

ROI for the Range-Play Scramble System™: How “Changing Your Range” Will Affect Your Bottom Line!

Can you afford NOT to do this?

First, some questions to consider:

What is the value of:

- ❖ **Increasing usage on your range: 10% more customer visits, 10% longer time per visit, and 10% more balls hit per hour?**
- ❖ **Filling your range 4 times per week for 90 minutes each during off-peak times?**
- ❖ **“Renting” your range for a 3-hour corporate event 2 times per month and running three 90-minute leagues per week?**

The value of each of these is a minimum 26% increase in the revenue of a typical range! Combine them and “you do the math”! And Range-Play’s Scramble System™ delivers this value!

The purpose of this document is to help you understand how Range-Play and the Scramble System will fundamentally change the business model of your driving range operations to realize the value stated above. It is a summary of the business case for and Return on Investment (ROI) possible with the Scramble System. A more detailed ROI model and data is available.

THE “TYPICAL” RANGE TODAY

Let’s first consider the “typical” range business today. The typical range owner runs their business in a single mode of operation – an “open range” – where the range is available to all comers during certain business hours, a certain number of days a year. Period. Aside from some basic advertising in the yellow pages or on the web, there is little marketing done and little to market in order to drive and attract people to the facility. It is a “build it and they will come” approach. Some range owners have created alternative profit centers via amenities, like mini-golf and batting cages, to increase the value of their facility for a broader audience in hopes that it will also increase the ball rental revenues on the range. However, aside from new revenue generated by the amenity itself and some marginal cross-selling benefits, these alternative amenities actually do little to drive the top-line ball rental revenue of the driving range operations.

From our base ROI model and consistent with published industry data¹, we have characterized the “typical range” as follows:

Typical Range – Ball Rental Revenue Model*	
Annual Revenue*:	\$200,000
Tee Bays:	25
Per Ball Revenue:	\$5 per 50 Ball Bucket (\$0.10/ball)
Hours of Operation:	12 hours per day, 360 days per year
Typical Player Ball Rate:	75 balls per hour
Typical Visit Length:	1 hour

*Excludes concession/merchandise sales, other amenities, etc.

THE REVENUE POTENTIAL

Range-Play and the Scramble System can help you change the operating model of your range business in order to drive top-line revenue of your driving range operations. Our system will get more people hitting more balls on your range more often! And allow you to run your range in several different modes of operation - each mode itself

¹ Industry Sources: GRAA/NGF – “Profile of Golf Practice Facility Operations 2003”; Forecast Golf – “Ultimate Golf Range Developer’s Boot Camp”, 2003; Et.al.

providing the additional revenue needed to justify the investment – and combined provide a superior and unique ROI!

As a quick review, the Scramble System is a fully automated game system designed to enable game play on a driving range. It is played with standard golf clubs and golf balls, and can be installed on any range. It provides a new, fun, entertaining and challenging golf-related pastime to be played on the range by individuals, groups and teams. See “Playing the Range” for more details on the various game scenarios programmed into the Scramble System.

Open Range Mode

In its basic mode, the Scramble System runs in an “open range” mode as well, adding significant value to even the most typical range business operation. In Open Range Mode, the system produces visual and audible feedback as targets are hit, while either looping thru simple games or just idling, providing entertaining diversions for anyone looking to “play” or distinct feedback for those looking to “practice”. Friends can compete “one-on-one”, selecting objectives and using the system to be the “referee.” By providing a fun, entertaining and challenging “game” to play, the range appeals to a broader audience. As practice implies individual, thus play implies group or team; and moving the range from a practice facility to a playing field promotes bringing friends and colleagues – new customers – to join in the fun, more often. These new customers are avid golfers, wannabe golfers and non-golfers – all wanting to participate in the “game”. In addition, the Scramble System game scenarios introduce a time factor to the “game” and the range, which leads to more balls being hit per hour.

Revenue Result: Open Range Mode

Assuming a modest and conservative increase in business as follows:

- 10% additional customer visits
- 10% longer stay per visit
- 10% more balls hit per hour



Result: \$66K in revenue, or a 33% increase in ball rental revenue.

The compounding effect of additional customers, all customers visiting more, and customers hitting more balls per hour produces a powerful result!

Open Event Mode

In the second mode of operation, called Open Event Mode, the range is still open to all comers, but specific group-related events and games are promoted and scheduled at specific times to attract players to the range for fun and social interaction with others of their demographic group. Prizes and give-aways are provided for the “winners,” which could be the entire tee-line at the time of the winning game. Prizes could include: bucket of balls, coupons to mini-golf, discounts to a local sponsoring store, group lesson, etc. Imagine the following Open Events scheduled on a weekly basis:

- Monday Night Scramble
- Wednesday Businessman “High-Noon Shoot-out”
- Saturday AM Kids Scramble
- Tuesday Afternoon “Tee and Tea” (for at-home moms)
- Thursday “Night at the Races”
- Friday Singles Night

In addition to all the benefits of Open Range Mode above, this mode provides the range owner the ability to fill the range during off-peak and peak times at a higher utilization rate than normal. This leads to a more predictable and planned revenue stream, aside from the increased revenue in a shorter period of time.

Revenue Result: Open Event Mode

Assuming a minimum number of events:

- 4 Open Events per week during off-peak times
- 90 minute event
- 80% range utilization



Result: \$51K in revenue, or a 26% increase in ball rental revenue.

