

Newsletter

SPRING SEEDS



Editor's Note

Dear Friends of SPRING SEEDS,

Recent economic reviews have it that the road to recovery and business confidence is on the mend. While the pick-up could be sluggish and modest, most stakeholders take on the cautiously optimistic position.

In the last issue, we shared that demanding times test our survival capabilities and great business leaders respond accordingly to ensure the team stays focused.

The featured interview then with Chris Borch, Chairman and CEO of Micro-Mechanics Holdings Ltd, highlighted, "**Strategies need to be reviewed for its relevance in changing market situations. In business, we cannot be prisoners of past decisions.**

He added, "To be in leadership position also means that while no one can know everything, you **need to know where to go and focus as an organization.**"

In this issue, we feature:

- Some simple food for thought and concepts on **Go-to-Market Model** described by A2 Partners
- '**Raising Funds for Expansion**' – three SSC investee companies raised additional capital to fuel growth plans
- New investments in our portfolio; **Quantum Inventions** (dynamic navigation solutions), **Equvo** (financial & equipment services), and **Vantarion** (producer of animal health products)
- '**In the Spotlight**' - a new column to highlight investees that exhibited at BlueSky Festival 2009 and those recently featured in the media.

Spend time reviewing your market strategies and get to know what's brewing in some of our investees. Read on for more!

**Best regards,
The Editor**

(On behalf SPRING SEEDS Capital (SSC) Team)

P.S. Do you have an interesting story or feedback to share with the SPRING SEEDS Capital network? E-mail us at seeds@spring.gov.sg or your respective Account Manager.

◆ The Go-To-Market Model

By Andrew Carmody, Co-founder, A2 Partners
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Building a plane while in flight is **EXCITING BUT DANGEROUS...**

Yet many founders attempt to build their companies in just this way. At A2 Partners, we have found, through our own experience of starting, running and advising companies that, there are a few concepts and models that any company can follow for a greater chance of success. We would like to describe one of those models, 'The-Go-to-Market-Model' (GTMM).

In most early-stage businesses, the prime and sometimes-sole focus is on 'developing the offering'. The danger of doing this for too long is that the offering is only market tested once a majority of the company's funds and resources are gone.

Whilst developing the offering is indeed common in the very early-stage, we encourage our companies to view their entire 'Go-to-Market-Model' at the inception phase. The GTMM (see fig 1) provides a simple but accurate snapshot of the functionality and maturity of a business.

There are four sections to any GTMM:

- **'Offering' & 'Infrastructure'**: What & who are required to create/support our offerings
- **'The Access Method' & 'Clients'**: What & who are required to take our Offerings to the market?

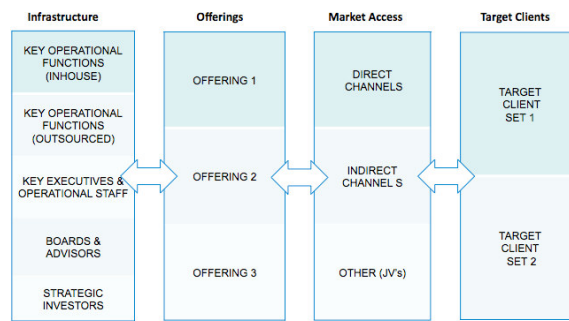
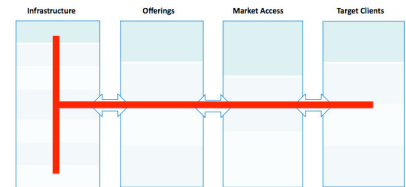


Fig 1. The Go-To- Market Model

Rule No2. 'Get to the T' and get there fast. Before you exhaust most of your resources and energy, get real feedback from real customers to find out how to improve your offering before going into full-blown production and marketing. This 'T' comprises of the following:

- Having ONE offering not FIVE (we all hate choosing between our 'children' but we must!)
- Building a simple but functioning 'Infrastructure'.
- Have a single minded view of your customer
- Building one 'access method' or channel (Direct or Indirect).



Getting to the 'T'

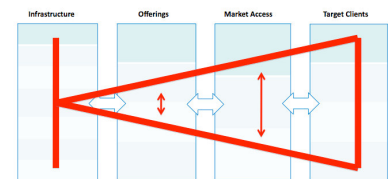
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Rule No3. Identify & Fund the 'Moments of Truth'

These events are those that create real value in your business, where investors will try to spot and be willing fund. There are three 'Moments of Truth' and a distinct order in which you activate them:

- Reaching a new customer segment. Once you are at the 'T' find more customers using the existing infrastructure and offering. This drives cash flow.
- Build a new channel. Once you have a broadening customer base, expand the number of access methods to reach this audience and new ones. Having multiple channels enables each channel to focus on their customer segment.

