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# THE NEXT

## DIGITAL GAMING INDUSTRY: CEO INTERVIEW SERIES

### Volume 17: We revisit KUTT with CEO Sim Harmon



**Sim, it's been nine months since your insightful feature in Volume 2 of The Next, and we're thrilled to welcome you back to learn about KUTT's journey since then. Can you share how the platform has progressed since last July, and what key factors have been the driving force behind that evolution?**

Thanks for having me back and for the chance to highlight KUTT again. We've had three consecutive quarters of meaningful growth since we last spoke. This year's March Madness was our best three-week period ever, and all numbers are up YoY despite lower (but more purposeful) marketing spend from this time last year. While we haven't grown as fast as some others in the space, especially those who have jumped headfirst into "Sweeps," we continue to develop our differentiated social-first platform, while being more intentional about spending.

**You recently announced that Tim Ryan, former U.S. Congressman, has joined as a senior advisor. What are the primary areas where you expect his experience to be most impactful, and how will his role contribute to KUTT's growth plan?**

The obvious answer here is that Tim will help us navigate the regulatory landscape and legal changes in the space, not too dissimilar from Kalshi bringing on Donald Trump Jr. a few months ago. Tim brings us credibility, along with a ton of relationships on both sides of the aisle at varying policymaking levels. Beyond that, Tim is a huge proponent of technological innovation in this country, and our belief is that he can assist us in getting our voice heard in some of these ongoing regulatory debates.

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**When we talked almost a year ago, we discussed the significant growth potential you saw in the social betting space, with the P2P category poised to become a leading sector in the digital gaming industry. Looking back, do you still hold that perspective, and how, if at all, has your view on the evolution of this space shifted?**

I still believe that P2P betting has a major role to play in this space - but what form it takes is beyond me. Perhaps P2P operators continue as standalone entities or perhaps the traditional operators begin to offer P2P. Maybe it comes in the form of prediction markets (even though PMs aren't logistically P2P). One thing I do know is that people like to bet directly against other people (whether that's their friends, other fans, or some rando on X), as social bragging rights are as old as humankind. Too many people in this space are so focused on pricing that they forget what betting is really about...which is to get paid for being right. Moreover, the younger generation craves a social component to their betting, which is still lacking among so many of these other operators we see in the industry. We're still bullish on social P2P.

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**As you assess the current market landscape, what are the most promising avenues for growth and expansion for a platform like KUTT, and what are the most significant hurdles?**

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The hurdles are obvious - overregulation, competition (dare I say oversaturation), and user education. Those haven't changed since our first conversation and likely won't change in the foreseeable future. It's the nature of this industry. But we continue to carve out our own niche in the space. As a reminder, we are a "Social Betting" platform, where ANYONE can bet on ANYTHING. Not just sports. To that point, we continue to prioritize markets outside of sports - this goes beyond pop culture, politics, finance, etc. to also include hosting bettable markets for brands and companies who want to incorporate betting into their events.

**How do you envision the potential impact of emerging technologies (ML/AI, advanced analytics, etc.) on the future of social betting and your platform? Are there any specific technological innovations that you believe could give KUTT a competitive edge?**

AI is not the solution to everything, and serves more as a complement to existing processes rather than a replacement in most cases. For us specifically, ML/AI does have the potential to offer insights into betting behaviors and patterns that would allow us to offer a more personalized experience for each user. Instead of seeing the full offering, they'd see markets and users relevant to them. ML/AI also has the potential to offer users a conversational experience to weigh out their betting options. Similar to how a travel agent may help you find the right flights, a chat bot could help you make the right picks. The goal here is personalization and we are already implementing some of these tools into our product.

**I'm particularly interested in understanding the core technology that powers the KUTT platform and its P2P functionality. Could you provide a simplified overview of your patent and the key technology it protects?**

We were granted a patent several years ago for our P2P betting technology...before P2P became a "known commodity" in the US betting space (Patent #11,557,171: System, Method, and Non-Transitory Computer Readable Medium for Peer-to-Peer Wagering). In layman's terms, we have a patent for:

- A peer-to-peer betting platform that offers real-money mobile betting between two identifiable counterparties on sports and other events, with a pre-funded payment request and automated payout upon the conclusion of the event.
- Smart-matching technology of identical, opposing bets.
- Partial-filling (aka "fractional filling") of opposing bets with different value amounts, similar to partial filling of a stock order.

The big thing here is the identifiable counterparty bit, which lends itself to our "social betting" focus.

