

# OVERVIEW & WHITE PAPER



# HOLLYWOODCOIN

Cryptocurrency, based on real needs

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*The great motivation for the development of the Hollywoodcoin project to my team is not only the personal confidence that we will turn the whole industry upside down, but also the fact that the negotiations on partnership with the biggest players of film have crowned loud and constructive support on their part.*

*– Dev Johnson, the founder*

This document examines the problems and challenges of the international market of film (in particular, the US and Canadian markets), the ability to change the existing technological paradigm, as well as business and technical aspects of the HOLLYWOODCOIN company solutions that will capitalize on the potential of this change.

Ideas and solutions of HOLLYWOODCOIN are based on real problems and needs of the film industry. In developing the concept of the project a comprehensive event aimed at research and practical application was conducted:

- ✓ statistics data of American Film Industry Association and European Audiovisual Observatory;
- ✓ laws and regulations;
- ✓ data of various thematic surveys and studies;
- ✓ information about the film industry from open sources of information;
- ✓ diverse experiences of HOLLYWOODCOIN team work in all existing areas of filmmaking.

The study was conducted using the system and comparative analysis methods, using graphical and statistical methods. The following were thoroughly investigated: the dynamics of the film production world market; especially the development and funding of the national film markets (the US and Canadian ones); contribution to the film industry in the development of the economies of various countries.

The main objective of the study was to identify the key problems, constraints and challenges faced by the industry stakeholders at all the existing stages of film production.

The purpose of the study is the development of complex, technologically advanced solutions to all the problems identified, in other words - the creation of a new infrastructure of the sector to change the existing technological paradigm.

The results of the study - the conclusions about the current state of the industry, key problems and challenges, as well as solutions offered by HOLLYWOODCOIN team - are presented herein.

At the moment, entertainment industry, including such a creative direction as film industry, is actively growing. The notion of cinematograph today consists of two components: the art of filmmaking and the film industry itself, where movies are created and shown to the public. In some countries the film industry is a significant sector of the economy, capable of generating the incomes that are high enough. It should be emphasized that cinema in general is also a powerful cultural propaganda tool.

Today the world's largest (by the number of the movies released and the volume of box office takings) is the US film industry. However, according to experts' opinions, it may be soon overtaken by China in volume of box office takings (including due to the active deployment of the cinema network). The film industry of India is also a promising one, making its bet on the movies with the national specificity. However, the global market will continue to be dominated by the Hollywood content. American film companies (major ones): Warner Bros. Paramount Pictures, the Walt Disney Company will remain the leaders of the industry. The main advantages of the US are their experience in the expertise and selection of films, advanced film production and distribution infrastructure.

As for the integral performance of the sector on a global scale, the growth speed is gradually slowing down. In 2016, according to the American Movies Association, total world box office takings grew by only 1% compared to 2015, to 38.6 billion. In this case, the driver of growth is Asia (Japan, India, China) and as for film distribution, the leader in growth in the number of cinema screens is the Asian-Pacific region (+18% compared to 2015). It's important to note that there is only the quantitative growth, while in the developed countries there are qualitative changes (new technologies in cinema halls, service range expansion, etc.).

The process of cinematic progress is closely interrelated with economic and technological progress. The development of new technologies in the film industry and the ways of selling video content, including new, innovative solutions to monetize films that will increase its influence on cinematograph.

The film industry performs cultural, social and economic functions in the countries with the developed film industry. The products of this industry in terms of sales in the modern

world is the basis of mass culture and it represents itself as an integral part of the elite culture.

The film industry plays an important role in the development of the economics, for example, in providing jobs in the direct and collateral production and distribution; in the development of a network of small businesses; in increases in the tax base; in the positive trade balance.

A study of the film production financing in modern conditions is an important task, since in the context of globalization the number of players on the global cinema market is growing, new world centers of film production and new technologies of production and distribution of films are emerging, causing changes in schemes of funds attracting and returning; moreover, the global financial crisis creates additional problems for both major studios and small independent companies.

According to the forecasts of researchers, film industry will be the one of the five leading sectors of the world's economics by 2040. The yield of the world film industry in the next 10 years will increase by a half. In the modern world, there is a dynamic development of new film-production centers. This creates an increased interest in the problems of development and specificities of national film production markets funding of the leading countries.

According to the widely accepted definition, the film industry is the industry producing films, special effects for films (including computer graphics) and animation. The film production usually takes place at the studios.

Nowadays films are shown in cinemas (both stationary and online ones), on television, distributed on physical media – DVD and Blu-Ray (the regressing industry branch because of the global spread of the Internet).

In many countries, the film industry is a significant sector of the economics. However, the cinema is not only the direction of contemporary art and profitable segment of the national economy, but also a complete social institution. It can have a significant impact on the society, shaping the minds of the audience. The development of the own film industry in the era of globalization is also a necessary condition for preserving the national identity.

### KEY INDICATORS AND CHARACTERISTICS OF THE WORLD OF FILM PRODUCTION

According to analytical agencies, over 6 thousand movies are produced every year in the world in the twenty-first century. All producing countries, according to the settled practice, can be divided into four key groups according to the number of released (mainly commercial) films:

❖ Group A (500 films a year and more).

This category includes the leaders of the film industry: United States, China, India and Japan with the prevalence of Asian players. The US film industry is the largest in the world in total by the number of films produced and the amount of box office takings. According to the Bureau of Economic Analysis, USA, the share of the film industry in the country's GDP is 3.2% (including TV). For comparison, the share of machine-building and agriculture is 1.2 and 1.3%.

Moreover, the American cinema (Hollywood and independent cinema) has a significant impact on the content and techniques of the world cinema, on the economic and cultural aspects of cinema. The main advantages of the USA are experience in the expertise and selection of films, advanced film production and distribution infrastructure (although the growth of cinemas networks has slowed down) and a large number of film stars in the world. All the biggest blockbusters in the world over the last 20 years are the production of American film companies (see table. 1).

Table 1. TOP 10 highest grossing films in the world

No	Film	Year	Country	Budget mln USD	World box office takings, bln USD
1	Avatar	2009	Great Britain, USA	237	2,8
2	Titanic	1997	USA	200	2,1
3	Star Wars: The Force Awakens	2015	USA	245	2,1
4	Jurassic World	2015	USA	150	1,7
5	The Avengers	2012	USA	220	1,5
6	Fast and furious 7	2015	USA	190	1,5
7	The Avengers: The Age of Ultron	2015	USA	250	1,4
8	Harry Potter and the Deathly Hallows: Part II	2011	USA	125	1,3
9	Frozen	2013	USA	150	1,3
10	Fast and furious 8	2017	USA	250	1,2

The major film companies of the world are also in US: Warner Bros. 20th Century Fox, Paramount Pictures, Sony Pictures, Walt Disney Company, Columbia Pictures and Universal Pictures. The US majors are actively investing in the film industry of other countries in order to increase profits and strengthen their own positions. More and more American filmmakers are choosing to shoot in the Scandinavian countries or Asia. The main reasons are tax breaks, compensatory payments and grants from local support funds.

As for China, the film industry in the country has developed rapidly in the past few years (30-40% per year, according to experts). At the moment, it is the second largest film

industry in the world. According to analysts, in the near future, China could overtake the United States due to active growth of the cinemas network (according to analytical agencies, currently in the USA there are 93 networks and in China – more than 400). Despite the fact that the global market will continue to be dominated by the Hollywood audiovisual content, the film distribution market of China will be dominated by local filmmakers, due to the system of quotas for local and foreign films adopted by the country.

