

266486: Basic Managerial Finance MGMT X 130A

Slated Proposals

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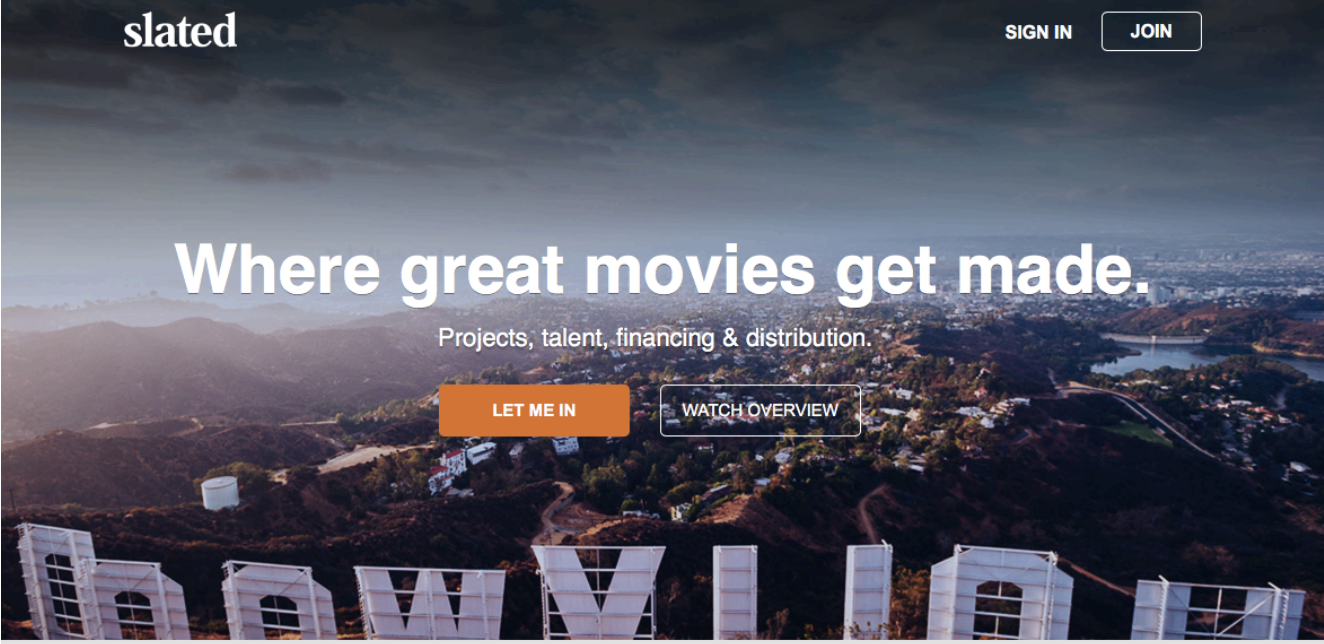
ABOUT SLATED.COM

Slated is an online entertainment industry marketplace. Its mission is to connect professional filmmakers, investors and industry executives to projects, talent, financing and sales.¹

Slated members list hundreds of new projects, and thousands of new talent, film finance and distribution opportunities, every month.

Films listed on Slated attracted \$560M in production financing last year. Thousands of investors access hundreds of new projects listed every month, and projects with Package Scores of 70+ can qualify and connect with our most active investors through our Executive Producer film finance services.

Established in 2012, Slated.com is a start-up based in Los Angeles, CA with 12 full-time employees and 3-5 contract employees.



slated

SIGN IN JOIN

Where great movies get made.

Projects, talent, financing & distribution.

LET ME IN WATCH OVERVIEW

"Slated...like being at a cocktail party with a bunch of investors, and, if they're interested, they reach out to you."
The New York Times

"Slated is nibbling at the edges of the famously opaque film industry, and helping established professionals raise millions."
Hollywood REPORTER

¹ <https://help.slated.com/hc/en-us/articles/204025545-What-is-Slated->

² Numbers are estimated and confidential

SALES²

Feature Film Analysis Services³

- \$395- \$1,000/unit
- Monthly average \$10,000
- 10 projects/month, 120/years
- Annual Sales: \$120,000

MEMBER VALUE

Slated is a technology company where the number of active users members has value. A members activity is used to determined a weighed value which has been converted into a dollar amount based on the chance of the user purchasing a service from Slated.

