Gramarye Media

AN ASSET-CLASS SECURITY
INITIAL COIN OFFERING

For more information about this offering, please contact:

John Adcox
john@gramaryemedia.com
(404) 759-6069

Don Dudenhoeffer
don@gramaryemedia.com
(404) 295-0027

Arthur Stepanyan
arthur@gramaryemedia.com
(510) 417-1095

April 23, 2018

Disclosure

This Confidential Information Memorandum and Business Summary, dated May 31, 2018 (the "Memorandum"), has been provided by Gramarye Media, Inc. Gramarye Media is issuing a Crypto Currency in order to secure financing for cross-media intellectual property development, for expansion of its operations, and for the creation of new cross-media properties. References in this summary to "Gramarye Media," "Gramarye." "we," "our" and "us" are to Gramarye Media, Inc. and its subsidiaries.

Neither the delivery of this document at any time, nor any sales hereunder, shall under any circumstances create an implication that the information contained herein is correct as of any time subsequent to its date. Offers and sales will only be made to persons who have the knowledge and experience to evaluate the merits and risks of the investment and who have the economic means to afford the illiquidity of the currencies offered hereby.

This Memorandum is not intended to provide the sole basis of any investment or other evaluation of Gramarye Media and should not be considered a recommendation by Gramarye Media that any recipients purchase crypto coins. Each recipient is urged to determine its interest in investing based upon such investigations as it deems necessary for such purpose. Gramarye Media will not be responsible for the consequences of any failure by any proposed investor to make such investigation or for any reliance by any proposed investor upon any statement contained in the Memorandum.

The information set forth herein is believed by the company to be reliable. It must be recognized, however, that predictions and projections as to the company's future performance are necessarily subject to a high degree of uncertainty and no warranty of such projections is expressed or implied hereby. No representation, expressed or implied, is made by Gramarye Media or its directors with respect to the completeness or accuracy of the content of, or any other matter set forth in the Memorandum. Updated versions of this white paper will be available on the Gramarye Media Web site (http://gramaryemedia.com).

All discussions regarding Gramarye Media and its projects are to be considered confidential. Interested parties may not disclose to others (unless required to do so by law) that they are engaged in any evaluation of these or related projects. All communications, inquiries and requests for information relating to Gramarye Media should be directed to the address and phone numbers listed in the contact section of this document.

Table of Contents

"There have been great societies that did not use the wheel, but there have been no societies that did not tell stories."

—*Ursula K. Le Guin, author*

"Why was Solomon recognized as the wisest man in the world? Because he knew more stories than anyone else. Scratch the surface in a typical boardroom and we're all just cavemen with briefcases, hungry for a wise person to tell us stories."

— *Alan Kay, Vice President at the Walt Disney Company*

Executive Summary

Gramarye Media is a disruptive book publisher, a film studio, a game developer, and more. We're the world's first content incubator.

Gramarye Media is the virtual Hollywood entertainment studio of the future — discovering, incubating, vetting, producing, and distributing original content, including books, films, games, AR and VR, merchandise, and more. With budgets soaring, original content is risky because it lacks brand awareness. In addition, there is tremendous waste built in to the Hollywood system. Gramarye has recognized that these issues provide an opportunity for industry disruption. Our model is based on three simple core concepts:

1. Reduce Risk
2. Produce content at a Significantly Lower Cost
3. Open New Channels for Revenue Generation

Gramarye, a graduate of Georgia Tech's exclusive Flashpoint business accelerator, applies the "Silicon Valley" process (rigorous process for reliable innovation) to content. Story franchises are also innovated. They, too, can be innovated reliably. It begins with building and proving an audience. Communities form around stories. Imagine building and vetting passionate fan communities — proven engaged audiences — *before a single frame of film is shot*. Those communities can be worth billions. That's exactly what Gramarye Media does.

Gramarye's Content Incubator uses a four-part process that includes:

1. **Discovery** — shifting the industry from a "hunter/gather" model to an "agricultural" model.
2. **Incubation** — using an intense, year-long process that maximizes a story's audience potential.
3. **Publish and Vetting** — using a proprietary technology and social media platform to build communities and mine reliably predictive audience data.
4. **Production and Distribution** — developing titles that demonstrate a proven audience through multiple channels simultaneously to reduce costs and maximize revenue.

In addition, Gramarye will acquire an ownership stake in a distribution entity, giving us direct access to theatres and streaming services around the world — *reducing risk and generating revenue quickly* — as well as in partner companies to fund an entire entertainment ecosystem, bringing greater opportunity for growth and return to token holders.

Finally, Gramarye uses blockchain technology to provide meaningful incentives to fan evangelists who spark the viral spread of brand awareness, and to stream content directly to consumers hungry for the core, generational stories that unite us all.

Gramarye will be the first studio funded by a cryptocurrency offer coupled with traditional VC funding.

Problem and Solution

Georgia is now the number one destination for film and television production in the world with a $9.5 billion impact in 2016. The credit for that impact lies with Georgia's generous tax incentives, as well as a lower cost of business, an established and growing crew base, and significant infrastructure investment, including soundstages and post production facilities.

If Georgia is going to maintain and grow its lead, eventually, *content will have to be owned and developed here*. Nonetheless, original content is traditionally both expensive and risky. Gramarye addresses the challenges by developing a reliable content engine and the first major film and entertainment studio on the east coast.

The two rarest and most valuable commodities in entertainment media are branded content and distribution. Gramarye Media will have both.

The Current Studio Model

To start a major film studio from the ground up, one would usually start with a development fund of between $20 million to $50 million. This is used to develop slates of Intellectual Properties (IPs), most of which are never made. This is a "sunk cost" that must be amortized in the films that are actually produced.

Hollywood depends on branded entertainment — franchises that are perceived as having a "built in audience." As a result, studios depend on a cycle of sequels and remakes, because they are perceived as safer. However, analysts and executives agree: the cycle of sequels and remakes has played out and presents *significant, even existential threats to industry profitability.*

With budgets soaring, original content is risky because it lacks brand awareness. In addition, there is significant waste "built in" to the Hollywood system. For example, studios spend anywhere from $1 million to over $20 million on films *that are never actually made*. Netflix recently wrote off $39 million on abandoned content.[1]

As a part of the development process, studios spend anywhere from $250,000 to over $5 million on "big data" analytics without uncovering information that is reliably predictive. Again, much of this money is spent even on films that aren't actually made and does not reliably reduce risk on the ones that are.

These costs are over and above the tremendous overhead built in to the decades-old studio system, including dated infrastructure, legacy staff, libraries of expensive content stuck in development hell, and more. These are costs that Gramarye Media, operating as a "virtual studio," eliminates.

---

[1] http://variety.com/2018/digital/news/netflix-q4-2017-39-million-write-down-unreleased-content-kevin-spacey-scandal-1202672747/

A New Model

The Gramarye model is based on three core ideas:

#1 Risk Mitigation

#2 Cost Reduction
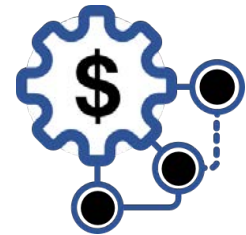
#3 Multiple Revenue Streams

#1 Risk Mitigation

The new Gramarye Media studio mitigates risk in two ways:

1. Diversification of Investment
2. Audience Vetting/Content Incubation

Historically, most film investments have followed a "one and done" model: invest in one film that might produce favorable returns — or might not. Gramarye's investments are diversified over a portfolio of projects, mitigating risk and increasing the likelihood of success.

First, $30 million annually is managed by our partners at RoadShow Equity Partners. Roadshow funds will invest in 10 to 12 film and television productions over a five-year period. The Funds will invest between $500,000 to $2,000,000 on either a "first in" or co-investment basis in independent productions. RoadShow's model is designed to protect investors. By investing in a slate of films, the Investor avoids the risk that comes with the "one and done" approach.

The traditional Hollywood system has routinely paid investors after everyone else has been paid. As a result, investors have waited years, at best, for their returns. RoadShow is committed to ensuring that Investors are the "first in" and "first out" position. The Fund will be in first position profit participation

derived from worldwide exploitation. Unlike the large studio model, the Fund has no internal overhead charges or fees that push back recoupment and profit participation.

The Fund is expected to receive a preferred return of 20 percent and thereafter 50 percent on-going participation in all net revenue generated in the subsequent years of exploitation. As a result, successful productions generate returns to investors *for decades*.

Content Incubation:

We also diversify investment by developing up to 12 titles a year that have the potential to become blockbuster event franchises. We do that through our content incubation process.

Gramarye turns the development process into a revenue generator. Instead of a "sunk cost" of $20 million to $50 million, Gramarye starts at zero plus a projected 20 to 30 percent return.

Gramarye, a graduate of Georgia Tech's exclusive Flashpoint business accelerator, applies the "Silicon Valley" process (rigorous process for reliable innovation) to content. Fewer than 10 percent of all startups succeed, but more than 80 percent of the companies that go through accelerators succeed, according to a study made by the Institute of Public Administration at Pennsylvania State University.[2] Stories are also innovated. They, too, can be innovated reliably.

As a part of our work at Flashpoint, we conducted literally thousands of interviews with active participants in fan communities — from online forums to fan conventions and even ticketed Harry Potter and *Star Wars* pub crawls — to better understand what attracts them. That research helped shape our selection criteria.

The larger point is this: ***when those communities form, they are worth billions***. We provide the content likely to attract those communities and we provide an opportunity for them to thrive and grow. When we discover and prove a community forming around a story, we develop cross-media franchises.

Gramarye's Content Incubator uses a four-step process:

Step 1: **Select A Story**	**Step 2:** **Refine & Prepare**	**Step 3:** **Publish & Gather Data**	**Step 4:** **Produce Winners**

Step 1: Select A Story: First, Gramarye selects *unpublished book manuscripts with blockbuster DNA* using a 47+ point "checklist" and a team of proven industry veterans.

Step 2: Refine & Prepare: Then, authors work with a team of experts to polish and refine their manuscripts and prepare the IP for adaptation across media channels during a year-long incubation process. We empower the writer to oversee the development across channels to ensure that the heart and soul of a story is captured and that we can adapt with integrity without being overly precious about the details. At the same time, we're preparing the work for adaptation — developing screenplays, production art, budget, talent attachments, and more.

---

[2] http://www.nytimes.com/1988/10/23/nyregion/small-businesses-share-an-incubator.html?pagewanted=all

Step 3: Publish & Gather Data: Next, Gramarye publishes the content as print and as enhanced "eBook 2.0" immersive reading experiences using proprietary technology and a proprietary social media platform. The eBooks are layered with interactivity, including AR, music, moving illustrations, story-relevant games, community forms, and more. The interactivity allows Gramarye to empower and incent users to share and network. We can track and measure the viral spread of brand awareness as the communities deepen and grow. The interactivity also allows Gramarye to mine data to identify key inflection points and more, and to track the information by age, sex, and location. This allows Gramarye to better understand fan passion and adapt in a satisfying way, to better create and target merchandise, and to know exactly how and to whom to market.

Step 4: Produce Winners: Finally, Gramarye produces the titles that demonstrate a proven, built-in audience as films, television series, games, AR and VR experiences, location-based attractions, and more. As discussed below, we do so at a much lower cost than in the traditional Hollywood system.

#2 Cost Reduction

The incubation process enables us to eliminate the "sunk costs" of development. As a part of the same process, we can eliminate much of the overhead built in to the traditional studio system. We can also take advantage of a lower cost of business in Georgia and some of the nation's most generous tax incentives.

We will build an advanced virtual production facility, including a volumetric motion capture system and post production facilities, allowing us to significantly reduce the costs of tentpole/event films, television productions, and more. Most significantly, this technology lets us create assets that can be used across various media channels, including film, television, animation, games, AR/VR, location-based entertainment, and even toys and merchandise, all for a single cost. In the traditional models, where content channels are in silos, the same asset might be created three to five times, each with its own cost structure.

#3 Multiple Revenue Streams

Finally, we can also make use of emerging technology to not only reduce the costs of making event films, but also to open new revenue streams. Despite countless mergers and acquisitions, the entertainment industry is still struggling to master cross-channel exploitation of intellectual properties, allowing for costs to be shared across multiple projects without suffering brand dilution. However, the integrated cross-channel message delivery formulas that advertising and marketing began to master at the end of the 1990s can be applied to entertainment, allowing one property to be turned into multiple channels (and multiple

points of entry for audience attraction), each with their own revenue generation streams.
Working with our technology, we can film key scenes, and even entire films, using a 27-camera volumetric motion capture system, allowing us to capture complete, 360º holographic images. We can then add virtual sets and even virtual props and costumes in real time. That allows us to capture every possible camera angle at the same time, reducing production time and cost significantly.

At the same time, we will be capturing assets for video games, mobile apps, AR and VR experiences, and more … without adding additional cost. We can 3D print action figures and toys. Each represents a new revenue stream. We can even shoot identical scenes with various international casts, using the same virtual sets, costumes, and effects, to create native language versions for world markets — without dubbing or subtitles.

Distribution

In entertainment, the old cliché says that content is king. While that's certainly true, it's also true that distribution is High Emperor Above All Kings. Literally thousands of films are financed and completed every near that never find distribution agreements — and so never find audiences. Without even a limited theatrical release, it is difficult at best for a film to generate revenue through streaming and home markets.

Along with branded content, *distribution is, quite literally, the rarest commodity in entertainment.*

Gramarye will acquire a minimum 30 percent stake in a new entity created to fill the product vacuum left by the major studios by creating a disruptive new motion picture distribution and finance company.

This unique business model will allow Gramarye to optimize revenue and minimize risks. The concept focuses on the one area in the movie business that has consistently been a massive profit center for studios — owning and controlling distribution. This has the least amount of risk because Gramarye will be able to collect from first dollar gross directly from the box office and other revenue streams.

To facilitate this unique concept, the core elements of this business plan are:
- *Domestic distribution* allowing Gramarye direct access the largest world market directly, reducing distribution costs for its own films, and driving distribution fees for itself and third-party movies
- *Direct international distribution* in the eight territories that — with the U.S. — cover 90 percent of world markets, replicating the benefits of direct domestic distribution
- *An internal foreign sales agency* ensuring sales in the remaining 10 percent of world markets;
- *Production financing and control* for each project financially and creatively
- *Marketing ("P&A") financing* to guarantee worldwide theatrical distribution for each of our movies, reduce marketing costs, and participate in gross revenue theatrical and other streams.

This distribution investment will allow Gramarye to begin generating revenue quickly. *We believe that this investment will immediately increase the value of our distributed tokens significantly.*

The Conflux Space

We have found that success in one channel can be used to promote other channels, both emerging (such a new media and mobile content, as well as AR and VR) and established (film, television, publishing, etc.). But presently, the cross-channel pollination usually happens almost as an afterthought. It usually isn't planned for in the beginning—meaning the additional sources of revenue incur their own development costs and take years to see rewards.

We exist in the conflux space—where film, television, games, books, and new media overlap and interact. Our model focuses on the core story or idea and develops it across channels to maximize its potential with audiences hungry for content. For this to work, a story must be conceived in cross-media terms from the start.

Ideally, this approach begins at the idea stage, before a finished script or manuscript becomes a part of a development slate with talent attached. At that point, it's often too late to take full advantage of a property's full cross-media potential for diversifying development costs across channels and realizing multiple avenues of revenue generation.

