



# MEGAFANS

Unifying Mobile Gaming Into an  
Incentive-Driven Global Experience



## TABLE OF CONTENTS

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**Page 1** - Current Market Opportunity

**Page 2** - About MEGAFANS

**Page 3** - The Current Problem

**Page 4** - The Solution & Competitive Advantage

**Page 5** - The MEGAFANS Business Model

**Page 6** - The MEGAFANS Team

**Page 8** - Financial Information

**Page 8** - Strategic Partners & Current Investors

**Page 9** - Roadmap

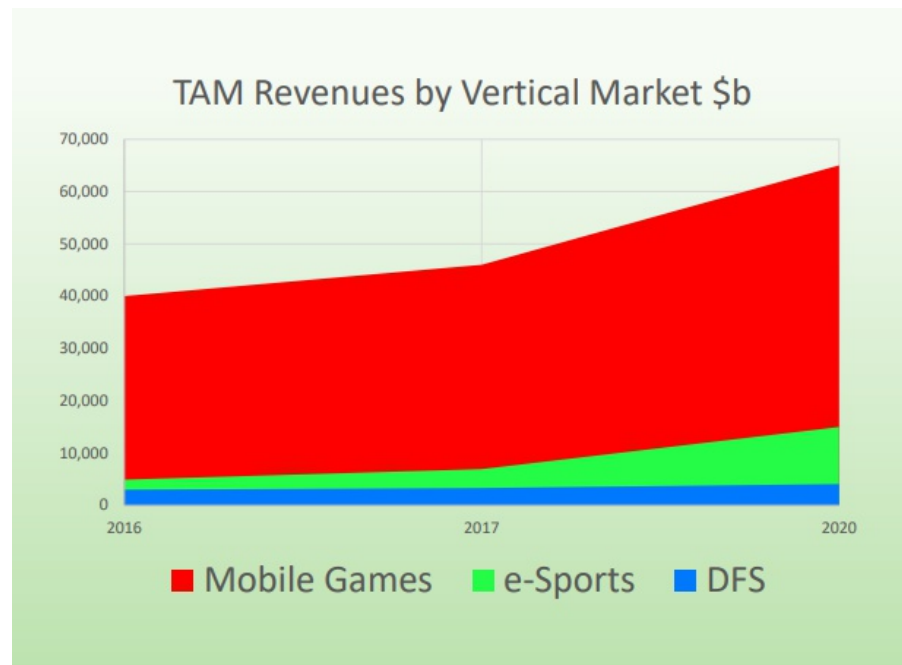
**Page 11** - Legal Disclaimer (Assumptions & Risks)

**Page 12** - References

## The Current Market

The global gaming market represents a robust opportunity for investors, developers and gamers (aka, consumers). Currently worth nearly \$120 billion and growing at a CGAR of 8.2% annually, the total revenue for this vertical is projected to reach around \$145 billion by 2020.<sup>[1]</sup>

MEGAFANS is an established gaming platform with an active customer base and a skilled management team possessing years of deep industry experience and know-how. The company seeks to become a major player in the space by addressing several needs currently not effectively met by existing market competitors. These needs include; unifying several sub-genres of gaming under a “Gamer Relationship Management” model, incentivizing game play and consumer retention through attractive prize pools and competitive tournaments, and presenting a more robust revenue sharing model to attract new and exciting development partners. By solving these problems and bringing a better experience to gamers, the MEGAFANS team expects to claim 2% of the Global Gaming Market at an annual projected gross profit of roughly \$1 billion by 2021.



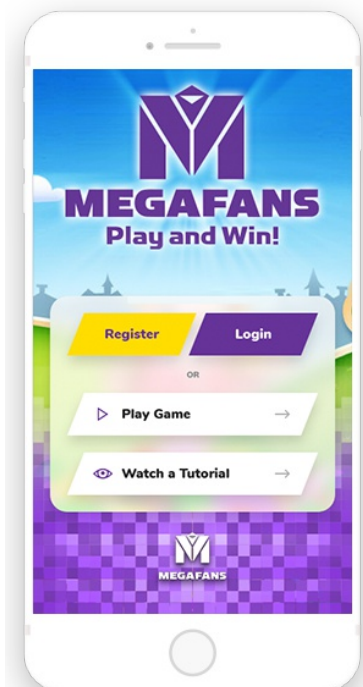
## Untapped Markets

MEGAFANS has advanced experience identifying and building emerging growth markets with go-to-market strategies. The company will use that experience to continue testing and expanding into markets that fit targeted criteria such, as overlapping consumption of mobile games, iGaming, E-Sports, Fantasy Sports and cryptocurrencies.