Currently, India (Bollywood) is also one of the world's largest film producers (more than 1 thousand films a year). According to the statistics of public organizations and analytical companies, basing on the results of 2010, it managed to beat the US in the number of the films produced. The reason is the active state support of national cinematography. However, in other indicators, it is harder for India to compete with the American film industry.

Japan was able to occupy a leading position due to the genre cinema, such as thrillers, horror and specific animation.

❖ Group B (200 to 500 films a year).

There are mainly the countries of Western Europe. In particular, France (leader in Europe), UK, Germany and Spain. The largest film studios in the region are located in these states: Bavaria Film, EuropaCorp, Gaumont, EON Productions, BRB International, etc. According to the European Audiovisual Observatory, currently the proportion of national films in the theaters of European countries is more than 40% (remaining 60% belong to the American film industry). Moreover, there is a gradual increase in screen time for European films because of protectionist policies in Europe.

❖ Group C (100 to 200 films a year).

This category mostly includes countries of Latin America (Brazil, Argentina, etc.) whose films are popular among Spanish-speaking countries.

❖ Group D (up to 100 films per year): other countries.

We'd like to specially note Nigeria (Nollywood) and Pakistan (Lollywood), where, according to estimates by industry analysts, local production is more popular than the Hollywood's one.

The global film industry is actively developing. It has been increasingly influenced by such factors as the emergence of new production technologies (especially digital ones), of new sales methods of audiovisual content (including via the Internet), as well as further globalization of the film industry. However, the growth rate of box office takings worldwide is gradually slowing down.

According to the Motion Picture Association of America – MPAA, in the last five years, the volume of box office takings is growing on average by only 1.5% per year (thus 60-70% of the takings is international hire). This can be explained by the increasing economic problems in certain regions, the informatization of the society (active penetration of the Internet on the background of the rising sales of mobile devices and the global spread of online piracy), as well as the peculiarities of national psychology.

In 2016, the global volume of box office takings, according to the Motion Picture Association of America, has grown in comparison with 2015 by about 1%, to 38.6 billion. The North American market (USA and Canada) increased by 2%, to \$ 11.4 billion. Takings in Asia grew by 5%, to 14.9 billion. Leaders of growth in the Asian region are Japan (+26%) and India (+28%).

*Source: Motion Picture Association of America (MPAA)*

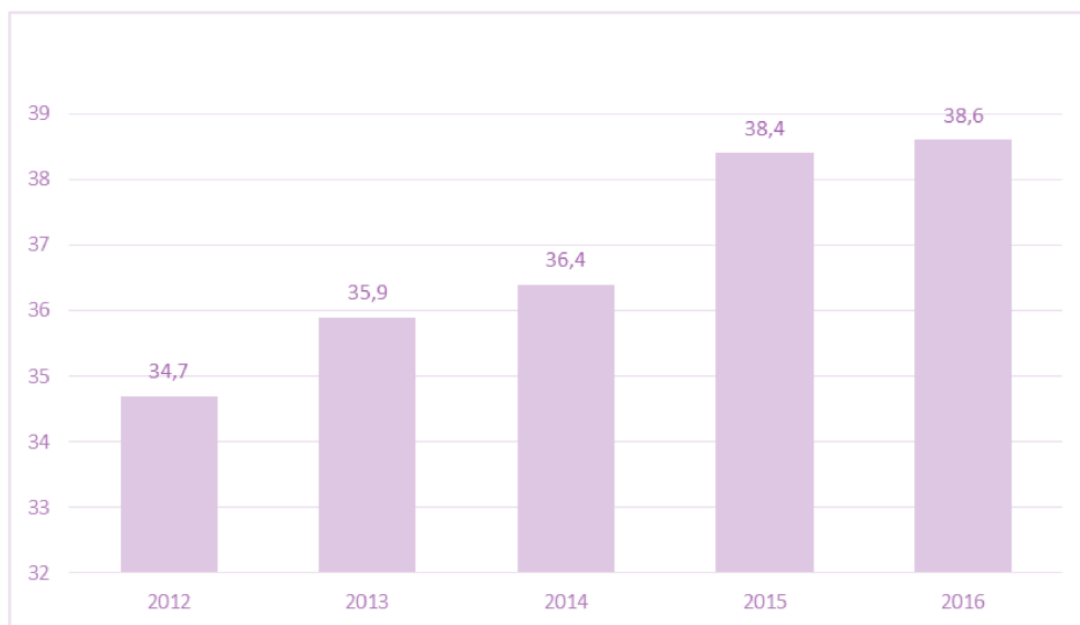


Figure 1. Box office takings on a global scale, billion USD.

However, China remains a leading market by volume of the takings (6.6 billion dollars), which, however, decreased by 1% in 2016 compared to indicators of 2015.

In Latin America the volume of box office takings dropped by 18% compared to 2015. The main reason is the devaluation of national currencies. So, in 2016, takings in Mexico dropped by 15%, in Argentina by 37%, and in Venezuela – 31%. The only country in the region experiencing the growth was Brazil (+5%).

Table 2. Leading countries in terms of box office takings in 2015-2016

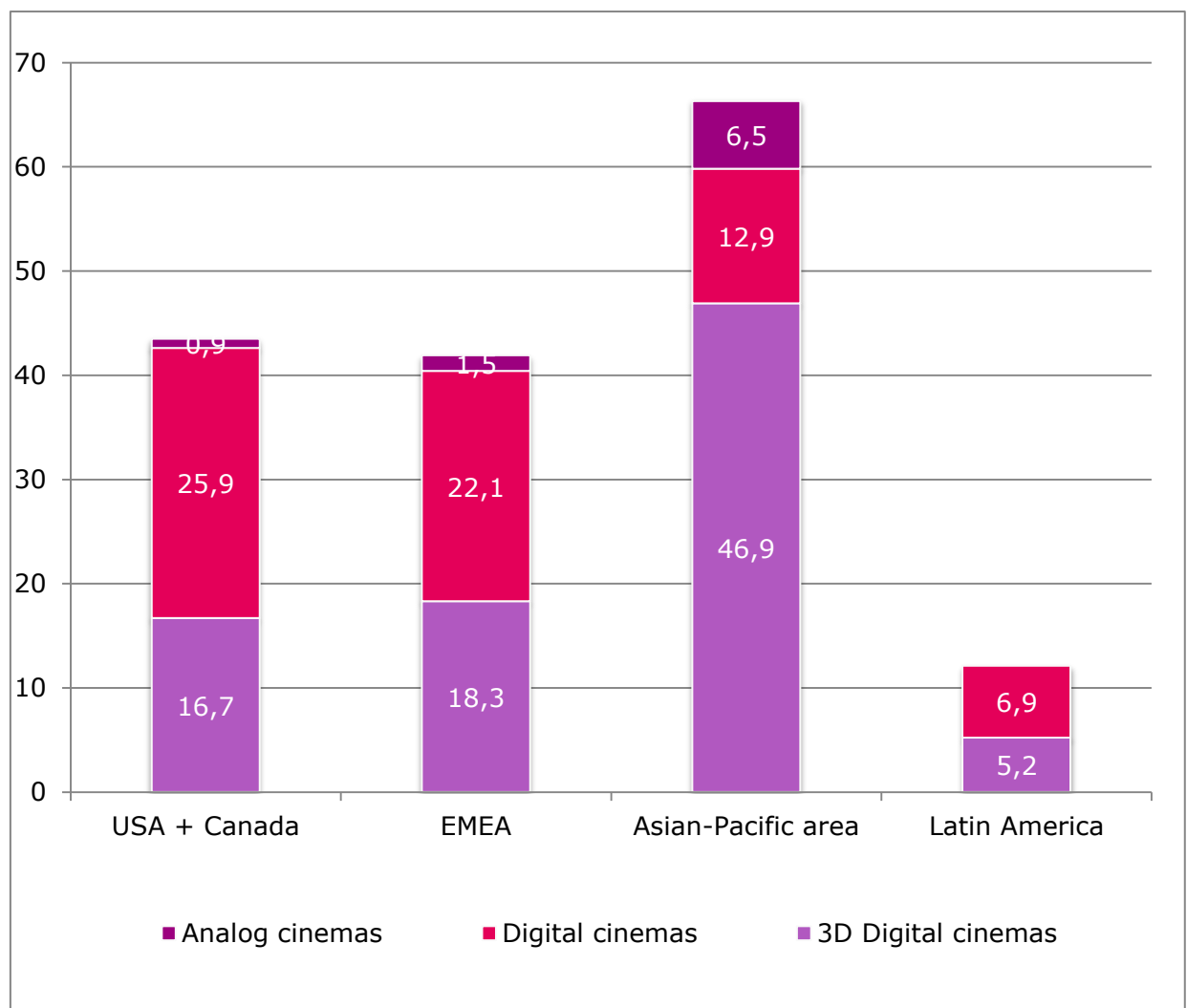
Place in 2016 (2015)	Country	Box office takings in 2016 bln, USD	Box office takings in 2015 r., bln, USD
1 (1)	China	6,6	6,8
2 (3)	Japan	2,0	1,8
3 (4)	India	1,9	1,6
4 (2)	Great Britain	1,7	1,9
5 (6)	France	1,6	1,4
6 (5)	South Korea	1,5	1,5
7 (7)	Germany	1,1	1,3
8 (8)	Australia	0,9	0,9
9 (9)	Mexico	0,8	0,9
10 (12)	Brazil	0,7	0,7
11 (11)	Italy	0,7	0,7
12 (10)	Russian Federation	0,7	0,8
<b>Referencial:</b>	<b>USA + Canada</b>	<b>11,4</b>	<b>11,1</b>

