



Bhutan Film Trust

Strategy Plan

Endorsed by Board of Trustees - April 24, 2015

Contact Information

Henk de Jong
postmaster@bhutanandpartners.org
+31 313 41 20 98 // +31 6 20 73 93 62
www.bhutanfilmtrust.org
Laan van Avegoor 18
Ellecom, 6955 BG, the Netherlands

Bhutan Film Trust



The Bhutan Film Trust supports talented Bhutanese filmmakers bringing their productions to global film markets

Our Opportunity

Problem worth solving

Bhutan film industry is small in production and quality due to limited revenues, markets and investments. However Bhutan has talented film makers, extraordinary stories and breathtaking sceneries, worth to be shared and seen across the world.

Our solution

Support young talented filmmakers in (post) production, distribution and marketing of shorts, feature, docs and animation. Facilitate international film makers to produce in Bhutan. Encourage film festivals to promote films from Bhutan.



Market size: \$186K

Target Market

- philanthropists 42% (\$70K)
- crowdfunding 25% (\$60K)
- distributors 17% (\$16K)
- Investors 8% (\$20K)
- producers 8% (\$20K)

| Competitors | How our solution is better |
|---------------------|--|
| foreign filmmakers | bhutan's specific background and talents |
| int. film companies | specific stories, sceneries from Bhutan |
| other film funds | authentic Bhutanese stories |

Funding Needed

\$102K

This is the start up target for 2015. The funds are used for (post) production, distribution, film festivals, PR.

This is not an offer to sell or a solicitation of any offer to buy any securities.

Sales and Marketing

Sales channels

1. networks
2. social media
3. presentation at film festivals
4. movie and video on demand channels
5. attractive portfolio

Marketing activities

1. networking (face to face)
2. film festival presentation
3. website and social media
4. productions
5. portfolio presentations

Executive Summary

The Bhutan Film Trust promotes the development of the Bhutan film industry, by facilitating research, productions, post-productions and distribution of quality Bhutanese films and documentaries.

The fund encourages and facilitates exposure of Bhutanese films at major international festivals and supports national and international film festivals in Bhutan. A limited number of young talented film professionals are selected as members of the Bhutan Film Trust portfolio and receive support for new and existing productions including distribution and sales.

Filmmakers can apply at three annual calls (January, May, September) for production support.

Income will be realized through philanthropists, investors, international film producers and (if needed) crowd funding. In addition the fund will recover part of its support through sales of its portfolio productions

Why do we exist?

Bhutan+partners assessed the Bhutan film industry in 2011, commissioned by the Royal Office of Media. The report recommended the creation of a Bhutan Film Fund to support filmmakers in Bhutan financially and technically, thus bringing their films to an international level.

The Bhutan Film Trust is an independent organisation, that responds to the need for international development and exposure of talented Bhutanese filmmakers in an arena yet unknown to them. The Trust provides financial support and technical assistance through networks and coaching. The Trust also assists producers negotiating over complicated juridical matters.

Bhutan film Report, 2011:

<http://bhutanfilmtrust.org/wp-content/uploads/2014/12/Bhutan-Film-Industry-29-12-2011.pdf>

Who do we work with

We collaborate with Bhutanese filmmakers, the Bhutanese film industry and the Bhutan Government to realize the goals of the Bhutan Film Trust

We develop long lasting and productive networks with international film agencies, film festivals, filmmakers, investors and distributors to create a *Bhutan Film Community* that sympathizes with Bhutan and the Bhutan film industry. The Bhutan Film Trust Community supports the Trust with finances networks and expertise.

Products and Services

The Bhutan Film Trust supports innovative and potentially successful productions in six core areas:

- 1) Financial *support and investment* for talented upcoming professionals to develop new scripts/films and for films to reach the technical and artistic standards for international festivals and markets.
- 2) *Act as an agency* for a small number of talented Bhutanese filmmakers
- 3) *Master classes and festivals* – Master classes and production of short films and documentaries for a festival and film award competition
- 4) *Exposure of Bhutan films* at major international film festivals (categories: feature, short/long, documentaries, animation) and among European filmmakers and film markets.
- 5) *Assist international film productions* to be produced by international film professionals
- 6) *Sales of portfolio productions* to distributors, film markets, DVD on demand systems

Market Overview

Bhutan film Industry 2015

2013 saw a decline in the production of (commercial) Bhutanese films from 30 (2012) to 13. In 2014 saw a production of 16 new films, most of which are of low to moderate quality, attracting some 15% of the Bhutanese population annually.

