

Z
POD

ENTERTAINMENT COMPANY

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Executive Summary

The Orcas living in the waters of the Pacific North West are an incredible species. They are truly the dominant predators namely because of their incredible intelligence, skill and team effort within the Pod. Each Orca within a Pod works together for the greater good and success of the Pod. Zpod Entertainment Company draws inspiration from the Orca where that each service provided will aim to work harmoniously together for the success of each client within the Zpod.

Zpod is an Entertainment Services Company primarily focusing on the needs of artists and content creators within the niche market of Whistler, British Columbia, Canada. Whistler is a premiere destination resort with millions of visitors each year. It sustains numerous events/conferences, musical concerts and entertainment related initiatives and is one of the biggest economic centers of British Columbia. It is also in close proximity to Canada's second largest entertainment center which is the City of Vancouver.

Zpod is eager to grow its already existing network of cliental and provide creativity, professionalism and dedication to its new and existing clients.

The business plan for Zpod Entertainment Company Limited will outlay the direction it is heading, market information, ideas for growth as well as financial projections.

Company Overview

Zpod Entertainment Company Ltd will utilize a two-sided business model focusing on four areas of business including Zpod Audio Visual Services (mixing, mastering, post-production), Artist Management and Consultation, Live Event Creative Services (audio visual) and Music Synchronization.

Zpod entertainment company's mission is to provide a professional "one stop shop" for entertainers looking to develop their talents into careers. Zpod will focus on content creators in the digital media industries including music, video, gaming and new technologies. It will also sign and develop and manage artists utilizing Zpod's extensive depth of experience.

Zpod has over twenty years of experience in both back and front ends of the industry which is a main competitive advantage. Zpods location is also one of the top three Film and TV production centers in North America as well as a hub for the gaming and future entertainment technologies.

Business Environment/Customer

The analysis proceeds by assessing the market in which the company functions, the products it currently offers or plans to offer in the future, and the characteristics of current or potential customers.

Zpod will operate in the digital media industry in Canada. It will be located in the sea to sky corridor in British Columbia. This is the third largest music hub in Canada. It has a growing and booming gaming industry and is considered "Hollywood North" due to the high volume of United States film industry clients.

The market is also beneficially supported by the government and various fiscally useful organizations such as Creative BC, Music BC, Factor and many others.

Zpod also plans to expand its services into augmented reality technologies in the near future. It is with no doubt that these new technologies provide incredible opportunity for the entertainment industry. These will be artist focused AR technologies as well as AR for live event implementations.

Marketing Strategy

Our marketing strategy will focus on cultivating a clientele in the music mixing and mastering industries but offer bundled services to add value. For example, Artist who use our mixing mastering services can also become part of our music synchronization catalogue. Artist who want mixing services can also get the mastering at no extra cost. Artist signed under management can also utilize our live event creative services department.

Zpod plans to enter the augmented reality market within the first two years of business. The growth rate of this industry is projected to be massive over the next few years in BC.

1. About: ZPOD ENTERTAINMENT COMPANY

1.1 Name/Brands

ZPOD ENTERTAINMENT COMPANY focuses on four major areas including Audio/Visual Services (mixing/mastering/recording/post-production), Live Entertainment and Event Design Production, Artist Management/Consulting and Music Publishing.

All of these services areas will work harmoniously together and will include a variety of brands including:

Zpod Audio/Visual Services:

- Zpod Studio (recording, mixing, mastering, sound design and post-production)
- Zpod Blog (music and film industry informative blog)
- Zpodcast and Social Media Content Production

Zpod Live Entertainment/Event Design:

- Valley Crow –Valley Crow is a live entertainer in Whistler, British Columbia inspired by Whistler and the Sea to Sky Corridor.

- Orca – an immersive audio/visual experience designed to create awareness for the need to protect the Orca’s in the Pacific North West. Orca is designed to travel with music festivals as an added value for the festival experience.

Zpod Artist Management:

Administering and managing musical artists within Whistler Ski Resort and the Sea to Sky Corridor. Focusing on obtaining 360 deals with Artists that include everything from the mixing phase all the way to publishing.

- Valley Crow
- Terrifier/Jenna Mae/Marble Canyon
- Orca

Zpod Publishing:

- Establish a catalogue of music to distribute and acquire “sync” contracts focusing directly on the extreme sports entertainment industry.

Existing Catalogue:

1. Rapido (Pistols at Dawn) – Alternative Rock band from Vancouver B.C.
 - o <https://rapido.bandcamp.com/>
2. Valley Crow – presently working on an EP for release summer 2019
3. Orca – Music for the Orca immersive audio/visual experience

Sector:

Arts and Entertainment - 711 – Performing Arts, Spectator Sports and Related Industries.

1.2 Legal form

Limited Company (as described on the British Columbia Government Website)

Incorporated Companies

In B.C., incorporation creates a legal entity known as a corporation, commonly referred to as a company. Three types of companies may be created through incorporation:

- **Limited company (most common)**
- Unlimited liability company
- Community contribution company

What Incorporation Means

Companies are incorporated in B.C. under the Business Corporations Act. The Act gives incorporated companies:

- All the powers of an individual
- An independent existence – separate and distinct from its shareholders

- An unlimited life expectancy

A company can acquire assets, go into debt, enter into contracts, sue or be sued.

1.3 State of registration

Zpod will be registered in British Columbia, Canada because BC is home to Zpod's main target demographic and clientele which is Whistler, British Columbia. BC is also Canada's second largest entertainment hub next to Toronto. This is largely due to Vancouver being "Hollywood North" and its close proximity to major entertainment hubs of the USA such as Seattle, Portland and Los Angeles. Many US entertainment sector companies look to Canada for creative services mainly due to the Tax incentives, the Value of the US dollar and the professionalism found in Canada's entertainment sector. These ingredients add excellent value.

1.4 Core Activity/Competitive Advantage

Zpod's will focus on all activities from the mixing phase of music production continuing to the distribution and musical asset management. All of these services will work harmoniously in a linear fashion. Each brand of the business will add value to each other. For example, a client who requires service for mixing could also receive mastering at no added cost. An artist signed to a Management Agreement would also benefit from Zpod's expertise in Event design/production, publishing and distribution. A client needing sound design for a film or commercial could also receive the mixing and mastering as an added value.

Value Chain:

**Mixing – Mastering/Post-Production - Artist Management – Live Event Production/Design -
Publishing – Distribution**

Zpod's competitive advantage is that it will be located in Whistler B.C, one the most sought-after ski/mountain bike resort destinations in the world. This is an advantage as similar larger companies exist outside of Whistler and do not have the direct connection to the local community. CEO of Zpod, Edward Hugill has lived and worked within the Entertainment industry of Whistler for over ten years working alongside the major stakeholders of the resort such as Tourism Whistler, Canadian Wilderness Adventures, The Whistler Arts Council and the Resort Municipality of Whistler.

2. Corporate Identity

2.1 Main Stakeholders

Tourism Whistler
Vail Resorts (Whistler Blackcomb)
Origin Media
Sherpas Cinema

Whistler Arts Council
Gibbon's Entertainment
The Resort Municipality of Whistler
Canadian Wilderness Adventures
The Adventure Group
Blackcomb Snowmobile
Sunwolf
Coast Mountain Photography
The Whistler Film Festival
Cornucopia Whistler
The Point Artist Centre
Squamish Lil'wat Nation
Sharai Rewels Films

2.2 Mission Statement

Zpod provides entertainment services to the niche demographic of Whistler, British Columbia. Zpod's mission is to provide professional entertainment services to all stakeholders of the Resort Municipality of Whistler and beyond.

