



## JUNE 2009 NEWSLETTER

### INVESTMENT NEWS

**The founders of gameforge and ex-Endemol** executive invest in the MMO gaming venture **MMO Life**. The Amsterdam-based MMO Life B.V., operator of regionalized and demographically-targeted portals for massively multiplayer online (MMO) and role-playing games (RPG), received **EUR 1 million (\$1.3m)** after a round of initial funding led by investors **Klaas Kersting and Alexander Roesner** of gaming pioneer Gameforge, and ex-Endemol media executive **Pim Schmitz**. The funding will accelerate the growth of the MMO Life team and gaming network. MMO Life's family of portals covers gaming news, reviews and rich-media demos for MMOs and MMORPGs throughout Western Europe and North America, and in several local languages. MMOhub.org, the company's first portal, launched in late 2008; other MMO Life-operated portals will go live in the coming months. This initial funding will go toward implementing MMO Life's distribution strategy for increasing online traffic and optimizing the MMO Life distribution channels. The company is aiming for a larger MMO gaming community. MMO Life B.V. wants to maintain a steady client base through segmented distribution. The MMO gaming offer will flexibly change with the gaming community profiles.

**The Spanish company Zed**, a mobile content colossus, purchased the UK-based **Player X** for an **undisclosed amount** this month. The Player X acquisition has strengthened Zed as a portal management provider for operators and made it the "one stop shop" for mobile content publishing, aggregation and production, especially in the games and video categories.

\* Note: Recently, the European mediatech sector has seen a minimum of investment activity, while mediatech funding activity in the United States has been quite vibrant.

### MARKET NEWS

#### **Cannes 2009: Resilience Through Quality Content and Lean Distribution**

Our film financing partner Peacefulfish was present again at the Marché du Film in Cannes this year. It seemed like the motto at the market was quality over quantity. The festival had 10,000 registrations, 1,500 screenings and 600 participants in the Producers Network. Buyers and sellers played it tight at the Marché du Film this year as the credit crisis has led all players to bet cautiously while delivering the right deals to the right place for the right price.

At Cannes, sellers placed their hopes on buyer promises made in Berlin to finalize open deals in Cannes. There have been signs of optimism in regard to the economy and how it will begin to bottom out and bounce back in the coming months. With reduced spending power and leaner advertising revenues in television and home entertainment, buyers and sellers at the Marché hedged their bets by only engaging formats that promised realistic returns.

The general spirit of optimism at the festival market grew even larger when new international film funding and tax incentive schemes were announced. Taiwan's government plans to inject \$228m into its local film industry over the next five years, including schemes to support international co-productions. The Toscana Film Commission has announced a two-year \$12.1m fund for first and

second features, documentaries and screenplays, and for regional productions. Telefilm Canada and Canadian public sector film funders have partnered up with France, Belgium, Luxembourg and Switzerland to work out an annual support package of €300,000 for French-language films.

These days, high risk takers are taking the backseat while trendsetters are accessing existing funds by coupling solid quality content with next-generation lean distribution methods and mediatech. Every dollar counts with limited funding going around. Thus, the recent MIPTV hot topics showed more relevance than ever at the latest Marché du Film in terms of innovations in broadband video, multiplatform content distribution, DVD Manufactured-on-Demand and new forms of branded entertainment. In the future, more soft money will be used to realize mediatech distribution solutions for classic film and media formats.

## **CASE STUDY**

### **Slicethepie.com - Taking the Music Highway to Success**

Slicethepie is a unique artist funding and A&R web platform with a complementary music industry and talent analysis tool. The start-up is a winner of the 2009 Red Herring 100 Europe Award for its innovative concept. Slicethepie.com positions itself as a music content provider, service provider and content enabler.

The start-up was founded by the low-key London-based millionaire David Courtier-Dutton, who has made a large part of his fortune with real estate. He has worked in London and Hong Kong as a lawyer and tech-oriented corporate financier. In the year 2000, Courtier-Dutton raised over \$200m in IPO money for a B2B web company building internet trading hubs for supply-chain automation.

Slicethepie has also recently launched SoundOut, a market leading consumer insight and analytics tool. Entirely driven by consumer reviews and ratings, SoundOut provides new and established artists, managers, record labels and publishers with detailed, objective and dependable marketing analysis of any new music track.

The Slicethepie system is based on 3 main elements: artists, fans and investors. The music fan becomes the A&R, scouting out new talent and reviews tracks for money. The artists with the best reviews are put forward for financing. Once an artist gets the green light, he or she will have the chance to raise investment monies for a showcase.

Once the artist is showcased, a minimum of £15,000 must be raised within 6 months for album production. If this first hurdle is not cleared, then the talent must start over in the scout rooms, while all money is returned to the investors. An artist is instantly showcased if he or she produces a support base of 5,000 real fans.

Anybody who directly invests over £5 in an Artist gets exclusive access to the Artist, a copy of the completed album, their name on the album sleeve and a share in the financial returns from album and single sales.

Investors may buy shares of the artist showcases. Every £1 Investment in an Artist gives the investor the right to own 1 share called a "contract". Speculators are not obliged to invest in an artist showcase but may wait until the artist is traded on the Slicethepie music trading stock exchange. The contract values are directly linked to the number of digital singles and albums sold over a 2 year period. Each contract is worth £1 for every 10,000 album sales plus 10p for every 10,000 single sales. If the Artist signs a record deal, the contracts are cashed in at an additional 50% premium to the market price 2 years after the album release date.

### **Why is there a market for Slicethepie.com?**

- Slicethepie is the world's first online music stock exchange
- More interactivity between the artist and a more involved fanbase

- Promising artists get the chance to professionally produce their albums.
- Top distribution partners. The album is released on iTunes, Amazon etc
- Majors waist billions of dollars by betting on the wrong bands, Slicethepie minimizes bad investments by giving majors a better picture of successful formats.
- SoundOut.com complements Slicethepie as a market research and analysis tool for more accurate valuation of talent. The tool helps to further prevent bad decision making on the part of record majors and distributors
- Gives amateur producers and investors a chance to learn about the music business
- Since Slicethepie's launch and first round of funding in 2007, the Slicethepie scouts have contributed to the movement of traffic by producing over 2,700,000 reviews.

### **What is attractive to investors about the Slicethepie business model?**

- Transparency - the contract values are directly linked to the number of digital singles and albums sold. Investors interested in directly investing in the Slicethepie start-up, rather than in its musical artists, get a good idea of the start-up's value
- The start-up offers high leverage combined with a unique quality product.
- The start-up founder and CEO Courtier-Dutton has ample domain experience and a successful track record.
- Slicethepie.com covers all three bases as a music content provider, service provider and content enabler
- Generates revenue directly through the artist/fan/investor community. Revenue through the complementary Soundout risk management tool sold to distributors and record labels
- Around £400,000 has been invested in artists to date.
- Additional cash out to music investors, as Slicethepie users, on the artist's value 2 years after album release date. Slicethepie collects a percentage on all deals made.

As mentioned in the previous newsletter, despite cautions investment activity, Slicethepie has secured another \$1.4 million in equity from unrevealed private investors this year. Over a period of about 14 months the money is being used for marketing and for the launch of the new artist analysis tool SoundOut. The total amount turned over since the start-up's launch in 2007 remains undisclosed.