

To: **SplashPlay Agents**
 From: **SplashPlay Marketing**
 Date: **February 20, 2017**
 Subject: **Thoughts About Sales**

Probably the most common question we hear is “How much can I make selling SplashPlay?” After some thoughtful consideration, we’ve prepared this memo. However, before we begin, let’s ask and answer a few questions:

Question 1: What is a reasonable monthly sales profile?

In our opinion, any committed SplashPlay Agent should be able to secure at least ten (10) new game sponsors monthly. For the sake of illustration, let’s assume these ten Games Sponsors are comprised of the following Licenses: (a) One Life-Time, (b) One Annual, and (c) Eight Monthly.

Question 2: What is the effect of attrition?

It would be truly naïve to think SplashPlay will not lose customers. The cause of which could range from their failure to realize immediate results to just not having time to execute a viable gamification plan. Regardless of cause, for this analysis, we assume fifteen percent (15%) of all monthly Games Sponsors will discontinue SplashPlay’s service after ninety (90) days.

Question 3: What level of game playing activity is reasonable to expect?

Here we assume that an average SplashPlay Game Sponsor has an audience of fifteen hundred (1,500) engaged followers throughout all media (e.g. print, social, website, and personal). Of this audience, we assume only fifty percent (50%) will be engaged to play the Game Sponsor’s game and on average, answer ten (10) trivia questions per week.

Question 5: What is the effect of recruiting SplashPlay agents?

Of SplashPlay’s business strategy, recruitment is the easiest task which potentially yields incredible rewards and as such should be a priority from day-one. For this analysis, we assume a SplashPlay agent only recruits three (3) agents (“Sponsored Agents”) who in turn perform at the same sales level described in Question 1.

The Results

Now that we’ve laid out the assumptions, let’s see how the numbers unfold.

Illustrated in the Spreadsheet on Page 2, Section A details the assumptions employed in the analysis. Section B, details Sponsor License Sales, Attrition, Revenue, Game Play and resultant Agent’s share of Sponsor Game revenue share. Finally, Section C summarizes commissions earned from the Agent’s direct sales of SplashPlay software licenses, Game Play override and override of Sponsored Agent compensation.

The net result to the SplashPlay Agent is summarized in the following table. Based on this analysis, in Year 1 the SplashPlay Agent is expected to earn \$82,049 from his or her direct sales efforts. Additionally, assuming the SplashPlay Agent recruits three (3) Sponsored Agents, each performing as projected, the SplashPlay Agent will earn an override from Sponsored Agents’ commissions totaling \$62,537 for total Year 1 compensation of \$143,585. Extrapolating these numbers into Year 2, the SplashPlay Agent’s Direct Sales commission will grow to \$226,207 with an additional \$169,655 in Sponsored Agent override totaling \$395,863.

	Direct Sales	Agents	Total
Year 1	\$82,049	\$61,537	\$143,585
Year 2	\$226,207	\$169,655	\$395,863

Finally, based on the Chart on Page 3, entitled Two Year Agent Proforma, we project that by month five a producing SplashPlay Agent with three Sponsored Agents will earn \$5,020 in Direct Sales Commission (Arrow 1) and a total of \$9,366 in Combined Direct Sales Commission and Sponsored Agent Override (Arrow 2)

Section A	SALES MIX				Game Play	Recruitment
	Monthly	Annual	Life-Time			
Software Licenses						
Unit Sales / Mo	10	8	1	1	Sponsor Player Reach	1,500
Mean \$'s / Sale	\$275.80	\$560	\$699	\$1,499	% Reach that Play	50%
Commission %	40%				Games / Week / Player	10
90-Day Attrition %	15%				Agents	3

