

What is the business model and value proposition?

We are all painfully aware that the performing arts in much of the developed world outside of some European cities and Russia suffer from mediocre support and funding. Some performing arts venues survive only with grants, sponsors and subsidies. This should not be. We know that the active patrons are of a certain demographic profile and that younger patrons and supporters need to become involved and enjoy the arts for the next generation. There is a mass of middle-market consumers who for a variety of reasons do not support the arts, but could if the experience became valuable, affordable and convenient. We know that the media bombards consumers with an ever increasing variety of choices for their expendable entertainment dollars and their ever dwindling time, both in the home with movies, sports and 500 channels of mediocre content, and out of the home from restaurants, movies, plays and of course sporting events. We know that the visual and audio quality of entertainment within the home is increasing with DTV becoming mandated in 2009, large affordable plasma and LCD displays and content coming from every imaginable direction. When you examine the costs and time for a night out, including tickets, dinner, parking, baby-sitters, time hassle etc., it appears relevant that people are choosing more and more to remain home and have their entertainment delivered to them. So how do all these facts converge in terms of the performing and visual arts?

We believe that there is a vital place for the performing and visual arts in the emerging scramble for position with consumers in the coming shift in entertainment choices and technologies. One of the most promising phenomenons to recently occur is IPTV. Simply stated, IPTV is entertainment delivered across the Internet using ever increasing speed broadband networks. What makes IPTV compelling for the arts is the business model structure and funding vehicle that can now be closely coupled to the entertainment. It enables a wonderful interaction with consumers in a web community experience and the visual experience simultaneously. It enables a whole new look at an industry to see where and how value is actually created and re-shuffle the deck to maximize the value creation avenues and model the resulting relationships in the best way possible to exploit them. There are many examples of this from book selling to software to auto parts to thermal energy. The new informational aspect of the once static business models brings about the Eureka moments that gave birth to Amazon, for

example. In our world of the arts, this phenomenon of being able to rethink what we are doing, what consumers are demanding and going to demand, why it is so, and how it should be structured in light of the new world realities and emerging technologies brings new insight and possibilities to artists, producers, choreographers, art schools, dance companies and consumers. We have reshuffled the deck of possibilities and Artistes du Globe is the result.

So, the business of Artistes du Globe is to be the industry unified aggregator of fine artistic content from around the world, allowing consumers to preview, select and enjoy it right on their own high quality entertainment system and provide the technology driven business structures and devices to assure the artists and producers are paid for their work – forever. It is worth emphasizing that this business model does not undermine the current structure of copyright and unions, but provides a fresh resource of exposure and revenue tailored for the new technologies and mass market now available to us. It is fully complimentary, not competitive. Rights holders who have content can now assign to us fine art performances and enjoy the revenue from exposing it to millions of mass market consumers at affordable prices in a highly controlled manner and be assured that the revenue from such exposure flows right back to each stake-holder according to very precise definitions. We have no problems receiving performances that are passed and sitting on shelves gathering dust. However, to maximize the impact, we want content, lots of it, which is as fresh as possible and compelling in the experience Subscribers will gain. It will start small, but with the right industry support and content, it will grow to large proportions and once a critical mass has been reached, will provide far more revenue to the industry than the current methods and the life of the artistic works will remain artistically and economically viable for many, many years.

Worldwide, the number of IPTV interfaces is projected to top 100 Million! Microsoft has recently announced that their X-Box will become capable of interacting with IPTV networks, so 11.6 Million homes will have access to our network in a controlled manner. We just want some of them enjoying the arts from the Artistes du Globe IP channel. We will have first mover advantage and plan on extensive interaction with the industry to bring market “buzz” to Artistes du Globe. We are approaching key people of influence to join our board of directors and advisors to help pull attention and marketing funds.

Who is included in the business model and how do they interact with it?

The stake-holders in the world of art are a diverse inter-related group including performing and visual artists, production companies, dancers, painters, photographers, art schools, film companies, musicians, choreographers, stage hands, unions and of course consumers. The Artistes du Globe system models the business relationships in a way that supports everyone around the framework of how these people and companies take full advantage of the digital millennium possibilities.

There are Portals into the network that allows each discrete group to log in, manage their content and view the funding that enters their account. Portals include Artists, Production Companies, Art Galleries, Art Schools, Humanitarian Organizations, Fund Raisers and Subscribers. The data model and server security allows each user to have functions that give enormous flexibility and a definitive view of the activity on the entire network and the funding that flows as Subscribers select and enjoy the entertainment.

For example, production Companies can have unlimited artists, choreographers and other stake-holders. They can have unlimited productions and assign how each of these company people participate financially with each of the productions. Managers who have the highest security levels can allocate how much of the total income goes to each participant. They can create new artists, and can even search the entire Artistes du Globe network of artists and bring them into their productions as needed. Each participant (artists, dancers, choreographers etc.) gets their own username and password and when logging into the Artists Portal (we call them "Gateways") they can see ALL of their performances across every Production and Company, the Subscriber activity, and the funding that flows accordingly.

The same applies to Visual Art Galleries so that they can create their "Gallery" from the digital arts that we can capture at extra-ordinary resolution. The beauty of our Art-Serve technology is that Subscribers can select images and display them on large, framed and matted plasma displays around the home or office using wireless methods. Subscribers can chose the matt color online to match the print and room can set a time frame for the print to remain and can rotate prints according to their selections and "Favorites". Galleries have their own secured Gateway can have unlimited art works and artists and view the Subscriber usage and financial activity in real-time. They can also enable subscribers to order fine-art Giclee prints from our partner in Florida and enjoy revenue from these hard-print products as well.

