

Problem Overview

■ Consumer Perspective:

- New films immediately - when, where, and how they want them – at nominal costs – a legal alternative

■ Partner (Film Studio/Production Co.) Perspective:

- Exploiting the substantial revenue generating opportunity from the mobile/wireless platform (connected smartphones and tablets) in its own right (rather than just as a freely bundled option with VOD and DVD release of each new film)
- Fully harnessing the unique and powerful mobile/wireless platform (connected smartphones and tablets) for optimally marketing new films, one-to-one; both through demographic-based mobile push campaigns to drive increased sales conversions, as well as a rental release platform for creating increased buzz for the film across all concurrent and subsequent platforms
- Combat piracy of new films by offering an immediate legal alternative at nominal cost
- Fully leveraging and monetising premium content – including association with advertising.

Unfair advantage

Do you have a scientific breakthrough, intellectual property, business-model innovation or a unique partnership? Address the innovation in significant detail—think science and engineering, not marketing. Explain the principles of the technology.

- We have a business-model innovation in that we will release each new film (independent and world/foreign films with A-list talent/stars) for rental on 4G/Wi-Fi Platform (connected smartphones and tablets) DURING the Theatrical/Cinema Release Platform within territory. While conventionally new films are typically released Theatrical > VOD, DVD, Pay-TV > Free-TV. Furthermore, our ability to innovate with the release order is also due to the fact that we acquire all distribution rights for each film (VOD, Theatrical, TV, and DVD) within the territory, having one foot in traditional and the other foot in digital media/platforms.
- As we only deal in Independent and World/Foreign Films (still with A-List Talent/Stars), as opposed to Hollywood/Mainstream Films, there is more scope to innovate with release order – as the studios/production companies and theatrical exhibitors for these independent and world/foreign films are much more open to any innovation and initiative that increases revenues, buzz, and interest for these films. Plus we create a win-win outcome with partners: 50% Gross Profit Share with film's studio/production company, and 5% Revenue Share with Exhibitors, from the early-phase 4G/Wi-Fi Platform exploitation.
- We fulfil the film distribution on the 4G/Wi-Fi Platform (connected smartphones and tablets) via the OOYALA utility service provision, which is target-device independent (and where we will target iOS, Android, and Win 10 smartphones and tablets), offers full DRM (Digital Rights Management) for content protection, and offers geo-targeting, security, ad-serving, billing, analytics, and management.

Business Model: Per Film (With 8-12 New Film Releases Per Year Per Territory)

Film Rights Acquisitions For Territory	
NEW Films	
Any Genre - High Production Value – A-List Stars - Indie & World/Foreign Films – Any Source Territory – For Specific Distribution Territory – With Regional or Universal Audience Appeal	
Assessment & Analytics (360°)	Acquisition Timing (Early Phase: Script,Dev,Pre/1st-Mkt)
ALL Territory-Specific Film Distribution Rights Components/Platforms Secured: VOD - Theatrical - Home Video - TV	



Film Marketing Model				
4G/Wi-Fi (connected Smartphones and Tablets)	Theatrical	Home Video	Post-Theatrical VOD	TV
Film Product Co-Branding & Commercial Sponsorship Deals				
Strategic & Creative Management of Outsourced Product, Genre, and Territory Specific Film Marketing Agency Services				
Single 360° Film Marketing Campaign (Mobile, Online, SM, Viral,, Radio, Cinema, TV, Print) – Multiplier Impact And Value Across All Platforms				
20% Rev. Share IF Mobile Operator Does Film Trailer PUSH Campaign To Network Users				
Maximum Film Buzz/Awareness Impacting All Platforms ▶▶	▶▶	▶▶	▶▶	▶▶



