

**Endeavor Candidate Summary Form – Candidate Profile – COLABORACION VIRTUAL INTERNACIONAL**

Company:	<b>Colaboracion Virtual</b>	Country:	<b>Chile</b>
Candidate Name:	<b>Erik Torreiter</b>	Industry:	<b>Teleconferencing and Collaborative Solutions</b>
Year Founded:	<b>1995 (2003)</b>	Employees:	<b>145</b>
Sales:	<b>US\$13.3 million 2009 US\$20.5 million 2010e</b>	Financing Stage:	<b>Seeking: US\$10 million</b>
Website & E-mail:	<b>Colaboracionvirtual.com, Erik.Torreiter@latintele.com</b>		
Mission:	<b>To become the global first-choice for videoconferencing &amp; distance collaborative services</b>		

**THE ENTREPRENEUR AND THE IDEA**

Colaboracion Virtual (CVI) is making distances disappear. Best in class in the managed telepresence and videoconference market in Latin America, CVI offers a one-stop-shop for cutting-edge audio and videoconferencing technology. With over 600 customers throughout Latin America and US\$13.3 million in sales in 2009, CVI's success to date represents the vision of Erik Torreiter (40). An engineer with an eye for commercial opportunity, Erik has spent much of the last 15 years fine-tuning CVI's service orientated business model. Though he originally founded the company in Chile to distribute equipment and provide ISDN integration in a nascent market, Erik has stayed ahead of potential competitors by moving up the value chain. **One of the first companies to sell audio and videoconference solutions in the Southern Cone, CVI is now the leader for full-service (or "managed") telepresence solutions – i.e. delivery, installation, and integration of equipment as well as end-user training and ongoing live customer support.** With the world-wide telepresence market growing at more than 40%, CVI is well positioned to increase revenues from its 80% market share of the managed services segment in Latin America. At the same time, global growth in demand for full-service solutions means that CVI could soon make headway into the US\$2 billion global telepresence market. CVI now has a geographic footprint across Latin America, with offices in Chile, Venezuela, Argentina, Peru, and Brazil to support its local and multinational clients. With near term plans to open shop in Colombia, Mexico, and the US, as well as increased investments in R&D to ensure scalability, Erik is eager to connect with Endeavor so that CVI can deliver evermore virtual connections around the world.

Erik Torreiter arrived in Chile in 1993 to complete his French "civil service" abroad and has since remained in the country to pursue entrepreneurial ventures. A graduate of the National Institute of Telecommunications in Paris, with a degree in civil telecommunications engineering, Erik quickly recognized an opportunity in Chile's early attempts to implement ISDN – a then complicated network technology with which Erik had considerable expertise. Upon completing his service, Eric remained in Chile and founded Latin Telecom using US\$20,000 in savings and loans from family, partnering with local friends. By 1997, Erik and his team were selling ISDN equipment and solutions (such as radio transmissions of important soccer games). That same year, Erik sold his first videoconferencing project to Telefonica, which led him to recognize the potential of that specific technology early on.

In 1998, Erik landed the rights to distribute and work with Polycom's new videoconferencing technology, but it wasn't until three years later that he had a "light bulb moment." While delivering a videoconference solution to CODELCO – the world's largest copper mining company – Erik realized that CODELCO employees didn't know how to work their new high-tech communication systems. What they needed was a suite of integral services that not only provided equipment and installation, but also managed each virtual meeting and provided trained personnel for complicated videoconference needs. In 2003, Erik restructured his company (forming Colaboracion Virtual as the holding company) with a new strategic focus on managed collaborative services. **Over an intensive five-year period, he moved quickly in Latin America to capture clients across the region.** With a product/service that lends itself to international expansion – offices on both sides of the conference need support – Erik found it easy to enter new markets. By 2008, Colaboracion Virtual had subsidiaries in Chile, Peru, Argentina, Brazil, and Venezuela, with a decentralized service and support model to rapidly respond to client needs. Today, it is the best in class provider throughout Latin America.

