

# Kino-mo

Kino-mo developed unique advertising platforms where moving 3D images can be projected on bike wheels or appear to be floating in mid-air. Aston Martin, Intel, Samsung and BNP Paribas are some of the companies who already used Kino-mo Bikes.

Imagine Boris Bikes with ads showing on their wheels when they are being ridden around London - and the ads can change depending on which stores or venues they are near to. Or see 3D images of items tumbling in mid-air in shopping malls and conference halls.

<b>Platform provider</b>	Crowdcube	<b>Equity, Loan or Donation</b>	Equity
<b>A B2B or B2C organisation</b>	B2B	<b>Business sector</b>	Advertising/media/technology
<b>Campaign period</b>	Jan-Feb 2015	<b>Name of organisation</b>	Kino-mo

## The Pitch

### The Idea

Brands and advertisers are always in search of more effective ways to increase sales. In the fast-growing digital outdoor advertising market, the value of new disruptive technologies increases tenfold.

We have developed and filed a patent for two products which we believe would astonish even the most sophisticated viewers. We created advertising media with a holographic effect with graphics appearing floating in mid-air.

**Kino-mo 3D display** - Transparent displays projecting 3D holographic images and videos which we consider is a long-anticipated, cost-effective and easy-to-set-up alternative to holography. We believe Kino-mo technology can open a new era of displays. Kino-mo displays are being monetized through retail and the network of novel 3D advertising billboards set-up in high-footfall places.

**Kino-mo Advertising Bikes** – Videos and images projected from bicycle wheels which are designed to turn them into new, mobile and eye-catching advertising media. Thousands of pictures and videos can be transferred onto the wheels from computers and smartphones within a few minutes. The company is selling licenses for this new advertising concept around the world and are currently developing a prototype for City Bikes (eg. Barclays bikes in London). Our research suggests that Kino-mo is the only technology suitable for this type of advertising.

Compared to our nearest competitor, our research shows that Kino-mo bikes feature:

- At least 7.5 times higher resolution, with over 43 000 pixels. This allows greater detail which we believe is essential for advertising
- Very high brightness which makes daytime advertising possible
- At least 64x more colours (262,000 overall)
- Graphics become visible at only 4mph (as opposed to 8 mph) meaning images are visible for longer and viewers have long enough to comprehend the advertising message.
- User-friendly software to create and transfer advertising content easily

Trial Kino-mo advertising projects have been delivered for global brands such as Samsung, Aston Martin, General Electric & Intel. The company has already sold licenses to Japanese, Mexican and Irish companies for Kino-mo usage even before the launch of our product and we have received partnership inquiries from over 40 countries.

## **The Market**

The outdoor advertising markets, both British and international, are increasing. The global market is forecast to grow by 4.7% pa and to reach £28bn by 2018 with the UK, USA and China being key growth markets. The British outdoor advertising market is at the forefront in Western Europe with UK spending accounting for 30% of the total.

According to a Goldmedia report (2012), digital out-of-home advertising currently enjoys a 21.5% share of total outdoor media spend with revenues growing over the last 5 years by over 300%. We are therefore confident that this is a suitable time to penetrate the fast-growing digital outdoor market with such disruptive technology as Kino-mo.

We envisage a number of revenue-generating options:

### **3D Displays**

Kino-mo 3D displays a 'holographic' effect and the appearance of content floating in mid-air along with the see-through effect which can be effectively used in advertising and is thought to appeal to brands. The manufacturing cost of the 22' version is as low as £180.

Our transparent 3D displays are designed to be positioned in window displays, exhibition stands, bars, night clubs and other venues to drive sales uplift, direct shoppers to selected areas and deliver targeted messages. We sell the 3D displays of various designs and sizes by retail to events, exhibitions, retailers, the gaming industry amongst others.