Film Distribution Business Model							
Innovative Platform Release Order (By Embracing Both Digital And Traditional Media Domains)							
4G/Wi-Fi (connected Smartphones & Tablets) + Theatrical ▶				Home Video +	Post-Theatrical VOD	+ Pay-TV ▶	Free-TV
Rental (Nominal Payment Mass Market Model)			In-House	Rights Re-Sale	Rental & Buy		Rights Re-Sale
Pay-Per-View::Ad-Free	Pay-Per-View::Ad-Lite	Pay-Per-View::Ad-Heavy			Utility Service Provisioning (Conventional VOD Operator) (iTunes, Netflix, Amazon, etc.)		
80% Cinema Ticket No Ads	60% Cinema Ticket Ads at Start	40% Cinema Ticket Ads Every 20mins Through Film					
4G/Wi-Fi Rental: Maximum Film Buzz/Awareness Impacting All Platforms ▶▶							



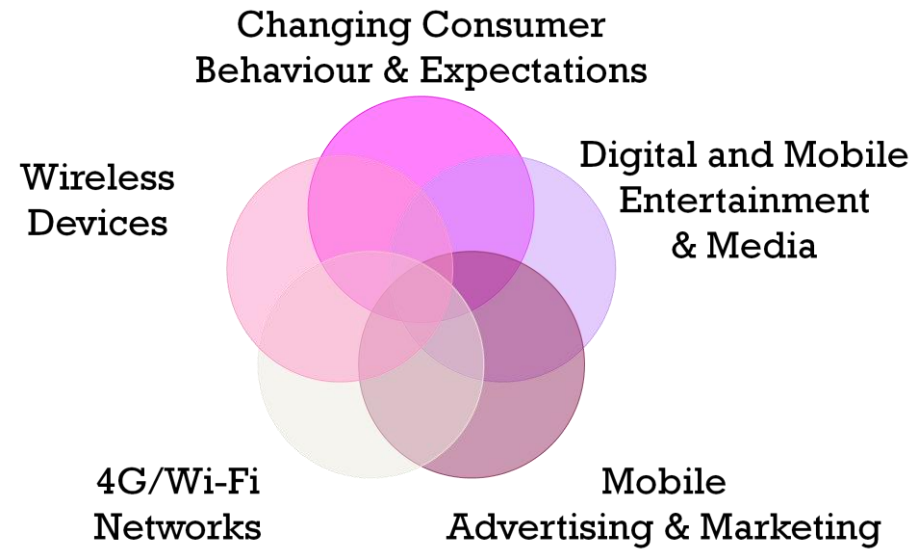
Film Distribution Fulfillment Model				
4G/Wi-Fi (connected Smartphones and Tablets)	Theatrical	Home Video	Post-Theatrical VOD	TV
Utility Service Provision (OOYALA)	In-House	Rights Re-Sale	Utility Service Provisioning (Conventional VOD Operator) (iTunes, Netflix, Amazon, etc.)	Rights Re-Sale
Smartphone/Tablet Platforms (iOS, Android, Windows 10)				
Film Industry Trusted & Approved (incl. Full Digital Rights Management (DRM))				
Video Streamed or Downloaded :: HD & DVD Quality Efficient – Secure – Time-limited - Auto-wiped				
Distribution – Ad-Serving – Billing - Analytics - Management				



Platform Gross Profit Sharing (Royalty) Rates With Film's Studio/Production Company				
4G/Wi-Fi (connected Smartphones and Tablets) During Theatrical	Theatrical	Home Video	Post-Theatrical VOD	TV
50%	50%	25%	50%	50%

Why is now the right time?

Leverage Intersection of Emerging
Developments, Trends, and Opportunities



If your plan is successful, what economic or market benefit will the technology convey?

The economic benefit that the business-model innovation will convey, based on worst case scenario of just 5% of smartphone & tablet user base within territory renting film on 4G/Wi-Fi Platform following territory-wide film marketing campaign, includes:

Year	FY1	FY2	FY3
Sales Revenue	\$108 Million	\$680 Million	\$2,427 Million
Profit (EBITDA)	\$23 Million	\$165 Million	\$702 Million

What, if anything, has been proven?