We're not looking to simply move content into a new media space; *we intend to create cross-channel franchises that expand storytelling worlds in ways that are meaningful to audiences*.

Revenue Generation

During the incubation process, we generate revenue by selling the book apps through online stores, including Amazon, Apple, and Google Play. *This is revenue recognized before we make a single film.*

One Book App (Low End):

Units Sold	200,000
Unit Price	$14.95
Gross Revenue	$2,990,000
Production/Marketing	-$1,000,000
Channel/Author	-$1,290,000*
Net Margin	$700,000

One Book App (Median):

Units Sold	500,000
Unit Price	$14.95
Gross Revenue	$7,475,000
Production/Marketing	-$1,000,000
Channel/Author	-$3,363,750*
Net Margin	$3,111,250

One Book App (Breakout):

Units Sold	5,000,000
Unit Price	$14.95
Gross Revenue	$74,750,000
Production/Marketing	-$1,000,000
Channel/Author	-$33,637,500*
Net Margin	$40,112,500

This model assumes that we must sell all units through a third-party retailer and pay authors a standard 15 percent Royalty. Looking at typical results from traditional publishing, games, and movie studios, we predict that with every 12-title portfolio or slate:

- Seven will break even
- Of those, four or five will generate enough revenue to make the slate profitable
- One, or maybe two, will be breakthrough hits

These breakthrough hits are the ones we can to develop as transmedia franchises.

WE DEVELOP THE HITS AS FRANCHISES

Cross-media franchises are worth **$billions**

Each channel supports and promotes the others

Each channel generates revenue

Investors participate in every exploitation across all channels in perpetuity

FILM

VIRTUAL REALITY

TOYS & MERCH

LOCATION BASED

GAMES

TELEVISION

Investors Participate in All Media Expressions

IP "X", LLC

- Gramarye Media
- Author
- Investors

Gross Annual Revenue Potential for one "hit"
$500,000,000 to $5,000,000,000

Total International Film Box Office Gross $300m - $2b	**Toy Sales Year 1 Gross** $200m - $2b
Apparel Sales Year 1 Gross $100m - $1b	**Merchandise Sales Year 1 Gross** $100m - $1.5b
TV/Animation Licensing $22m	**Location Based Licensing** $5m

*How Do You Say Your Name
And What Does It Mean?*

Gramarye

Pronounced:
Gram-UH-ree or Grammar-E

The word means:
Magic or secret knowledge

Funding Structure

The Gramarye Media Virtual Studio is funded in two ways:

1. Content Investment

RoadShow Equity Partners

RoadShow Management Partners has invested $5 million into a content fund, allowing Gramarye to incubate four potential event franchises over 18 months. The next content fund, $26 million to incubate 24 titles over 36 months, will draw from both sources.

In addition, Gramarye Media will draw from the ICO (discussed below) to invest $30 million into RoadShow Management Partners annually, to fund diversified portfolios of in 10 to 12 film and television productions to be developed and distributed under the Gramarye Media studio banner and using Gramarye's corporate and management structure.

The RoadShow Equity Partners business plan and investor presentations are available upon request. More information can be found here: https://www.roadshowequity.com/

2. Initial Coin Offering

Lumiere Coin (LUM)

Gramarye Media will create the **Lumiere (LUM)** token, a blockchain/cryptocurrency coin built on the Ethereum platform. The initial coins will be minted in a limited amount (1 Billion coins with a nominal value of $1 each) and released according to project development needs, over a 10-year period. The initial issue shall be limited to $175 million for accredited investors.

We intend to be in full compliance of any and all pertinent regulations, and we shall amend the terms of the ICO as required by any securities trading regulations applicable to cryptocurrency transactions, now and in the future, as required by law.

This ICO will be a fully-compliant security, offered with the assumption that the tokens will increase in value and earn dividends as well as granting other privileges to investors.

This makes Gramarye Media both the first major studio on the east coast, and the first to be funded by a cryptocurrency Initial Coin Offering (ICO).

The Lumiere Initial Coin Offering

Introducing the Lumiere Token (LUM)

The token used for Gramarye Media ICO is named *Lumiere* to honor the brothers Auguste and Louis Lumiere, creators of the *cinematograph*, the original "moving pictures" technology, who gave their first paid public screening on December 28, 1895 in Paris.

The ICO shall issue up to 1 billion Lumiere coins (tokens) that shall be released in structured amounts over a period of up to ten years.

5 million tokens (with a soft cap of $500,000 and a hard cap of $5 million) will be offered to accredited investors under a Convertible Note or a Simple Agreement for Future Tokens (SAFT) with a discount of 30 percent in May, 2018. During this raise only, unaccredited investors who reside in the state of Georgia may invest up to $10,000 per individual under the Invest Georgia Exemption.3

The initial $175 million token release will be addressed to accredited investors in compliance with SEC regulation for securities issue. A second release of $175 million in tokens is scheduled for fiscal year two to fund large scale productions.

50 million tokens will be held in reserve for the founders and for future employees, content creators, and partners, according to clearly-defined guidelines and milestones.

The remaining tokens shall be held in reserve to fund future event or prestige tentpole productions discovered through the content incubation process. This allows us to fund more of our own work rather than having to raise additional funds and risk diluting the returns to token holders.

Gramarye Media and its board will make every good faith effort to ensure that additional tokens are released *only* when we have confidence that the new productions will raise the value of the existing tokens sufficiently to offset any potential dilution effects.

At the end of each fiscal year in which Gramarye Media earns a net profit, owners of all distributed tokens shall have the right to vote to either declare a dividend of fifteen percent of all net profits, which shall be distributed in the form of airdropped bonus tokens, or to reinvest that profit back into the company's operations to continue to increase the value of distributed tokens.

---

3 Please see https://www.gmanet.com/Advice-Knowledge/Articles-and-Resources/Invest-Georgia-Exemptions-Give-Businesses-an-Extra.aspx or http://sos.ga.gov/index.php/securities/invest_georgia_exemption

Lumiere Token at a Glance

Tokens minted:	1B
Prerelease tokens (SAFT)	(soft cap $500k)[4]
Tokens released in Year 1:	$175MM
Tokens released in Year 2 (projected):	$175MM
Tokens reserved for Gramarye Team	50MM
Issue Price:	$1/one token
Payment Accepted:	ETH, Most international fiat currencies
Issue Platform:	TBD (As wide as possible)
Pre-release Convertible Note Sale Date:	May, 2018
Sale Date:	Targeted for August, 2018
Discount Offer (Pre-release Note)	30 percent
Bonus Offer (first 50MM tokens):	15 percent
Bonus Offer (second 50MM tokens):	10 percent
Bonus Offer (final 70MM tokens):	5 percent

All tokens shall be tradable, subject to relevant securities laws.

Tokens will be placed on as many exchanges as possible to ensure maximum value and tradability. Gramarye Media will cooperate with all broker-dealers and platforms officially registered to trade tokens when investors are able to resell Lumiere tokens on the open market (one year after initial investment/purchase per Rule 144).

Sufficient Ethereum gas will be added to the smart contracts to ensure smooth operations and rapid transactions. All smart contracts will be audited.

---

[4] *During this raise only, unaccredited investors who reside in the state of Georgia may invest up to $10,000 per individual under the Invest Georgia Exemption. For more information, please see: https://www.gmanet.com/Advice-Knowledge/Articles-and-Resources/Invest-Georgia-Exemptions-Give-Businesses-an-Extra.aspx*

Beyond Gramarye: Funding an Entertainment Ecosystem

Proceeds from the sale of Lumiere tokens will be used to fund the operations of Gramarye Media and to build our technology, production, and distribution capabilities. We're not stopping there. We are also using the proceeds to invest in other entertainment entities, most of which are based here in Georgia. Lumiere is not just a security to fund Gramarye; it will fund and sustain an entire entertainment ecosystem.

We have already discussed **RoadShow Equity Partners** and the new **distribution partner** in which Gramarye will own a majority equity stake, allowing us to put our films in theaters around the world and on major streaming services. Some of the other partner companies to be funded by the Lumiere Tokens include:

- **The Creative Media Industries Institute** (CMII) at Georgia State University is arguably the single most advanced virtual production facility on the planet, featuring Virtual production to support live performances driving 3D characters in virtual worlds, layering virtual characters and objects over real world environments, an augmented Reality CAVE Lab, a walking VR Lab, best-in-Class Editing, Color-Correction, and Post-Production Suites, "Lagless" Music and Dialog Recording, and more.

- **ConcentraQ** helps power Gramarye's powerful social media and tracking capability. ConcentraQ enables real visibility into social influence and endorsement activities from the ground up — starting at the individual consumer level. It provides tools for brand marketers that seamlessly integrate into promotions, giving prospects and customers the opportunity to easily endorse brands/products within in their social spaces.

- **Picture It Productions** is a television content developer and full-service production company based in Atlanta, Georgia. Picture It Productions has the experience and industry weight needed to bring its development slate to any network or new media outlet in the ever-expanding entertainment landscape.

- **The Story Plant/The Fiction Studio** is a prestigious traditional publisher giving Gramarye access to brick and mortar bookstores, as well as online retailers, for our quality hardback and trade paperback books.

All of these partners enhance Gramarye's capabilities, creating a thriving entertainment ecosystem that is stronger than the sum of its parts.

Token holders benefit in two key ways:

1. Additional revenue for faster and larger dividends opportunities
2. More activity to potentially increase token value on the open markets

Use of Funds

The revenue from the initial token sale shall be sufficient to cover the $175 million for:

Content Development:
- **$6MM**: Development deals for two "name" creators to develop film and game properties.*
- **$6MM**: Equity part of a $22MM cap stack, with the remaining budget covered by tax credits and pre-sales, for a hybrid animated/live action film (like *The Jungle Book* or *The Life of Pi,* but on a more reasonable budget) based on a beloved children's book from an author of a $ billion+ franchise.
- **$10MM**: One low-budget theatrical motion picture, to be shot in London and Atlanta.*
- **$5MM**: Acquire, attach a director, and begin pre-production development of one cross-media event film with AR/VR and mobile/PC/console game spin-offs produced in concert. The remaining production budget will be raised from a subsequent token release in fiscal years 2 and 3.*
- **$3MM**: Invest in Picture It Productions, a television content developer and full-service production company based in Atlanta, Ga. Picture It Productions has the experience and industry weight to bring its development slate to any network or new media outlet.
- **$2MM**: Begin developing Gramarye Media's education technology and offer, described in the exhibits section of this document.
- **$2.5MM**: Invest in The Story Plant, a traditional publishing partner.
- **$600K**: Acquire 12 additional titles for incubation in years two and three.

Virtual Studio Facilities:
- **$20MM**: Invest in CMII and in the virtual production center of the future, including:
  - Volumetric motion capture stage and cyclorama "cyc wall" stage
  - Post production/editing facilities and audio recording facilities
- **$80MM**: Acquire a minimum of 30 percent of a domestic and international distribution entity, bringing domestic distribution agreements to Gramarye for all standard areas of exploitation, along with the ability to directly distribute theatrically.
  - Domestic and international distribution allowing Gramarye direct access to the largest world market directly, reducing distribution costs for our films and for our partners
  - Marketing ("P&A") financing allowing Gramarye to guarantee worldwide theatrical distribution for movies, reduce marketing costs, and participate in gross revenue theatrical and other streams
- **$5MM**: General operations, including staff salaries and benefits, travel, office space, furniture, equipment, production and post production facilities, etc.

* Top sheets and other creative materials, such as scripts, are available upon request, and upon execution of a standard non-disclosure agreement.

Further releases shall be issued according to the financial activity of the enterprise, with buy-backs conducted at appropriate moments in time to support the token market value.

What is an Initial Coin Offering?

"As it has for centuries, commerce relies on two things: trust and verified identity. Put more simply: what is being exchanged, and who is confirming it? Yet commerce that was once direct and in-person is today conducted mostly online and requires intermediaries such as banks, governments, or other central authorities to verify the identity of each party and establish the needed trust between them. And whenever there are intermediaries there are inefficiencies — decreased speed, increased cost, and sometimes even fraud."

—Arvind Krishna, Senior VP/IBM Researcher

An initial coin offering (ICO) is a popular way to raise funds for a new company or project by issuing a cryptocurrency coin or token and distributing a percentage of the initial blockchain coin supply among early supporters and backers without enduring the complex dilution of giving away equity in the enterprise.

While there may be various regulatory, financial, and technical issues buffeting the current ICO landscape, the ICO model is a boon for the growth of strong, decentralized networks and mainstream blockchain adoption. Moreover, the ICO model promotes global financial inclusion by democratizing fundraising, investment, and network participation.

In the typical cryptocurrency market, an ICO is similar to an initial public offering (IPO) when stock in a company is available for sale to the public market. The typical ICO gives buyers the opportunity to invest in a cryptocurrency, more commonly known as a coin or a token. The phenomenon of ICO or Token Sales have helped startups raise nearly $2 billion since the beginning of 2017.

This market is evolving into an era where small companies and projects with new ideas can raise money to bring their plans to life without going through the cumbersome and long-winded process of doing it through venture capital or traditional stock markets.

How Blockchain Works

A blockchain is a publicly accessible and decentralized database that is distributed over the Internet. It maintains transaction records publicly in cryptographic form. Transactions can be computed, verified, and recorded using automated methods across a peer-to-peer network of computers, eliminating the need for an intermediary or third party to manage information.

As the blockchain grows, tampering or takeover is virtually impossible, creating an immutable chain of records. Blockchain transactions become permanent records that are placed into a secured "block" in the system —basically an encoded list of records of transactions. When a particular block reaches its capacity of data, it is marked with a digital signature called a "hash" which encrypts the data in the block, securing it and adding it to the chain of blocks.

Cryptocurrency is an encrypted decentralized digital currency transferred between peers and confirmed in a distributed public ledger across a network of computers (or nodes). A distributed ledger is a database held and updated independently by the node in a large network. The distribution is unique as records are not communicated to individual nodes controlled by a central authority but are instead independently constructed and held by every node — thus being decentralized rather than managed by one entity.

All confirmed transactions from the beginning of a cryptocurrency's creation are stored in a distributed public ledger. The identities of the coin owners are encrypted, so anonymous, and the system uses other cryptographic techniques to ensure the legitimacy of the record keeping. The ledger ensures that the corresponding "digital wallets" can calculate an accurate spendable balance. Also, new transactions can be checked to ensure that each transaction uses only coins currently owned by the spender. This distributed public ledger is called a "transaction blockchain."

The transfer of funds between two digital wallets is called a transaction. The transaction gets submitted to the distributed public ledger and awaits validation by the network. When a transaction is made, wallets use an encrypted electronic signature to provide mathematical proof that the transaction is coming from the owner of the wallet.

Enforcing Transparency for Investors

Company actions and accounting will be governed by smart contracts encoded into the token's blockchain. All smart contracts will be audited.

Blockchain technology allows us to add layers of security into the tokens themselves. This both ensures and enforces transparency to investors, literally locking the commitment into the cryptocurrency code. There is literally no way for that notorious "Hollywood accounting" to hide transactions.

Blockchains can be used to set-up distributed autonomous organizations or virtual entities to fund projects with ownership and shares assigned on the Blockchain. This model has advantages of transparency, allowing investors to purchase, sell or trade their equity.

Profits can be shared on the Blockchain with absolute transparency following the pre-agreed waterfall.

