



THE FILM ENTREPRENEUR:

A Newsletter for Independent Filmmakers and Investors



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INDIES RISE ABOVE 2017's CHALLENGES

This year has been the strangest in the 30 years that I have been working in this business and 24 since the first issue of this newsletter. There are always ups and downs in the box office and theater attendance, but this year has had a social renaissance in addition to movie companies and theater chains coming and going with mergers, potential bankruptcies, etc.

Independent films delivered another year of quality, award-nominated films. The Indie segment's total revenues at the North American box office fell 6.8 percent to \$2.7 billion however, compared to the total North American box office which fell only 2.3 percent to an estimated \$11.12 billion. Admissions to theaters in the U.S and Canada slumped 5.8 percent to 1.24 billion in 2017, the lowest attendance since 1992, according to estimates from boxofficemojo.com. Rising ticket prices in 2017 kept the total domestic box office between \$11.1 and \$11.2 billion, but that is still down from 2016. The only advance in the Indie sector was for films earning \$100 million or more which was up 8 percent bolstered by the \$175.5 million of *Get Out*. The revenues for films earning between \$20 and \$99 million were down 9 percent, with a big 43 percent drop for films earning between \$10 and \$19 million at the box office.

The Independent film revenues were affected by many of the same items that have affected the total box office. The sexual scandals have impacted exec ranks and actors throughout the industry. For independents, the loss of people with business vision may have a bigger impact than in studios. Releasing blockbusters takes significant funds but not vision. Independent distributors may have the vision but not the funds. On the other hand, they have another advantage over studios when it comes to profit. Without as much overhead and executive baggage, they often are more flexible. It is particularly true in the under \$10M budgets where the post-theatrical revenue sources where each dollar has a more significant impact on getting to profit.

Franchise fatigue which has affected North American studios, China and other parts of the world has not been a factor on Indies this year. Many potential franchises already were acquired by studio labels. The loss of a 2017 release for *Paddington 2* due to its sale by The Weinstein Company to Paramount is a factor. The film likely would have brought the loss for the sector for 2017 down to 4 percent. It was released the first week in 2018 and will bolster the Indie totals for this year. The initial box office of \$50 million supports a theory that franchises are good at least through their second iteration. “Audiences aren’t dumb,” said Patrick Corcoran, spokesperson for the National Association of Theatre Owners, an exhibition industry trade organization. When a movie has the number five at the end of its title, there are going to be concerns about how much story is left to tell.”

General audience fatigue appears to be a more common factor. “You have to find ways to stay fresh,” said Adrian Smith, President, Sony Domestic Distribution. “That’s harder to do, but you’ll be rewarded for it.” That is the independent filmmakers’ wheelhouse, the area where they excel. The distributors also need to go outside of their comfort zone, however, and have a vision for what the audience wants. What I have seen this year appears to be something like a malaise among many of them. If there is a silver lining for investors, it’s that better movies should deliver better returns this year, according to Bloomberg Intelligence. We need distributors to get on board with knowing the audience for the films.

There is a lot to look forward to in 2018. Newer companies like Byron Allen’s Entertainment Studios, which had a hit with *47 Meters Down*, keep moving into the independent distribution area. “There has to be a place carved out for independents, films where the heroes don’t fly around in capes, but there are journeys and struggles we need to learn from and be inspired by. No pun intended, but we’ve got to circle the wagons by supporting movies like *Hostiles*, or *I, Tonya*, independently distributed and made.” Tom Quinn of newbie Neon said, “There is room for more versatility and more challenging cinema and that’s important to us.”

There also may be another shift. While I have always believed that millennials will go to the movies despite cell phones, Movie Pass feels they have proof. The company has attracted more than 1 million subscribers to its service by charging \$9.95 a month in exchange for enabling customers to see a movie a day with 75 percent of its subscribers being millennials. “Young people have been abandoning theaters, but they make up our first wave of customers,” said Mitch Lowe, MoviePass’ CEO. “They grew up with subscription services like Netflix and cable and Hulu. They prefer to see movies in the theater, but they don’t like the risk of seeing a movie they hate and wasting fifteen bucks. This gives them an alternative.”

Of course, Netflix, Amazon, Hulu and other streamers remain in this space. Since their dollars are kept private, we must deal with what we know. When we get people to the theater, the ancillary and foreign dollars will bring back profits for many investors. Comscore’s Paul Dergarabedian said it best, “Let’s get creative people and think outside of the box. We can’t become the next Tower Records.”

May your 2018 be full of joy and good movies!