*Source: Motion Picture Association of America (MPAA)*

In the EMEA region, which includes Western and Eastern Europe (including Russia), Middle East and Africa, box office takings in 2016 declined by 2%. The worst were the film markets of Germany (-13%) and the UK (-10%). However, the largest European market in dollar terms was the United Kingdom in 2016 (1.7 billion dollars). According to experts, the main reason for its decline is the depreciation of the national currency. While box office takings in France and Italy increased by the results of 2016 by 6 and 5%, respectively. In other EMEA countries the mixed dynamics is also observed.

As for the film show, according to the IHS analytical agency, in 2016 there were about 164 thousand cinemas in the world (+8% indicator of 2015). And more than 90% of them are digital. The absolute leader in terms of growth in number of screens became the Asia-Pacific region (+18% compared to 2015).

Figure 2. The number of cinemas of different sizes in the world in 2016  
(in regional context)



Source: IHS data

In 2016, according to IHS, the number of premium format cinemas<sup>1</sup> increased (+11%), which indicates the willingness of the audience to view higher quality audiovisual content.

Table 3. The spread of cinema halls in the premium format in the world, 2016

Region	2014	2015	2016	2016 (% of total number of screens)
USA and Canada	763	889	945	2%
EMEA	191	248	295	1%
Asian-Pacific area	558	763	859	1%
Latin America	154	205	231	2%
<b>TOTAL</b>	<b>1,7</b>	<b>2,1</b>	<b>2,3</b>	<b>1%</b>

*Source: IHS data*

Investing in film production involves high risks. According to international experts, commercial success is only one in ten film projects. However, the box office success of the film can compensate for the previous loss-making films for the studio.

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<sup>1</sup> Premium movie screens (PLF) are characterized by huge screens, super-bright and clear image, multidimensional sound, providing the effect of full presence.

The funding of the film industry, i.e. availability of effective schemes of funds attraction and return are the key issues for the development of film production.

Relying on the world experience of the film production financing, all existing investment tools can be divided into four key groups:

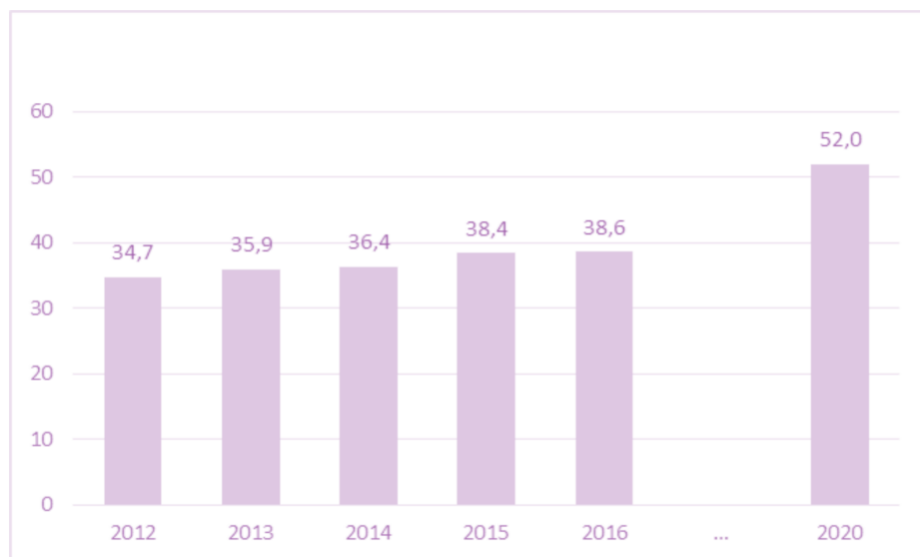
- ❖ Own resources. As a rule, the film company funds are insufficient and producers actively attract foreign investment.
- ❖ State funding. Government support plays a significant role in the development of cinema in most countries of the world. State funding is well developed in the developed countries of Western Europe and in the rapidly developing countries of Asia. In the USA, the state support of cinema does not exist in the financial plan (the grant system), but there are various supporting government programs (tax incentives, rebates system, granting, etc.).
- ❖ Borrowed funds. Here we are talking mainly about bank lending under the pledge of the rights for remuneration for the pre-sale agreement; under the pledge of the rights for films or secured copyright from the library of audiovisual content. However, Bank interest rates on loans to companies is actively growing and the number of banks willing to lend to risky filmmaking, remains small.
- ❖ Obtained funds. In the world practice traditional and innovative ways of attracting investment to the film industry are widely used. For example, such as pre-purchase agreements, product placement, co-production, fundraising and crowdfunding. Read more about these tools to attract capital:
  - Pre-sale agreement is a contract under which the company-copyright holder shall, upon completion of the production process of the film, transfer the right to use the received content to the extent defined by the document, to another party (film distribution organization, TV channel, etc.) for a certain monetary reward, part of which may be paid in advance.
  - Product placement is one of the most popular tools for raising capital in the world of the cinema. Product placement is a form of promotion and placement of goods or products on the media for advertising purposes. At the moment the most common formats of mutual settlements between the

company and the advertiser are: payment for advertising in money terms; conducting advertising and PR-campaigns by the advertiser, at the same time promoting the film and the products placed in it (cross-promotion), as well as providing the opportunity for gratuitous use of the the advertiser's products in the process of filming.

