



Spawn Room Gaming Center

Business Plan
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Spawn Room Gaming Center
State College, PA, 16801

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Table of Contents

Value Proposition & Executive Summary-----	2-3
Products & Services-----	4
Marketing Plan-----	5-8
Operations Plan-----	9
Predicted Monthly Cost-----	10
Final Thoughts: Purpose-----	11
Sources-----	12

I. Value Proposition & Executive Summary

Value Proposition: The Spawn Room Gaming Center aims to provide local gamers high end equipment and space to play casually or competitively with one another.

Executive Summary:

Spawn Room Gaming Center will be a small business located in State College, PA off of College Avenue. This business will offer high end gaming equipment to be used as a service for those who do not own gaming computers and those who want to play in a community. A common issue that casual and competitive gamers have is not being able to afford the correct equipment. Since a high end gaming machine can cost anywhere from \$900 to \$2000. Most people who start off gaming will see this upfront cost of roughly \$1000 and purchase a very low end computer instead, which causes them to have a worse gaming experience. With new gamers purchasing a budget computer for gaming, they are limiting the amount of games they can play and the games they are able to play will be at very low quality. Another problem with gaming is that people want to be able to share their experiences together. For most people, when they game they want to do so with friends, since gaming can be an extremely social hobby. Though it is hard to find people with similar gaming interests to share your experiences through online sources. By attending Spawn Room Gaming Center customers will be able to game on high end computers and mingle with others that share similar interests. This, in turn, will create a strong community which will continue to return in the future.

There is currently no direct competition for this type of business in State College. We would be the first to open this category here in State College. Therefore, it is a great opportunity to open and to communicate with the target market to see what they would want out of a gaming center. Spawn Room will also need to secure a trademark in the first year of opening for branding purposes. Though, initially, the company will have a trademark pending until further notice due to time restraints. It has been calculated that the initial costs of opening the LAN Center will be roughly \$76,000. Though, even with this high entry cost, all upfront equipment costs will be earned back within a three to six month period.

Spawn Room Gaming Center is composed of a highly motivated young professional who has a diverse educational background and skill sets. Our founding member has been involved in the esports community for close to ten years, so our business understands what our target market wants/thinks they want for a gaming center. We are excited by the opportunity to help bring this business to life in such a great community.

Company mission statement

Providing the highest caliber gaming environment to our community.

Company philosophy and vision

Values: Fun, innovation and community

Vision : To have a more interactive gaming environment in the State College area.

Company goals

❖ *Short term goals*

- Budget the costs of sustaining the business in State College
- Explore more options of sponsorship within the tech industry for more hardware
- Create local tournaments in popular games
- Purchase consoles (fifa, fighting games, racing games, etc)
- VR area for users to experiment with HTC vive & Oculus
- Promote gaming center in the local community (gain long term customers)

❖ *Long term*

- Upgrading existing hardware to top of the line machines
- Custom product line (for long term customers)
- Expanding building size to accommodate large quantities of gamers
- Find casting crew to build an online presence

Target market

Our target market will be residents and students ranging from 14 to 35 years of age from the State College area that do not have their own setup to game on. This age range was chosen since Penn State University and State College Area High School has the densest population of PC gamers that would be willing to spend their time and money at a gaming center. The idea of having a gaming center in walking distance of Penn State University and State College Area High School is to attract the population of students that do not own their own computer setups or could not bring them to University with them. We expect to have around several thousand potential customers within the first 6 months of opening.

Industry/growth of market

This industry is fairly new in the United States but has been thriving in South America and Asian countries since 1988. This is a growing industry within the United States (655 in the country) and a very high potential market in the State College area due to the targeted demographic. In recent years there has been a huge influx of popularity in esports LAN(Local Area Network) centers which will create a bigger draw in an area like State College, PA. In 2017 the esports market revenue brought in 655 million dollars. The majority of this came from sponsorship, advertising, merchandise and events. The market revenue is expected to grow 40% each year and by 2021 it is expected to reach 1.65 billion dollars. With this growth in the esports market it will directly impact the popularity and customers of LAN centers. LAN centers will have similar draws that sports bars do to sports fans because of that sense of community. Much like how people go out to sports bars to meet others with similar interests/watch sports. The gaming center will cater to this appeal with different game oriented events year round.

