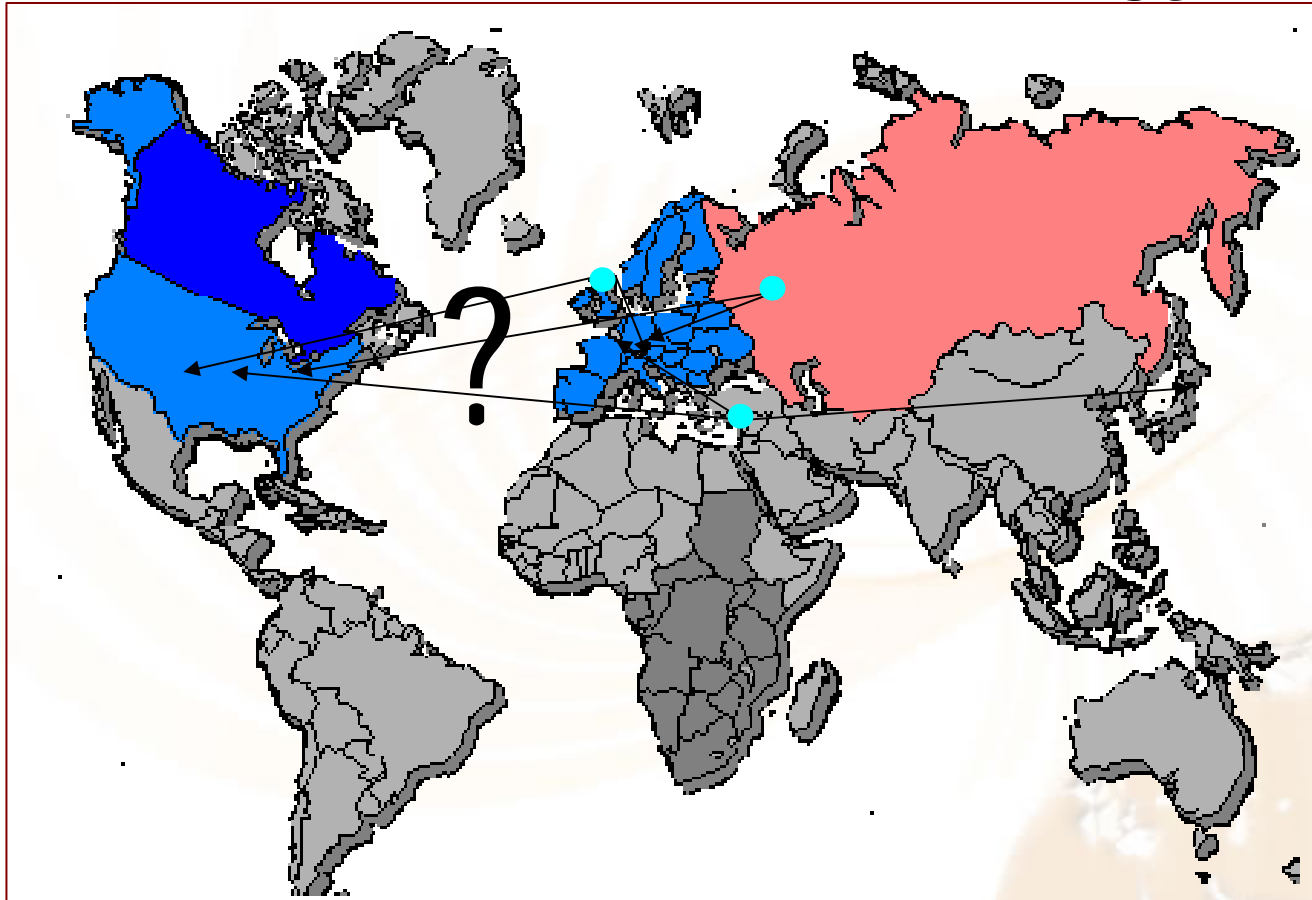
HOTLINE 550 electrical submersible pump (ESP) completion.



Multilateral Well



Russian Tech for Global Mkts: Alternative Strategy?



