

Imagine if developers did not have to spend money to acquire customers and, even better, players will **pay** to be acquired. "Player Acquisition Costs" become "Player-Acquisition-As-A-Service."

- Convergence of 4 Dimensions (Convergence or "the company") is a software company.
- Convergence's system is a win-win-win-win for the players, developers, locations, and our stakeholders.
- Our team's pedigrees come from original Atari, Nintendo, Namco, Sega, creators of the Xbox and Disney Quest.

The company is requesting funding of \$2,000,000 to prove out the model in a public test. After the model is proven we are looking for a follow on of \$8,000,000 to quickly scale our initial product in the market: The Player-Acquisition-Engine.

The Plan

Convergence has created a Player-Acquisition-Engine (PAE) backend with three access points. These access points are 1) the Prize neXus, 2) the neXus Trade Binder App, and 3) the online neXus Marketplace. The main driver leverages our partner's existing card swipe technology which currently facilitates tens of millions of unique player trades (between arcade prize tickets and physical prizes) each month. Here we are giving players a far better option than what is currently available in the arcade prize centers.

1. **The Prize neXus** is poised to disrupt the redemption center prize market by offering digital prizes, or Crypto Collectibles, in the form of collectible Non-Fungible Tokens (NFTs) in the place of traditional prizes. These prizes are collectible, i.e. *CryptoKitties*, and can be directly from a video game that players can play with in game, i.e. *Gods Unchained*. The Prize neXus is a touch screen display run by a small computer connected to the internet. Convergence just provides the software as we already have relationships with the top industry manufacturers, distributors, locations and service providers who will handle the small hardware requirements. Customers will be able to use the interface to choose and purchase the digital prizes and immediately send them to their neXus Trade Binder, thus capturing the player.
2. **The neXus Trade Binder App** allows the player to take their prize home and for the first time, trade their video game assets with their friends outside of the confines of the game. This is exactly how they currently trade Pokémon and Magic: The Gathering cards at school during breaks.
3. **The online neXus Marketplace** allows the players to buy, trade, or sell their NFTs from our web portal.

Prizes will also be available for direct purchase in the app and in the marketplace using our Droid Token. Users will be able to move prizes into their favorite video games via the app and marketplace.

The Droid Tokens have already been created and a deal is in place to bring them to the exchanges once the Prize neXus goes live in partner locations.

How Redemption in Location Based Entertainment Works Now

The redemption process is a unique transaction in retail. It is the only time where the buyer spends their money up front (playing the games) and later selects what they spent it on (at the prize counter.)

The average game player enters an arcade with \$20 to spend in the games. Of that \$20, \$3.75 is the cost of items purchased by players with their tickets or points. **This average \$3.75 per player is the amount we will realize when we convert to their tickets or points to digital prizes.**

There are numerous known flaws with the current process from the point of the brick and mortar vendor:

- The prizes can be broken during shipment, during handling to get to the counter, or damaged once handed to the customer.
- The prizes, especially smaller items, are easy to lose or steal.
- Unpopular prizes may not move and will often be sold at loss.
- Items that are suddenly hot may be out of stock from a manufacturer or not make it to the facility fast enough to satisfy a demand.
- Popular prizes may run out
- Square footage for storing backup stock must be designed into the layout of the facility and is non-revenue generating space.
- The stock kept in each location ties up cash, which is not realized until the transaction is complete. In many cases the amount of cash tied up can be in the tens of thousands of dollars.
- Discarded, lost, or broken product often finds its way to the floors and behind furniture or games and labor dollars must be spent to clean it up.

From the point of view of the customer there are also flaws:

- The process of choosing prizes is often a letdown, leaving many customers disappointed with their purchase.
- Prizes acquired one day are often lost in the facility, in the car, or in the house. Parents often find and throw away the smaller items, candy, or other unwanted prizes.
- The prizes have little to zero value once obtained.

How Redemption Will Change with the Prize neXus

- Digital NFT Prizes cannot be broken, stolen, or lost, as they have no physical form, saving the brick and mortar location money. They also require no storage space and cannot litter the floor.
- Unpopular items will simply disappear from the touch screen interface at no cost to the facility
- While there are limits to the number of prizes offered, this creates value. There will always be plenty of items to offer at every price point in the Prize neXus.
- Convergence is paid for the items at the time of transaction, leaving cash available to the facility that would otherwise be tied up in redemption stock.
- Our prizes “don’t suck”, and will be much cooler alternatives to the common bouncy ball, foam airplane, etc.

- Prizes that users no longer want can be traded peer to peer with other players via the neXus Trade Binder or sold on the neXus Marketplace. They will never be tossed away by a frustrated parent.

How the neXus makes money

As stated above, the facility pays for an item at the time of transaction. While the value can vary by location, we can assume that a ticket or point is valued at 1/3 of a penny for this example. A prize that is valued in the Prize neXus for 60 tickets will cost the brick and mortar location \$.20, which will be paid straight to Convergence. We assume that no less than 10% of active customers will choose our prizes over the standard redemption counter prize and that they will possess a smart phone for completing the transaction. We are aware this eliminates most players under 10 and feel justified that some parents will let their children's items be stored in their smartphones (for those too young to have one).

The cost of our goods is included in our developer spend or will be zero in the case of developer partners offering their NFT's to us in exchange for players.

Additionally, users will find items offered via the neXus Trade Binder, as well at the Marketplace, available for purchase using our Droid Token. Users can purchase the items via fiat which will convert to the token value or can push the item out of our app and onto the blockchain, allowing them to sell items for another currency such as Ethereum or to trade out of network. Pushing their item off our network will impose a gas fee in our token.