The trend is that a growing part of the population in Thimphu consume an entertainment budget, which is spend in restaurants, bars, karaoke bars, drayangs, home cinemas and holiday travels abroad (Bangkok) for fun shopping, movies and others.

The few Bhutan movie halls are designed to cater for local film productions with basic equipment and comfort.

The trend is that a few film directors will increasingly produce better and more expensive films, possibly in collaboration with international producers and distributors. The share of local, low budget/low quality films in the present Bhutan cinema halls will shrink. The need for more quality films increases the demand for better facilities that can also screen foreign movies.

The International Film Industry

The international Film Industry is flourishing: every year more films are being released, more tickets are being sold, more cinemas opened and more film festivals organized. Especially the Asian markets are booming (China +27%, Korea +6%). The Bhutan film industry however did not grow over the past two years: less films, less cinemas, no increase in ticket sales per capita.

Bhutanese filmmakers have little exposure to the international market, only a few films made it to large international film festivals.

Competition on the international film markets is (next to technical issues) biggest challenge for Bhutan.

Market Needs

Since 1990 Bhutan filmmakers produced over 250 films, excluding documentaries and TV series. About 200 people make a regular living in the industry, mainly through “commercial” films, screened in the Bhutan cinemas. The (commercial) films serve a small part of the domestic market segment; less than 15% of the Bhutanese regularly visit a cinema. The commercial producers, due to lack of expertise and low budgets, seem unable to attract an audience that care for top productions and to enter the international markets.

The budget for a film vary from 15.000 - 30.000 US\$ which in general can cover the expenditures. There is a need for more and better film productions in Bhutan among middle and higher-class groups possessing entertainment budgets that are now mostly spent abroad or on imported goods.

Bhutan is gaining international interest and popularity because of its brand (exclusive, authentic, GNH), location/sceneries, stories and talented actors. Several documentaries and series made by foreign producers, sometimes in collaboration with local filmmakers/crew, received enthusiastic reviews abroad and have won international awards. Since 2010 a growing number of *non-commercial* shorts and documentaries, made by Bhutanese, successfully enter international film festivals.

In general it is concluded that Bhutan has a good potential to develop its film industry. Apart from training, international exposure and infrastructure, an overarching effort is required to develop a conducive environment and culture that allows the industry to benefit from its potentials. Starting point is that the film sector is considered as an industry to which market principles apply.

Competitors/stakeholders

In general the Bhutanese film industry is at its infancy state, unable to compete on the international film markets. Therefore a period of 5 years is foreseen to mature the industry in terms of government policies, government and institutional support, technical support (scripts, acting, production, camera, sound, postproduction), marketing, distribution, exposure and networks.

For the Bhutan Film Trust, the commitment of stakeholders from the Bhutan Government, international Film Industry and philanthropist is crucial.

Competitors can be found in the international film industry:

1. Film makers
2. Distributors
3. Other sectors in the entertainment industry aiming for the same support as the Bhutan Film Trust

Marketing

Overview

- 1) create a portfolio of a few young and talented Bhutanese film makers
- 2) promote their productions as examples of the potential of the Bhutan film industry through:
 - a. presentation at film festivals
 - b. network meetings with film professionals
 - c. social media
- 3) assist in international film productions through:
 - a. networking among film producers
 - b. offering facilities, connections, staffs at attractive prices
- 4) sales/lease of productions to investors and distributors through:
 - a. networking
 - b. presentations at cine markets
 - c. social media

Positioning

The Bhutan Film Trust acts as a trust fund, mediator and agency for Bhutanese filmmakers for the further development of the Bhutan Film Industry.

These three roles position the Bhutan Film Industry as a unique entity in the film industry and do require a good network among filmmakers and an excellent understanding of the functioning of the film industry.

Promotion

Promotion through presentation at film festivals, networking and social media

Distribution

The three roles of the Trust fund (funder, mediator, agent) result in different stakeholder groups and respective approaches, based on trust, networks and the ability to create a community with the ambitions to support the Bhutan film industry and its professionals. Dissemination of Trust policies and practices will merely go through networking, presentations, and confidence building through social media.

Creating the Bhutan Film Trust Community

The Bhutan Film Trust Community will be created through networks, film dinners in the Netherlands, the launch of the Bhutan Film Trust in June 2015 and through networks of the Friends of Bhutan associations in Europe.

We aim for 200 community (founding) members with a commitment of 5 years of investment in the Film Trust, through donations, acting as a Maecenas for upcoming film makers, organising master classes in Bhutan, mediate for international productions with Bhutanese directors. Most active community members may receive an invitation to travel to Bhutan and visit a film set or film festival.