THEATRICAL PRODUCT LEADS HOME ENTERTAINMENT SALES

Total U.S. home entertainment spending totaled \$20.5 billion in 2017, up 5 percent from 2016, reports The Digital Entertainment Group (DEG). Electronic sell-through, which includes the electronic sell-through of digital content, rose 5.7 percent. The results outperformed the industry's box office sales.

Other highlights of the report are:

- Subscription streaming (sVOD) also rose 31 percent with total digital up 19.5 percent. DEG redefined subscription streaming this year beyond Netflix to include an expanded, unspecified list encompassing Hulu, Amazon, HBO Go and CBS All Access. The DEG's report has been the target of criticism in the past because it counts sVOD in overall U.S. home entertainment spending, according to *Variety*. "Disc revenues, after all, have been cannibalized precisely because of subscription streaming, which provides a much lower margin to the studios. The data is likely to renew pressure on studios to adjust theatrical distribution windows, particularly since the 2017 box office was down from the year before and saw fewer moviegoers."
- Video on Demand (VOD) was off 7%.
- Brick-and-mortar rentals and kiosk rentals declined a combined 17%, falling to just over \$2 billion.
- Blu-ray playback devices (including set-tops and game consoles) are now in 97 million U.S. households.
- Consumers continue to adopt 4K UHD technology. More than 14.6 million 4K UHD TVs were sold in 2017, bringing the total households to date to more than 30 million. In addition, there are approximately 8 million households with 4K UHD Blu-ray playback devices (including set-top players and game consoles);
- HDTV (including 4K UHD) penetration now totals more than 120 million households;

For more info, check out the detailed chart at: http://degonline.org/portfolio_page/deg-year-end-2017-home-entertainment-report/

<http://variety.com/2018/digital/news/home-entertainment-spending-2017-1202658638/>

THE INGREDIENTS FOR A GREAT MOCKUMENTARY

Extracted from an article by [Baptiste Charles](#) at Raindance.org. For more detail on each of the three items, please go to: <https://www.raindance.org/ingredients-great-mockumentary/>

Let's get real. We like to laugh at the expense of other people. It's a fine line between laughing *at* and laughing *with* someone in a movie, and truly successful comedies manage to make characters relatable enough that we don't want to cross the border of meanness. One of the trickiest and greatest forms of comedies is the mockumentary, or a fake documentary: the film that has all the codes of the documentary and pretends to be one but is fiction. Some of the most hilarious comedies in history have been mockumentaries. They are, however, a tricky feat to achieve, a recipe that needs to achieve a fine balance of several ingredients.

Don't be afraid of clichés

Clichés are a difficult balance to manage in movies, as we've seen all of them before. Subjects of mockumentaries are usually very odd and/or very relatable . . . however, when you make them funny enough as well as relatable enough, then you've got something going.

Don't use too many talking heads

Talking head interviews are a terrific tool in a mockumentary. . . They can't be used too often, as they then become a significant part of the film and take us out of the action. They should be used like spices, lightly, but to great effect.

Make it real

If you're going to use the documentary form, then it brings a lot of constraints in terms of the realism that you'll have to show on screen . . . And performances will also have to be directed to be as true-to-life as possible in the case of a tightly-scripted film. 🍷

SUNDANCE ADDS CODE OF CONDUCT

The Sundance Film Festival has a *new* code of conduct and has partnered with the Utah Attorney General's office on a 24-hour safety hotline: 801-834-1944. The new code reads: "Sundance Film Festival is an environment where bold, creative, and distinctive voices are celebrated. Sundance Institute is committed to allowing attendees to experience the Sundance Film Festival free of harassment, discrimination, sexism, and threatening or disrespectful behavior. We reserve the right to revoke, without notice or refund, credentials or access to Festival events and venues for those who engage in such conduct."

The festival had planned on updating the ongoing policies, but the Weinstein scandal prompted the timing. The Weinstein company is linked to the festival by virtue of its long association. "Sundance is really the first grand community gathering after all this has hit," Sundance director John Cooper told *Reuters* in November. "So we're looking for ways to form a community around it...and making it very safe — not only a safe to do your work but a safe place to talk about these issues." Cooper added that Weinstein, last spotted in Arizona, had not requested a credential for the 2018 edition. <http://www.indiewire.com/2018/01/sundance-film-festival-2018-code-of-conduct-sexual-assault-1201916231/> 🍷