Colaboracion Virtual's innovation is two-fold: on the one hand, CVI has amassed the technical know-how and infrastructure to rival that of any large tech or telecom company (including its own secure network, CVNet). On the other hand, it has combined this expertise with a business model built on flexibility and customized, client-oriented, services. **Unlike competitors, CVI offers 24/7 remote support in multiple languages and locations, specialized infrastructure in seven countries, and can also provide physical support from its local offices.** The market for telepresence solutions worldwide is trending towards this kind of offering, and Gartner research group predicts that an increasing number of companies will seek to cut costs and increase efficiency through video conferencing. **By 2014 the global market for telepresence is expected to reach US\$4.7 billion.**

Erik has positioned CVI favorably in this growing industry. **In fact, Frost & Sullivan awarded CVI with the prize for the best growth strategy in Latin America for collaborative services.** And although Colaboracion Virtual is well beyond its initial stages of growth, it continues to face challenges as it expands into new markets and new areas (like R&D and new product development). CVI can benefit greatly from Endeavor's network as it further develops and implements these manifold expansion strategies. Additionally, Endeavor could support Erik as he reevaluates the company's legal structure and revenue streams, in part to attract additional financing. For Endeavor Chile, Erik is an example of a passionate entrepreneur whose experience and contagious drive would make him an impressive role model on a global scale. Moreover, CVI has the opportunity to break through the prejudices that technology companies from Latin America face in the developed world, and pave the way for others to follow.

## 2. THE BUSINESS

### 2.1: Products/Services

Colaboracion Virtual provides a “one-stop-shop” for the collaboration needs of businesses and institutions, offering services that allow users to communicate and collaborate in real time from remote locations. CVI bundles these services (and the technology they are built upon) into four value-added solutions. Many of CVI’s services are provided through its own secure network (CVNet), which is fully self-managed with coverage in Argentina, Venezuela, Brazil, Chile, Spain, and the United States. CVNet can be interconnected with ISDN or IP networks in any country around the world where CVNet does not already have coverage. CVNet guarantees connection velocities of 128, 256, and 384 kbps with 99.5% service availability for its videoconferences, audio conferences, web conference, and more basic video streaming services.

#### CVI Products and Services



Service	Description
<b>Multi-Point Videoconference/Telepresence &amp; Streaming</b>	<ul style="list-style-type: none"> <li>• Connected through public Network (ISDN, Internet) or through access to CVNet (with CVI’s managed services), based on CVI’s global IP MPLS network, with POP in Argentina, Brasil, Chile, Peru, Venezuela, Mexico, USA, Spain</li> <li>• Can connect up to 200 different locations simultaneously</li> <li>• Can connect across any distance</li> <li>• Streaming available for up to 1000 participants (PCs)</li> <li>• Video transmitted at high resolution (from CIF to HD) and from 15 to 60 frames per second</li> <li>• Services can be adapted to conference rooms or individual desktops</li> </ul>
<b>Audio Conference (Conference Call)</b>	<ul style="list-style-type: none"> <li>• Connected through telephone lines or CVNet (for VOIP)</li> <li>• Can connect up to 200 different extensions</li> <li>• Can connect across any distance</li> <li>• Wideband audio transmitted at 7 kHz</li> </ul>
<b>Web Conference</b>	<ul style="list-style-type: none"> <li>• Connected through Internet</li> <li>• Can connect up to 100 different PCs</li> <li>• Live streaming video/audio transmitted at same rates as CVI audio and videoconferencing (see above)</li> <li>• Allows users to share applications and data in real time</li> <li>• Can be integrated with interactive whiteboards (see below)</li> <li>• Text chat and surveys available</li> </ul>
<b>Room Rentals</b>	<ul style="list-style-type: none"> <li>• Room for rent with all equipment and accessories necessary for videoconferences, audio conferences, and web conferences</li> <li>• At least one room per subsidiary; capacity ranges from 6-40 people</li> </ul>
<b>Telepresence Kiosk</b>	<ul style="list-style-type: none"> <li>• Internally developed CVI product and service (patent pending)</li> <li>• A stand-alone kiosk that includes a screen and phone, which can be used as a virtual office – connecting clients in public areas with the company or institution that implements the kiosk</li> <li>• Sold exclusively with CVI services, and managed by CVNet and CVI’s Data Centers</li> </ul>
<b>Interactive Whiteboard</b>	<ul style="list-style-type: none"> <li>• Connected through access to CVNet</li> <li>• Boards can access Internet through a computer connection or wirelessly</li> <li>• Facilitate collaborative work within the same room or remotely</li> <li>• Users can “write” on boards with special markers or even a regular pencil</li> </ul>
<b>Complementary Services</b>	<ul style="list-style-type: none"> <li>• Simultaneous translation</li> <li>• Gateway to allow connection of managed endpoints with legacy endpoints (through Internet/ISDN)</li> <li>• Audio and videoconference recording</li> <li>• Customized event management (e.g. quarterly results presentation for journalist/shareholders)</li> </ul>

