

# TFE THE FILM ENTREPRENEUR:

A Newsletter for Independent Filmmakers and Investors

---



LOUISE LEVISON, EDITOR AND PUBLISHER

VOL. 24, No. 7

JULY 2017

## **STANDARD HOME ENTERTAINMENT CONTINUES TO GROW: SUBSCRIPTION SERVICES DON'T IMPACT---YET!**

Total U.S. home entertainment spending was \$9.2 billion for the first half of the year, up 2.6 percent over the same period in 2016, reports The Digital Entertainment Group, with consumers continuing to spend more on digital transactions to enjoy movies through electronic purchases and video on demand. Sales of 4K Ultra HD films and TV shows also had growth from consumers eager to watch fresh content on their next generation televisions.

Other highlights from their quarterly “Home Entertainment Report” include:

- Total U.S. home entertainment spending reached nearly \$4.5 billion during the second quarter, up more than 3 percent compared to the same period in 2016.
- Digital sales rose 21 percent from 2016, driven by the strength of theatrical films.
- Blu-ray Disc sales up nearly 2% from a year earlier.
- While overall VOD slowed, Internet VOD continued to show strong results, with that business up 14percent in the first six months of the year.
- More than 4.8 million 4K Ultra HD TVs sold in the first half of 2017, bringing the total number of sets sold to date exceeding 20 million. The DEG estimates that there are nearly 115 million HDTV households representing all U.S. households.

For more detail, go to both:

<http://degonline.org/news-releases/deg-news/deg-q2-2016-home-entertainment-report/>  
[http://degonline.org/portfolio\\_page/deg-q2-2017-home-entertainment-report/](http://degonline.org/portfolio_page/deg-q2-2017-home-entertainment-report/) (detailed data chart)

In “Subscription Downloads Aren’t Impacting Home Entertainment ... Yet,” (a research report for The DEG prepared by screenengine.com), the results show that while discovered that **nine in 10** consumers who are currently subscription streaming are aware of subscription service downloads, yet only three in 10 active sub streamers have watched this way. On the other hand, almost eight in 10 say they intend to use this feature in the next six months, making it important to understand why viewers are downloading shows, how and when they’re watching them, and what impact this may have on transactional home entertainment. The three main reasons for SVOD downloading are: re-watching; quality; and travel. “Offline viewing may not have an immediate effect on EST and other transactions, but if studios continue to provide new release content and download features to subscription streaming services, there will likely be less room for transactional home entertainment,” the study concludes. To see the entire report, go to [http://degonline.org/portfolio\\_page/sample-member-research/](http://degonline.org/portfolio_page/sample-member-research/)

The health of the physical downloading business and its importance in the “entertainment ecosystem” also was discussed during a “State of the Industry” panel at the Los Angeles Entertainment Summit (presented by the Entertainment Merchants Association and reported by homemediamagazine.com). “Our eyes are clearly fixed on the future, which is clearly SVOD,” said Bill Sondheim, president of Cinedigm Entertainment Group, which has several over-the-top channels. “But for many of us in this room, the physical business still is meaningful and a business that we need to continue to support. Jim Wuthrich, president of the Americas and Global Strategy for Warner Bros. Home Entertainment Group added, “We have a lot of people who transact in both physical and digital and then the vast majority — 60% in the first half of [2017] — was on physical alone. We think those consumers are going to be around for a long time.” There also seemed to be agreement that the companies need to “take a step back” in terms of new technology and see what has staying power. As for new formats, virtual reality is in the experimental stage, according to Jonathan Zepp of YouTube/Google Play, while 4K is ready to take off, according to Sondheim. For a useful discussion on the subject and more data, go to <http://www.homemediamagazine.com/conference-news/panelists-2017-laes-discuss-state-home-entertainment-industry-40450> 

## QUOTABLE

“You should never think about making a movie that is a “mainstream” horror movie. You should only try to make the movie you want to make.” — Director Larry Fessenden, one of the mentors at the horror genre lab hosted by Shudder, the horror streaming platform owned by AMC Networks.

**Editorial comment:** Over the years many students and potential clients have told me they were going to make a low-budget horror film, because “They are easy and always make money.” It’s a crowded genre with good films and lousy ones. I suggest anyone wanting to make a horror film read the opinions of the seven filmmakers attending the workshop at: <http://www.indiewire.com/2017/07/shudder-labs-horror-filmmakers-workshop-1201851058/2/>

## **THE SPIRIT AWARDS—SUBMISSION TIME AGAIN**

Submissions open August 15<sup>th</sup> for the Film Independent (FIND) Spirit Awards and run through October 10, 2017. The Awards ceremony will take place on Saturday, March 3, 2018, the night before the Oscars.