- Co-production – joint production of films by film companies from different countries on mutually beneficial terms. The main advantages of such cooperation are the possibility of obtaining state support in each of the countries of the companies origin; quality access to foreign markets and exchange of professional experience. The most popular joint film production is in countries of Western Europe and North America.
- Fundraising – attraction of external resources, third-party for the film companies, required for the implementation of the project. The main forms of attracting resources through fundraising are charity, patronage, sponsorship and grants. The format of the capital raising is particularly popular in the production of non-commercial and low budget films.
- Crowdfunding – an innovative investment tool. It is a collective, founded on a voluntary basis, financing of the project, information about which is posted by the author on the specialized Internet platform. An essential condition for the order placement is the establishment of certain type rewards for potential donors (e.g., the placement of thanks in the film credits, invitation for a supporting role, the invitation to tour the shooting site, etc.).

Cinema continues to be the largest type of art for quite a long period of time. In the short term, global players are likely to be switched: China may become the world leader (leaving the US behind), where the film industry is booming, including through powerful protectionist measures. However, it is expected that Hollywood video content will continue to dominate the global rental market. However, box office takings will grow at a moderate pace on a global scale. As for the film show, there are two key trends in the world: in mature markets, the film networks are oriented at quality development, while in the emerging markets there will be a significant quantitative increase in the cinemas networks.

The global film industry will demonstrate positive dynamics in the next few years. According to forecasts of the industry experts, during this period more than 6 thousand films a year will be produced in the world, not including alternative content. The main filmmaking countries will remain the United States, China, India and Japan. At the same time, Japan and India will continue to rely on genre cinema.



*Source: based on the Motion Picture Association of America (MPAA) and PricewaterhouseCoopers*

Figure 3. The dynamics of box office takings on a global scale in 2012-2016 and the forecast for 2020, billion dollars.

The global market of film distribution will also grow. According to the PricewaterhouseCoopers analysts, its volume will increase to 52 billion dollars in 2020

(average annual growth rate - 7-9%). For comparison: in 2016, according to the Association of American Cinema (Motion Picture Association of America (MPAA)) this figure was 38.6 billion dollars.

A powerful driver of growth will be the Chinese market. The rapid dynamics of the Asian film industry, is primarily due to the demographic factor (the population of China was 1.4 billion people in 2016, according to the World Bank) and the active development of the national film network. But despite this, Hollywood audiovisual content (in particular, blockbusters) will continue to dominate the global market.

Table 4. The volume of box office takings in 2015 and the forecast for 2020 in the world's most actively developing film markets, billion USD

	USA+Canada	China	India	RF	Worldwide
Volume of the film distribution in 2015	11,2	6,4	1,7	0,7	39,0
Volume of the film distribution market in 2020	11,9	15,2	2,8	0,8	52,0
Market share in 2020, %	22,8	29,3	5,4	1,5	100

*Source: based on data from PricewaterhouseCoopers, Motion Picture Association of America (MPAA), MED forecast and own calculations*

As for the direction of the film show, according to the forecasts of the analytical agencies, there will be around 200,000 screens in the world in 2020. The leader in the deployment of the national cinema will be China, which has a high potential for growth. According to the calculations of Chinese experts, about 40,000 cinemas are required to adequately cover the population (for comparison, in the US and Canada there were about 43,500 screens in 2016, according to IHS).

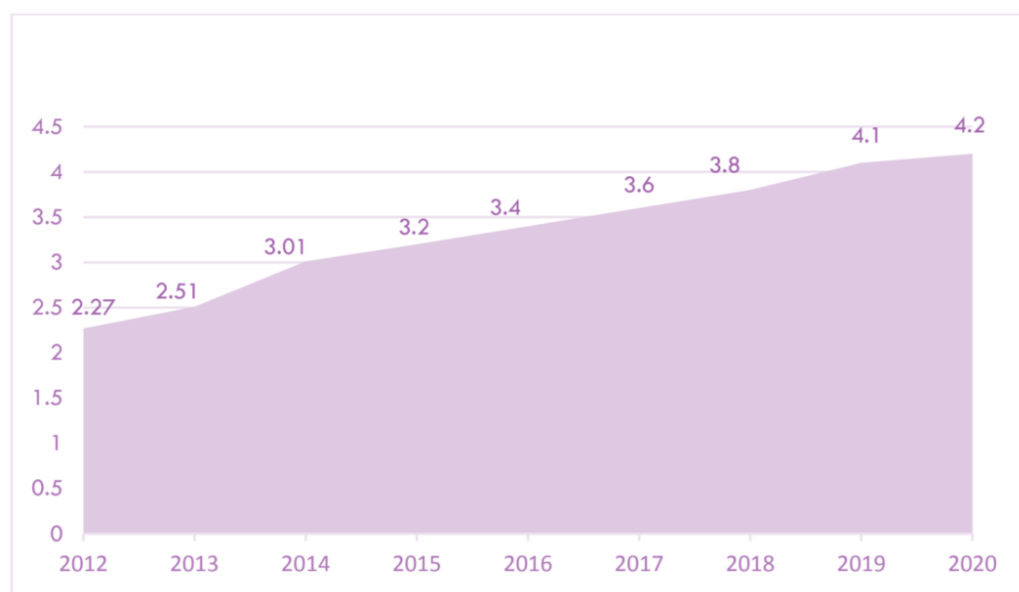
Active development of the viewers infrastructure is also due to tax benefits provided by the state, as well as due to a regular increase in the quota for the rental of foreign films in cinemas.

It should be noted that the developed American and European film markets have long been oriented primarily on qualitative changes in the existing network (improving the level of service, expanding the range of services provided, equipping the cinema halls with new technological solutions), rather than quantitative ones. For this reason, in the markets of Western countries there is a slowdown in the growth of film networks - up to 6-8% per year, according to analytical agencies.

With regard to online cinema display, we can note the potential growth of specialized legal video services of the VOD<sup>2</sup> and OTT<sup>3</sup> formats.

A strong growth factor for the segment will be a steady inflow of new Internet users, in particular, due to the users of mobile devices, such as smartphones and tablets. However, pirate resources will also develop, despite active opposition to the illegal consumption of audiovisual content, carried out by all countries of the world.

*Figure 4. The growth in the number of Internet users in the world, billion people.*



*Source: ITU data, e-Marketer*

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<sup>2</sup> Video on Demand (VOD) are systems which allow users to select and watch/listen to video or audio content such as movies and TV shows when they choose to, rather than having to watch at a specific broadcast time, which was the prevalent approach with over-the-air broadcasting during much of the 20th century. IPTV technology is often used to bring VOD to televisions and personal computers.

<sup>3</sup> Over the top (OTT) is a media distribution practice that allows a streaming content provider to sell audio, video, and other media services directly to the consumer over the internet via streaming media as a standalone product, bypassing telecommunications, cable or broadcast television service providers that traditionally act as a controller or distributor of such content.

For the people who are accustomed to seeing Hollywood as a dream factory, it is difficult to imagine the film business as a powerful machine that makes huge money on the human craving for shows and performances. But for the team of the HOLLYWOODCOIN founders and developers, the financial bottomlessness and in fact the cinema monopoly of Hollywood is a long-known fact.

The HOLLYWOODCOIN team includes the specialists in the field of filmmaking with various competencies, but still the all are sure of one thing: in the industry there is an extremely urgent need for an innovative solution to existing problems and constraints that currently cause significant harm to both the quality of films and the reputation of many film production process participants (for example, due to the lack of transparency of financial aspects and frequent suspicions in "money laundering" on the part of film critics and the media).

Of course, for each individual group of film producers (groups are formed on the basis of the number of films produced per year), there is a separate range of difficulties and problems. Key differences are observed between the Group A countries (from 500 films per year) and all the rest (less than 500 films per year).

