**SELECTASUITE.COM**

DISCUSSION - The analysis contemplates the “SHIFT” of the revenue streams from luxury suites and premium seating in sports and entertainment venues.

This is a general opportunity analysis presenting SELECTASUITE.COM as a viable solution and business model. The SELECTASUITE business model offers a marketplace for companies and individuals to purchase on an event night rental basis for a corporate or personal entertainment experience in entertainment and sports venue luxury event hospitality suites. The suite retail site / store will support entertainment and sports venue premium seating sales initiatives as well as generate incremental revenue streams for the teams and venues on what otherwise may have been wasted or spoiled inventory that may have gone unsold for last night’s event.

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**1a. General Needs Hypotheses**

# A “SHIFT” in entertainment and sports venues has created a void in historic contracted revenue streams for venues. A business model to help address the shift in.

There are approximately 473,000 suite event nights represented during the *BIG 4* major sports season home games. Our model helps teams maximize event night suite rental revenues.

The sports and entertainment premium seating industry is experiencing a “SHIFT”. The shift is happening due to the fact, that suite owners are not renewing leases and long-term rentals of premium seating suites in sports and entertainment venues. More and more unsold luxury suites exist in team and venue inventory. Premium suite clients are more often opting for partial suite ownership or time-share ownership models. Suite lease holders are not opting to renew their long-term suite leases. They are buying a lesser premium seating product such as a club/loge suite, and club seats and are often exiting premium seating ownership all together.

Various reasons for reduced suite investment/involvement are being presented by the past long-term suite lease owners and decision makers such as:

*“We helped the venue get built as a good corporate citizen in the market. However, we now desire a lesser role in the venue.”*

*“There are too many events…”*

*“We have too many suite commitments across N. America in our regional markets etc.… We need to reduce luxury involvement.”*

*“My predecessor made the long-term commitment, and we are now in a different management and financial place/model”.*

*“We have determined a loge premium seating product now being offered better suits our hospitality needs and we will rent a suite from time to time as we do have a need but not for all events…”*

*“We did not get a return on our investment of full ownership”*

*“We want to be involved in all our regional markets and with all the venues and teams thus we are going to be partial owners versus full owners”*

Corporations would often buy suites to help with public relations and their image with employees, customers, and prospective new ones. Suite ownership has allowed a company to flex their “corporate citizenship muscle” in the market. *“If we don’t own a suite, how will we be perceived?”* Companies and individuals saw their buy-in as a way of showing support of professional sports and entertainment amenities in their respective markets. Teams had great marketing action plans enticing support from Corporate America to get behind the development of new home-team venues and commit to long term suite leases that supported the venue debt service. Each market secured long term multiple year contracted revenue streams from the six figure suite leases. Teams and venues often secure more than $100,000,000 in contracted suite premiums to help initiate new venue development. The suite lease income supported venue financing, operational budgets and or capital improvements to the venue and tenant team infrastructure. The scenario was that if a building built out 100 suites, then they had approximately 100 suite owners to service, train to use, and maximize their leased suite and corporate hospitality amenity. As suite leases expired and came up for renewal the initial suite owners in many markets gave up or modified their contracted involvement with the teams and venues. This *shift* reducing committed contracted ownership caused a fall in suite ownership, “sold” occupancies, suite revenues and opened-up unsold wasted suite inventory in many markets. The result of unsold suite inventory on an event night basis continues to be the case in many markets. Venue suite sales and service departments have seen their rolodex of client’s go from the original suite lease owners of 100 now growing into the thousands to achieve the same suite revenues. Venues struggle to keep departments staffed with the right sales and services professionals. The volume of suite occupants has increased exponentially thus, the volume of prospecting, sales and servicing calls has also grown. The “FTE” full-time-equivalent in the suite department responsible to sell and service the suite occupant is not a “ticket-taker”, usher, or an easily trained sales & service professional. The “SHIFT” has caused operational, revenue, and debt fulfillment concerns for many teams and venues. **The SELECTASUITE suite store helps the venue on several levels.**

**1b. Market channel diagram and major league market segmentation:**

**Luxury Suites**

**League Avrg. # of Suites # of Teams Home games. Total “event nights” / team**

MLB 76 30 81 184,680

NFL 142 32 10 45,440

NBA 88 30 44 116,160

NHL 96 31 44 130,944

Total activity suite nights across 4 major sport leagues (mol) 477,224

The numbers above are (mol) for the leagues and 123 teams identified. Not represented are the North American MLS teams with dedicated stadiums, College & University arenas and stadiums, and minor league sports & entertainment venues with suite inventory. We are processing data on the global market beyond North America to factor into the proforma. We see the global space to be a sizable market for our offer. Unsold suite inventory is not a geographical trend but global reaching and does not only affect the venues on sport/league home game event nights. Not included in our initial proforma are concerts, family shows, other non-tenant team sporting events and symposiums/specialty & entertainment events.

