***1. Brief Investment Memorandum***

This niche has one of  most large-scale financial turnover. There is an increasing demand for the bookmakers services. People across the whole World are trying to catch luck and get a shot of adrenaline, betting on particular sport event. The main purpose of our project is to create an **online betting company**, control of related activities and its distribution on the Internet across the whole World. In the future, the **online betting company** can be synthesized , connected to different game aggregators (for example, poker, roulette). The project is supposed to be on an international level and we plan to introduce it in multiple countries. Additionally, we can experiment introducing this project in countries where there is no prohibition and criminal prosecution.

The main advantages of this type of activity - the possibility of a quick capital increase with reasonable and targeted investments. Amongst other profits are obtaining legal income, security, minimal financial risks, feasibility, building financial momentum, i.e. creating a global network. The main reason of that is a steady tendency that now a lot of players prefer to bet from their smartphones, tablets, PCs and other modern devices. They want to monitor betting process online, start and withdraw money from their e-bills without the need to go to specialized institution with a certain amount of money (there are certain risks), and place a bet while lying on the couch and watching a sports event .

However, this area has many pitfalls. We should be very careful and know all the subtleties and nuances, stages and business processes, adjustment and launch of this activity. This activity is subject to licensing in each launching country according to its individual requirements, laws, criteria and procedures.

**Key success factors** :

* reliable team;
* organized system of sequence of actions
* a well-developed structured website with convenient access;
* high quality equipment (having a good webserver) ;
* qualified staff;
* reliable payment system .

The amount of the initial investment is **5** **000** **000** rubles .

The total investment is **35** **000** **000** rubles

The break-even point is reached at **6** **-** **8** months of work and promotion of the resource .

Payback period is **12 - 16** months. In the future, we work on “clean” profit.

Average monthly net income **is 10** **000** **000 -** **15** **000 000** rubles. The average figure, depending on the country of presence, may be significantly higher.

Profitability of sales: According to statistics and analysis of existing bookmakers, their profit is **25** **% ± 3%** of turnover.

***2. The description of business and services***

Bookmaker's office - this is an organization that holds a bet with players with subsequent payment of funds. In other words,  a particular person bet on the outcome of an event, usually a sporting event. If his/her forecast is true, then he gets win. Otherwise, the bookmaker's office gains.

Bookmakers are constantly monitor and analyze sports events. Based on the information they obtain, they expose certain coefficients. They base the coefficients on a probability theory, statistics and expert evaluations.

Totalizators were the predecessors of bookmakers. More from ancient times people bet on horse racing. Over time, the scope of activities began to expand. Today, the most popular sports for betting are football, tennis, hockey, basketball, volleyball, fighting competitions, and races. Obviously, during holding these sports, there has been a significant increase in profits.

**Our Product**

Our product is a global online bookmaker platform for players to take bets on cyber and traditional sports and related sports events with wide functionality and online broadcasting of games and sporting events . We will do our resource is modern, just the way it is required today by customers.

In our case, we went further and brought this direction to the Internet, freeing people from the need to come to the offices of betting companies. With our product you can bet anywhere. We will create a platform (basic website with all necessary functions) and integrate into multiple countries, taking into account their particularities with further marketing promotion.

Bookmaker Internet office, which takes bets on all possible sports and near sporting events, as well as on eSports, which is gaining momentum, various events, including political ones.

The resource will provide with the ability to view the games in a live format. Additionally, it will broadcast popular competitions, cover all the important and latest sports news. This will attract not only players, but also spectators. In the process of viewing someone might want to make a bet.

It is possible to additionally connect online slots in the future (additional gaming software ). The player, who has won the match, may play on others (allowed in the individual conditions of presence) types of gambling (such as poker, roulette). Thus, we are empowering guests abilities, increase their time spent on the portal and, accordingly, our profits.

