

## Business Plan

# The Spiel

## Video Series

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# Executive Summary

History, humor, and stacks of great games. The Spiel maps out the history of board and card games, one dice roll at a time. Host Stephen Conway explores dusty back shelves and long forgotten toy chests, looking for fun old and new. Each episode is a showcase for a single title, punctuated by oddball interludes, over-the-top demonstrations, and on-location interviews with passionate players and celebrities. The goal is to introduce or in some cases re-introduce the audience to the engaging variety of fun available in old school analog games - to show how these games can challenge the mind, fire the imagination, and provide years of entertainment and laughter to players young and old.

The Spiel was founded in 2006 as a sole proprietorship. During this time it has continuously produced a bi-weekly online audio program (a podcast) about board and card games (thespiel.net). The video series (above) will stand as a separate but related entity. The Spiel was reorganized as The Spiel LLC in 2010.

Stephen Conway is the creator, producer, and host of The Spiel video series. He is also the creator, producer, editor, and co-host of the audio program.

David Coleson co-hosts and co-produces the audio program. David will also perform a significant ongoing role in the video series.

Stephen Conway is currently The Spiel's only full-time employee.

The Spiel operates from 1721 Marian Dr. Indianapolis, IN 46240.

The Spiel is seeking investors for equipment and production costs associated with the first season of the video series described above.

The Spiel audio program has been funded by sponsorship ads and listener donations and subscriptions. With a international base of 3,000+ regular listeners, income generated pays for overhead costs, equipment, convention/travel expenses, and game purchases.

The Spiel video series will launch with 12 episodes in its first season. We will seek syndication or broadcast agreements with cable or IPTV (Internet Protocol TV) networks. In lieu of these arrangements, we will broadcast season one online as an independent video series and seek out advertising sponsors directly. In addition these 12 episodes can be sold as a DVD set to a variety of outlets.

Season one will be proof of concept for the series. The subject matter for the show provides a nearly limitless supply of games to be covered in successive seasons. Our goal is to attract additional funding from larger media outlets (Cable, IPTV, PBS) and as a result increase production value and our level of ambition with each season.

# The Company

The Spiel is a privately owned Indiana Limited Liability Company that was established in 2010. Prior to this date, The Spiel existed as a sole proprietorship from 2006-2010. The principle purpose and business is to produce quality video, audio and interactive content about board and card games from around the world.

The public is ready for media that reviews and demonstrates the vast variety of affordable entertainment options games provide for players young and old.

The objectives of The Spiel are as follows:

- To produce a multi-season video series showcasing the history of board and card games, delving into the subject one game title per show.
- To syndicate this series through online (IPTV), cable, or public broadcasting networks.
- To produce the video series with a budget that scales from \$48,000 from season 1 to an industry standard production budget for season 2 and beyond.
- To continue to produce our syndicated bi-weekly audio program featuring game reviews, interviews and original segments.
- To develop additional game-related interactive content (applications, e-books) for portable electronic devices.

The board game market in the United States has increased significantly, doubling over the past decade. US sales of board games rose 6 percent in 2008 reaching \$794 million, while total toy sales declined 3 percent, according to the market research firm NPD Group Inc. In the first half of 2009, US board game sales increased by 10%. Internationally, the board/card game market represents an even more significant audience. In 2006, the board game market in Great Britain alone was £180 million. In Germany, the Game and Puzzle Market was €390 million in 2008.

## **Management & Organization**

The principle members of The Spiel's creative and management team are Stephen Conway and David Coleson. They have a wealth of experience and talent in the media production, performance, and entrepreneurial arenas. In addition, The Spiel has relationships with key consultants and advisors who will be available to fill important roles on an as-needed basis.

The following individuals make up the current management team and key managers.