**Target Markets**

**2a. Segment on the *seller* of the suite event night rental thus, all facilities with luxury suite hospitality offerings. (I.E. The team or venue suite seller)**

Most of all US major league teams (NBA, NHL, MLB, and NFL) surveyed who have P & L responsibility of suite revenues have *unsold* inventory and often run events with less than 100% occupancy on their suite levels. They have the need for additional sales platforms. Ongoing review of the occupancy deficit is being reviewed with the assistance of the Association of Luxury Suite Directors – ALSD. Interviews hosted with two of the world’s largest private facility management companies with premium seating / luxury suite P & L responsibility confirmed the “SHIFT” and validated that they would be interested to use a WWW based retail store to support sales of unsold suite inventory. The facilities they represent are in the major and minor league sports markets as well as peripheral second tier cities and venues. These two facility management companies represent over 900 prospective Global venues to use our solution.

**2b. Segment on the *buyer* side. (I.E. The buyer/renter of a suite for a single night use or rental)**

The retail suite event night rental consumer/buyer using SELECTASUITE.com are meeting planners, clubs, organizations, social groups, business consortium networks and large to small businesses, high net worth individuals and social groups. *The* ***buyer*** *segment using our site is any individuals or entity that seek a semi-privatized social experience within a live entertainment environment to entertain, network and socialize.* The prime prospect is the past long-term premium seat lease holder. A company or individual that down-sized suite ownership and did not renew their lease and or is seeking to spread involvement over multiple markets versus applying their budget to a single market hospitality investment.

**Market Trends**

**3a. The market opportunity has long term viability, because of the following supportive trends:**

When venues were in the design phase and on the “drawing table” the owners/designers programed a select number of suites into the design proforma using market demand and or building design to influence the number of suites. The facilities inventory of premium seating spaces was predicated on several factors. Some of the factors were: The number of pre-constructions contracted commitments obtained, historic data of any prior or existing older venue in the market, as well as the amount of contracted income needed to cover debt service on the venue/complex. Regardless of the supply and demand scenario the *shift* has been that contracted commitments tied to suites are ending often after the initial lease terms and they are not getting renewed again on the same long-term lease basis. When suite leases are not renewed and there is not a waiting list of buyers to resell the suites to, they become *event night rental inventory*. The *shift* has driven facilities to modify the suite inventory levels creating club type suites, party suites, mini club/loge suites, time-share inventory and event night rental inventory. The suite level revenues in facilities are responsible for sizable income to the team/facilities. The operators seek to tweak the model as lease commitments continue to fall-off and unsold inventory comes online for resale. Many creative premium club/suite level concepts are being integrated and put in place of the individual suites. This new remodeled/recreated premium space is created with the goal to generate/maintain the budgeted suite level revenue streams or more. The modified suite space premium products such as loge suites, mini suites, time shares, party and club suites are attracting more prospects due to price point and package of amenities and benefits. Simply put there are more companies and individuals that are willing and can pay the prices of the modified premium seating products. Modifying and adjusting the premium product offer is in response to the *shift* the industry is dealing with.

SELECTASUITE.com market is a solution to support sales of all the premium product on an event night rental/purchase basis.

Season tickets holders/owners can use the secondary ticket marketplace applications and sites such as Stubhub, GAMETIME, Suite Experience Group or VIVIDSEATS.com. Suites are a venue commodity that are often contracted such that they cannot be resold on a resellers or secondary market site. The team or venue can sell their unsold suites but **not a suite lease holder** as they would likely be in violation of the terms of their suite lease contract. As a premium only marketplace, we are first to the market and are unique in what our resale portal offers. The suite level ticket revenue is most often protected in any revenue share negotiations between an event promoter and the venue operator. Maximizing suite revenue is of great interest and value to the venue as it generally is 100% top line income.

