



WORKING WITH TURKISH HI-TECH COMPANIES: LESSONS LEARNED AND HOW TO SUCCEED

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Ilkan Cokgor, PhD
Managing Director
GLOBAL TECHNOLOGY CAPITAL PARTNERS, LLC
icokgor@globaltechcapital.com
(650) 804 0154



OUTLINE

- Introduction to Global Technology Capital Partners (GTCP)
- History of working with Turkish high technology companies
- Case study
- Lessons learned
- How to succeed
- GTCP “Turkish Opportunity” program

INTRODUCTION TO GTCP

- GTCP is a global private equity investment and M&A advisory firm based in San Francisco, California.
- Investment focus on corporate and university spin-offs, recapitalizations, roll-ups, and international expansion.
- Advises corporations on buy-side and sell-side acquisitions
- GTCP's principals have completed over 50 financing transactions totaling more than \$300 million and have completed over \$150 million of technology acquisitions



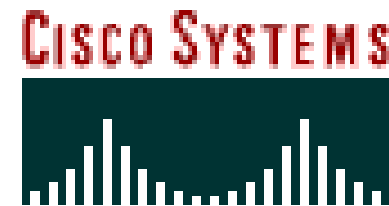
HISTORY OF WORKING WITH TURKISH HIGH TECHNOLOGY COMPANIES

- GTCP principals have been tracking Turkish high technology star-ups and markets for over 4 years
- First real engagement started in summer 2005
- Currently actively working with two Turkish high-technology start-ups
- GTCP sees this as a differentiator and an untapped potential



CASE STUDY: “COMPANY X”

- Company X is based in Istanbul, Turkey
- Seed capital provided by Cisco Systems
- Obtained over US\$1 Million Venture Capital financing from a prominent Turkish Venture Capital Firm
- Developed one of the best voice over internet technology according to Cisco
- Sold to 70 customers in 20 countries



COMPANY X: WHAT IS GOOD!

- Developed a product at 1/10th the cost of their US competitors
- Best of class technology
- Developed an excellent relationship with a US\$130B US company
- Sold its product in 20 countries

Istanbul-based IT firm plays in the global league

which develops software for Cisco's IP telephones, has established itself as a global brand in the technology sector

ISTANBUL - Turkish Daily News

You are on a business trip to another city to meet a key supplier. You check into your hotel, take the lift to

telephone has access to any piece of information on its network and can theoretically display it as a computer. With this "IP Convergence" concept, video can

and a few friends submitted a proposal to Cisco to develop software specifically for its IPT business. Other firms from various parts of the world were



Turkish software firm to find clients overseas without the support of a global player said.

But now the firm has established itself as a global brand in the technology sector -- no matter how unlikely it sounds for a Turkish company -- and is able

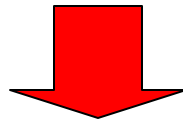
implement this system now, especially new ones.

An IP telephone costs between \$200-600 depending on the model, but the price is not comparable to a regular phone because the switchboard is significantly cheaper. Overall IPT is relatively more expensive than

COMPANY X:

WHAT IS NOT SO GOOD!

- Well funded competitors in the US catching up fast
- Almost no US market presence
- Undercapitalized; trying to grow organically
- Cannot tap into international financial resources
- Need to find strategic alternatives



Working with GTCP to fund their growth through
strategic alternatives

Has full backing of its venture capital investors

LESSONS LEARNED

- Turkish entrepreneurs are excellent in technology development
....But, they need a lot of help with international marketing and sales
- Companies tend to underestimate how much money it will take to build a company
- Well, where is the management team??? How can I shake your hand if you are in Turkey?
- Having the greatest product does not do much good, business partners are still looking for “business” (revenues, working sales channel, senior management at the helm)

WHAT SHOULD TURKISH START-UPS DO TO SUCCEED?

- Get help for international sales and marketing
- Relocate the company in US, leaving technical development in Turkey
 - for further investment
 - to tap into a huge localized market
 - to do any kind of business in the US
- Build a company, not a product
- Be aggressive with creating and protecting intellectual property



GTCP “TURKISH OPPORTUNITY” PROGRAM

- Establish US operations
 - Incorporation, Office
 - Recruit key staff, including executives
- Financing for expansion
 - Syndicate financing with top tier US venture capital firms
- Establish US sales and marketing
 - Set up marketing, sales and support organization
- Advise on the exit: sell to or merge with a US corporation
 - Sale of company, licensing of technology, sale of Intellectual Property