- *Conventional* VOD operator, BFI Player (<http://player.bfi.org.uk/>), has their service based on OOOYALA, and proves its use case in this application area.
- A selection of film industry firms have reviewed the innovative business model, and confirmed they would accept such a model and terms, and supply new films for distribution on that basis.

How far is this from commercial scalability?

The OOOYALA platform is ready to commercially exploit, we simply research, acquire, and market initial films to release across all platforms. Where we fulfil distribution for each platform by the following: 4G/Wi-Fi (OOOYALA), Theatrical (In-House), Post-Theatrical VOD (via iTunes, Netflix, Amazon, Hulu, etc.), DVD (Rights Re-Sale), and TV (Rights Re-Sale). Where for the each territory we scale to eventually release 8-12 new films per year, and further onwards we simply replicate operations and business model for other target territories, beyond the initial US territory, such as Europe (Germany, France, UK, Spain), China, South Korea, and Japan.

What risks remain to be proven?

None

What are the three major things that could go wrong?

- Film owners/studios may not give FLIK rights to distribute films on 4G/Wi-Fi platform concurrent to Theatrical release within territory:
 - FLIK will mitigate above potential risk by creating win-win partnership – sharing 4G/Wi-Fi platform 50% gross profit with Film Studio/Producer. In addition to paying for overall (all platform) film distribution rights at negotiated market costs.
 - FLIK will distribute NEW INDEPENDENT AND WORLD/FOREIGN FILMS with A-List Stars, where Theatrical Exhibitors for these types of films (i.e. mainly indie and arthouse theatres) are more supportive of any innovation and initiative that creates increased buzz for the new film – where early rental on 4G/Wi-Fi serves to generate both increased - revenues and buzz - positively impacting all concurrent and subsequent release platforms, for each new film.
 - Even if there is resistance to our innovative release model (4G Mobile/Wi-Fi DURING Theatrical) on a per film-deal basis, we can flexibly release the new film in the conventional order across all platforms and still deliver extremely strong revenues in the territory – especially with our film trailer PUSH campaign in partnership with MNO's, to drive high sales conversions. So either way FLIK is a major winning proposition.
- Film owners/studios may not sell film distribution rights to FLIK - a new enterprise:
 - FLIK will mitigate above potential risk by having an executive team with long-standing experience and relationships within the global film industry – studios, production firms, master distributors/sales agents, and regional distributors across all platforms – i.e. film industry veterans.
- We acquire and distribute films that are a flop with audiences:
 - Our founding team have a combined 35 years leadership experience within the global film industry, across International - Film Financing, Film Production, Film Sales, and Film Distribution; films with A-list talent - directors, writers, producers, and actors/actresses.
 - Proving our expertise, the founding team have historically selected and represented commercially strong films that went on to achieve critical acclaim and success, including:

- Berlin Golden Bear and Oscar nominated, MARGIN CALL (2011), directed by J.C. Chandor and starring Kevin Spacey, Paul Bettany, Stanley Tucci, Zachary Quinto, and Demi Moore
- BAFTA nominated, THE MERCHANT OF VENICE (2004), starring Al Pacino, Jeremy Irons, and Joseph Fiennes
- BAFTA and three times Oscar winner, CRASH (2004), directed by Paul Haggis and starring Matt Dillon, Sandra Bullock, Don Cheadle, and Thandie Newton
- John Duigan's, HEAD IN THE CLOUDS (2004), starring Charlize Theron and Penélope Cruz
- BAFTA winner, UNDERTAKING BETTY (2002), starring Brenda Blethyn, Christopher Walken, Alfred Molina, and Naomi Watts
- European Film Awards nominated, TAKING SIDES (2001), starring Harvey Keitel, Stellan Skarsgård, and Moritz Bleibtreu
- Cannes nominated, STRAYED (2003), directed by André Téchiné and starring Emmanuelle Béart
- Emmy winner, NAPOLEON (2002), starring John Malkovich, Gérard Depardieu, Ludivine Sagnier, and Isabella Rossellini
- Emmy nominated, AN ANGEL FOR MAY (2002), starring Tom Wilkinson
- Goya winner, THE BRIDGE OF SAN LUIS REY (2004), starring Robert De Niro, Harvey Keitel, Kathy Bates, and Gabriel Byrne
- Locarno Golden Leopard nominated, AIME TON PÈRE (2002), starring Gérard Depardieu and Hiam Abbass
- Genie winner, THE STATEMENT (2003), starring Michael Caine, Tilda Swinton, Jeremy Northam, and Charlotte Rampling
- LEGION (2010), starring Paul Bettany and Dennis Quaid
- THE SECRET OF MOONACRE (2008), starring Ioan Gruffudd and Natascha McElhone