What's Working Against Early Stage Tech & VC in Russia

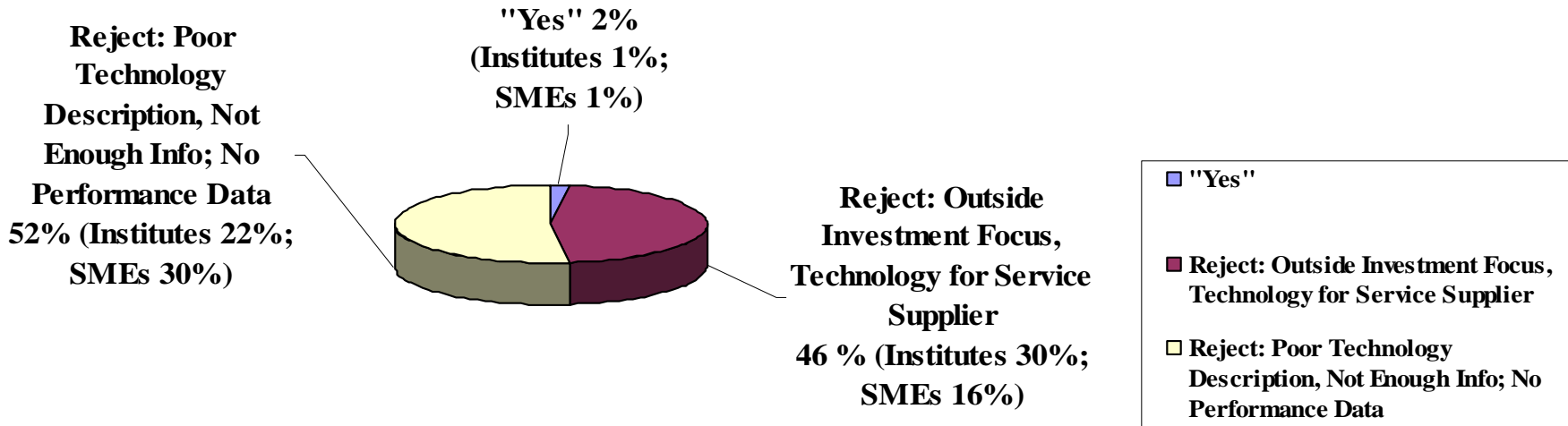
Plenty of \$: It's Competition From:

- Domestic Growth, FMCC, F&B, Retailing, Financial Services, Media, etc.
- From Other Asset Classes w/Quicker & > Liquidity & +IRR, e.g., Stocks & Real Estate
- Keeps Entrepreneurs in Non-Tech
- From Israel, Ireland, USA, etc., with Good Deals, Technologies, Entrepreneurs & Successes

What Else is Working Against Early Stage Tech & VC?

GameChanging Potential (in R&D), But →

Opportunities & Decisions



Rejection not for obstacles; IP, Bus Plans, Mgt., Capital Mkts

Near Term Opts & Priorities

Invest to Build the Supply Chain

1. Almost best in class tech++² for Russia/CIS as it executes E&P to = USA, Middle East, SE Asia
2. Mix & match Western/Russian Tech: localize int'l content through co-dev to increase value/cost
3. Execute old West tech (e.g., RFTs) locally to fill price/performance gaps

Invest for More: More Perf, More Cost Reduction, More Service & More Local Content

Where's the Customer Pain (Need) in the Oil Industry?

1. MORE Perf, Execution & Cost Reduction
 - Not Gamechangers; blocking/tackling tech so oil operators meet business plan
2. MORE Local Content (w/SMEs)
 - More value-added tech vs. brick & mortar
 - Tech Sold to Multiple Customers
 - Generate Supplier Sustainability thru Multiple Locations (beyond one field)