- Create a new offering. Now that you have multiple channels and multiple customers, you have the critical mass to expand the offerings and deliver them successfully to a wide customer base.

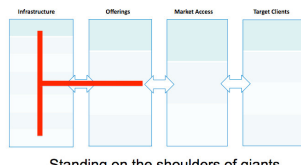


Funding moments of truth

This model has been refined and simplified by A2 Partners, for easy understanding by any company regardless of its size. In addition to the four sections, we have developed three **'golden rules'** on how the GTMM should be built.

Rule No 1. 'Stand on the Shoulders of Giants'

When building a business it makes sense to attract and partner with the highest quality talent and resources that you possibly can. You can then 'leverage all their abilities, contacts and advice as you develop both your offering and your means to deliver it to your customers.



Standing on the shoulders of giants

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We hope that the concept of our 'Go-To-Market Model' is useful to you. It should give you focus and direction. I wish you every success as your business grows. A2 Partners works with SMEs to accelerate their growth by bringing them practical strategic advice, hands-on management and financing. Contact A2 on Info@a2.sg

◆ Raising Funds for Expansion

Capital injection from investors fuels growth plans

Four investee companies managed to raise additional capital from independent investors and follow-on co-investment from SPRING SEEDS Capital to boost their operations.



Dreamfish Inc (S) Pte Ltd Singapore's largest Asian Arowana breeder

Fishy business? It certainly takes more than just being enthusiasts to run a large ornamental fish farm!



What was just a simple fish trading company, DreamFish is now a significant Asian Arowana breeder in Singapore. Its proprietary brand and distinct breed of 'Merlion Arowana' has received favourable market reviews and branded as a 'Uniquely Singapore' product.



Asian Arowana

DreamFish's business activities include pond preparation, procurement of brooder stock, husbandry, hatchery, nursery, microchip-tagging, distribution and trading. Breeding Arowanas, an endangered ornamental fish species, also known as Dragon Fish, is a commercially controlled activity, which requires expertise to operate such farms.

During the first half of 2009, DreamFish managed to secure additional capital of S\$750,000 from private investor and SPRING SEEDS Capital to enhance its growth plans and meet market demand. With this, they are in the works to multiply its breed of stocks, continuously ensure it produces high-quality output, and develop chains of distribution in its newly entered markets.

Since the initial co-investment in 2003, DreamFish has expanded its exports to more than eight new markets, largely in Asia, such as Thailand, Philippines, Korea and China amongst others.

The founders, Mr Nicholas Chia and Mr Tay Hwee Boon have extensive trading and operational experience in the niche fish farming business. They are on the road to turn DreamFish into a Singapore icon in the global ornamental fish trade.

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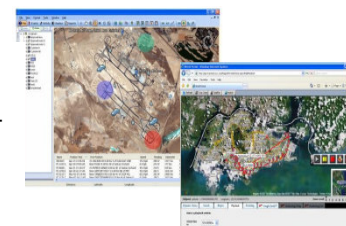
Transmex Systems International Pte Ltd Value-adding investors play a role in growing shareholders' wealth



Singapore-based IT provider of tracking and sensing solutions for knowledge management and security markets, Transmex, has raised second round financing of S\$1.2 million from Sirius Angel Fund and SPRING SEEDS Capital, under the Business Angels Scheme in July 2009.

The latest capital injection will help Transmex in its continued expansion plans overseas. Transmex has recently clinched about US\$2.5 million worth of orders from the Middle East and expects to grow its projected turnover to exceed S\$5 million by this year.

Transmex's revenue has grown by 80% since Sirius and SSC first invested in 2007, and efforts in the Middle East market are starting to show good progress. Active value-adding involvement by investors in strengthening their business focus, keeping a vigilant watch over their financing needs, and providing strategic advisory, play a vital role to grow shareholders wealth.



TSI focuses on 'sense and respond' technologies for mission-critical information systems and knowledge management in security, logistics and communication for enterprises, industrial sectors and government bodies.

The company designs and builds end-to-end solutions for risk mitigation in a myriad of environments; land, sea and cyberspace. Transmex's key clients are in military organizations, homeland security authorities, and oil and gas companies.