**CVI Value-Added Solutions & Product Sales**

**Solutions:**

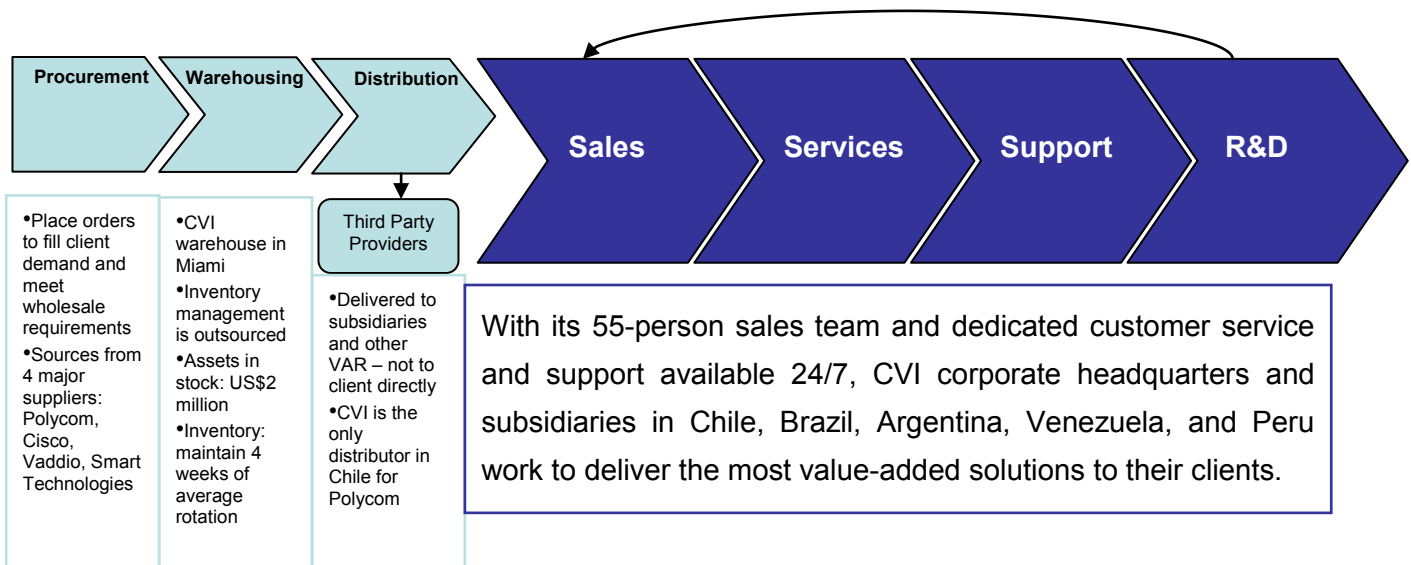
- **Managed Services (40% of revenues; 50% margin; price range of US\$200,000 – US\$1 million contract value):** These turnkey solutions provide the entire teleconferencing platform and long-term (24-60 months) support for video and audio conferencing (e.g. for repeated events like weekly calls with a satellite office). Contracts comprise initial consultation, installation of hardware and software, access and integration with CVNet, training for employees/users, and implementation and management of the teleconference services. CVI’s technical team monitors functionality throughout any videoconference/event either remotely through the CVI helpdesk or onsite. CVI leases or sells equipment for its turnkey solutions, depending on client need. Leases are based on a monthly fee, which ranges between US\$600-US\$4,000 per site depending on the quality required and availability/cost of network.
- **Spot Services (9% of revenues; 40-70% margin, price range of US\$15/hour/site – US\$200/hour/site):** Spot Services offer everything available in a managed service, but are developed for a single event and include equipment rentals only instead of leases and/or sales. Spot Services can be sold as an annual contract for heavy users.
- **One-Time Solutions (33% of revenues; 40% margin; price range of US\$800 – US\$400,000):** Unlike Spot Services or Managed Services, contracts in this category do not include monitoring/troubleshooting of the teleconference equipment or of particular collaborative services. Due to the size of this business, in Chile they have a dedicated subsidiary (Latin Telecom).
- **Support Services (9% of revenues):** Support services include the installation, maintenance, and training required for any turnkey solution and/or hardware sales.

**Equipment Resale (2% of revenues, 10% margin):**

CVI is an official distributor of Polycom and Vaddio in various countries of the region, and an official Service Provider partner with Tandberg (Cisco) in Latin America, which allows it to integrate all these technologies in CVI’s service offering. Latin Telecom is the sole Polycom and SMART VAR (value added Reseller) in Chile.