II. Products & Services

Your company's services:

Our Company will sell the use of our hardware to customers for an allotted amount of time during hours of operation. Each customer will have the option of buying an hourly plan, day plan, or a month membership depending on how much time they expect (want) to spend at the LAN center.

The problem the service solves:

With a gaming center located in State College it will help draw more potential customers downtown to help the local economy. This will also provide customers with high-end gaming setups to enjoy their time there. The center will also enable gamers to meet others with similar interests and create their own local community.

Any proprietary features that give you a competitive advantage:

Our company will have a competitive advantage since we will be the first LAN center in the area. Though, when the University creates one or if other business owners create competition, our company will be able to promote ourselves to a wider group of people and adapt much faster due to the connections and input from our customers prior.

How you will price your product or service:

We have looked into the closest LAN centers (located in Philadelphia and Pittsburgh) they all have an hourly price ranging from \$3-\$8 each hour of game play. They additionally have a set price from \$10-\$15 for the day of game play. By modeling off of these business we concluded that our gaming center will have several tiers that you can pay to play. The first tier will be a flat fee of \$7 per hour that you will purchase upon arriving. If you want to play more hours you will have to purchase more time at the register. The second tier will be a day plan where the customer will pay \$12 to play for 2 hours. The rest of the tiers are listed below.

Tier 1: 1 hour of play = \$7.00

Tier 2: 2 hour of play = \$12.00

Tier 3: 3 hour of play = \$17.00

Tier 4: 1 'day' of play = \$70.00 [1 'day' of play is from payment time to closing: could be up to 12 hours of play]

With this system it allows the gamer to save money if they plan to come to the LAN center each day of the month and creates a 'need' to come back regularly.

There will also be small snacks and drinks that the customers may buy while spending their time at the gaming center.

III. Marketing Plan

Market research

As previously stated, the potential target market for our LAN center will be directly impacted by different esport events around the world. Each year the value of the market increases by 40% and it is expected to have a market value of 1.65 billion US dollars by the year 2020. With this in mind, the gaming center will be targeting gamers that want to experience a(n) esports/gaming community while as using high profile desktop computers as well. Our target market will not be the entire gaming community since it is too vast to target, but it will be the majority of that community in the State College area.

Barriers to entry

There are a few barriers to entry in creating a gaming center. The main two are computer/equipment costs and finding the correct location. Computers are a huge cost since an average gaming setup will cost \$1,000 for the desktop, \$200 for a gaming monitor, \$160 for a gaming mouse & keyboard, \$200 for a gaming chair, and \$15 for a mouse pad. Take all of these costs and multiply it by 30 and that is the initial cost of computer equipment. The price of 30 computers and peripherals will be roughly \$45,000. Though, there is a possibility of buying bulk deal with different computer companies, thus lowering the price to around \$28,000.

The other big barrier of entry is insurance of all the equipment. Since there will be around \$45,000 worth of equipment in the store at all times insurance of the business will be \$4,320 yearly with a \$500 deductible.

On top of all the equipment & insurance costs there will have to be a renovation cost of the brick & mortar site of operations. This can range anywhere from 10,000 - 30,000 dollars depending on the condition of the location.

