

# TFE THE FILM ENTREPRENEUR:

A Newsletter for Independent Filmmakers and Investors

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LOUISE LEVISON, EDITOR AND PUBLISHER

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## INDIE B/O ↑ 7% AT MIDYEAR

The independent segment of the North American box office reached \$1.5 billion at the end of June, seven percent ahead of the same time last year. It also is two percent ahead of 2015, the last time the Indie box office was \$3 billion. Films earning \$20 million and above were 18 percent ahead of the same period last year. Amazon contributed \$34.7 million to the 2017 total with half of the dollars coming from *Manchester by the Sea*'s 2017 revenue.

The total box office was down 2 percent. Franchise fatigue is a big reason. Studio franchises, like *Pirates of the Caribbean: Dead Men Tell No Tales* and *Transformers: The Last Knight* (both the fifth versions of their stories) have had disappointing returns for the North American box office. The Indie segment of the box office has one franchise film (*Power Rangers*) which did better than the first two. Those previous films were made in 1995 and 1997, however, while all of the *Pirates* and four of the *Transformers* were distributed in this century. Critics' opinions are the second stated reason, but we have seen many films — both studio and independent — prove critics wrong.

It remains to be seen how much affect the “big disruptors” — Amazon and Netflix — will have on the box office. Amazon and its domestic partners released 3 films so far this year with additional revenue coming from two 2016 films. The company seems to be sticking to its promise to give most of their feature films a 90-day domestic release depending on the audience activity, of course. Speaking at the Korean Film Council's 6th KOFIC Global Forum in Seoul, Amazon Studios boss Ted Hope re-emphasized his company's commitment to theatrical distribution amid the backdrop of the Cannes Netflix controversy. With Korean director Bong Joon Ho's *Okja*, at the centre of that row, its upcoming Korean theatrical release was boycotted by the country's three major multiplex chains. “One simple thing is when you say ‘a movie,’ that's something that plays in a movie theatre. That stays true,” he said adding that Amazon

Studios is “not trying to disrupt the whole ecosystem.” <http://www.screendaily.com/news/ted-hope-amazon-is-not-trying-to-disrupt-the-ecosystem/5119281.article?blocktitle=MORE-ASIA-FILM-NEWS-HEADLINES&contentID=40758>

The biggest problem in the long run is that we will not know the streaming values for Amazon’s films; therefore, they can’t be used in business plans for equity investors. On the other hand, we will never know how high the box office might have been for the finished films that Netflix acquires at festivals for their audience of 93 million. In the past, the company was criticized for not having a film professional. The hiring of Scott Stuber changed that equation. ■

## LOS ANGELES FILM FESTIVAL

The 23rd edition of the LA Film Festival which took place June 14-22, 2017, showcased new independent films, TV, emerging online content and filmmaker-driven studio titles. The LAFF featured a diverse slate of 48 feature films, 51 short films, 15 high school short films and 10 short episodic works representing 32 countries. The Festival’s five competitions featured 37 World Premieres, 2 International Premieres and 9 North American Premieres. Across the competition categories 42 percent of the films were directed by women and 40 percent by people of color. Ten projects and 24 filmmakers were selected for the 14th annual Fast Track film finance market, a film financing market that helps producer-director teams advance their projects through meetings with top industry executives – financiers, agents, managers, distributors, production companies, and granting organizations. Film Independent was headquartered at ArcLight Cinemas Culver City, with additional screenings at ArcLight Hollywood, ArcLight Santa Monica and other locations. The LAFF is programmed by a large group who reach a democratic consensus after a discussion about audiences and inclusion. “When I’m watching films, I have no idea who made them,” new Festival Director Jennifer Cochis told Indiewire.com’s Anne Thompson. “It’s down to how I react to film, and erring on the side of quality. We’re passionate about the film first, and we look at who made it second and figure it out from there. The festival can have both things co-exist: new and diverse work.”