MEGAFANS also has an eye on addressing gender bias in gaming. Since the 1990s, the game industry has regarded female gamers as an insignificant minority. [2] Over time, the gender gap has closed, with women and girls now making up nearly 50% of the market. [3] Despite this ratio, the industry overwhelmingly continues to ignore its female base, electing to appeal primarily to male consumers. [4] MEGAFANS has opted to make acknowledging and embracing the ignored female demographic an important part of its marketing plan.

## About MEGAFANS

Founded in 2016, MEGAFANS is a new gaming platform with 30,000 active users, seven mobile game titles, and 15 games that can be downloaded from Apple iTunes and Google Play. Downloadable gaming apps represent one aspect of the company's business model, MEGAFANS also seeks to unify consumers, developers and strategic partners from three sizeable sub-genres of gaming under their platform: Mobile, E-Sports, and Daily Fantasy Sports (DFS). Collectively, these three sub-genres represent a slice of the global gaming market currently worth around \$50 billion, and projected to grow to \$66 billion by 2020.



## MEGAFANS IS WHERE PEOPLE COME TO PLAY FOR FUN AND WIN PRIZES!

MEGAFANS also endeavors to address the industry-wide high attrition rate for mobile games by dramatically improving, and uniquely incentivizing the gaming experience for all consumers who use their platform. The company will achieve this by introducing “experiential”, destination-based weekend gaming tournaments set in major U.S. tourist locations like San Francisco, Las Vegas, Palm Springs, New York and Honolulu, with the goal of expanding tournaments globally to other major cities like Seoul, Singapore, Tokyo, London, Moscow and Dubai.

Each member of MEGAFANS' senior team has over 20 years of individual experience within the gaming industry. This avails the company a wealth of relevant skill and talent to successfully achieve its goals.

## The Current Problem

### 1. Poor Retention Rates

Most mobile app companies are focused on acquisition as opposed to relationship building. Further, these companies degrade the customer experience by pushing ads on users which are annoying and disruptive. As a result, mobile apps have an incredibly high churn rate. On average, 24% of users only use an app once. After 90 days, retention rates (users returning to use the app) dwindle to 20%. [5]

### 2. Different Countries, Different Currencies

Selling globally opens up the opportunity to make greater profit, however, global sellers face obstacles such as varying exchange rates, high transactional fees, and slow settlement times. Additionally, vast markets of potential users may be cut off from accessing a company's products because they are 'unbanked' in legacy financial systems. [6]

**O**ne huge problem MEGAFANS addresses is the industry-wide high attrition rate for game apps. After 90 days, 80% of consumers never return to an app.

### 3. Gamers stuck in “pigeon holes”

Mobile, e-sports games and daily fantasy sports (DFS) have all enjoyed hyper growth in their respective, but separate vertical categories over the past five years.

However, staying separate leaves a gap in the market where innovation, efficiency, and improvements to the customer experience can germinate.

## The Solution & Competitive Advantage

### 1. Poor Retention Rates

Inspired by CRM's like Salesforce, MEGAFANS plans to defy industry convention by focusing on nurturing long-term relationships with both its user and developer base, as opposed to focusing solely on customer acquisition and interruptive advertising.

Utilizing a model it calls “Gamer Relationship Management” (GRM) the company will rely on interactive data, algorithmic and machine style learning to designate its most valuable customers and developers, and reward these valued platform users with enhanced experiences, prizes in the form of actual currency, and the opportunity to participate in exclusive, destination-based tournaments.