➤ The main problems and difficulties in the filmmaking of Group A countries:

More than 60% (millions of dollars) of the budget of modern blockbusters are used by film companies to search and attract specialists in the field of computer graphics, animation design, sound and light editing, design and erection of various scenery and shooting sites, selection and purchase of necessary equipment, and also make-up artists, stylists, consultants, etc.

The main problem is that the services of local companies exceed the prices of performers in other cities and regions by many times and the most tangible difference is with the prices of performers from other countries.

If the US studios get the opportunity to freely search, order and pay for the services of the companies in the field of film production with a more affordable price tag - the released part of the budget will be directed for improving the quality of the actor and managerial staff, for better advertising of the film around the world, for many other directions that are currently strictly limited in funding.

The modern financial system imposes many difficulties on the payment process for the performers from other countries - starting from cross-border restrictions, security risks, constant fluctuations in exchange rates and ending with a low level of integration of the international banking system, which leads to payment delays and high commissions.

The issue of the absence of tax benefits and subsidies for the companies in the field of film production remains unresolved and there are also problems of double taxation.

➤ The main problems and difficulties in the filmmaking of Groups B, C, D:

For the production of high-quality, cinema production demanded in the world, a developed infrastructure is required. The resource base of this sample is gradually becoming competitive in the world markets. Technological trends are actively developing (for example, computer graphics, virtual reality).

Separate films are gradually breaking the established stereotypes and showing the world community that not only the US and Canada can produce high-quality and high-tech commercial pictures.

However, the shortage of qualified personnel at virtually all stages of film production (scriptwriters, directors, sound engineers, soundmen, etc.) will remain one of the main problems of the cinema in the next five years.

According to experts, the reason for this situation is the lack of a well-coordinated system of film education, which allows providing the film industry with qualified specialists. Nevertheless, both state and private players intend to implement a number of projects in this direction.

In addition, as the national film industry of the producing countries of the specified groups develops, the narrow-profile specialists may be required, which are practically not educated anywhere, for example, the creators of languages (especially relevant for such genres as fantasy and fairytales).

For successful rental of films, both on the domestic market and abroad, in addition to high quality film production, it is necessary to actively promote the project. An important role is played by leading actors ("movie stars") as well. According to critics, in Western and Eastern Europe, in Brazil, Argentina and Russia there are a lot of talented actors, but the absence of a powerful PR-support, similar to that of Hollywood movie stars ("star cult" PR strategy) affects their recognition and popularity at the local and foreign levels.

The list of problems listed above is not exhaustive. At each stage of filmmaking in emerging economies and a high proportion of government influence, there are problems, omissions, financial losses and even fraud.

➤ General conclusions on problems in the world film industry

In general, the lack of a single functional infrastructure of the world film industry leads to the fact that the speed of the industry development, as well as the speed of the experience and achievements exchange, is critically slowing down.

Film business develops locally, this leads to imbalance and unequal conditions in the market. As a result, talented and promising film specialists do not have the opportunity to find their true vocation and deserved place in the mechanism of the film industry. Unrealized ideas and the unrevealed potential of people from completely different corners of the world lead to a lack of diversity in the world cinema distribution and a narrow choice in terms of the genre and its performance.

The most acute problem is the search for startups funding in the field of the film industry and for the production of motion pictures by independent and little-known filmmakers and producers. The difficulty lies in the lack of a single thematic platform for crowdfunding. There is a lack of a quality control center and an executive discipline for the projects in the field of cinema and culture put up for funding.

The new technological paradigm of the film industry must solve all the above problems and limitations.

The infrastructure created must provide automation and technological simplification of the key processes in the film industry, for example, attraction and placement of funding, process of film production, search and payment for performers (contractors) of various qualifications, advertising, distribution of products (formation of innovative access to media content) and many others.

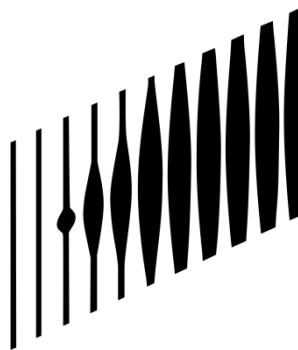
## SOLVING THE PROBLEMS OF THE CINEMA INDUSTRY - THE PURPOSE OF HOLLYWOODCOIN

We are proud to present you a tool that is designed to solve the full range of problems of the global film industry – HOLLYWOODCOIN (hereinafter referred to as HWC).

HWC has everything it takes to fulfill its ambitious goal - a total qualitative rebuilding of the global film industry infrastructure. The extensive and multifaceted experience of the team, deep knowledge and understanding of the industry needs, as well as interest in the development and implementation of the project by the largest film manufacturers around the world - this is what gives confidence in the speedy success and popularity of HOLLYWOODCOIN.

The HWC team has already got more than 30 specialists from different countries with experience in such areas as film production, IT-development, blockchain, economic planning and analysis, marketing, etc.

HWC has received serious interest from both large and small film studios and post production companies around the world. We have established reliable business relations with the world's leading film studios and received valuable feedback from their representatives on the project.



Our road map includes several different stages, such as development of technology, expansion of infrastructure, signing of partnership agreements and implementation of marketing initiatives. Terms and specific actions, if there are objective grounds, can be adjusted.

### *Spring 2017*

Creation of an initiative group of crypto currency developers, development of a system concept, drafting documentation for the development and implementation of the system, formation of a working group with interested partners and specialists of the film industry for further interaction and testing of the first versions of the platform and services.

### *Summer 2017*

Technical implementation in accordance with the project documentation - selection and editing of HWC code, setting up network ports and other maintenance elements, launching the coins generation process in blocks.

Formation of a professional team of marketers and developers in various countries of the world. Active involvement of partners and representatives, holding bounty campaigns.

### *Autumn 2017*

Conducting constructive negotiations with representatives and employees of financial departments and supply departments of leading film companies in the US and Canada, agreeing on future cooperation with the top managers.

Active negotiations with the companies: Miramax Films, 20 Century Fox, Sony Pictures Entertainment, Columbia Pictures, Pixar, Paramount Pictures, DreamWorks, Lionsgate, Castle Rock Entertainment, etc.

Carrying out introductory presentations and negotiations on cooperation with Marvel Studios, Focus Features, Happy Madison Productions, Lightstorm Entertainment and other leading film companies in the world.

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#### Winter 2017-2018

Adding HWC to the listings of leading crypto exchanges and analytical resources.

*For reference: currently HWC is represented on BTC-Alpha and Bit-Z exchanges and is also included in the CoinMarketCap service listing.*

*Technical specialists of the HWC team announced the forthcoming access to the stock exchanges: BITTREX, BINANCE, YOBIT, HitBTC and others.*

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#### May - June 2018

Development and implementation of an international on-line cinema platform, with free access for project partners and a paid annual subscription for all other platform users.

Release of an updated offline (local) wallet for Windows, MAC and Linux.

Registration of the official company - HOLLYWOODCOIN project representative - HWC Ltd.

Partnership with MGN company. Obtaining the status of the representative of the most powerful system in the world - SUPERCOMPUTER SUNWAY TAIHULIGH.

Opening of new offices in USA (Los Angeles) and the Russian Federation (Moscow).

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#### June 2018

The release of the alpha version of the Hollywoodcoin mobile wallet (application) for Android and IOS.

Joint project with the participation of Jean-Colas Prunier to create a unique platform developed for collaborative creativity, games and creating stream animated and sound sequences on different devices (smartphones, tablets, desktop computers, virtual/augmented reality) in real time and in fully interactive mode.

Opening a representative office in Singapore.