## AND THE PRIZE GOES TO . . .

AWARD	FILM	WINNER
<b>JURY</b>		
U.S. Fiction	<i>Becks</i>	Elizabeth Rohrbach, Daniel Powell
U.S. Cinematography	<i>Everything Beautiful Is Far Away</i>	Christian Sorensen Hansen, Pete Ohs
Special Mentions Breakout Performance Directing	<i>Beauty Mark</i> <i>Don’t Come Back from the Moon</i>	Auden Thornton Bruce Thierry Cheung

World Fiction	<i>The Night Guard (El Vigilante)</i>	Diego Ros
Special Mention/Excellence in Storytelling	<i>On the Beach at Night Alone (Bamui haebyun-eoseo honja)</i>	Hong Sangsoo
Documentary	<i>Liyana</i>	Amanda Kopp, Aaron Kopp
<b>LA MUSE</b>		
Fiction Award	<i>And Then There Was Eve</i>	Savannah Bloch
Documentary Award	<i>Skid Row Marathon</i>	Mark Hayes
Special Mention/Acting	<i>Anything</i>	John Carroll Lynch
Special Mention/ Excellence in Storytelling	<i>The Classic</i>	Billy McMillin
<b>NIGHTFALL JURY</b>		
Drama	<i>Serpent</i>	Amanda Evans
Special Mention/Acting	<i>The Housemaid</i>	Kate Nhung
<b>SHORTS JURY</b>		
Drama	<i>A Funeral for Lightning</i>	Emily Kai Bock
Special Mention/ Excellence in Storytelling:	<i>Balloonfest</i>	Nathan Truesdell
Documentary	<i>Black America Again</i>	Bradford Young
<b>AUDIENCE</b>		
Fiction Feature	<i>The Keeping Hours</i>	Karen Moncrieff
Documentary Feature	<i>Skid Row Marathon</i>	Mark Hayes
Short	<i>Swim</i>	Mari Walker
Web Series	<i>High &amp; Mighty</i>	Carlos Lopez Estrada
<b>THE DANNY ELFMAN PROJECT</b>		
(Previously announced winners of free licenses to Elfman's <i>Rabbit and Rogue</i> album for short films)	<i>13</i> <i>The Bridge</i> <i>Dandelion</i> <i>A Day for Manuel</i> <i>Gamelan</i> <i>A Glory Sewn</i> <i>Lakesong</i>  <i>Natural Promotion</i> <i>Urge</i>	Justine Quinones Matt Eckholm Catherine Fauteux JB Minerva Cornelia Nicolăeasa Travis Dixon Douglas Gibbens, Konstantina Mantelos Sean Oliver Pieter Coudyzer



## ESSENTIAL FACTS ABOUT THE VIDEO GAME INDUSTRY

Excerpts from the 2017 ESA Annual Report for Year 2016 <http://essentialfacts.theesa.com/mobile/>

“The video games industry excels because it anticipates demand — giving people what they want before they realize that they want it — and drives trends in entertainment and across countless other sectors.” — Michael D. Gallagher, President and CEO, Entertainment Software Association

### Who is Playing?

- More than 150 million Americans play video games, and 65 percent of American households are home to at least one person who plays video games regularly, or at least three hours per week.
- The average gamer is 35 years old and 72 percent are age 18 or older. The average female video game player is 37, and the average male video game player is 33.
- Women age 18 and older represent a significantly greater portion of the video game-playing population (31 percent) than boys under age 18 (18 percent).
- Most parents (71 percent) say video games are a positive part of their child’s life. Most parents (67 percent) also play video games with their child at least once weekly and 94 percent say they pay attention to the video games played by their child.

### How do we play?

- Sixty-seven percent of U.S. households own a device that is used to play video games.
- Fifty-three percent of the most frequent video game players report playing video games with others.
- Eleven percent of US households own a headset used to play virtual reality (VR) games, and one-third of the most frequent video game players say they will buy a VR headset in the next year.
- Seventy-four percent of PC/console VR headset owners use their device to play single player video games.
- One in three of the most frequent gamers said they were “likely to buy virtual reality (VR) in the next year.”

### TOP SELLING VIDEO GAME SUPER GENRES 2016 \*

Genre	Percentage	Genre	Percentage
Shooter	27.5	Fighting	5.8
Action	22.5	Strategy	4.3
Role-Playing	12.9	Racing	3.3
Sports	11.7	Other Games/Compilations	4.1
Adventure	7.8		

\*Ranked by units sold Note: Totals may not add due to rounding.