**2.2: Operating model**

CVI’s model has evolved organically over the last 15 years, with the holding company now comprising 7 legal entities, which share profits and human resources in a flexible system. (See Section 3 for more details.) Through this model, CVI devotes the majority of its resources to its value added services and support. Today, CVI interfaces directly with its end customer through one of its branded CVI subsidiaries (5 total) in Chile, Argentina, Peru, Brazil and Venezuela. The operations of these offices are indicated in the graphic below in the darker shading.



**Sales:** Each CVI subsidiary has a dedicated sales team. Across all offices, the number of sales professionals is 54, with CVI’s Sales VP handling general oversight and cross-country logistics. To source clients, the sales team relies on referrals, cold calls and marketing strategies. The average sales cycle varies according to the business line (from 1 week for interactive whiteboard to 12 months for complex managed services contracts), and includes several client presentations. On average, a CVI sales associate will have 50-100 clients in his/her pipeline. During contract negotiations, the sales associate evaluates client’s needs and defines the appropriate combination of services and equipment. Sales teams are paid on commission (in addition to a fixed salary), receiving between 1-5% of the margin on an individual contract and a bonus for goal achievement (quarterly and yearly).

**Services:** CVI’s decentralized operational team (numbering 44 across its subsidiaries) provides the bundled services as specified under each contract. Though it ranges according to contract, the managed services deployment phase typically takes 60 days per client and comprises Project Management, Installation & Integration, and Training for client employees/end users.

**Support:** Access to ongoing customer support is available in Spanish, Portuguese, and English. CVI clients can opt into any aspect of CVI's three-tiered offerings on a contract by contract basis. Through the Concierge Desk and VNOC, CVI provides 24/7 support.

- Concierge Desk – End users can access CVI support for booking, scheduling, launching, and monitoring conferences
- Help Desk – Troubleshoots complex client issues/problems, as well as undocumented requirements from end users
- Videoconferencing Network Operation Center (VNOC) – Monitors the network, platforms and systems, endpoints, and conference quality at all times. It is also responsible for proactive action after problem detection.

**R&D:** The R&D department – comprised of 4 engineers in the Chilean office – recently completed development of the Telepresence Kiosk. Beyond new products, the team also focuses on refining services and processes based on feedback from clients. For example, R&D developed a quality control platform for detecting potential problems in video/audio and other real-time services *before they occur* by identifying certain key triggers.

## 2.3: Market

**Global Telepresence Market & Trends:** Telepresence – the term given to the set of technologies which include videoconferencing and other collaborative technologies – was first commercialized in the 1990s, but didn't become popular among worldwide businesses until the next decade. In 2006, Hewlett-Packard, Cisco and Polycom entered the telepresence industry and began to more aggressively drive growth in the sector through technological advancements, marketing, and their global brand appeal. Today, manufacturing and R&D in the industry continue to be dominated by these suppliers.

According to market research by Frost & Sullivan and ABI, the telepresence market is expected to grow steadily over the next five years as businesses worldwide become more global, but seek to reduce travel time, costs, and risks and improve efficiency of interactions. A February statement by the research group Gartner suggests that globally, airlines will lose US\$3.5 billion a year by 2012 as a result of telepresence, and cost-benefits to companies and institutions from telepresence will only increase as the cost of bandwidth needed to operate such services decreases. The global market for telepresence services and infrastructure is expected to reach US\$4.7 billion in 2014, up from US\$2 billion in 2009.

Within this industry, demand for telepresence is becoming segmented by level of service. What started as demand for undifferentiated, generic products (hardware/software sales without customization and services) has evolved to include demand for mass-market, simple web-based products/services (e.g. Skype) as well as high quality, high complexity HD services. ABI Research says global revenue from *managed* telepresence services specifically is expected to reach US\$360 million in 2011.

**Latin America Market & Trends:** Latin America was initially behind developed markets in terms of technological adoption of telepresence. However, according to a report by Business News Americas, the entrances of Polycom, Cisco, and HP (coupled with increasing Internet penetration and the growing number of multinationals in Latin emerging markets) has made telepresence more viable in the region. Polycom, one of the largest manufacturers of videoconferencing technology and equipment, expected Latin America's overall telepresence market to see 70% revenue growth in 2009 (compared to 40-50% growth worldwide), reaching US\$17.8 million. Additional reports in 2009 by research group Frost & Sullivan state that the Latin American telepresence market will reach US\$27.8 million in revenues by 2013. And according to the Vice President for AT&T Business Solutions in Latin America (quoted in the BN Americas report) there has been a sea-change in client attitudes towards telepresence over that last 12 months with those products and services originally attracting almost zero interest and now serving as some of AT&T's most requested items.