Have theoretical models been created or validated?

Single Low Budget Film Scenario for US

		Notes
Film Production Value	\$10,000,000	Indie, World, or Foreign Film with A-List Talent
Distribution Territory	US	
4G/Wi-Fi: No. of Pay Per View (PPV) Film Rentals	18,260,000	A Worst Case 5% of (198.5 Million) Smartphone & (166.7 Million) Tablet Users in US
Average Cinema Ticket (Box Office) Cost	\$8.61	In US

Sales Revenue

Theatrical	\$5,801,228	A Very Conservative Theatrical Revenue of 8x Film Rights Acquisition Cost
4G/Wi-Fi: Rental PPV (60% B.O. Price (Ad-Lite Variant))	\$94,331,160	\$5.17 4G/Wi-Fi Platform Film Rental Charge (with ads at start of film)
4G/Wi-Fi: Ad-Lite: Ad Sales Revenue	\$6,391,000	Ad-Lite: 5 Ads at Start of Film, \$0.07 Ad Revenue Per Impression (RPI), Passive Ads
TV: Rights Re-Sale	\$1,395,920	
Home Video: Rights Re-Sale	\$1,000,000	
VOD: Rights Re-Sale (6 months after theatrical release)	\$3,000,000	

Direct Sales Costs

Rights Acquisition Costs (All Rights)	\$725,153	
Theatrical Prints Costs	\$1,102,000	Based on 1000 Theatrical Prints for US
Advertising Costs (Theatrical/Mobile/Online/SM)	\$1,160,246	Single Ad Campaign (360-degree) for Film Release Across All Platforms
Theatrical Exhibition Costs	\$2,900,614	50% of Theatrical Revenue going to Exhibitor
Theatrical Exhibitor & MNO: 4G/Wi-Fi Rev Sharing	\$25,180,540	5% Theatrical Exhibitor (IF required), 20% MNO (IF they do PUSH campaign)
4G/Wi-Fi: Content Delivery Network (CDN) Costs	\$923,342	For 18.2 Million Rentals/PPV's on 4G/Wi-Fi Platform
4G/Wi-Fi: Payment Transaction Processing Fee Per Film	\$7,440,037	For 18.2 Million Rentals/PPV's on 4G/Wi-Fi Platform
Royalty Payments (4G/Wi-Fi)	\$33,008,998	50% Gross Profit Sharing with Studio/Production Co./Sales Agent
Royalty Payments (Theatrical, TV, Home Video, VOD)	\$3,898,267	Royalty Rates: Theatrical (50%), TV (50%), Home Video (25%), VOD (50%)
TV Rights Re-Sales Cost	\$488,572	

Gross Profit	\$35,091,539	Worst Case Gross Profit for FLIK for One Low Budget Film
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What external third party has validated your models and experimental results?

None – but our founding team have over 35 years experience within the international film industry.

How long will it take to validate the viability of the technology, through experiments or otherwise?

The business-model innovation can be applied and validated from the first film release onwards, where we can also demonstrate that the Theatrical release platform is still strong and not negatively impacted by the concurrent 4G/Wi-Fi release platform – and in fact all other platforms – concurrent or subsequent – are positively impacted. OOYALA utility service fulfilment partner is ready and proven for VOD, and international film industry supply and delivery chain relationships are already in place.