Members: Total number: 53,608

- Purchased service: 142
- Active 10+ times in the last month: 907
- Active 5-10 times in the last month: 272
- Active 1- 5 times in the last month: 562
- Active within the last 3 months: 2,646
- Active within the last 3-6 months: 3,695
- Inactive more than 6 months: 45,384

Members: Weighted Value: \$925,900

- Purchased service: 100% chance of purchase \$120,000
- Active 10+ times in the last month: 50% chance of purchase: \$453,500
- Active 5-10 times in the last month: 25% chance of purchase: \$68,000
- Active 1- 5 times in the last month: 10% chance of purchase: \$56,200
- Active within the last 3 months: 5% chance of purchase: \$132,300
- Active within the last 3-6 months: 2% chance of purchase: \$73,900
- Inactive more than 6 months: 0% chance of purchase: \$0

² Numbers are estimated and confidential

³ More information on page 5

Income Statement

Slated
2016

Financial Statements in U.S. Dollars

Revenue

Gross Sales	\$	120,000	
Less: Sales Returns and Allowances	\$	-	
Net Sales			\$ 120,000

Cost of Goods Sold

Beginning Inventory	\$	-	
Add: Purchases	\$	-	
Direct Labor	\$	93,000	
Inventory Available	\$	93,000	
Less: Ending Inventory	\$	-	
Cost of Goods Sold			\$ 93,000

Gross Profit (Loss) **\$ 27,000**

Expenses

Advertising	\$	50,000	
Contract Labor	\$	60,000	
Depreciation	\$	-	
Hosting & Storage Fees	\$	60,000	
Licenses and Fees	\$	65,000	
Office Expense (including Legal & Insurance)	\$	1,500,000	
Wages	\$	790,000	
Total Expenses			\$ 2,525,000

Net Operating Income **\$ -2,498,000**

Other Income

Gain (Loss) on Sale of Assets	\$	-	
*Members: Weighted Value	\$	925,900	
Total Other Income			\$ 925,900

Net Income (Loss) **\$ -1,572,100**

Operating Cash Flow

EBIT	\$	-1,572,100	
Depreciation	\$	-	
Taxes	\$	-534,514	
Operating Cash Flow			\$ -1,037,586

Slated Current Sample Balance Sheet

Delete everything from the cell, or selectively remove formatting, contents, or comments

28-Aug-16**Assets**

Current assets	
Cash and cash equivalents	10,000
Short-term investments	
Accounts receivable	120,000
Inventories	-
Total current assets	\$ 130,000
Other assets	
Property, plant, and equipment at cost*	9,025,000
Less accumulated depreciation	
Property, plant, and equipment (net)**	935,900
Long-term cash investments	
Total other assets	\$ 9,960,900
Total assets	\$ 10,090,900

Liabilities

Current liabilities	
Loans payable and current portion long-term debt	1,800,000
Accounts payable and accrued expenses	290,900
Notes	
Accrued retirement and profit-sharing contributions	-
Total current liabilities	\$ 2,090,900
Other liabilities	
Long-term debt	8,000,000
Accrued retirement costs	-
Deferred income taxes	-
Deferred credits and other liabilities	-
Total other liabilities	\$ 8,000,000
Total liabilities	\$ 10,090,900

* 25,000 is equipment. The rest are estimated Sunk Cost.

**Estimated purchase of website/IP based on current Weighted Value of Members & Depreciated Equipment

EXPANSION PROPOSAL #1: TELEVISION ANALYSIS SERVICES

Expand the Feature Film Analysis Services to include Television scripts.

Feature Film Analysis Services

<https://services.slated.com/script-analysis/>

Slated Analytics' evaluation team is comprised of seasoned readers.

Three readers are assigned on a double-blind randomized basis to read each submitted script thoroughly, then provide an Overall rating on the "Pass / Consider / Recommend" spectrum and assign numerical scores for ten individual attributes of the material. The scoring formula weights some categories more heavily than others. Each reader's ratings are converted into a score on a scale of 1 to 100, which are then combined to determine the Script Score.

Script analysis and score provides the submitter feedback on the quality of their script and a tool to market their project to potential buyers or investors.

The image shows two side-by-side screenshots from the Slated Analytics website. The left screenshot displays pricing options for script analysis. The right screenshot shows a detailed script analysis report for a script titled "Ex Machina".

Pricing

Script Analysis
\$395
Per draft
Delivered within
20 Business Days

Rush delivery
ADD
\$100
Delivered within
5 Business Days

Script Analysis & Financial Analysis
\$995
Includes one FREE Script Analysis & Rush Unlimited on-demand financial updates
Delivered within
5 Business Days

Save \$495 & 5x Faster than if purchased separately

Script Analysis Summary

Readers	R1	R2	R3	Avg
Overall	4	4	4	4.0
Premise	4	3	3	3.3
Originality	4	3	3	3.3
Dialogue	4	4	4	4.0
Structure	4	4	3	3.7
Character	4	3	3	3.3
Logic	3	4	3	3.3
Conflict	4	3	3	3.3
Tone	5	4	4	4.3
Pacing	4	3	4	3.7
Craft	4	4	4	4.0

Script Score: 79

LOGLINES

R1: A computer coder for the world's largest search engine site is sent to his boss' isolated estate to partake in an experiment with artificial intelligence.

