

Innovating Through Tough Times

Opportunities for financing for location-based services (the case of GPS Tuner)

Sofia, February 22, 2010

Oriens

From a private equity point of view, the rationale of investing in location-based services is decided on the maturity of the business model and positive market trends. Product quality is required but is not enough in itself

LBS – A PRIVATE EQUITY PERSPECTIVE

○ Low
● High

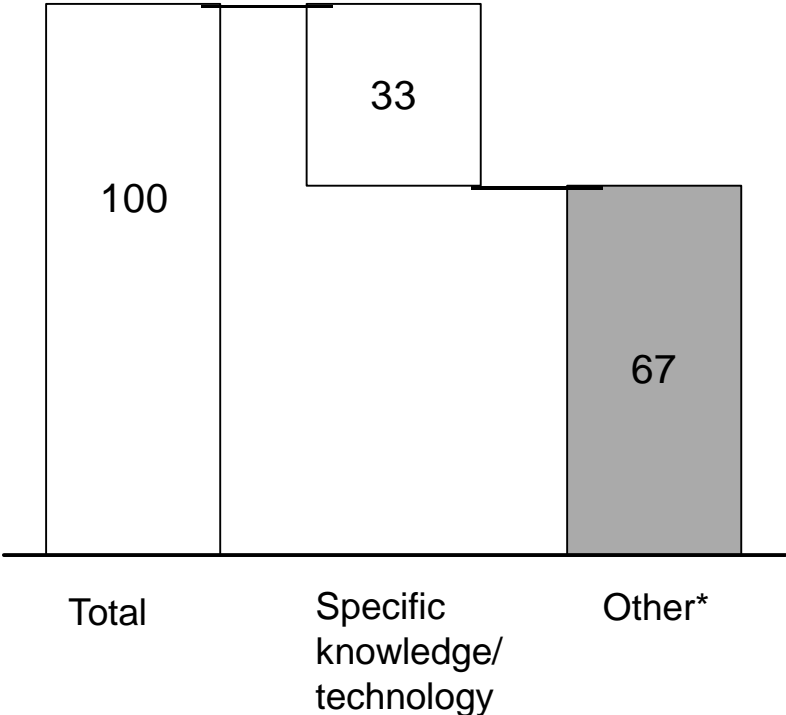
	Key success factors	Relative importance
Business model	<ul style="list-style-type: none">• Currently existing business model provides a good platform for large-scale expansion	●
Market trends and technology development	<ul style="list-style-type: none">• Clear long-term market growth opportunities• Achievable global reach	●
Product quality	<ul style="list-style-type: none">• Only completed and already marketed products are under consideration• Acceptable reliability and quality of product is a must – but its importance should not be over-emphasised	◐

Established companies/technologies are usually well-insulated from competition from new players, even if the newcomer has a superior product - a new entrant, especially a small company, would always struggle to find the optimal market entry point