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**Shifting gears here, I'd love to get your thoughts on the current regulatory climate in the industry. The gaming ecosystem is currently facing increased regulatory oversight, particularly at the state-level where regulators are challenging whether sports event-based contracts constitute unlicensed gambling. Similarly, the CFTC is reassessing its stance on prediction markets and the definition of gaming. What are your thoughts on the regulatory environment this year, and how do you see this playing out?**

Something's got to give, and I think that Prediction Markets (more specifically, the CFTC's tacit approval of their sports contracts) could be the catalyst we've all been waiting for. While everyone was arguing about the appropriate speed limit on the highway, Kalshi was building their own interstate. I don't foresee a future without prediction markets, and I think it's silly to assume that prediction market operators will be precluded from offering sports wagering/trading on their platforms. The genie is out of the bottle, and prediction markets have too many advocates in the current Administration for it to be put back in. States can scream all they want, but I think that Kalshi, Robinhood, Crypto.com, et al. will tell them to kick rocks. And, \*if\* DraftKings decides to pivot to a federally-regulated bet-on-anything platform (odds are >0%), then you can kiss the sports betting industry goodbye, at least in its current form.

*States can scream all they want, but I think that Kalshi, Robinhood, Crypto.com, et al. will tell them to kick rocks.*

The question I've been trying to answer is whether the Prediction Market space will offer a more level playing field than what we currently see in the iGaming space or if we'll have another industry with a duopoly at the top. Any startup attempting to make "the switch" could be jumping out of the frying pan into the fire, as competing with Robinhood is arguably worse than competing with DraftKings. But we'll see!

Regardless, the end game is the same - one day, you'll be able to place a bet on anything from your phone in all 50 states. They may call it "trading" but the experience will be the same.

**In your opinion, what would be the fundamental elements or crucial steps required to establish a truly stable and sustainable market within this evolving landscape?**

The patchwork of laws and regulations in this space is a double-edged sword. On one hand, it allows companies like ours to carve out our own niche; on the other hand, you're constantly having to look over your shoulder for possible trouble. Here are some things we'd like to see that would benefit everyone:

1. Regulator and lawmaker education - educating those in power that not all operators/models are the same, and therefore should not be treated the same; measures that foster innovation and allow startups to compete (financially and geographically) should be common sense
2. A more transparent lobbying/lawmaking process - everyone deserves to know the special interest groups behind these iGaming bills across the country
3. An honest conversation about why certain iGaming companies get pushed on social media, in the news, and by affiliates - surprise, it's not about what's best for the consumer

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4. Eliminating the cap on state licenses and vastly reducing the price of a license - if the states want revenue, then they should increase the number of licenses and lower the costs of the licenses (rather than the opposite, which is what they've been doing for years)

**Considering KUTT's presence across multiple verticals, what is your ideal position within the broader digital gaming ecosystem?**

We want to be the go-to platform for people making friendly (or not-so-friendly) wagers against other people. That could be friend-to-friend bets, bets between rival fans, bets on Twitter/X, and bets between total strangers. We want to be the Venmo of betting. In that sense, the focus is less on the transactions, and more on the community that's being built around betting. On all topics and interests.

Growth for us hinges on an engaged userbase and a differentiated product. Anyone can attract customers when you throw money at them, but a happy userbase and a cool product is what drives organic growth and retention.

We continue to look for brands and ambassadors who want to engage directly with their audience via betting.

**Question for Joel: Thank you for taking the time to further discuss KUTT's journey and sharing your perspective on the current state of the gaming ecosystem. As a new addition since your previous feature in The Next, our participants now have the chance to pose a question to me about the industry. Go ahead and ask me anything.**

What has been the biggest change you've seen in the industry in the last 6/12 months?

**Wow Sim, where do I begin? I've been around gaming since I started my professional career journey in 1998 as a bond analyst following the sector at Moodys. The velocity of change and innovation we have seen in the last year frankly has been more substantial and rapid than at any time in my career. On a personal level, all of this disruption has played into my thesis on building XST as we can serve the fast growing early stages companies leading this change. Quite frankly to see the expansion of your product type P2P wagering, as well as the substantial growth of DFS+, the broadbased rise of sweepstakes, and now prediction markets (once an afterthought) has been incredible. We are definitely at the tipping point where digital is poised to eventually overtake land based gaming is here.**



### Sim Harmon - Biography

*Sim Harmon is the founder of KUTT, a social betting app that allows friends and strangers to wager directly against each other on sports, politics, and pop culture events. He graduated from Wofford College ("the Harvard of South Carolina" - Sim) in 2013 with a degree in Finance, and then spent four years at UBS Private Wealth Management in Atlanta, followed by five years in business development at a fintech startup in New York City. When he is not focused on building the betting app of the future, Sim enjoys competitive games of any sort, going down Wikipedia rabbit holes, supporting his South Carolina Gamecocks, and traveling.*

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