Team

Who are you, and why are you qualified to lead this opportunity? What skills do you bring to this problem?

Kailesh Mistry, with experience across the domains of Innovation Management, Film, and Business – Technology – Identity Strategy; in addition to successfully leading the formation and establishment of new business initiatives such as the Media Centre Research Facility (a digital media research and production facility). While academic qualifications include a Master of Arts Degree in Design: Film & Identity and BSc (Hon) Computer Science.

Michael Cowan:

- Founder & CEO: Phoenix Worldwide Entertainment (2009): All Rights UK Distribution & International Sales, with over 50 films exploited, including 2012 Oscar-nominated MARGIN CALL
- Co-Founder & Joint MD: Spice Factory (1998): International Film Production & Sales, producing 55 films – award winners & featuring A-lists, production spend US\$550M+
- Co-Founder: Arclight Films: International Film Sales, including for Oscar-winner CRASH

What technical skills will your team need to add?

Technology
Distribution
Legal
Marketing
Finance

Do you envision yourself as the long-term CEO or in another role? The focus is mostly on you, your goals and your technical team.

Yes, the long-term CEO and CAO.

Address why you are uniquely qualified to solve this problem. People, who are key to your innovation, matter to us.

I am uniquely qualified to solve this problem as I have passion and experience across multiple disciplines, including the domains of Innovation Management, Film, and Business – Technology – Identity Strategy.

What is the role of every member of your current team?

- Founder and Chief Executive Officer + Chief (Film) Acquisitions Officer
- Founder and Chief Operating Officer

Are they all working toward mitigating your primary risks, or are they working on non-critical development that can be addressed later?

The former – on primary risk mitigation: business-model innovation viability, validation, and support.

Are they the best possible people for meeting your current milestones?

Yes: over 35 years combined experience across successful company start-up and development (e.g. Spice Factory: international film financing, production and sales (master distribution)), Film Acquisitions, Film Distribution, Film Business Affairs, Film Marketing, and Media & Entertainment Technology.

Are the founders thought leaders or associated with thought leaders in the field?

Co-Founder, Michael Cowan, is a thought leader in the field, with an Honorary Professorship and Degree from Libera Università di Scienze Umane e Neuroscienze (LIUM, Switzerland) in recognition for outstanding life achievements in cinema.

What critical people, who could address your key risks, are missing, and where can you find them?

Missing are:

- Chief Distribution Officer
- Chief Technology Officer
- Chief Financial Officer
- Chief Legal Officer
- Chief Marketing Officer

Can find them through founders' international and extensive industry networks and contacts

Milestones/Financials

It is important to understand your path to mitigating the technical risks you face. What technical milestones will this financing help achieve?

US\$ 3.5 Million Seed Stage Investment (for 45% Equity Share + Board Seat) will:

- Prove that the business-model innovation drives significant revenues from the, concurrent-to-Theatrical, 4G/Wi-Fi Platform (connected smartphones and tablets), while at the same time having no negative impact on the other concurrent (Theatrical) and subsequent platforms (post-Theatrical VOD, TV, and DVD) – and in fact, other platforms having a positive impact through increased new film buzz on 4G/Wi-Fi Platform.
- Foster and solidify partnerships with MNO's (Mobile Network Operators).
- Provide business-model innovation film release reference cases, to support similar innovation with partners in future film cases.
- Recruit core executive team.

What are your future milestones, and how much capital will you need to achieve each? What is the company status and burn rate at each of these milestones?

