

# **Sporting Chance Pty Ltd Business Plan**

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## Legal Disclaimer

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## Executive Summary

The business concept is to create a web-based platform for gamblers to buy and sell gambling tips (information) and the business will generate revenue through charging 20% commission on gamblers buying successful tips. It is believed this will be the first website offering this service, and will operate through the URL - [www.sportingchance.com](http://www.sportingchance.com) and supporting mobile platforms.

The company aims to exploit the fact that less than one percent (1%) of all regular gamblers generates a profit over an extended period. This means that a minority of gamblers have valuable information to sell to a very large, unprofitable, gambling audience.

The company will increase client confidence by having independently resulted tip information placed on the site. This information is then displayed on Tipster Leader Boards for potential buyers to analyse the accuracy of any Tipster. The web site will display average tip cost which will act as a self-regulation process to ensure that tip prices remain competitive.

It is the intention of Sporting Chance to create an online community and culture that is focussed only on taking profits from Bookmakers. It will create this culture by;

1. Returning all payments to clients who have purchased unsuccessful tips.
2. Create exposure for the most successful tipsters through internal and external communications.
3. Develop an active social network platform that promotes profitable Tipsters – e.g. video and podcasts, Facebook, Twitter, and Instagram exposure.
4. A forum platform to facilitate the community discussions.
5. Establish relationships with established sector products – e.g. fantasy sports platforms and gambling odds comparison sites.

The company aims to establish its business concept initially within the Australasian marketplace which is estimated at over one million regular gamblers. From this base, the company would look to grow internationally, targeting the UK, USA, and Asia within the first six months of operation.

Further expansion into the Hedge Fund Investment sector would be a natural by-product of the business – post proof of concept phase.

The company is looking to raise start-up capital of \$5m USD through a token ICO on the Waves platform. This investment will deliver the initial three-year operational strategy as outlined within this document. Any questions can be directed to the CEO at [jason@sportingchance.com](mailto:jason@sportingchance.com)

## The Investment Proposal

The company is looking to raise up to \$10m USD working capital to deliver the initial three-year operational strategy through the sale of crypto currency tokens on the Waves platform.

All investors will have the opportunity to purchase the token at a discount of 25% prior to the ICO launch date (11<sup>th</sup> May). All token holders will receive timely and transparent communications from the company about operational performance, technology developments and opportunities to influence the overall business strategy.

It is the intent of the investors to provide suitable and timely exit plans to ensure value is redirected back to the token holders. This will, as soon as possible, consist of token buy backs and dividend payments, or the use of the tokens for the purchase of information within the Sporting Chance platform. Further value back to the token holders may come through the sale or part sale of the business or an IPO on secondary markets (e.g. London's AIM market). All decisions on ICO investor returns will be done in full transparency and communication with all token holders.

## Company Legal Structure Overview

The proposed company structure would be a limited liability format (SPCH Pty Ltd – ACN 161 256 140) with ordinary shares used to form the equity base, as regulated by Australian Company Legislation.

All shareholder voting rights will be matched to the equity stake owned by all shareholders. All legal, regulatory, banking, and third-party contacts will be based within Australia unless otherwise notified. All Intellectual Property (IP) will be owned by the company.

It is recognised that changes to the Company legal structure and location may be required to maximise taxation or operational strategies.

## Products & Services

The Company will operate through the web site –[www.sportingchance.com](http://www.sportingchance.com) with associated mobile platforms and applications to be developed.

To ensure Sporting Chance is offering the widest possible range of information to clients the tip areas available are:

1. Win: tip pertaining to a Win option
2. Each Way: tip pertaining to a Win and Place option
3. Place: tip pertaining to a Place Only option
4. Lay: tip pertaining to a Lay option via a Betting Exchange platform
5. Lay/Hedge: tip pertaining to a Lay option followed by a Buy option, via a Betting Exchange – this tip will accommodate the Hedge Fund gambling sector

The company will develop the web site into appropriate languages to support growth markets (Asia) in line with the specific marketing strategies. All relevant client support will be provided through a Frequently Asked Question (FAQ) section and Contact Us page.