### 2. Different Countries, Different Currencies

MEGAFANS circumvents most of the problems related to legacy currencies by utilizing blockchain-based, globally recognized cryptocurrencies. Blockchain decentralizes traditional finance and allows more potential buyers access to the company's products, with faster transactions and lower fees.

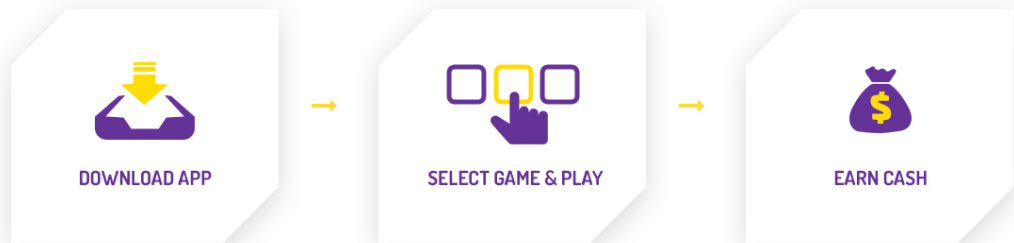
### 3. Gamers stuck in a “Tech Gap”

MEGAFANS sees uniting Mobile, E-Sports and DFS gaming categories for the first time on one platform as an opportunity to fuel hyper growth in these sub-genres. By “cross-



pollinating” casual mobile gamers to E-Sports and DFS, different gamer pools will have access to games they don’t normally see. MEGAFANS will also attract more game developers to its platform with an attractive revenue split (75/25 versus industry standard 50/50), further expanding gamers’ opportunity to experience exciting new games.

## The MEGAFANS Business Model



MEGAFANS will attract and acquire new users on its platform using several methods:

- Free gaming apps deployed on Apple Itunes and Google Play
- Live streaming of MEGAFANS’ events and tournaments via popular platforms like Youtube and Twitch
- Social media posts and advertising campaigns on platforms popular in gaming circles such as Twitch, Facebook and Twitter
- Key partnerships with individual game developers and studios
- “Push Alerts” through partner gaming apps
- Paid and earned reviews and advertising projects with popular Influencers active on Youtube like Game Grumps, Mari Takahashi, Simon Minter, and Markiplier
- Permission-based native advertising using platforms like AdMob, Chartboost, and Tapjoy
- Paid search advertising on Google, Bing and Yahoo

MEGAFANS has a four prong approach to earning revenue:

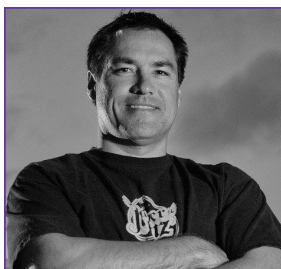
1. Casual gamers who download free apps pay in-game for access to upgrades and tokens.
2. Advanced gamers pay fees ranging from \$10-\$10,000 for access to contests and tournaments.
3. Franchisees and developers pay a share of earned revenue for using the MEGAFANS platform.
4. Partner advertisers pay for exposure to highly motivated buyers at MEGAFANS' tournaments and events.

## The MEGAFANS Team



### **Jeff Donnelley - CEO**

With 25 years of experience in marketing, branding, and media, Jeff is adapt at driving strategic growth and consumer awareness for new and established brands. Jeff believes in disruptive technology, paradigm shifts, and being an active change agent to maximize ROI for companies, investors, and stake holders in fintech, i-gaming, e-gaming, and fantasy sports. Jeff has worked with notable brands including Draft Kings, Ubisoft, World of Tanks and Jam City.



### **Mike Gonzales - CMO**

A proven and passionate Creative Executive with a background in global management, Mike brings over 20 years of experience in creative direction, innovation and digital development to MEGAFANS. Mike's past experience includes working for notable leaders in computer graphics and game design, including Activision; Trigger Global, Weta Workshop, Wow Wee, 343 Industries (Microsoft), Atari, Crystal Dynamics, and RockStar Games.