FY2: Milestone: scale up to release 8-12 new films a year within initial territory

- **NO** extra capital required, although follow-on capital from you or lined-up and interested venture capital investors (including some that originally backed LOVEFiLM – now Amazon Instant Video) are possible, if required.
- Company Status:
 - Early Stage: FY2
 - Month 24 Cash Balance: US\$ 246.9 Million
- Burn Rate: Upon Milestone Achievement: Month 24:
 - Month 24: Net Burn Rate: -43.9 Million (US\$) (i.e. a Negative Net Burn Rate)
 - Month 24: Gross Burn Rate: 102,000 (US\$)

Cash Balance and Burn Rates based on worst case scenario of just 5% of Smartphone & Tablet User Base in territory renting each new film on 4G/Wi-Fi Platform following territory-wide film marketing, and NO Series A investment

FY3: Milestone: Scale, via simple business-model innovation and operational replication, to other target territories such as Europe (Germany, France, UK, Spain), China, South Korea, and Japan

- **NO** extra capital required, although follow-on capital from you or lined-up and interested venture capital investors (including some that originally backed LOVEFiLM – now Amazon Instant Video) are possible, if required.
- Company Status:
 - Growth Stage: FY3
 - Month 36 Cash Balance: US\$ 1.163 Billion
- Burn Rate: Upon Milestone Achievement: Month 36:
 - Month 36: Net Burn Rate: -289.6 Million (US\$) (i.e. a Negative Net Burn Rate)
 - Month 36: Gross Burn Rate: 376,500 (US\$)

Cash Balance and Burn Rates based on worst case scenario of just 5% of Smartphone & Tablet User Base in territory renting each new film on 4G/Wi-Fi Platform following territory-wide film marketing, and NO Series B investment

What are your contingency plans if things don't go well?

- We have based our modelling and projections on a worst case scenario of just 5% of Smartphone & Tablet User Base within territory renting each new film on 4G/Wi-Fi Platform (our main revenue channel), following territory-wide single 360-degree film marketing campaign.
- Our business model derives revenue from multiple streams for each new film – 4G/Wi-Fi (Rental Pay-Per-View and Ads), Theatrical (Box Office Sales), TV (Rights Re-Sale), DVD (Rights Re-Sale), and post-Theatrical VOD (Servicing (Rental & Buy) or Rights Re-Sale); as opposed to relying on just one revenue source.
- Our progressive company mission, culture, and values – i.e. Identity - will be compelling enough to attract and retain the best team in the industry; plus the founders have a strong network base to draw upon.
- FLIK will distribute NEW INDEPENDENT AND WORLD/FOREIGN FILMS with A-List Stars, where Theatrical Exhibitors for these types of films (i.e. mainly indie and arthouse theatres) are more supportive of any innovation and initiative that creates increased buzz for the new film – where early rental on 4G/Wi-Fi serves to generate both increased - revenues and buzz - positively impacting all concurrent and subsequent release platforms, for each new film.
- Even if there is industry resistance to our innovative release model (4G Mobile/Wi-Fi DURING Theatrical) **on a per film-deal basis**, we can flexibly release the new film in the conventional order across all platforms (i.e. Theatrical first followed by all other platforms) and still deliver extremely strong revenues in the territory – especially with our film trailer PUSH campaign in partnership with MNO's (for which they would get 20% of 4G/Wi-Fi Platform revenue share), to drive high sales conversions on 4G/Wi-Fi Platform. Plus we have modelled and factored sharing 5% of 4G/Wi-Fi Platform revenues with Theatrical Exhibitors too, if required, and in case there is specific resistance from them.

Is the amount for which you're looking in line with the risk-removal milestones you have outlined?

Absolutely.

What is your total and operating cash burn (the amount you're spending) per month, in case months stretch into years?

Total (Net) Burn: -24.7 Million (US\$) Per Month (**i.e. Negative Burn**): Across 36 Month Period

Operating Cash (Gross) Burn: 199,000 (US\$) Per Month: Across 36 Month Period

Market/Competition

Do you have a good understanding of the competitive landscape?