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#### July 2018

Creation of the innovative render HWC GlobalRender farm on the basis of the most powerful computing system in the world – Sunway Taihuligt. Announcement of the project website launch.

Adding HWC to the cryptocurrency exchanges of the TOP-5 rating.

Opening a representative office in Germany (Berlin).



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*August 2018*

Active work on signing the contracts for the films rendering with world film studios.

Opening a representative office in India (Mumbai).



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*September 2018*

Announcement of the beta version of an entertaining video game for mobile devices based on Android and IOS, with participation of a superhero - Captain Hollywood.

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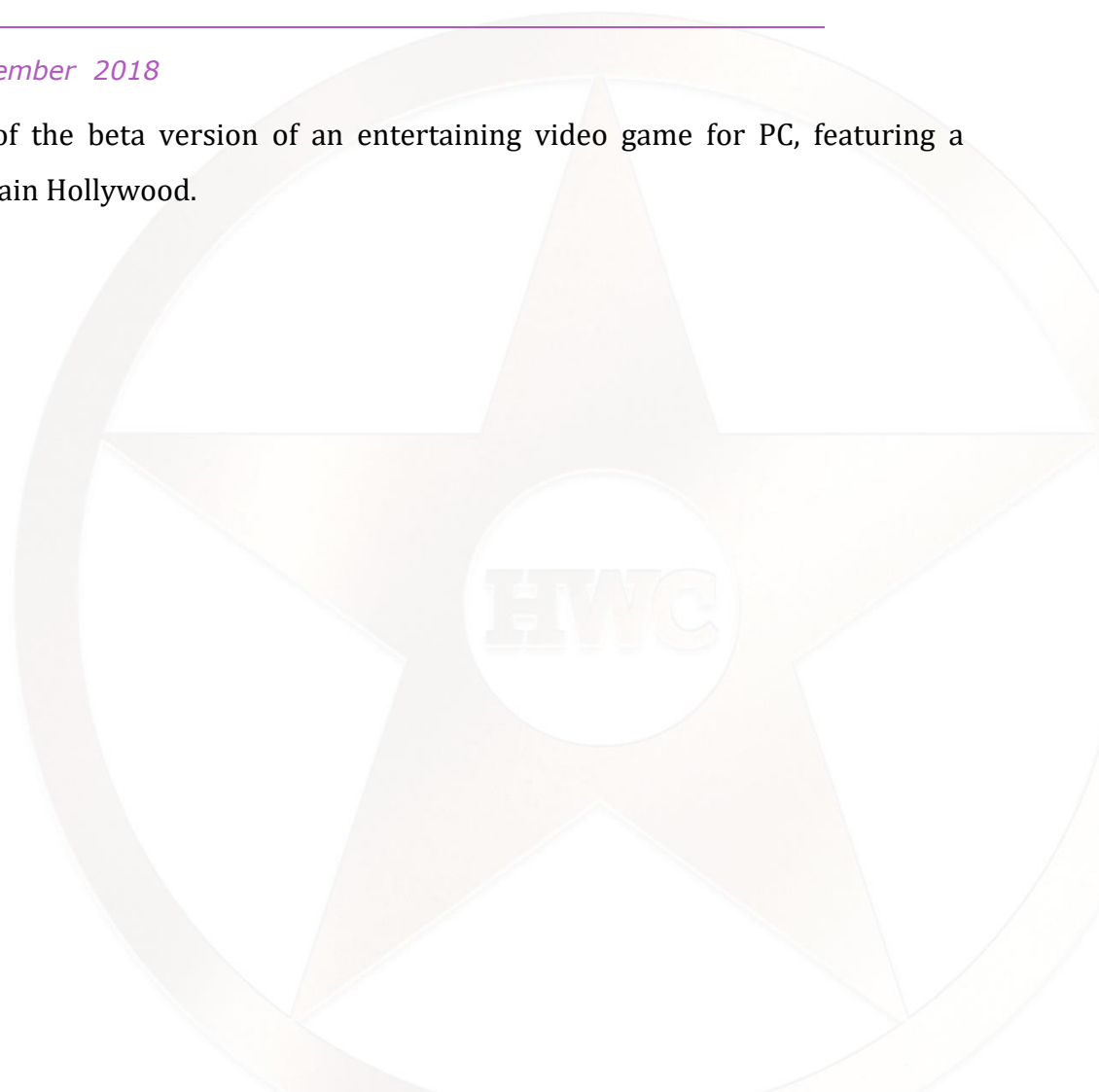
*November 2018*

Interactive social network. Development of the social network that unites customers and performers in the field of rendering, animation, graphic services and other areas of cinema, with services payment in HWC.

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*December 2018*

Announcement of the beta version of an entertaining video game for PC, featuring a superhero - Captain Hollywood.



We plan to select the countries to start the system based on the population, the level of concentration and the pace of development of the film production market. On the map below there is a preliminary list of the countries that can change later as the project develops:

- Stage 1: United States of America, China, Japan, India
- Stage 2: countries of Western Europe (France, Great Britain, Germany, Spain) and some countries of Eastern Europe
- Stage 3: Argentina, Brazil, Russia
- Stage 4: all other countries



The experience of the HWC founders, obtained in the process of creating and developing the project, gives a very strong impetus at the start. We will actively involve operators of independent film companies in the ecosystem, accelerating its geographical expansion and further increasing its decentralization.

Our goal is to cover the maximum amount of payments and communications between individuals and legal entities in the film industry and in related, cultural-mass areas by 2020.

Name coin	HollyWoodCoin
Algorithm	Scrypt
Type	POS
Ticker	HWC
Total coin supply	26 000 000
Pre-mine	18 200 000 <sup>4</sup>
	<b>48% yearly interest</b>
PoS Min. Age	1h
PoS Max. Age	unlimited
Confirmations for Mined Blocks	40 transactions
Transactions	6 blocks
Confirmations	60 Seconds Blocks for PoS
P2P port	10267
PRC port	10268