Intellectual Property Protection

Piracy remains a serious issue in the entertainment industry. While Blockchain does not represent a silver bullet for eliminating piracy, it can be used to deter the process of leaking content illegally. Film content meta-data can be encoded with a cryptographic transaction on the Blockchain. Access to upload or modify content can be made only with transactions on the Blockchain creating an immutable history of records that can deter unauthorized transfers.

Blockchain technology represents further opportunities for independent production houses and emerging regions with limited reach to audiences and infrastructure.

Token Benefits

Tokens are issued with the assumption that they can be freely traded in compliance with all relevant currency and securities regulations, and that they will increase in value over time.

At the end of each fiscal year in which we recognize a net profit, Gramarye Media will give token owners the right to vote to distribute dividends equal to 15 percent of net profits proportionally to all tokens in the form of airdropped bonus tokens. Each distributed token shall be awarded one vote. Token owners may also elect to reinvest net profits back into Gramarye's operations, thereby gaining the potential opportunity to grow the value of the tokens they hold and avoid dividend taxes. A simple majority will decide whether dividends are distributed or reinvested.

Token holders shall have the right to purchase additional tokens in subsequent releases before the general public. In addition, Token Holders shall be entitled to privileged access to content, including production art, online talent interactions, production art, scripts, and more.

Collectable Gift Medallion

When the initial round is raised successfully, accredited investors who purchase at least 1 million tokens will receive a limited collectable coin, minted of precious metal. This very rare memento gives early investors in the new studio "bragging rights," and may also increase in value.

Lumiere Platform — Ethereum

Lumiere tokens shall be issued on the Ethereum platform. Like Bitcoin, Ethereum is a distributed public blockchain network. Although there are some significant technical differences between the two, the most important distinction to note is that Bitcoin and Ethereum differ substantially in purpose and capability. Bitcoin offers one particular application of blockchain technology, a peer to peer electronic cash system that enables online Bitcoin payments.

While the Bitcoin blockchain is used to track ownership of digital currency (bitcoins), the Ethereum blockchain focuses on running the programming code of any decentralized application. Put another way, Ethereum can function both as a contract and a security — and can allow privileged access to content and other rights.

The key advantage of Ethereum is its ability to encode a smart contract into the blockchain. Smart contracts are computer code that can facilitate the exchange of money, content, property, shares, or anything of value. When running on the blockchain, a smart contract becomes a self-operating computer program that automatically executes when specific conditions are met. Because smart contracts run on the blockchain, they run exactly as programmed without any possibility of censorship, downtime, fraud, or third-party interference.

Empowering and Incenting Communities of Brand Evangelists

In addition to delivering content directly to audiences, Gramarye Media will also utilize blockchain technology to create valuable utility token rewards for fans. While the utility token is a different "thing" than the Lumiere Security Token sold to accredited investors, we hope in the future to allow fans to trade a sufficient number of utility tokens for Lumiere Security Tokens.

These collectable utility token rewards are earned through the direct actions of the user (sharing with friends, making purchases, playing games, etc.) and can be collected, used in games (similar to *Magic: The Gathering* or *Hearthstone)* with other users, exchanged for virtual products within the Gramarye ecosystem, used to compensate other users for fan art or fan fiction, used collaboratively to unlock new content, etc.

Blockchain utility token rewards earned by users can act as the means to pay for and access content, giving us new ways to stream content directly to fans. Because revenue of the property is embedded in its own blockchain rewards, and because it can be used to access media products (such as a ticket for admission),audience members will have an additional incentive to earn rewards to watch their favorite movies, play their favorite games, or read their favorite books.

Presently, fans don't receive tangible value for telling friends and family about their favorite content. They do so out of passion. That passion is multiplied when they have an additional financial incentive. If fans hold a token, they benefit when their friends and family buy a ticket, a book, a toy, or a game.

Now, word-of-mouth marketing has real value on both sides of the equation. Gramarye will change that. The earned rewards have value.

The more the audience grows, the more revenue is generated, thereby increasing value of both the Lumiere tokens and the utility token rewards.

With a growing fan-base acquiring rewards by growing our audience, the market cap of the intellectual property franchise could increase exponentially, sustaining and extending the story franchise's lifespan.

Our Team

We have a very experienced team of veteran industry experts to help us select content, budget efficiently, and ensure smooth, professional productions.

Their expertise helps us with:
- Content incubation and mentorship.
- Licensing and merchandise partnerships.
- Extensive budget review and due diligence by experienced Production Advisors.
- Review and development of a project's marketing and distribution plan by experienced production and financing executives who combined have financed over 100 film and television projects.
- Assist Producers in obtaining presales and/or distribution agreements or estimates at a break-even point based on low estimates for domestic and foreign sales.

Legal representation by Nelson Mullins Riley & Scarborough, Atlanta, Georgia

John Adcox, Chief Executive Officer

https://www.linkedin.com/in/johnadcox/

Over the course of a 20-year career in advertising, marketing, and user experience, and integrated media strategy, John Adcox has held a number of titles including Executive Producer, Vice President of Digital Media, Creative Director, Vice President of Marketing and Creative Services, Chief Creative Officer, Chief Content Officer, and CEO.

A few of his clients have included AT&T, Mercedes-Benz, Mercedes-AMG, Holiday Inn, Bass Hotels, Intercontinental Hotels, Coca-Cola, UPS, SCANA, AutoTrader.com, Time Warner, Disney, Delta Airlines, 3M, Ford, Glaxo Wellcome, Delta, Microsoft, Clarus Bank One, IBM, 3M, Pfizer, Nortel, Johnson & Johnson, BMC Software, and many more.

In addition, he has hosted a radio show, acted professionally (although not since age 15), designed and written scripts for games, written a play for a professional theatre company, taught university astronomy, and written articles on topics including mythology, psychology, technology, religion, and marketing strategy.

He also served for four years as the Lay Leader and Council Chair at Inman Park United Methodist Church. His many, many interests include books and literature, religion and philosophy, mythology, the Arthurian legends, travel, baseball, science fiction and fantasy, marketing communications, Celtic music and lore, new media, theatre, and politics, not to mention astronomy and cosmological physics.

John is now concentrating on storytelling—he is the author of several novels and has a screenplay and TV pilot in development—and maintains a laser focus on Gramarye Media.

Alice P. Neuhauser, President

https://www.linkedin.com/in/alice-neuhauser-bbb820/

Alice P. Neuhauser has a broad range of entertainment experience in financial management, establishment and oversight of corporate, legal and accounting procedures, and business development and strategic planning. From successfully developing a major commercial real estate project to assisting lenders in maximizing the value of distressed assets to managing the day-to-day operations of independent film companies, Alice has demonstrated entrepreneurial success in maximizing effort and investment by finding opportunities to utilize both existing studio structures and independent constructs.

Over the course of her career, Alice has managed project financing for motion pictures ranging in budget from $2 million to $100 million each, totaling over half a billion dollars. Such financings included some of the largest independently financed pictures including *Terminator 2* (starring Arnold Schwarzenegger) and *Cliffhanger* (starring Sylvester Stallone). More recently, Alice coordinated the bank financing of produced pictures including Oscar-nominated *3:10 to Yuma* (starring Russell Crowe), *The Forbidden Kingdom* (with Jackie Chan and Jet Li), *The Bank Job*, *Brothers*, *A Perfect Getaway*, *Nine*, *Spy Next Door*, *Dear John*, *Season of the Witch*, *The Fighter* (starring Christian Bale and Mark Wahlberg), *Limitless* (starring Bradley Cooper), *Haywire*, *The Immortals*, *Mirror, Mirror* (starring Julia Roberts), *21 & Over*, *Movie 43*, *Safe Haven* and *Out of the Furnace.* Alice also managed two $100 million revolving film production credit facilities with two separate syndicates of banks, which helped finance such movies as *Basic Instinct* (starring Michael Douglas and Sharon Stone) and *Total Recall* (starring Arnold Schwarzenegger and Sharon Stone).

Looking for opportunities to capitalize on businesses that support film production, Alice developed a $100 million motion picture and television production facility from concept through 100% utilization. With Roy Disney's Shamrock Holdings as investment partner, the first full-service production facility in Los Angeles in over 50 years was created. This 22-1/2-acre studio lot includes 14 state-of-the-art sound states, eight production buildings, a commissary, a four-story office building, and a parking garage. Current tenants include James Cameron's *Avatar 2* and *Avatar 3.* Hands-on, Alice's efforts included developing the financing model and working with prospective investors, tenants and lenders, managing construction of the project and on-site coordination of final move-in by the tenants.

Among other consultancy roles, Alice also advised The Trend Exchange, a start-up financial marketplace for trading various media-related options contracts. The exchange was successfully approved by the Commodities Future Trading Commission, with Alice providing a key link among the regulatory agency, the financing community and content producers. Operational management has been a hallmark of Alice's career. Prior to the bankruptcy of Carolco Pictures, she coordinated the preparation of the due diligence materials, including among other things chain of title for the development projects and produced pictures, sales and availabilities for the licensing of the produced pictures and an abbreviated library valuation. She also managed the due diligence process with prospective buyers. Ultimately, through various negotiated assets sales she returned a remarkable 100 percent of senior bond and trade debt of Carolco Pictures Inc. after its bankruptcy, exceeding investment banker projections by over 100 percent.

Alice continues to manage the sequel/remakes rights and development properties for the former Carolco, working with producers to turn them into new motion pictures and television series. On behalf of various lenders, including GECC and JP Morgan Chase, she has managed or liquidated distressed entertainment companies.

As Responsible Officer for The Kushner-Locke Company, Alice has overseen the operations of the Company since shortly after it filed for bankruptcy in 2001. In addition to compliance with bankruptcy and SEC requirements, Alice was responsible for day-to-day operations, managing the various sales agent relationships, organizing documentation, establishing procedures and negotiating settlements of claims. Post-reorganization, Alice negotiated and managed the sale of the Company's film library. She continues to represent the derivative rights for the Company.

At the request of certain senior financiers, Alice was retained by the New York-appointed, New York-based Receiver for The Shooting Gallery in connection with the liquidation of The Shooting Gallery assets for the benefit of its creditors. Alice utilized a team of experienced professionals who collectively had worked on the preparation for, and sale of, the film libraries for, among other companies, Carolco Pictures, Epic Productions (the Credit Lyonnais library), Harvey Entertainment, 7.23 Slate and Prosperity Pictures. Due to the sudden closing of the Company's operations, the liquidation included shutting down the office space, negotiating out of facility and equipment leases, organizing chain of title and sales/availabilities information and preparing, marketing and soliciting buyers for the sale of Company assets.

Alice also managed the wind-up of a family of companies with real property holdings and film financing, production, sales and post-production businesses in Los Angeles. When the Companies lost their financing, Alice managed the self-liquidation process by, among other things, selling the post-production equipment, selling the building, winding down the various corporate entities, bringing current past-due tax obligations and paying off outstanding trade debt. In addition, Alice helped develop an asset management software system for tracking sales and availabilities for the pictures distributed by the production entity. She organized a team to service the on-going distribution obligations for the produced pictures.

GE Capital retained Alice as Chief Restructuring Officer of Unapix Entertainment to manage the operations of the Company in bankruptcy, oversee the preparation of information for selling the library and the successful sale of the library. Among other consultancy roles, Alice also advised The Trend Exchange, a start-up financial marketplace for trading various media-related options contracts. The exchange was successfully approved by the Commodities Future Trading Commission, with Alice providing a key link among the regulatory agency, the financing community and content producers.

Alice is an honors graduate of Harvard College and earned her MBA from the Anderson School of Management at UCLA while working full-time. She also supports various non-profit organizations and has served on the National Council of Defenders of Wildlife since 2010 and joined the National Advisory Board of the Union of Concerned Scientists in 2016.

Don Dudenhoeffer, Chief Creative Officer

https://www.linkedin.com/in/don-dudenhoeffer-b61b2/

Don's professional experience has been an extensive voyage into the world of advanced interactive media. He's spent most of his career on the front lines of the new media space working with emerging technologies in Interactive TV, mobile devices, video distribution, and broadband Web applications. In Don's eleven years of creative design and implementation, his work has focused on creating forward thinking applications that aid large media companies in their pursuit of the future of media often targeting multi-screen experiences.

Don led the design team that was awarded the first ever Emmy in Interactive Television for the creation of an Interactive TV application enhancing the HBO *Band of Brothers* experience. He also led the effort to design and build CNN's Pipeline and the Washington Redskins experiences for Media Center and Intel's Viiv initiative. Don has participated in the incubation, testing and launch of many new interactive products ranging from a wireless traffic guidance system, desktop applications (TWC Desktop Weather), browser plug-ins, widgets, and new forms of digital video collection, encoding, and distribution.

Over the course of his career he's have worked with clients like HBO, HGTV, DIY, FOOD, Fine Living, Disney, AOLTV, NASCAR.com, CNN, Cartoon Network, Captain Planet foundation, Philips, PoliticalIQ.com, Psydex, Subaru, Worldspan, Cox Cable, Cox Radio, IntelliOne, Time Warner, Rhapsody, MetaByte, and many more. Don's specialties include Concept incubation, Technology assessment, Information architecture, Advanced UI design and Development, Flash interfaces, Advanced interactive advertising, Cross-platform experiences, Video shooting, editing, and motion graphics, and Web Applications.

Irtaza Barlas, Ph.D. Chief Innovation Officer

https://www.linkedin.com/in/irtaza-barlas-2b21307/

Irtaza Barlas brings more than 20 years of diverse technology and product development experience to Gramarye Media. He is currently the Director of Software Engineering of a very successful healthcare IT company. He was also the Program Manager at Impact Technologies, where he led the research and development efforts associated with advanced computing, image analysis, and data mining systems for the industry and the US Department of Defense.

Irtaza was the architect and Principle Investigator on a multi-year research program on Self-Aware Processing Systems for DARPA. He worked with Raytheon and Georgia Tech to develop technologies for monitoring and real-time reconfiguration. His other DoD research programs include data mining and visualization for US Navy, distributed monitoring of Virginia Class Submarine Combat Systems, and Multi-agent Distributed Data Fusion for Unmanned Surface Vehicles for Office of Naval Research. Impact Technologies was acquired in 2011 by United Technologies' Sikorsky Aircraft Corporation—and is now a

Sikorsky Innovations company.

Previously Irtaza was the principal and Director of Software Development at Atlanta-based Intelligent Automation Systems (IAS), where he led the development of several products related to image processing, industrial process monitoring, and automation in the utilities, wire, cable, and textile industries. Impact Technologies acquired IAS, in its third year of operation.

Irtaza received his MS from California State University, Sacramento where he worked extensively on microprocessors, digital systems, computer networks, and FPGAs. He received his Ph.D. in Electrical and Computer Engineering from Georgia Tech., with a thesis on Multi-Agent systems for Diagnostics and Prognostics of complex systems.

Juliet Ulman, Editor-In-Chief

https://www.linkedin.com/in/julietulman/

A former Senior Editor at Random House and Editor in Chief at Pugilist Press, Juliet has extensive experience in both acquisitions and development editing. She is an award-winning editor with extensive experience in trade publication, both corporate and independent, with a particular interest in branding and development.

In her own words, she works with "author, imprint, identity — I find the story inside the story, and help you tell it. This is what I do." Her specialties include intensive developmental/structural editing, branding, and identity. In 2010, she won a coveted Hugo Award for Best Professional Editor in speculative fiction.