- There are many *conventional* VOD operators such as Netflix, iTunes Movies, Amazon, Hulu, etc. – but these are all post-Theatrical VOD Service Partners for FLIK and NOT competitors.
- These conventional VOD operators don't deal in all rights components/platforms, so unable to be innovative on release schedule – i.e. 4G/Wi-Fi **DURING** Theatrical.
- The conventional VOD operators only acquire and exploit VOD rights component/platform, and these are for older, post-Theatrical, films – i.e. films with less inherent interest.
- FLIK secures and handles ALL rights components (VOD (Pre and Post Theatrical), Theatrical, TV, DVD) for a NEW film for the territory, with one foot in traditional media/platforms and the other in digital media/platforms, and therefore can innovate on the component/platform release order for the film within the territory – i.e. rental version of film on 4G/Wi-Fi Platform (connected smartphones and tablets) DURING Theatrical release. Plus our films are Independent and World/Foreign Films (still with A-List talent/stars) so there is scope to work with the corresponding Independent - Studios/Production Companies/Exhibitors, and innovate on release order; as opposed to the rigid distribution model for Hollywood Films - where studios such as Warner Brothers and Universal produce and distribute the films themselves.
- Of Napster and Facebook fame, Sean Parker's new embryonic-stage venture, ScreeningRoom, **proposes a different take on the concurrent-to-Theatrical issue** – where they are trying to cut deals with Mainstream/Major studios (with their own Theatrical Distribution arms/divisions) and Theatrical exhibitors. With a different business model altogether for NEW films, regarding focus (for new Mainstream/Hollywood films as opposed to FLIK's Independent World/Foreign films; and concurrent-to-Theatrical - TV Platform as opposed to FLIK's 4G/Wi-Fi-connected Smartphones & Tablets Platform), and price point (US\$50 per view as opposed to FLIK's sub-US\$6.9 (80%, 60%, or 40% of cinema ticket cost) pay-per-view options):

<http://variety.com/2016/film/news/studios-exhibitors-consider-revolutionary-plan-for-day-and-date-movies-at-home-exclusive-1201725168/>

Are you comparing your company against technology competition in areas that matter to the end customer?

- What matters to end customers/consumers: new films on 4G/Wi-Fi Platforms (*new films when, where, and how they want them*), *immediately and at nominal costs* (three models: ad-free, ad-lite, and ad-heavy options, with 80%, 60%, and 40% of box office/cinema ticket costs respectively).
- Digital technologies will become increasingly pervasive across all segments of Entertainment & Media, as the industry's migration to digital technologies continues to accelerate. The ongoing migration to digital will occur and manifest itself across three parallel and interrelated change dimensions – each driven by the end consumer/customer:
 - Economic - Further acceleration and intensification of the migration to digital technologies among both providers and *consumers* of Entertainment & Media content and services.
 - Consumer Behaviour - The accelerating digital transformation will in turn reinforce and grow new consumption habits and “digital behaviours”, *as consumers seek (1) more control over where, when, and how they consume content, and (2) higher value from their entertainment and media choices.*
 - Advertising - As digital behaviours become more widespread and embedded, a new generation of advertising-funded revenue models will emerge, aiming to reflect and capitalise on the evolving *consumption habits* by delivering advertising that is ever more targeted and *relevant to the specific audience.*

Are you comparing your future product to your competitor's current product or to their future product?

- Comparing FLIK's future product/service to competitors' future product/service.

Is your innovation addressing a need in a large enough market (over a billion dollars)?

Initial Market (US Illustration):

- In 2015, the overall Entertainment and Media market in the US will be worth over \$594 billion, and is forecast to reach \$723 billion by 2019, with the Filmed Entertainment market the largest in the world, by box office admissions.
- Total mobile internet advertising expenditure in the US is \$28.4 billion as of 2015, and is forecast to reach \$57.5 billion by 2018, for advertisers to reach consumers on tablets and mobile phones.
- The US has over 157 million 4G Mobile users which equates to around 50% penetration of population as of Dec 2014.
- By the end of 2016, over 198 million people in the US will use a smartphone, and this figure is forecast to rise to over 236 million by 2019.
- By the end of 2016, over 166 million people in the US will use a tablet, and this figure is forecast to rise to over 185 million by 2020.