### **Excerpt of the rules:**

1. All submitted films must be at least 70 minutes long.
2. Cost of completed film, including post, should be less than \$20 million. Any variations are at the sole discretion of the Nominating Committees and Film Independent. For verification purposes, all films with total budgets exceeding \$15 million or films with budgets under \$500,000 and applying for the Cassavetes Award are required to submit the top sheets from the Final Cost Reports. Absolutely no exceptions to this requirement will be made.
3. Eligible films must have either:
  - a. Been shown in a commercial theater in the United States for at least one week (seven consecutive days) beginning in the 2017 calendar year; or been shown in 2017 at one of the following six film festivals: Los Angeles Film Festival, New Directors/New Films, New York Film Festival, Sundance Film Festival, Telluride Film Festival or Toronto International Film Festival.

### **Recognized award categories include:**

- Best Feature
- Best Director
- Best Screenplay
- Best First Feature
- Best First Screenplay
- Best Cinematography
- Best Editing
- John Cassavetes Award\*
- Best Female Lead
- Best Male Lead
- Best Supporting Female
- Best Supporting Male
- Best Documentary
- Best International Film

\*John Cassavetes Award winner selected by the Spirit Awards nominating committee(s)

For additional rules and general information go to: <https://www.filmindependent.org/spirit-awards/submissions/>. For more specific queries, email: [spiritawards@filmindependent.org](mailto:spiritawards@filmindependent.org) or call 310-432-4644 or 310-432-1236.

## IMAX: DOMESTIC MOVIEGOERS PREFERRED 2D TO 3D VERSIONS

The giant screen exhibitor will play more digital 2D versions of Hollywood movies domestically, given a "clear preference" from consumers for 2D in North America, Imax CEO Richard Gelfond told *The Hollywood Reporter*. Imax Entertainment CEO Greg Foster also confirmed during an analyst call that his company will start playing fewer 3D versions of movies, and more 2D versions. "The demand for 2D films is starting to exceed 3D in North America. For example, the domestic release of *Bladerunner 2049* will be shown in IMAX theaters only in 2D this fall. The company also will be showing preference to movies that use their cameras, reports collider.com. Movies that have been converted into IMAX will be getting one-week only showings in order for the company to show more movies, while films that were shot in IMAX like *Dunkirk* and the upcoming *Avengers: Infinity War* will receive longer runs. 📌

## FIRST CINEMA WITH PROJECTOR-LESS LED SCREEN OPENS

Major South Korean exhibitor Lotte Cinema opened what it claims is the world's first projector-less digital cinema with Samsung Electronics' new 4K LED screen (dubbed the "Super S") in Seoul on July 13th, reports screendaily.com. Calling the Super S "a new paradigm of film exhibition", Lotte Cinema said it plans to continue its cooperation with Samsung Electronics and is also looking at taking advantage of the LED brightness to launch "kids' cinemas" and "dining cinemas" as well as show live broadcasts of sports, online game tournaments and music concerts. At an earlier CinemaCon demonstration of the technology, Vue CEO Tim Richards said "We all saw a piece of the future. It's early days but the quality of the picture excites our imagination." 📌

## COMINGS AND GOINGS

**Broad Green Pictures** shut down production of films in July putting 50 projects in turnaround. The company was formed by Gabriel and Daniel Hammond in the summer of 2014 as a full-service independent producer/distributor. "It's everything from the guys that option the books and graphic novels — the development sides, the earliest stages, the IP, production — on through marketing and distribution," Gabriel told indiewire.com in 2015. The company was well-funded by the brothers who came from the financial industry, and they hired seasoned professionals. It could be a problem of starting out too big with both production and distribution. "The independent movie sphere is an illogical and perilous business in the best of times, with results often difficult to forecast," as deadline.com points out. "We started with a focus on the independent side, with a desire to create something bigger," Gabriel Hammond told the publication. "But we made some poor decisions, and too many of the films were not economic winners . . . Our grandiose plans were bigger than what we could support . . . "We envision this as a short-term hiatus, but we don't want to put the talent and producers at disadvantage by holding up their films. We will get those projects into the right hands so filmmakers aren't left hanging in the balance."

The distribution division is still in business, however, according to Daniel Hammond. He expects a reconfigured Broad Green 2.0 to launch early next year, though his acquisitions team will be looking at titles at next month's Toronto and other festivals. It still has a handful of films left to release, including *Villa Capri*," an action-comedy with Morgan Freeman. Since the brothers financed the company with their own money, they do not have the investor problems that other companies have faced.