Christopher Golden, Senior Creative Executive & Development Editor

https://www.linkedin.com/in/christopher-golden-b99237119/

Christopher Golden is the New York Times bestselling, award-winning author of *Snowblind, Ararat, The Boys are Back in Town, Tin Men, Of Saints and Shadows,* and dozens of other novels. He has also written books for teens, including the thriller series *Body of Evidence,* honored by the New York Public Library and chosen as one of YALSA's Best Books for Young Readers. With *Hellboy* creator Mike Mignola, he co-created two fan favorite comic book series — *Joe Golem: Occult Detective,* and the New York Times bestselling *Baltimore.* With Thomas E. Sniegoski, he is the co-author of multiple novels, as well as comic book miniseries such as *Talent* and *The Sisterhood,* both currently in development as feature films. With Amber Benson, Christopher co-created the BBC's online animated series *Ghosts of Albion* and co-wrote the book series of the same name.

Chris has also written short stories, video games, dozens of other comic books and graphic novels, a BBC radio play, and screenplays. He has adapted his own work for Fox, New Regency, Constantin Films, and the CW, and is one of the writers of the 2019 film reboot of *Hellboy.* He is also an editor, anthologist, lecturer, and keynote speaker who has appeared at conferences, schools, and libraries from Dallas to London to Transylvania (really).

The author is also known for his many media tie-in works, including novels, comics, and video games, in the worlds of the *X-Men, Alien, Buffy the Vampire Slayer, Hellboy, Sons of Anarchy,* and *Daredevil,* among others. He collaborated with director Guillermo del Toro on the book *Blackwood's Guide to Dangerous Fairies.*

Chris began his career as Licensing Manager for the parent company of *Billboard, The Hollywood Reporter, Back Stage,* and many other magazines. In that capacity, he worked with the producers of the first two years of the Billboard Music Awards, as well as with the producers of American Top 40 radio, and numerous other projects.

Chris was born and raised in Massachusetts, where he still lives with his family. His original novels have been published in more than fifteen languages in countries around the world.

Arthur Stepanyan, Executive Director, Blockchain & Cryptocurrency

https://www.linkedin.com/in/arthurstepanyan/

In a professional career that has spanned more than 35 years, Arthur Stepanyan has been fortunate to meet, work with, and learn from captains of industry and government leaders from all over the world. Through these interactions, Arthur became intimately familiar with such diverse industry verticals as aerospace, automotive, metallurgy, oil and gas exploration and production, microelectronics, tele-communications, and nuclear energy — all seen through essential principles of business, finance, and law.

As an international business consultant, Arthur was involved in Chevron's mega-JV in Kazakhstan, in Kaiser Aluminum technology transfer projects, in International Launch System's commercial satellite launches, and in US DOE's IPP/NCI programs.

During his years in Silicon Valley, Arthur consulted a diverse range of high-tech companies, including the developers of parallel processing Tandem Computer, the pioneers of cell telephony Array Communication, as well as the IT industry supermajors like Cisco, Sun Microsystems, Intel, SAP and Microsoft.

Arthur worked with international customer groups, from Chilean Air Force to Australian banks to German software developers, assisting them in learning from the Silicon Valley model and applying the disruptive innovation solutions and processes into their business models.

Through his work in Silicon Valley Innovation Center, Arthur led the effort on promoting diversity and inclusion in startup ecosystem and set the example in the conferences/startup competitions in Robotics and IoT. Arthur is a board member and cofounder of several startup companies in various industry verticals, such as data analytics, drones, robotics and traffic optimization.

Arthur is always interested in finding/learning/applying new trends and disruptive technologies and in engaging with the people who develop them. Arthur eagerly shares his accumulated experience with the younger generation of entrepreneurs and startup founders in USA and globally, as a coach, mentor, public speaker, board advisor and fractional executive for startup teams and growing companies, concentrating his effort on the early-stage technology startups. In this work, Arthur's primary focus is on establishing and refining the company's core structure, operational procedures, business plan, product/market fit and exponential growth strategy.

Since relocating to Atlanta, Georgia, in 2017, Arthur has remained actively involved in the local startup ecosystem as an advisor as well as an investor, through his affiliation with UAE-based FasterCapital VC fund. Arthur is currently engaged in promotion of blockchain and cryptocurrency technologies among Atlanta businesses. The Gramarye Media ICO is his latest — and largest — effort.

Suresh Sharma, Advisor

https://www.linkedin.com/in/suresh1sharma/

Suresh is a proven entrepreneur, innovator, and a global business creator. A clear thought-leader, he is known for translating vision into reality through team building, operational execution, and optimal use of resources. A former GE executive, he exemplifies a rare combination of hands-on technology and business leadership. Suresh is widely published and cited not only for his peer-reviewed technical journal papers but also equally well known for his internationally acclaimed business books on innovation and entrepreneurship ("The 3rd American Dream", 2014), and global sourcing (2005).

Over the past two decades, he led five major technology and operational initiatives, and has served as President & CEO of four ventures creating several billion dollars of value. With his quick ability to sense and step-change business DNA, Suresh has specially contributed to: Energy and Power Industry (from 'Well-head to Consumer' including Renewable Power Generation, and Transmission & Distribution), and other businesses in aerospace, materials, sensors, e-Commerce, IT, global sourcing, manufacturing, Six Sigma quality, healthcare and defense.

Most recently, Suresh has been serving as part-time Industry Fellow of GRA (Georgia Research Alliance), wherein leveraging his strong multi-disciplinary experience, he has been effectively transforming innovations into commercial enterprises invented or discovered by a number of Georgia's eminent scholars and research faculty.

An internationally acknowledged keynote speaker, Suresh serves or has served on the Board of Directors or Advisors of several small or big organizations: publicly traded corporations, non-profits, universities, and other ventures globally.

Suresh graduated with B.E. (Hon) in Mechanical Engineering from BITS, Pilani (India). Further, he did Advanced Management & Aerospace Engineering Courses with British Aerospace PLC and its Consortium Partners in Europe, U.K (1981-1982), and later received his M.S. in Aerospace, University of Florida, in 1994.

Incubation Mentors

Candice Alger

https://www.linkedin.com/in/candice-alger-635133/

Before selling her company, Giant Studios, to filmmaker James Cameron, Candace served as CEO and Executive Producer, leading ground-breaking motion capture and visual effects for films like *Avatar, The Lord of the Rings, Iron Man, The Lion, The Witch, and the Wardrobe, The Incredible Hulk, Warcraft,* and many others.

Since selling Giant, Candice has been a practice professor at Georgia State University, where she has helped design and build the world's most advanced virtual production laboratory and has mentored content development with various arts organizations.

Previously, as Senior Vice President, the designed and built the satellite broadcast origination and post production businesses at Crawford Communications.

Lou Aronica

https://www.linkedin.com/in/lou-aronica-536b60/

Lou Aronica started the Spectra imprint at Bantam when he was 27 years old. His first acquisition for Bantam Spectra, David Brin's *Startide Rising*, won a Hugo and a Nebula award. Bantam Spectra went on to publish New York Times bestsellers for Arthur C. Clarke, Isaac Asimov, Margaret Weis, Tracy Hickman, Raymond Feist, William Gibson, Neal Stephenson, and Neil Gaiman. During this phase of his career, Aronica acquired five consecutive winners of the Nebula award.

His Full Spectrum anthology series ran 5 volumes. *Full Spectrum 4*, co-edited with Amy Stout and Betsy Mitchell, won the 1994 World Fantasy Award for Best Anthology. He also started the Star Wars book publishing program. As Mass Market Publisher for Bantam, he launched the Crime Line mystery imprint and worked with bestselling authors Elizabeth George, Robert Crais, and Diane Mott Davidson. After leaving Bantam in 1994, he became Publisher of the Berkley Publishing Group, where he started two imprints, Boulevard and Signature. During this time, he acquired and edited futuristic mysteries by J.D. Robb (a pen name of author Nora Roberts).

In 1995, Aronica became Senior Vice President and Publisher for Avon Books, where he launched the Eos science fiction and fantasy imprint and expanded Avon's romance books program. The author list at Eos has included Raymond Feist, Gregory Benford, Ben Bova, Sheri Tepper, and Dennis Danvers. He left Avon in 1999 after the acquisition of the company by The News Corporation.

Since leaving Avon, he has co-authored several books, including *The Culture Code* with Clotaire Rapaille. His novels *The Forever Year* and *Flash and Dazzle* were published under the pen name Ronald Anthony. In 2003, he established The Fiction Studio, a creative development company with a publishing imprint for new authors, and in 2008, with literary manager Peter Miller, he established The Story Plant, a small commercial imprint for strong genre authors.

Peter Miller

https://www.linkedin.com/in/theliterarylion/

Peter Miller has been a prolific literary and film manager for several decades and is President and CEO of Global Lion Intellectual Property Management, Inc. (previously PMA Literary & Film Management Inc. and Millennium Lion, Inc. of New York). He has represented more than 1,400 books, including twenty-three *New York Times* bestsellers.

In addition, his company has had twenty-three movies produced that he either managed, developed or executive produced. Three of those films have been nominated for Emmy Awards: *Goodbye, Miss Fourth of July* (The Disney Channel, with four nominations); *A Gift of Love* (Showtime, with two nominations); and *Helter Skelter* (CBS, with one nomination). In addition, Peter Miller has a number of film and television projects currently in active development, with some nearing production, in association with Warner Bros. Features, Paramount and many other producers and production companies.

Known in both the publishing world and Hollywood as the "Literary Lion," Peter Miller regularly attends colleges, universities, writing conferences, Book Expo America, the London International Book Fair, and the Frankfurt Book Fair. Peter Miller has established contacts nationally and internationally with publishers, international agents, authors, writers' groups, and the media. Mr. Miller visits Los Angeles and New York regularly and stays in close contact with studio, network, cable and film production company executives as well as with West Coast-based agents, managers, screenwriters and directors. He is also the author of *Author! Screenwriter! How To Succeed As A Writer In New York and Hollywood.*

Chris Soth

https://www.linkedin.com/in/chris-soth-a291031/

Writer/Director-Producer Chris Soth has authored more than 40 screenplays and is a frequent speaker on the topics of story structure and independent filmmaking, teaching screenwriters around the world how to write great screenplays AND pitch them for success.

Chris is the writer of *Firestorm*, released by 20th Century Fox, and the independent hit *Outrage: Born in*

Terror. He is currently developing a slate of independent films, the first of which, Don't Fall Asleep, has just received distribution. His directorial debut, *SafeWord*, is presently in post-production.

Chris has taught at USC and UCLA, and currently guides screenwriters from concept to FADE OUT using the "Mini-Movie Method" in his mentorship program at YourScreenplayMentor.com. His ebook *Million-Dollar Screenwriting: The Mini-Movie Method* and DVD *SOLD! How I Set Up Three Pitches in Hollywood*, among other great screenwriting resources, are available at MillionDollarScreenwriting.com.

James A. Moore

James A. Moore is the award winning author of over forty novels, thrillers, dark fantasy, and horror alike, including the critically acclaimed *Fireworks, Under The Overtree, Blood Red,* the *Serenity Falls* trilogy (featuring his recurring anti-hero, Jonathan Crowley) ,and his most recent novels, *Seven Forges, The Blasted Lands, City of Wonders , The Silent Army*, and *The Last Sacrifice* (Book One in the *Tides of War* Series) and *A Hell Within,* co-authored with Charles R. Rutledge. He currently lives in Massachusetts.

He regularly leads workshops and seminars for writers on topics ranging from story construction, character development, and world building to contract negotiation and working with agents and publishers.

Paul Jenkins

https://www.linkedin.com/in/paul-jenkins-407a4b1/

Paul Jenkins has been creating, writing and building franchises for over 25 years in the graphic novel, film, and video game industries. Over the last two decades, Paul has been instrumental in the creation and implementation of literally hundreds of world-renowned, recognizable entertainment icons.

Paul has provided entertainment to the world through hundreds of print publications, films, video games, film and new media. With six Platinum selling video games, a Number One MTV Music Video, an Eisner Award, Five Wizard Fan Awards, and multiple Best Selling Graphic Novels, Paul Jenkins is synonymous with success. He has enjoyed recognition on the New York Times bestseller list, has been nominated for two BAFTA Awards, and has been the recipient of a government-sponsored Prism Award for his contributions in storytelling and characterization.

Paul is one of the premier creators and writers of comic books and graphic novels and video games in the world today. After five years working with the creators of the *Teenage Mutant Ninja Turtles* in the fields of editorial, production and, primarily, licensing, Paul began his freelance writing career in 1993 as scribe of the DC Comics *Hellblazer* (upon which the 2014 TV series was based).

In 1997 Paul won an Eisner for his work on Marvel comics *Inhumans* series. He has since worked on virtually every comic character in the business, including Spider-Man, Batman and The Incredible Hulk, and the smash hit *Wolverine: Origin*, for which he won five Wizard Fan Awards. Much of his work has been appropriated for film, including *Wolverine: Origin* and the *Inhumans* movie. Other work for Marvel includes the blockbuster *Frontlines* series, a part of the *Civil War* event, the *Mythos* series, and *Captain America: Theater of War*. In addition, his creation *The Sentry* has become a mainstay of the Marvel Universe.

Paul has been featured at Number One on the New York Times bestseller list for his graphic novel work. He recently completed the first of two novels – entitled *Curioddity* – for St. Martin's Press, which was released in August of 2016.

Paul's early work in film and television began as a studio liaison between *TMNT* creators Mirage Studios and CBS television, the show's broadcast partner. He worked with Golden Harvest and Newline on the *TMNT's* first film iterations and as a producer and screenwriter on the *Heavy Metal* film, *Fistful of Blood*.

Paul has written a number of movie screenplays including *Tatua*, an action thriller, *Bus Stop*, a faith-based drama, and Collider, a psychological thriller. In addition, Paul is working with Dick Cook Studios on an unannounced animated motion picture. He has directed a number of music videos, one of which (Get Your Dead On) made MTV's Top Ten List in 2006. He is a frequent voice director and actor in the world of games and animation and directed the 30-minute *CybeRacers* animated film made specifically for mobile platforms. Paul is currently working with Nickelodeon on a brand-new series, *Underwhere*, which is being developed across all media. He also recently wrote and directed Teenage Mutant Ninja Turtles animation for Nickelodeon.

Paul's work as Writer and/or Creative Director in the video game genre includes *Twisted Metal: Black, Soul Reaver, Incredible Hulk: Ultimate Destruction, God of War* and others. 2007's The Darkness earned him a BAFTA nomination for storytelling and characterization, as did Vivendi Universal's 2008 smash hit Prototype. His work as narrative director, 2K's Darkness 2, hit stores in February of 2012. His last six console video games have been awarded Platinum status (meaning subsequent reissue), and overall it is estimated Paul's game properties have grossed over 2.5 billion dollars alone.

As a result of his unique ability to create and direct franchises through the media of print, film, and electronic games, Paul was invited to speak at Chicago's CUSP conference – a forum for 20 of the world's foremost thinking people to share innovations and ideas with the world. Here, alongside such luminaries as Robert Kennedy Jr. and NASA's Carl Hodges, Paul gained recognition as one of the world's leading creators and innovators in the field of Transmedia.