Currently, Colaboracion Virtual is dominating this growing market at home in Chile, as well as in the region. CVI holds 80% of the overall videoconference/telepresence market in Chile. Within Latin America, CVI has taken hold of the more specific segment of this market: *managed* collaborative services. According to company sources, CVI holds is leading the collaborative managed services market in Latin America, and is driving the growth of this sector through its sales and marketing campaigns.

## 2.4: Clients

CVI's typical clients are business and institutions in a variety of industries with distributed operations within a country or regionally across Latin America. Though client size varies from small schools to Fortune 500 companies, the ideal size for CVI's flagship service (videoconferencing managed services) is a regional company with multiple subsidiaries. CVI currently has more than 600 clients, though no single client accounts for more than 5% of revenues. Some of the principal ones are detailed here:

McKinsey	Chile, Argentina, Brazil, Peru	Consulting
Codelco	Chile	Mining
Departamento Universitario Obrero Campesino (DUOC)	Chile	Education
Inacap	Chile	Education
Chilean Ministries	Chile	Government
Walmart	Brazil	Retail
Nokia	Chile	Telecommunications
McDonald's	Latin America	Consumer Food Service
Conferderacao Nacional de Industrias	Brazil	National Syndicate
Clinica Alemana	Chile	Hospital-Health Care

Company	Country	Industry
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*Client Case Study: Wal-Mart*

**Challenge:** Wal-Mart Brazil has a high demand for videoconferencing services throughout its Management, but the lack of IT professionals with expertise in videoconferencing resulted in user frustration and dissatisfaction. Consequently, support professionals left other priorities unattended, and invested a large amount of time to making this resource work. Moreover, the use of videoconferencing through ISDN network created low-quality audio and video transmissions and higher ISDN traffic costs.

**Solution:** Implementation of Colaboracion Virtual's CVNet, and a high performance videoconferencing solution with a secure network based on IP and ISDN technology, including: equipment, communication networks, infrastructure, information systems, and support oriented towards assuring service quality. The contract also included 20 fully equipped videoconference rooms in Sao Paulo, Recife, Salvador, Brasilia and Porto Alegre – cities where the majority of Wal-mart's retail business units and network are located.

**Results:** With the implementation, Wall-Mart benefits from a secure, stable, and internally managed videoconferencing service, with 24/7 support from CVI's Help Desk.

- Wal-Mart's IT professionals are able to refocus on other priorities.
- Many strategic meetings are carried out via videoconference, reducing costs of transporting and lodging teams for business trips by ~30%.
- Since becoming a Colaboracion Virtual client in 2006, Wal-Mart has increased its use of CVI's services 285%.
- Videoconferencing has become part of the work culture at Wal-mart, with total usage nearing 1,220 hours monthly.

**2.5: Competitors**

Colaboracion Virtual's indirect competitors are more general technology integrators (IT consultants), equipment reseller/audiovisual providers (particularly added value resellers), and telecom carriers. Nevertheless, according to the entrepreneur, Colaboracion Virtual currently has no direct competition within Chile or Latin America. As CVI is the only dedicated teleconference managed and collaborative service provider in Latin America. Colaboracion Virtual maintains a "coopetition" (collaboration with competitors) model with certain carriers within Latin America, including Telmex and Telefonica; these carriers offer a suite of videoconference solutions for their clients, which they contract out to CVI to plan, implement, and execute. Though CVI's main strategy is a direct sales model, CVI and these carriers follow a referral commission model for the handful of clients who come to CVI through these channels.

Type	Geographic Footprint	Strengths	Weaknesses	Rationale /Barriers to Entry
<b>Carriers (Telefonica, Telmex)</b>	Latin America, Europe, United States	Large resources	Limited focus on individual client interaction and service, low flexibility	Can enter this market directly, but likely will not devote significant resources to what will be a small, but complicated, sector.
<b>Technology Integrators (Adexus)</b>	Peru, Ecuador, Chile	Technological knowledge and capabilities	Limited focus on service	Difficult to succeed in this market because of lack of capacity, culture/infrastructure, client service. Currently not seeking to enter market.
<b>Audiovisual Services (Vigatec, Videocorp)</b>	Brazil, Peru, Chile	Client and service oriented, small, flexible	Limited technological knowledge/capabilities, limited resources	Wants to enter this market, but likely will not succeed because of lack of resources and lack of technical know-how (e.g. IP tech., networks, etc.).