The platform will only charge clients purchasing tips if that information produces a return on investment for the client. If no return is achieved the client will have the full purchase price of

the tip refunded into their account, including all commission generated for Sportingchance. This refund strategy has been created to ensure;

1. Trust and integrity is aligned to the platform in the clients' eyes as "performance will only be rewarded"
2. It will increase the quality of the information by tipsters as they will only receive funds from tip sales if it is successful
3. The net financial impact to Sportingchance is seen as minimal given the behavioural nature of the clients' is to purchase profitable information. This will result in the funds remaining within client accounts and "churned" until successful information is purchased, and payment is moved from the client to the tipster and Sportingchance.

## Technology Platform

The web site functionality, e-commerce provider and overall server platform will continue to be enhanced with the latest security protocols. Current functionality includes;

1. The web site is to be upgraded to a SSL 256 encryption platform prior to launch.
2. The back-end is implemented on an extended PHP-based CMS, so is portable to any server running up-to-date versions of PHP and MySQL.
3. The database itself is not encrypted but access is password-protected via high-security encrypted format, so even if a malicious actor got access to the entire database, individual user accounts would not be compromised.
4. The backend framework -- MODx Evolution has been updated to the latest version (1.2) with further migration to another backend framework is ongoing.
5. E-commerce providers to be embedded prior to launch.

Further enhancements to the existing technology and updates into block chain technologies are planned post ICO – indicative time frames include;

1. Upgraded web-based platform launch July 2018
2. Crypto currency functionality development complete September 2018
3. Mobile app launch October 2018
4. Blockchain technology development May to December 2018
5. Blockchain testing and transformation January to April 2019

## Gaming Market Overview

In June 2016 the Gaming consultancy company, Global Betting, and Gaming Consultants (<http://www.gbhc.com>), released a report on the size and growth of Gambling market around the world.

Their report suggested:

1. That established markets such as America, Europe and Australasian have over four hundred million 'casual' gamblers existed betting on average at least once a week.
2. The report suggested that Asia could alone be bigger than the known sectors however estimation of market size still very difficult to predict.
3. That the level of profitable casual gamblers is less than one per cent (1%) over the course of a calendar year.
4. Gambling participation increases in real terms during economic downturns within individual countries.

5. Gambling growth is increasing at over seven per cent year on year since 2008.

The Sporting Chance product will target existing and emerging (Asian) markets to connect profitable information with unprofitable gamblers.

## Marketing Strategy

The overall marketing strategy will focus on six main areas;

1. Social media platforms
2. Search engine optimisation strategy
3. Digital advertising via online video and podcast production
4. Traditional television and print outlets
5. Affiliation programs with partners targeting the same demographics – e.g. fantasy sports and gambling odds platforms
6. Ongoing communication with existing clients to encourage “word of mouth” expansion

All marketing strategies will be prioritised and aligned to company growth levels and profitability. The overall marketing strategy is flexible enough to be implemented or redesigned at any time to accommodate any changes in company focus and direction.

## Social Media Strategy

The company has developed Facebook and Twitter platforms to highlight tip performance, tipster success and link new and potential clients to the culture of the site. The feed into both platforms is automated and will be tailored to suit targeted demographics. Further development of an Instagram feed to show profitable bets will be established prior to the operational launch.

The company will also develop regular video and podcast programs that will discuss the upcoming week in Sport/Racing betting, interview successful tipsters and take call back from the sites community. The intent of these productions is to create a reinforced belief within the Sporting Chance community that it is “us against them” and to forge an identity that is “underground” and activist in its aggression towards Bookmakers and making profit from gambling.

## Search Engine Optimization

The company will work with industry experts to develop a search optimization plan that is aligned to strategy and budget objectives. This strategy will compliment other Internet based exposure and communications outlined within this document.

