TECTONIC MEDIA

ENTERTAINMENT GROUP

The purpose of TMEG is to develop, finance, produce, and distribute films, television shows, and other forms of visual entertainment. These companies serve as the driving force behind the creation of content, bringing together creative talent, financial resources, and distribution networks to bring stories to life on screen.

The principles guiding TMEG typically revolve around several key elements:

Storytelling:

At the heart of our production company is a commitment to storytelling. Whether it's through film, television, or digital media, the company seeks to engage audiences with compelling narratives and characters.

Creativity:

We value creativity and innovation in their approach to content creation and often strive to push boundaries, explore new ideas, and challenge conventions in pursuit of captivating storytelling.

Quality:

Maintaining high production values is crucial for a Hollywood production company. This includes aspects such as top-tier acting, directing, cinematography, visual effects, and sound design, all of which contribute to the overall quality of the finished product.

Marketability:

While artistic integrity is important, TMEG also need's to consider the commercial viability of its projects. They aim to produce content that resonates with audiences and has the potential to perform well at the box office or attract viewers on streaming platforms.

Collaboration

Successful production companies understand the importance of collaboration among various stakeholders, including writers, directors, producers, actors, crew members, and distributors. Effective collaboration fosters synergy and helps bring out the best in everyone involved in the production process.

Risk Management:

Producing films and TV shows involves inherent risks, including financial risks associated with production budgets and marketing expenses, as well as creative risks related to storytelling and artistic choices. Production companies employ strategies to manage these risks effectively, such as securing financing, conducting market research, and building strong industry relationships.

Adaptability:

The entertainment industry is constantly evolving, with shifts in audience preferences, technological advancements, and market dynamics. Production companies must remain adaptable and responsive to these changes, embracing new trends and opportunities while staying true to their core values and objectives.

The economic model of TMEG is multifaceted and can vary depending on factors such as the size of the company, its specific business model, and the nature of the projects it undertakes. However, there are several common elements that are characteristic of the economic model of most Hollywood production companies:

FINANCING:

Hollywood production companies typically raise funds to finance their projects from various sources, including private investors, major studios, banks, and occasionally government grants or subsidies. These funds cover the costs associated with development, pre-production, production, post-production, and marketing of films or television shows.

REVENUE STREAMS:

Production companies generate revenue through multiple streams, including:

Box Office:

Revenue generated from ticket sales at movie theaters.

Home Entertainment:

Income from DVD and Blu-ray sales, digital downloads, streaming licenses, and video on demand (VOD) rentals or purchases.

Television:

Income from licensing agreements with broadcast networks, cable channels, and streaming platforms for the distribution of films and television shows.

Merchandising:

Revenue from the sale of branded merchandise related to their intellectual properties, such as toys, clothing, and video games.

Ancillary Markets:

Income from international distribution, airline licensing, hotel screenings, and other ancillary markets.

Syndication:

Revenue from selling the rights to rerun television shows on other networks or platforms.

Distribution:

TMEG has partnered with distribution companies, studios, or streaming platforms to distribute their content domestically and internationally. These distribution partners handle tasks such as marketing, securing theatrical releases, negotiating licensing agreements, and managing distribution channels to maximize the reach and profitability of the content.

Intellectual Property:

Production companies also generate revenue by leveraging their intellectual property (IP) assets, including original scripts, characters, and story concepts. They may develop franchises and sequels based on successful films or television shows, as well as license their IP for adaptations into other media formats, such as books, comics, or video games.

Economies of Scale:

Larger Hollywood production companies may benefit from economies of scale by spreading their overhead costs across multiple projects. This allows them to negotiate better deals with talent, vendors, and distribution partners.

TMEG has various overhead costs associated with running its operations. These overhead expenses are necessary to support the company's day-to-day activities and facilitate the development, production, and distribution of films, television shows, and other content. Some common overhead costs in a Hollywood production company include:

Staff Salaries and Benefits:

This includes salaries for executives, producers, directors, writers, development staff, production coordinators, accountants, legal counsel, administrative personnel, and other employees. Benefits such as health insurance, retirement plans, and paid time off may also be provided.