COMINGS AND GOINGS

Tang Media Partners has rebranded as **Global Road Entertainment** with the intention of becoming an integrated global content studio. The company has been assembling entertainment assets in recent years, acquiring Open Road (*Spotlight* distributor) in August for \$29 million, one year after it picked up IM Global and launched a TV joint venture with Chinese tech giant Tencent. The company also hired Rob Friedman, former Co-Chairman of Lionsgate Motion Picture Group, as Chairman and CEO of the now-Global Road entity. He oversees the various entertainment properties. I wanted to build another worldwide content company, Friedman told *The Hollywood Reporter*. “With all divisions working under the same name we can now not only provide a focus to the marketplace, but also operate as one forward-facing brand that engages the creative community and all distribution platforms both existing and future,”

Filmmaker Jean-Marc Vallée and his longtime producing partner Nathan Ross have formed **Crazyrose**, a full-service production company dedicated to developing, financing and producing original content. The company will partner to make film, TV and documentaries with Alex Walton and Ken Kao’s Bloom. The deal will cover projects that Vallée will direct, and those he won’t. The pair received Golden Globes and Emmys for *Big Little Lies*’ limited series that took home a total of eight Emmys (including best director for Jean-Marc Vallée) and four Golden Globes. This was their first foray into television following a run of films including Oscar nominated *Dallas Buyers Club*, which included Oscar wins for Matthew McConaughey and Jared Leto, as well as *Wild*, starring Witherspoon and Dern, both of whom were Oscar nominated. In a statement, Alex Walton and Ken Kao said, “Jean-Marc Vallée and Nathan Ross have proven to be a first-class team in high-end feature film and television, we are so delighted that they have chosen Bloom as their strategic partner to help further grow their output.

Naveen Prasad, Elevation Pictures EVP and General Manager is stepping down from his posts to launch **Impossible Objects** in partnership with EVP. The new venture will focus primarily on packaging and producing features and television. Under a multi-year output deal, Elevation will acquire and serve as Canadian distributor of the film slate and has signed a first-look development pact for Impossible Objects’ TV projects. Writer/director/producer Jamie M. Dagg has joined Prasad as a partner and producer. Prasad will continue being as a Strategic Consultant for Elevation as Strategic Consultant and the new company will be based out of EVP’s corporate office in Toronto. Prasad joined EVP in 2014 to oversee the company’s overall distribution and production activities including the release of such films as recent Golden Globe Nominees *Lady Bird*, *The Disaster Artist*, *The Florida Project* and *The Breadwinner*

London-based financing outfit The Fyzz Facility is launching an **Individual Savings Account (ISA)** that will allow savers to invest in film production, reports screendaily.com. The plan, said to be the first of its kind in the UK screendaily.com reports, will return up to 5% per year (returned quarterly after the first year) on a committed 60-month term, and will include the regular tax-benefits of ISA products. Investments begin from £2,000 (US\$2,702.29) — capped at £20,000 (US\$27,025.17) and will be spread across a portfolio of film investments from The Fyzz, including projects produced by The Fyzz’s production arm, as well as external ones. ■

NUMBERS! NUMBERS! NUMBERS!

(North American Box Office) LOW-BUDGET INDEPENDENT FILMS (\$10.0M and under)

FILM	DISTRIBUTOR	REVENUE	COST
		thous. \$	thous. \$
<i>47 Meters Down</i>	Entertainment Studios Motion Pictures	44,307	5,000
<i>All Saints</i>	Pure Flix	5,802	2,000
<i>Belko Experiment, The</i>	BH Tilt	10,167	5,000
<i>Big Sick, The</i>	Lionsgate/Amazon	42,872	5,000
<i>Call Me By Your Name*</i>	Sony Pictures Classics	4,656	3,500
<i>Case for Christ, The</i>	Pure Flix	14,682	3,000
<i>Collide</i>	Open Road Films	2,280	800
<i>Disaster Artist, The*</i>	A24	17,862	10,000
<i>Florida Project, The*</i>	A24	5,297	2,000
<i>Ghost Story, A</i>	A24/Amazon	1,596	100
<i>I Am Not Your Negro</i>	Magnolia	7,124	1,000
<i>It Comes At Night</i>	A24	13,985	3,800
<i>Jigsaw</i>	Lionsgate	38,053	10,000
<i>Lady Bird*</i>	A24	31,432	10,000
<i>Let There Be Light*</i>	Atlas Distribution	7,208	3,000
<i>Loving Vincent*</i>	Good Deed	6,253	6,500
<i>Maudie</i>	Sony Pictures Classics	6,171	5,600
<i>Paris Can Wait</i>	Sony Pictures Classics	5,618	5,000
<i>Same Kind of Different As Me*</i>	Pure Flix	6,394	6,500

*Still in North American distribution as of December 31, 2017. Revenues are from boxoffice.com and boxofficemojo.com. Negative costs (production prior to prints and ads) are approximate, based either on industry estimates, and published interviews with filmmakers or personal conversations with filmmakers.