The overall barrier to entry is the initial cost of supplies and setting up the store. It will be somewhere around 78,000 to start the business. [3 month turn-around with 50 customers spending \$15 per day] ---- [6-8 month turn-around more realistic]

Equipment list:

Item name	Number of units	Estimated price
Desktop computer (with monitor)	30	31,000 (51,000)
Gamer chair	30	2,100
Mouse pad	30	300
Gaming mouse	30	720
Gaming Keyboard	30	900
Gaming headset	30	750
USB stereo sound card	30	300
Table	11	1,000
Speakers	5	800
Projector	1	490
	TOTAL for equipment	38,360 (58,360)

Table 1.0 [There will be a bulk deal with the computers + monitors, so expect a cost of around 30k]

Threats and opportunities

There will be two threats with this business. The first of which is Penn State University. With esports programs growing nationwide, more and more universities are creating gaming rooms on their campuses for students & student athletes. So if Penn State creates their room first it will directly impact the amount of customers my LAN center will get. Though, if I am able to install my business first that will help create a community within the center, thus retaining customers even after the university creates their LAN room in the future.

The second threat will be with the equipment. Since the computers will be used each day there will be a threat of customers damaging the equipment through usage. Though, we plan to have the customers sign a terms of use document to protect ourselves and the customers. This will help our business pay for damaged equipment.

Competitors

In the State College area there are currently no competitors that would greatly impact the gaming center. If we really wanted to name a competitor it would be the Break Zone (in the

HUB). This location allows students and the local population to pay hourly to use the billiard tables and the several gaming consoles they offer. Though, this will have no impact on the LAN center because we will mainly draw our income from renting our PCs as a service. In the future, we do expect the University to create an esports program along with a gaming center/lounge. This will be difficult to access if you are not in the program or a student. With our business we plan to cater to all gamers that walk through our doors.

Positioning/Niche

The gaming center will be targeting gamers and esport enthusiasts alike. By understanding our target market we are able to appeal to the local gaming community.

How you will market your product/service

Advertising may include:

Search engine optimization (SEO)- we need to specify certain markets and keywords in order to make our product easily findable. A phrase like “gaming center” might be appropriate.

Paid Search: We need to invest to get our product suggested on google, and perhaps banner -on other websites

Social Media- We can designate one of us as a social media manager to bridge the gap between us and our facebook, Instagram and Twitter communities.

Local Businesses/Student clubs- We will contact local businesses and student organizations (college & high school) so that our business can go around word of mouth within the community.

Pricing

As stated previously we are going to base our price off of the east coast average cost of LAN centers. There are four main hubs that support LAN centers. One being in Philly, New York city, Orlando, and South Carolina. Each of these areas have a steady infrastructure that gives the gaming community an actually in person area to meet, play, and hangout at. The price ranges from vastly so we have created a tier system that everyone will be able to customize to their game time.

We will be setting the price of \$7 of 1 hour game play and several other tiers for longer gaming sessions.

Tier 1: 1 hour of play = \$7.00

Tier 2: 2 hour of play = \$12.00

Tier 3: 3 hour of play = \$17.00

Tier 4: 1 ‘day’ of play = \$70.00 [1 ‘day’ of play is from payment time to closing: could be up to 12 hours of play]

Creating this system will ensure a steady flow of revenue to our business and give the gamer a customizable play time. Though, through the research our business has conducted the average time spent gaming in these locations are 3-4 hours. Therefore, the majority of the customers will choose to pay the \$17 for the 3 hour period. Since this would be the only business of its kind in a three hour radius (any direction) our business will be able to set the price point and adjust later if needed.

Location or proposed location

Since this business revolves around the fact that there is no other competition in the State College area, we plan to open the business around College Avenue. Currently we are looking at the property located on 124 West College Avenue. It has 7,200 square feet and costs 7,520 each month. Or the 232 east college avenue location that has 4,000 square feet and costs \$4,366 per month and would require little renovation. By securing a location that is close to the on campus dormitories and campus it will ensure that Spawn Room Gaming Center will get a big portion of the College student population as customers.

Customers

As stated before, Spawn Room plans to target to local gaming population either in Penn State University or the surrounding High Schools in the area. The initial target market will be those of which do not own their own gaming computer or a highly capable one. The secondary target will be those that are gaming enthusiasts that want a sense of a community. By gaining both types of gamers/customers we will be able to maximize profits.