Office Space:

TMEG require office space to house their administrative staff, development teams, and production crews. This includes costs such as rent, utilities, maintenance, and office supplies.

Equipment and Technology:

TMEG invest in equipment and technology necessary for content development and production, including cameras, lighting equipment, sound equipment, editing software, computers, servers, and telecommunications infrastructure.

Development Expenses:

This includes costs associated with developing scripts, acquiring literary rights, hiring writers, conducting script revisions, storyboarding, and other pre-production activities.

Legal and Insurance:

TMEG incur expenses for legal services, including contract drafting and negotiation, intellectual property protection, rights clearance, and compliance with industry regulations. They also purchase insurance coverage to protect against liabilities related to production risks, such as accidents, injuries, property damage, and errors and omissions.

Marketing and Promotion:

TMEG allocate funds for marketing and promotion to generate awareness and interest in their projects. This includes advertising campaigns, publicity efforts, press junkets, promotional events, posters, trailers, and other marketing materials.

Travel and Entertainment:

TMEG often incur expenses related to travel for location scouting, film festivals, industry events, talent meetings, and promotional tours. They may also entertain clients, investors, and talent as part of business development activities.

Post-Production Services:

This includes costs for editing, visual effects, sound design, music licensing, color correction, mastering, and other post-production services required to finalize the content before distributors.

WHAT CAN TMEG DO THAT A STREAMING SERVICE CANNOT?

While streaming services have become major players in content creation and distribution, there are several things that a traditional production company can do that a streaming service cannot:

Theatrical Releases:

TMEG can produce films for theatrical release in cinemas, providing audiences with a communal viewing experience on the big screen. While some streaming services may release their original films in theaters for a limited time to qualify for awards, traditional production companies specialize in crafting cinematic experiences optimized for the theatrical format.

Film Festivals:

TMEG often participate in prestigious film festivals such as Cannes, Sundance, and Toronto International Film Festival to showcase their work, generate buzz, and attract critical acclaim. Film festivals provide a platform for independent filmmakers and production companies to connect with industry professionals, distributors, and audiences from around the world.

Traditional Broadcast Television:

While streaming services focus on on-demand streaming, production companies can develop content specifically for traditional broadcast television networks and cable channels. This includes scripted series, reality shows, documentaries, and other programming tailored to the linear television format and scheduling.

WHAT ARE OUR ROLES AND RESPONSIBILITIES?

Partnerships and Co-Productions:

TMEG has formed partnerships and co-productions with other studios, networks, and production entities to finance, develop, and distribute content collaboratively. These partnerships allow us to leverage their creative expertise, industry relationships, and resources to bring projects to fruition.

Legacy Content Libraries:

Established production companies often have extensive libraries of legacy content encompassing classic films, television shows, and intellectual properties with enduring cultural significance. These libraries can be monetized through licensing agreements, remakes, reboots, merchandise, and other ancillary revenue streams.

Industry Experience and Expertise:

TMEG often have deep industry experience, expertise, and infrastructure built over years or decades of operation. This includes in-house development teams, production crews, post-production facilities, and distribution networks that are specialized and tailored to the unique needs of the entertainment industry.

Physical Production Facilities:

TMEG may own or have access to physical production facilities such as soundstages, backlots, and studio lots equipped with state-of-the-art equipment and amenities. These facilities provide a dedicated space for filming, production, and post-production activities, offering filmmakers a controlled environment conducive to creativity and efficiency.

While streaming services have disrupted traditional distribution models and transformed the entertainment landscape, traditional production companies continue to play a vital role in shaping the industry, fostering creativity, and delivering diverse and compelling content to audiences worldwide.

DO WE HAVE AN EXIT STRATEGY?

Yes, we like any other business, have exit strategies in place. These strategies are designed to provide the company's owners or investors with options for exiting their investment and realizing the value they've created. Some common exit strategies for production companies include:

Sale to a Strategic Buyer:

A production company may be acquired by a larger media conglomerate, studio, or entertainment company seeking to expand its content portfolio, talent pool, or market presence. This type of acquisition can provide the production company's owners with a substantial cash payout or a combination of cash and stock in the acquiring company.

