



# THE FILM ENTREPRENEUR:

A Newsletter for Independent Filmmakers and Investors

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## MANAGING BOX OFFICE EXPECTATIONS

The film *It Follows* has created an interesting discussion on what makes an independent film successful (or maybe any film). In this case, judging began the first week the film was in release. If you are an investor or a filmmaker talking to an investor, you need to know how to interpret domestic box office results.

For *It Follows*, judgment about success and failure began Week 1. The key question is why was this question raised? First of all, we are speaking about a film that has been said to have a \$2 million budget. In reality, research shows that the film was made for “not more than” \$1 million. The distributor, RADiUS-TWC, then bought the distribution rights for “less than” \$1 million (per *The Wall Street Journal*) after the 2014 Cannes Film Festival and released it March 13, 2015 on 4 screens. Second, in the next week the film was in release, it was called a probable failure by not only an article in *Forbes* but also tweets by other analysts. Presumably, they expected an increase to 32 screens would cause the revenue to jump to the \$6.1 million which happened in Week 3 when screens had been increased to 1,218. The total as of April 19<sup>th</sup> is \$13.4 million. To my astonishment, the film it also was compared to 2013’s *You’re Next*, which earned \$9.3 million in its first week of release by Lionsgate; however, Lionsgate chose to release that film on 2,437 screens Week 1.

I don’t know about you, but if I had created the business plan for *It Follows*, I would be thrilled with \$11 million-plus at the box office. Not only is it theoretically in profit (*Ed. Note: We do not know the deal with the distributor or that company’s P&A*), but the film eventually goes into home entertainment and foreign release with a lot of free publicity. In addition, a random selection of English-language and foreign reviews showed good marks for the film. It also is easy to dismiss the film as not doing well compared to studio-type expectations; on the other hand, major studios do not usually release a \$1 million film.

(For more discussion on this film, I recommend the article by the CEO of Alamo Drafthouse in *Indiewire* <http://www.indiewire.com/article/what-the-success-of-it-follows-means-for-indie-film-distribution-20150402> and Erich Schwartzel's in the *Wall Street Journal* <http://www.wsj.com/articles/can-it-follows-become-a-breakout-hit-1428003738>.)

For the filmmaker, who knows their film is a “sure hit,” it takes discipline to be rational. When it comes to investors, filmmakers are in the business of showing good prospects for their films. It is easy to let what we would like to be true get in the way of what is likely to happen. If you are wondering why they would do that, then you have common sense. It is simply *practical thinking* that prevents you from making the mistake of insisting so stubbornly on what you want to be true that it blinds you from seeing the bigger picture. Of course, as Will Rogers is famous for saying, “Common sense ain't so common.”

Let's assume that, as a filmmaker, you approach everything from a rational point-of view. Not only do you want to use a range of films whose genres and budgets are meaningful, but you want to know details about their data. For the box office, it is easy to go to [boxofficemojo.com](http://boxofficemojo.com) and look at the distribution from week to week. You also can take the time to do additional research. Use your favorite search engine. It took me only a few minutes to find a wealth of articles on *It Follows*. Then, when an investor compares it to the results of another film, say, for example, *A Haunted House* (made for \$2.5 million, with a total domestic box office of \$40.0 million), you can point out that it had an initial release of 2,160 screens. Low-budget indie films usually have the distribution schedule that RADiUS followed: Start slow and build. ■

## INDIE BOX OFFICE SLOW IN THE FIRST QUARTER

The independent film segment of the domestic theatrical boxoffice started slowly, ending 33 percent behind the same period last year. The total box office for the same period saw an increase of 3 percent. For the indie films, the biggest variation was with films that earned between \$50 million and \$99 million. There were 4 films in 2015 in this category, which was 25 percent lower than 2014's 5 films. A major contributor was DreamWorks Animation's 2014 *Mr. Peabody and Sherman* (released on March 7<sup>th</sup>), earning \$95.1 million by the end of the month, compared to their 2015 *Home* (released on March 27<sup>th</sup>), earning \$60.3 million by the 31<sup>st</sup>. Otherwise, there was not a “major” reason for the difference. In a few areas, 2015 even did better but not to the same degree. ■