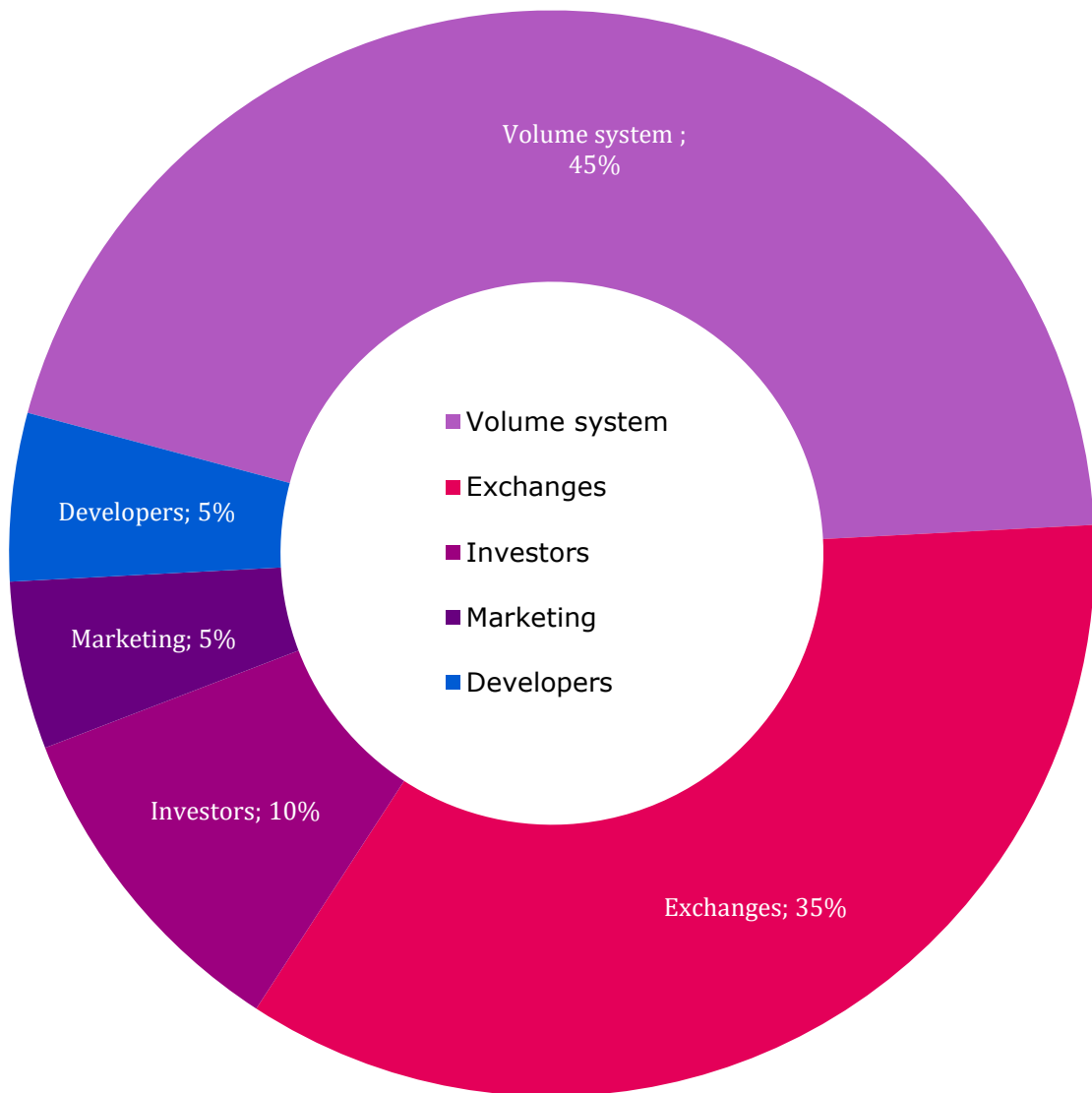
Proof-of-stake designs have become a more competitive form of peer-to-peer cryptocurrency to proof-of-work designs due to the elimination of dependency on energy consumption, thereby achieving lower inflation/lower transaction fees at comparable network security levels.

We reserve the right to make modifications to this code for the good of the community and the coin. HWC is not designed for speculation, rather a real world application to solve problems and create a new field for film industry stakeholders (artists, fans, services). We encourage the collaborative community to help us make the coin succeed with fair rewards for both development and coin adoption.

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<sup>4</sup> A significant part of the total HWC supply is due to pre-production because the required amount of investment is required for the development and development of infrastructure (services).

## Total supply: 26 000 000 HWC



45% of the funds raised will be used in strict accordance with the approved Roadmap for the development of the HOLLYWOODCOIN project.

Our road map involves the development of all functions for the HWC platform - multifunctional applications and interfaces for all the ecosystem participants, as well as powerful marketing support to accelerate the attraction of users (cinema fans, film startups, investors, specialists of various categories and qualifications, project partners, etc.).

HOLLYWOODCOIN ecosystem will be built in accordance with the principles of scalability and decentralization, which will ensure its stability and self-sufficiency in the long term.

One of our main tasks is the creation of a decentralized consumer marketplace for the people who have little experience in dealing with crypto-currencies and, probably, do not have deep knowledge of the blockchain.

The HWC ecosystem will expand beyond the crypto community and focus its activities on wide audience. The processes of purchasing, charging and using HWC will be realized intuitively for the consumers. When working on the on-line platform and in HOLLYWOODCOIN applications, the processes of opening and managing a crypto-currency wallet will be maximally simplified and safe.

Providing services for this audience requires perfect knowledge and constant monitoring of innovations in the film production segment. Due to extensive experience in the industry, our team knows exactly what consumers and key market participants want.



The main ecosystem participants and users of the HOLLYWOODCOIN infrastructure are:

- 1) team of technical and customer support specialists for the HOLLYWOODCOIN platform;
- 2) film companies / film studios, their representatives and persons who make certain managerial decisions;
- 3) legal entities providing work, services and goods necessary for the process of film production;
- 4) individuals (private executors, freelancers) providing works, services and goods necessary for the process of film production;
- 5) legal entities and individuals rendering services and works in the field of advertising and distribution of audiovisual content;

- 6) legal entities and individuals interested in attracting and (or) placing capital in the development of startups and projects in the field of cinema, culture, science, sports and charity;
- 7) project partners engaged in the expansion and popularization of HWC infrastructure by attracting new participants;
- 8) art lovers (film fans) interested in access to the HOLLYWOODCOIN platform for unlimited access to all audiovisual content and services.



To become a member of the ecosystem, the user creates an account on the HWC platform. During registration process, the system will create a user profile and his wallet.

### **HWC holders earn 48% per annum using PoS algorithm! <sup>5</sup>**

Each member of the ecosystem will be provided with a wallet, whose function is to protect user data (storage in a decentralized database), as well as the ability to interact with other participants and all the services available.

We actively place HWC on trading floors and exchanges, providing an opportunity to openly sell and buy them for the residents of those countries whose legislation does not prohibit such operations.

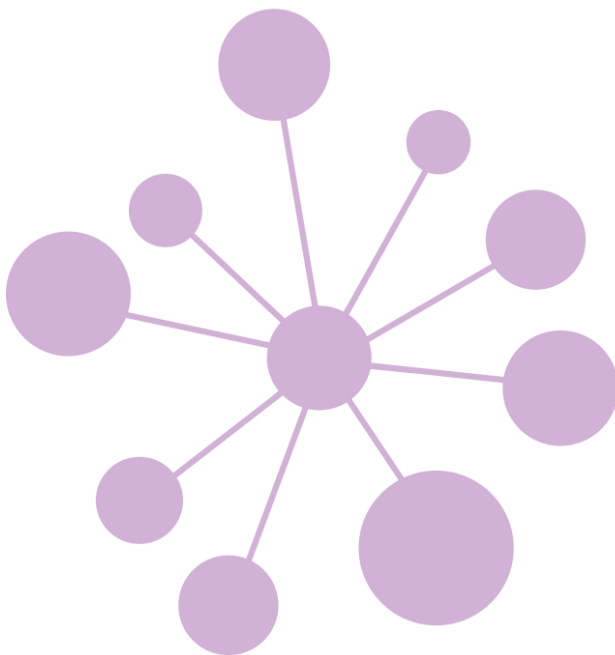
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<sup>5</sup> You buy a few coins and block them for mining (leave them lying in your wallet), depending on the amount you are charged a percentage every day.

HOLLYWOODCOIN is not only a technologically strong digital asset that will allow instant and safe settlements around the world, but also a whole range of innovative services that successfully solve all current problems and limitations of the global film industry.

The HWC platform is a decentralized multifunctional platform allowing the filmmakers affiliated with it to post information (in the portfolio format) about their competencies, capabilities and available technologies in the production of audiovisual content, conduct advertising campaigns, implement loyalty programs and receive orders and feedback from consumers.

The system allows its users to easily search and analyze performers around the world and further order products, services and goods. The HWC platform system provides the process of payment and exact execution of the order in accordance with the technical specification, and the use of complex algorithms in the interaction scheme excludes any possibility of fraud and / or falsification of the order execution results.