**Functionality of our betting platform**

• **The ability to have an access to the system across the whole World**. Users of our system will be able to bet in any country. All they need is a computer or mobile device and Internet access.

• **Absolute accessibility** . A client can just go to the site, register and that's it. He/she can bet. For the transfer of finance, we will connect all possible banking, electronic systems and SMS payments.

• **Significant savings** on the rent of premises for offline- offices, its arrangement, technical equipment, staff.

• **Qualitatively developed software** with the ability to expand the functionality to create a reliable, stable, well- protected product.

• **Full protection of** personal user data and financial transactions.

* acceptance of bets on competitions that are held around the world - international, domestic, regional, whatever you like. This number is only growing .
* receiving bets on non- traditional sports - eSports , etc. broadcast competitions , tournaments, games live.
* organization of the search for partners for advertising in conducting matches in different games, both in single and team games;

Opening hours: around the clock.

***3. Description of the market***

The market: the whole World, any country with a developed economy and large human population can be colonized by us and this product is introduced through well-built marketing programs, competent PR and offering good conditions to players.

Naturally, for each country the project should be individual, taking into account the internal features of the integration, analysis of the competitors present, availability of payment systems and ways to withdraw funds. But it will be always based on the main platform resource created initially. Growth potential is immense, as well as financial momentum.

The global market for online sports betting continues to grow steadily. So, according [to](https://translate.google.com/translate?hl=ru&prev=_t&sl=ru&tl=en&u=https://globenewswire.com/news-release/2018/09/07/1567871/0/en/Global-279-8-Bn-Online-Gambling-Betting-Market-to-2023.html) analytical agency *Research and Markets*, the total turnover of the global online gaming market, which includes sports betting, amounted to $ 143 billion last year. If you believe the projections, this development will not stop.

It is expected that by 2023 these 143 billion dollars will grow to 280 billion. Projected cumulative average annual growth rate - 11.8%.

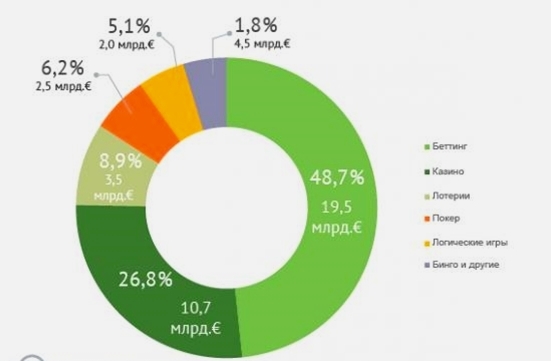
According to the report, Europe will remain the largest legal market during the above period, while the Asia-Pacific region will show the fastest average annual growth of 14%.

Consulting company in the field of gambling *H2 Gambling Capital*, in turn, cites statistics, according to which 23% of online gambling comes from sports betting.

The company also studied the amount of income of bookmakers for 2018. This figure has already reached 20.3 billion euros, € 4.3 billion of which are on live betting . The total income of bookmakers for the previous reporting period (2017) amounted to 18.3 billion euros (€ 3.8 billion at live rates ).

***Income structure of the global gambling business*** ***online*** ***in 2016***

The percentage of online services in total global income continues to grow. In 2016, the percentage of such income increased by 0.8% up to 10.9%. As you can see from the statistics, betting organizations account for almost half of the online market.



The total income of bookmakers for 2018 just in  Russia (in  particularly guaranteed fees) are 47  billion rubles ($ 0.7   billion) in a year, or 1.2% of global market. (RBC)

**The target audience.**

About   90% of bookmaker clients are male in ages from 18  up to  55  years with  secondary / higher education. Social status: absolutely different. That is to say, people of different social statuses bet: managers of the average level and simple workers, rich and poor people. The main reason of this is that excitement lives in all people, it is only necessary to wake him up competently. These are, as a rule, fans of sports analytics and statistics, but also just gambling people willing to try their luck and just having a good time.