## Television and Radio Strategy

The advertising through television and radio will target specific gambling audiences within each strategic market place. The development of this would be overseen by specialists to create a “generic suite” of advertising to roll out. Further enhancement of this advertising suite, to suit specific countries and market places would occur when commercially viable. The overall message within these advertisements will support and enhance the intended site culture – e.g. “us against the Bookmakers” etc. There is an additional potential opportunity to secure exposure through radio and television participation in gambling, sports and racing programmes providing gambling trends and insight.

## Print Advertising Strategy

As required this potential strategy will align to the overall marketing strategy with initial “generic advertisements” suitable for multiple market places developed. The overall message within these advertisements will support and enhance the intended site culture – e.g. “us against the Bookmakers” etc.

## Affiliation Strategy

A focus on identifying potential clients from companies and products that have a relationship to the gambling industry has the potential to increase client levels considerably. The targeted sectors for engagement include fantasy gaming, odds comparison, bookmaker companies and news platforms covering racing and sports. We would propose a relationship that returns a commission (10%) back to the affiliate for every transaction their client conducts on the site.

## Company Organisational Structure

The initial structure for the company will be planned into two phases: a. Proof of Concept and b. Growth Stage. The timing of both phases will be dependent on company performance and profitability.

### Proof of Concept Phase Structure

- a. Shareholders: all owners of company equity unless otherwise specified. The shareholders will be engaged by the company for all significant expansion and cost strategies.
- b. Chief Executive Officer (CEO): overall responsibility to deliver the company strategies as agreed by the shareholders, day to day management of company performance, resource retention/training and accountability.
- c. Finance Officer: responsible for all client payments, company reporting and overall company financial structures, to ensure that profit is maximised through all areas of the company strategy and structure.
- d. Client Officer: responsible for the operational functionality of the company. This will include the validation and resulting of the tips entering the site, assisting client growth and retention, and ensuring all client concerns are addressed within agreed service level agreements (SLA's).
- e. Communications & Marketing Manager: responsible for all engagement with ICO token holders and the overall advertising strategy for the company.
- f. IT Manager: responsible for all technological upgrades and developments for the company including block chain and crypto currency enhancements.

### Additional Growth Phase Staffing

- a. General Manager (GM): overall responsibility to deliver the company strategies as agreed by the shareholders, day to day management of company performance, resource retention/training and accountability.
- b. Client Officers (x4): responsible for the operational functionality of the company. This will include the validation and resulting of the tips entering the site, and ensuring all client concerns are addressed within agreed service level agreements (SLA's). These four positions will report to the GM.

All contractors and associated professionals who are brought into the company to perform specialized tasks are not included within the hierarchy structures but will report directly to the GM.



## Financial Forecast Summary

The financial forecast is projected for the first three years of the operation. The forecast attempts to project the operation activity of the business and to incorporate an overall P&L position, both monthly and cumulative throughout the forecast period.

The forecast makes the following assumptions:

1. The site has been developed and is market ready
2. All costs associated to the development of the site have been absorbed by the company founder, and are not included within the forecast
3. All profits are shown as 'pre-tax'
4. All legal costs associated with the Investment agreement, company structure changes, and web site T&C's have been written into the cost forecast
5. The cost base outlined within this document is purely a best estimate and will be accompanied by a strategy that is flexible enough to expand or contract based on company profitability

## Forecast Assumptions

- a. Potential investment of \$5m USD secured
- b. Active clients using the site set at 50% who purchase 8 tips per calendar month
- c. Tip price set at \$10
- d. Sporting Chance commission set at 20%
- e. Self-generated clients to provide 75% of commission revenue
- f. Affiliate programme to provide 25% of commission revenue
- g. Advertising spend set at \$70k per month for print/internet/television advertising options
- h. Average client acquisition cost set at \$40 per total advertising spend

## Forecast Summary

From the financial forecast, the prominent summary points are:

- a. The total costs forecasted for the period (Yr1-Yr3) is \$4.33m
- b. The total commission revenue forecast for the period is \$8.19m
- c. The total number of clients actively using the site at the end of the three-year plan is >50k
- d. The company begins to break even from a monthly perspective from Q4 Yr1 onwards
- e. The company forecasts to enter cumulative profit from Q2 Yr2 onwards
- f. Overall profit for the three-year period is \$3.85m

### Planned 3 Year Financial Forecast

3 Year Financial Forecast														
		Q1 Yr1	Q2 Yr1	Q3 Yr1	Q4 Yr1	Q1 Yr2	Q2 Yr2	Q3 Yr2	Q4 Yr2	Q1 Yr3	Q2 Yr3	Q3 Yr3	Q4 Yr3	Total
<b>Costs</b>														
IT Costs - Hosting		1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12,000
IT Costs - Hardware		1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	18,000
IT Costs - Software		1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12,000
Web Site Development		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Blockchain Development		15,000	15,000	15,000	15,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	100,000
Crypto Currency Development		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Salaries		60,000	60,000	60,000	60,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	1,200,000
Rent		3,000	3,000	3,000	3,000	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	72,000
Legal		4,500	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	37,500
Accountancy		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Administration		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Insurance		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Advertising - Print		60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
Advertising - Internet		75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	900,000
Advertising - Television		75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	900,000
Travel		6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Contingency		15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000
<b>Total Cost</b>		326,000	324,500	324,500	324,500	379,000	379,000	379,000	379,000	379,000	379,000	379,000	379,000	4,331,500
<i>Total Cost (cumulative)</i>		<i>326,000</i>	<i>650,500</i>	<i>975,000</i>	<i>1,299,500</i>	<i>1,678,500</i>	<i>2,057,500</i>	<i>2,436,500</i>	<i>2,815,500</i>	<i>3,194,500</i>	<i>3,573,500</i>	<i>3,952,500</i>	<i>4,331,500</i>	
<b>Revenue</b>														
Clients		5,000	10,000	15,000	20,000	25,000	30,000	35,000	40,000	45,000	50,000	55,000	60,000	60,000
Buying Clients	50%	2,500	5,000	7,500	10,000	12,500	15,000	17,500	20,000	22,500	25,000	27,500	30,000	30,000
Purchased Tips per Client	8	60,000	120,000	180,000	240,000	300,000	360,000	420,000	480,000	540,000	600,000	660,000	720,000	4,680,000
Sales Turnover		600,000	1,200,000	1,800,000	2,400,000	3,000,000	3,600,000	4,200,000	4,800,000	5,400,000	6,000,000	6,600,000	7,200,000	46,800,000
Commission Revenue	20%	90,000	180,000	270,000	360,000	450,000	540,000	630,000	720,000	810,000	900,000	990,000	1,080,000	7,020,000
Commission Revenue (affiliates)	10%	15,000	30,000	45,000	60,000	75,000	90,000	105,000	120,000	135,000	150,000	165,000	180,000	1,170,000
<b>Total Commission Revenue</b>		105,000	210,000	315,000	420,000	525,000	630,000	735,000	840,000	945,000	1,050,000	1,155,000	1,260,000	8,190,000
<b>Operating Profit/Loss</b>		<b>-221,000</b>	<b>-114,500</b>	<b>-9,500</b>	<b>95,500</b>	<b>146,000</b>	<b>251,000</b>	<b>356,000</b>	<b>461,000</b>	<b>566,000</b>	<b>671,000</b>	<b>776,000</b>	<b>881,000</b>	<b>3,858,500</b>
<b>Cumulative Profit/Loss</b>		<b>-221,000</b>	<b>-335,500</b>	<b>-345,000</b>	<b>-249,500</b>	<b>-103,500</b>	<b>147,500</b>	<b>503,500</b>	<b>964,500</b>	<b>1,530,500</b>	<b>2,201,500</b>	<b>2,977,500</b>	<b>3,858,500</b>	

## Cost Description

IT Costs – Hosting: on-going costs associated with the IT platform for the web site. This cost will include all associated fees with 24/7 management and support of the Servers.