The Player Acquisition Engine

The Prize neXus will feature unique, eye-catching items offered to players under time constraints, encouraging players to make snap buying decisions. Once the player owns the item, they will need to get the game to play with their new digital toy. To receive the digital toy, the players must have a digital wallet or trade binder.

Convergence gives developers access to the neXus PAE for them to adopt new players quickly with little upfront cost, time, industry expertise, or marketing. As the neXus Trade Binder, Marketplace, and Prize neXus puts their video game assets directly in the hands of potential new users, we greatly accelerate pushing past the hardest part: player acquisition. Along with our XR technology tools, industry expertise, additional developers to help with projects, and professional QA, Convergence will have the reach to propel their projects forward at light speed.

Additionally, Convergence can help create new revenue streams, provide funding, and will market these projects and video game items along with the developer. Our platform is built with one thing in mind: all boats rise with the tide. We provide a longer runway for projects to reach their full potential.

Convergence will begin field tests of the PAE in Singapore before the end of first quarter 2019. Once the bugs are worked out of the system, portals will be rolled out to FECs all around the world offering Video Game Collectibles to tens of millions of players every month by the end of 2020.

CONVERGENCE 4D				
FINANCIAL MODEL				
	YEAR 1	YEAR 2	YEAR 3	YEAR 4
Global active digital signage displays	58,205,041	71,242,400	87,200,000	103,157,600
Total number of Entertainment Locations	50,000	50,000	50,000	50,000
Avg. Monthly Players per Location	10,000	10,000	10,000	10,000
Revenue Per Player	20	20	20	20
Avg percentage of Redemption Revenue	75%	75%	75%	75%
Cost Of Goods for Redemption	25%	25%	25%	25%
Value per Unit (Player)	\$3.75	\$3.75	\$3.75	\$3.75
Total Locations (By EOY)	225	945	1,665	2,385
Digital Signage Market Penetration	0.00039%	0.00133%	0.00191%	0.00231%
Redemption Market Penetration	0.45000%	1.89000%	3.33000%	4.77000%
Total Players (By EOY)	990,000	8,370,000	24,390,000	56,205,000
CASH INFLOWS				
Capital/Loan				
Capital (Reg A)				
Redemptions	3,712,500	27,675,000	60,075,000	92,475,000
Virtual Goods Purchases Online Marketplace	828,750	12,817,500	48,997,500	111,097,500
TOTAL REVENUES	4,541,250	40,492,500	109,072,500	203,572,500
OPERATING EXPENSES				
Redemption Robot				
Equipment Cost	450,000	1,440,000	1,440,000	1,440,000
FEC Share of Revenue	742,500	5,535,000	12,015,000	18,495,000
MFG Share of Revenue	371,250	2,767,500	6,007,500	9,247,500
DIST Share of Revenue	185,625	1,383,750	3,003,750	4,623,750
Developer Share of Revenue	248,625	3,845,250	14,699,250	33,329,250
Installation Expenses	225,000	720,000	720,000	720,000
TOTAL OPERATING EXPENSES	2,223,000	15,691,500	37,885,500	67,855,500
OPERATING MARGIN	2,318,250	24,801,000	71,187,000	135,717,000
EXPENSES				
General Management/Operations	965,656	2,066,063	2,328,091	2,623,352
Marketing	910,101	1,332,944	1,501,994	1,692,485
PR	710,101	1,332,944	1,501,994	1,692,485
Office Space	127,525	333,236	375,499	423,121
PAE Development Personnel	6,550,861	14,740,137	17,116,855	19,287,701
IT Infrastructure Partnership/Lease	200,000	210,000	220,000	230,000
Server Tranaction Costs	39,780	615,240	2,351,880	5,332,680
Manpower Overhead	1,311,808	3,427,887	3,964,089	4,466,835
Depreciation (5 yrs)	25,000	25,000	25,000	25,000
Company Insurance	100,000	110,000	120,000	130,000
Legal / Accounting	150,000	150,000	150,000	150,000
Loan Interest	587,000	587,000	587,000	587,000
Loan Repayment				
TOTAL EXPENSES	11,677,832	24,930,451	30,242,403	36,640,659
NET INCOME (LOSS)	(9,359,582)	(129,451)	40,944,597	99,076,341

Financial Assumptions

1. Global Redemption Center Locations which trade tickets for prizes is projected to be between 50K to 80K by our industry consultant.
2. Redemption center location rollout schedule is slated at acquiring 15 new locations/month for the first 3 months, 30 locations/month for the next 6 months, and 60 locations/month thereafter.
3. Out of the redemption center revenue, 75% comes from Redemptions. Out of this 75%, 25% is Cost of Goods. The COG percentage is therefore 18.75% of redemption center revenues. (Source - Dave and Buster's - SEC 10-K reports - very standard industry wide)
4. Average number of Players is estimated to be at 10,000 per month and per location. As top end arcades can exceed over 40,000 plays/month, we chose this number to represent a wider variety of location in the high-end market which tend to utilize the swipe card technology we are integrating with.
5. Out of this 10,000 per month per location number, we estimate to capture/convert 10% to its Prize neXus.
6. We plan on installing an average of 2 Prize neXus machines per location.
7. We estimate that each Prize neXus machine will cost \$1,000/unit.
8. For virtual good purchases, we assume a spend of \$1.25/month per active user. The average spend on games per user was \$87/mobile user and \$92/PC or console user in 2017. (Source - https://www.gamasutra.com/view/news/269618/The_average_US_paying_mobile_game_player_spent_87_on_F2P_IAP_last_year.php)

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