## **Stephen Conway, Executive Producer, Director, Writer, Host**

Stephen has experience and education including the academic, non-profit, online, and entertainment sectors. He has degrees in Theatre Direction and Performance and English Literature from the University of Evansville and a Masters degree in English Literature from Butler University, summa cum laude. He is the current director of the Indiana Film Society (a 501(c)3 non-profit organization), and also works as a freelance screenwriter and filmmaker. In addition, Stephen is the creator, producer, and co-host of The Spiel's online audio program which has released over 100 episodes. Collectively, that is over 165 hours of quality game-related programming over the past four years. From the technical challenges of digital recording and editing to research, writing, and marketing, Stephen has established The Spiel as a reliable, noteworthy and entertaining source for game reviews and commentary for consumers and industry professionals around the world.

## **David Coleson, Producer, Performer, Musician**

David Coleson shares Stephen's deep and abiding passion for board and card games. It is no exaggeration to consider him an expert within the field, especially areas related to game design and collecting. For the past four years, David has co-produced every episode of the audio program contributing significantly to the structure and evolution of the show in every aspect. David will contribute to the video series as a consulting producer and will perform in various segments as his time and schedule allow. David is a professional musician (trumpeter), working at a theatre full-time as a member of the orchestra. He served in the United States Marine Corps and played as part of the Marine Corps Band. The Spiel will draw upon his musical talents as well.

## **Francie Broadie, Production Design, Costumes**

Francie has a Master degree in Art from the University of Indianapolis and works full-time as a jewelry designer. Her works have been displayed and sold in galleries, shops, and shows across the country. She is also an accomplished seamstress. Francie will oversee the visual aspects of the production, giving the show a fresh and distinct look and feel.

## **Jeff Heck, Director of Photography / Cinematography**

Jeff Heck has an extensive production background. Since 1992, he has written, produced, directed, edited and been director of photography on over 300 short films mainly in the educational genre. He also helped develop the program "Mystery of the Newark Holy Stones" and appeared in the film "8 Men Out."

## **Consultants**

Phil Sauer, Investment, Business and Management issues

# The Series

The Spiel video series will be released in 12 episode seasons.

Each episode will be 22-24 minutes in length.

Each show will showcase a particular game title, delving into its history, gameplay, and communities and organizations actively involved with the game today.

Games covered on the show will skew toward classic and lesser known games, but each season will also include episodes that highlight pop-culture and modern classics.

The show will be divided into three acts.

Act One will cover the history of the game. This segment will feature humorous scenes and period costumes appropriate for each game title. We will develop a small ensemble company of actors to perform as needed. As the Host, Stephen Conway will serve as the guide to viewers, stepping into and out of these scenes.

Act Two will cover gameplay and components for the game. There will be two stock sets used for this segment, a green screen/open stage area for over-the-top demonstrations of key concepts and a game table set up like a test track for in-game examples. We will have a costumed "Playtester" (like a test driver) to play against the Host.

Act Three will cover interesting and notable individuals and organizations actively interested in promoting and playing the game whether in local clubs, big tournaments, pubs, churches, conventions, or passionate people amassing amazing collections. This segment will require on-location interviews in most cases. When appropriate, we will also invite interested celebrities to join the Host for a game and interview, keeping a running tally of scores, comparing results between special guests.

After watching an episode, you'll know where the game came from, how to play, and where you can find people to play with.

There will be a companion web site to the series. Depending on how the series is distributed, audience members will be able to watch clips or entire episodes from the site.

The show will be shot in HD and segments edited to conform to broadcast standards.

# Season 1 Episodes

Cribbage

Mah Jongg

Crokinole

Scopa

Backgammon

Euchre

Mancala

Canasta

Pinochle

Dominoes

Go

Bunco

## Schedule

The provisional start-date for the project is September 2010 with a schedule that unfolds in the following manner:

4-6 weeks pre-production

8-16 weeks shooting

12-16 weeks editing/sound

# Distribution

There are three levels of distribution available for this project nationally and internationally: traditional media, IPTV, and direct digital syndication. Ancillary markets include developing applications for portable digital devices: phones, tablets, ebooks. DVDs for each season can also be sold.

## Traditional Media

A distribution arrangement on cable networks or public television would give the show its largest audience base. Given the subject matter and the wide cross-section of potential markets, the show could generate significant interest and ratings.