***4. Sales and marketing***

The key role in  our development plays advertising in the Internet. For the purpose of recruiting a client base, all types of modern Internet advertising will be used such as SEO, email marketing, SMM, contextual advertising, Yandex.Direct, Google AdWords, partner networks. This is where our potential customers are located. We will use another effective promotion method - bonuses. For example, we can start from the gift of registration for the first bet to the compensation of the part of the loss. The most effective way of advertising is banners, pop-ups to screen and after videos, thematic forums, resources for online publications, groups, bloggers writing about sports, official sites of sports federations and professional leagues. Additionally,  we will be advertising on  social networks such as YouToube, online - cinema, porn sites, torrent - trackers , partner sites.

***5. Production plan***

All technical, operational, analytical and functional side of the project is implemented by our team. The investor will only need funding and, if desired, participation in the development decision-making process. The investor will be provided with a full report for each stage of work.

Our key goal is the creation of online bookmaker office and  the profit maximization.

**First** **stage.** **The platform** **initialization** **(creation, installation,** **software** **configuration)**

It is the most serious and time-consuming process. It is necessary to make a unique product with an individual design, functionality, fullness and excellent performance.  It will take 2-3 months with preparation and full setup.

**Second** **stage.** **Search for a reliable payment system for cooperation** **in the country where the platform is to be implemented.**

An important and crucial moment is the following: we can take a few targeted countries and hold talks/meetings on connecting the payment system, clarify all the nuances, go to personal talks, i.e. present yourself. A reliable payment system will provide for the activity of transferring funds from players to the account and their further withdrawal from the country (haul). It should be implemented in parallel with the creation of software so that the payment system is already connected to the launch of the site.

**Third** **stage.** **Find a local partner (affiliate** **manager)**

It is required for cooperation, promotion, development and attraction of advertising partners in the country presence. They performs assignment tasks on locating integration sites and developing the brand locally.

**Fourth stage.** **Development and adjustment of the cash out system,** **minimizing** **commissions** **and** **losses based on analytics of the country of presence.**

This includes opening a legal entity and working out a chain of financial transactions.

**Fifth** **stage.** **Marketing, attracting partners**

It requires compilation and determination of a clear development plan, advertising and attraction in the territory of the country of presence. In each country, everything is individual (taking into account culture, religion, mentality, preferences , etc. ). The main stream of customers passes through the sponsored links.

***6. Organizational structure***

The main factor affecting the success of the organization is the right team.

List of staff:

* Managers (business process coordinators) - 2 people. Business owners
* Marketer - 1 person
* Designer - 1 person
* Partner Relationship Manager - 1 person
* Affiliate **manager -** 1 person
* Programmer - 1 person
* Financier - accountant - 1 person
* Translator - 1 person
* Support service - 3 people ( you can start with one, as the number of requests and customer growth increase staff )

Total number of staff   - 12   person. During the development of new countries, the state will increase according to functionality.

**Payroll, RUB**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Amount of workers** | **Wage** | **Total:** |
| **Managers** (business process coordinators) | 2 | 80   000 ( untilreceipt of funds from the activity) | 160,000 |
| **Translator** | 1 | 30,000 | 30,000 |
| **Marketer** | 1 | 30,000 | 30,000 |
| **Designer** | 1 | 30,000 | 30,000 |
| **Partner Manager** | 1 | 30,000 | 30,000 |
| Affiliate **manager** | 1 | % of profit |  |
| **Financier** | 1 | 30,000 | 30,000 |
| **Programmer** | 1 | 60,000 | 60,000 |
| **Support** | 3, at the initial stage only 1 | 30,000 | 90,000 |
| **Insurance premiums (30% FOT)** **at registration** |  | | |
| **Total:** | 460,000 (then the salary of business process coordinators will go to the percentage of income), composition of the team may be correlated by developmental stages. | | |