Formerly a consultant on the advisory board of Savannah College of Art and Design (SCAD), Paul recently taught a cross-media program in Georgia with the Joel Katz School of Music and Business Entertainment at Kennesaw State University. He was asked by Governor Nathan Deal to assemble and chair an advisory committee to educate the Georgia General Assembly on the evolution of digital and interactive technologies.

Exhibit 1: The Content Incubation Process

Hollywood depends on branded entertainment — franchises that are perceived as having a "built in audience." As a result, studios depend on a cycle of sequels and remakes, because they are perceived as safer. However, analysts and executives agree: the cycle of sequels and remakes has played out and presents *significant, even existential threats to industry profitability.*

With budgets soaring, original content is risky because it lacks brand awareness. In addition, there is waste "built in" to the Hollywood system. For example, studios spend anywhere from $1m to over $20 million on films that are never actually made. That spend includes anywhere from $250k to over $5m on "big data" analytics without uncovering information that is reliably predictive.

Gramarye addresses these challenges by developing a reliable content engine. To start a major film studio from the ground up, one would usually start with a development fund of between $20 million to $50 million. This is used to develop slates of IPs, most of which are never actually produced. This is a "sunk cost" that must be amortized in the films that are produced.

Gramarye turns the development process into a revenue generator. Instead of a "sunk cost," Gramarye starts at zero plus a projected 20 to 30 percent return.

Gramarye, a graduate of Georgia Tech's exclusive Flashpoint business accelerator, applies the "Silicon Valley" process (rigorous process for reliable innovation) to content. Fewer than 1 percent of all startups succeed, but more than 80 percent of the companies that go through accelerators succeed. Stories are also innovated. They, too, can be innovated reliably.

Gramarye's Content Incubator uses a four-part process.

1. First, Gramarye selects *unpublished book manuscripts with blockbuster DNA* using a 47+ point "checklist" and a team of proven industry veterans.

2. Then, authors work with a team of experts to polish and refine their manuscripts and prepare the IP for adaptation across media channels during a year-long incubation process.

3. Next, Gramarye publishes the content as print and as enhanced "eBook 2.0" immersive reading experiences using proprietary technology and a proprietary social media platform. The eBooks are layered with interactivity, including AR, music, moving illustrations, story-relevant games, audio narration, community forums, and more. The interactivity allows Gramarye to empower and incent users to share and network. We can track and measure the viral spread of brand awareness and the communities deepen and grow. The interactivity also allows Gramarye to mine data to identify key inflection points and more, and to track the information by age, sex, and location. This allows Gramarye to better understand fan passion and adapt in a satisfying way, to better create and target

merchandise, and exactly how and to whom to market.

4.   Finally, Gramarye produces the titles that demonstrate a proven, built-in audience as films, television series, games, AR and VR experiences, location-based attractions, and more.

The Gramarye Media Opportunity

Transmedia franchises — a story told through multiple revenue-generating channels, including books, films, toys, games, and more — are worth billions, but with budgets *starting* at over $50 million, the "price of entry" is too high for many independent film investors and even private financial institutions, especially since they can't diversify that investment. Even a near miss means the entire investment is lost. Gramarye instead develops a diversified portfolio of stories further upstream, in their infancy.

Gramarye Media is the world's first cross-media content incubator, connecting communities of investors, writers, mentors, producers, technologists, and artists with audiences hungry for core generational stories. The Gramarye Media team selects our slates with storytellers, investors, and audiences in mind, molding each potential franchise with unique characteristics that drive financial results and take advantage of proven risk-mitigation techniques.

Meanwhile, with film budgets soaring, studios are increasingly risk-averse. They are turning more and more to sequels and remakes. However, *without exception* the executives we talked to agree with financial analyst Vasily Karasyov, who said that "the cycle of sequels and remakes have played out," and "films based on previous intellectual properties present a growing risk to film industry profitability."

For the most part, original content is perceived as too risky, because it lacks brand awareness. Every executive we talked to also agreed that *the only way to get a project greenlit today is to base it on an existing property,* such as a published book or comic, with an audience and a track record.

But publishers don't market, they don't gather actionable audience data, and they don't develop their own properties for development. There's a gap between publishing and transmedia development. At Gramarye Media, we take a new approach. We use an incubator model to cultivate original content … with a track record and built-in audience.

We identify and acquire annual diversified portfolios of stories, using a proprietary selection methodology employed by a panel of industry experts. Then, we publish them as digital "eBook 2.0" apps for tablets and smartphones with layers of interactivity to create magical, truly immersive story experiences.

Every Gramarye book app is a "pilot" or a Minimum Viable Product (MVP) for a story franchise, developed at a fraction of the cost of a film. The interactivity allows us to mine rich customer preference data through primary observation of user interaction with a specific story. Our proprietary social media technology allows us to build brand awareness and thriving fan communities. *As a result, we can mitigate some of the risk of developing a potential transmedia franchise.*

We add value by building the critical element studios demand: a built-in audience.

In our work at Georgia Tech's Flashpoint Business Accelerator program, we studied both film and traditional publishing analytics. As a result, we are confident that approximately five to seven out of twelve titles in each annual portfolio will break even, and four of those should make enough of a profit to carry the portfolio — and return a profit to investors. *One or two will be hits with transmedia franchise potential.*

Background: Changing Economics in Entertainment

Here's a question for you: when was the last time you saw a movie? Here's another question — when was the last time you saw a movie without a number in the title? If you're tired of the seemingly endless parade of sequels and remakes, you're not alone.

Literally every executive we interviewed agreed with this analysis from Financial analyst Vasily Karasyov of J.P. Morgan and Susquehanna Financial Group: *"The cycle of sequels and remakes have played out,"* and *"films based on previous intellectual properties present a growing risk to film industry profitability."*

"The nature of any IP re-exploitation cycle (be it DVD, CDs, iTunes, or superheroes) is such that despite how long it lasts, it ultimately fades," Karasyov reported.

The problem? Hollywood is now "at the tail end of the process." The studios have milked their most appealing titles. Their remakes are losing their punch, while companies find themselves now turning to second-tier franchises. As a result, the risk to profits "is increasing fast."[5]

At the same time, capital allocated to companies and producers to develop new material is disappearing. Films, books, games, pay-per-view events, and television pilots are green lit—and with budgets that seem astronomical—but the investment to develop the next wave of hits is not there.

- In an industry where content will always be king, the pipelines for new, original development are drying up. For investors, that imbalance equals opportunity.
- Hollywood remains risk averse. Mitigating that risk offers a significant opportunity.
- In the meantime, Hollywood's attempt to move into new media has scarcely begun to tap the potential for brand development and revenue generation.

The irony is, original content is viewed as inherently risky, since it has never been vetted by an audience and has no brand awareness. *Only three of the top 25 films of 2015 were based on original stories* — the rest were sequels, remakes, or based on books, comics, television series, or true-life events (in the case of *Straight Outta Compton*).[6] Two of those three were Pixar films, which almost doesn't count, since Pixar is essentially its own franchise.

---

[5] http://deadline.com/2015/09/studio-use-sequels-retreads-played-out-box-office-1201548117/
[6] http://www.the-numbers.com/market/2015/top-grossing-movies

Literally every executive we interviewed agreed: The original 1977 blockbuster *Star Wars* would never be greenlit today — it was not based on existing "branded" content with a built-in audience, it didn't have bankable stars, and it wouldn't generate significant foreign pre-sales.

The Gramarye team believes that is a problem. There will always be a need for those core generational stories. *They all begin with the written word.*

Risk Mitigation: Analytics

With production and P&A (prints and advertising — the costs of distribution) budgets soaring, and modestly-budgeted films disappearing from screens, it's natural that studios and production companies are looking to mitigate risk.

As a part of our work at Georgia Tech's Flashpoint, one of the world's most consistently successful and exclusive business accelerators, we talked to Matt Mardola, Chief Analytics Officer at Legendary Entertainment, who told us: "We are one of the few studios that still takes a chance on original stories, as we did with *Pacific Rim*. But more and more, even we are relying on new takes on familiar brands. We have new King Kong and Godzilla projects coming soon."

When Legendary does produce original content, it leans heavily on what Mr. Mardola calls "the fire hose," the vast amount of social data available from Facebook and Twitter, and on "comps" — comparisons to similar films in similar genres, and on the recent track records of attached talent, the actors and directors. The latter, in fact, is crucial to foreign presales, a key component of funding most films of all budgets. But as Mr. Mardola told us:

"When a story is truly original (such as *Inception*), it's almost impossible to apply meaningful comps. Focus groups are useless — we don't use them at all. Even the big data is skewed. We found that when people go to a movie with another person, 75 percent of them believe they are the one who decided what to see. Obviously, that math doesn't work. (Studios) spend anywhere from $250,000 to $5 million on predictive analytics, and they're not getting any meaningful information. It's biased and unreliable. If they were, you wouldn't see as many box office failures."

Traditional analytics are not mitigating risk to any significant degree. Film investor and Technology Angel Brad Zataut told us: "If there was a way to get the kind of data you get from a test screening before the film is shot, that would be gold. But there's no possible way to do that."

The Gramarye Media team has discovered that there is a way to gather that data, and that it can help in the risk-mitigation process.

Risk Mitigation: Content with a Track Record and a Built-in Audience

With original content perceived as risky with success essentially unpredictable, studios are turning more to content with a built-in audience — published books, comics, and even games (including Legendary Entertainment's adaptation of the *World of Warcraft* massive multi-player online game). There are problems there, too. As literary manager and executive producer Eddie Gamarra (*The Maze Runner*) said:

"Publishers don't market, except in rare circumstances to bookstores — unless you're (a best-selling author like) Stephen King, they never market to consumers. They don't collect any meaningful data about their audiences. We can't even get real sales figures. I know one (executive) who sends his assistant to Barnes and Nobel and few times a week and tells her to buy copies of every book turned cover out in certain sections, and then tries to option those. He's literally judging books by their covers."

Mr. Gamarra added that even when sales figures are available, they don't mean much. He pointed out that while super hero movies are usually huge hits, the comics upon which they are based seldom sell more than 200,000 copies per month. If only the people who read the comics bought tickets, the films would be box office disasters. Mr. Gamarra pointed out that: "The core fans have an intense enthusiasm and passion for the source material that seems to scale beyond what the sales figures suggest. We need a way to measure that passion."

Emmy Award winning and Golden Globe nominated producer Matt Battagila (*Brothers* and Disney/Marvel's *Thor* — and a Gramarye advisor), told us: "I've been trying to get the Big Five publishers in New York to hire a development executive to mine their own content for years, because they're leaving literally hundreds of millions of dollars on the table every year. They just keep saying, 'it's not our business.'"

In fact, there is only one publisher focused exclusively on developing content specifically to be developed for other media. Director Michael Mann has recently launched a book imprint with a stable of staff writers to develop content for his own films and television projects.[7]

Likewise, Michael Bay's 451 Media has launched a (thus far unsuccessful) comic line to develop properties for film and toy development.[8] Neither Bay nor Mann mines significant audience preference data from their publishing efforts. The Gramarye Media team perceives an opportunity in the gap between publishing and Hollywood.

The Smaller Investor's Dilemma

Hollywood is not the only group impacted by soaring budgets, limited screen real estate, and the growing reliance on blockbusters, sequels, and remakes. As a part of our work at Georgia Tech's Flashpoint

---

[7] http://deadline.com/2016/03/michael-mann-heat-prequel-novel-michael-mann-books-publishing-imprint-1201721330/
[8] http://www.wired.co.uk/news/archive/2015-08-26/michael-bay-digital-comics-graphic-novels

Accelerator, the Gramarye team spent a great deal of time interviewing independent film investors. These are the unsung heroes of independent and lower-budget studio cinema — the fuel for the engines of creativity. While the rewards for investing in film can be enormous, the risks are equally high.

Film is one of the few investments that is literally all or nothing. If a film doesn't find its audience, the entire investment is lost. For most independent investors, one miss can take them out of the game. *Without exception*, the investors we talked to who had a bad experience investing in film had invested in only a single project. *Without exception,* the ones who had a generally positive experience had invested in multiple projects in each round. Diversification is important.

The "holy grail" in Hollywood is the **transmedia franchise**. More than just merchandising, a transmedia franchise tells a consistent and unified story across various media channels, including, for example, novels, film, television, games, graphic novels, and even toys. Each channel offers a new entry point for new audiences, each channel promotes and supports the others, and, most significantly, each channel generates revenue.

While the risks are high, *transmedia franchises can be worth billions of dollars*. While virtually every investor would love to own even a piece of a transmedia franchise, the "cost of entry," and the inability to diversify the investment, locks most independent investors and smaller financial institutions out.

The Gramarye Media Solution

Gramarye Media discovers and incubates the next great story franchises. We add value to diversified portfolios of stories by building that one key element that makes success likely: a built-in audience.

An investment banker recently described the Gramarye solution as: "data analytics and collaborative social/multimedia utilization as risk management and pre-market concept validation." We like to say simply that our goal is to prove a methodology to validate stories with audiences — primary tests that involve direct observation — to see which ones inspire passion and gain traction.

We are building the world's first story incubator, connecting communities of investors, writers, producers, mentors, technologists, and artists to identify annual portfolios or slates of stories when their value is lowest, vet them in the market with audiences and build brand awareness, and then partner to develop the ones with the most traction as films, TV pilots, toys, merchandise, location-based entertainment, and more.

Our vision: to employ exclusive non-subjective selection criteria to mitigate risk from potential franchises by discovering, nurturing, and vetting content, and building measurable brand awareness and buzz before the film is greenlit.

Proprietary Content Selection Methodology

We will begin by selecting annual portfolios or slates of stories in their infancy. We will use a proprietary selection methodology employed by a panel of industry experts (please see biographies of our panel of advisors) to select twelve manuscripts per year.

Each one must have a specific, identifiable audience that congregates, either virtually or in the real world, so that we can market to them at an affordable cost.

To select content, we took a long, heuristic look at story … just as one might when beginning a user-centered design exercise for a software interface or launching a marketing campaign. As a result of that research, we have identified a number of elements that seem to be almost universally successful — or at least an integral part shared in common by the world's most successful IP. In addition to considering such factors as genre, budget, release date, and attachments, we evaluate projects based upon how well they meet the criteria of the following broad categories:

The Art of the Possible
- ❑ Can this project be completed for a reasonable budget?
- ❑ Can this project be completed within a reasonable amount of time?
- ❑ Can this project find the distribution it requires (network, theatres, syndication, bookstores, etc.) to reach its audience?
- ❑ Are there filmable scenes?
- ❑ Is there available music, or can music be acquired/composed affordably?
- ❑ Is there a potential for a branching storyline and/or unlockable content (Gramarye enhanced books)?

Marketability
- ❑ Does this project have a clearly defined audience?
- ❑ Where/how does that audience congregate? *(Can we reach them affordably for marketing?)*
- ❑ Is that audience viable enough to support the budget?
- ❑ Is that audience likely to gravitate to additional elements (games, novels, new media, etc.)?