Unlike other Entertainment Service Companies, Zpod is located directly in Whistler, British Columbia and already has a network of stakeholder connections. Zpod founder Edward Hugill has worked and lived in Whistler for over ten years developing relationships and working within the entertainment industry of Whistler. Zpod understands there is a need for an entertainment service company and is eager to become a leader in the community.

2.3 Values/Mantra

Zpod's mantra is best described by the following quote.

"Find creative ways to live your life and love everything and everyone around you" – unknown author

Zpod's core values are first and foremost creativity, professionalism and dedication. Zpod will strive to be the most creative, professional and dedicated to our clients and their needs.

2.4 Visual Identity

Slogan:

Join the Pod!

Logo:



2.5 Communication

Printed:

- Pique Newsmagazine is Whistlers go to printed news publication. It reaches thousands of locals as well as thousands of tourists every year.
- Mountain Life Magazine – Whistler's most circulated Magazine Publication. MLM has articles and advertisements dedicated to the mountain culture of Whistler.

Digital:

- Social Media: Facebook/YouTube/Spotify/Instagram
- Website:

zpodmusic.com (domain has been registered and website is currently being built.

○ Audio/Video:

- Ramshackle Blues - Film (Viewers Choice Award Winner, B-Grade Horror Film Fest 2018 - <https://vimeo.com/297865706> (password = buckshot) please do not distribute.
 - Sound Design/Mixing/Mastering
- Hope - The Documentary 2018 - Mastering <https://www.kickstarter.com/projects/hopethedocumentary/hope-the-documentary-0>
- Words of Wisdom – Documentary Film – Mixing and Mastering
- Valley Crow Promo - https://www.youtube.com/watch?v=tZFOt_wOHRo
- <https://soundcloud.com/user-555976464>
- <https://rapido.bandcamp.com/>

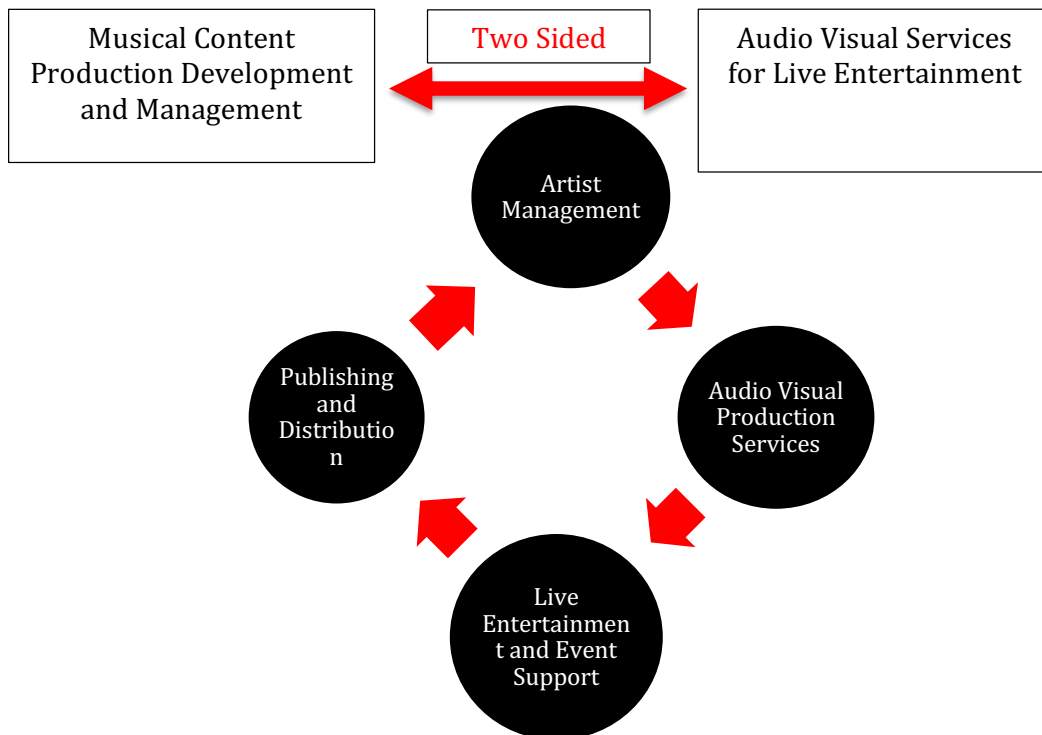


3. ZPOD Entertainment Offering

3.1 Value Proposition

ZPOD ENTERTAINMENT COMPANY has a solid understanding of its unique primary market of the Resort Municipality of Whistler, British Columbia, Canada, the secondary market of Vancouver, B.C and extending to the global entertainment market. Zpod realizes the need for a two-sided entertainment company specializing in the development and management of musical content creators and performers as well as audio visual support for the live entertainment sector in these markets. Zpod is a conduit connecting the content creators to the live event support industry. This connection is valuable to all clients as services can be combined into bundles creating a competitive attractive offering. Zpod will focus on these two-sides with four business entities which include:

Figure 1: Business Model



Value to Musical Content Creators and Live Entertainment and Event Sector:

Zpod's value lies in its extensive experience and knowledge in the audio-visual production industry. Zpod's founder, Edward Hugill, has over twenty years of experience in the recording and performing arts and ten years in the audio-visual events industry at a management level. His wealth of experience offers professional high-caliber services at competitive pricing. Zpod also provides a magnitude of experience working professionally in both the primary and secondary markets as content creator and audio-visual design and event support and which in turn flows into the global arena.

Artists, content creators, entertainers and event producers can all benefit from Zpod's value offering in the primary market due to Zpod's deep understanding of the entertainment micro climate within Whistler.

Value to the Live Entertainment and Event Sector:

Event producers can take advantage of Zpod's Live Entertainment Event Support and Design Services. Although the resort is built for outdoor enthusiasts this creates a need for entertainment services. Whistler is one of North America's premiere destination resorts which hosts a plethora of recurring annual events throughout the year including The World Ski and Snowboard Festival, Wanderlust, Cornucopia, The Whistler Beer Festival and Whistler Film Festival. As an indication of entertainment infrastructure, the resort was host to the 2010 Winter Olympics. Whistler also hosts high end corporate events throughout the year and has been host to such companies as Mozilla, TedX and Electronic Arts FIFA tournament. There is certainly a pain felt for event producers whom must pay outrageous commissions and high fees to Zpod event support competitors. Zpod clients gain from our low overhead and benefit from our vast event production experience and knowledge of the event industry.

Not only will Zpod service the event sector in Whistler's tourism industry but also utilize years of event production knowledge to design and implement Zpod Social Responsibility Events. These events will serve social movements and organizations. This will alleviate some of the stress felt by the local community due to the over saturation of corporate events in the area and instead focus on the importance and value that socially responsible events can add. For example, Zpod will produce an Earthdance event for the Fall of 2020. Earthdance events take place globally on the same day and involve a synchronized collective global meditation. These events raise money for social movements and charities of the event producer's choice. Zpod is also designing an immersive audio-visual experience called Orca. A large half spherical structure complete with internal LED walls and immersive sound that will travel with festivals and large events promoting and educating event attendees about the importance of these wonderful creatures while also raising money for their protection. This structure and accompanied audio visual elements can also be reused for other immersive experiences in the future.