Opportunities and risks

Opportunities

1. Bhutan is opening up to the world with modern and pragmatic leadership containing a strong sense of cultural and historic backgrounds to guide the country and its people through the dynamics of today's globalizing world. The Bhutanese roots are reflected in its policies, cultural festivals, beliefs, rituals, stories, traditional and modern art. Bhutanese films, especially the non-commercial arts movies demonstrate the richness and variety of Bhutan, thus inspiring audiences that look for more than just entertainment.
2. Bhutan hosts a number of talented and dedicated filmmakers able to visualise the richness of the Bhutanese culture through motion pictures
3. Contemporary artists in Bhutan are leaving their "underground" status and experiment with new forms of arts, poetry and filmmaking, that can be supported by the Bhutan Film Trust
4. Although scattered, the globe counts many Bhutan lovers, eager to know about the country, its leadership, culture, religion, history and modern developments. People interested in Bhutan can be reached through social media, Internet forums and companies that offer *video on demand* facilities.
5. Given the Bhutanese context and its limited, though loyal group of sympathisers, the Bhutan Film Trust is best to develop a community of people and companies that identifies itself with the culture, policies and leadership of Bhutan and the objectives of the Bhutan Film Trust.

Risks

1. The Bhutan Film Trust being small has to find a balance between exposure, range of activities, administration, funding and staff capacities.
2. However a certain scale is required to develop the community, attract financial sources and develop organisation capacity to fulfil the Bhutan Film Trust aspirations
3. Although little competition is seen in this area other players may come in with higher budgets.

Risk management

1. Start small, create successes and concentrate on a few "easy picks".
2. Create the Bhutan Film Trust community for a stable income to further development of the Trust.
3. Set targets for three years.

Targets

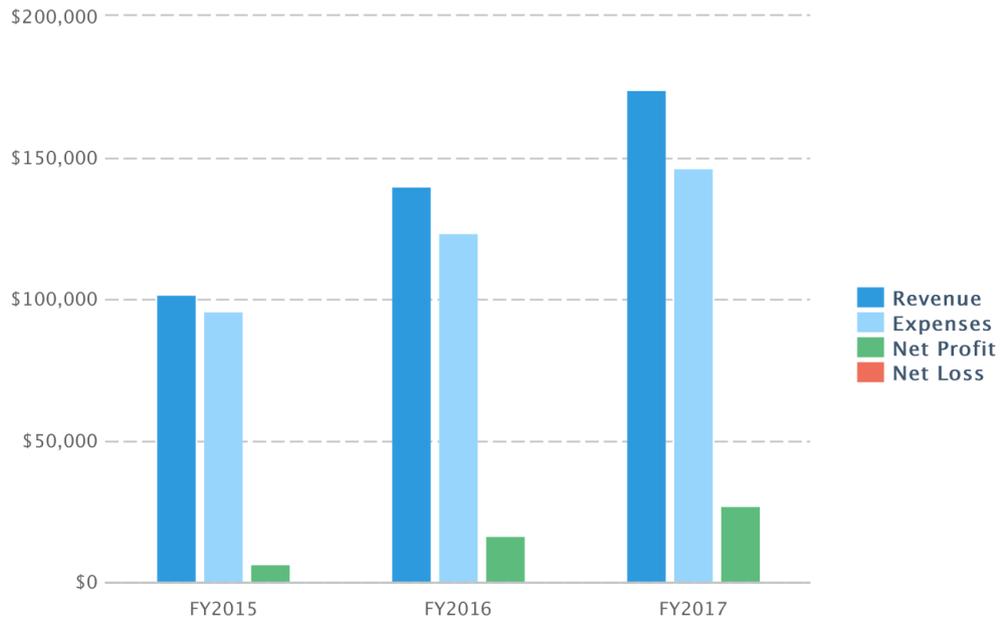
Figures

| | 2015 | 2016 | 2017 |
|----------------------------------|-------------|-------------|-------------|
| <i>Community members</i> | 50 | 120 | 200 |
| <i>Films supported</i> | 6 | 10 | 16 |
| <i>Film festivals</i> | 4 | 8 | 12 |
| <i>Master classes</i> | 2 | 4 | 4 |
| <i>Portfolio directors</i> | 10 | 14 | 18 |
| <i>Film awards</i> | 1 | 3 | 5 |
| <i>International productions</i> | 1 | 2 | 4 |