## QUOTABLE

“When it comes to digital, Hollywood is a bunch of scared kids in a dark room looking for a light switch. And all of us are trying to find that light switch. There's probably only about 100 people in the world that are driving this.” . . . John Heinsen, CEO Bunnygraph Entertainment, and Chair of the Producers Guild of America's New Media Council, “Transmedia Goes Mainstream” panel at AFCI Locations Show, March 2015, suggesting the conventional film industry is still trying to get to grips with transmedia. ■

## **SOUTH BY SOUTHWEST FILM FESTIVAL**

South By Southwest (SXSW) is really a combination of three festivals — music, film and technology. The SXSW Film Festival’s Film Conference section was nine days (March 13 -21), screening 150 total features, 106 shorts, 60 titles from first-time filmmakers, 100 world premieres, 13 North American premieres and 11 U.S. premieres, culled from a record 7,300-plus entries, 14 percent more than last year. “We were at 133 features over the last three years and this year we had 150. There was too much we were interested in; there was too much we knew would be interesting. We intentionally created a very diverse program, and if you break it down, it doesn’t seem like so many,” Festival director Janet Pierson told screendaily.com.

Congratulations to our colleagues Roslyn Rosen and Michael Saleman, whose feature *The Other Kind* won Best Feature at SXSM’s sister festival, the RXSM Film Festival in Austin, TX!

### **AND THE SXSW PRIZE GOES TO ...**

<b>AWARD</b>	<b>FILM</b>	<b>FILMMAKER</b>
Narrative Grand Jury	<i>Krishna</i>	Trey Edward Shults
Narrative Special Jury, Visual Excellence	<i>Creative Control</i>	Benjamin Dickinson
Documentary Grand Jury	<i>Peace Officer</i>	Scott Christopherson, Brad Barber
Documentary Special Jury, Directing	<i>A Woman Like Me</i>	Alex Sichel, Elizabeth Giamatti
Documentary Special Jury, Editing	<i>Twinsters</i>	Samantha Futerman, Ryan Miyamoto
Narrative Short	<i>Pink Grapefruit</i>	Michael Mohan
Narrative Special Jury	<i>Share</i>	Pippa Bianco
Documentary Short	<i>Boxeadora</i>	Meg Smaker
Midnight Short	<i>Kiss Kiss Fingerbang</i>	Gilliam Wallace Horvat
Animated Short	<i>World of Tomorrow</i>	Don Hertzfeldt
Animated Special Jury Short	<i>teeth</i>	Daniel Gray, Tom Brown

Music Video	Paolo Nutini, <i>Iron Sky</i>	David Wolfe
Music Video Special Jury	DJ Snake featuring Lil' Jon, <i>Turn Down for What</i>	DANIELS
Texas Short	<i>The Samaritans</i>	John Bryant
Texas High School Short	<i>It's A Thing</i>	Meredith Morran, Sage McCommas
SXSW Film Poster Design	<i>Manson Family Vacation</i>	Yen Tan
SXSW Film Poster Design Special Jury	<i>The Ecstasy of Wilko Johnson</i>	Jonny Halifax
Excellence in Title Design	<i>Manhattan</i>	Dan Gregoras for Imaginary Forces
Excellence in Title Design Special Jury	<i>The Fitzroy</i>	Chris Tozer, Marko Anstice
SXSW Gamechanger Award	<i>Free Entry</i>	Yvonne Kerékgyártó,
Louis Black "Lone Star" Award	<i>Western</i>	Bill Ross, Turner Ross
Karen Schmeer Film Editing Fellowship	—	Anna Gustavi
<b>AUDIENCE AWARDS</b>		
Narrative Feature	<i>Krishna</i>	Trey Edward Shults
Documentary Feature	<i>Peace Officer</i>	Scott Christopherson, Brad Barber
Headliners	<i>Hello, My Name is Doris</i>	Michael Showalter
Narrative Spotlight	<i>The Little Death</i>	Josh Lawson
Documentary Spotlight	<i>A Brave Heart: The Lizzie Velasquez Story</i>	Sara Hirsh Bordo
Visions	<i>Uncle Kent 2</i>	Todd Rohal
Midnighters	<i>Turbo Kid</i>	RKSS Collective