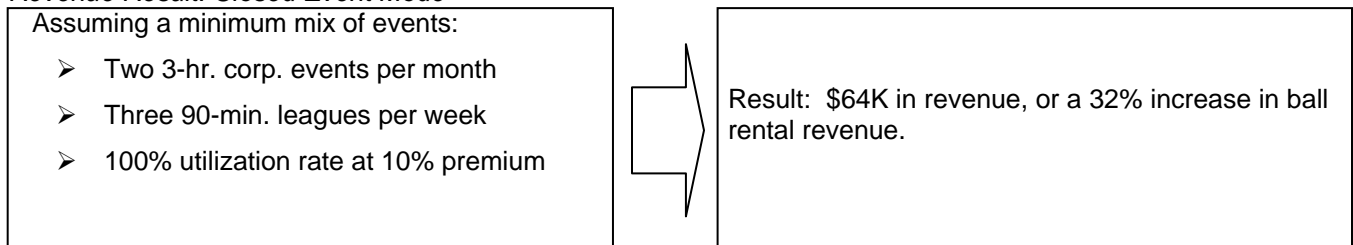
Closed Event Mode

In the third mode of operation, called Closed Event Mode, the range is dedicated to the event and is closed to the general public. In this mode, the range is essentially “rented out” for the specific period of time of the event. With the range closed, the Scramble System can easily support team competitions, such as leagues, where each team is shooting at a different set of targets competing for the best score or time of the game. Other one-off events can also be scheduled. Here are just a few of the Closed Events possible with the system:

- Leagues
 - Men’s, women’s, youth, and couples
 - Industrial
 - Teaching
- Tournaments
- Corporate and organization outings
- Charity and fund-raising events
- Parties

In each of these cases, the range owner “rents out” the facility for a flat-rate for the event providing the opportunity to maximize the revenue during that period of time, providing a predictable revenue stream, and meeting or exceeding his breakeven revenue run-rate.

Revenue Result: Closed Event Mode



THE INVESTMENT REQUIRED

Range-Play is not in business to sell you a product and walk away. Our mission and goal is to help improve your range business – top-line revenue and bottom-line profit – and to be there to support you year-in and year-out as your needs change and our expertise grows. For this reason, we’ve chosen to offer our product in a way that is somewhat new and unique to the industry. The Range-Play Scramble System is available under a licensing agreement with annual fees. Before we summarize the fee structure, we want to provide a bit more detail as to:

Why Annual Licensing vs. Outright Purchase?

- 1) The Scramble System isn’t only hardware. It contains additional intellectual property in the form of software, game scenarios, and business methods. Licensing allows us to confidently offer the entire system to you, while protecting our interests. Think about it as the difference between buying a TV versus signing up for cable television and getting the cable box needed to enjoy the benefits of the content. There are some differences, but it is a good analogy to consider.
- 2) The nature of our system is dynamic and we fully expect that our system will be enhanced going forward. We want to be able to pass these enhancements on to you. The Scramble System is not like a “dumb” target that you’ll install and forget about. We want to provide you regular updates to the software and hardware as new games and improvements are developed. We want to provide you marketing support and best practices for running your events and maximizing the revenue with our system on your range. We want to help you secure sponsors for prizes, promotions, and advertising.
- 3) The Scramble System is an automated, electronic game system designed with the reliability required for the outdoor and range environment. Even so, electronics do occasionally fail (e.g. your VCR) and the last thing you want to deal with is downtime and repairs. We want to provide you with seamless support and a 100% Worry-Free Warranty for the Scramble System.

**With Annual Licensing
we are able to provide all this and more
in a cost-effective and affordable package.**

While this may be new for the industry, we are confident based on our business experience that this absolutely is the best for you as a customer to ensure the greatest success in utilizing our System.

Fee summary for Base System Configuration – see the Standard Terms Sheet for details

Startup and First Year Fee:	\$60,000 ²	System costs, installation, setup, training, warranty, support, product updates, business/marketing consultation
On-going Annual Fee:	\$15,000	Warranty, support, product updates, business/marketing consultation

We have developed the Scramble System to be very affordable for most every range business, and particularly attractive when compared to the investment in capital and real estate needed for other typical amenities like miniature golf, batting cages, short courses, etc.

THE ROI: THE BOTTOM LINE!

Although Net Present Value (NPV) and Time Value of Money (TVM) investment factors would further enhance the ROI “calculation”, a simple observation of the revenue potential from any of the three modes of operation of the Scramble System compared to the investment required for the Scramble System shows a very attractive **Payback Period of about one (1) year** under the conservative assumptions which we’ve made. With substantial profit from operations in Year 2. If a multi-year lease is utilized to cover the First Year Fee, then operations could actually be profitable in Year 1, although overall profit would be lower over the term of the lease.

But more importantly, if you calculate the combined revenue potential of the three different modes of operation, then the increased revenues exceed 100%! You double your revenue!

Can you afford NOT to take advantage of this opportunity?

It should also be noted that the revenue potential and ROI is even more pronounced for ranges that fall below the characteristics of the “typical range” described here.

Finally, we’d like to point out that in the basic model we’ve described here, we have not tried to quantify the additional value, i.e. additional revenue, generated by ancillary operations positively affected by the scenarios described above. For example:

- Ability to increase ball price by 10-25% now that the golfer has added value on the range; A 10% ball price increase generates an additional \$40,000 in revenue.
- Increased concession sales due to higher utilization and customer traffic. Industry data shows that merchandise revenues increase faster than increases in ball rental sales. So, a 27% increase in your ball rental sales should result in an equivalent or greater increase for your merchandise revenue.
- Ability to charge even higher premium rates for “closed events.” We assumed a modest 10% premium for these events.
- Better cross-sales to other amenities (if they exist) due to broader appeal of the entire enterprise to all demographic groups.

In conclusion, the Range-Play Scramble System provides an unprecedented opportunity to increase the top-line revenues of your driving range business and bottom line profit! We are very willing to share our ROI model with you and discuss how it and the Scramble System can be applied successfully to improve your business situation.

Range-Play Will “Change Your Range”!

² Leasing terms are available for the First year Fee.