### Cable TV - Targeted Networks

GSN Game Show Network (owned by Sony; 70 million subscribers)

Discovery (1.5 billion subscribers globally)

TLC (owned by Discovery; 99 million US, 8 million Canada)

Travel Channel (95 million subscribers)

History Channel (owned by AETVN; 90-100 million subscribers)

### Public Television - Corporation for Public Broadcasting

110 million viewers ; 19 million online

## IPTV

IPTV is an acronym which stands for Internet Protocol Television. New networks have formed distributing video content using the internet to broadcast to a global audience. Shows can be watched where you want, when you want on any digital device, including phones, ipods, computers or TVs with digital video recorders (TiVos, etc.). The following IPTV networks serve as examples of this method of media distribution as well as potential distribution partners for The Spiel video series. They are by no means the only two networks available in this space, simply two of the most successful and popular.

## TWiT.tv

A network founded by Leo Laporte, formerly of TechTV. His live streaming and podcast network features 15 shows covering technology, food, science, law, and other entertaining aspects of digital culture. Laporte's network does \$1.5 million in revenue per year and is doubling yearly. His costs, however, are more impressive: it only takes \$350,000 per year to run the business with 8 employees.

Audio: 600,000 unique listeners ; 4.6 million downloads each month  
Video: live streaming video watched by over 2.6 million every month

## Revision3

Revision3 is a leading television network for the internet generation. They create and produce over 20 programs. The audience is hyper-connected, getting the vast majority of its entertainment, information and social connections through the internet. The company was founded in 2005 by several technology visionaries including Kevin Rose (Digg) and David Prager (TechTV) and is now led by Internet TV pioneer Jim Louderback. Investors include Marc Andreessen (Netscape founder) and Greylock Partners (behind LinkedIn).

Video: over 6 million downloads each month (150 million videos served)  
40 distribution partners including Tivo iTunes, and YouTube  
10 new shows were launched in 2009

Sponsors: Go Daddy, Squarespace, Netflix, Anheuser-Busch, HP, Microsoft, EA, Citrix and Virgin America, Coors, Nokia, Ford, Klondike, Patron and Adidas bringing the company's roster of clients to over 100 advertisers. Some sponsors report 500% return on their investment.

### Audience

76% 18-34 year olds

99.9% audience recall for 1 or more sponsor

48.5% of viewers have purchased a product/service from a show sponsor

## Direct Digital Syndication

If we cannot find a larger media outlet as a partner, we will release the series online and distribute it digitally via iTunes, YouTube, and Tivo, etc. In essence, we will launch our own IPTV network with The Spiel as the flagship of the enterprise. Costs to distribute our media in this form are very small in comparison to traditional media outlets. We have five years



experience developing the kind of community and user base needed for the show and network to succeed.

Season 1 target audience (iTunes, YouTube): 50,000 downloads / episode

## Ancillary Markets

Portable Devices (iPad, iPhone, Android devices, eBooks, media players). A Spiel application could be developed to play episodes of the series \*and\* include a playable version of the games covered which are in the public domain.

## DVD Sales

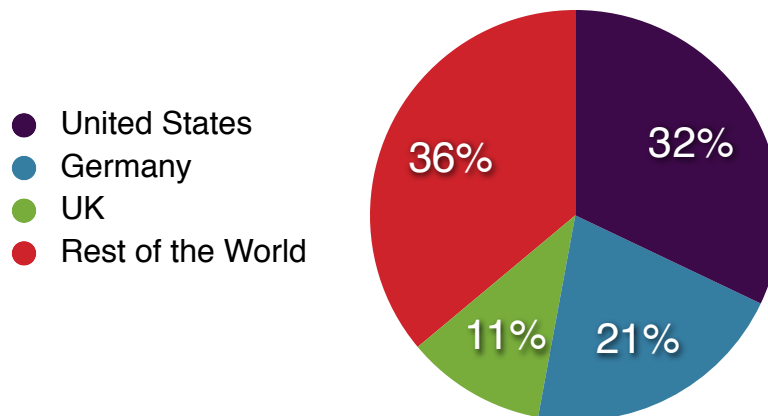
Each season of the series can be pressed to DVD. The discs could be sold individually or as a collection.