The market trend of the buildings being able to respond by fiscally changing and constructing new premium product and spaces is in our favor. Facilities do not often have capital funds committed to modify, redesign, and rebuild due to market *shifts*. Often capital is budgeted for scheduled suite renovations and is often part of the lease agreements that periodic capital improvements will be made to keep the suite in good shape and design. Facilities are slow to respond to market conditions and “market *shifts”* able to dedicate investment and capital needed as well as interrupt schedules of booked events. Planning for redesign and coordination of in-bowl / stadium reconstruction is a multi-year / multi-season task and is a daunting one. Physical venue modifications are timely and consuming. This bodes well for the event night rental business model.

**3b. The market opportunity has the following negative trends:**

Teams continue to tweak their premium seating inventory and offerings. As venues and teams work to develop the optimal overall offering less unsold product will most likely exist. While noting this as a negative trend we do forecast that any new inventory will cycle as well and once leases run through their initial term, we predict that unsold inventory will again exist. Thus, a cycle of unsold inventory will need our site and sales services. There may be less need for our selling tool as teams and venues tweak to optimal occupancy supply demand levels. However, we do not forecast that all venues and teams will not be sold out, thus unique selling tools such as SELECTASUITE.com serving the venue premium market place will never be obsolete.

**4a. There is a competitive opening now because:**

There is not a www suite store in existence as designed in this model. SelectASuite.com will be first-to-market with a marketplace of its kind for venues and teams to consider as an added sales tool/option. We are proposing to only sell what the team and or facility wish to place in our store for sale that is from their unsold inventory that *they* control. Thus, we are not a broker or reseller just simply an online easy to use store / sales portal marketplace specifically for suites. The facility and team owners with Premium Suite P & L responsibility see our store and the prospective suite renters we will attract to the store as a viable, creative tool that will help maximize suite revenues. They currently do not have a marketplace of such to consider. They have creative marketing plans to attract buyer to purchase unsold inventory however, with our solution they will be able to place at no fee their unsold suite inventory in a retail globally promoted marketplace. If they sell an incremental unit on our site, they will be charged a commission.

The idea of budgeting luxury suite entertainment across a company’s territory or corporate and customer footprint is attractive and seen as a viable sales and entertainment tool. Corporations can now easily budget the same spend they would invest in a single location suite for an annual luxury suite lease. However, they will now be able to entertain and service internal and external customers across multiple markets through a SelectASuite.com event night rental program. Many suite users will have added flexibility with their entertainment budgets.

*I.E. My corporate headquarters is based in Tampa. My prospects love basketball and are in Orland, Portland, and Detroit. While visiting with them in their respective markets I may choose to host a meeting and entertain in a suite. SelectASuite allows me to have a quick one-stop marketplace to check availability and or to notify of my preferred dates and interest and purchase unique VIP client, prospect and or employee entertainment across multiple markets versus the restriction of dedicating all my budget to a single home market suite with restrictions.*

The SelectAsSuite.com marketplace becomes a one-stop-shop marketing and entertainment tool and one of ease to secure luxury suite inventory across multiple markets where buyers may get greater value form their entertainment spend versus being tied to a single market. With more educated suites users who have entertained in a suite for internal, external and prospective customer entertainment we expect a one-stop marketplace to be an attractive service and enticement for professionals responsible for entertainment to be drawn to SelectASuite for its ease and flexibility. The savvy entertaining professional will seek out the suite experience across markets frequently and will grow to appreciate the ease and services of a go-to site to shop and book his entertainment.

**4b. The primary competitor and competing alternative are:**

The facility and or teams themselves will be direct competition in some in-market buyer scenarios. There is not another marketplace that represents team and facility inventory as outlined in our model or in a similar model. This solution will be the first one like it to be offered. The sales professionals at the team and venue levels are overwhelmed. Our marketplace is modeled to make it simple and concise. A venue representative will be required to service the online SELECTASUITE purchase though. A plan to hold the venue accountable for satisfactory service has been contemplated. Once in place solicitation of the user comments and service and experience will be confirmed. If the score is consistently unsatisfactory the facility will be held accountable to address the sub-standard service otherwise consequences will apply.

We need to secure market share and contracted vendor status with a portfolio of customer’s post haste as there is no real way to protect our concept. The action plan drafted has a strategy to contract with the largest facility management companies. Through securing 3-4 contracts with the lead management companies we tie up the largest share of second tier market facilities. While we anchor our hold with these major market customers, we will unilaterally work to attract support from the leagues and the subsequent teams and their host facilities. This action plan is robust and rolls out like a “blitz” around three industry events as well as targeted individual meetings with key teams and league offices.