Cross-media Viability
- ❑ Is this property appropriate for one distribution channel, or can it be expanded through multiple channels? (Our target is a minimum of three channels)
- ❑ Can this property support a larger story told through novels, film, television, games, Webisodes, games, mobile applications, etc.?
- ❑ Can the new/cross-media elements add to the storytelling experience?
- ❑ Can this property support works that are *not* redundant?
- ❑ Can cross-media elements allow for new character/story background and development that matters?
- ❑ Can the new channels add something more than simply slavishly duplicating experiences better told through the old/traditional channel?
- ❑ Can the new elements respect the core story/world/character consistency that audiences

expect within a franchise?
- ❑ Most importantly, *can this property be exploited through multiple channels without diluting the core story or the integrity of the brand?*

Talent
- ❑ Can this property attract talent, both in front of and behind the camera?
- ❑ How interchangeable are the stars?
- ❑ Does this project involve a "found family" or large cast? Audiences, who have a longing for communities of people "like them," respond. In addition to being marketable, it works well — from *M*A*S*H, How I Met Your Mother,* and *Cheers* to *Star Trek, Mad Men, True Blood, Harry Potter,* and *Buffy The Vampire Slayer.* It also keeps our developing franchises from being stalled or delayed by a single actor's price or availability.

IP Value
- ❑ Does the property have franchise potential (sequels, spin-offs, Web content, animation, etc.)?
- ❑ Does the IP have distinctive visual, brand, or story elements that will make it instantly recognizable in a new medium? Think of the visuals and sound of the *Star Wars* light sabers or the falling elements of green code in *The Matrix.*
- ❑ Does this property feature iconic, memorable locations?
- ❑ Does this property feature iconic, memorable imagery?
- ❑ Does this property feature a mythic structure (people living lives of consequence in a mythic landscape and the orphan/wanderer/warrior/martyr structure)?
- ❑ Does this property support sponsorship (ads, product placement, events, etc.)?
- ❑ Does this property have merchandising potential: toys, apparel, collectibles, comics, soundtrack CDs, etc.?
- ❑ Does this property have retail potential?
- ❑ Will this appeal to a Young Adult/New Adult audience (our primary targets)
- ❑ Is this one of our preferred target genres?
- ❑ Does this feature memorable/witty/quotable dialog?

This list is only a sample of the factors we consider. The actual "check list" is much longer.

The World's First Story Incubator

Gramarye Media employs cross-disciplinary, industry-leading expert mentors and a proprietary technology platform to systematically incubate unpublished manuscripts.

We select stories that have the fundamental structure requirements to achieve franchise success and add value to the story at every stage of the incubation process to develop franchise potential. Finally, we build the single most critical element needed for franchise success: a built-in audience.

In the past, studios have been "hunters and gatherers," seeking potential franchise IPs. Gramarye shifts the paradigm to an "agricultural" model, *intentionally farming stories with blockbuster DNA*. With budgets soaring and competition for screens getting fiercer, risk mitigation is critical. Specifically:

- Better data is required — predictive, reliable, and unbiased analytics in entertainment media don't exist today.

- Audience bases are unclear — sales figures for books and comics are undependable. These figures indicate store purchases, not consumer purchases.

- Adapting a story across media channels is a challenge — core elements of a story that inspire audience passion and loyalty are often lost in translation when adapted across media channels.

- Success begins early — a clear vision for a cross-media franchise is often missing in the early stages of story development. Our incubation process changes that.

The Gramarye Media process discovers and establishes an intellectual property's cross-media franchise potential early, and then extends and enhances its monetization lifecycle.

IP LIFECYCLE MANAGEMENT
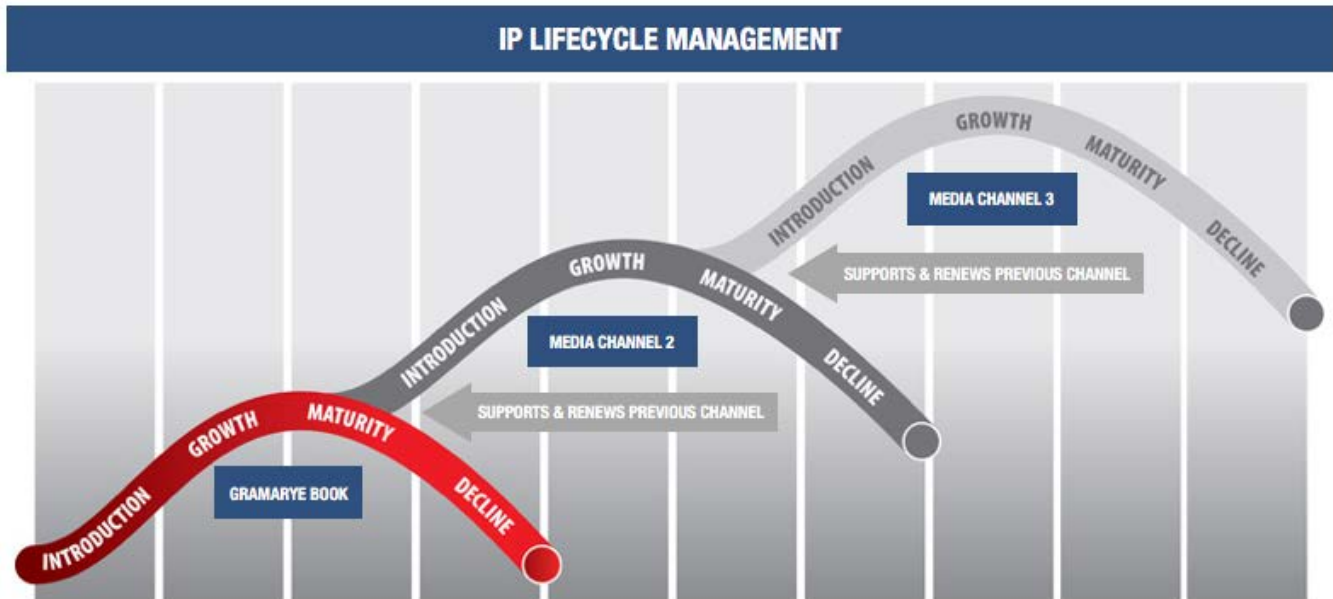
The Gramarye Incubation Process Flow

THE GRAMARYE INCUBATION PROCESS FLOW

Starting early in the life cycle and working with a cross-disciplinary team to develop world class story franchises.

1: DISCOVER → **2: INCUBATE** → **3: DEPLOY** → **4: MAXIMIZE**

EVALUATE IP / AUTHOR

IP Potential
• Review by "A List" industry experts
• 44-point checklist to evaluate franchise viability
• Requires identifiable, measurable audience that congregates

Author Potential
• Raw talent
• Coachable
• Entrepreneurial
• Collaborative

OFFER / ACQUIRE RIGHTS

• $50k plus additional value offered to engage author and secure rights
  • Author Advance ($25k)
  • IP Option fee ($25k)
  • Long term financial focus
  • Forward collaboration
  • Author actively engaged
• Unique approach in the industry
• Attractive opportunity to authors

MATURE THE ASSET

• Development notes from Senior Editor
• Polish details with mentors/coaches
• Develop cross-media treatment(s)

PUBLICITY MENTORSHIP

• Blogging and Social Media
• Identify and interact with audience
• Establish author/IP brand identity
• Capitalize on Facebook, Twitter, etc.
• Build fan base and Seed advocacy
• Active dialog with customer
• Media training
• Event planning and training

PREPARE FOR ADAPTATION

• Collaboration Coaching
• Work with mentor and/or screenwriter
• Work with Artists/Designers on Character Designs, World Designs, Map, Video Sequence Design, Game Design, etc.

BUILD APPLICATION

• Build Asset Experience utilizing interactive application
• Book App
• Social Media Platform
• Games
• Video segments
• Music, Sound Effects
• Internal forums

LAUNCH / MINE DATA & GENERATE REVENUE

• App Launch and Marketing Push
• Marketing spend ($100k to $250k)
• Apps sold in Google Play, Apple, and Amazon markets for around $14.95
• Expected Revenue Net >$500k per title

• Community/viral brand awareness tracked
• Audience Preference data mined
• Audience validated

CROSS-MEDIA FRANCHISE PLAN

• Franchise "Business Plan"
• Product lifecycle
• Comprehensive media opportunity
• Preparation of Product for Development
• Resource Plan
• Talent Attachments
• Audience development plan
• Feedback processing and incorporation
• Marketing to agents and managers
• Ready to Greenlight on Day 1

PARTNER TO DEVELOP

• Cross-channel Revenue Generation
• Films
• Television
• Animation
• Games
• Location-based

Each channel supports and promotes the others
Each channel generates revenue.
Investors own a piece of every channel in perpetuity.

Vetting Content With Audiences — eBook 2.0

Presenting eBook 2.0 … and the most powerful way to vet IP, mitigate risk, and build brand awareness while generating revenue, even before the first frame is shot.

Once we select the twelve titles, how do we pick the winners? The answer is simple. We don't. We let the audience decide. Our vision is to deploy each story manuscript as stand-alone eBook apps for smartphones and tablets sold to consumers through the Amazon, Apple, and Google Play stores. Gramarye Book apps go far beyond the capabilities of present eBooks, however, to create magical, deeply immersive story experiences. Each book app is layered with interactivity that allows us to:

- Inspire, empower, and track thriving fan communities
- Inspire viral shares to build brand awareness
- Mine deep audience preference data

Each app will be a "pilot" or an "MVP" (minimum viable product) for a potential tentpole franchise. Best of all, the slate of stories can not only pay for itself, it can actually generate revenue.

Gramarye Book Features

We believe that books are magic wardrobes into new worlds. We were the kids who stayed up way past our bedtimes, just lost in a story. We want to recreate that feeling. We want to make the Magician's Book from Narnia, or a volume from the library at Hogwarts. In short, we want to make a magic book.

Gramarye is more than an eBook. It expands storytelling and enhances expression. It's a technology platform for a new kind of publishing. Gramarye lets us learn from the reader and adapt the experience in real time. Gramarye Lets us create and connect communities around a story … or even a learning experience.

We've added all kinds of subtle interactive elements and surprises. Some you might not notice, at least not at first. Some are a little more … obvious. For example? Gramarye Books have a music soundtrack … a low and subtle mood setter for each chapter. We can also add author commentary, like the director's commentary option on a DVD.

Maybe you find a beautiful painted illustration … but when you tap it, it comes alive in a segment of Hollywood-quality video. It's as if every Gramarye book comes with the movie version built right in!

There's a map at the beginning of the book that lets you track the characters, so you always know exactly where they are at any point in the story. You can also use the map to access story-relevant games that make you feel like they are actually a part of the story. The games unlock side stories or new content.

We've found all kinds of little surprises we can add, just to remind the reader that they're not reading an ordinary book. For example? There's a synopsis. If you start a book, then have to set it aside for a while, you can read a synopsis that'll remind you of what's happened in the story … but only up to the point where you've read! No spoilers with Gramarye. The same thing happens with the character glossary.

You can even switch to the audio version, and then switch back, and the book and the synopsis will keep up.

Parents can toggle a control to make a book written for adults more appropriate for younger readers … effectively making an R rated book PG or PG 13. The book even measures a user's reading speed at any given time, so we can time little special effects and surprises. For example, maybe the book is a jungle adventure, and our hero hears a lion roar off in the distance. We can play a low, subtle sound effect right as the reader's eye touches that sentence. It's a magic book.

Proprietary Social Media Technology

We have found that fans of specific stories like to congregate with others who share their passions.

Gramarye Media employs a proprietary social media platform that provides incentives (such as unlockable content, in-game help, and badges) for users to share favorite passages on Facebook, Twitter, Goodreads, and by email and text message. The social media shares appear in a user's content feed, not in the ad space, and is customized for each user.

The platform allows us to identify and reward key influencers, and to track the viral spread of brand awareness. Each Facebook user has an average of 245 friends, of which 7.5 percent see any given post. It's reasonable to assume friends share common interests. Past experience with this proprietary technology has shown that we can expect 1.5 additional sales per user.

In addition, we have added in-book discussion forums, helping us build thriving fan communities. The communities help us prove a story's potential for development as potential tentpole media franchises.

Audience Preference Data Mining

With our games, users can pick a few of their favorite characters to complete a side story, and then chose how they interact with each other. Are they friendly? Angry? Funny? Flirtatious? Then we can track that by age, sex, and geographic location. If you've read about how online games can be used to mine data, you'll have an idea of the wealth of truly significant marketing data that can be gathered.[9]

---

[9] For example: http://toucharcade.com/2015/09/16/we-own-you-confessions-of-a-free-to-play-producer/

The difference is, we use our data mining to test a story's viability as a potential tentpole franchise, not as a means to sell in-game items. Some of the information we can gather includes:

- Total units (of each book app) purchased
- Units purchased for:
  - iPhone
  - iPad
  - Android Phones
  - Android Tablets
  - Surface Tablets
  - Kindle Tablets
- Total purchases by:
  - Sex
  - Age
  - Geographic location
- Individual user data:
  - Sex
  - Age
  - Geographic location
  - Occupation
  - Number of Facebook Friends
  - Number of Twitter followers
  - Facebook Page Likes (indicating other interests — books, music, games, movies, etc.)
- Date purchased
- Date launched for the first time
- Percentage of book completed
- Number of sessions
- Length of sessions
- Length of time between sessions
- Average reading speed?
- Number of different reading speeds (implying different environments)?
- Did the reader stall?
- If so, where?
- Number of shares:
  - By email
  - Facebook
  - Twitter
  - Goodreads
  - SMS
- What was shared:
  - Passage/quote (list all)
  - Book Trailer

- o Image (list all)
- o Game Scores (list all)
- o Badges Earned (list all)
- o Music clips (list all)
- o Narration clips (list all)
- Number of comments read
  - o List of comments read
- Number of comments posted
  - o List of comments posted
- Visits to Forums/Community
  - o List of threads visited
  - o List of threads where posted
- Visits to App Facebook Page
- Visits to Goodreads Page
- Total community interactions
- Passages revisited/reread:
  - o Number
  - o List
- Dialog chosen for in-game merchandise
- Games played
- Player asked for help from friends?
  - o When/how?
- Player shared high scores
- Playable characters selected
- Equipment/Vehicles/Costumes Selected
- Preferred character relationships
- Did the user complete the games?
  - o If no, where did the user stall?
- Audio narration accessed:
  - o Yes/No
- Audio narration time
- Character Dictionary accessed
- Synopsis accessed
- US English Dictionary accessed
- Music/Sound effects on
- Unlockable content accessed

This information helps demonstrate a reader's level of engagement with a story, and helps demonstrate the traction a film, television series, game, or line of toys (for example) might have with audiences.

Generating Revenue

During the incubation process, we generate revenue by selling the book apps through online stores, including Amazon, Apple, and Google Play. The develop process, instead of being a sunk cost that must be amortized across the films that are actually made, instead breaks even and makes a projected 20 to 30 percent return, while generating meaningful, predictive primary data.

This is revenue recognized before we make a single film.

While it is impossible to predict meaningful numbers, we project that the most meaningful returns will come from developing the break-through "hits" across media channels.

Transmedia is more than mere merchandising — it is a single story told through multiple channels, each of which:

- Provides a new entry point for new audiences
- Supports and promotes the others
- Generates revenue

More information about the Gramarye Media development process follows in the next exhibit.

Exhibit 2: Cross-Channel Media Development

After the incubation process is complete and titles emerge for further development, Gramarye Media's production process is designed to produce at a lower cost while opening new channels for revenue generation.

Despite countless mergers and acquisitions, the entertainment industry is still struggling to master cross-channel exploitation of intellectual properties, allowing for costs to be shared across multiple projects without suffering brand dilution.

However, the integrated cross-channel message delivery formulas that advertising and marketing began to master at the end of the 1990s can be applied to entertainment, allowing one property to be turned into multiple channels (and multiple points of entry for audience attraction), each with their own revenue generation streams.