Correspondingly, FLIK will:

- Exploit rapid growth in the Filmed Entertainment Market (including Digital and Mobile).
- Exploit major shift towards brand advertising spending on mobile, Ad-Heavy Variant = 40 Ads Average on 100min Film = US\$ 2.53 revenue per rental pay-per-view.
- Initially target US, Europe (Germany, France, UK, Spain), or China – all major film and smartphone & tablet markets.
- Exploit this device evolution for the presentation of film content. Being device, standard, platform, and manufacturer independent. Adopting a provisioned utility service for the support of any capable existing or new device

How significant a step forward is represented by the technology or innovation?

Our business-model innovation is industry-disruptive.

What impact will it have on the competition?

- While there is ample high-quality film product from across the world constantly coming onto the market, competitors (i.e. *conventional* all-rights/platform distributors) opportunity for acquiring *the best* Independent and World/Foreign Film products for the same territory will shrink, while FLIK's opportunity (as the distributor of choice) will rapidly increase, as our win-win business-model innovation and expertise offers an order of magnitude more return across the entire value chain – and most significantly on our 4G/Wi-Fi (DURING Theatrical) platform - for the film products we invest in and represent.
- Reduce territory-based competitor's prominence over time, while making FLIK the leader within the territory it targets – including our brand.

Why can't a competitor replicate your plan tomorrow?

- *Conventional* VOD operators such as Netflix, iTunes Movies, Amazon, Hulu, etc., have their core business model based on dealing only in VOD rights, so can only release on VOD platform, after film's Theatrical release handled by a Theatrical distributor for the territory, i.e. as older films on VOD with less buzz/interest. In essence, conventional VOD operators don't focus on all rights – or have the corresponding resources, expertise, or innovation insights. Instead such 'competitors' are FLIK's post-Theatrical VOD service fulfilment partners.
- Likewise, competitive *conventional* all-rights distributors for the same territory just accept the broad industry status-quo, and have neither the inclination or innovation insights nor ability.
- If competitors do exactly manage to replicate our business-model innovation, then the market and products-availability opportunity is large enough for multiple players to co-exist, and in any case, without negatively impacting on FLIK's revenue potential and goals.

Why have other players in the field missed out on the technology?

- Generally, other players have just accepted the industry's *broad* status-quo (Theatrical first, then all other platforms – as dictated by Major Studios and Hollywood), and not harnessed the multidisciplinary thinking, insights, and expertise required, to analyse the market and industry in detail, identify the opportunity, and innovate and commercially exploit accordingly.
- Of Napster and Facebook fame, Sean Parker's new embryonic-stage venture, ScreeningRoom, **proposes a different take on the concurrent-to-Theatrical issue** but for new Mainstream/Hollywood films – where they are trying to cut deals with Mainstream/Major studios (with their own Theatrical Distribution arms/divisions) and Theatrical exhibitors. With a different business model altogether for NEW films, regarding focus (concurrent-to-Theatrical - TV Platform as opposed to FLIK's 4G/Wi-Fi-connected Smartphones & Tablets Platform), and price point (US\$50 per view as opposed to FLIK's sub-US\$6.9 (80%, 60%, or 40% of cinema ticket cost) pay-per-view options):

<http://variety.com/2016/film/news/studios-exhibitors-consider-revolutionary-plan-for-day-and-date-movies-at-home-exclusive-1201725168/>

To summarise, FLIK is NOT a film production company but an innovative film distribution company.....

FLIK: is a content distributor, releasing the latest NEW feature films - **independent and world/foreign** high-production-value **films with A-list talent/stars**, to audiences across all platforms (Theatrical, TV, DVD, Video On-Demand (VOD)), **including next generation 4G/Wi-Fi Platforms (connected smartphones and tablets) at the same time as we handle the Theatrical/cinema release** – for the territory, bolstering the film's – buzz, complementary channel impact, and revenues (pay-per-view and ad-based).

