

Business Plan

SXM Management N.V

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- Expanded Financial Plan with Monthly Financials

1.0 Executive Summary

The purpose of this business plan is to raise \$150,000 for the development of an online casino website that will provide a platform for people to play varying casino games such as poker, blackjack, roulette, other classic casino games and Sport bet. This business plan will also showcase the expected financials and operations over the next three years. The Online Casino, SXM Management is a Curacao based corporation that will sell advertising space while generating revenues through bets placed on the website. It should be noted that the Online Casino will use an offshore subsidiary to hold the assets of the business.

1.1 Products and Services

Online Casino, will primarily generate revenues from the taking of bets on behalf of players that become enrolled members of the casino. As stated above, the Online Casino will domicile its assets in a different location as certain legal restrictions regarding online gambling apply throughout the European Country and worldwide . The games hosted on the Company's services will include blackjack, poker, roulette, sport bet and several online slot machine style games. The business will generate revenues from static and dynamic advertisements that generate revenues on a per 1000 impressions basis while concurrently earning other income from affiliate partner revenues. The third section of the business plan will further describe the services offered by the Online Casino.

1.2 The Financing

Mr. Yilmaz is seeking to raise \$150,000 from as a bank loan. The interest rate and loan agreement are to be further discussed during negotiation. This business plan assumes that the business will receive a 10 year loan with a 9% fixed interest rate. The financing will be used for the following: • Development of the Company's online casino website platform. • Financing for the first six months of operation. • Capital to purchase servers, computers, and related technology Mr. Yilmaz will contribute \$25,000 to the venture.

1.3 Mission Statement

The Online Casino's mission is to become the recognized leader in its targeted market as a platform where people can play classic casino games and sport bet.

1.4 Mangement Team

The Company was founded by Mustafa Yilmaz. Mr.Yilmaz has more than 10 years of experience in the online and Internet industry. Through his expertise, he will be able to bring the operations of the business to profitability within its first year of operations.

1.5 Sales Forecasts

Mr. Yilmaz expects a strong rate of growth at the start of operations. Below are the expected financials over the next three years.

1.6 Expansion Plan

The Founder expects that the business will aggressively expand during the first three years of operation. Mr.Yilmaz intends to implement marketing campaigns that will effectively target individuals within the Company's demographic.

2.0 Company and Financing Summary

2.1 Registered Name and Corporate Structure

SXM Management N.V. The Company is registered as a Curacao As stated earlier, a foreign subsidiary will be used to hold the assets of the business.

2.2 Required Funds

At this time, the Online Casino requires \$150,000 of debt funds. Below is a breakdown of how these funds will be used:

Projected startup Costs			
Initial Lease Payment and Deposits			\$25,000
Working Capital			\$65,000
FF&E			\$25,000
Leasehold Improvements			\$10,000
Security Deposit			\$2,500
Opening supplies			\$10,000
Marketing Budget			\$40,000
Total Startup Costs			\$177,500

2.3 Investor Equity

Mr. Yilmaz is not seeking an investment from a third party at this time.

2.4 Management Equity

Mr. Yilmaz owns 100% of the SXM Management N.V

2.5 Exit Strategy

If the business is very successful, Mr. Yilmaz may seek to sell the business to a third party for a significant earnings multiple. Most likely, the Company will hire a qualified business broker to sell the business on behalf of the Online Casino. Based on historical numbers, the business could fetch a sales premium of up to 10 times earnings.

3.0 Products and Services

Below is a description of the services offered by the Online Casino.

3.1 Online Casino Operations

As stated in the executive summary, the primary revenue center for the business will come through the ongoing placing of bets by customers with the Company among online games such as blackjack, roulette, and virtual slot machines and sport bet . With these games, the player will be directly playing against the house. Management anticipates that the Company will have a house advantage of approximately 3% on each bet placed. For games such as Poker, the business will receive a fee equal to 5% of the pot during each hand played by users.

3.2 Advertising Revenues

The revenues will come from the sale of advertising space to businesses. At the onset of operations the business will develop a relationship with Google AdSense so that the business can immediately generate revenue. Each time a visiting user clicks on one of the advertisements for the business, the Company receives a payment from Google. These ads will be tastefully placed throughout the Online Casino platform. The Company also intends to develop its own internal advertising programs that will feature static advertisements within the website. These advertisements will be sold directly to advertisers rather than through a third party system, like Google AdSense. In the future, the Online Casino will also seek to develop product affiliation and corporate sponsorship relationships which would further the Company's visibility and revenue streams.