Seeing Opportunity

Exploiting a property through multiple channels increases the odds of success. Even if a film doesn't find its audiences, a game, novel, or comic almost offers another opportunity. All of which increase demand for the film on digital stream later, increasing its after-market value. Each channel opens a possible connect between idea and audience and opens avenues for ROI. More, each channel builds the brand—and creates demand for the other channels.

While individual networks may be bleeding viewers to competitors and new media, overall viewership remains high — especially when DVR and online views are considered. Box office returns remain significant, while streaming continues to open significant post-theatrical channels for revenue generation.

Alone, though, these traditional and emerging channels only scratch the surface of a brand's potential to generate revenue. Again, by simultaneously developing material for multiple media channels, risk is reduced while the potential for return grows dramatically. The book and film *Sea Biscuit* were developed in concert. Because of the advance buzz for the film, the book became a bestseller. The film, then, could boast that it was based upon the bestselling book. Both projects fed each other, both building the brand and generating revenue, without significantly increasing the costs of the film itself.

Warner Brothers has recently restructured its DC Comics to better tell stories through multiple channels. Warner and DC are staying ahead of the trend curve, just as Disney did with its acquisition of Marvel. Both of those examples, however, depend upon existing libraries of properties, rather than sharing the IP development cost across multiple channels. The American Girl series started as self-published books before blossoming into the toy, retail, and media giant we know today. The celebrated works of J. R. R. Tolkien, Dr. Seuss, and Charles Shultz generate astonishing revenue years after the deaths of the original artists. The *Star Trek* and *Star Wars* franchises continue to thrive across channels.

Imagine the potential if those brands had been planned for cross-media success from the beginning. Angel Investors seldom have a chance to be a part of a J. K. Rowling empire when she is still writing longhand in those Scotland coffee shops, or a Superman when he is still the brainchild of two talented young men. We're looking to change that.

Gramarye Media's model reduces risk significantly while increasing return by keeping costs in check and using our backgrounds in entertainment and integrated marketing to introduce a formula for developing cross-media content for both traditional and new media.

Key Issues

Even the most successful studios and media conglomerates are facing something of a potential crisis. While blockbuster hits and even modest successes are generating record revenue, the studios have chosen to allocate more of their monies to the production of blockbusters rather than to developing new material. Looking at the box office of films like *Star Trek, Avatar, Transformers,* and *Toy Story 3,* it's hard to argue with that strategy. Nonetheless, the strategy opens a gap—and a window of opportunity.

The capital allocated to companies and producers to develop new material is disappearing. Films, books, games, pay-per-view events, and television pilots are green lit—and with budgets that seem astronomical—but the investment to develop the next wave of hits is not there.

- *In an industry where content will always be king, the pipelines for development are drying up.* That imbalance equals opportunity.

- *In the meantime, Hollywood's attempt to move into new media has scarcely begun to tap the potential for brand development and revenue generation.*

In the 1990s and the early part of this decade, integrated marketing was the "Holy Grail" of advertising, communications, public relations, and consulting firms. The idea was to focus brand messages, even when they are communicated through multiple channels.

Traditionally, messages became diluted when broadcast through television commercials, magazine ads, publications campaigns, collateral, live events, and public relations campaigns. When the efforts weren't carefully coordinated, messages could even work at cross-purposes, confusing audiences and creating a vague perception of an otherwise strong brand.

With the concept of integrated marketing, firms learned to coordinate their messages even when delivered through diverse channels and by multiple vendors. Now, messages support and enhance each other, and firms get more "bang for their buck" by using and repurposing assets across media channels.

More importantly, the diverse pieces interlock to tell a consistent story, whether a constituency sees one piece or several. Each channel supports and builds upon the others.

In marketing, the integrated model ensures that all disciplines are consistent, providing multi-tiered communications programs with one unified strategic vision delivering consistent messaging to enhance brand equity, drive sales and category supremacy, and shape consumer perceptions.

Despite decades of cross-channel development in entertainment, integration of digital media is still rudimentary, and even traditional cross-media spin-offs are more of an afterthought than a part of the initial strategy.

At the height of its popularity, the original cast of *Star Trek* made motion pictures while a new generation made a successful television series set nearly a century later. All this happened decades after its animated adventures and before its unprecedented success on DVD. The series inspired multiple spin offs, countless novels, dozens of games, and, of course, toys and games — and anchors the new CBS All Access streaming service. As the evergreen *Star Wars* saga continues with annual films, plans are underway for new animated *and* live action television projects, while the game, novel, toy, and comic projects have never been stronger.

In these cases, success in one channel was used to promote other channels, both emerging and established. But the cross channel happened almost as an afterthought. It wasn't planned for in the beginning—meaning the additional sources of revenue incurred their own development costs and took years to see rewards.

Parallel Development reduces costs, opens significant new sources of ROI

Parallel development of multiple projects for distribution across different media channels allows us to reuse assets, and to produce additional content without significantly increasing costs. For example, a digital stunt created for a television pilot or film can be reused in digital games for PC, mobile, AR/VR, and console game systems.

Sets created for a television series can be reused in games and Webisodes—as can footage shot there. More, writers crafting films and episodes can expand their stories by writing or at least outlining novels. This way, novels will expand the mythology and character resonance of a series, not contradict it.

The cost for the asset remains the same, or virtually so, but can be billed across multiple production products, achieving economy of scale and increasing the potential channels for revenue generation. *While each component has its own budget, the combined "buying power" and sharing of resources, production assets, and talent allows for far richer and more economical development of cross-channel content.*

Cross Media Revenue Generation

The following illustrate just a few potential revenue sources that can be generated by a television project or film coupled with initial online media development:

- Sponsored streaming media
- Game sales, or sponsored games and Webisodes delivered to mobile phones
- Facebook and Social Networking content
- Twitter content
- Weekly podcasts with sponsored content
- Snag as you view music, game, or product purchases
- Product placement
- Music placement
- Online ad revenue

The best way to take advantage of these opportunities is to plan for them from the very beginning. Cross-media development is a key part of our creator-driven incubation process, and one of the primary reasons for the mentorship program. We empower the creator to prevent brand dilution.

Tactics: Low Risk/High Return

Gramarye Media is designed to mitigate risk by spreading investment dollars over multiple projects. While it is obvious that successful film, television, and new media projects that generate positive revenue are profitable enough to offset losses from unsuccessful ones, television remains tied to an increasingly impossible set of economics. It's time to look at ways to reinvent this model. There are three ways to accomplish this:

1. Increase the likelihood of success.
2. Decrease costs. Television and film production is often inherently wasteful; reducing costs obviously makes potential returns that much higher. The same is true for game and new media development and even publishing.
3. Find new ways to generate additional revenue, opening additional channels of potential return without incurring significant additional cost.

1.) Stack the Deck

As discussed, our incubation process is designed to create and vet passionate fan bases before we shoot a single frame of film. Additional projects created alongside of our books, pilots, games, and features will allow each to promote the other—a game drives a viewer to a pilot, which drives viewers to Webisodes and mobile content, which drives audience to novels, which drives audience to the game.

We work in a convergent development model to co-develop multi-platforms to ensure best experience (and to lower development costs). As mentioned, we're not looking to simply move existing content into a new media space; we intend to create cross-channel properties that expand storytelling in a way that's meaningful to the audience.

2.) Decrease Costs

Ironically, the second is likely the easiest. First, the majority our projects are designed to be shot in Georgia where tax breaks and lower costs of doing business lower costs significantly. With the new 30 percent tax credit in Atlanta, for example, significant additional dollars are available to enhance quality and create additional content.

Our projects will be designed for non-intrusive product placement opportunities, including music, cars, mobile phones, computers, home electronics, clothing, travel products, fast food, and more.

More, our projects will take advantage of new technology, including digital filming and motion capture virtual stunt work. If production and digital post production is done in Georgia, we can reduce costs more by taking additional advantage of the tax incentives and lower cost of business. Digital assets, including virtual sets, special effects, and virtual stunts, can be repurposed for additional projects, such as games, without adding significant additional costs.

3.) Multiple Distribution Channels Increase Potential Revenue

Properties like *Star Wars, Dora the Explorer,* and *Twilight* have traditionally generated large portions of their revenue through spin-off products. With the advent of streaming, mobile apps, and computer and video games, potential spin off revenue is higher than ever. IP broadcast opens even more revenue potential.

However, only small percentages of audiences read spin-offs or play games. We hope to change that by ensuring that the novels are set *in continuity* with the primary projects, and while they are not necessary for the casual viewer, they impact the ongoing storyline and provide additional story depth. In other words, each channel is a new point of entry to a larger story, as well as a stand-alone revenue source.

We'll even do the same with the games. How? Members of our writing staff write the novels. The game developers work closely with our creative team, ensuring that the writers have input into the game stories, and vice versa.

Perhaps most importantly, the digital assets we create for projects can be repurposed for use with existing game engines to create computer, console, and digital/mobile games. This method doesn't add significant additional costs to the series budget but does open additional channels to generate revenue.

Exhibit 3: Gramarye Books in Education

According to a study by the National Assessment of Educational Progress and the National Center for Education Statistics reported in *The Washington Post*, learning to read by the end of third grade is crucial, because that's the point at which children start using reading to learn other subjects.

> *"Learning basic reading skills could lift 171 Million people out of poverty."*
>
> *—Arvind Krishna. Senior VP/IBM Researcher*

Those who are proficient in reading by the end of third grade are much more likely to graduate from high school, and to be economically successful as adults. But about two-thirds of students in fourth grade don't meet reading proficiency standards. And those numbers are much higher for students who come from low-income households.

Four of every five students who come from low-income households don't meet reading proficiency requirements, a new report from the Annie E. Casey Foundation finds. The numbers are worst among minority communities:

- 83 percent of African-American fourth graders don't meet proficiency standards
- 81 percent of Hispanic and Latino children fall short
- More than nine in 10 dual-language learners are below proficiency by fourth grade, the report finds.

Students from higher-income households aren't faring significantly better, according to the report.[10]

A high school reading coach (whose name is not given in the article) suggests that, in her more than 20 years in education, she has found that literacy-education issues fall into four areas:

1) A disconnect between the demands of the "real world" and literacy skills.
2) A strong correlation between third-grade reading performance and future success.

---

[10] http://www.washingtonpost.com/blogs/govbeat/wp/2014/01/30/low-income-students-falling-behind-on-reading-proficiency/

3) A growing discrepancy between reading level and grade level for struggling readers as they get older.
4) A scarcity of reading-intervention materials.

She adds: "I have taught in high schools, tech schools, junior colleges, and colleges. Many people are astonished when I tell them the literacy skills needed in tech schools are much higher than high schools, and even more advanced than many college classes.

"When the reading requirements for both white- and blue-collar jobs are so rigorous, none of today's students can afford to fall behind.

"Reading proficiency as early as the third grade can have a dramatic impact on future success. Sadly, I have personally seen how struggling readers who start off as little as one year behind continue to slip even more as they move through the next grades." [11]

Why do students stop reading?

Some children have significant physical learning disabilities, including but not limited to dyslexia. Others simply don't like to read. The Reading is Fundamental Web site reports that many children give fairly consistent reasons for not reading:

1. **It's boring.** Children have this response to reading that is assigned at school frequently. We need to use other interests, like music, sports, movies, and games, to engage their interests.
2. **I don't have the time.** Kids are busy. School, friends, sports, homework, television, and chores all compete for their time. We need to offer enough "fun" to make it a priority, and use "walled garden" social media to make it a shared activity — something they do with their friends — and bring positive peer pressure.
3. **It's too hard.** For some children, reading is a slow, difficult process. Our solutions must adjust the content up or down to ensure that we don't frustrate the child.
4. **It's not important.** Often children don't appreciate how reading can be purposeful or relevant to their lives.
5. **It's no fun.** For some children, especially those who have difficulty reading, books cause anxiety. Even for children with strong reading skills, pressure from school and home that emphasize reading for performance can make reading seem like a chore. [12]

---

[11] http://www.takepart.com/article/2013/06/25/importance-literacy-kids-cant-fall-behind
[12] http://www.rif.org/us/literacy-resources/articles/children-who-can-read-but-dont.htm

Scholastic, meanwhile, lists ten specific reasons why nonreaders don't read:

Reason 1: Reading Gives Them a Headache or Makes Their Eyes Hurt
Recent research suggests that nearly half of people who are labeled as learning disabled actually suffer from scotopic sensitivity (meaning they have trouble adjusting to low, flickering, inconsistent, or other less-than-optimal light conditions).

People with light sensitivity find reading difficult and sometimes painful when the material is printed on glossy paper. Fluorescent lighting or other lights that cause glare on the page make reading even more difficult. High-contrast print, such as black letters on white paper, is the most difficult for light-sensitive people to read. Unfortunately, such high-contrast print is the most common format for texts and other school materials.

Students who are generally cooperative but start to wiggle and squirm when asked to read independently may be signaling that reading is uncomfortable. They may squint, frown, rub their eyes, try to shade their books, hold their books far away or very near to their faces, blink rapidly, or lose their place repeatedly when reading. Often schools mislabel scotopic readers as dyslexic (they may or may not suffer from dyslexia, as well) and give strategies that don't work, because the glare and discomfort remain.

Reason 2: They Can't Read as Fast as Their Peers (and Get Left Behind)
Students should be encouraged (and enabled) to read at their own pace, even if it means that those slower readers don't cover as much ground as their quicker classmates. While they are reading at their own individual pace, they *will* learn to read. Since the classroom is not always an appropriate environment for this, another solution is required.

Reason 3: They Fear They'll Have to Read Out Loud and Others Will Laugh
Kids can be cruel, and their thoughtless teasing can cause lasting anxiety. It's important to build enduring confidence in a student's ability without the added burden of peer pressure.

Reason 4: They Expect to Be Tested on What They Read — and to Fail the Test
Students must see that reading isn't a chore, a competition, or a test. It's a lifelong skill that we use to gain information, find a new perspective, and tickle our brains or our funny bones. As a young student wisely pointed out, "You don't have to discuss the crap out of everything you read. Some things you just read. That's it."

The article doesn't suggest abandoning tests or assessments, just changing the format.

Reason 5: They Believe They Have to Finish Every Reading Selection, No Matter How Long or Difficult
Forcing kids who don't read well to finish material that is far above their ability level or that has no relevance to them can ruin reading for them. Good readers will tackle anything because they know that they will be rewarded by gaining a new perspective, acquiring new knowledge, or entering a completely new world. Poor readers don't experience those rewards, so it's difficult to convince them that reading can be enjoyable.

Reason 6: They Fear Their Opinions Will Be Wrong

So many teary students have reported the same experience: A teacher asked them to write their opinion about a book or story. The student worked hard on his or her essays and expected high marks for effort and content. Their teachers assigned either a D or an F that was inexplicable to the student. Those teachers sent a clear message: Your opinion is worthless.

Reason 7: They Always Get Put Into the "Slow" Group, Which Makes Them Feel Stupid

Finding ways for slow readers to shine can be an effective way to help students understand that there are multiple forms of intelligence and that reading is one of many skills, but not necessarily an indicator of intelligence or the ability to learn.