Merger with Another Company:

A production company may pursue a merger with another production company, media company, or entertainment-related business as a means of combining resources, reducing costs, or gaining competitive advantages in the marketplace. Mergers can create synergies and economies of scale that benefit both parties involved.

Management Buyout (MBO):

In an MBO, the management team of the production company, possibly with the support of external investors or financing, purchases the company from its current owners. This allows the management team to take control of the company's operations and potentially benefit from future growth and profitability.

Initial Public Offering (IPO):

We may choose to go public by offering shares of its stock to the public through an IPO. This provides the company's owners with liquidity and access to capital markets, allowing them to raise funds for expansion, acquisitions, or other strategic initiatives. However, going public involves regulatory requirements, compliance costs, and increased scrutiny from shareholders and financial markets.

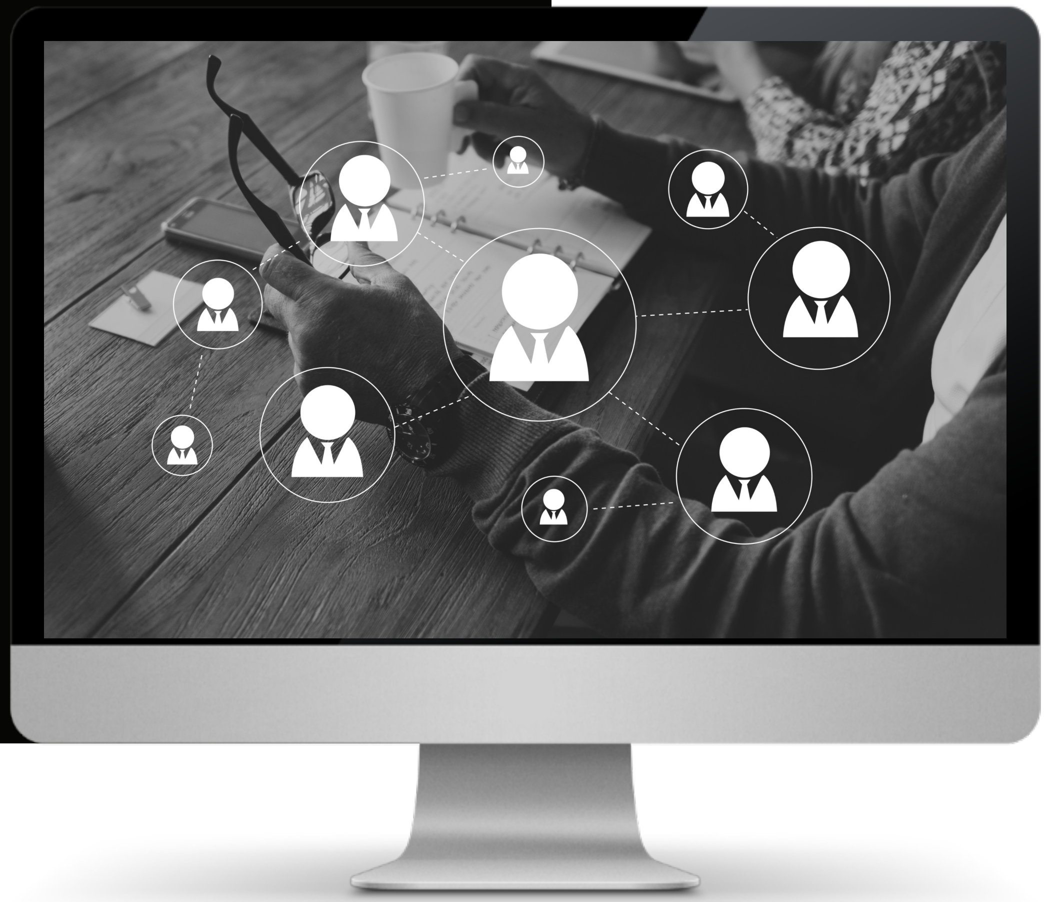
Private Equity Investment:

We may attract investment from private equity firms or venture capital investors seeking to capitalize on the growth potential of the entertainment industry. Private equity investors typically provide capital in exchange for an ownership stake in the company, with the expectation of achieving a profitable exit through a sale, merger, or IPO within a certain timeframe.