Episodic	<i>Mr. Robot</i>	Sam Esmail
24 Beats Per Second	<i>Landfill Harmonic</i>	Brad Allgood, Graham Townsley
SXGlobal	<i>Kings of Nowhere</i>	Betzabé García
Festival Favorite	<i>The Look of Silence</i>	Joshua Oppenheimer
SXSW Excellence in Poster Design	<i>Pink Grapefruit</i>	Simon Dargan for Musta Lunta
SXSW Excellence in Title Design	<i>The Fitzroy</i>	Chris Tozer, Marko Anstice




## 23 TECHNOLOGY HACKS FOR YOUR INDIE FILM RELEASE

The Sundance Institute’s #ArtistServices team presented a panel — Hacking Technology For Your Indie Film Release — at #SXSW. These hacks were curated by Sundance Staffer Missy Laney (@MissMissyLaney on Twitter). The Institute says to feel free to share or send your own to [artistservices@sundance.org](mailto:artistservices@sundance.org) for future editions. Below are a list of the hacks. For explanations of each one, go to <http://www.sundance.org/blogs/artist-services/23-hacks-for-your-indie-film-release-artist-services>

1. Schedule pre-order windows.
2. Avoid December and February
3. Purchase a specific [E&O] policy that fits your film release plans
4. Don’t limit your theatrical screenings to only Art House Theaters
5. Upload final DCP-formatted trailers on Dropbox or G Drive
6. Do NOT purchase KDMs [Key Delivery Message files]
7. \$250 vs 35%
8. Beware the “Virtual Print Fee”
9. All screenings are “theatrical”
10. Be frugal

11. Small size matters, too
12. Don't worry about print ads
13. Harness internet trends
14. Email subject lines matter
15. Tweet at people who just tweeted
16. Email lists are still the gold
17. Upload content natively to each social platform
18. Better bundle for bigger bucks
19. Private Vimeo Screener
20. Growth hack your backer rewards
21. Carve out rights to do traditional digital and direct-to-fan deals on your own
22. Ask distributors about their digital economics
23. Pay for a quality closed caption file 

## **SUNDANCE DOCUMENTARY FUND OPEN**

The Sundance Institute's Documentary Film Program provides \$1M-\$2M in non-recoupable financing annually across all stages of development, production, post-production, and strategic audience engagement independent filmmakers worldwide. The Fund has made a major adjustment to its application process with a rolling open call. Filmmakers can apply and be selected for the program at any time. The submission period will close August 3, 2015. Films supported in March and April will be eligible for consideration for the 2015 Sundance Documentary Labs. Filmmakers can get more info and apply for the program by visiting <http://applications4.sundance.org/> 

## COMINGS AND GOINGS

Gene Simmons, co-founder of the legendary rock band Kiss and media mogul, has partnered with WWE Studios to launch **Erebus Pictures**. The new company, which is named after the ancient Greek primeval god representing the personification of darkness, will finance and produce elevated horror movies. It already has locked a three-picture deal, including writer Matt Savelloni's *Temple* as the first production. "The horror genre continues to fascinate me, as it proves to be endlessly thrilling and engaging for audiences," said Simmons in a statement. "I am so thrilled to be working with the masterminds from WWE Studios in launching Erebus Pictures."