R2: A young programmer wins the chance to meet the CEO of the company he works for, only to be offered the opportunity to test his newest creation: an advanced AI in the form of a young woman.

R3: A computer programmer is asked to test a robot to see if she has consciousness. During their sessions, the programmer and robot become attracted to one another, but the programmer can't be sure if her feelings are real or serve a darker purpose.

GENRE Film, Fiction, Science Fiction, Thriller/Suspense, Live Action

PAGES 114 **Rated R** **Budget** Medium **Lead M** White 24 Average

SIMILAR Her, I, Robot, AI: Artificial Intelligence, Transcendence, Selfless

WHEN Present Day/ One Week

WHERE Locations include an office and a state-of-the-art home in the mountains with observation room, pool, and large panoramic gaze.

Synopsis

CALEB (24) is a programmer for one of the world's largest search engines. One day, Caleb learns that he has won a contest to spend the week with his world famous boss, NATHAN BATHMAN (50). When Caleb arrives at the secluded mansion in the mountains, Caleb is given a keypad that controls the access to the various rooms in the house. Caleb and Nathan meet for the first time, and Nathan eventually explains why Caleb is at the house. Nathan has been building a humanoid machine, and he wants Caleb to Turing Test the robot.

Caleb then meets Nathan's creation, AVA (24). At first, Ava doesn't seem all that impressive. She answers questions oddly and switches topics in a way that isn't natural. Later on, when Nathan and Caleb are talking, the question arises as to whether or not Ava truly has some sort of consciousness. As Caleb meets with Ava, he begins to suspect that maybe she does. Ava is sarcastic with Caleb. She also explains that they can't build a friendship if he only asks her questions. From that point onward, Ava and Caleb begin to develop a friendship. *Read more*

Reader Comments

READER 1 | READER 2 | READER 3

Overall **RECOMMEND**

"Ex Machina" is about a man who creates artificial intelligence and brings someone in to help see if the AI can pass for human. The premise sets the stage for interesting characters and situations and mostly delivers on the expectations it creates. The narrative structure is executed well and the plot beats are solid. The three main characters feel fully realized and interesting. Although the material doesn't always execute its conflict in big action beats and heavy-handed drama, it does a great job perpetuating a general sense of impending dread within the tone and narrative atmosphere. The dialogue contains moments of heady philosophical discussions that ask thought-provoking questions regarding the nature of humanity. The writing is generally executed well.

Premise

The premise for "Ex Machina" is that a computer coder for the world's largest search engine site is sent to his boss' isolated estate to partake in an experiment with artificial intelligence. The premise has the potential for high-stakes conflict and interesting situations for the characters to find themselves in. The premise is clear and can be easily summarized in a logline. The major themes that are inherent within the premise are the questions of what makes us human and actual vs. simulated experience. The material successfully delivers on the expectations that the premise creates, especially in terms of themes and tone.

Reference Costs From Launching the Feature Film Script Analysis

Research: Slated Analytics' Feature Film Script Analysis Services was calibrated through the process of analyzing hundreds of produced feature-length screenplays of the course of 10 months. Estimated \$45,000 was spent on readers to review scripts.

Acquiring start-up: Slated bought/partnered/absorbed Script Analysis platform SpecScout. (Two of the owners of SpecScout joined Slated.com as Head of Story and COO)

What it would take to start Television Analysis Services?

Much of the services, workflow, website design & backend work can be cloned from Feature Film Script Analysis. The indirect costs can be included within the main site and most of the direct costs can be modeled off Feature Film Script Analysis.

Challenges To Consider

Television and Feature Films are different mediums.

- There are different types of Television story formats and lengths: 30 min Sitcoms, 60 min Sitcom, Broadcast Dramas, Cable Television, Premium television & Mini-series
- Feature films are a stand-alone story with a single script. Television series are comprised of a different script for each episodes. The first script, known as a pilot, sets up the show including tone, world, and the characters.

Estimated Cost to Start Television Script Analysis: \$3,090

Fixed costs: all overhead cost can be done with in the current Fixed cost of Slated.