**Potential International Competitors:** As Colaboracion Virtual consolidates its hold on the Latin American market and expands internationally, the threat of potential competitors comes mostly from large multinationals which currently control telepresence managed services markets in other countries. The carriers could compete if CVI expands and/or if they decide to move into Latin markets. The table details the three largest potential competitors:

Company	Type	Description
<b>British Telecom</b>	Telecommunications and broadband internet provider	BT Conferencing, BT's conferencing business unit, is the global leader in video conferencing services and solutions
<b>Orange</b>	Telecom operator	This French company is the world's fifth largest telecom operator. Orange's Business Services division offers videoconferencing services, emphasizing simplicity for the client
<b>AT&amp;T</b>	Telecommunications and broadband internet provider	AT&T's Enterprise division offers a variety of conferencing services, including a telepresence solution



## 2.6: Competitive advantages

- **Top-notch Support:** As a result of the client oriented focus and technological know-how that CVI has developed, it has also created a culture of rapid response. CVI's subsidiaries can send out support teams to client sites at a moment's notice and the company has a 24 hr help desk in three languages, which keep clients' important meetings, conferences, and other collaborative events running on schedule.
- **Best in Class:** As the first company in Chile to offer extensive, high-end, collaboration services, Colaboracion Virtual has been able to capture 80% of the market in Chile. This has allowed Colaboracion Virtual to acquire the most important clients and become the first choice provider, as well as to achieve strong pricing, generate economies of scale in terms of procurement and synergies between its operations and sales that have resulted in innovative new products.
- **Depth and Range of Know-How:** As CVI has evolved, it has moved up the value chain and acquired in-depth knowledge and relationships at each level. Today, it has strong connections to its suppliers (with whom it has been doing business for over a decade) and its emerging competitors – small scale resellers to whom it distributes. With both its own network and the ability to integrate with others, CVI has also formed strategic relationships with leading telecom carriers. Well-known with all of its clients and partners, CVI's reputation and expertise has taken years to develop and could not be easily replicated. This knowledge also allows CVI to create end-to-end solutions more easily than any other player.
- **Regional Expertise:** CVI has focused its efforts on the needs of Portuguese and Spanish speaking countries with customer care integrated across Chile and Brazil, and with service capabilities in 3 languages. It seeks to become the number one option for collaborative services within Latin America and to leverage its grasp of the region to bridge its services into new markets with current clients.
- **Low Cost Operations:** Colaboracion Virtual has its operations based in Latin America, keeping operations costs low in comparison with counterparts, and possible competitors, in developed countries. Although CVI's operation costs will increase slightly as it opens commercial offices in the United States and Europe, the increase will likely be minimal as the majority of operations can continue to be centered in, and carried out from, Latin America.

## 2.7: Challenges

- **Working Capital:** Colaboracion Virtual's services often require significant initial investment, requiring large amounts of working capital. As the company moves more and more towards the stability of long-term contracts paid in installments over months or years as its managed services solutions grow in popularity, Colaboracion Virtual needs to find a way to easily obtain the capital it needs to fund its services as revenues come in. As a partial remedy to this problem, CVI is negotiating with a number of banks, as well as some of its providers like Polycom to work out agreements for financing equipment purchases.
- **Maintaining High Quality Service:** As CVI expands it needs to ensure that it does not lose its signature characteristics, flexibility and high quality customer service, as the volume of conferences and services increases. CVI's R&D team is anticipating this challenge; they are working on software platform that creates metrics for managing and measuring quality, and better identifies red flags and potential problems.
- **Cultural Barriers:** While Colaboracion Virtual is the leader in Chile and in the process of consolidating its leadership in Latin Americas, it faces handicaps from its position as a Latin American company. Despite the fact that some of Colaboracion Virtual's clients in Latin America are multinational corporations originating in developed countries, these same clients have thus far been unwilling to extend CVI's contracts to their operations in the United States, Europe, or other countries outside Latin America. Colaboracion Virtual is taking steps to overcome the low perception of Latin business (and accompanying cultural barriers) with plans to open commercial offices in the United States and Europe to increase their international visibility and accessibility.
- **Internal Organization:** CVI is working on striking a balance between maintaining flexibility and personalized service, while also improving the company's standardized processes. As the company expands, it will need to ensure that its internal organization maintains this delicate balance. Strengthening management will be key, and CVI is currently in the process of seeking out a new finance/administration manager that fits these criteria.