MORE NUMBERS! NUMBERS! NUMBERS!

(North American Box Office)
HIGH-BUDGET INDEPENDENT FILMS (Over \$10.0M)

FILM	DISTRIBUTOR	REV.	COST
		thous. \$	thous. \$
<i>All Eyez On Me</i>	Lionsgate/Summit	44,922	45,000
<i>American Assassin</i>	Lionsgate	36,250	33,000
<i>Atomic Blond</i>	Focus Features	51,574	30,000
<i>Baby Driver</i>	TriStar	107,826	34,000
<i>Bad Mom's Christmas, A*</i>	STX Entertainment	71,892	28,000
<i>Circle, The</i>	STX Entertainment	20,498	18,000
<i>Darkest Hour*</i>	Focus Films	18,132	30,000
<i>Detroit</i>	Annapurna	16,790	34,000
<i>Foreigner, The</i>	STX Entertainment	34,393	35,000
<i>Hitman's Bodyguard, The</i>	Lionsgate/Summit	75,455	30,000
<i>Home Again</i>	Open Road	27,020	12,000
<i>Kidnap</i>	Aviron	30,718	21,000
<i>Leap!</i>	The Weinstein Co.	21,858	30,000
<i>Logan Lucky</i>	Bleecker Street	27,871	29,000
<i>Lost City of Z, The</i>	Bleecker Street	8,580	30,000
<i>Marshall*</i>	Open Road	9,468	12,000
<i>Nut Job 2, The: Nutty by Nature</i>	Open Road	28,370	40,000
<i>Only the Brave*</i>	Sony	18,181	38,000
<i>Three Billboards Outside of Ebbing, MO*</i>	Fox Searchlight	24,165	15,000
<i>Tyler Perry's Boo2! A Madea Halloween</i>	Lionsgate	47,319	25,000
<i>Wind River</i>	The Weinstein Co.	33,801	11,000
<i>Wish Upon</i>	Broad Green	14,301	12,000
<i>Wonder*</i>	Lionsgate	121,559	20,000

*Same references as low-budget table.

LARGE FORMAT FILMS

FILM	DISTRIBUTION	REV.	COST
		thous. \$	thous. \$
<i>Apollo 13: The Imax Experience</i>	IMAX	1,737	n/a
<i>Beautiful Planet, A*</i>	IMAX	12,770	n/a
<i>Born To Be Wild 3D*</i>	Warner Bros./IMAX	25,609	n/a
<i>Bugs!</i>	SK Films, Inc.	18,114	9,000
<i>Deep Sea 3D</i>	Warner Bros.	46,263	1,000
<i>Galapagos: The Enchanted Voyage*</i>	IMAX	18,584	7,000
<i>Ghosts of the Abyss</i>	Buena Vista	17,041	13,000
<i>Haunted Castle</i>	nWave	13,652	n/a
<i>Hubble 3D*</i>	Warner Bros.	51,941	n/a
<i>Island of Lemurs: Madagascar*</i>	Warner Bros.	11,017	n/a
<i>James Cameron's Deepsea Challenge</i>	DisruptiveLA	236	n/a
<i>Jerusalem 3D</i>	National Geographic	7,880	n/a
<i>Journey to the South Pacific*</i>	IMAX/MacGillivray	7,617	n/a
<i>Magnificent Desolation</i>	IMAX	34,109	3,000
<i>NASCAR 3D</i>	Warner Bros./IMAX	21,337	10,000
<i>Ocean Wonderland 3D</i>	3D Entertainment	11,035	3,000
<i>Roving Mars</i>	Buena Vista	10,408	1,000
<i>Sea Monsters: A Prehistoric Adventure</i>	National Geographic	23,746	n/a
<i>Sea Rex 3D: Journey to a Prehistoric</i>	3D Entertainment	6,097	n/a
<i>Space Station 3D</i>	IMAX	93,309	1,000
<i>Thrill Ride</i>	Sony Classics	18,795	9,000
<i>To the Arctic 3D</i>	Warner Bros.	14,518	n/a
<i>T-Rex: Back to the Cretaceous</i>	IMAX	53,347	14,500
<i>U2 3D</i>	National Geographic	10,362	13,000
<i>Under the Sea 3D*</i>	Warner Bros.	35,661	n/a
<i>Wildest Dream: Conquest of Everest</i>	National Geographic	898	n/a
<i>Wild Parrots of Telegraph Hill</i>	Shadow	3,058	n/a
<i>Wild Safari 3D</i>	nWave	16,621	4,500

* Same references as low-budget table.