### **Network of Transparent Advertising Displays**

We plan to install transparent digital 3D displays in high footfall places (e.g. shopping malls, stations, airports) and other public places (bars, night clubs, casinos) across the UK and then sell the aggregated advertising space on the national level, through advertising agencies. All Kino-mo 3D displays incorporate a GSM-module to allow instant and remote content upload onto all the displays in the network.

The planned marketing route to shopping malls, stations, bars, night clubs, and casinos across the UK is through direct targeting and partner alliances. Our industry experience tells us that it is an established model in the UK to sell digital advertising space to 5-8 advertisers by 10 second ads. We estimate that on average 83% of advertising time will be sold and profits derived from selling advertising space will be divided equally between ourselves and the venue owners. Based on our research and the calculations provided in the business plan, we estimate that Kino-mo 3D displays will be installed in 500 venues within 5 years bringing the company revenues equal to 27mn in Year 5.

### **Billboard Extensions**

Kino-mo displays can also be mounted onto existing non-digital billboards to drive engagement and enhance the brand image. With Kino-mo extensions, 3D graphics can be created in the office and transferred remotely to all billboards across the country. The company has already received a first order for 50 billboard extensions.

### **Kino-mo Advertising Bikes**

#### **Licensing**

Kino-mo is currently selling licenses for the new bicycle advertising concept to advertising and media companies in other countries. A licensee typically pays a £20,000 initial license fee and 10% commission from revenues. Having successfully run trial projects with Kino-mo video-bicycles for Samsung, Intel, Aston Martin and BNP Paribas Bank, the company obtained sufficient data to prove the demand for the new advertising medium. Considering there are around 20 companies in the UK alone providing similar type of advertising on vehicles with poster panels, we project to sell over 300 licensees to companies in the developed (US, Germany, France, Holland, Australia etc.) and developing (Brazil, Argentina, China, Russia etc.) markets.

We assume that an average licensee will obtain about 15 advertising projects a year generating £150,000 in the first year. We believe they will be operating at full capacity in the second year generating approximately £300,000 of which we would take 10%. Whilst we assume that 20% of all licensees will not succeed, we expect to receive £30m in revenues from licensing within 5 years.

### **City Bikes**

According to the Institute for Transportation and Development, there are over 700,000 shared bicycles in more than 600 cities across the globe. Normally, a bicycle sharing scheme is funded by governments/cities and sponsors, however several European cities have signed contracts with advertising agencies (JCDecaux in Brussels, Paris, & Dublin, Clear Channel in Stockholm, Oslo and Barcelona). To estimate the market opportunity, Barclays paid £50m to put its logo onto thousands of bikes and stations in London. In Paris, JCDecaux paid the start-up and operating costs and is generating revenues of up to €60m annually from advertising specifically associated with the scheme (on bikes, stations & kiosks etc.).

We are confident that Kino-mo offers a tempting opportunity for brands to advertise on thousands of moving digital screens across cities in a very eye-catching manner which adds an entertaining element to city life. We believe that a large outdoor advertising company such as JCDecaux or Clear Channel will act as a sponsor of the project paying our company's fee and installation costs to enable revenue generation from selling the digital space on bicycles to advertisers.

Kino-mo mounted on City Bikes will include a GSM-module: by pressing a button one will be able to remotely upload advertising content onto all Kino-mo bicycles across the city and use geo-location based advertising (thus ads can be tailored for an individual bike's location). Just as for digital billboards, the digital advertising space on bikes is assumed to be sold to several advertisers simultaneously.

In line with the calculations provided in the business plan, the revenue of the company-sponsor will amount to £130m within 5 years of operation. 10% from this revenue (£13m) is assumed to be remitted to Kino-mo.

## **The people**

### **Kiryl Chykeyuk and Art Stavenka - Co-Founders**

Art and Kiryl grew up together in the same street and over the years fuelled their entrepreneurial passion until now. In their early 20s they developed from scratch and co-founded a small start-up in outdoor advertising which they later sold to a partner.

In 2012 they founded Kino-mo (previously known as Old Bond London) and a few months later appeared on BBC's Dragon's Den where they received three investment offers.