ASPECTS OF SELECTING ICT SERVICES – REGIONAL EXAMPLES

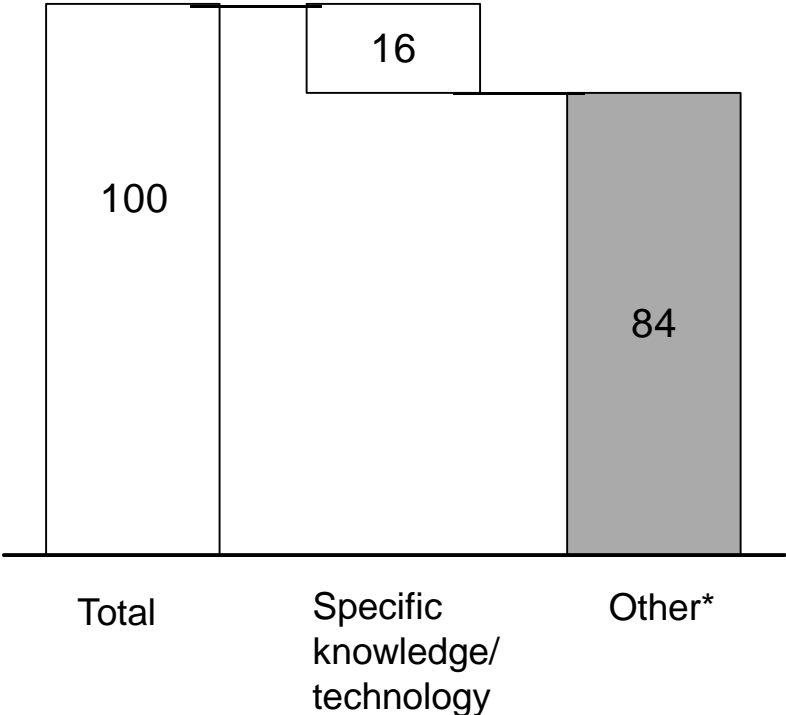
Large companies

number of responses ranking the aspect as first or second most important



Small and medium-size companies

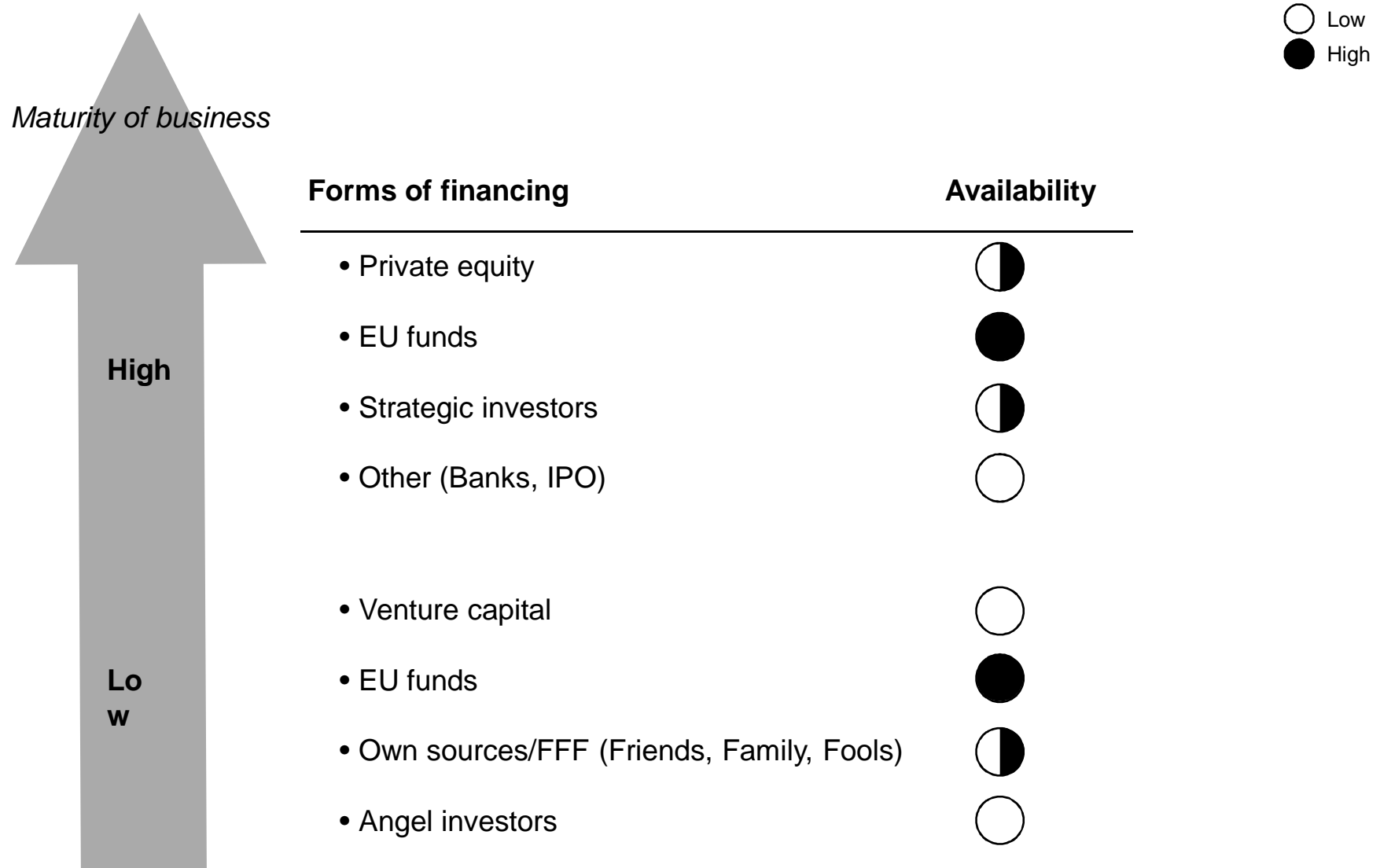
number of responses ranking the aspect as first or second most important



* e.g. previous experience with supplier, well-known brand
Source: Oriens analysis

Innovations in our region will always be limited by the lack of investment funds. In the future, EU funds might have a growing importance on developing innovative products.

OPPORTUNITIES TO FINANCE INNOVATIONS



One exception to the rule is GPS Tuner, where Oriens found a good platform for global expansion. Beyond financing growth, Oriens creates value at GPST through professionalisation of sales, introduction of corporate governance, and leveraging its global network

THE CASE OF GPS TUNER



Pre-investment GPS Tuner

- Outsourced sales, which is expensive and inefficient
- The company lacked a real corporate structure that is needed for sustainable growth
- On-road navigation fills a vacuum in consumer demand: although past expansion was also remarkable, a 16% annual growth rate is forecasted for the next 4-5 years and the market will reach a size of USD 36 billion by 2014
- The software has won the „Best Software Award” of the US Smartphone and Pocket PC Magazine in 3 consecutive years
- It has continuously been on the best selling list of online distributors

Added value by Oriens - examples

- Professionalise of GPS Tuner
- Recruit sales force to target professional leisure activities and network industries through direct sales methods
- Increase size of the accessible market
- Establish strategic partnerships (e.g. OEP's, on-road software and map developers)
- Expand team of developers to increase product quality, and develop a multi-platform software