	YEAR 1												YEAR 2											
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
New Game Sponsors	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Projected Attrition	0	0	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Cumulative Game Sponsors	10	20	29	37	46	54	63	71	80	88	97	105	114	122	131	139	148	156	165	173	182	190	199	207
Revenue	\$2,758	\$5,516	\$7,860	\$10,205	\$12,549	\$14,893	\$17,238	\$19,582	\$21,926	\$24,270	\$26,615	\$28,959	\$31,303	\$33,648	\$35,992	\$38,336	\$40,681	\$43,025	\$45,369	\$47,713	\$50,058	\$52,402	\$54,746	\$57,091
Commission	\$1,103	\$2,206	\$3,144	\$4,082	\$5,020	\$5,957	\$6,895	\$7,833	\$8,770	\$9,708	\$10,646	\$11,584	\$12,521	\$13,459	\$14,397	\$15,334	\$16,272	\$17,210	\$18,148	\$19,085	\$20,023	\$20,961	\$21,899	\$22,836
Game Play																								
Player Reach	15,000	30,000	42,750	55,500	68,250	81,000	93,750	106,500	119,250	132,000	144,750	157,500	170,250	183,000	195,750	208,500	221,250	234,000	246,750	259,500	272,250	285,000	297,750	310,500
Active Players	7,500	15,000	21,375	27,750	34,125	40,500	46,875	53,250	59,625	66,000	72,375	78,750	85,125	91,500	97,875	104,250	110,625	117,000	123,375	129,750	136,125	142,500	148,875	155,250
Games / Month (000)	325	650	926	1,203	1,479	1,755	2,031	2,308	2,584	2,860	3,136	3,413	3,689	3,965	4,241	4,518	4,794	5,070	5,346	5,623	5,899	6,175	6,451	6,728
Ad Revenue	\$1,463	\$2,925	\$4,168	\$5,411	\$6,654	\$7,898	\$9,141	\$10,384	\$11,627	\$12,870	\$14,113	\$15,356	\$16,599	\$17,843	\$19,086	\$20,329	\$21,572	\$22,815	\$24,058	\$25,301	\$26,544	\$27,788	\$29,031	\$30,274
Sponsor Share	\$293	\$585	\$834	\$1,082	\$1,331	\$1,580	\$1,828	\$2,077	\$2,325	\$2,574	\$2,823	\$3,071	\$3,320	\$3,569	\$3,817	\$4,066	\$4,314	\$4,563	\$4,812	\$5,060	\$5,309	\$5,558	\$5,806	\$6,055
Agent Share	\$73	\$146	\$208	\$271	\$333	\$395	\$457	\$519	\$581	\$644	\$706	\$768	\$830	\$892	\$954	\$1,016	\$1,079	\$1,141	\$1,203	\$1,265	\$1,327	\$1,389	\$1,452	\$1,514
Commission Summary																								
Software Licenses	\$1,103	\$2,206	\$3,144	\$4,082	\$5,020	\$5,957	\$6,895	\$7,833	\$8,770	\$9,708	\$10,646	\$11,584	\$12,521	\$13,459	\$14,397	\$15,334	\$16,272	\$17,210	\$18,148	\$19,085	\$20,023	\$20,961	\$21,899	\$22,836
Game Play Override	\$73	\$146	\$208	\$271	\$333	\$395	\$457	\$519	\$581	\$644	\$706	\$768	\$830	\$892	\$954	\$1,016	\$1,079	\$1,141	\$1,203	\$1,265	\$1,327	\$1,389	\$1,452	\$1,514
Net Commission	\$1,176	\$2,353	\$3,353	\$4,352	\$5,352	\$6,352	\$7,352	\$8,352	\$9,352	\$10,352	\$11,352	\$12,351	\$13,351	\$14,351	\$15,351	\$16,351	\$17,351	\$18,351	\$19,351	\$20,350	\$21,350	\$22,350	\$23,350	\$24,350
Agent Override	\$882	\$1,764	\$2,514	\$3,264	\$4,014	\$4,764	\$5,514	\$6,264	\$7,014	\$7,764	\$8,514	\$9,264	\$10,013	\$10,763	\$11,513	\$12,263	\$13,013	\$13,763	\$14,513	\$15,263	\$16,013	\$16,763	\$17,513	\$18,262
Gross Commission	\$2,059	\$4,117	\$5,867	\$7,617	\$9,366	\$11,116	\$12,866	\$14,616	\$16,366	\$18,115	\$19,865	\$21,615	\$23,365	\$25,115	\$26,864	\$28,614	\$30,364	\$32,114	\$33,863	\$35,613	\$37,363	\$39,113	\$40,863	\$42,612