**Product Offering**

**5a. Our Company has the capability to provide product offering because:**

We have assembled a team or industry professionals, trade association resources, premium seating experts, seasoned ticketing solution gurus, software technology advisors in the E-tail reservation and ticketing / booking solution space, and strategic marketing partners. We are prepared to tie in with all our resources to develop, prove our model, and ready it for activation. We have identified a company who can tweak/customize an existing in-the-box platform. We need to first work though some details and business points to vet and validate the concept and marketing initiatives as proposed. Our clients have the need to sell unsold inventory. We need to move from concept to a vetted proven model to invest and fund the activation of this solution and bring it to market.

John McDonald is a premium seating industry veteran with an industry leading number of premium seating transactions. John has attended over 30 years of the Premium seating trade association (ALSD – Association of Luxury Seating Directors) meetings and symposiums. In John’s 30 years affiliated with ALSD he has acted as a subject matter expert delivering white papers, acting as industry expert panelist, symposium moderator, presenter and ALSD Board member for ten years. He has participated in the NHL Premium Club Service meetings. Facility management companies hire John and recognize him as a resource for premium seating projects. John was an owner of an outsourced sales and marketing agency, Front Row Marketing Services, LLP. that was responsible for generating incremental income tied to commercial and premium seating licenses and leases in over fifty venues and consulted to over 100 venues. McDonald along with his partners sold the agency to Spectra Venue Management (now OVG360 - Oak View Group) and is part of the consortium of venue solutions they branded under their services. OVG360 manages over 350 venues globally.

**5b. Potential barriers to entry are:**

1. Teams will not contract to participate in SelectASutie.com program due to program potentially being seen as competition in the local market and competing with the teams FTE’s selling the same event night rentals listed on our site.
2. Team will not agree to commission / revenue share structures.
3. Budget needed to brand the Ecommerce site and drive buyers to book on the site. Brand building expense may be too great.

**5c. Addressing the potential barriers**

The potential barriers at this stage are soft issues. We may identify more in our phase I due diligence.

1. Consider an in-market compensation plan that shares the SelectASutie.com sales reward with the sales team and or team. Note: the team will receive along with SelectASutie.com the customers contact information for direct permission to send sales promotion and engage for direct selling. Create an equitable model by where sales that are perceived as direct competition with team / Facility FTE suite sales team are revenue shared in a different and or non-rev share protected model. We have a package of attractive benefits to use to negotiate away the competitive conversation.
2. An equitable commission model has been crafted to test. Survey the team / facility audience to gauge appropriate reward model. I.E. if a suite is sold on the event day the commission to SAS is greatest and if it is sold out two weeks or further it is sold at a lessor commission and if sold out six months or greater at an even lessor commissionable rate to SAS.
3. Vet out multiple grass-root and paid branding programs. Study and conduct valuations on similar branding model that are proven in the job they did – I.E. Hotels Tonight, Trivago travel site & STUBHUB. Specifically review the cost per customer/sale/site visit/page visits and clicks… Solicit media buying agency proposals via (ITN) invitation to negotiate process to identify mediums proposed and budgets. Shop media rate cards for three-year branding plan targeting likely global business professional with entertainment/concert and or sports interest. Likely mediums are: Sports Illustrated, MPI Meeting Planners International Publications, USA Today, Wall Street Journal, Sports Business Journal, Regional Business Journals, Club Corporation of America Club News, Suite Owners contact list…. Digital search engines…

**Economic potential**

**6a. The revenue forecast is conservative.**

**Phase I** – 6 Months Opportunity analysis – Expenses $178,000

**Phase II** – 7 Months activation of systems initial marketing team/venue sign up - $335,000

**Phase III** – 12 Months Full roll-out up and running. Inventory for sale on the site – marketing site to suite buyers – sales activating monthly – Monthly burn rate is $75,600 ($75,600 x 12 mos. = $907,200) projected year one income is $1.5MM. The site would need to generate approximately $4.5MM in suite rental sales to support our income budget of $1.5MM.

