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First Round Exchange Co-Founders Eric Cromwell and Dan Schmisser wrote:

In June 2010, Eric and I created Cromwell Schmisser LLC to develop a portfolio of business opportunities, ranging from technology based economic development consulting to advising entrepreneurs commercializing early-stage technologies. Our goal was to gradually move away from consulting work and identify a business opportunity on which we could afford to focus our efforts exclusively. In short order, we were actively developing nearly a dozen potential projects and opportunities.

A few months into our new venture, we began the process of narrowing our focus to the opportunities that offered the best potential for sustaining our business. By late November, we were winding down the consulting work and focusing on proprietary concepts. In early December, we put one big opportunity on the backburner and focused our time and efforts on the business we now call First Round Exchange.

In the midst of a tough environment for startup businesses, two of the hotter growth and investment areas have been social gaming and sports content. During a creative time in the formative stages of Cromwell Schmisser LLC, we made a connection between two data points – 1) an estimated 30 million consumers participate in fantasy sports, which provide fans with a personalized “in-season” experience that increases their interest in watching sports programming; and 2) fantasy sports participation has increased consumer interest in “off-season” sports content, most notably the “Draft Season” that, in the case of football, culminates in a televised event for which an estimated 32 million Americans tuned in for at least six minutes in April 2010. We simply asked the question, “shouldn’t there be a data-driven fantasy sports experience that fans could enjoy while watching the Draft?” Drawing from the vague Draft Season analogy that “(Athlete’s) draft stock is rising” due to off-season works and interviews with prospective employers, we developed a virtual stock market game, where fans can buy or sell athlete draft stocks for their personal fantasy portfolio, and then compete with friends in their fantasy football league to see whose portfolio would have the highest value at the end of the Draft.

We began the formative processes of developing an entirely new category of fantasy sports experiences. We filed a patent application related to our proprietary game design, the scope of which is not limited to football, and a trademark application for “Play the Draft.” By mid-December, we had a proposal for tech development from a leading game engine provider and a viable path to getting an initial product to market for the 2011 professional football draft – a full year ahead of our initial projections.

By the end of January, we had raised a small round of seed capital from local angel investors for First Round Exchange LLC, a Tennessee limited liability company. In addition to the LA-based technology company on whose platform our initial game has been built, we are working with Tennessee-based service providers for application development and creative work as well as most of our legal services.

Our introductory game product will be launched this month and played through the first three rounds of the April 28-29 professional football draft. Sports fans will have a choice of three ways to play: as an individual, competing with other avid fans on the “Global Exchange;” in a private league, where fantasy football participants can “keep the league together and Play the Draft™” and in an invitation-based “Draft Party,” where participants can Play the Draft™ in an event sponsored by a sports bar, a sports radio station, etc.

We have realistic expectations for this initial product launch, as we are introducing an entirely new experience into the market; however, the experience of serving real customers will be invaluable to our product and partnership development plans for the 2012 Draft Seasons. We also are watching with interest the labor negotiations between NFL owners and players, and though there could be challenges to the system of professional sports entry drafts that has been used for decades in North American sports, we have talked to many experts who believe that the draft system is sacrosanct, widely beneficial and will survive intact. But no matter the outcome, we believe there will be opportunities to adapt our products, within the scope of our applied for intellectual property claims, to keep this high-potential business viable no matter the outcome of the labor matters. ###