Research: Because of the research done for Feature Film Script Analysis, it is estimated to take 4 month and 100 scripts at \$120⁴ a script to develop the process. \$12,000

Beta testing can be done via Spec Scout to help off set the cost. \$8,910⁵

Additional Costs: \$60,000

Majority of users buy Script Analysis as a bundle which also includes Financial Analysis. To maximize the Television Script Analysis, a Television Financial Analysis must be designed.

Financial Analysis is trickier when it comes to tracking TV revenues because it is not a clear as it is in Feature Film box office numbers.

When building Feature Film Feature Analysis, Slated spent \$100,000 for a statistician to create the algorithm behind the system that calculates the Financial Score.

Using previously created infrastructure, \$60,000 will be needed to do the research and modify the existing algorithm for television.

Television Financial Analysis fees will stay the same as Feature Film Financial Analysis at \$600.

⁴ Additional labor costs of readers

⁵ Estimated 30% of test scripts at the average cost of both types of Television Analysis (\$270)

Fee Pricing: \$245-\$895

Feature film scripts average 90-110 pages in length or 90-110 minutes. (one minutes of screen time is usually equal to one page)

For Television Scripts, the industry standard for the page count of a one hour-drama is between 45 and 63 pages. For half-hour comedies, are between 22 and 32 pages and multi-camera comedies are between 52 and 58 pages in length.

Although there is less reading, the length of analysis done on a television script is comparable to a feature film.

A competitor The BlackList⁶ charges:

- \$75 = 60 min Television pilot single reader evaluation
- \$50 = 30 min Television pilot single reader evaluation

Because Slated series offers a more indepth analysis and utilizes 3 reader the cost of Television Script Analysis will be:

- \$295 for projects that are 35 - 65 pages
- \$245 for projects under 35 pages

Bundling Fees will be:

- \$895 for projects that are 35 - 65 pages
- \$845 for projects under 35 pages

Estimated Sales:

Based on Feature Film Script Analysis sales and requests for Television Script Analysis by members of both Slated.com and SpecScout, Slated estimates it will receive 3 Television submissions a month over the first 3 months and then an average of 5 submission going forward.

Assuming equal number of types of TV script types and 60% of purchases are Bundles:

- 2016: \$5,625^{7 8}
- 2017: \$ 37,800⁹

⁶ <https://blcklst.com/>

⁷ Assuming launch in October 2016

⁸ $\$270 \times (9 \times .4) + (\$270+600) \times (9 \times .6)$

⁹ $\$270 \times (60 \times .4) + (\$270+600) \times (60 \times .6)$

Pro-Forma Balance Sheet

Slated Television Analysis Services

For 2016 to 2018

ASSETS	2015	2016	2017
Current Assets			
Cash	\$10,000	\$10,000	\$10,000
Net accounts receivable	\$120,000	\$125,625	\$157,800
Total Current Assets	\$130,000	\$135,625	\$167,800
Fixed Assets			
Long-term investments	\$9,025,000	\$9,025,000	\$9,025,000
Value of website/IP	\$925,900	\$925,900	\$925,900
Furniture & fixtures (net)	\$10,000	\$10,000	\$10,000
Total Net Fixed Assets	\$9,960,900	\$9,960,900	\$9,960,900
TOTAL ASSETS	\$10,090,900	\$10,096,525	\$10,128,700
LIABILITIES			
Current Liabilities			
Accounts payable	\$290,900	\$290,900	\$290,900
Short-term notes	\$0	\$63,090	
Current portion of long-term notes	\$1,800,000	\$1,800,000	\$1,800,000
Accruals & other payables			
Total Current Liabilities	\$2,090,900	\$2,153,990	\$2,090,900
Long-term Liabilities			
Other long-term liabilities	\$8,000,000	\$8,000,000	\$8,000,000
Total Long-term Liabilities	\$8,000,000	\$8,000,000	\$8,000,000
TOTAL LIABILITIES & EQUITY	\$10,090,900	\$10,096,525	\$10,128,700

EXPANSION PROPOSAL #2: BUILDING A MOBILE APP

In Q2 of 2015, American consumers spent, on average, 3 hrs and 40 minutes per day on their mobile devices. That is a 35% increase in time spent from one year ago and a 24% increase from Q4 2014. In just six short months, the average time American consumers spend on their phones each day increased by 43 minutes.¹⁰

Slated believes that creating a Mobile App of the current Slated.com website will attract new and engage inactive members, They believe overall site usage will go up 20% over the first year and then drop to a 5% increase each year.

This would increase the likelihood of them purchasing a service therefore up their weighted value.