How does the technology work?

The technology is a combination of web application servers, storage networks and boxes at the home or office called STB's. The web application will end up with a value of over \$100,000. The servers reside at a Cisco Certified, Tier-1 secured data-center located in Atlanta, GA at SunGard Availability Services. Sungard has these facilities around North America. These are rooms of servers connected to extremely high bandwidth internet backbones and are guaranteed to provide 99.99% uptime. The facility is secured by armed guards and has back up generators and multiple redundant critical components. Delta Air Lines online business runs in the cage next to Artistes du Globe. Starting with one powerful server now, we will add a fail-over server early next year and an 88TB, 2,000 mbps high capacity load balancing streaming server next year.

The STB we are designing has a 160GB hard drive and can encode MPEG2 and MPEG4 video for standard and high-definition viewing. The software on the STB has some special features. We will store and transfer to the STB encrypted files. Once transferred, the STB will call the Artistes du Globe server and request the decryption code at viewing time.

The files will be stored at the home in a format making it impossible for users to just remove the file from the hard drive and view it. The STB will request permission for the user to view the performance. We will give each performance a limit on how many times it can be viewed and a date range. We can give user unlimited views over a range of dates and/or limit the number of views.

We have designed our system so avoid a common problem with internet connections called DHCP. In DSL or cable connections that are not statically assigned, the users IP address changes periodically, so the server never knows how to contact the Subscriber's STB. Our STB is designed to call the server, which does have a static IP address and request if that Subscriber has ordered any content. If so, the STB will establish the connection and download the encrypted file. The server therefore always remains in listening mode answering the requests from STBs. The files will be deleted from the STB as their viewing limits expire.

We face an issue that Hollywood and everyone else in the big media world faces. How do you keep users from resorting to piracy? For HD, there is a technology called HDMI that users cannot easily intercept. There is a company and technology called MacroVision that Hollywood is using to remedy the piracy of DVDs, but software companies overseas sells utilities for \$40 to disable the MacroVision protection. We cannot prevent SD interception between the STB

and the TV YET, but Samsung is developing an IPTV with no intermediate box, so this issue will hopefully be avoided.

However, let's think about something. We know that we cannot prevent pirates with laws and fear of litigation, but we CAN encode our content with the IP address where a file is delivered and thereby trace it back if it appears elsewhere. Also our customers are less likely to be the type to intercept performing arts. The demographics of our customers are middle-upper income, educated people who are far less likely to participate in piracy. Even more important is the fact that we are entering a networked world where viral influence and success comes from unlikely places. I would propose that actually placing content for free on U-Tube and some other popular community sites is actually a great way to attract customers. If people are satisfied to view low res performances on U-Tube on their computer, then let them, even encourage them, because if they are really potential customers, they will be drawn to the source of the video, Artistes du Globe and become a paying Subscriber. We want to attract the youth and some free content on these community sites may take the emphasis off of piracy and in fact attract revenue from the people we want exposed to the real content. We live in a new world.

How are funds actually distributed to the arts?

Each Artist or Production Company has an account in our system where funds are allocated based on usage by Subscribers in the process described above. This account accumulates funds that will then be transferred by PayPal or check to the Artists and other stake-holders on a quarterly basis. Artists have visibility of the account balance in real time in their secured Gateway.

How will we acquire content?

This is a big one and an exciting subject to explore. We know that the quality and quantity of compelling performances and art works is key to driving interest and long term demand. When a Subscriber has a great experience selecting content and enjoying the show, it makes them all the more willing to use the service again and again. It has to be high quality, lots of variety from world-class artists, delivered as requested and at a price point that makes Artistes du Globe compelling.

Beyond this user experience, the key to really leveraging the arts into the mainstream of media in the coming tidal wave of IPTV is attracting the commitment from the world's best artists and performers to feed Artistes du Globe and become loyal to it in order to secure the critical mass and revenue, once it is achieved. It is almost like the chicken and egg relationship. It is in all of our best interest to populate the Artistes du Globe system with loads of the

great art, in order to start the critical mass engine. In order to insulate ourselves and our customers from the high costs and low adoption by the media giants, we believe that content providers should want to make Artistes du Globe their exclusive and long term partner for IPTV exposure. Anything else will water down the aggregator concept that keeps the wolves at bay. Once we are known as the "Aggregator to the Arts" and have the mass loyalty of the artists, content holders, unions and production companies, and have built mass appeal beyond the tipping point of financial success, imitators will not venture in and try to dilute our cumulative influence with the industry and with consumers. Simply stated, those who are committed to us and with us will reap the coming great rewards, but it takes all of us pulling the wagon together to start and sustain the engine.

What is the time table for launching?

We are targeting the first quarter of 2008 for launch. We are slightly ahead of schedule in the application development. The web system will be ready for demonstration next month. The STB technical design and development cycle has been completed at a high level. I and one of my programmers will be going to the UK next month to complete the low level detailed designs. We should have the STB prototype ready by late December and begin BETA testing the entire system by Christmas.

Jackson Ball
Partner & Chief Technology Officer
Artistes du Globe

The logo for Artistes du Globe features the company name in a stylized, cursive red font. The text is enclosed within a thin, red, curved line that forms a partial arc underneath the words.