**Kino Lorber** announced a multi-year strategic alliance with renowned film distributor Zeitgeist Films. Going forward, the two companies will co-acquire four to five theatrical titles per year to be marketed and released by Zeitgeist, whose partners Nancy Gerstman and Emily Russo will continue to operate and control the companies. In addition, Kino Lorber will become the exclusive distributor of all Zeitgeist Films titles for the home video and educational markets, as well as all digital media, adding Zeitgeist's library of more than 150 award-winning titles to Kino Lorber's library of over 1500 acclaimed new and classic films. Starting in July, Gerstman and Russo will relocate to Kino Lorber's Manhattan office with Adrian Curry, an integral member of the Zeitgeist team since 1991. Curry will become design director for Kino Lorber and Zeitgeist Films. Richard Lorber, CEO of Kino Lorber stated: "Nancy and Emily share our DNA in their passion for great cinema. Their superb taste and astute judgment distinguishes them as the leading curators in the world of art house distribution. We foresee compelling synergies as we pursue our joint mission with joined forces."

Golden Globe winner and Academy Award-nominated actor Ryan Gosling (*La La Land*) and producer Ken Kao (*The Nice Guys*) have formed **Arcana**. The production company will focus on finding and developing a wide range of unique and diverse material for film and television. Arcana's first official project is director Yorgos Lanthimos' *The Favourite*, which stars Emma Stone, Rachel Weisz and Olivia Colman. In addition to Arcana, Kao will continue to run his Waypoint Entertainment production banner and BLOOM with partner Alex Walton.

Film financier Creativity Capital and post-production house Creativity Media have joined forces to set up **Riverhouse**, a London-based film and TV production company. The company's first film is *Looted* with first-time feature director directed by Rene Pannevis. *Looted* was commissioned through Film London's Microwave scheme, the low-budget film initiative that is backed by the BFI, BBC Films and Creative Skillset. Also on the Riverhouse debut slate is Polish thriller *Tempelhof*, co-produced with Wojciech Stulik of TFP, a remake of Creativity Media's 2012 film *The List* with Barry Films, and a project titled *Red Star* which is in development with Goalpost Film. The new outfit will be headed up by Jennifer Eriksson. Creativity Media's post production manager whose credits include *Under The Shadow* and *God's Own Country*, alongside Creativity Media founders Richard Kondal and Patrick Fischer with Creativity Capital's David Gilbery. "Between our finance and post-production companies we found there was an increasing number of projects and filmmakers we wanted to get more involved with. Moreover there are some stories we want to tell ourselves, as such production has been a natural move for us," Fisher told screendaily.com. 🍷

## NUMBERS! NUMBERS! NUMBERS!

### LOW-BUDGET INDEPENDENT FILMS (\$10.0M and under)

FILM	DISTRIBUTOR	REVENUE	COST
		thous. \$	thous. \$
<i>47 Meters Down*</i>	Entertainment Studios Motion Pictures	42,734	5,000
<i>Before I Fall</i>	Open Road	12,231	5,000
<i>Beguiled, The*</i>	Focus Features	10,437	10,000
<i>Belko Experiment, The</i>	BH Tilt	10,167	5000
<i>Bye, Bye Man, The</i>	STX Entertainment	22,395	7,400
<i>Case for Christ, The</i>	Pure Flix	14,682	3,000
<i>Collide</i>	Open Road Films	2,280	800
<i>Ghost Story, A*</i>	A24/Amazon	982	100
<i>How To Be A Latin Lover</i>	Pantelion Films	32,149	10,000
<i>I Am Not Your Negro</i>	Magnolia	7,117	1,000
<i>It Comes At Night*</i>	A24	13,842	3,800
<i>Lowriders</i>	BH Tilt	6,180	5,000
<i>Manchester by the Sea</i>	Roadside Attractions	47,695	8,500
<i>Maudie*</i>	Sony Pictures Classics	4,651	5,600
<i>Moonlight</i>	A24	27,850	1,500
<i>Paris Can Wait*</i>	Sony Pictures Classics	5,522	5,000
<i>Phoenix Forgotten</i>	Cinelou Films	3,600	2,800
<i>Resurrection of Gavin Stone, The</i>	BH Tilt	2,304	2,000
<i>Sleight</i>	BH Tilt	3,931	250

\*Still in North American distribution as of July 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!