Kiryl has a background in image/video processing and software engineering with a PHD in Engineering Science from the University of Oxford.

Art has 4 years' experience in international law, a PhD in Economics from UCL and a Law degree from the University of Manchester

Kiryl takes charge of product development, while Art is responsible for sales and marketing.

### **Stevie Spring – Advisor and shareholder**

- Former CEO of Clear Channel (UK branch), one of the largest outdoor advertising company in the world
- Former CEO of Future plc - a fully listed international consumer publishing company

- A Fellow of the Institute of Practitioners in Advertising
- Chairman of BBC Children in Need

**Stephen Greenslade – Non-Executive Director**

- Principal Solutions Architect at EE with extensive experience in the industry
- Background in business development for blue-chip organizations

**Dmitri Malinovski - Engineer, product development**

- Head of Product Development

**Alex Darrell - Engineer, product development**

- Oxford graduate and dedicated engineer
- Over 11 years' experience in software engineering and a PHD in Biomedical Engineering

**Robert Bailey - Sales Advisor**

- Managing Director (Tenet Group/Made to Marketing Limited)

**The Financials**

These notes should be read alongside the Financial Snapshot

**SALES:** Revenues are generated from a number of sources, please refer to our full business plan for more detail

**USE OF FUNDS:** The funds will be spent on product development and marketing

**EXPENSES AND PROFITABILITY:** The main expense in the first year is Research and Development.

**EXISTING DEBT OR EQUITY INVESTMENTS:** Director's loan of £35K was issued to manufacture technology units worth of £35K which are currently on the balance of the company as inventory

**CREDITORS:** We are not in any form of insolvency proceedings. So far we have not established any form of payment plans with creditors.

**The Exit Strategy**

It is understood that the disruptive technology we have developed will be of strategic interest to major tech and outdoor advertising companies. Once a sufficient market share is secured, the choice of exit opportunities is assumed to be wide.

With the money raised, we aim to reach a market valuation of £35 million in 2018, based on conservative projections. A four to six year exit strategy is envisaged with the exit expected to be made through trade sale. Other possible options include selling the business to a private equity and IPO - subject to market conditions. The option presenting the best value would be selected in agreement with our stakeholders.

**Share Types**

This company is offering both A and B shares. If you invest £10,000 or more you will receive A-shares which have full voting rights. If you invest less than £10,000 you will receive B-shares which have no voting rights or pre-emption.

## Tax relief

**Kino-mo** has submitted their plans to raise money, details of their structure and trade etc. to HMRC and is awaiting advice on whether or not the proposed share issue is likely to qualify for Enterprise Investment Scheme (EIS) tax reliefs relating to their shares.

Tax relief is available to individuals only, who subscribe for shares in an **Enterprise Investment Scheme (EIS)**. Relief is at 30 per cent of the cost of the shares, to be set against the individual's Income Tax liability for the tax year in which the investment was made.

If you sell, give away, exchange or otherwise dispose of shares, tax reliefs can reduce your **Capital Gains Tax** bill. Your shares must meet certain conditions to qualify for these reliefs.

Please visit the [HMRC website](#) for further information on EIS tax relief

The availability of any tax relief, including EIS and SEIS, depends on the individual circumstances of each investors, and may be subject to change in the future. If you are in any doubt about the availability of any tax reliefs, or the tax treatment of your investment, you should obtain independent tax advice before proceeding with your investment.

1,974 words

## Video

Use this link to watch the 6 minute 25 seconds video film Kino-mo used as part of their crowdfunding project: <https://www.youtube.com/watch?v=94EwFJ31hXI>



## Results

Kino-mo received £426,210 from 359 investors in exchange for 15.93% of equity.

This exceeded their £250,000 target by 170%.

It valued the company at almost £2.7m. If they achieve their aim of a market evaluation of £35m in 2018 then these backers will have seen their investment grow by almost 1,300%.

The largest individual investment was £30,000.