## 2.8: Future strategy

- **Expand to New Markets:** Colaboracion Virtual in the process of expanding to Mexico and Colombia to consolidate its market share in Latin America, and is planning to open new offices in these countries by the end of 2010. Additionally, the company plans to open commercial offices in the USA within the next five years in order to increase its international visibility and become more entrenched in its multinational clients. CVI has already taken steps towards these goal
- **R&D:** Colaboracion Virtual's first proprietary product, the Telepresence Kiosk, is in the process of being patented and has already been shown at various conventions, such as the World Business Forum. CVI plans to invest more in research and development and is beginning to grow its R&D team from 4 people to a larger presence. CVI has spent about US\$500,000 in talent and technology, and expects investment in this area to increase over the next five years as the company puts more emphasis on scaling its services and support processes.
- **Commercialize Innovative Products:** CVI is in the process of commercializing the Telepresence Kiosk, which it will sell exclusively as a managed service through CVI. In order to better capitalize on this new development, CVI is considering creating a spin-off company to manage kiosk sales and marketing and has already developed a website devoted exclusively to the product ([www.telepresencekiosk.com](http://www.telepresencekiosk.com)). The company projects 2010 sales for the kiosk to reach of US\$1 million based on initial leads from 5 clients for orders of 10 kiosks.

### 3. THE ORGANIZATION

#### 3.1: Organizational chart



CVI corporate headquarters are based in Chile, sharing office space and financial resources with the holding’s two subsidiaries in that country (CVI Chile and the original Latin Telecom). Corporate operations include the call center and help desk data center. Subsidiaries outside of Chile function semi-autonomously, with profits being directly reinvested into those local operations. CVI does not charge royalties or licensing fees from its subsidiaries. A country manager, who is oriented towards sales, manages each subsidiary. The country manager and corresponding sales teams report to the corporate VP of sales. Likewise, the operations and admin/finance teams in each country report to their country manager, but ultimately to the corporate VP responsible for that area.

*\*The Board of Directors includes the CEO, two of the country managers, and several of Erik’s early partners/funders.*

#### 3.2: Facilities and other key assets

- Data Centers in Brazil and Chile: USD\$2 million
- Offices and equipment: US\$480,000
- Inventory: US\$2 million
- Patent pending for Telepresence Kiosk

#### 3.3: Ownership structure

CVI: Erik, the entrepreneur, is the main shareholder as well as CEO of the holding company CVI. Alexis Nicolaidis and Roberto Hojman are co-founders of Colaboracion Virtual along with Erik, but are not formal employees of the company. Though Erik holds owns the majority of the company, he and his co-directors have developed agreements to facilitate consensual decision-making.

Shareholder name	Percent owned (%)	Role in company
Erik Torreiter	53%	CEO, Director
Jean Paul Andrivet	14%	Director
Alexis Nicolaidis	17%	Director
Roberto Hojman	8%	Director
Roberto Cholaky	5%	VP Sales, director
Eduardo Ponce	3%	Country Manager Brazil, Director

CVI’s subsidiaries in Venezuela and Argentina also have local shareholders, while the other subsidiaries are wholly owned by the holding company. In both countries, the local shareholder also functions as the country manager for the CVI subsidiary. Decisions are ultimately made by CVI and its shareholders.

#### CVI Argentina:

Shareholder name	Percent owned (%)	Role in company
CVI	51%	Directors
Local Shareholder	49%	Country Manager Argentina

#### CVI Venezuela:

Shareholder name	Percent owned (%)	Role in company
CVI	60%	Directors
Local Shareholder	40%	Country Manager Venezuela



## 4. THE ENTREPRENEUR

### 4.1: Entrepreneur's strengths

- **Thinks big:** Despite having reached a significant level of success, Erik continues evolving his business into new areas. Erik has an innate ability for identifying latent market demands without losing focus. According to Erik, his drive comes from the challenge and excitement of creating something new. This drive keeps the company 100% focused on continuous improvement and innovation, and is behind the push to expand CVI's R&D team and an ambitious expansion plan.
- **Leadership Capacity:** Erik's drive is contagious and he leads by example. While he has yet to fully develop the internal structure and management of the company, he has grown CVI through delegation early on. Today, he has empowered team of stakeholders who he works with closely to steer the company.
- **International Perspective:** As a French foreign national in Chile, Erik has lived over half his life in Chile and is dedicated to growing his business within Latin America. Nonetheless, as a foreigner he maintains an understanding of the exacting standards expected by international businesses. He pushes his company and employees to an uncommonly high level of service and client orientation, rarely found in the region.