Shivani Rawat formed **ShivHans Pictures**, a production and finance company, backed by 5-Hour Energy drink magnate Manoj Bhargava. The company's website says that it is designed to "produce projects that do not fit into the typical Hollywood studio model... supports filmmakers and their visions while keeping the financing process simple. Bhargava has now funded three films for the New York-based startup with budgets from \$8.0 million to \$14.0 million — Dan Fogelman's *Danny Collins*, Jay Roach's *Trumbo* and Matt Ross' *Captain Fantastic*. All three films are to be distributed by New York-based Bleecker Street, in which Bhargava also is an investor. Roach told *Variety* that Rawat is "empowering and supportive," and Fogelman predicts she could become "the next Megan Ellison." The daughter of a successful investor, whose close friend is Bhargava, Rawat studied at New York Film Academy and the New School.

Republic Records and independent film and television studio IM Global have announced a multi-picture co-financing and co-production relationship for a series of music-driven titles. The movies will be supported by soundtracks, music videos and fan-driven social media. Under the deal, which was brokered by IM Global Music president David Schulhof, the inaugural feature is scheduled to be an urban comedy, *Rollin Thunder*, directed by Billie Woodruff and co-produced by Nelly and Nick Cannon. This is the first deal for the recently formed IM Global Music.

Lionsgate has launched **Lionsgate Premiere**, which will release up to 15 films annually from both the Lionsgate and Summit Entertainment labels multi-platform channel in theatres, as well as across a broad spectrum of digital platforms. Premiere kicks off in the autumn with the Chinese epic *Dragon Blade*, followed by comedy/horror *Cooties*. "Lionsgate Premiere embodies the unique attributes of our motion picture business – our diversity, our focus on audiences in our sweet spot and ability to create release strategies attuned to next generation moviegoers," said Lionsgate Motion Picture Group co-chairs Rob Friedman and Patrick Wachsberger. This division joins Lionsgate's other partnerships, including the recently-formed distribution partnership with CBS Films, Pantelion Films (a joint venture with Grupo Televisa), urban label Codeblack Pictures, Lionsgate UK production and distribution brand and the Company's partnership with specialty distributor Roadside Attractions.

Production and programming Executives Eric Tomosunas of Swirl Films and Brett Dismuke of RLJ Entertainment | Image launched **The Swirl Group**, a production company providing services for urban content. Tomosunas founded Swirl Films in 2008 and has since produced more than 60 original productions. Alchemy has entered into a multiyear joint venture with the

company for home entertainment rights to seven of its completed films: *Saving Westbrook High*, *My Dad's A Soccer Mom*, *The Dempsey Sisters*, *The Love Letter*, *Marry Me for Christmas*, *Comeback Dad* and *Where's The Love?* In addition, they have plans to produce and acquire 10 to 15 more films per year. Deadline.com says that the announcement came a month after UCLA's Ralph J. Bunche Center for African American Studies released their second annual Hollywood Diversity Study, which showed an under-representation of minorities of a ratio of more than 2-to-1 and that movies with a larger percentage of diversity in casting did the best at the box office. ■

## **OSCAR DATES ANNOUNCED**

The next three Oscar shows are set to be held on Feb. 28, 2016, Feb. 26, 2017, and March 4, 2018. This year, voting for nominations will be from December 30, 2015 to January 8, 2016 and announced on February 12, 2016. Oscar voting runs from February 12 to 23, 2016. ■



## NUMBERS! NUMBERS! NUMBERS!

### LOW-BUDGET INDEPENDENT FILMS (\$9.0 M and under)

FILM	DISTRIBUTOR	REVENUE	COST
		thous. \$	thous. \$
<i>Addicted</i>	Lionsgate Films	17,391	5,000
<i>Begin Again</i>	The Weinstein Co.	16,171	8,000
<i>Beyond the Lights*</i>	Relativity Media	14,620	7,000
<i>Black or White*</i>	Relativity Media	21,401	9,000
<i>Boyhood</i>	IFC	25,359	4,000
<i>Cake</i>	Cinelou Films	1,952	8,000
<i>DUFF, The*</i>	Lionsgate Films	33,315	8,500
<i>Force Majeure*</i>	Magnolia	1,359	5,000
<i>Ida</i>	Music Box	3,820	1,700
<i>Insidious: Chapter 2</i>	FilmDistrict	83,586	5,000
<i>It Follows*</i>	RADiUS-TWC	5,318	1,000
<i>Lazarus Effect, The*</i>	Relativity Media	25,029	5,000
<i>Love Is Strange</i>	Sony Pictures Classics	2,262	1,200
<i>Lunchbox, The</i>	Sony Pictures Classics	4,235	1,500
<i>Mom's Night Out</i>	TriStar Pictures	10,430	5,000
<i>Nightcrawler</i>	Open Road	32,381	8,000
<i>Oculus</i>	Relativity Media	27,695	5,000
<i>Still Alice*</i>	Sony Pictures Classics	17,871	4,000
<i>That Awkward Moment</i>	Focus Features	26,069	8,000
<i>Two Days, One Night*</i>	IFC	1,410	7,700
<i>Whiplash*</i>	Sony Pictures Classics	13,092	3,300