4.0 Strategic and Market Analysis

4.1 Economic Outlook

This section of the analysis will detail the economic climate, the online advertising and e-commerce industry, the customer profile, and the competition that the business will face as it progresses through its business operations. This slowdown in the economy has also greatly impacted real estate sales, which has halted to historical lows. Many economists expect that this recession will continue for a significant period of time, at which point the economy will begin a prolonged recovery period.

4.2 Industry Analysis

Online e-commerce businesses (including online casinos) are expected to generate \$1.7 trillion dollars this year. The United States Economic Census indicates that over the next five years, 60% of the businesses in the United States will have an internet presence. In early 2018, industry reports estimate that 1.500 billion people will have access to the internet with approximately 65% of these people having direct high speed internet access. World Wide , gaming has become socially acceptable and in many other countries, gaming is an accepted part of life. Combining one of the world's most profitable and oldest industries with one of the world's fastest growing and newest groups of potential clients, the possibilities are awe-inspiring. Analysts forecast online gaming revenue will rise to \$30 billion by 2018, from \$26 billion in 2014, representing compound annual growth of 10 % percent.

4.3 Customer Profile

The Online Casino's average client will be a young middle to upper middle class male or female that has a broadband internet connection. Common traits among end users will include:

- Annual household income exceeding \$50,000
- Between the ages of 18 and 40
- Has high speed internet access

- Is familiar with the concept and operations of online casinos.
- Will spend \$100 to \$200 per usage of the Online Casino.

In this section of the analysis, you should describe the type of customer you are seeking to acquire. These traits include income size, type of business/occupation; how far away from your business is to your customer, and what the customer is looking for. In this section, you can also put demographic information about your target market including population size, income demographics, level of education, etc.

4.4 Competitive Analysis

This is one of the sections of the business plan that you must write completely on your own. The key to writing a strong competitive analysis is that you do your research on the local competition. Find out who your competitors are by searching online directories and searching in your local Yellow Pages. If there are a number of competitors in the same industry (meaning that it is not feasible to describe each one) then showcase the number of businesses that compete with you, and why your business will provide customers with service/products that are of better quality or less expensive than your competition.

5.0 Marketing Plan

The Online Casino intends to maintain an extensive marketing campaign that will ensure maximum visibility for the business in its targeted market. Below is an overview of the marketing strategies and objectives of the Online Casino.

5.1 Marketing Objectives

- • Develop promotional giveaways that will draw users to the website via viral marketing methods.
- • Establish relationships with advertisers that are targeting a computer savvy younger demographic.
- • Develop an expansive online presence through the use of pay per click marketing and search engine optimization.

5.2 Marketing Strategies

Mr. Yilmaz intends to use a high impact marketing campaign that will generate a substantial amount of traffic to affiliate sides. These strategies include the use of search engine optimization and pay per click marketing. The Company's web development firm will place large amounts of linking text on the Company's website. For instance, when a person does a Google search for online casino websites, the Company will appear on the first page of the search. This strategy is technically complicated, and the Online Casino will use a search engine optimization firm to develop the Company's visibility on a non-paid basis. Management expects that a SEO firm will place large amounts of linking data and text specific keywords into the business's website, which will allow the Company to appear more frequently among search engines. A majority of web portal and search