# The Market

## Industry Description and Outlook

The board game market in the United States has increased significantly, doubling over the past decade to \$808 million in 2008, according to CNN and the Market Research Group NPD Inc. Despite the economic downturn, in the first half of 2009, US board game sales increased by 10%. According to a survey recently commissioned by Hasbro, more than eight in ten Americans said that they like to play games with their families, and 39 percent play games at least once a month. Gaming culture, including both video games and board games, has become a driving force for mainstream entertainment. As a result, interest in and demand for board and card games will continue to grow in coming years.

### Global Game Market estimated \$2.5 billion annual sales



This is a global trend. In fact, as an industry, a conservative estimate of the global board game market would place overall sales in \$2-3 billion range. The game and puzzle market in Germany alone was €390 million (\$520 million) in 2008. In the UK, board games sales topped £180 million (\$278 million) in 2006.

## Target Market

Inspired by shows like Top Gear and Good Eats, this series will appeal to a wide audience including game enthusiasts and people who may have no interest in games at all. Game enthusiasts (whether casual or intense) will be attracted to the wealth of rich content and information about each title covered on the show. The format of the show, with its oddball and over-the-top historical and comical segments, will make it appealing to many others who will enjoy it simply for the entertainment or educational elements. Our goal is to open the door to the vast variety of games to this wider audience.

## **Game Enthusiasts**

Casual gamers make an incredibly large and growing market. Over 200 million people play casual games online. These games feature easy to learn rules in a variety of genres and quick gameplay. These casual game elements are direct descendants of the board and card games covered on our series. In many cases the games we cover have an online or casual game equivalent. The series can thus provide added context and interest in titles both familiar and new.

The market for rich strategy and deeper game experience is also significant. Board Game Geek ([boardgamegeek.com](http://boardgamegeek.com)) serves as the largest global online community for game enthusiasts. It has over 250,000 active users and recorded over 11 million unique visitors in 2009. This audience is knowledgeable, creative, interactive, and eager for rich content like our video series.

## **Non-Gamers**

The regular audience for shows like Good Eats (a show about food) and Top Gear (a show about cars) include a significant percentage of viewers who have no strong interest in cooking or mechanics. Our goal is to attract viewers in much the same way.

The style and presentation of the show will speak to an audience beyond those already interested in games. The over-the-top demonstrations, challenges and historical vignettes will be entertaining and informative whether you ever intend to learn or play the games we cover on the show. That said, we also believe many non-gamers will be motivated to try the games.

# Competition

There are no professionally produced video series covering board & card games currently aired on traditional media outlets or IPTV networks. Being first into this arena with a high quality professional production will give The Spiel video series a distinct advantage in terms of market share and sponsorship opportunities. The show will have a chance to set the standard for content in this genre and attract added attention for its sheer novelty.

There are some semi-professional video podcasts available through direct digital syndication which deal with modern board games (most notably, Board Games with Scott). These programs are sporadic in nature, deal almost exclusively with modern board games, and do not attempt a professional level of production value.

While The Spiel video series shares some common goals with such shows (to introduce board & card games to a larger audience ; to get people playing!), they are not direct competitors. The Spiel video series will be professionally produced, released on a regular schedule, and will introduce viewers to previously unknown areas of games and history.

# Funding Request

## Seed Funding & Partners

Individuals or groups will have the opportunity to contribute money, time, expertise, and equipment up-front to get the project off the ground. Individuals who would like to work on the series as an ongoing full-time project will become employees or partners when the series acquires funding or sponsorship for additional seasons.

## Investors

If the series turns a profit, investors will see a 15% return on their contributions. Additional profits will be distributed based on a points system. Points are scaled to the size of each investment (see Financial Plan: Private Investment for full details).

## Sponsors

Businesses and organizations will be offered the opportunity to sponsor the series. The rates will be based on the method by which the series is distributed. The sponsor ads will be added pre-roll, post-roll, or during the breaks between the three acts of each episode. Cost per sponsor would be based on the number of projected viewers.