The HOLLYWOODCOIN platform will constantly expand and adapt to the newly identified needs of its users and partners.

At the present time, the infrastructure and the set of services correspond to the current needs and requirements of all the designated ecosystem participants.

**The platform includes the following elements:**

- Framework and wallet in the Rust programming language.

*Rust is an open source programming language.*

*The key features of the language are security, speed and parallelism. As opposed to C++, Rust provides guarantees of safe work with memory at the compile stage and with an allowance for multithreading while keeping a high capacity and providing abstractions of the C++ level.*

*The update will comprise:*

- *The framework will implement the basic functionality of the present wallet (PoW/PoS, blockchain, keys, etc.);*
- *Wallet.*

*The wallet will contain all of the interfaces available currently and the additional API.*

*There will also be an improved graphical user interface.*

*We will add new features for the security of backups, conservation and restoration of private keys, etc.*

*The possibilities of dynamic interaction will be implemented with the mobile wallets by QR-codes.*

*Standardisation and transition to a unified solution for all systems with a new version of the library superior to the current values of the net.*

*After implementing the wallet in Rust, the HollyWoodCoin cryptocurrency will acquire a new upgrade code which will enable developers to create their own unique apps based on the HollyWoodCoin, which will use HWC.*

- Adapted application for mobile devices and personal computers in the format of an interactive social network (with support for the main functionality of the platform).



- The qualifications of performers in the field of film production are not limited, nevertheless it is worth noting that the most popular are: writers and directors; sound engineers and sound technicians, specialists in film music; costume designers and art directors; animators and computer graphics specialists; owners of various equipment and implements for filming, promoters, fundraisers.
- Reputation system is an important link for establishing trust between the counterparties. Initially, the rating will be entered for the executors and participants of the process, and can subsequently be introduced for the customers.
- We plan to implement this system in such a way that it can automatically calculate the rating and receive confirmed information from consumers, maintaining their anonymity, meeting the following quality and safety requirements:
  - *Transparency: it should be clear how ratings are credited;*
  - *Legitimacy: only a certain set of participants (i.e., customers of works and services) has the option of rating;*
  - *Integrity: it should be difficult (and even better - impossible) to manipulate ratings;*
  - *Confidentiality: consumers who give assessments do not disclose their identity or any other personal information.*
- Affiliate program with a wide range of rewards and referral bonuses for additional coin earnings and direct participation in the scaling and distribution of the project.
- Platform for attracting and / or placing private investments.

*Independent film companies of different countries, as well as simply talented creative people, often create stunning concepts and ideas. Their arsenal includes startups in the film industry (interactive cinematography, virtual reality, digital actors, etc.), projects in the field of culture and promotion of a healthy lifestyle, film scripts in the newest format, etc.*

*All these projects are very promising and interesting, but they have difficulties in attracting investments due to the lack of direct access to the platforms with high concentration of such interest.*

*HOLLYWOODCOIN crowdfunding platform will allow its applicants to publish detailed information about such projects, on the one hand, and on the other - to conduct analysis, discussion and direct commercial financing of the most worthy and profitable projects.*

*In addition, the possibility of direct target financing of world's largest film studios film projects is being studied, to exclude a) state participation and pressure, b) borrowed capital with overvalued loan rates.*

*The functionality of the HWC platform will be supplemented by a system for monitoring the implementation of the announced work plans for projects, as well as a system for phased charging and reporting on the use of the funds raised.*

- International on-line cinema for the project partners - access to all novelties of the partner companies through the private office. It is free!



- Thematic news feed from HWC analysts (with the opportunity to initiate discussions and create your own topics).

The project development team sees HWC as the leading settlement tool not only for the US film industry, but for the whole world by 2019. The infrastructure, based on HWC, will definitely make a long-awaited, qualitative revolution in the industry.

According to the researchers' forecasts, the film industry will become one of the world's top five industries by 2040 (PriceWaterhouseCoopers report) and will increase its capitalization many times over.

According to the reports from the Motion Picture Association of America (MPAA), the US film industry supports 2 million jobs, annually paying more than \$ 130 billion in wages. About 300,000 film production companies are concentrated on the territory of the country, whose services cost \$ 43 billion in 2015. The volume of sales of the United States film business amounted to 131 billion in 2015. Statistics for 2016-2017 in official sources has not yet been published, but experts unanimously state that interest in special effects and innovations in the field of film production is growing at a very fast pace.

In general, the money turnover of the world film industry significantly exceeds the \$ 1 trillion mark, 55% of which fall on the USA, Canada and China. The founders and partners of the project aim to transfer the fiat turnover of the film business of these countries into the HOLLYWOODCOIN crypto currency, and to begin scaling and actively spreading the platform around the world in 2019 (in accordance with the established geographic expansion plan).

**70% of the world turnover of the film industry is the value of the capitalization of HOLLYWOODCOIN, which the cryptocurrency can reach already by 2025.**

## BENEFITS FOR PARTNERS

The HOLLYWOODCOIN team invites representatives from all over the world to cooperation and joint development (partnership) .

The following types of contracts are available for purchase:

### 1 LEVEL



**0.05 HWC** for a participant you have invited

Opens access to 1 level partnership program and purchase of a 2 level contract with all its advantages

For a registered participant you have invited you receive a 0.05 HWC bonus

### 2 LEVEL



Cost: **5 HWC**

**0.5 HWC** for purchasing a 2 level contract in your structure

Opens access to the 2 level partnership program. For purchasing a 2 level contract in your structure you receive 0.5 HWC. It opens access to Hollywoodcoin services such as 1. International online cinema (currently under development) 2. Kickstart platform (currently under development), etc.

### 3 LEVEL



Cost: **25 HWC**

**3.75 HWC** for purchasing a 3 level contract in your structure

### 4 LEVEL



Cost: **100 HWC**

**15 HWC** for purchasing a 4 level contract in your structure

### 5 LEVEL



Cost: **375 HWC**

**45 HWC** for purchasing a 5 level contract in your structure

### 6 LEVEL



Cost: **1125 HWC**

**140 HWC** for purchasing a 6 level contract in your structure



### 7 LEVEL



Cost: **2375 HWC**

**425 HWC** for a participant you have invited



The use of contracts in the affiliate program gives you the opportunity to earn rewards and additional functionality of our platform, which is currently in development



At the same time you help us to grow and improve in the implementation of our products



For registration you will automatically receive the contract with 0.5 HWC value, opening access to level 1 affiliate program



We are always open for any interaction and teamwork.

We accept feedback on the project with great interest.

Our inspiration is the craziest and boldest ideas of our like-minded people and investors.

If you have constructive and interesting proposals for consideration and addition to the Roadmap for the HOLLYWOODCOIN project development, write to our official mail or support service:

info@hollywoodcoin.us  
support@hollywoodcoin.us

## ACKNOWLEDGEMENTS

*On behalf of the team of Hollywoodcoin developers, marketers, and managers, we would like to specially acknowledge our deepest gratitude to everyone who helped to launch and develop the project to the results we have already achieved today.*

*We are grateful for everyone's contribution to our joint mission, for your highly qualified work, for your patience and unwavering belief in our success.*

*We are looking forward to maintaining the existing business and friendly relations with all the project participants, as well as to speeding up the development and implementation of the system to the work of not only Hollywood and the US-based film companies, but also of all the leading film industries globally.*

*We extend separate gratitude to a considerable number of investors who did not need much time and reflection to recognize the working concept of the project.*

*We thank you for making a decision to become a part of not only our team, but also of a huge mechanism of settlements and financing in the film industry.*



# SUPPORT HOLLYWOODCOIN !



**HWC**

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