IV. Operations Plan

In-store items (computers, wiring, etc.)

The in-store equipment will be found in table 1.0 above. These will be arranged within the brick & mortar location upon completion of the renovation and wiring for a network. When ready, the tables, speakers, projector, and chairs will be moved in first. The wiring for each computer/station will be routed next. The last step will be setting up each of the computers at the many tables and making sure each boots properly. After we quality check each of the pieces of equipment we will install a chain for each of the computers so an admin is able to mirror update/control each individual computer if/when needed in the future.

Location

State College, PA

We plan to use our ties to the University for connections and resources needed to become a successful business. Our familiarity with the area can further assist the growth of our brand locally before branching out across the country. We plan to be able to gain a large following on college campuses due to many gamers wanting a sense of a community & place to hangout/meet people with similar interests.

Legal environment- Terms of Use in-store

Currently we will need to copyright/trademark our company's name. We will also need to create a terms of use in-store policy to have our customers sign/agree to. This will be created to help protect ourselves from any damages and the customers understand the terms to use our equipment.

Insurance

Personnel

Spawn Room Gaming Center will have one primary owner with several potential investors that can impact the business's future plans. In the beginning of operations we plan to hire two part time workers to help sign customers in and keep track of their play time. As our company grows, we will bring on several full-time workers to help with financial, marketing, and other tasks. Each employee will have equal opportunity and be deemed with equal responsibility with whichever tasks they are in charge of at Spawn Room. Part-time workers will be paid hourly at \$8 starting. Equal pay is ideal for all full time workers, however cannot be expected until we reach positive cash flow. There will be light training for the part-time workers, so they understand how the business expects them to interact with customers and company equipment. The training for full-time workers will be minimal since they will be expected to be experts in their chosen field of work.

V. Predicted Monthly Costs

Item	Cost
Building Rent	\$8,000
Internet	\$200
Security	\$150 bi-annually
Employee wage	\$4,070
Marketing	\$200
Events	\$100
Food/Beverages	\$100
Total	\$12,682.50

The costs above are estimates and may change due to other variables.

VI. Final Thoughts: Purpose

Expansion Plans

Our business plans to have several expansions occurring every three years. Initially, we will start the business with 30 active gaming setups with four spares in-case of malfunction. After the seventh month mark, if our numbers are correct we will start to make a profit then. With a positive cash flow we will invest some of this into console setups. This includes ps4, xbox one x, nintendo switch, or whatever is the current device of the time. We will also purchase the appropriate peripherals, TV's, and seating to have maximum enjoyment while gaming. Around the sametime as this, our company will also invest in two VR HTC Vive headsets.

Though, since technology advances at an extremely fast rate, our company will plan to hold onto \$32,000 as a budget to replace our computers, consoles, VR headsets, and any other outdated technology. This process will occur roughly every 3-4 years for computer setups and 5-6 years for consoles.

Purpose

As a company, I want to bring a high caliber gaming center to State College Pennsylvania. This will give me a career path in a field that I love and that my University major/minor helps me greatly achieve. I want to see the gaming community grow in a positive direction and I see great potential with it here in State College after being here for several years. The future of this company I want to see it grow and succeed. But after years of having this successful LAN Center, we plan to either expand to another larger location or have two separate locations that will offer the same services. Within 10-15 years of this business, depending on how well our profits are, I plan to sell it off to a new owner or an interested investor.

Sources:

<https://www.statista.com/statistics/490522/global-esports-market-revenue/>

<http://gamesync.us/the-viability-and-growth-of-lan-gaming-centers-in-esports/>

RENT:

<https://www.statecollegedowntownproperties.com/images/232ecollege.pdf>

.xcf - floor layout for 232 east college ave

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Additional thoughts

sponsorships(?) Gravity gaming, cougar gaming, alienware, hp omen, massdrop, microcenter, corsair, gigabyte,

Membership program, punch card

security cameras, fighting game controller, expand to consoles , switch dock

<https://www.pancafeopro.com>