### **Bryan Reed - CFO**

With 30 years of experience in business finance, and an extensive background in information systems development and operations improvement, Bryan's expertise lies in business growth and scaling. Some of Bryan's notable accomplishments include; scaling Nixon, Inc. for global distribution helping the company acquire Bilabong, Inc., increasing asset efficiency and enhanced profitability for Cardinal Health, Inc.'s Pyxis unit, and cutting operations costs for RRT, Inc. by 50%. Bryan currently serves on the board of advisers for three start-ups and is in the process of streamlining the supply chain of an operation projected to grow from \$40M to \$60M in 2018.



### **Chang Lee - CTO**

Over the last 20 years, Chang has advised brands like Time Warner, Sony, Neiman Marcus, and the Robb Report on digital strategy and building cross-functional teams. Counting hundreds of the world's top brands as clients (Walmart, American Express, Kenneth Cole, and Disney to name a few), Chang brings a unique perspective to e-commerce and marketplaces. He has founded and advised over a dozen startups – both in the US and internationally – and hired teams in over 20 countries.



### **Scott Ward - Business Development**

Scott has 10 years experience in Silicon Valley as business development lead for mobile and gaming companies.

## Financial Information

**Funding Stage:** Product Finished / Selling

**Previous Capital Raised:** \$250k

**Amount Raised Toward Current Round:** \$0

**Total Capital Sought To Close Round:** \$1.9M

## Strategic Partners & Current Investors

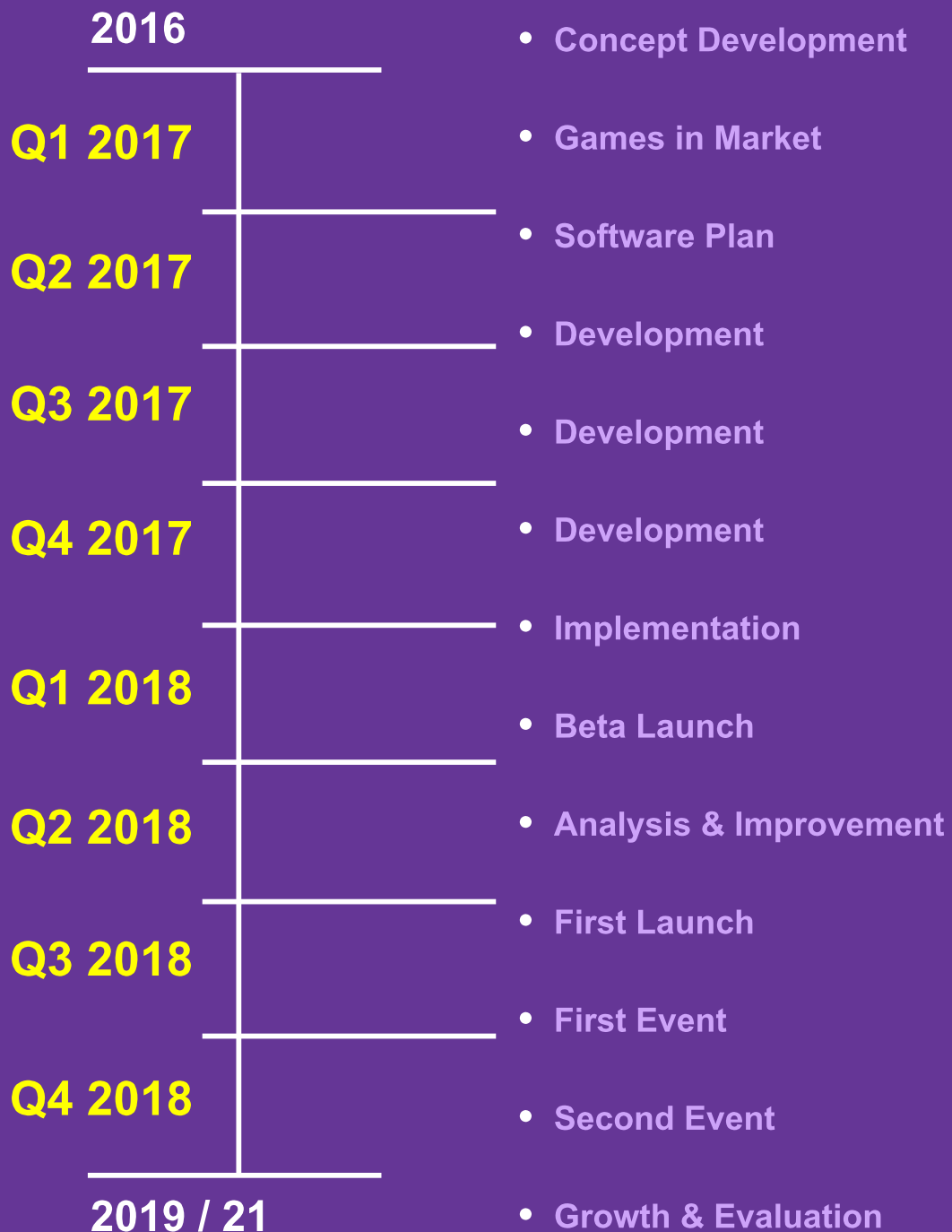
Senior Team members for \$125k. We are looking for long term partnership(s) with product and service operators that are aligned with our strategic goals and funding needs – Gain new players worldwide, convert them to competitors, retain them by offering prize pools and experiences, offset costs by affiliate agreements and advertising sponsorships based on destination location events and streaming, and claim social media notoriety.