Financial Targets

Revenue Forecast

| | FY2015 | FY2016 | FY2017 |
|------------------------------|------------------|------------------|------------------|
| Revenue | | | |
| philanthropists | \$77,000 | \$85,000 | \$90,000 |
| film distributors | \$5,000 | \$10,000 | \$20,000 |
| international film producers | \$5,000 | \$10,000 | \$20,000 |
| investors | \$10,000 | \$20,000 | \$20,000 |
| crowd funding | \$5,000 | \$15,000 | \$24,000 |
| Total Revenue | \$102,000 | \$140,000 | \$174,000 |
| Direct Cost | | | |
| philanthropists | \$3,850 | \$4,250 | \$4,500 |
| film distributors | \$500 | \$1,000 | \$2,000 |
| international film producers | \$500 | \$1,000 | \$2,000 |
| investors | \$500 | \$1,000 | \$1,000 |
| crowd funding | \$500 | \$1,500 | \$2,400 |
| Total Direct Cost | \$5,850 | \$8,750 | \$11,900 |
| Gross Margin | \$96,150 | \$131,250 | \$162,100 |
| Gross Margin % | 94% | 94% | 93% |



Profit and Loss Statement

| | FY2015 | FY2016 | FY2017 |
|---------------------------------|------------------|------------------|------------------|
| Revenue | \$102,000 | \$140,000 | \$174,000 |
| Direct Cost | \$5,850 | \$8,750 | \$11,900 |
| Gross Margin | \$96,150 | \$131,250 | \$162,100 |
| Gross Margin % | 94% | 94% | 93% |
| Operating Expenses | | | |
| Salary | \$17,156 | \$20,553 | \$23,720 |
| Employee Related Expenses | \$2,444 | \$2,811 | \$3,238 |
| Film festivals | \$7,100 | \$12,000 | \$15,000 |
| film production support | \$40,000 | \$50,000 | \$60,000 |
| Marketing & Promotions | \$5,600 | \$8,000 | \$8,000 |
| travels | \$6,000 | \$8,000 | \$10,000 |
| operational costs | \$7,200 | \$7,200 | \$7,200 |
| overhead | \$4,080 | \$5,600 | \$6,960 |
| Total Operating Expenses | \$89,580 | \$114,164 | \$134,118 |
| Operating Income | \$6,570 | \$17,086 | \$27,982 |
| Interest Incurred | \$0 | \$0 | \$0 |
| Depreciation and Amortization | \$334 | \$700 | \$700 |
| Income Taxes | \$0 | \$0 | \$0 |
| Total Expenses | \$95,764 | \$123,614 | \$146,718 |
| Net Profit | \$6,236 | \$16,386 | \$27,282 |
| Net Profit / Sales | 6% | 12% | 16% |

Balance Sheet

| As of Period's End | FY2015 | FY2016 | FY2017 |
|---------------------------------------|----------------|-----------------|-----------------|
| Cash | \$2,342 | \$19,166 | \$47,145 |
| Accounts Receivable | \$0 | \$0 | \$0 |
| Inventory | \$728 | \$990 | \$993 |
| Total Current Assets | \$3,070 | \$20,156 | \$48,138 |
| Long-Term Assets | \$3,500 | \$3,500 | \$3,500 |
| Accumulated Depreciation | (\$334) | (\$1,034) | (\$1,734) |
| Total Long-Term Assets | \$3,166 | \$2,466 | \$1,766 |
| Total Assets | \$6,236 | \$22,622 | \$49,904 |
| Accounts Payable | \$0 | \$0 | \$0 |
| Sales Taxes Payable | \$0 | \$0 | \$0 |
| Short-Term Debt | \$0 | \$0 | \$0 |
| Total Current Liabilities | \$0 | \$0 | \$0 |
| Long-Term Debt | \$0 | \$0 | \$0 |
| Total Liabilities | \$0 | \$0 | \$0 |
| Paid-In Capital | \$0 | \$0 | \$0 |
| Retained Earnings | \$0 | \$6,236 | \$22,622 |
| Earnings | \$6,236 | \$16,386 | \$27,282 |
| Total Owner's Equity | \$6,236 | \$22,622 | \$49,904 |
| Total Liabilities & Equity | \$6,236 | \$22,622 | \$49,904 |

Team and Key Roles



Erica Sluyters
Trust Coordinator

Erica lived in Bhutan between 1998 - 2002 and has been working as bhutan+partners office manager on film, culture and sports programs



Henk de Jong
Strategic advisor

Henk worked in Bhutan between 1998 - 2002 and acted as bhutan+partners director since then to work on business, arts and film productions



Karma Luday
Trust Manager Bhutan

Karma was a Montessori teacher and HRM officer and joined the Bhutan Film Trust in 2014. She loves films and is an excellent communicator

*Henk de Jong
April 2015*