Liquidation:

In some cases, TMEG may choose to liquidate its assets and cease operations, particularly if it is no longer viable as a going concern or if its owners wish to exit the business and distribute proceeds to shareholders. Liquidation involves selling off assets such as intellectual property, equipment, and inventory to repay creditors and distribute remaining funds to investors.

The choice of exit strategy depends on various factors, including the company's financial performance, growth prospects, competitive position, industry trends, and the objectives of its owners or investors. It's essential for production company stakeholders to carefully evaluate their options and seek professional advice to determine the most suitable exit strategy for their circumstances.



WHAT IS OUR HIERARCHY?

CEO or President:

At the top of the hierarchy is the CEO or President, who is responsible for setting the overall vision, strategy, and direction of the production company. The CEO oversees all aspects of the company's operations, including creative development, production, finance, marketing, and distribution.

Development Department:

The development department is responsible for sourcing, acquiring, and developing creative content for potential film and television projects. This department may include development executives, story editors, and script readers who review scripts, pitch ideas, and identify promising projects for further development.

Production Department:

The production department oversees the physical production of films and television shows. This includes hiring cast and crew, securing filming locations, managing production schedules and budgets, and ensuring that the creative vision of the project is realized on set. The head of production, such as a Production Executive or Head of Production, typically leads this department.

Finance and Business Affairs:

The finance and business affairs department manages the financial aspects of the production company's operations. This includes budgeting, financial planning, accounting, payroll, tax compliance, and contract negotiation with talent, vendors, and distribution partners. The Chief Financial Officer (CFO) or Head of Finance typically leads this department.

Legal and Business Affairs:

The legal and business affairs department handles legal matters, contract drafting and negotiation, intellectual property rights, regulatory compliance, and risk management. This department ensures that the production company's activities comply with applicable laws and industry standards. The General Counsel or Head of Legal typically leads this department.

Marketing and Distribution:

The marketing and distribution department is responsible for promoting and distributing the production company's content to audiences worldwide. This includes developing marketing strategies, creating promotional materials, managing advertising campaigns, securing distribution deals with studios and streaming platforms, and maximizing the commercial success of each project. The Chief Marketing Officer (CMO) or Head of Marketing typically leads this department.

Post-Production:

The post-production department handles the editing, visual effects, sound design, music, and other aspects of post-production for films and television shows. This department ensures that the final product meets the highest standards of quality and is ready for distribution. The Head of Post-Production or Post-Production Supervisor typically leads this department.

Human Resources:

The human resources department is responsible for recruiting, hiring, training, and managing the company's workforce. This includes employee relations, performance management, benefits administration, and compliance with labor laws and regulations. The Head of Human Resources or HR Manager typically leads this department.

This hierarchical structure provides a framework for organizing and managing the various functions and departments within a production company, allowing for efficient collaboration and coordination to bring creative projects to fruition.

ARE THERE TAX INCENTIVES TO INVESTING IN TMEG?

These incentives are designed to attract investment, create jobs, boost economic activity, and promote the growth of the entertainment industry. Some common types of tax incentives for investing in production companies include:

Tax Credits:

Many jurisdictions offer tax credits to production companies or investors who finance qualifying film, television, or digital media projects within their jurisdiction. These tax credits typically represent a percentage of eligible production expenditures incurred within the jurisdiction, such as wages paid to local cast and crew, expenditures on goods and services from local vendors, and other qualified production costs.

Tax Rebates:

Some jurisdictions provide tax rebates to production companies or investors upon the completion of qualifying projects. Unlike tax credits, which offset taxes owed, tax rebates provide a direct cash payment or reimbursement for a portion of eligible production expenditures incurred during the production process.

Tax Deductions:

Investors in production companies may be eligible to claim tax deductions for their investment in qualifying film, television, or digital media projects. These deductions can reduce the investor's taxable income and lower their overall tax liability, providing a financial incentive to invest in the production company.