The live entertainment and event sector will also find Zpod's Artists Management services advantageous. Founder, Edward Hugill has already been playing within Whistler and surrounding areas for over ten years in various acts. Under the moniker Valley Crow he has played around thirty plus shows a year as a resident act for a local outdoor tour company called Canadian Wilderness Adventures. Valley Crow also frequents the Roundhouse at the top of Whistler Mountain and has been hired as an entertainer for corporate events such as Mozilla Firefox. Due to this experience Zpod has the knowledge and network of connections

that most musical artist do not in the area. Especially the newer musical residents whom “come for a season”. The pain felt from not having the instant network in place can be alleviated by using Zpod Artist Management. Zpod intends to sign musical artists and entertainers under contracts and exploit their talents to the Whistler market and beyond. These artists will have a niche combination of talents. Firstly, they will be artists, bands, entertainers whom either write or perform songs to be exploited. Secondly, they exemplify the Pacific Northwest lifestyle (combined with their own if applicable) which can be illustrated by the “Whistler” brand itself. Lastly (not necessary), they will have multiple talents for exploitation such as mountain biking or snowboarding and music. These will help sell the lifestyle component of their brand as well as Zpod’s.

Not only will Zpods Artist Management component organize the career of local musicians but it will also alleviate the task of finding talent for corporate events, local festivals and venues. It will help build and foster a healthy musical artist pool of talent to exploit in the Whistler market and beyond.

Value to Music Production and Content Creators:

Zpods Audio Visual and Production Services will alleviate the need to look to external more expensive markets for quality services. Whistler is home to many content creators which can utilize Zpods services. Some examples of these companies are Whistler Blackcomb Ski Resort, Origin Media Group, Sherpas Cinema and the Whistler Arts Council. Zpod has an existing network of key players whom it has worked with in the past on short films and advertising content providing professional post-production. Zpod was involved in the sound design for “Ramshackle Blues” which won the Viewer’s Choice Award in the 2018 B-Grade Horror Film Festival. Content creators can take advantage of Zpods professional recording, mixing and mastering facility as well as artists signed to Zpod Artist Management and distribution contracts in regards to supplying licensed music for creative content. This will act as a gain for the local artist community promoting local talent and building a solid professional artistic community instead of looking elsewhere for similar services.

3.2 Pricing Policy

Zpod Artist Management:

Pricing for Artist Management services will vary between contracts but will to start the negotiation process it will be based on a percentage basis of 15% of gross earnings for a 360-degree agreement with a minimum term of one year with option to renew. Should the option not be renewed after one year the commission structure will fall to 3-5% of gross earnings on a 360-degree deal and will continue for three to five years. The idea is to help professionally develop artists careers but also create a volume business that continues beyond contractual obligations.

Zpod Audio/Visual Services:

These services will be based mainly on a per hour billable basis that are outlined below.

- Recording, Mixing and Post Production services will be charged at a rate of \$60 per hour.

- Mastering Services will be charged at a rate of \$85 per song

Zpod Live Entertainment/Event Design:

These services will be broken down as follows:

- Event Consultation Fee \$200
- Event Design \$60 per hour
- Event Technical Labour \$30 per hour (in line with local rates)
- Live Entertainment rates will range from \$250 for singer songwriters as much as \$10,000 for larger musical acts.

Zpod Publishing, Music Synchronization and Distribution:

- These agreements will be dependent on whether artists are signed to Zpod Management Agreements and will be based on a commission structure between 15%-25% earnings.
- Zpod will have the ability to distribute musical content through online aggregators such as Distrokid.

3.3 Market Positioning

Zpod Entertainment Company offers a unique value offering that is not offered by any other company in Whistler despite a demand for these offerings. There are similar companies such as small home recording facilities and small to large corporate event firms and no Artist Management Companies. None offer the mix of services that Zpod offers. Please see the three Market Positioning Maps below that outline key players and similar businesses in the primary, secondary and global markets.

Figure 2:

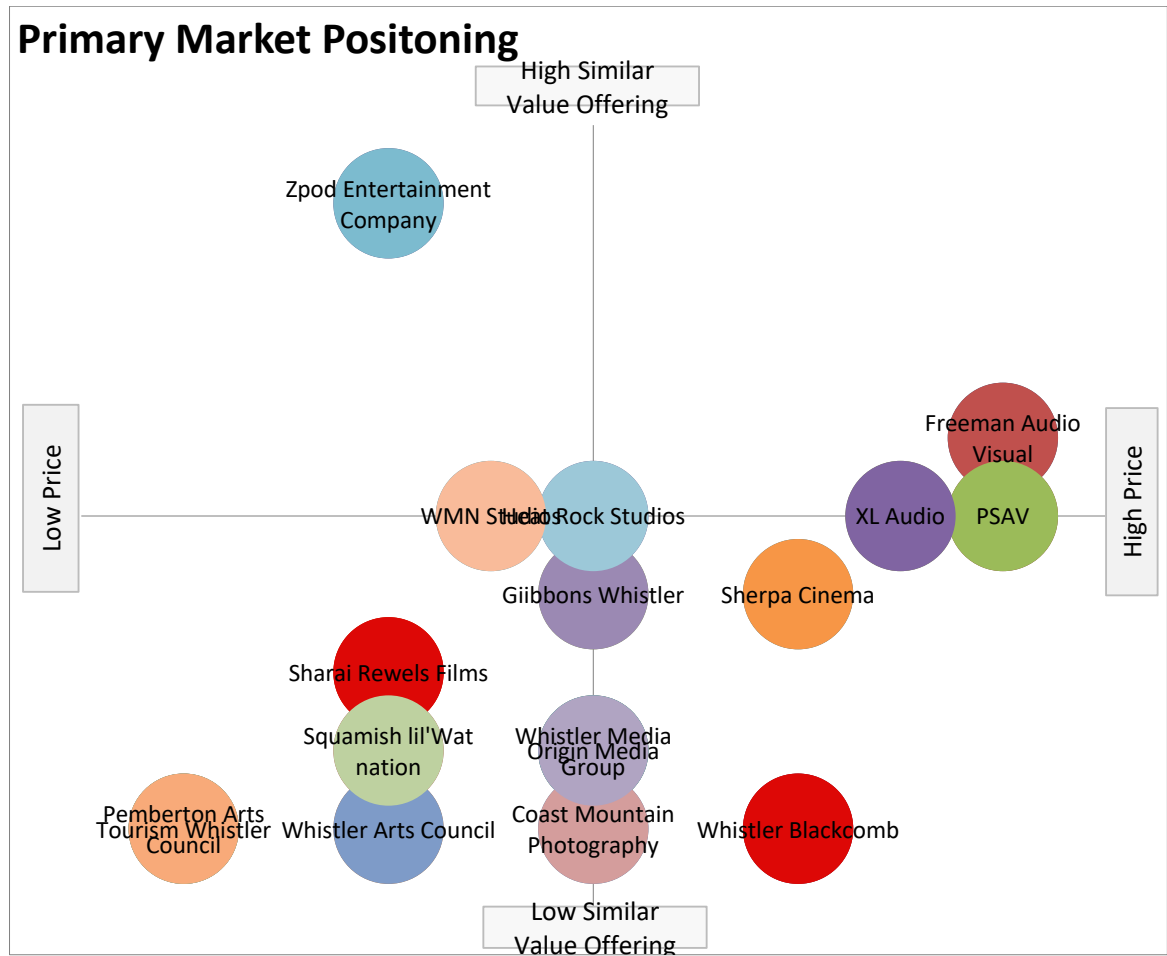


Figure 3:

