



## Introduction:

Startappz is a company built with technology at its heart. Ever since its foundation by end of 2012, Startappz has been a valued strategic partner for a number of telecommunication companies and smart governments in GCC.

Startappz utilizes the years of experience acquired by its engineering team members to build and develop solid and scalable mobile, social, and web applications on various platforms such as Android, iOS, and Windows8 for mobile phones and other wearable technologies.

In addition to our e-publishing team of experts with experience in viral content creation, interactive design, and development, with three regularly released interactive magazines that have been downloaded over 2 million times so far.

## What We Do:

Startappz is known as an industry leader in its three areas of expertise, launching **great apps**, publishing interactive **e-magazines**, and running effective **digital marketing** campaigns.

### We Develop Mobile, Social, and Web Apps

Our team designs and develops Mobile, Social, and Web Applications for different technologies and different platforms, ranging from iOS and Android applications for mobile, to Facebook apps and web portals.

### We Publish Interactive Magazines

Our dedicated team of e-publishing creates interactive magazines with outstanding user experience and great content.



## We Launch Result-Oriented Digital Ad Campaigns

Our creative team and marketing team produce well-measured digital advertising campaigns for a number of notable clients in different industries ranging from telecommunication companies to smart governments.

## 2013, Year in review

2013 has been a year of growth on all fronts both for Startappz and its clients. We've built excellent apps, launched successful result-oriented digital campaigns, and released 10+ issues of our interactive magazines. Overall, it's been a successful year with a few recurring themes that we'd like to point out today.

### Inspiration and innovation:

It's been an inspirational year for us, led by the brilliant people we met in 2013. The young and motivated geeks and future businessmen and businesswomen from this year's App Challenge, the determined doctors who share our passion for M-Health, and the marketers and professionals we met on events such as ArabNet, MEcom, and WebIT.

### Family/Team:

Startappz started out with a small number of key people just less than two years ago, today, 50+ people call Startappz home, a fast growing number from last year's family of 15, and we're constantly looking out for best talent to join our family.

### Growth:

2013 saw the metamorphosis of Startappz as a full-fledged company. What started out as an accelerator for mobile developers and designers late in 2012 is now an active industry player in Jordan, Egypt, UAE, and KSA, with clients in telecommunication and smart governments in GCC, to mention a few highlights from 2013:

- We released 11 applications on Android, iOS, & Window 8.
- We had our apps downloaded over 2,000,000 times.

### Vision:

Out with the old in with the new, 2013 has been a year of discovery for Startappz. Today, we have three main areas of focus as a company, we want to design and develop the apps everyone wants to talk about, we want to give voice to our clients through result-oriented



digital ad campaigns, and lastly, we want to provide interactive content that'll change the way people experience magazines.

Energy:

Last but not least, Energy has been the prominent keyword for 2013 and the upcoming 2014. This year, we're excited about a number of things, we're excited about helping out governments get smarter, we're excited about creating cool apps for even cooler platforms such as our upcoming Google Glass app, as well as our 50+ apps and 4 interactive magazines in the pipeline for 2014.

## Key Opportunities for 2014 and beyond

## Government projects in UAE

As Dubai and other Emirates are pioneering smart government services, Startappz is recognized as leading vendor and partner to build seasoned platforms that will help in making government smarter. Specially, it is not just a race to create as much apps as possible for over 200 government and semi government agencies in Dubai, but also a challenge in creating a smart approach towards connecting with citizens/ residents and providing the proper info at the right time and place with high level of confidentiality, privacy and integrity.

UAE will allocate 3-4 billion USD to convert to smart government in 2014-2015 - based on unofficial information shared by trusted senior government officials as part of our business network. Gaining even a very small percentage of this market will be an achievable target given the competitive talent and reputation Startappz built over the very first year of existence.

## Government projects in KSA

As the KSA government is putting unprecedented investment in Healthcare and its IT infrastructure and digital communication, Startappz is well positioned to add great value based on existing line of business during 2013. Currently, we are at final stage in closing 3 contracts covering scope of digital communication and marketing consultancy and execution with a total value of 3 million USD. More business opportunities with MoH are expected towards the end of 2014 and 2015.

## Mobile Operators in MEA

Startappz managed to develop mature products for telcos during 2013, currently we are able to scale 5 key products to be sold to 30+ operators in MEA. The products are: multiscreen VoD, self-service app, Traveller app, loyalty program app, segment-specific customer care app.

## Team and Office Distribution

The Startappz team is organized under the following departments:

- **Business development:** finding new leads and getting contracts closed.
- **Engineering:** (including the R&D team): in charge of evaluating client technical needs of clients and target audience and getting technology developed at reasonable cost and time.
- **Digital Marketing:** Planning and executing marketing campaigns for our apps and products released by our clients.
- **Creative and Design:** Designing effective user experience for our apps and products we develop for our clients.
- **Product Management:** Managing all resources associated with each product and assure customer satisfaction.
- **Digital Publishing:** design and publish interactive magazines for different screen sizes.
- **Administration:** HR (we call it “HC” Human Capital) and Accounting to make everybody’s life easier.