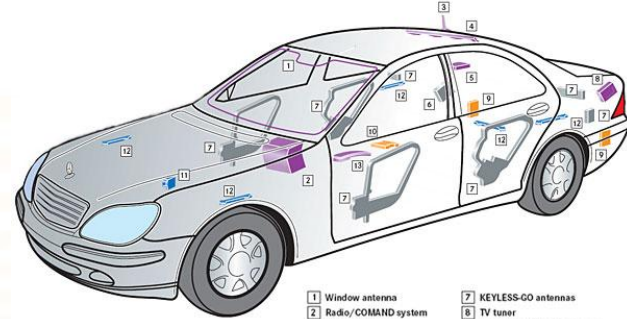
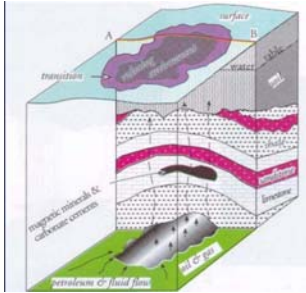
GoForward Plan: Scaling Up Innovation for New Growth

A Much Bigger Bus. Dev. Picture to
Generate \$\$

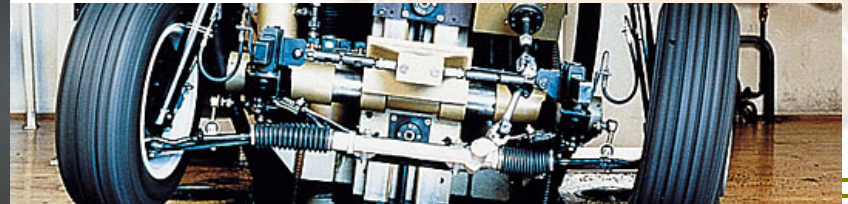
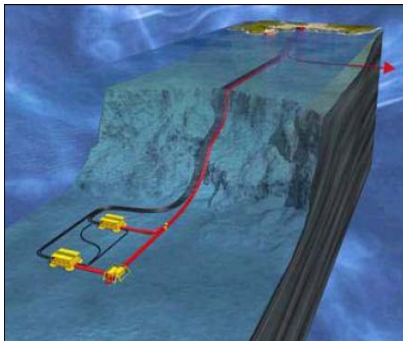
Invest in Tech for Domestic Mkt

- Link Int'l & Russian Corporates: User Pull, Testing, Deployment & Commercialization
- Solve Tech & Supply Chain Needs
- Large Purchasing Req'ts & Big Volumes
- Build Locally, Upgrade Later for Int'l

GoForward Plan: Scaling Up Innovation for New Growth Sectors Besides IT



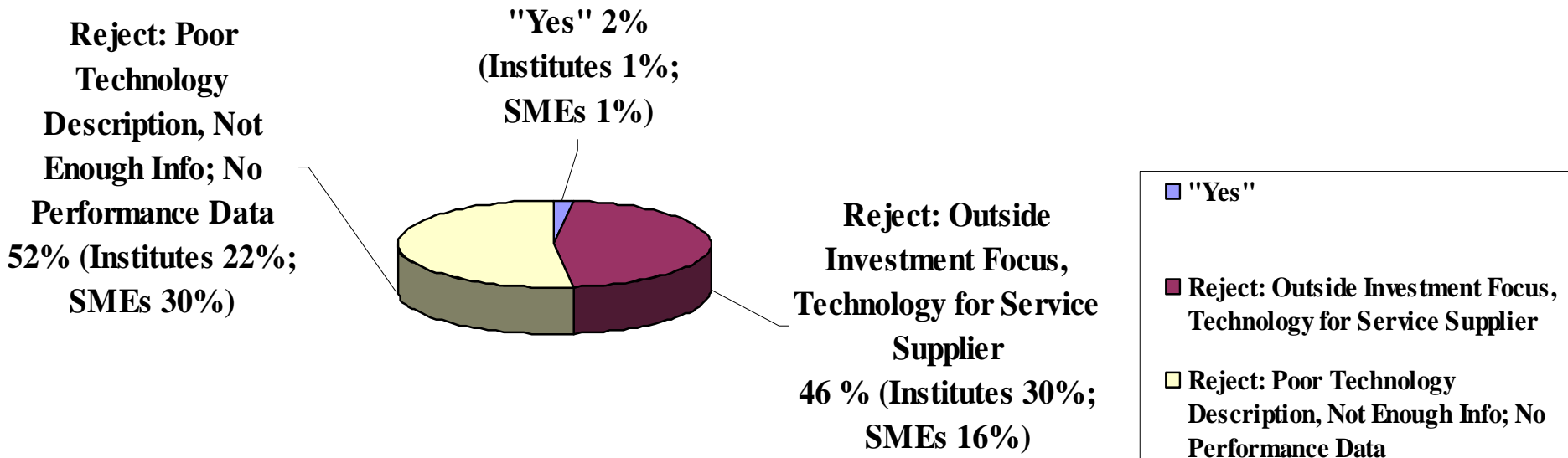
- | | |
|-----------------------------|--------------------------------------|
| 1 Window antenna | 7 KEYLESS-GO antennas |
| 2 Radio/COMMAND system | 8 TV tuner |
| 3 GPS and telephone antenna | 9 Redundant TeleAID antennas |
| 4 Antenna amplifier module | 10 TeleAID |
| 5 Parking heater receiver | 11 Tire pressure monitoring |
| 6 KEYLESS-GO | 12 Tire pressure monitoring antennas |
| | 13 Telephone |