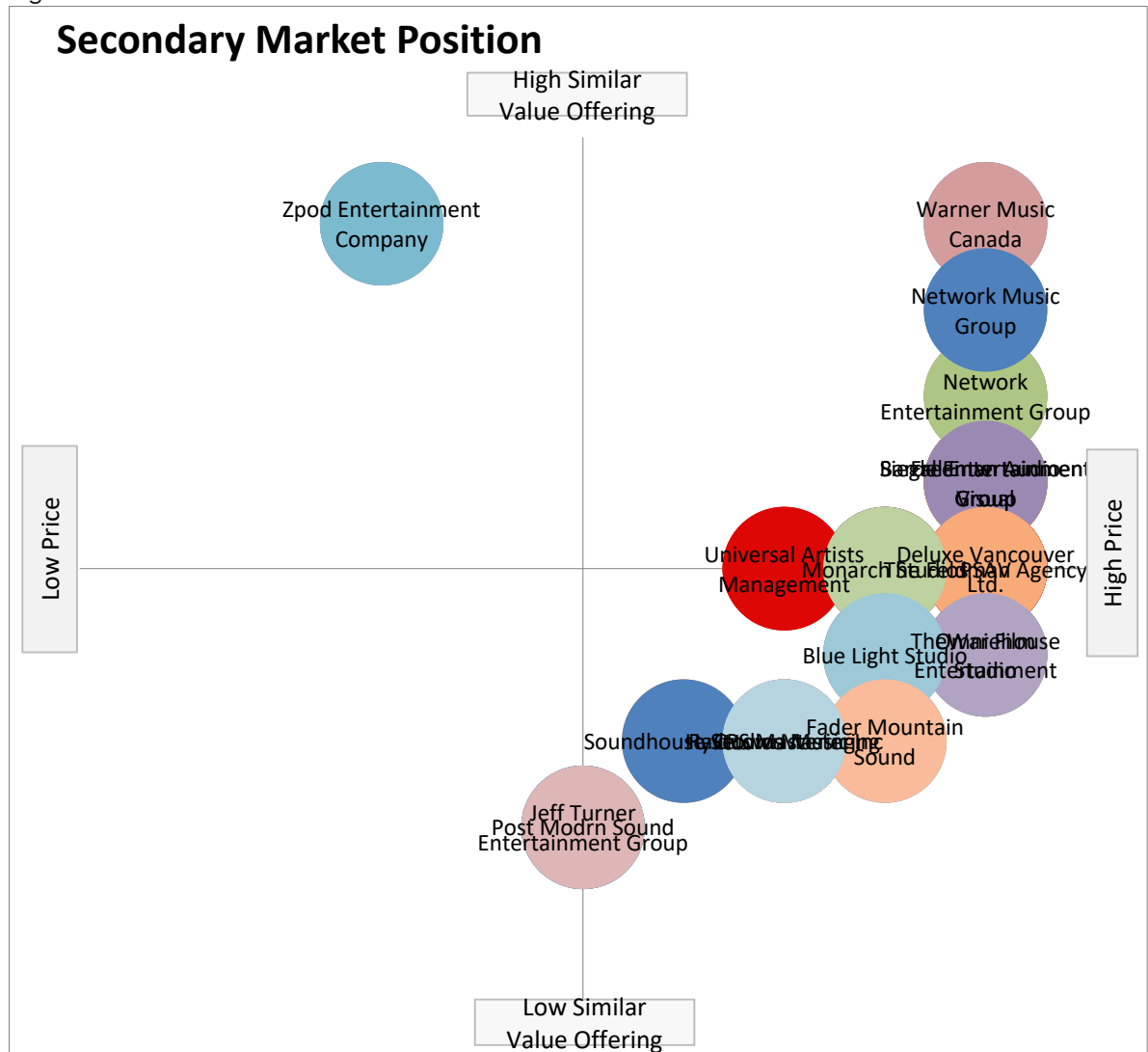
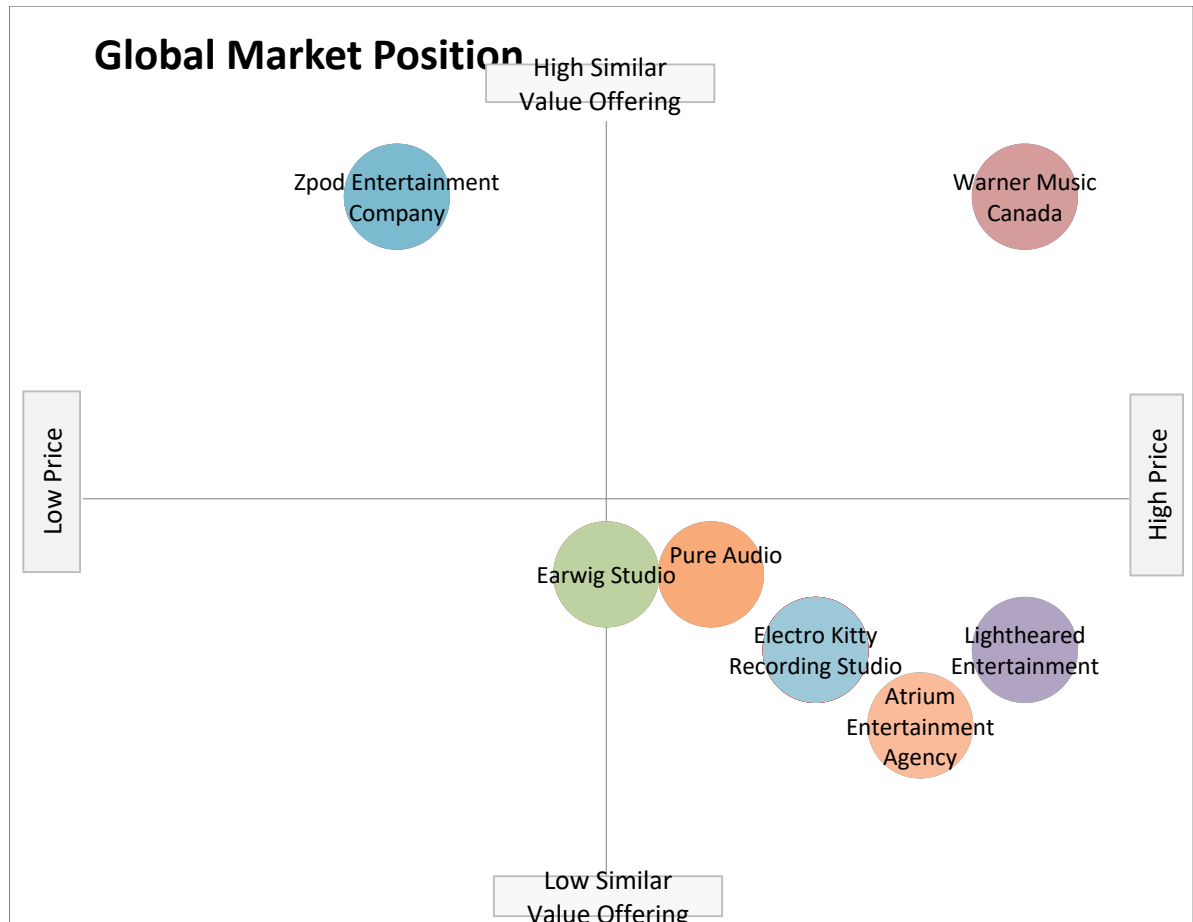


Figure 4:



3.4 Customer Segmentation

Zpod's main buyer groups fall into three categories which are musicians, audio visual content creators and live events/entertainment. Zpod clients are those looking for professional audio-visual services including recording, mixing, mastering and post production as well as established artists looking to further a career in the music business and need professional artist management. Zpod's ideal clients would be those who want one or more of these services and could take advantage of bundled services. Zpod will target all content creators for music, film, television, social media advertising, live event producers and live music venues.

The geographic areas Zpod will target are in the Sea to Sky corridor which includes Whistler (primary market), Squamish and Vancouver (secondary markets) extending internationally. Zpod wants to add financial value to the global market who mostly can take advantage of the favorable exchange rates. The United States market specifically the Pacific North West can take advantage of the favorable exchange rate which adds incredible value for high caliber services.