IT Costs – Hardware: all costs associated with all IT infrastructures that are unrelated to the web servers. This will include all computer, laptop, and associated infrastructure.

IT Costs – Software: all costs associated with software requirements to run the company computers, laptops, and associated IT infrastructure.

Web Site Development: the on-going costs associated with the constant analysis and improvement to the site, and all costs associated with App. development and infrastructure.

Block chain development: all costs associated with utilising the block chain technologies within the Sporting Chance business model.

Crypto currency development” all costs associated with embedding crypto currency options into the operational platform.

Salaries: all costs associated with the implementation of the company resource structures throughout the three-year strategy.

Rent: the cost associated with establishing a consistent office presence. It is anticipated that the first year of operation will be run from private residents and then expand to a managed office after this period.

Legal: all costs associated with the development of web site T&C's, investment agreements, share register and equity transfers, and all other elements of the business operation that require a legal specialist to oversee.

Accountancy: all costs related to the development and management of all company accounts, financial reports, and regulatory submissions.

Administration: all costs associated with the day to day running of administration activities and planning.

Insurance: all insurance costs associated with infrastructure and potential key man insurance associated with the company.

Advertising – Print: costs associated with delivering the Print advertising strategy as outlined within this document. Spend set at \$20k per month.

Advertising – Internet: all costs with implementing the Internet based advertising strategy for the company. This strategy concentrates primarily on Search Engine optimization and Ad Words via the Google search engine. The allocated budget increases after the first two years to accommodate the planned company growth. Spend set at \$25k per month.

Advertising – Television: all costs associated with the production and then displaying of the television advertising strategy as outlined in this document. Spend set at \$25k per month.

Travel: all cost associated with travel to International Gaming conferences and other business-related work. The strategy currently revolves around the participation within three gaming conferences – held in the USA, UK, and Asia.

Contingency: a base contingency cost base to accommodate variations in the estimated cost base presented due to unforeseen issues or circumstances.

## Revenue

Clients: total number of registered clients. The rate of new client retention is set at \$50 per client of advertising spend. The new client retention levels do not include intangible elements such as word of mouth exposure or company association with affiliates.

Buying Clients: this is the total percentage of the client base looking to purchase tips at any time. It is assumed a rate of 50% of the total client population will buy tips on the site at any one time.

Purchased Tips per Client: this is the total tips purchased every month by clients – set at eight tips per month.

Commission Revenue: the percentage (20%) that is applied to the total revenue generated within the site by clients purchasing tips. It is assumed that 75% of all sales will generate the 20% commission for the company. The remainder of sale commission will be split between affiliates and the company (10% each).

Operating Profit/Loss: this is the overall profit/loss that is generated by the Company on a quarterly basis.

Cumulative Profit/Loss: this is the on-going profit/loss total that the Company is delivering.

## Who Is Proposing This Plan?

**Name: Jason West**

**LinkedIn Profile:** <https://www.linkedin.com/in/jason-west-2703897?trk=hp-identity-name>

### **Key Skills and Experience**

- Highly effective leader within large, complex, and challenging environments.
- Over twenty years' experience within the Gambling sector providing consultancy services.
- Extensive Program and Change management knowledge and experience, specifically within the Banking and Resource sectors, working for The Royal Bank of Scotland, Lloyds, and Rio Tinto.
- Extensive strategy development and delivery experience.
- Experience in deal creation and completion via excellent people and presentation skills.
- Target driven with strong customer service skills.
- Schooled in following management and change strategies – LEAN, Six Sigma (Black belt) and Prince 2.

### **QUALIFICATIONS**

- MBA - Business Management, Royal Bank of Scotland & Edinburgh University
- UK Banking Diploma (Royal Bank of Scotland)
- Extensive Six Sigma, Prince 2, PMBOK and LEAN methodology experience