Depreciation Allowances:

TMEG may be able to depreciate or amortize the cost of qualifying production assets, such as equipment, sets, and post-production facilities, over time for tax purposes. This allows the production company to spread out the cost of these assets and reduce its taxable income in future tax years.

Sales Tax Exemptions:

Some jurisdictions provide sales tax exemptions or refunds for eligible production expenditures, such as equipment purchases, location rentals, and other goods and services directly related to film, television, or digital media production. These exemptions can lower the overall cost of production for the production company.

Investment Tax Incentives:

Certain jurisdictions offer investment tax incentives, such as tax-deferred investment vehicles or capital gains tax exemptions, to encourage investment in local production companies or entertainment projects. These incentives can attract private investment capital to support the growth and development of the local entertainment industry.

It's important for investors and production companies to carefully review and understand the specific eligibility criteria, application procedures, compliance requirements, and limitations associated with tax incentives in their respective jurisdictions. Consulting with tax professionals or legal advisors knowledgeable about entertainment tax law can help investors maximize the benefits of these incentives while ensuring compliance with applicable regulations.

WHAT'S OUR VALUATION?

To determine a potential sale price for a production company based on its EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) of $100 million, you would typically apply a valuation multiple. The appropriate multiple can vary depending on factors such as the company's growth prospects, market position, profitability, industry trends, and the prevailing market conditions.

One commonly used valuation multiple in the entertainment industry is the EBITDA multiple. This multiple represents the ratio of the company's enterprise value (EV) to its EBITDA. The enterprise value is the total value of a company's equity and debt, minus its cash and cash equivalents.

EBITDA Multiple = Enterprise Value (EV) / EBITDA

To estimate the potential sale price, you would rearrange the formula to solve for the enterprise value:

Enterprise Value (EV) = EBITDA × EBITDA Multiple

The appropriate EBITDA multiple can vary widely depending on factors such as the company's growth potential, profitability, industry dynamics, and market sentiment. In the entertainment industry, production companies may typically be valued at EBITDA multiples ranging from 5x to 10x or more, depending on their specific characteristics and the prevailing market conditions.

Let's assume you choose an EBITDA multiple of 8x as a starting point. Using this multiple, the estimated enterprise value (EV) of the production company would be:

Enterprise Value (EV) = $100 million × 8 = $800 million

This estimated enterprise value represents the total value of the production company's equity and debt, minus its cash and cash equivalents. To determine the potential sale price, you would need to consider factors such as the company's net debt, cash reserves, and other financial adjustments that may affect the final transaction value.

DEFINE THE PRODUCTION COMPANY IN A SINGLE DECLARATIVE SENTENCE ....

TMEG is an organization dedicated to developing, financing, producing, and distributing films, television shows, or other forms of visual entertainment content.

Production Risks:
TMEG assumes risks associated with the physical production of films and television shows, including accidents, injuries, property damage, and equipment failures on set. These risks can result in costly liabilities, delays, and disruptions to production schedules.

Contractual Obligations:
TMEG enters into contracts with various stakeholders, including talent, crew members, vendors, distributors, and financiers. Breach of contract, disputes over rights and royalties, and failure to fulfill contractual obligations can expose the company to legal liabilities, financial penalties, and reputational damage.

Intellectual Property Rights:
TMEG must secure the necessary rights and clearances for intellectual property used in their projects, including scripts, music, artwork, trademarks, and likenesses. Failure to obtain proper clearances or infringement of third-party intellectual property rights can lead to costly litigation, damages, and injunctions.

Talent and Employment Relations:
TMEG hires actors, directors, writers, crew members, and other personnel to work on their projects. Employment-related liabilities can arise from disputes over wages, working conditions, discrimination, harassment, wrongful termination, and other labor law violations. Additionally, talent disputes, breaches of talent agreements, and reputation management issues can create legal and financial exposures.

Health and Safety Compliance:

TMEG has a duty to ensure the health and safety of their cast and crew during filming. Failure to comply with health and safety regulations, provide adequate training, implement safety protocols, or maintain a safe working environment can result in accidents, injuries, regulatory fines, and legal liabilities.