Customer Data

Testimonials:

“Hey team,

So happy with this, Eddy. Really good on all the fixes.

One little thing I noticed:

Something a bit odd happened on the line "Just telling fucking Carla here how you and me shot our..." when Pearl speaks? Volume dips down briefly mid dialogue.

Otherwise, sounds amazing! Really stoked. Thanks for being diligent with all my notes.

When you are ready, please do send it over to Erica and she'll finalize the credits.

Yeehaw, this movie is looking and sounding amazing. Super proud of you guys and all your hardwork.

Luv,
Sharai Rewels Films”

4. Business Environment

4.1 Major Trends Canada:

“Propelled along by a steady growth in audio streaming, Canada’s music industry is enjoying a strong second half to the decade... though it has one eye on improving its standing in the YouTube-dominated VOD sector” - Music Ally

Canada still has some catching up to do in the streaming world as far as volume but this is an opportunity to capitalize as the streaming industry grows. Due to Canadian fiscal governmental support to aide in increasing Canadian music revenues there is great opportunity especially in British Columbia where Zpods is located. Music BC, Creative BC, Factor and Canadian Music Fund are all valuable resources Zpod can utilize to help not only Zpod itself but Zpod clients as well as the industry continues to catch up.

Some interesting trends from 2016 to 2017 include a 25% growth in Vinyl sales and a 22% decrease in CD sales. Digital sales dominate the market with just under \$370 million in sales and the total combined sales rose 14% indicating a healthier industry on a whole.

Some trends to focus on are the gaming industry augmented reality/virtual reality industry. 27% of Canadians employed in the gaming industry are located in BC and there are 1300 digital media companies within BC. The growth rate of the AR/VR industry is expected to grow 13X from 2017 to 2020. This is definitely an area that Zpod will focus on. Zpod has already begun to research and develop ideas for Augmented Reality media.

4.2 Market Size:

Canada's market size is 7th among the top ten music markets in the world. British Columbia is the third largest music market in Canada and faces tough competition from Toronto and Montreal. Despite this Vancouver, BC is the 3rd largest film and TV production center in North America. This is largely due to its proximity to California as well as tax incentives and advantageous currency exchange rate. Zpod hopes to capitalize of these benefits by targeting its secondary market which is Washington and Oregon in the US.

4.3 Business Competition

The key dimension of Zpods competitors are that they are mostly not two-sided businesses and do not offer the services Zpod provides. This is Zpods advantage as we can provide bundled services that spread across many client's needs. For example, our main competitor for live entertainment in Whistler is XL Audio. They only supply audio visual rental solutions for events. Zpod would offer the talent and audio-visual elements for the event. Zpod would also receive income from the Artist Management commissions agreed upon with the Artist under contract.

4.4 SWOT Analysis

Strengths:

- Over 20 years experience
- Educated in Audio Engineering, Mastering and Post Production, Film Studies and Global Entertainment and Music Business
- Low Overhead compared to competitors
- Professional quality audio equipment
- Seasoned knowledge in Live events Management
- Solid Knowledge of primary and Secondary Markets.
- Unique needed services under one roof.

Weaknesses:

- Not a large inventory of Live event equipment and audio-visual re-enforcement
- Only one employee at the moment
- Not a large recording facility compared to competitors

Opportunities:

- Growing streaming industry in Canada

- Growing VOD industry in Canada
- Fiscal Support from Provincial and Federal Government
- Favorable Exchange Rates of foreign Currencies.
- Tax incentives for Canadian Businesses as well as foreign businesses
- Growing Primary Market
- Resort Municipality budget is large for entertainment

Threats:

- Global business target Zpod markets
- Vasil Resorts (USA) owns Whistler Blackcomb now
- Canadian dollar could potentially improve making a non-favorable exchange rates
- Foreign Government Tax
- Piracy

4. Financial Projections

4.1 Required Capital

The required capital in regards to operating expenses needed for Zpod's first year of business is based on the knowledge of ten years of living in the Whistler area. The rent is based on an 11% allotment in accordance with British Columbia business regulations for home-based businesses , which Zpod will remain for the foreseeable future.

Zpod plans to utilize \$100 dollars per month for the first year. Zpod plans to use social based marketing strategies in the primary and secondary markets for the first year.

The salary to be paid was based on a minimum amount of what is needed to sustain the mortgage of the and livelihood of the owner. There will only be one employee for the first year.

The subscription software needed will be Adobe Photoshop, After Effects and Pro Tools.

Zpod already owns many assets needed for operation but would make some key additions in the first year. The goal is to finance these items through Long and Mcquade which offers 0% - 2.5% financing on gear. That is how most of Zpods assets were initially acquired. Zpod will add a Universal Audio Accelerator package to improve it's "in the box" processing power for mixing, mastering and post-production. It will also augment and improve its monitoring by purchasing Genelec 4" 8030 studio monitors and an Adam Audio 10" sub-woofer. It will also improve Zpods studio by adding a Primacoustic ceiling cloud. Zpod also plan plans to update it's studio desk to a Zaor Yesk Studio Desk which will improve the use of space in the studio.

Zpod will not incur any banking fees as the business account will be with Royal Bank of Canada who offers an online "e-account" to its current clients. Zpod knows from experience that most payments will be made by check or cash.

All taxes are based on British Columbia Payroll Tax deductions which include Canada Pension Plan and Employment Insurance (6.72% total).

The initial capital needed for launch is feasible and is based on years of experience living in the area. The goal for the first year is to buy key but minimal gear to update an existing professional inventory of gear needed for operation. During this year Zpod will work hard to expand on it's Audio Visual, Event and Performer offerings building key networks and relationships to implement these additions in the second year.

Fig 1.1

		Amount Per Month	For 12 Months
Operating Expenses (OPEX)	Monthly Fixed Expenses:		
	Accounting and Banking	\$9.80	\$117.60
	Marketing and Advertising	\$100.00	\$1,200.00
	Rent	\$200.00	\$2,400.00
	Supplies/Stationary/Business Cards/Flyers	\$10.00	\$120.00
	Telephone & Utilities	\$60.00	\$720.00
	Internet & Web-Hosting	\$50.00	\$600.00
	Electricity	\$30.00	\$360.00
	Subscription for software	\$100	\$1,200.00
	Salaries (include owner) Payroll Taxes at 5.10% (CPP)/1.62%(EI)	\$1,500.00	\$18,000.00
	Monthly Fixed Expenses Sub-total (I)	\$2,059.80	\$24,717.60
Capital Expenses (CAPEX)	Asset Purchases:		
	Software/Hardware/Apps	\$0.00	\$3,500.00
	Furniture etc.	\$0.00	\$1,863.00
	Asset Purchase Sub-Total (II)		
	Startup Expenses You Pay Once:		
	Business Registration	\$384.00	\$384.00
Startup Expenses You Pay Once Sub-total (III)	\$384.00	\$5,747.00	
TOTAL EXPENSES (I+II+III)		\$2,443.80	\$30,464.60
Contingency (10%)		\$2,688.18	\$33,511.06
Total Estimated Cash Needed to Start For 12 Months (TOTAL EXPENSES +10%)			\$33,511.06

4.2 Pro-Forma Balance Sheet

Year one of the balance sheet is based on the income earned from the earnings of Valley Crow over the past few years. Valley Crow is an entertainer but also the owner Eddy Hugill. Valley

Crow will finance the initial capital for the business and Zpod will invoice on behalf of Valley Crow. These numbers are based on actual financial data and based on a part-time basis because at the time Eddy was also working Full-Time as an audio-visual manager. Zpod feels it could increase this value by the second year by 15%. Valley Crow would be the main "cash cow" for Zpod in its first year while expanding its other offerings for implementation in the second and third years of business.