Office location and number of resources as of Dec 2013:

- KSA office: 4 resources
  - Dubai office: 1 resource (yet to be recruited)
  - Amman office: 43 resources
  - Cairo office: 3 resources
- Total:** 51 resources

## Financial Summary:

Startappz	Actual	Projection				
USD	2013	2014	2015	2016	2017	2018
Revenue	436,983	1,641,806	2,168,185	2,599,994	3,133,803	3,661,611
Cost of Sales	(257,674)	(509,268)	(612,922)	(738,206)	(889,897)	(1,073,952)
<b>Gross Profit</b>	<b>179,309</b>	<b>1,132,538</b>	<b>1,555,264</b>	<b>1,861,788</b>	<b>2,243,906</b>	<b>2,587,660</b>
Employee Expenses	(781,764)	(950,473)	(1,140,568)	(1,368,681)	(1,642,418)	(1,888,780)
G&A Expenses	(199,604)	(152,951)	(173,465)	(180,414)	(193,172)	(211,421)
Marketing Expenses	(18,549)	(50,000)	(75,000)	(97,500)	(121,875)	(146,250)
<b>Operating Expenses</b>	<b>(999,916)</b>	<b>(1,153,425)</b>	<b>(1,389,033)</b>	<b>(1,646,595)</b>	<b>(1,957,465)</b>	<b>(2,246,451)</b>
<b>Net Income</b>	<b>(820,607)</b>	<b>(20,887)</b>	<b>166,230</b>	<b>215,193</b>	<b>286,440</b>	<b>341,209</b>

### Commentary on 2013 performance:

- Delay in securing contracts with customers reduced the overall revenue as some contract wins took longer than expected to close. Due to this timing effect, 2013 revenues were lower than expected, and as a result the backlog/order book for 2014 is strong (see table on next page).
- Startappz was given an anchor investment up to \$1M during the first year of operation (2013) by the current shareholders to setup the company operations and lines of business. The current deficit goes as an initial capital.



### 2014 outlook:

From a revenue perspective, the prognosis is positive. In Q1/ 2014, the following contracts were won (i.e. invoices, contracts or purchase orders have been secured):

Product name	Value (USD)
Traveller App for Telco	\$85,000
Neqati (loyalty program) App	\$50,000
Run App and Microsite	\$80,500
MOH 937 Campaign	\$106,666
Retainer Design for November & December	\$40,000
Digital Nashrati Internal newsletter for November & December	\$22,222
Vanilla Mobile E-shop	\$19,650
MOH; Prince Mohammad Hospital	\$26,500
Other invoices and contracts	\$34,000
Youth segment app (phase 1)	\$85,000
Self service app and web portal – telco	\$140,000
<b>Grand Total</b>	<b>\$689,538</b>

In addition to the above, Startappz management is in negotiation on the following high potential projects with existing clients, with a view to securing these during 2014.



Client	Deal Description	Value (USD)
Mobily	<u>50+ apps for Mobily:</u>  Mobily is interested to develop 50+ apps and has been working with us on the plan during Q4 as we run their innovation and design lab on an ongoing contract.	\$800,000
	<u>Saudi business hub:</u>  It's B2B portal and app. Startappz were providing advisory on how to setup this project and plan for it phase by phase -at high level, beside collection of customer requirements and positioning of the app. Currently, this product is on high priority and the deal should close in Q2/2014.	\$805,000
	<u>Youth segment app: (phase 2)</u>  This Project was not ready to launch in 2013 due lack of readiness of backend and delay of management decision. Currently, this product has been released after solid planning and is on high priority and the deal should close in Q1/2014.	\$90,000
Virgin KSA	<ul style="list-style-type: none"> <li>Facebook app for social engagement.</li> <li>Support forum.</li> </ul> <p>These projects were delayed due to delay of CITC full license in order to start operation in KSA as an MVNO. The license is expected to be issues in Q2/2014.</p>	\$100,000
Saudi MoH	<ul style="list-style-type: none"> <li>Design retainer Contract.</li> <li>Social media and Interactive magazine retainer contract.</li> <li>Consultancy retainer contract.</li> </ul> <p>Delay of budget and scope approval by the minister. Decision makers showed commitment to sign the contract for this opportunity during Q2/2014.</p>	\$1,500,000
<b>Grand Total</b>		<b>\$3,295,000</b>



## Transaction considerations:

Startappz is seeking an investment between USD 0.5-1M to support the company achieve the following goals in 2014/ 2015:

- Expand operations in the UAE market to work closely with media and government agencies.
- Fill the cash flow gap, as it is hard to predict cash collection time while dealing with telcos, governments and big corporates.
- Innovate new consumer products (B2C) as the company is currently focusing serving business needs (B2B) products, however, the consumer space seems to be promising in the long run.

N2V Holdings currently owns 100% of Startappz. A majority stake is available for an incoming investor. Up to 100% acquisition is possible, alternatively N2V is willing to retain a minority investment if requested, particularly in order to maintain relationships with key KSA based clients such as Ministry of Health and telcos.

The expected valuation for 100% of Startappz is up to USD 2 million.