### 4.2: Entrepreneur's weaknesses

- **Spread too thin:** As the principal decision-maker of the company, Erik's energy and passion for new ideas and challenges keep his company running forward. Nonetheless, as the company expands both into new business areas and new regions of the world, Erik needs to find reliable seconds-in-command and not give in to the temptation to spread himself too thin.
- **Strong willed:** Erik has a keen sense of where he should be focusing his attention and how should be spending his time. Throughout the Search & Selection process, Erik has been extremely busy with his business.

## 5. FIT WITH ENDEAVOR

Despite the fact that the company is a fairly mature enterprise, CVI will continue to face challenges as it pushes on to a new stage of growth. From a business perspective, Colaboracion Virtual has the size (US \$13 million in revenues) and the challenges (global expansion) that are well suited to the services that Endeavor can provide at both a local and a global level. Erik is looking for solid guidance from entrepreneurs and business leaders who have achieved this growth – e.g. turning a US\$13 million company into a US\$50 million company. He is also looking for support in reaching bigger markets – including the United States and Europe, where Endeavor's connections could be key in opening doors. With a demonstrated ability to think big and a proven 15-year commitment to his company, Erik is a surefire bet. As his company grows, he has also expressed an interest in giving back to Endeavor through peer to peer entrepreneurship mentorship, as well as in equity.

### 5.1: How Endeavor could help

- **Improve Internal Organization:** Endeavor's selection process has detected that CVI needs a stronger second line of management if it plans to continue growth and still maintain a high level of service. Endeavor's VentureCorps in Chile can offer Erik guidance in how to improve its internal organization, and how to continue to recruit and retain top talent to its ranks.
- **Regional Consolidation and Global Expansion:** Within Latin America, Colaboracion Virtual is seeking to open offices in Mexico and Colombia in order to consolidate its market leadership in Latin America. The company is positioning itself for the next step: a jump to the United States and Europe. With a strong presence in each of these markets, Endeavor's network could provide critical market entry support and key introductions. On a global scale, Endeavor's relationships with Cisco and Dell could provide Erik with expert industry guidance.
- **Product/Service Mix:** CVI currently offers a wide variety of products and packages its solutions in a variety of customized contracts. An eMBA could add value by optimizing the product and "solution" breakdown so that CVI could become more scalable and focus on its highest margin offerings.
- **Exit Strategy:** CVI has been successful in a sector that no other company has been able to dominate. Down the line, CVI could be of interest to bigger multinationals looking to enter Latin America, though it is likely that big competitors or a potential buyer will appear in the next five years.

### 5.2: Potential Red Flags

- **Big Player Risk:** While CVI has been able to dominate the managed services sector thus far, if the market continues to grow, it could be of interest to big players who will seek to take away some of CVI's market share. With large R&D budgets, these companies could also disrupt the market by offering new products and services before CVI.

## 6. INTERVIEW HISTORY

<b>Category</b>	<b>Name</b>	<b>Position and Company</b>
<b>Nominator:</b>	Patrick Meynial	Partner Montblanc Consulting; <i>Endeavor Chile Advisory Board Member</i>
<b>2<sup>nd</sup> Opinion Reviewers:</b>	Greg Barton	CEO Business News Americas, Business News Americas <i>Endeavor Entrepreneur</i>
	Pilar Marambio	Partner and General Manager Maraseed; <i>Endeavor Entrepreneur</i>
	Juan Jose del Rio	Development Manager Austral Capital
<b>2<sup>nd</sup> Opinion Financial Reviewer:</b>	Larry Brooks	CFO, Endeavor Global
<b>Final Reviewer:</b>	Alan Farcas Alejandro Mashad	Managing Director, Endeavor Chile Managing Director, Endeavor Argentina
<b>Local Panelists:</b>	Jose Luis del Rio	President, Dersa Companies (Falabella); <i>Endeavor Chile Board Member</i>
	Salvador Said	Executive Director, Said Group; <i>Endeavor Chile Board Member</i>
	Christophe Schiess	Executive President, Transoceanica; <i>Endeavor Chile Board Member</i>
	Sven von Appen	President, Ultragas; <i>Endeavor Chile Board Member</i>

## 7. FINANCIALS (see attached)