Reason 8: They Believe They Are Too Far Behind to Ever Catch Up

When students read below grade level, they don't understand that increasing their skills to the next level isn't as hard as they think. A ninth grader whose test score places him at a fourth-grade level, for example, thinks he will run out of time before he can catch up with his peers. So first explain that a grade level in reading doesn't correspond to a calendar year. It is just a measure of how well a student reads a specific level of complexity in vocabulary and sentence structure.

Reason 9: They Have No Interest in the Material They Are Required to Read

Struggling readers will blossom if we give them material that is so interesting they can't resist reading it. That's the trick: finding something so compelling that students forget they are reading.

Reason 10: They Get Lost and Can't Remember What They Have Just Read

Many struggling students who can technically read quite well don't understand what they are reading. They somehow missed the important point that when we read, we must create a mental reference. Without that reference, words are just words.[13]

In a personal interview with the Gramarye team, an Instructional Designer at Georgia State University confirmed the reasons listed above, and added four more she has identified in her own work and research:

Reason 11: Some students genuinely have learning disabilities

Many of those, such as dyslexia, can be overcome with training and technology.

Reason 12: Students would rather be doing something else

Reading has to compete with "lower effort" activities such as movies and television, computer games, and social media.

Reason 13: Reading is a lonely/solitary experience

Generally speaking, reading is a solitary experience, done when students would rather be with their

---

[13] http://www.scholastic.com/teachers/article/10-reasons-nonreaders-dont-read-—-and-how-change-their-minds

friends. More, this is a time when children are "off in the world" for the first time, and crave the comfort of a parent, teacher, or friend.

Reason 14: The characters in books don't "look like me"

Again, generally speaking, boys like to read about boys, and girls like to read about girls (although girls are at least somewhat more likely to read a book about a boy). More, children prefer to read books where the main character is more or less close to their own race, age, etc. In other words, they want a main character they can identify with. *She admits that this last issue is anecdotal but she considers it common enough to be significant.*

Finally, she notes most non-readers cite *at least* three to four of these reasons; children seldom mention only one. Addressing one or a few is unlikely to have a significant impact.

To succeed and attract non-readers to reading while there is still time to intervene in a life path, a Gramarye Media Book must address all (or at least most) of these issues, as well as the five listed by Reading is Fundamental, to have a significant, measurable impact, both in the short and long term.

For purposes of discussion, some of the similar points are combined.

Gramarye Books as a Teaching Tool

We believe that some of the most important applications may be in education. More specifically, Gramarye can help children improve their reading skills — especially those "at risk" children who have fallen far behind — and even inspire a life-long love of reading.

Gramarye can help at-risk children succeed in school … and in life.

To have a meaningful impact, an Gramarye solution should address as many of these issues as possible. Here are the points from the three lists described above, explored one by one.

1. It's boring/They have no interest in the material they are required to read

The material itself, with or without enhancements, must be engaging enough to not only hold a child's attention, but also to compel them to prioritize it over other activities and distractions, and proceed even when their abilities and limitations make it difficult.

Solution: As a part of our research into a non-subjective content evaluation criteria, we took a deep, heuristic look at story — the same sort of study one might do before developing a user-centered design approach to software, or before developing a strategic marketing plan.

Specifically, we looked at elements, both in terms of content and structure, that seem to be universally successful, across demographic and genre lines. Most of these elements, including concepts like found family, mythic structure, wish fulfillment, iconic visuals and locations, etc., should work here, too.

In addition, we look at the genres and story elements that are most popular among both boys *and* girls, and

developed the following list:

- Action/Adventure
- Mysteries
- Fantasy
- Humor
- Superheroes

With that in mind, we have identified potential stories that hit at least three, and possibly all, of these genres. Here's one example:

A young boy or girl (*the reader will be able to choose a main character and his or her friends from an ethnically diverse list*) is sent to stay with her grandfather for the summer while her parents are away on business. She misses her friends, and Grandpa is boring, even though he lives near the ocean, where the coast is dotted with mysterious caves.

But our hero meets new friends … a multicultural group that seem glad to welcome a new kid. They are over when s/he finds a stash of old comic books in the attic, featuring characters they've never heard of before. More, the comics have ads on the back cover for strange devices … x-ray spectacles, decoder rings, a hidden camera, a hypnosis disk, and more. They decide to order some, just for kicks.

When the gadgets arrive in the mail, our hero and the new friends find a surprise. They really work! As the story unfolds, we'll learn that the comics are actually a cover … a secret spy organization uses them to distribute orders to agents, and to allow them to get equipment.
When our hero used the credit card her dad gave him or her, the sender recognized his account … because Jenny's father, like her grandfather before them, is a spy! The main character's father is on a mission: to rescue the mother!

There's another element, too. The evil spies that captured the lead character's mother have come to the town were Grandpa lives. They're looking for treasure that pirates left behind. But pirates left other surprises, too — traps, puzzles, and maybe even a ghost or two.
Now, the kids are caught up in a grand adventure, where they must solve mysteries and use their gadgets (and their science, math, and reading/writing skills) to decipher puzzles. More, the choices they make shapes the direction of the story, teaching valuable lessons about the consequences of even causal decisions.

2. I don't have time

Solution: When an activity is compelling enough, kids make time. We'll combine the things they'd rather be doing … listening to music, playing games, watching movies, and hanging out with their friends … to make reading a priority. Since tablets and Smartphones are easily portable, they can be a part of other activities, like time in the car, quiet time, waiting for a soccer game to start, riding the bus, etc.

Finally, the social media element (with strict parent/guardian/teacher controls) allows kids to exert positive peer pressure and competition, and to share their favorite parts with their friends, making it a fun relational activity.

3. It's too hard/They can't read as fast as their peers (and get left behind)

Solution: Reading shouldn't frustrate children. It also shouldn't be too easy and risk losing the attention of more advanced readers. Our titles can adjust in real time based on observations of the reader's behavior.

The built-in games will allow us to test reading comprehension as a part of the games. For example, the story might tell the reader to use the jade key, the silver key, and the gold key in order to open a treasure chest. In the game, they have to do just that.
Those "tests," along with our provisionally-patented reading speed algorithm, will allow us to accurately gauge a student's ability, and adjust the content up or down in real time while the child is using the app.

In addition to helping kids learn, this allows the reader to use the book again and again as their skills improve and get a slightly different experience each time.

Both the stories and games/learning exercises will be carefully structured to encourage students to learn how to derive the meaning of unfamiliar words from the context and to practice every day in order to improve their reading rate.

4. It's not important

Solution: We need to show real-world applications, even in a fantasy or adventure story. For example, the story will allow the student to make decisions that shape the outcome of the story. This is an important way to show that even the simplest decisions can have meaningful consequences.
The stories must also emphasize the simple fact that the characters *succeed because of their skills and knowledge* — and because of their friendships and cooperation with other characters with different skills and talents (even those who seem "different") — showing that all of these have applications in the real world.
We can also use in-app notifications to create a sense of urgency … as though the story itself is reaching out to the child and calling them back in. They are, after all, the hero, and what they do matters.

5. It's no fun

Solution: Our titles must deliver the fun — by rewarding reading performance with games, videos, music, and more. The features of the Gramarye Media platform work together seamlessly to create magic, immersive reading experiences. The learning exercises may be designed to teach and improve skills, but the simple truth is clear: they are games and they're fun.

We can increase the fun by including badges, virtual trophies, and more for game scores, finishing chapters, etc. In other words, we provide milestone rewards to recognize individual progress, and allow

children to share with their friends, parents, and teachers in the "walled garden" social media experience. We'll even provide a virtual showcase for their achievements.

6. Reading Gives Them a Headache or Makes Their Eyes Hurt/Learning Disabilities

Solution: In 2014, a Dutch designer released a font called Dyslexie, which helps people with dyslexia read better. Our team has discovered that additional tweaks, such as allowing parents and teachers to work with students to adjust the leading and kerning (the space between lines of text and individual letters) makes the experience even better for readers with physical limitations.

Also, parents and teachers can help students adjust the brightness, contrast, and more, to create an ideal, customized reading experience that won't hurt their eyes or make them physically uncomfortable.

With additional research and experimentation, we may be able to help children overcome a number of different learning disabilities, including those of children with physical limitations.

7. They fear they'll have to read out loud and others will laugh

Solution: We can use the device's microphone to allow students to practice reading aloud (for example, a password or a magic phrase in a game) in a private, low-pressure environment. Speech recognition software allows the app to provide feedback (i.e. the correct phrase opens the magic door or fools an enemy spy). When the children speak into the microphone, the characters in the story can respond, prompt them to try again, or offer helpful hints.

Children can keep practicing until they achieve the desired outcome. As students improve, we can increase the difficulty and length of the read-aloud passages. When they get better, we can let them share their recordings with friends and parents or teachers to showcase their achievements.

Finally, the built-in dictionary can offer an audio pronunciation guide, allowing children to tap an icon next to the definition to hear how a word should be pronounced and to practice their phonetics skills.

8. They expect to be tested on what they read — and to fail the test

Solution: While no one likes tests, kids today have been playing video games since they could walk, and sometimes even earlier. Our tests both look and work like fun video games, and they make young readers feel like they are actually participating in the stories. The story excites young readers; the games make them the heroes.

One of the keys to designing successful games is to make the goals within reach of the player's ability … but just barely. Kids who play video games are used to having to try more than once, and sometimes many times, to "beat the level" before they can continue the game. Our exercises, created by professional game designers, will feel more like games than tests, encouraging kids to keep trying until they "win." It's fun!

As mentioned above, the games can help with reading aloud skills as well. Children must speak the magic phrase correctly to open the chest within the time limit, for example. We can automatically raise or lower the time limit based on analysis of the student's ability. The "pressure" of the game situation helps build confidence for other situations, such as reading aloud in class.

As with the stories themselves, the app will be able to automatically scale the difficulty of the games up or down based on the child's reading speed, progress, and measured ability so children are never so frustrated that they give up. They'll *want* to keep going.

Once again, we'll award virtual trophies for successful play, and allow children to share.

9. They believe they have to finish every reading selection, no matter how long or difficult

Solution: While the story should be exciting enough to make kids want to keep reading — and unlock the next music clip, video segment, or game — the story is divided into digestible "nuggets," short chapters that can be enjoyed quickly, and returned to later.

Each chapter is a milestone to be celebrated — with a badge or an award — when completed. However, each chapter ends on a mini cliffhanger, encouraging the child to return to the story … soon!

The book includes a synopsis, so that children can refresh their memories when they're ready for the next chapter, but only up to the point they've read. They can't skip ahead and cheat!

10. They fear their opinions will be wrong

Solution: The traditional approach is (at best!) counter-productive. With maturity and practice, their reading and writing skills will improve and they will be better able to appreciate literature that demands a more sophisticated approach. Our goal is to make them question and explore and think for themselves.

Children will be asked their opinions in the context of the story itself. In some cases, they may be able to select from a menu of responses and then elaborate on why they made that decision in their own words. In other instances, they'll need to type or speak their answers. In any case, they'll see the consequences of their actions, and have the opportunity to make different choices next time.

The important consideration is to remember that children must be encouraged to think and share, and to understand that this is a safe place to explore and question, even when they're afraid. Sometimes there is more than one answer.

Children will also be able to share their thoughts and feelings with parents, teachers, and other students — in their class or around the world — using the built-in "walled garden" social media experience.

11. They always get put into the "slow" group, which makes them feel stupid/They believe they are too far behind to ever catch up

Solution: Since the book adjusts automatically to the individual reader's level of ability, students have no reason to feel they are behind their friends. The adjustments are both seamless and invisible. In fact, positive peer pressure, in the form of shared badges and trophies, encourages children to keep up and earn their own rewards.

Since the difficulty increases as the reader demonstrates improvement, children should come closer to their more advanced classmates and friends quickly. The games, videos, music, and awards, as well as the story itself, encourages and incents children to read.
Finally, the built-in dictionary can help students learn to sound words out phonetically, and to deduce the meaning of words from context.

The most important thing to remember: we provide children with help at every step of the way.

12. They get lost and can't remember what they have just read

Solution: The book includes a synopsis, so that children can refresh their memories when they're ready for the next chapter, but only up to the point they've read. They can't skip ahead and cheat!
Connecting the text to visual images, videos, and the artwork in games — as well as to sounds — helps children make mental associations with what they just read, adding both to their comprehension and retention.

More importantly, the games are designed to reinforce reading comprehension and retention. Children use the information they've gleaned from the story to solve mysteries, navigate mazes, and complete quests in the game segments. This function, too, adjusts up or down to the student's capability and raises the difficulty bar slowly as abilities improve.

13. Students would rather be doing something else

Solution: As mentioned, reading has to compete with "lower effort" activities such as movies and television, computer games, and social media. Gramarye titles combine video, music, games, and social media, using them to enhance the reading experience, making the story more immersive and engaging.

The games are more than entertainment. We use the games to validate learning before "unlocking" the next chapters. In addition, the games can provide valuable measurement.
More, the games are also important elements of the learning process itself. There was a famous University of Texas study that talked about how people learn. Basically:

- People retain about 10 percent of what they read.
- People retain about 20 percent of what the read and hear.
- People retain 50 percent of what they read, see, and hear.

Present enhanced eBooks add video and audio, and that's great, because it raises comprehension to up to 50 percent. *But we can do better.*

The same University of Texas study showed that **people remember more than 90 percent of what they read, see, hear and *do*.** Our "app within an app" game capability allows us to create interactive activities so that children *learn by doing.*

Activities coupled with text and rich media increase retention and offer more bang for education dollars. 90 percent learning retention is incredible. More, the reading speed algorithm can verify that a student is reading, and notify parents or teachers of the student's progress.

Finally, additional content, including video, music, and games, can reward children for successfully completing chapters and improving their skills.

14. Reading is a lonely/solitary experience

Solution: The social media component lets learners collaborate and form virtual study groups. They can learn while "hanging out with their friends," or while reaching out for the comfort of a teacher or parent's present … all without closing the book. Children can share their thoughts, their achievements, and even their favorite parts of the book with their friends, making reading a social experience — and, again, bringing positive peer pressure to play.

15. The characters in books don't "look like me"
Children look for a character they can relate to.

Solution: Some Gramarye titles will allow the user to choose the main character from a number of boys and girls of various races and representing different cultures. The story will adjust to fit the chosen "lead" character, and even the illustrations in the games will change to reflect the reader's choice. The video segments will be shot from the lead character's point of view, so he or she is never actually seen. This helps make children feel like they are actually a part of the story.

Most importantly, the children will feel a connection to the character, which will help drive home the message that these skills are important, and the choices you make can shape your entire life. Gramarye Books combine text, video, music, games, social media, and more surprises to make an engaging and truly immersive reading experience that helps readers get lost in a story. It's important to note that these components aren't just a laundry list of features; *the Gramarye suite of functions integrate seamlessly to create an experience unlike any other.* Gramarye is more than the sum of its parts. It *is* a magic experience.

We also believe it's the most complete teaching solution ever conceived to help children read better — and fall in love with books. The research shows why kids stop reading. We can help them start again and keep growing their skills. *In other words, Gramarye lets children have fun while putting them on a path to success in life.*

Contact

John Adcox
john@gramaryemedia.com
(404) 759-6069

Arthur Stepanyan
arthur@gramaryemedia.com
(510) 417-1095

Alice P. Neuhauser
alice@gramaryemedia.com
(310) 275-7505

Don Dudenhoeffer
don@gramaryemedia.com
(404) 295-0027

http://gramaryemedia.com