The cash on hand will be due to personal investment. Zpod plans to invest in "new tech stocks" such as Tencent Music and Augmented Reality to help grow its capital with other scalable offerings.

There are no inventories in stock no accounts receivable or prepaid expenses.

Fixed Assets are based on the 11% allotment for home-based businesses workspace. \$33500 is for an 8 x 10 ft workspace. Zpod has estimated it owns about \$6000 of professional audio equipment and will depreciate for a useful life of ten years with a salvage of half the total value.

In year two, Zpod plans to grow its Valley Crow and Studio services income by 20%. It also plans to sign its first artist for management portion of the business. Zpod estimates using the Valley Crow numbers that it could generate the same amount of income in it's first year of management for the artist. Zpod would take 15% of the total earnings brining in approximately \$3144.00 of new revenue. Zpod will also add another artist by year three and the estimated increase will be the same for each artist.

During year two Zpod plans to crowd fund its Orca Audio Visual experience with a goal of \$15,000 and look for investors for the project. Zpod estimates it will need about \$80,000 for the project.

You will notice that a 3% COLA increase to salary has been applied across the years.

By year three Zpod plans to increase the revenue by another 20% as well as add another artist to its roster increasing the same amount as the first artist in year two.

Fig 1.2

Balance Sheet				
		Year 1	Year 2	Year 3
	ASSETS			
1	Current Assets			
	Cash	50,000.00	45,942.00	48,210.00
	Investments	1,000.00	2,000.00	3,000.00
	Accounts receivable	0.00	0.00	0.00
	Inventories	0.00	0.00	0.00
	Prepaid expenses	0.00	0.00	0.00
2	Fixed Assets			
	Building	33,500.00	33,500.00	33,500.00
	Equipment	6,000.00	11,363.00	11,363.00
	Accumulated depreciation	(300.00)	(568.00)	(568.00)
3	Intangibles	384.00	0.00	0.00
4	TOTAL ASSETS	90,884.00	92,237.00	95,505.00

	LIABILITIES and OWNER'S EQUITY			
5	Current Liabilities			
	Accounts payable	(18,000.00)	(18,540.00)	(19,096.00)
6	Long-term Liabilities			
	Bank loans	0.00	0.00	0.00
7	Owner's Equity			
	Invested Capital	50,000.00	45,942.00	48,210.00
	Accumulated retained earnings	(10057)	(4,951.30)	2,417.97
	Total Owner's Equity	39,943	40,990.70	43,408.67
8	TOTAL LIABILITIES and EQUITY	57943	59530.70	62504.67

4.3 Pro-Forma Income Statement

Zpod plans to price the offer on a per contract basis but can utilize values from past experience to estimate.

Artist Management:

Valley Crows revenues are based on a \$250 per gig fee which is the going rate for venues in and around Whistler for solo artist. Corporate events offer anywhere from \$500 to \$1000 plus expenses for a solo artist. Under Zpod Management the commission rate will be 15% of gross earnings.

Fig 1.3

Income Stament (As of DECEMBER 2019)				
		Year 1	Year 2	Year 3
1	Revenue	20,960.00	28,296.00	37,151.00
	- Cost of Sales / COGS	(6,563.00)	(7,219.30)	(7,941.23)
2	GROSS PROFIT	20,960.00	28,296.00	37,151.00
	- Administrative Expense / SG&A	(24,717.60)	(25,460.00)	(26,223.80)
	- Depreciation Expenses	(300.00)	(568.00)	(568.00)
3	OPERATING PROFIT (EBIT)	(4,057.60)	2,268.00	10,359.20
	-/+ Dividends and Interest Income	0.00	0.00	0.00
	- Interest Expense	0.00	0.00	0.00
4	PROFIT BEFORE TAXES	(4,057.60)	2,268.00	10,359.20
	Taxes	2%	2%	2%
5	NET PROFIT	(10,057.00)	(4,951.30)	2,417.97

Audio Visual Services:

AV consultations @ \$50.00

\$40 per hour of work in studio for mixing and \$85 per song for mastering.

Event Services:

- \$30 and hour for technician rate.
- Orca AV Experience estimated at about \$15000 per event which includes all equipment. This will not be implemented until year 4.

4.4 Pro-Forma Cash Flow Statement

Fig 1.4

	Cash-Flow Statement (For the first 6-month)						
Revenue Streams:	Pre-Startup	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Mixing/Mastering		150	180	216	259.2	311.04	373.248
CWA GIG (Valley Crow)		1800	1800	1800	1800	1800	1800
MUSO ENTERTAINMENT		250	250	250	250	250	250
PEMBERTON Farmers Market		180	180	180	180	180	180
Management		0	0	0	0	0	500
Freelance AV		300	300	300	300	300	300
Total Income		2680	2710	2746	2789.2	2841.04	3403.25
Expenses:							
One time fee	-\$384.00						
Monthly Fixed Expenses		-2059.8	-2059.8	-2059.8	-2059.8	-2059.8	-2059.8
Personal Investment	\$50,000.00						
Total	\$49,616.00	620.2	650.2	686.2	729.4	781.24	1343.45

Fig 1.5

Cash-Flow Statement (as of DECEMBER 2016)				
		Year 1	Year 2	Year 3
	INFLOW AND OUTFLOW			
1	Funds provided by:			
	Receipts #1	\$ 20,960.00	\$ 28,296.00	\$ 37,151.00
	Crowdfunding			\$ 15,000.00
	Personal Investment	\$ 50,000.00	\$ 45,942.00	\$ 40,990.70
	Investment			\$66 000
	TOTAL FUNDS IN	\$ 70,960.00	\$ 74,238.00	\$ 93,141.70
2	Funds used for:			
	Cost of goods acquired	\$ 6,563.00	\$ 7,219.20	\$ 7,891.23
	Payroll	\$ 24,717.60	\$ 18,540.00	\$ 19,096.00
	SG&A	\$ 24,717.60	\$ 25,460.00	\$ 26,223.60
	Interest expense	\$ -	\$ -	\$ -
	Rent			
	Building and equipemnt	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00
	Depreciation	\$ 300.00	\$ 568.00	\$ 568.00
	Long-term debt reduction	\$ -		
	TOTAL FUNDS OUT	\$ 58,698.20	\$ 54,187.20	\$ 56,178.83
3	NET CHANGE IN CASH POSITION (Total Funds In - Total Funds Out)	\$ 12,261.80	\$ 20,050.80	\$ 36,962.87
	CHANGES BY ACCOUNT			
4	Changes in Liquid Assets			
	Cash	\$ 50,000.00	\$ 45,942.00	\$ 40,990.70
	Investment Portfolios	\$ 1,000.00	\$ 2,000.00	\$ 3,000.00
	TOTAL CHANGES	\$ 12,261.80	\$ 20,050.80	\$ 36,962.87
	Period	1	2	3
5	Net Present Value	\$55,488.75	\$57,013.67	\$36,962.87
NPV Rate	10%			
NPV Total	\$149,465.29			

4.5 Cash Burn Rate

Zpod has a manageable daily cash burn rate of about \$92 and approximately \$2800 monthly.

Daily cash burn rate **\$91.81**

Monthly cash burn rate **\$2,792.59**

5. Risks

Some of the risks that Zpod could face is losing any of its revenue streams especially Valley Crows. But this is unlikely due to a solid relationship with clients whom VC is a resident musician for. Zpod could also face a slow growth rate in its AV services as there is heavy competition in secondary market. Finding Artists to manage and willing to put the time and effort in could pose a risk to the management portion of the business. Another risk that seems to be increasing is the risk of forest fires in the area which could potentially disrupt business operation.