Source: NPD Tracking Service

**TOP 20 SELLING VIDEO GAMES OF 2016\***

<b>RANK</b>	<b>TITLE</b>	<b>ESRB RATING</b>
1	Call of Duty: Infinite Warfare	Mature
2	Battlefield 1	Mature
3	Grand Theft Auto V	Mature
4	Madden NFL 17	Everyone
5	NBA 2K17	Everyone
6	Tom Clancy's The Division	Mature
7	Overwatch	Teen
8	Minecraft	Everyone 10+
9	Call of Duty: Black Ops III	Mature
10	FIFA 17	Everyone
11	Pokémon: Sun	Everyone
12	Pokémon: Moon	Everyone
13	The Elder Scrolls V: Skyrim	Mature
14	Star Wars Battlefront	Teen
15	Final Fantasy XV	Teen
16	Titanfall 2	Mature
17	NBA 2K 17	Everyone
18	Tom Clancy's Rainbow Six Siege	Mature
19	Far Cry Primal	Mature
20	Dark Souls III	Mature

\*Ranked by units sold

Source: The NPD Group/Retail Tracking Service. 

**AMPAS: DOES SIZE = CHANGE?**

The Academy of Motion Picture Arts and Sciences added a record 774 new members in June with an eye to increasing diversity. The new class, representing 57 countries, is 39 percent female. If all the invitees accept their invitations, the total of women in AMPAS will be 28 percent, a very small increase from the 27 percent in 2016. Seven of the branches — actors, casting directors, costume designers, designers, documentary, executives, and film editors – were included in the list they published. The youngest is 19-years-old (Elle Fanning) and the oldest at 95 is Betty White. (See the full list at <http://www.hollywoodreporter.com/news/academy-invites-744-new-members-1017318>) Analysts have both praise and criticism of the result from this change. “While the Academy seeks candidates who have *demonstrated exceptional achievement in the field of theatrical motion pictures*,” it’s trying to move the needle toward inclusion, even while. . .the industry itself continues to predominantly hire white men. It has been slow going. . . Now, the question is: What changes will the new membership bring to the Oscar nominations going forward? — Anne Thompson <http://www.indiewire.com/2017/06/the-academy-inclusion-diversity-774-new-member-invites-1201848218/>

Mistakes may be made along the way, but that's inevitable: cutting a new course through a thicket spiky with thorns can't help but draw blood. This is what the Academy is trying to do — find a way forward. Like it or not, it must embrace the future or risk being swallowed up by the past. — Stephen Galloway <http://www.hollywoodreporter.com/news/oscars-why-academy-got-right-year-invites-1018105> 📌

## **USER EXPERIENCE TAKES CENTER STAGE!**

In the PricewaterhouseCoopers 2017 forecast “Global Entertainment & Media outlook 2017-2021,” the company offers select “Perspectives” from its entertainment and media segment. The report says that entertainment and media companies have been accustomed to competing and creating differentiation primarily based on two dimensions: content and distribution. Now they must focus more intensely on a third: user experience. And as user experience takes centre stage, companies must develop strategies that engage, grow, and monetize their most valuable customers. The movie biz will struggle over the next five years. The United States box office revenue will grow at a 1.2 percent CAGR (compound annual growth rate), increasing from \$10.6 billion in 2016 to \$11.2 billion in 2021, as exhibitors see intensifying competition for consumer share of wallet. On the home-video front, the picture is bleaker. Physical disc sales and rental revenue will drop from \$8.1 billion in 2016 to \$4.0 billion by 2021, while digital rentals will decline at a -1.8 percent CAGR, per PwC's forecasts. Electronic sell-through revenue is expected to increase at a 6.6 percent CAGR over that time period, growing from \$3.5 billion to \$4.9 billion. Internet subscription VOD services, led by Netflix, Amazon Prime Video and Hulu, are projected to grow at a healthy 11.3 percent CAGR, with segment revenue rising from \$8.2 billion in 2016 to \$14.0 billion in 2021 in the U.S. Meanwhile, pay TV — facing cord-cutting headwinds — will see revenue remain flat over that time period, generating \$100.9 billion in 2016 and \$101.1 billion in 2021. <https://www.pwc.com/gx/en/industries/entertainment-media/outlook.html> 📌