The numbers in our budget assumptions are representative of the four major league sports and their host home fields/arenas. (MLB, NFL, NBA, NHL). The proforma only factors in home games and does not include other events that often add up to double the number we are modeling. Other events are acts/shows such as family shows, concerts, comedy, symposiums, other sport events…) An example is the Amalie Arena in Tampa Florida home to the NHL Tampa Bay Lightning hosts approximately 120 annual events. (44 home hockey games (possible playoff series++) USF pre-season exhibition promotional basketball games, family shows, concerts, comedians, and speakers’ series event) In our proforma only 44 of the 120 games are being used. We are in the process of validating accountable applicable averages and exact data to use. We did not factor in Major League Soccer MLS, Tennis, PGA, NASCAR, Amphitheaters, College & Universities, Tracks (auto-horse), minor leagues (Baseball, Soccer, Hockey, Lacrosse), and second tier market facilities. In addition, our proforma does not contemplate Global market teams, leagues, and venues. Proforma due diligence and research validation is part of the action plan in phase I. These venues will have a substantial representation on the SelectASutie.com market.

**BY THE NUMBERS:**

Our site will represent unsold suites. (a.k.a. Suite Event Nights) The total number of Suite Event Nights in the 4 major leagues/ 122 professional sports teams recognized in our proforma identifies the number of overall suite event nights as mol. = 473,000 annually. We are working to validate an industry wide actual suite occupancy number and average of unsold number of suites. However, for conservative budgeting we are going to only assume SelectASuite will represent 3% of the actual number of suite nights in inventory tied to games of the 122 North America major league teams Note*: The inventory number we are using is as close to actual as we can get it. Suites are coming in & out of inventory every season based on teams and facilities managing the “SHIFT” and modifying and renovating inventory from our data collection date.*

* Assume SelectASuite will sell through the website 3% of the total “Sports market event night rental inventory”: 477,224 sports event nights in inventory X 3% to be sold on our site = **14,316 total sold on our site**
* Assume the average ENR is priced at **$4,000 per event night rental**
* 14,316 X $4,000 = $57,264,000 in Suite rental revenue we are assuming is booked and paid for on our site.
* **Assume we are compensated 25% - 50% (37.5% commission on sales to SELCTASUITE) = $21,9474,000**

**6b. Further Statement supporting economic potential:**

SelectASuite.com is the only marketplace of its type offering teams and venues an *easy-to-use* sales solution to support ENR suite sales. The buyer’s profile has shifted, and the SAS marketplace allows a one-stop-shop – GOTO marketplace to confirm and purchase entertainment opportunities.

The possible exit plan to sell to a market supplier in the ticket solution sales space is viable in the early stages. A management company has made inquiries about being the beta organization and entering an exclusive arrangement that would need further vetting and value analysis.

The *“SHIFT”* has ultimately been in play sinse the first long term suite lease expired and will carry on for a while leaving facilities scrambling to achieve 100% occupancy against a rate card that must maintain pricing dexterity of long-term leases.

**Analysis Panel**

The concept of SelectASuite.com has recently made its way onto paper. However, has been in conceptual development for the last couple of years as we talked with our industry contacts to measure the general concept. The feedback was positive to our model. We learned that the suite directors and all who had direct Suite Revenue P & L responsibility had comments to share that validated an easy-to-use digital marketplace to support objectives of selling out of unsold suites. We recognized the digital Ecommerce space had not been tapped into to solve this lost revenue problem the venues and teams are working to maximize.

Bill Dorsey – Executive Director, Association of Luxury Suite Directors

Harry Hutt – Hutt Marketing – (Detroit Pistons, Portland Trail Blazers, Seattle Sea Hawks, Tampa Bay Lighting)

Nicole Allison – NHL Club Services

Brian Bucciarelli – Director of Corporate Sales, Hershey Entertainment & Resorts. Giant Center Arena. Vice President - ALSD 15 ALSD Board Member

Doug Thornton – ASM Global Executive Vice President Arena, Stadiums & Theatres

Chris Baker – Sr. Director Partnership Sales at Boston Celtics

Liam Weslow - Regional Vice President, Corporate Partnerships, OVG360 Venue Management

# Greg Hanrahan - President at Association of Luxury Suite Directors. Senior Director of Premium Seating at Chicago Bulls/United Center

Mark Fernadez – Principal at EMF Consulting of Tampa Bay past VP at Tampa Bay Rays

Fred Maglione – Executive Chairman Americas at Toptix

Nick Flaskay – Vice President sales Globe Ticket Company/Select A Seat Tampa Florida

Eric Smallwood - Managing Partner at Apex Marketing Group - Sports Sponsorship & Analytics Services

Ron Seaver = President, National Sports Forum

Robert Rice – Executive Vice President Operations- MLB Kansas City Royals