# MEGAFANS

## DEVELOPMENT ROAD MAP

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## Development Road Map

MEGAFANS published 18 in-house games between Android and the Apple Store beginning in 2017. Two games were tested in Q1 2018 (Data set A) and received 30,000 downloads at an average **CPA of \$0.50 USD** (10x below the average market projected market cost of \$5 USD). The retention rate for these casual games held close to the industry average standard at 10% of players retaining and playing the games after a 90 day period.

As of Q3 2018, MEGAFANS completed the first MVP (Minimum Viable Product) version of the Player and Developer portals as well as the prototype for the eSports transactional and ecommerce platform. This prototype is fully functional and scheduled to begin testing Q4 2018 (Data set B). The expected retention rate is projected to be at least 5%-10% greater than the non-eSports versions of the same games, derived from a direct correlation to the offering of cash pool prizes and events.

## Legal Disclaimer

### Assumptions and Risks

#### Assumptions

- Market will adopt games and convert to e-sports and DFS for monetization
- Female market will convert to e-sports and/or DFS
- DFS partnerships will be viable
- IP is patentable and defensible internationally
- Other entities will not make claims or sue MEGAFANS
- Revenue will sustain growth and propel business
- Regulations will not be a problem
- Hypergrowth is inevitable

#### Negative Impact

- Users do not convert
- Females do not convert
- DSF does not work
- IP is not patentable
- MEGAFANS is sued
- Revenue not sustainable
- Government regulates
- No hypergrowth

#### Mitigate

- Test, learn, optimize
- Test, learn, optimize or pivot
- Optional DFS partners
- Continue to develop
- Buy business insurance and have legal counsel
- Adjust, optimize and pivot
- Watch market closely, offshore
- Adjust, optimize and pivot



Mobile E-Sports Games and Fantasy Sports

An investment in a Megafans Inc. involves significant investment consideration and risk that are described in this Offering. Each potential investor should read the entire confidential Offering and should carefully consider the risk warnings and disclosures before making an investment decision. An eligible investor may obtain a copy of the pro forma and projections.

The information shown here is not an offer to sell or a solicitation to buy any security, which can only be made by an Offering Memorandum, Information Statement or Prospectus, nor does it constitute an offer by Megafans, Inc. or its affiliates to provide its investment advisory services in any jurisdiction in which, or to any person to whom, such would not be permitted under applicable law.

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Past performance does not guarantee future results. You should not rely on any past performance as a guarantee of future investment performance. Unit values and investment returns will fluctuate. Investors are cautioned that data based on less than five years' experience may not be sufficient to establish a track record on which investment decisions can be based.

#### ACCEPTANCE

By accepting this document or any of its pages you understand, accept and agree to the terms as set out above.

## References

1. <https://newzoo.com/insights/articles/new-gaming-boom-newzoo-ups-its-2017-global-games-market-estimate-to-116-0bn-growing-to-143-5bn-in-2020/>
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