## **QUOTABLE**

“It’s a problem for the industry,” [Chazelle] said, noting that “there are a lot of filmmakers who could get anything they wanted made,” but that when they hit a certain age, find themselves unemployable. “Hollywood would argue that it’s less about age and more about what’s current, but that’s just an excuse.” Being a young director also had its drawbacks on set, he said. “People actually asked me why the coffee was taking so long,” he laughed.” — Director Damien Chazelle in a conversation with Director John Wells during the PGA “Produced By” conference in Los Angeles, as quoted in [deadline.com](http://deadline.com). 📌

## NUMBERS! NUMBERS! NUMBERS!

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

FILM	DISTRIBUTOR	REVENUE	COST
		thous. \$	thous. \$
<i>47 Meters Down*</i>	Entertainment Studios Motion Pictures	29,279	5,000
<i>20<sup>th</sup> Century Women</i>	A24	5,666	7,000
<i>Before I Fall</i>	Open Road	12,231	5,000
<i>Belko Experiment, The</i>	BH Tilt	10,167	5000
<i>Book of Henry, The*</i>	Focus Features	3,599	10,000
<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>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	13,429	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	2,832	5,600
<i>Moonlight</i>	A24	27,850	1,500
<i>Paris Can Wait*</i>	Sony Pictures Classics	4,441	5,000
<i>Phoenix Forgotten*</i>	Cinelou Films	3,597	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 June 30, 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	41,07	45,000
<i>Arrival</i>	Paramount	100,546	47,000
<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	8,485	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	30,348	25,000
<i>Zookeeper's Wife, The</i>	Focus Features	17,444	20,000

\*Same references as Low-Budget Table



## LARGE FORMAT FILMS

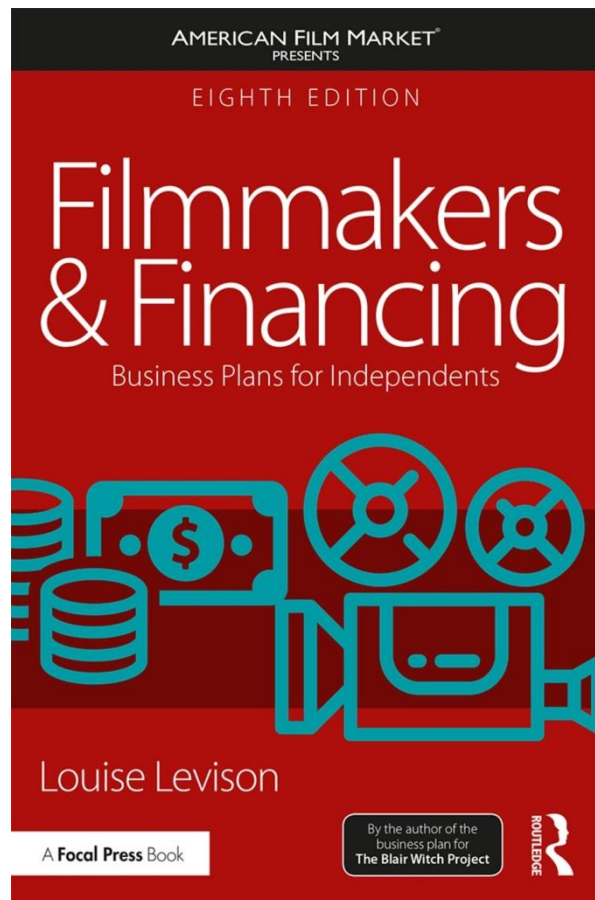
FILM	DISTRIBUTION	REV.	COST
		thous. \$	thous. \$
<i>Apollo 13: The Imax Experience</i>	IMAX	1,737	n/a
<i>Beautiful Planet, A*</i>	IMAX	11,000	n/a
<i>Born To Be Wild 3D*</i>	Warner Bros./IMAX	25,349	n/a
<i>Bugs!</i>	SK Films, Inc.	18,114	9,000
<i>Deep Sea 3D*</i>	Warner Bros.	46,251	1,000
<i>Galapagos: 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.	51,842	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	7,317	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 3D: A Prehistoric</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.	35,470	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 10

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**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 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.

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