Insurance Coverage:

Production companies typically obtain insurance coverage to mitigate various risks associated with film and television production, including general liability, workers' compensation, errors and omissions (E&O), production equipment, and completion bonds. Inadequate insurance coverage, exclusions, or policy limitations can leave the company vulnerable to financial losses and uncovered liabilities.

Financial Risks:

TMEG faces financial risks related to budget overruns, cost overages, revenue shortfalls, and fluctuations in box office performance or viewership. Poorly performing projects, debt obligations, and liquidity constraints can jeopardize the company's financial stability and ability to meet its financial obligations.

Regulatory Compliance:

TMEG must comply with various regulatory requirements and industry standards governing film and television production, distribution, and exhibition. Regulatory violations, content censorship, ratings disputes, and compliance failures can result in regulatory fines, content recalls, and damage to the company's reputation.

Managing these liabilities and exposures requires proactive risk assessment, effective risk management strategies, comprehensive insurance coverage, adherence to industry best practices, and robust legal and contractual safeguards. TMEG should work closely with legal advisors, insurance brokers, and risk management professionals (ALL OF WHICH WE HAVE IN HOUSE VIA UMA)(to identify, mitigate, and transfer risks effectively to protect their assets, stakeholders, and reputation.

MERGING WITH TMEG CAN FURTHER THE GOAL OF CREATING COLLECTIVE AND INDIVIDUAL INTELLECTUAL PROPERTY IN SEVERAL WAYS:

Access to Resources:
Merging with us can provide access to resources such as financing, production facilities, equipment, talent networks, and distribution channels that may not be readily available to individual creators or smaller production entities. This enhanced resource pool can enable creators to bring their intellectual property to life on a larger scale and with higher production values.

Expertise and Experience:
TMEG often has experienced teams of professionals with expertise in various aspects of content creation, production, marketing, and distribution. By merging with a production company, creators can leverage the collective knowledge, experience, and industry relationships of the company's staff to enhance the quality, visibility, and commercial potential of their intellectual property.

Scale and Efficiency:
Merging with a production company can provide economies of scale and operational efficiencies that benefit the development, production, and distribution of intellectual property. By pooling resources, sharing overhead costs, and streamlining workflows, creators can maximize their productivity, minimize production costs, and optimize the efficiency of their creative endeavors.

Diverse Creative Perspectives:

Merging with us can facilitate collaboration with diverse teams of creative professionals, including writers, directors, producers, and designers, who bring different perspectives, skills, and experiences to the table. This collaborative environment fosters innovation, creativity, and cross-pollination of ideas, resulting in richer, more dynamic intellectual property.

Risk Sharing and Mitigation:

Merging with us can help creators mitigate risks associated with content creation, production, and distribution by sharing the burden and spreading risks across a larger entity. Production companies often have risk management strategies, insurance coverage, and financial reserves in place to protect against unforeseen challenges and liabilities, providing creators with greater peace of mind and security.

Access to Distribution Platforms:

TMEG typically has established relationships with distributors, broadcasters, streaming platforms, and other media outlets that can facilitate the distribution and monetization of intellectual property. By merging with a production company, creators can gain access to these distribution channels and leverage the company's existing market presence to reach broader audiences and generate revenue from their content.

Overall, merging with TMEG company can provide creators with the resources, expertise, scale, efficiency, creative collaboration, risk mitigation, and distribution opportunities needed to maximize the value and impact of their collective and individual intellectual property in the competitive entertainment industry landscape.

Labor intensity refers to the degree to which a TMEG's operations rely on human labor input relative to other factors of production, such as capital, technology, and materials. In the context of a production company, labor intensity can vary depending on factors such as the nature of the projects, the scale of production, and the level of automation or specialization in the production process.

Labor-intensive production processes typically require a significant amount of human labor to perform tasks such as scriptwriting, casting, directing, acting, set design, cinematography, editing, and post-production. These tasks involve creativity, skill, and judgment that are difficult to automate or outsource entirely, making labor a crucial component of the production process.