Actions to Make Ideas = Deals

What Do w/Interesting Tech, No/Little Perf Data?

Opportunities & Decisions



GoForward Plan for Russian Tech & VC Continued

1. Invest in Tech: the Domestic Market

2. Create 'Tech Proof of Concept'
Fund as a PPP

- Transform ideas = deals
- Generate data to confirm benefits, show weaknesses vs. competition & alternatives. Benchmark to Competition
- Funded by PPPS - link to Users & Customers

GoForward Plan for Russian Tech & VC Continued

3. Inventory SME/Institute Tech & Publish as a Database

- Benefits of Tech, cost & performance
- Perf & Cost benechmarked to competition
- Stage of Development
- Product Dev Plan
- Patents, IP issued, & competition

GoForward Plan for Russian Tech & VC Continued

4. Provide 'Mini-Grants' to Document the Business Opportunity

- Not a Business Plan
- But to Detail the Tech's Potential
- Cost = \$3k-\$10k

GoForward Plan for Russian Tech & VC Continued

5. Offer Targeted Biz Development Support

- Looks for Opts, SMEs & Academia
- Develops Projects for the 'Mini' Grant Program
- Helps Sell Innovations

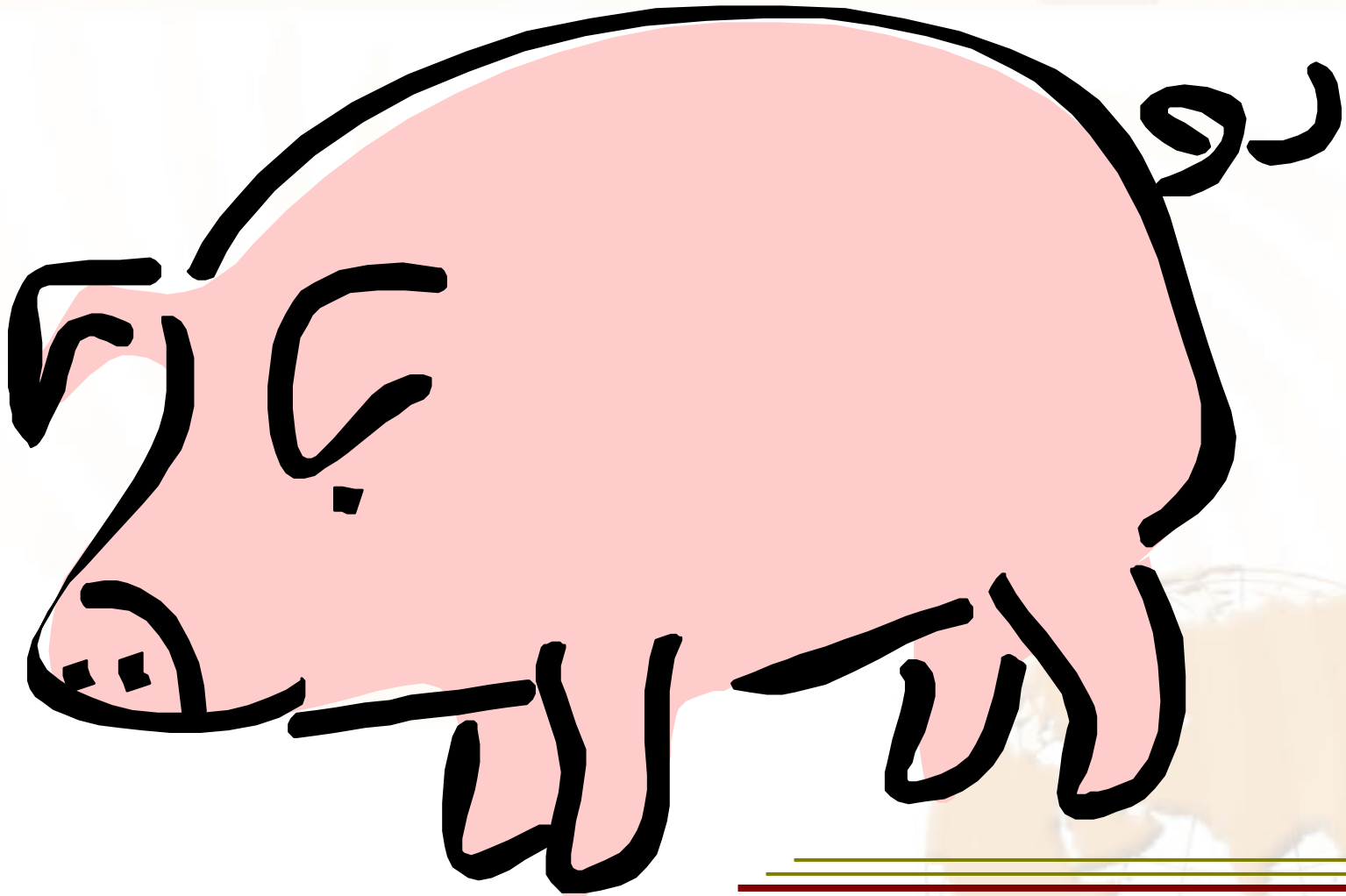
GoForward Plan for Russian Tech & VC Continued

6. Establish an IP Facility to Protect IP

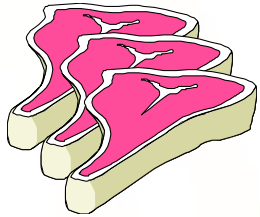
- Pays for Costs of Patenting, Domestic & Int'l
- Costs Paid back by Royalty Payment
- Becomes a Revolving Fund



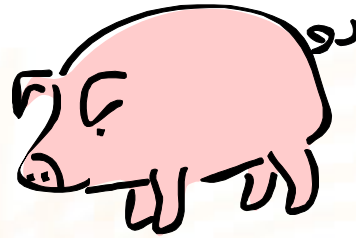
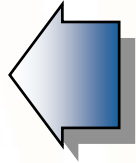
Ex: How Much Value (Added)? Where's the Technology?



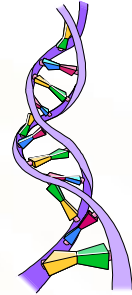
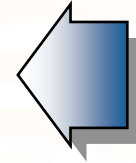
Technology In Many Places! Just Look & Define



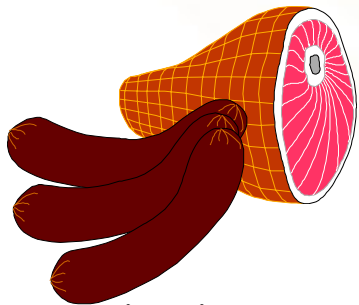
Slaughter



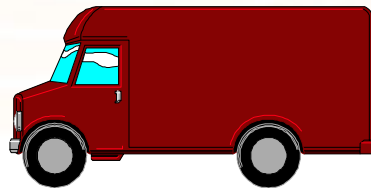
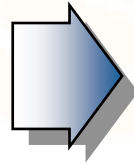
Raising



Genetic Engineering
& Breeding



Processing into Ham, Kielbasa



Distribution, Storage &
Delivery



Retail Locations



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5-7 April January 2007

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