MEMBER VALUE INCREASE

Members: Total number: 64,330

- Purchased service: 144
- Active 10+ times in the last month: 1088
- Active 5-10 times in the last month: 326
- Active 1- 5 times in the last month: 674
- Active within the last 3 months: 3,175
- Active within the last 3-6 months: 4,434
- Inactive more than 6 months: TBD

Members: Weighted Value: \$1,110,330

- Purchased service: 100% chance of purchase \$170,000
- Active 10+ times in the last month: 50% chance of purchase: \$544,000
- Active 5-10 times in the last month: 25% chance of purchase: \$81,500
- Active 1- 5 times in the last month: 10% chance of purchase: \$67,400
- Active within the last 3 months: 5% chance of purchase: \$158,750
- Active within the last 3-6 months: 2% chance of purchase: \$88,680
- Inactive more than 6 months: 0% chance of purchase: \$0

¹⁰ <http://flurrymobile.tumblr.com/post/127638842745/seven-years-into-the-mobile-revolution-content-is>

Estimated Cost to Build:

- iOS and android will be built in tandem over 3 months.

Wages: \$18,000

Development team will absorb the design and build responsibility within salary.

An additional Backend coder will be brought in on contract \$1,500/week.

Fixed costs all overhead cost can be done with in the current Fixed cost of Slated.

Additional Costs: \$198/year

- \$99 Apple Developer Connection (ADC) fee
- \$99 Android fee

Pro-Forma Balance Sheet (Mobile App)

Slated Mobile App Build

For 20016 to 2018

ASSETS	2015	2016	2017
Current Assets			
Cash	\$10,000	\$10,000	\$10,000
Net accounts receivable	\$120,000	\$120,000	\$144,000
Total Current Assets	\$130,000	\$130,000	\$154,000
Fixed Assets			
Long-term investments	\$9,025,000	\$9,025,000	\$9,025,000
Value of website/IP	\$925,900	\$925,900	\$1,110,330
Furniture & fixtures (net)	\$10,000	\$10,000	\$10,000
Total Net Fixed Assets	\$9,960,900	\$9,960,900	\$10,145,330
TOTAL ASSETS	\$10,090,900	\$10,090,900	\$10,299,330
LIABILITIES			
Current Liabilities			
Accounts payable	\$290,900	\$290,900	\$290,900
Short-term notes	\$0	\$18,000	\$0
Current portion of long-term notes	\$1,800,000	\$1,800,000	\$1,800,000
Accruals & other payables	\$0	\$198	\$198
Total Current Liabilities	\$2,090,900	\$2,109,098	\$2,091,098
Long-term Liabilities			
Other long-term liabilities	\$8,000,000	\$8,000,000	\$8,000,000
Total Long-term Liabilities	\$8,000,000	\$8,000,000	\$8,000,000
TOTAL LIABILITIES & EQUITY	\$10,090,900	\$10,090,900	\$10,299,330

PROJECT EVALUATION AND COMPARISON

Although both The Televisions Analysis Services and Slated Mobile app proposals are profitable, building the mobile App is a better investment.

The initial interest in building a mobile app was to raise the Member Value. But the small increase of members purchasing more of Slated's existing service over a period of time surpasses the profit of an increased Sales by 60 more sales a year.

EXPANSION PROPOSAL #1: TELEVISION ANALYSIS SERVICES					
TimeLine:					
	0	1	2	3	4
Initial Cost	-\$ 63,090				
Inflows	\$ 120,000	\$ 157,800	\$ 157,800	\$ 157,800	\$ 157,800
Outflows	-\$ 93,000	-\$ 93,000	-\$ 93,000	-\$ 93,000	-\$ 93,000
Netflow	\$ 27,000	\$ 64,800	\$ 64,800	\$ 64,800	\$ 64,800
Net cashflow	-\$ 9,090	\$ 64,800	\$ 64,800	\$ 64,800	\$ 64,800
NPV	\$ 115,380.26				
IRR	713%				
EXPANSION PROPOSAL #2: BUILDING A MOBILE APP					
TimeLine:					
	0	1	2	3	4
Initial Cost	-\$ 18,198				
Inflows		\$ 144,000	\$ 151,200	\$ 158,760	\$ 166,698
Outflows		-\$ 93,000	-\$ 93,000	-\$ 93,000	-\$ 93,000
Netflow		\$ 51,000	\$ 58,200	\$ 65,760	\$ 73,698
Net cashflow	-\$ 18,198	\$ 51,000	\$ 58,200	\$ 65,760	\$ 73,698
NPV	\$ 176,008.00				
IRR	292%				
				Discount rate:	10%