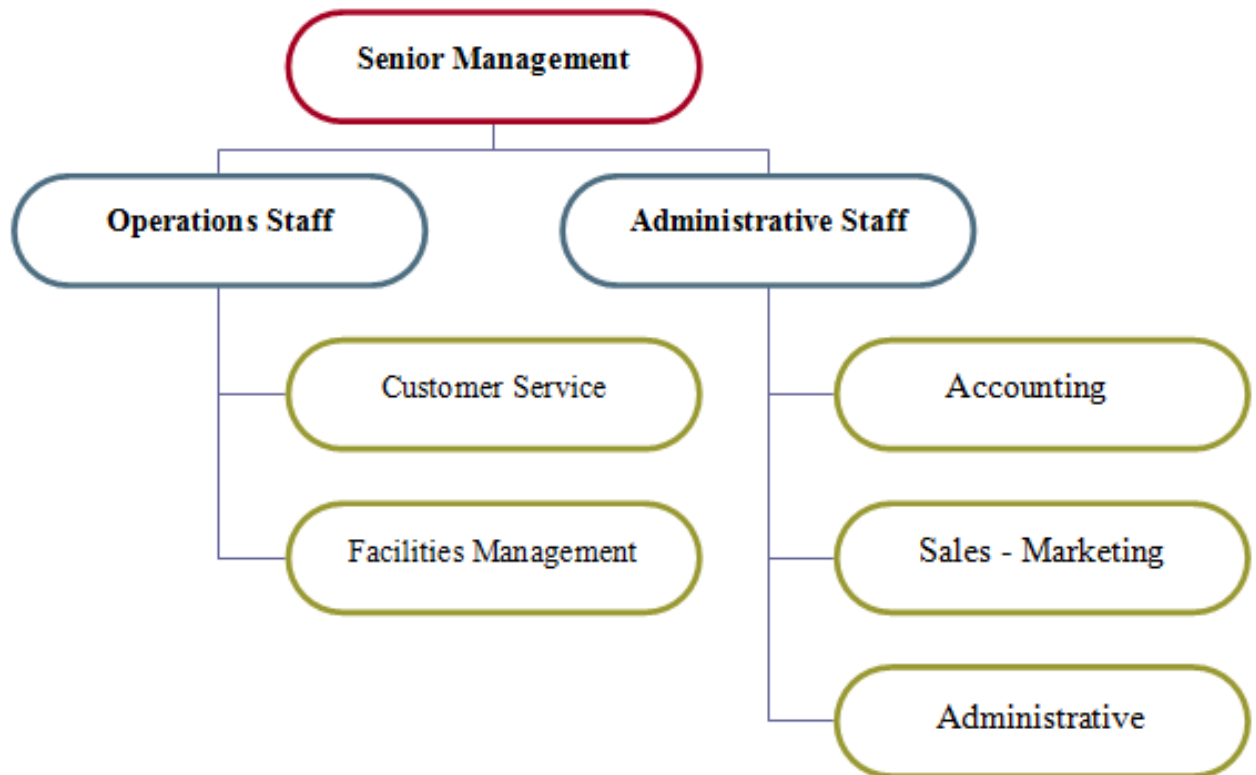
engine companies use very complicated algorithms to determine a website's relevance in relation to a specific keyword. SEO firms place text and tags on the website to increase the rank of a specific website. Additionally, the Online Casino will use several pay methods for increasing the Company's visibility. This strategy is expensive, but the results can be phenomenal if this marketing strategy is properly executed. These advertisements appear along the border and side of a website, and each time a person clicks on the website, a small fee ranging from fifty cents to one dollar is charged to the Company's account. This strategy will be used until the Company gains momentum.

5.3 Pricing

In this section, describe the pricing of your services and products. You should provide as much information as possible about your pricing as possible in this section. However, if you have hundreds of items, condense your product list categorically. This section of the business plan should not span more than 1 page.

6.0 Organizational Plan and Personnel Summary

6.1 Corporate Organization



6.1 Organizational Budget

Personnel Plan - Yearly			
Year	1	2	3
Owners	\$25,000	\$25,000	\$25,000
Associate	\$65,000	\$65,000	\$65,000
Bookkeeper	\$25,000	\$25,000	\$25,000
Tax Staff (Seasonal)	\$10,000	\$10,000	\$10,000
Administrative Staff	\$2,500	\$2,500	\$2,500
Total	\$177,500	\$177,500	\$177,500

Numbers of Personnel - Yearly			
Year	1	2	3
Owners	1	1	1
Associate	1	1	1
Bookkeeper	2	2	2
Tax Staff (Seasonal)	3	3	4
Administrative Staff	1	1	1
Total	8	8	9

7.0 Financial Plan

7.1 Underlying Assumptions

- The Online Casino will have an annual revenue growth rate of 30% per year.
- The Owner will acquire \$150,000 of debt funds to develop the business.
- The loan will have a 10 year term with a 9% interest rate.

7.2 Sensitivity Analysis

In the event of a severe economic decline, the demand for specialty online based advertising and casino services may decrease significantly, which may cause the advertising/casino revenue generated by the business to level off or decline. However, the high margins associated with the Online Casino will ensure that the business will be able to remain profitable and cash flow positive at all times.