### HIGH-BUDGET INDEPENDENT FILMS (Over \$10.0M)

FILM	DISTRIBUTOR	REV.	COST
		thous. \$	thous. \$
<i>All Eyez On Me*</i>	Lionsgate/Summit	44,892	45,000
<i>Atomic Blond*</i>	Focus Features	18,286	30,000
<i>Bad Moms</i>	STX Entertainment	113,257	20,000
<i>Baahubali 2: The Conclusion</i>	Great India Films	20,187	20,000
<i>Circle, The</i>	STX Entertainment	20,498	18,000
<i>Collateral Beauty</i>	Warner Bros.	31,016	36,000
<i>Dog's Purpose, A</i>	Universal	64,322	22,000
<i>Fences</i>	Paramount	57,683	24,000
<i>Girl on the Train, The</i>	Universal	75,395	40,000
<i>Hell or High Water</i>	Lionsgate	27,008	12,000
<i>John Wick: Chapter Two</i>	Lionsgate/Summit	91,970	40,000
<i>La La Land</i>	Lionsgate/Summit	151,058	30,000
<i>Lion</i>	The Weinstein Co.	51,729	12,000
<i>Lost City of Z, The</i>	Bleecker Street	8,580	30,000
<i>Patriot's Day</i>	Lionsgate	31,886	40,000
<i>Power Rangers (2017)</i>	Lionsgate	85,364	100,000
<i>Shack, The</i>	Lionsgate/Summit	57,386	20,000
<i>Sleepless</i>	Open Road	20,784	30,000
<i>Underworld: Blood Wars</i>	Screen Gems	31,023	25,000
<i>Valerian and the City of a Thousand Planets*</i>	STX Entertainment	30,186	209,000
<i>Wish Upon*</i>	Broad Green	13,074	12,000
<i>Zookeeper's Wife, The</i>	Focus Features	17,444	20,000

\*Same references as Low-Budget Table

## LARGE FORMAT FILMS

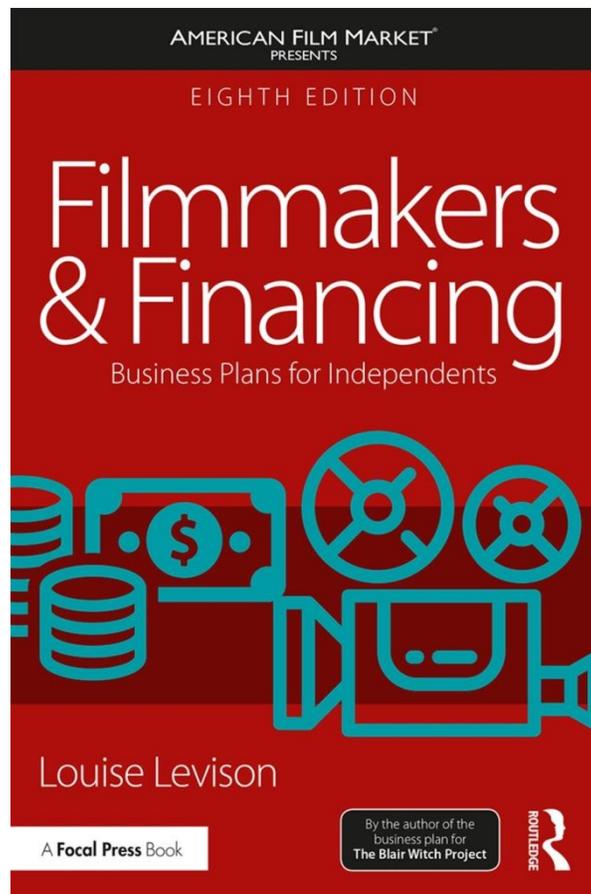
FILM	DISTRIBUTION	REV.	COST
		thous. \$	thous. \$
<i>Apollo 13: The Imax Experience</i>	IMAX	1,737	n/a
<i>Beautiful Planet, A*</i>	IMAX	11,266	n/a
<i>Born To Be Wild 3D*</i>	Warner Bros./IMAX	25,450	n/a
<i>Bugs!</i>	SK Films, Inc.	18,114	9,000
<i>Deep Sea 3D</i>	Warner Bros.	46,260	1,000
<i>Galapagos: The Enchanted Voyage</i>	IMAX	18,572	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.	51,855	n/a
<i>Island of Lemurs: Madagascar</i>	Warner Bros.	10,725	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	7,349	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	93,289	1,000
<i>Thrill Ride</i>	Sony Classics	18,795	9,000
<i>To the Arctic 3D</i>	Warner Bros.	14,515	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.	35,916	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.

NEW EDITION!

# **Filmmakers and Financing: Business Plans for Independents**

By Louise Levison



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

[Routledge.com/American-Film-Market-Presents/book-series/AFMP](https://www.routledge.com/American-Film-Market-Presents/book-series/AFMP)

Page 9

Copyright © Business Strategies JULY 2017 (<http://www.moviemoney.com>)  
No reproduction without permission

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

(Speaking of 21<sup>st</sup> Century technology, check out the updated [moviemoney.com](http://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](mailto:louisel@earthlink.net) to find out how you can put her 28 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.

***THE FILM ENTREPRENEUR*** is published by Business Strategies

Louise Levison, Editor  
11231 U.S. Highway 1 #308  
North Palm Beach, FL 33408  
Phone: (818) 427-7108

E-mail: [louisel@earthlink.net](mailto:louisel@earthlink.net); [info@moviemoney.com](mailto:info@moviemoney.com)

Online: <http://www.moviemoney.com>; <https://twitter.com/predictfilm>