

Curated Canadian Content, Independent Film Streaming Platform

Indielist, July/2020

Business Proposition

Written by Justin J. Nelson

Mission

To address the surprising lack of funding faced by the independent film sector. There are many grants and funds, but thousands of IP (Independent Productions) still go unrealized each year, but with no sign of larger platforms carrying some of that weight anytime soon.

The Product

The product will feature first-to-market offerings such as exclusively short format content, the ability for users to engage with content creators and fund creators' future content via direct contribution, similar to crowdfunding. Phase 2 will see the addition of macro-licensing for non-profit cinemas to buy into, and an amalgamated ticketing platform, much like that of Cineplex, giving a truly grassroots, custom solution to cinemas.

Opportunity

Having many (5) years of experience as a client/end-user in the space targeted, Justin J. Nelson (the project lead) sees an opportunity. With in-depth knowledge and a background in project management/business analysis, he can make everything as the end-user would want it. Justin has extensive experience in the film industry and vast knowledge of the inner workings of the content production and distribution networks. The current state of film streaming is alright but ancient and outdated. This project changes the game, even beyond Quibi.

Market Size & Need

Trends for the future are looking positive. We have record-breaking production levels in the film industry at 452 productions between April 1st, 2017 and March 31st, 2018, generating a reported \$3,443,427,025 in revenue for the province — many of which dollars came from the subscribers of film streaming platforms. Those figures are an increase from 338 productions and \$2,624,268,100 in revenue from the same period one year prior and 297 at \$1,922,545,933 in revenue for the same period before that. Present options provide an inadequate solution. The money from film streaming platforms never really goes toward Independent Short films. We can take a strategic, grassroots approach to fund independent short movies and still make money without gouging our valued users.

Competitive Advantage

The NGO film streaming industry is underserved and has disregarded the market for innovative content delivery solutions that improve the quality of both the content and the user experience. The product will increase the client's overall options. It will create value for content creators, their audiences, and the stakeholders investing in the platform. This product – defended by thoughtful design, a strong value proposition, a focus on the client experience, and an attractive brand – will provide a unique market advantage.

Financial Plan

Financial projections show quick profitability, high gross margins, and rapid cash accumulation. Indielist becomes profitable in Q3 of FY 1, breaks even in Q2 of FY 2, and has a 2-year ROI of 90%. Total equity reaches \$2,900,000 by FY 3, with steady growth, reaching \$5,000,000 at a healthy rate. To effectively manage cash and capital investments, business operations will be extremely lean, to begin with, strategic outsourcing and an initial strategy focused on minimizing costs and risks.

Marketing Plan

We intend to define a new, for-profit social enterprise category and position our platform as the definitive iconic solution in the short-form film content space and Indielist as the ultimate brand. We will communicate the unique benefits of our offerings for emotional buy-in, supporting a creative cause and quick turnaround on the creation of new, original content on the platform. Marketing investments will focus on brand development, events, social media presence, trials, value-added partnerships, and prominent online/offline ad campaigns.

Business Strategy

Macro-Licensing, Subscriber Segmentation Investment Model, Product Placement Revenue Supplementation. See EXT Documents.

Team & Advisors

Indielist's core team and advisors provide an eclectic variety of combined experience in a wide array of professional backgrounds. We have deep contact networks and many resources at our disposal. These are not commonplace advantages in many business launches.

Executive Summary

Industry: Entertainment

Primary Market: Online Content Streaming

Secondary Market: Independent Short Film Production

FTEs: 5

Incorporated: TBD, pending agreement w/investor(s) and in-kind stakeholders

Founder: Justin J. Nelson

Contact: jjnprojects@gmail.com or 778.806.3007

Company Stage: Seed Round

Capital Raised: (not yet applicable)

FY 1 average estimated revenue per month: \$14,800/month
FY 2 average estimated revenue per month: \$140,900/month
FY 3 average estimated revenue per month: \$435,000/month

FY 1 average estimated monthly net burn:

\$3.9K/month

FY 2 average estimated monthly net burn:

\$9.6K/month

FY 3 average estimated monthly net burn:

\$31.8K/month

Seeking: Minimum \$175K - Maximum \$450K, depending on comfort level of investor(s). Will take multiple financiers if needed.

Use of funds: The more we get, the more we build. Platform design & create, aggressive marketing campaign, opening cash (\$100K), legal expenses, overhead where paying by the year is more economical (due to discounts), and the initial purchase of software licenses/initial payment to developers & other contractors.

Accounting: Amanda Williams, CPA

Investor/Financier Qualification Criteria:

- Venture capital firms, large businesses, or individuals with an annual income of at least \$200K (or \$300K household income) or a net worth, excluding residence, of \$1 million. See BC Securities Regulations for details.
- Silent investors given priority.
- Able to very comfortably invest no less than \$10K
- Open to at least discuss loan investment option before equity investment discussions

- Loan investments given priority, in order to protect later growth
- Other options include incorporation syndicates, convertible notes, in-kind services exchanged for equity, etc... We are open.

Top Competitors: Quibi, Netflix, Mubi, CBC Gem, NGOs

High-level Summary of next steps (in order): Design & trademark/clearance of brand, development of landing page, set up of referral link tracking system, procurement of graphic & UX/UI designers, outreach to influencers and organizations with mailing lists, online ad campaign, offline ad campaign, procurement of curators, application to grants/government funds & creation of crowd funding pages such as kickstarter/Indiegogo/etc.

Major Expenses: Payment to developer (\$65K), Marketing push (\$20K), subsequent iterations (\$30K), Salaries & other expenses (\$40K)

What makes this an excellent investment:

- A service always in need is a safe investment
- Content is king, especially during recession
- User subscription revenue = steady & passive!
- Low cash burn due to lean overhead approach.
- Virtually no employees req'd, no equipment leased, no pricey store front real estate, etc...
- Clients are passionate fans and film industry professionals, filmmakers bring add'l clients due to audiences of content they produce.
- Film industry = huge potential for a lot of money to be made — you want to make money, go where the money is; it can be ridiculously lucrative.

- Hands-off, silent investment. No work required by you. We take care of everything. You just wait for money to go back into your bank account
- Scalable. As the user base grows, revenue grows with it, but overhead remains low, with little infrastructure or staffing expansion required, resulting in higher profitability on the initial stake.
- You invest in this project, we give you equity to the entire portfolio (percentage to be negotiated).

A note on IP industry impact and the platform's potential in today's flourishing climate

We want to take 50% of revenue and put half toward content creation by funding the IP space and its festivals. The other half will go toward creating exactly the perfect platform for exactly the perfect experience, giving users the ability to not only control their environment, but engage directly with content creators in an unprecedented overhaul.

The amount of resources and connections we have as film industry professionals is quite impressive, but one thing we do not have is our very own "Netflix" in which we control the front end. Take McDonald's as the perfect example of success story when a company is in control of more variables: McDonald's started with just a store front and a few good people. When faced with the challenge of not being able to control all the variables, they started to buy out their suppliers, giving them more control over every factor of the industry they were in.

That is what we want. We want to control what IPs are funded, we want to know our users and their sentiment, right where our content is being watched. We don't want to use 3rd party tools or wait to see what's ordered next with money another streaming platform is making, any longer.

We've got writers, producers, unions, equipment, crew members, etc... but we never get to see the data that helps us do our jobs better. The better we know the user, the more content they will want from Canada, and the more jobs we can create, right here at home — it's simple. Fulfill demand, create demand, gain audience, create funds, create content, create jobs, create consumption, gain insight, develop based on insight, rinse, repeat.