Access to Distribution On the other hand, certain aspects of production may be less labor-intensive and more capital or technology-intensive. For example, the use of advanced camera equipment, computer-generated imagery (CGI), visual effects, and digital editing software can reduce the need for manual labor and increase the efficiency of certain production tasks.:

TMEG has established relationships with distributors, broadcasters, streaming platforms, and other media outlets that can facilitate the distribution and monetization of intellectual property. By merging with a production company, creators can gain access to these distribution channels and leverage the company's existing market presence to reach broader audiences and generate revenue from their content.

The payoff refers to the benefits or returns that the production company derives from its labor-intensive activities in terms of financial, artistic, and commercial success. The payoff can take various forms, including box office revenue, licensing fees, streaming royalties, critical acclaim, audience engagement, brand recognition, and industry awards.

The relationship between labor intensity and payoff in a production company can be complex and multifaceted. While labor-intensive production processes may require significant investments in human resources, training, and overhead costs, they can also contribute to the creation of high-quality, engaging content that resonates with audiences, drives viewership, and generates revenue.

Ultimately, the payoff from labor-intensive activities depends on factors such as the talent and expertise of the production team, the quality and originality of the content produced, the effectiveness of marketing and distribution efforts, and the overall success of the projects in the marketplace. By effectively leveraging labor-intensive production processes to create compelling and commercially viable content, production companies can maximize their payoff and achieve their artistic and financial goals.

Capital intensity refers to the degree to which a production company's operations rely on capital investment in physical assets, technology, and infrastructure relative to labor input. In the context of a production company, capital-intensive activities typically involve significant expenditures on equipment, facilities, technology, and other fixed assets to support the production process.

EXAMPLES OF CAPITAL-INTENSIVE INVESTMENTS IN TMEG INCLUDE:

Digital Technology:

Investments in digital technology, such as CGI software, visual effects tools, and editing software, can enhance the quality and efficiency of production processes.

Studio Facilities:

Production companies may invest in soundstages, backlots, sets, and production offices to provide the physical infrastructure for filming and pre-production activities.

Distribution Platforms:

Production companies may invest in distribution platforms, streaming services, or online marketplaces to reach audiences and monetize their content effectively.

Production Equipment:

This includes cameras, lighting equipment, sound equipment, editing suites, and other technical gear necessary for filming and post-production activities.

Intellectual Property:

Capital expenditures may include investments in acquiring or developing intellectual property rights, such as scripts, story concepts, literary properties, or existing franchises.

The payoff refers to the benefits or returns that the production company derives from its capital-intensive investments in terms of financial, artistic, and commercial success. The payoff can take various forms, including revenue from box office sales, licensing agreements, streaming royalties, merchandise sales, brand partnerships, and ancillary markets.

The relationship between capital intensity and payoff in a production company depends on factors such as the efficiency of capital utilization, the quality and marketability of the content produced, the effectiveness of marketing and distribution strategies, and the overall success of the projects in the marketplace.

Capital-intensive investments can enhance the production company's capabilities, productivity, and competitiveness by enabling it to produce high-quality content, streamline production processes, and leverage technological advancements. However, they also entail financial risks, such as upfront capital outlays, depreciation costs, and the need for ongoing maintenance and upgrades.

By effectively managing capital-intensive investments and aligning them with strategic goals and market opportunities, production companies can maximize their payoff and achieve sustainable growth and profitability in the dynamic and competitive entertainment industry.

THE CAPITAL FOR TMEG IS BEING DERIVED FROM EXECUTIVE ADVISORY + FUNDRAISING.

- SEC-Compliant partners including Registered Agents and Brokers where required.
- Reg-D - Access to a specific Network Funding; open to Accredited Investors
- Reg-CF - Crowdfunding up to $5M, open to Accredited and/or Unaccredited Investors
- Raise on a much higher Valuation
- Founder determines valuation & is validated by investment by the retail market
- Grow our Business, Customer Base and Raise Capital through Marketing
- Never worry about depleting Working Capital again
- Close Escrow Monthly
- Reg A/ Reg-A+ - Crowdfunding up to $75M Exit Early State Investors without loss or mitigation

This is framework for a deeper discussion