***7. Financial Plan***

In average, investment expenses on the opening of this business is around  **19,345,000** **rub.** The amount of money may vary depending on the exchange rate, the complexity of negotiations and travel expenses to enter into a cooperation agreement. The main budget goes to working capital.

|  |  |
| --- | --- |
| **COSTS ON** **BUSINESS ORGANIZATION, rub.** | |
| Company registration in the Russian Federation (if necessary) | 10,000 |
| Registration off-shore (for financial transactions) | 150,000 |
| Software | 3,000,000 |
| Office rent | 35,000 |
| Office repair (job demarcation), if necessary | 100,000 |
| Full technical arrangement of 9 jobs (table, chair, from, PC, monitor, headset, keyboard, mouse) | 350,000 |
| Buying the necessary software for computers (antivirus, vpn, etc.) | 50,000 |
| Printing and scanning devices | 12,000 |
| Switch (2 pieces) | 8,000 |
| Router | 8,000 |
| Coffee machine | 30,000 |
| Cooler | 6,000 |
| Digital video recorder | 10, 000 |
| Access control system | 20,000 |
| IP camera (2 pieces) | 6,000 |
| Remote server | 50,000 |
| Business trips for negotiations with representatives of payment systems and affiliate **manager** | 500,000 |
| Working capital | 15,000,000 |
| **Total:** | **19,345,000** |

Our bookmaker will accept bets on all popular sports, as well as to e-sports (this niche is actively developing). The average rate on the market is 30 - 40 dollars (depending on the country). In average, 750-1500 persons make online bets per day (if the bookmaker is popular and has a good credit rating and depending on the day of the week, current events and competition periods). In the days of major tournaments, the number is much higher. At 90% of cases bookmaker remains in winnings. As *rbc.ru* reports, significant growth is planned in online market (by 3 times). Thus, upon successful login to the market, the project has the potential to increase average revenue.

|  |  |
| --- | --- |
| **MONTHLY COSTS, rub.** | |
| **Office rent** | 35,000 |
| **Utilities** | 8,000 |
| **FOT** | 460,000 (variable component) |
| **Skype** | 20,000 (for international calls) |
| **Marketing (advertising)** | 2,000,000 – 3,500,000 (at the launch of the site, depending on the stage of promotion) |
| **Bookmaker rent** | 450,000 (we can write a parser in the future and draw a line from a competitor) |
| **Household expenses** | 5,000 |
| **Other** | 10,000 |
| Total | 4,478,000 |

With a planning horizon of 1,5 year, the following economic **indicators** can be distinguished**:**

**The payback period is 12 -** **15** **months;**

**Discounted** **payback period** **- 16** **months;**

In the future we are working on net profit. Terms may be less due to the volume of attracted customers and the growth of turnover, the connection of additional gaming services.

The second month of full-fledged work of the resource is the attraction of 400 players. At an average cost of $30 net profit is supposed to be about $ 3,000.

The fourth month - attracting 2500 players. Profit ups to $ 18,750. The more players, the higher the profit. A sharp increase in the number of players will be achieved as a result of a well-organized advertising campaign.

Eight months - extension of about 25 000 players, which is around $ 750,000 turnover. Net income will be $ 187,500 per month. There should be 50 active online - partners, through which there is a customer acquisition.

***Profitability*** ***Index*** ***(*** ***PI*** ***)*** **-** **1,** **25;**

**Internal** **rate of return** **- 25** **%.**

***8. Risk factors***

The main risks of opening a bookmaker office include:

* A legislation system of a particular country . It is important to follow  news of this sphere, be flexible and  adapt to arising circumstances in order to  stay afloat in different situations.
* Competitiveness. Great attention should be paid to marketing policy and  service. Then the presence and  the emergence of new players on the market will not be accompanied by a decrease in your profits.

If we respond on complicated situations on time,  we are ensured stable development and a steady position on the World market.

**Conclusion.** The opening of the betting platform is a timely, profitable and promising project.