Appendix

Figure 6:

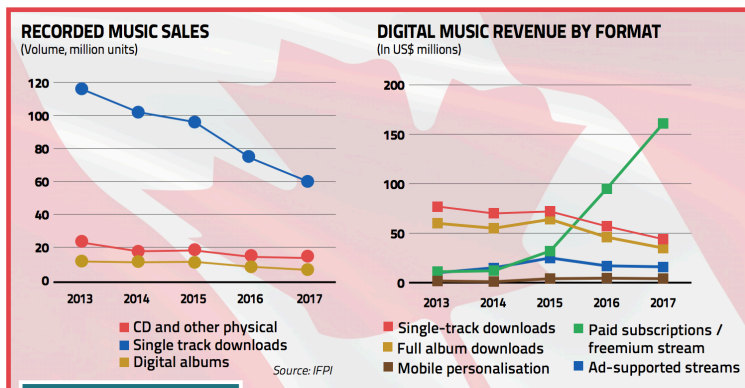


Figure 7:

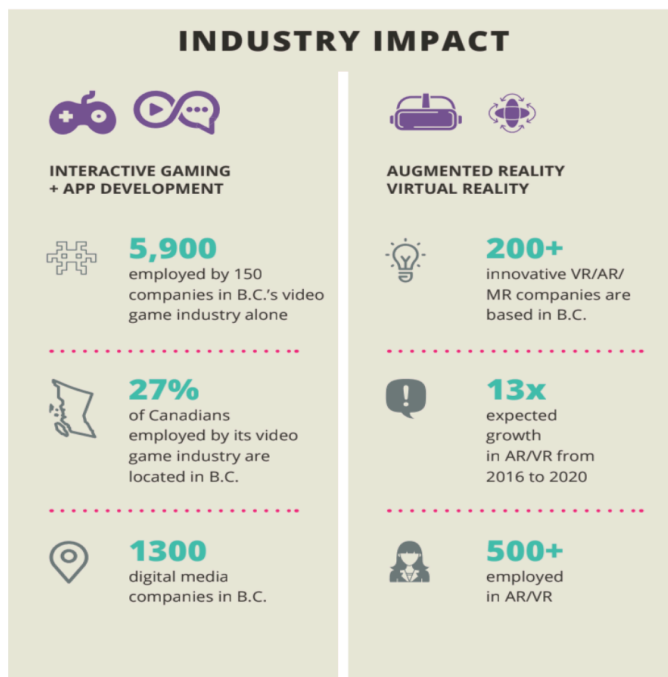


Figure 8:

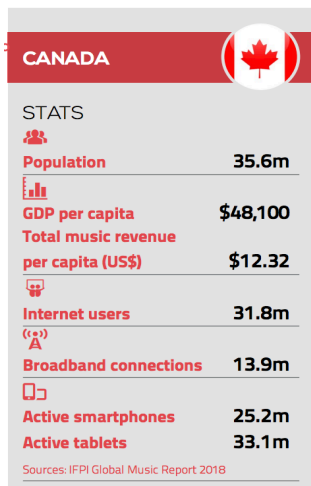


Figure 9:

Music Canada Statistics | 2017

Trade Value

	2017	% Change	2016
Physical			
CDs	\$ 76,376,930.00	-22.1%	\$ 98,040,380.00
Vinyl	\$ 35,518,580.00	25.1%	\$ 28,395,260.00
Other Physical ¹	\$ 4,937,720.00	-2.5%	\$ 5,066,651.00
TOTAL PHYSICAL	\$ 116,833,230.00	-11.2%	\$ 131,502,291.00
Digital			
Downloads	\$ 103,529,190.00	-23.0%	\$ 134,505,590.00
Mobile & Other Digital	\$ 5,192,980.00	-11.3%	\$ 5,853,570.00
Total Streaming	\$ 260,208,640.00	50.2%	\$ 173,297,360.00
TOTAL DIGITAL	\$ 368,930,810.00	17.6%	\$ 313,656,520.00
TOTAL MUSIC MARKET²	\$ 569,494,521.00	14.4%	\$ 497,733,764.00

¹ Other physical formats include vinyl, singles, DVDs, cassettes, etc.

² Total market includes other revenue streams such as performance rights, synchronization licenses

Figure 10:

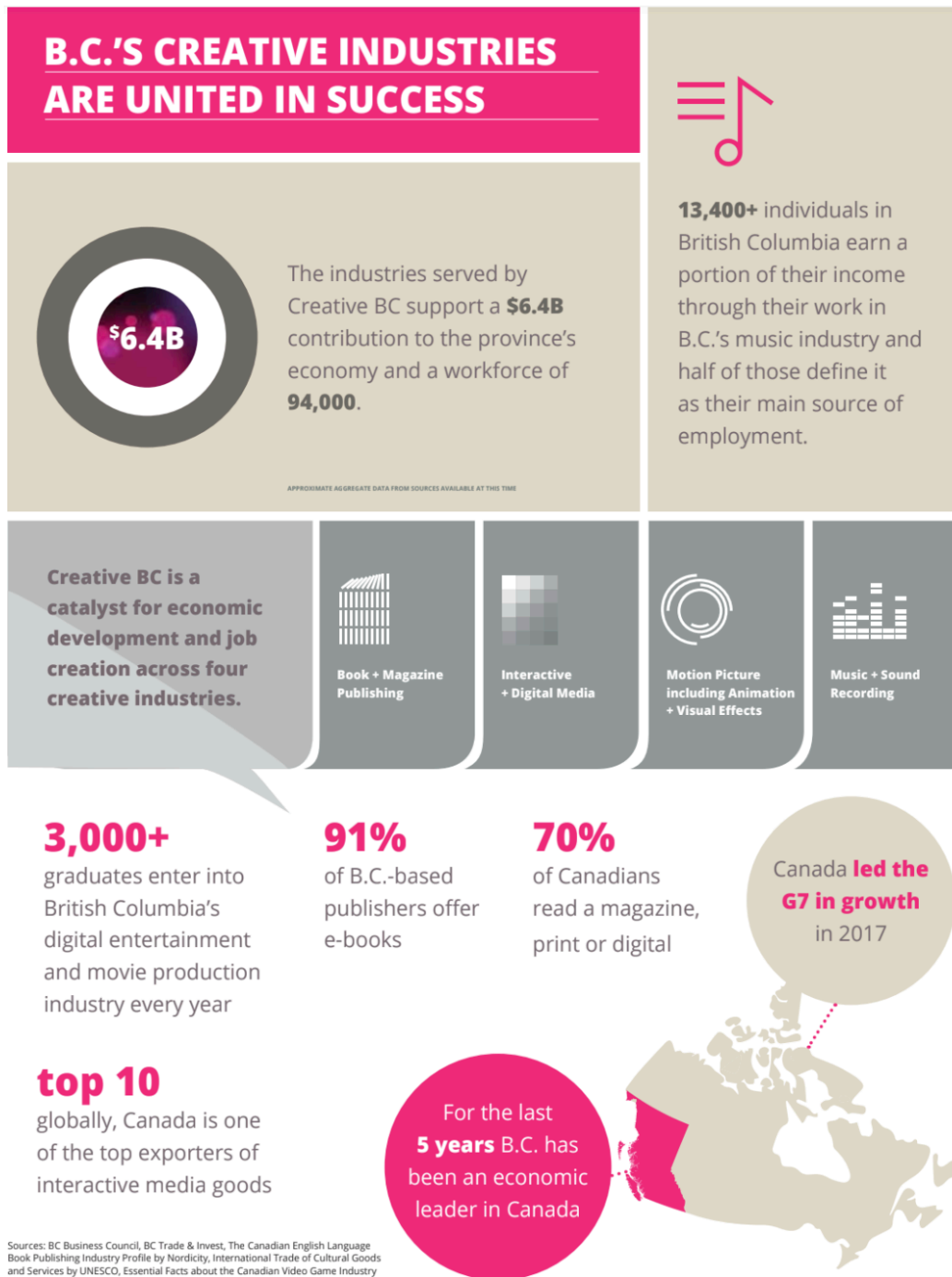


Figure 11:

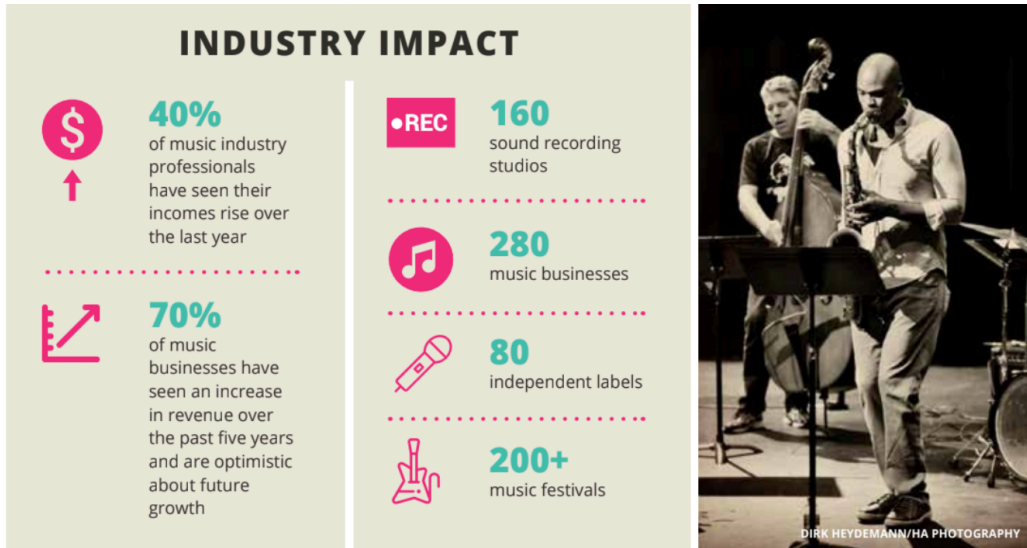


Figure 12:

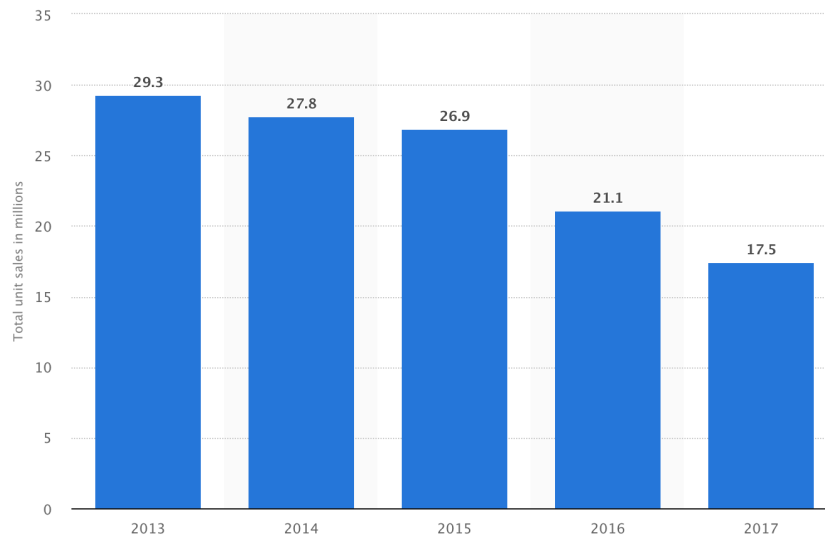


Figure 13:

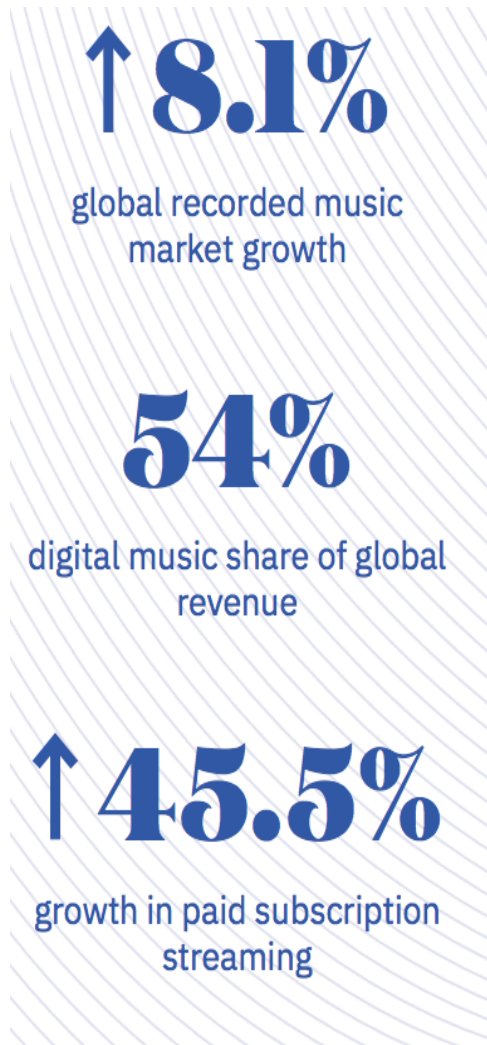
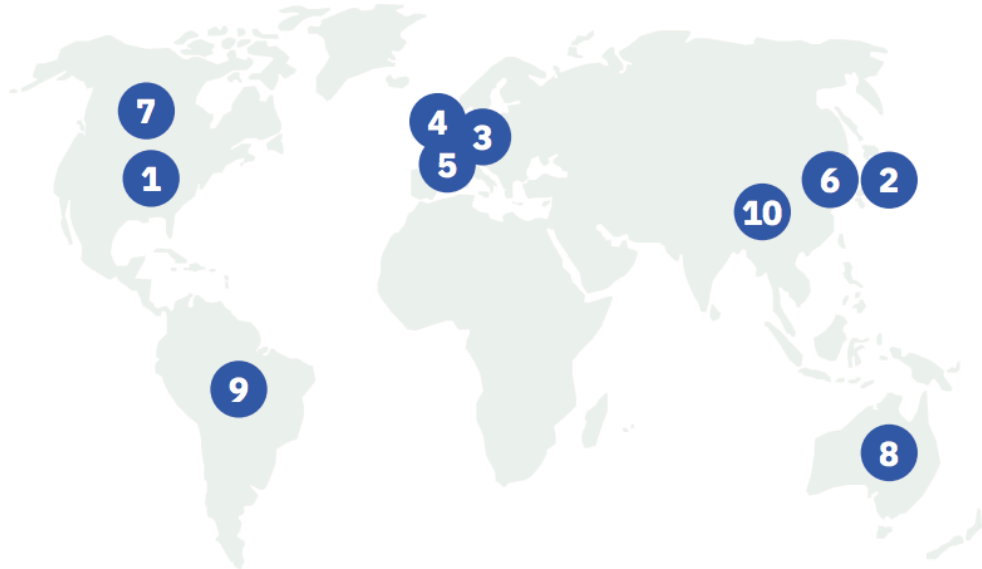


Figure 14:

TOP TEN MUSIC MARKETS 2017



-
- | | |
|-------------------|-----------------------|
| 1. USA | 6. South Korea |
| 2. Japan | 7. Canada |
| 3. Germany | 8. Australia |
| 4. UK | 9. Brazil |
| 5. France | 10. China |