One of their most successful products is in the tanker management system - a tracking and security device that when attached to oil tanker trucks can help prevent petrol pilferage.

"Like any other growing enterprise, fund raising has its challenges. The key learning point for us is to have a clear business roadmap for the next lap. Investors invest into the future of the company. When they are convinced it is sound and have confidence in the management team, the probability of success in a fund raising effort is much higher," shared CEO, Ronald Pang.

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◆ Raising Funds for Expansion (cont'd)

WaterTech Pte Ltd

Sustainable and eco-friendly water treatment solutions go new markets

A specialist in environmental engineering, WaterTech is in the business of formulating, customizing and managing integrated systems for water and wastewater treatment and environmental management systems.



With proven practical application such as membrane technology, coupled with their proprietary formulated chemicals, WaterTech can competitively treat potable water and wastewater in a cost-effective and eco-friendly manner.

The company's strong in-house professional and technical expertise has enabled growth in new markets. Having built confidence in investors, WaterTech raised over S\$1.5million in a second round financing recently. SPRING SEEDS Capital and existing investors participated in the follow-on investment.

From the initial capital by private sector investors and SSC in 2008, WaterTech has successfully started operations of two Build-Operate-Transfer projects in China, with design capacity of 28,000 and 15,000 cubic metres per day each.



With the fresh round of investment, WaterTech plans to leverage on other opportunities in environmental and renewable energy projects in China and pursue other wastewater projects in Vietnam.

In addition, WaterTech will be launching an advanced environmental product - an organic deodorant capable of eliminating foul odours such as in garbage sites, for industrial and large-scale commercial use.

The company is also collaborating with an overseas counterpart to develop a system to re-use laundry water to maximize water usage and encourage energy savings.

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In the Family

Meet three new SEEDS investee companies



Equuvo Pte Ltd

EQUVO is a provider of financial and equipment management services as well as project management in the semiconductor, electronics, TFT/LCD & solar manufacturing industry. With the team's wealth of experience in structuring asset financing in the semiconductor industry worth over US\$2 billion in Asia, EQUVO understands how to help clients and investors balance risk and returns in this highly cyclical industry.

In its short six months of inception, Equuvo has established its presence in the semiconductor marketplace in Singapore, Malaysia, Taiwan, Korea, China and the USA. In September, Equuvo will launch its equipment-trading portal at Semicon Taiwan in Taipei.



Quantum Inventions Pte Ltd

QI is in the business of delivering routing and navigation applications, services and solutions to consumers and enterprise customers in the area of map-based solutions, in-car navigation and location/context sensitive purposes.

QI is working towards being an integrated global solution provider of real-time road/motorist information and applications, and seamless converged solutions for road user on mobile, web, in-car systems and location based applications/services.



Vantarion Pte Ltd

Vantarion is a homegrown animal health product developer and manufacturer for the ruminant, poultry and swine markets. Its inaugural product Primos 25, is a revolutionary pro- and pre-biotic pig feed that is 100% natural product. It uses new green technology, which has been proven to improve productivity by at least 15%. When added to pig feed, not only will it increase the weight and lean mass of pigs, it also reduces pig feed intake.

In addition to Primos 25, Vantarion has other products under development for different applications, such as spray-product for noxious gas and bacteria in poultry farms, improving milk yield of cattle and fly-control product.

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the local scene, the com- seen as a leading player a 45 per cent market share health and wellness seg- it, should expect to benefit the projected market value from RM300 million to RM500 million. The firm would like to see a similar growth in the coming years. It could be one of the company's key earning drivers

direct investment. The company should also expect more meaningful contribution from its Vietnam venture as a result of its favourable economic growth, mainly by its strong presence in the country. The firm has plans to penetrate in more overseas markets. It has plans to penetrate in more

"We believe the group's strategy in identifying good locations for retail outlets will assist them when expanding into the overseas market," It said in its report. The group's revenue rose 4.3 per cent to RM1.4 billion to 4.9 per cent

vestment into its product design and development. It plans to introduce between five and 10 new products, with price range, of various design, features and functionality every

va reported almost 40 per cent surge in earnings to 4 million from RM10.4 million on the back of 11 per cent revenue growth to RM144.4 million, for the fiscal ended June 30 2007.

In the Spotlight

◆ SEEDS investee companies exhibiting at ACE BlueSky Festival 2009, on 10 July



◆ SEEDS investee companies recently featured in the media