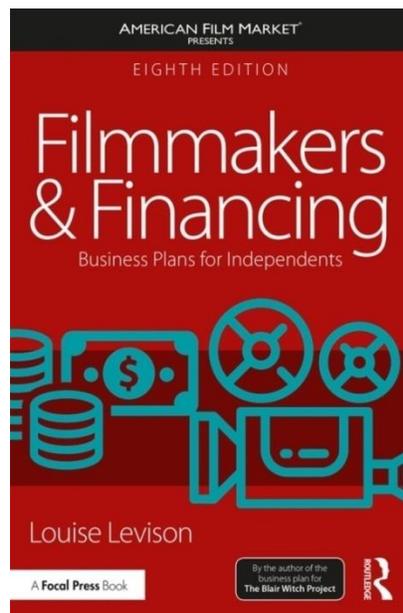
RICK PAMPLIN ANNOUNCED AS DIRECTOR FOR NEW DOC

Local award-winning independent filmmaker Rick Pamplin has been announced as writer-director of a new feature length documentary inspired by Palm Beach resident Louise Levison's best-selling book *Filmmakers & Financing: Business Plans for Independents*. Pamplin says, "We are making a bold, truthful movie, which will reveal as many secrets as possible." He plans to interview multiple Palm Beach residents on camera and utilize locations throughout the County. Pamplin's storied career spans 18 years in Hollywood and 14 years at Universal Studios in Florida before he relocated to Palm Beach. He has written and directed several award-winning films including *Hoover*, starring Academy Award-winning actor **Ernest Borgnine**. Producers on the new film include Scott duPont, formerly a Jupiter Island resident turned Hollywood-based movie producer, and Palm Beach artist and production designer Maggie Phipps Pamplin. The executive producer is P.J. Marks. Follow updates on the production via Twitter at #ConfidentialFilmProject.



Pamplin and Borgnine

8TH EDITION!



<https://www.routledge.com/Filmmakers-and-Financing-Business-Plans-for-Independents/Levison/p/book/9781138947443>

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NEED MONEY FOR A MOVIE? DON'T GO IN EMPTY-HANDED. HAVE A BUSINESS PLAN.

(Speaking of 21st Century technology, check out the updated [moviemoney.com](http://www.moviemoney.com) site)

The benefit of using a reliable business plan to raise financing for a film is that it allows the investors and the filmmaker to gauge the potential success of a film. A polished business plan with projections based on the worldwide results of other films and with clear explanations about the industry, markets and production personnel attached to the film is far more effective than an incomplete document that leaves prospective investors wanting more information. Contact Louise Levison at louisel@earthlink.net to find out how you can put her 30 years of experience as a Film Business Consultant to work creating a business plan for your film.

Levison, the President of Business Strategies, is a highly respected financial consultant in the entertainment industry, specializing in creation of film business plans. Her clients have raised money for low-budget films including *The Blair Witch Project*, the most profitable independent film in history, and for companies raising as much as \$300 million. She is the author of *Filmmakers & Financing: Business Plans for Independents*, currently in its revised and expanded eighth edition (A Routledge/Taylor & Francis book, 2016). The sixth edition of the book was published in Mandarin. Levison also is editor of the online newsletter *The Film Entrepreneur: A Newsletter for the Independent Filmmaker and Investor*. Among other clients' projects are *The Prophet* (Kahlil Gibran's), *Unlimited* (Nathan Frankowski), *Burning Bodhi*, *Greater*, *The Redemption of Henry Miller*, *Emoticon* (:), *Moving Midway*, *Redemption Road*, *Haunted* (2012), *The First of May*, *The Open Road*, *Aluna*, *Yak: The Giant King*, *Visual Acoustics: The Modernism of Julius Shulman*, *My Father and the Man in Black* and *Michael Winslow Live*. Among her corporate clients are Danny Glover's Louverture Films (2008 nominee for Best Documentary Academy Award *Trouble the Water*), Pamplin Film Company (*Hoover*), Majestic World Entertainment and Tokuma International Ltd (*Shall We Dance*, *Princess Mononoke*). Levison was an Instructor in the Extension Program at UCLA for 22 years before moving to Florida. She also has been a Visiting Professor at the Taipei (Taiwan) National University of the Arts, Chapman University (Orange County, CA) and the University of Montana (Missoula). Levison has presented seminars and/or been on panels at festivals and markets around the world.

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