7.3 Source of Funds

Financing	
Equity Contributions	
Management Investment	\$25,000.00
Total Equity Financing	\$25,000.00
Banks and Lenders	
Banks and Lenders	\$100,000.00
Total Debt Financing	\$100,000.00

7.4 General Assumptions

General Assumptions			
Year	1	2	3
Short Term Interest Rate	9.50%	9.50%	9.50%
Long Term Interest Rate	10.00%	10.00%	10.00%
Federal Tax Rate	33.00%	33.00%	33.00%
State Tax Rate	5.00%	5.00%	5.00%
Personnel Taxes	15.00%	15.00%	15.00%

7.5 Operating Costs

Operating Costs			
Year	1	2	3
Sales	\$0	\$0	\$0
Cost Of Goods Sold	\$0	\$0	\$0
Gross Margin	\$0	\$0	\$0
Operating Income	\$0	\$0	\$0
Expenses			
Payroll	\$0	\$0	\$0
General and Administrative	\$0	\$0	\$0
Marketing Expenses	\$0	\$0	\$0
Professional Fees and License		\$0	\$0
Insurance Costs	\$0	\$0	\$0
Travel and Vehicle Costs	\$0	\$0	\$0
Miscellaneous Costs	\$0	\$0	\$0
Payroll Taxes	\$0	\$0	\$0
Rent and Utilities	\$0	\$0	\$0
Total Operating Costs	\$0	\$0	\$0

7.6 Cash Flow Analysis

Cash Flow Analysis			
Year	1	2	3
Cash From Operations	\$152,225	\$222,217	\$0
Cash From Receivables	\$0	\$0	\$0
Operating Cash Inflow	\$152,225	\$222,217	\$0
Other Cash Inflows			
Equity Investment	\$25,000	\$0	\$0
Increased Borrowings	\$125,000	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0
A/P Increases	\$37,902	\$43,587	\$50,125
Total Cash Inflow	\$187,902	\$43,587	\$50,125
Cash Outflows			
Repayment of Principal	\$8,079	\$0	\$0
A/P Decreases	\$24,897	\$0	\$0
A/P Increases	\$0	\$0	\$0
Dividends	\$112,500	\$55,554	\$72,316
Assets Purchases	\$106,558	\$155,552	\$202,484
Total Cash Outflows	\$252,034	\$249,820	\$320,317
Net Cash Flow	\$88,093	\$15,985	\$19,071
Cash Balance	\$88,093	\$104,078	\$123,149

7.6 Balance Sheet

Balance Sheet			
Year	1	2	3
Assets			
Cash	\$88,093	\$104,078	\$123,149
Amortized Development	\$52,500	\$58,055	\$65,287
Inventory	\$35,000	\$52,777	\$98,935
Accumulated Depreciation	-\$88,035	-\$16,071	-\$24,107
FF&E	\$25,000	\$47,222	\$76,148
Total Assets	\$192,558	\$256,061	\$339,411
Liabilities Equity			
Accounts Payable	\$13,005	\$25,716	\$40,990
Long Term Liabilities	\$116,921	\$108,084	\$99,247
Other Liabilities	\$0	\$0	\$0
Total Liabilities	\$129,926	\$134,800	\$140,236
Net Worth	\$62,632	\$121,261	\$199,175
Total Liabilities and Equity	\$192,558	\$256,061	\$339,411

7.8 General Assumptions

Monthly Break Even Analysis			
Year	1	2	3
Monthly Revenue	\$40,693	\$42,545	\$44,462
Yearly Revenue	\$488,319	\$510,540	\$533,545

7.9 Business Ratios

Business Ratios			
Year	1	2	3
Sales			
Sales Growth	0%	20%	17%
Gross Margin	70%	70%	70%
Financials			
Profit Margin	16.68%	20.65%	23.18%
Assets to Liabilities	1.48%	1.90%	2.42%
Equity to Liabilities	0.48%	0.90%	1.42%

Expanded Operating Costs

Operating Costs						
Months	1	2	3	4	5	6
Expenses						
Payroll	\$0	\$0	\$0	\$0	\$0	\$0
General and Administrative	\$0	\$0	\$0	\$0	\$0	\$0
Marketing Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Professional Fees and License	\$0	\$0	\$0	\$0	\$0	\$0
Insurance Costs	\$0	\$0	\$0	\$0	\$0	\$0
Travel and Vehicle Costs	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous Costs	\$0	\$0	\$0	\$0	\$0	\$0
Payroll Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Rent and Utilities	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Costs	\$0	\$0	\$0	\$0	\$0	\$0

Months	7	8	9	10	11	12
Expenses						
Payroll	\$0	\$0	\$0	\$0	\$0	\$0
General and Administrative	\$0	\$0	\$0	\$0	\$0	\$0
Marketing Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Professional Fees and License	\$0	\$0	\$0	\$0	\$0	\$0
Insurance Costs	\$0	\$0	\$0	\$0	\$0	\$0
Travel and Vehicle Costs	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous Costs	\$0	\$0	\$0	\$0	\$0	\$0
Payroll Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Rent and Utilities	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Costs	\$0	\$0	\$0	\$0	\$0	\$0