### Provisional Sponsor Ad Cost

#### Direct Digital Syndication

50,000 viewers (~\$.25/viewer) = \$12,000/sponsor    \$1,000 / episode

#### IPTV

200,000 viewers (\$.24/viewer) = \$48,000/sponsor    \$4,000 / episode

#### Cable TV

70 million viewers (\$.001371/viewer) ≈ \$96,000/sponsor    \$8,000 / episode

# Financial Plan

## **Equipment/Set/Studio Expenses: \$12,000**

Funds are needed for additional filmmaking equipment and fixed set/studio construction. Beyond maintenance, these expenses are one-time expenditures which will form the foundation of an all digital production company.

## **Season 1: \$48,000**

\$182 per finished minute / \$4,000 per episode

Season 1 will serve as a proof of concept. Even with a limited budget, we will be able to produce a series of high quality and attempt to distribute it using the methods detailed earlier. The idea is to attract traditional or online networks to purchase season 1 and fund season 2.

## **Overview: Private Investment**

Season 1 is currently rough budgeted at \$48,000. An additional \$12,000 is needed for equipment. Project funds for Season 1 will be deposited into an escrow account for the The Spiel, LLC. Upon 100% capitalization, the funds will be released from the escrow account to begin pre-production.

After completion of post-production on Season 1, the Producers can begin efforts to sell the worldwide rights to the series.

In the United States and internationally, there are a number of distribution markets: traditional media (cable, public television) and online media (IPTV, direct syndication). Also, contracts may allow for the rights to revert back to the Producers after a finite period of time, at which point the Producers can resell the series to other buyers in these markets.

All of the revenues, after possible distributor commissions and expenses as well as reasonable production company expenses (such as accounting fees, residuals, delivery costs, etc.) from all of the domestic and international sales will flow to the Producers. The Producers, in turn, will distribute them to the profit participants as follows:

**PHASE ONE:** The first profits returned go to the investors proportionally in accordance with their original investment. When the investors reach 115% of their original investment, then the profit distribution reaches the second phase.

**PHASE TWO:** All deferrals are paid. "Deferrals" are additional compensation promised to participants in the production of the series. This could include actors, writers, equipment rental houses, post-production facilities, and crew members.

Deferments are a potential tool to keep the up-front production costs low while enabling the Producers to attract high quality cast and crew to work below their normal rate, and to improve the production value. For The Spiel, the deferments on the \$48,000 Season 1 budget will be \$4,800.

**PHASE THREE:** From here on out, all profits will be distributed on a "points" system. The series will be defined as containing 100 points. Equity investors will receive 50 of these points on a proportional basis. For example, an investor in Season 1 of \$24,000 would receive 25 points in the film (half the points available, since the investment equals half the budget for the series). The other 50 points will be allocated by the Producers enabling the initial production costs to stay low. These points will continue to recoup over the entire profit-earning life of the series.

## Risk Factors

Investment in the film and video industry is highly speculative and inherently risky. There can be no assurance of the economic success of any series since the revenues derived from the production and distribution of a series depend primarily upon its acceptance by the public, which cannot be predicted. The commercial success of a series also depends upon the quality and acceptance of other series released into the marketplace at or near the same time, general economic factors and other tangible and intangible factors, all of which can change and cannot be predicted with certainty.

The entertainment industry in general and the film and video industry in particular are continuing to undergo significant changes, primarily due to technological developments. These developments have resulted in the availability of new distribution methods which can help reduce the costs of producing and distributing this video series. In addition, the critical and ratings success of a video series remains a crucial factor in generating revenues in other media such as DVD and application sales. Due to the rapid growth of technology, shifting consumer tastes, and the popularity and availability of other forms of entertainment, it is impossible to predict the overall effect these factors will have on the potential revenue from and profitability of any video series.

The Spiel LLC itself is in the organizational stage and is subject to all the risks incident to the creation and development of a new business, including the absence of a history of operations and minimal net worth. In order to prosper, the success of The Spiel will depend partly upon the ability of the creative team to produce a series of exceptional quality at a lower cost, which can compete in appeal with higher-budgeted series. In order to minimize this risk, we will aim to mitigate financial risks where possible. Fulfilling this goal depends on the timing of investor financing and the ability to obtain distribution contracts with satisfactory terms.