\*Still in North American distribution as of March 31, 2015

**MORE NUMBERS! NUMBERS! NUMBERS!**  
**HIGH-BUDGET INDEPENDENT FILMS (Over \$9.0M)**

FILM	DISTRIBUTOR	REV.	COST
		thous. \$	thous.
<i>Big Eyes*</i>	The Weinstein Co.	14,482	10,000
<i>Birdman</i>	Fox Searchlight	42,273	18,000
<i>Boxtrolls, The</i>	Focus Features	50,837	60,000
<i>Chappie*</i>	Sony/Columbia	30,387	50,000
<i>Divergent Series, The: Insurgent*</i>	Lionsgate/Summit	89,694	110,000
<i>Foxcatcher</i>	Sony Pictures Classics	12,096	24,000
<i>Gunman, The*</i>	Open Road	9,317	40,000
<i>Home*</i>	20 <sup>th</sup> Century Fox	60,315	135,000
<i>Hunger Games, The: Mockingjay-Part 1</i>	Lionsgate	337,136	125,000
<i>Imitation Game, The*</i>	The Weinstein Co.	86,321	16,000
<i>Mr. Turner*</i>	Sony Pictures Classics	3,958	12,000
<i>Most Violent Year, A*</i>	A24	5,689	20,000
<i>Paddington*</i>	The Weinstein Co.	74,748	43,400
<i>Penguins of Madagascar*</i>	20 <sup>th</sup> Century Fox	83,218	132,000
<i>P.K.</i>	UTV	10,616	20,600
<i>Selma*</i>	Paramount	51,912	20,000
<i>St. Vincent</i>	The Weinstein Co.	44,137	13,000
<i>Second Best Marigold Hotel, The*</i>	Fox Searchlight	28,598	10,000
<i>Seventh Son*</i>	Universal	17,223	95,000
<i>Taken 3*</i>	20 <sup>th</sup> Century Fox	88,982	48,000
<i>Theory of Everything, The*</i>	Focus Features	35,846	15,000
<i>Woman in Black 2, The: Angel of Death*</i>	Relativity Media	26,501	15,000

\*Same reference as Low-Budget Table

## LARGE FORMAT FILMS

FILM	DISTRIBUTION	REV.	COST
		thous. \$	thous. \$
<i>Air Racers 3D</i>	3D Entertainment	1,310	5,000
<i>Apollo 13: The Imax Experience</i>	IMAX	1,737	n/a
<i>Born To Be Wild 3D*</i>	Warner Bros./IMAX	23,961	n/a
<i>Bugs!</i>	SK Films, Inc.	18,114	9,000
<i>Deep Sea 3D</i>	Warner Bros.	46,097	1,000
<i>Galapagos: The Enchanted Voyage*</i>	IMAX	18,352	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.	48,045	n/a
<i>Island of Lemurs: Madagascar*</i>	Warner Bros.	9,152	n/a
<i>James Cameron's Deepsea Challenge*</i>	DisruptiveLA	236	n/a
<i>Jerusalem 3D</i>	National Geographic	7,502	n/a
<i>Journey to the South Pacific*</i>	IMAX/MacGillivray	6,099	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: Journey to a Prehistoric</i>	3D Entertainment	6,097	n/a
<i>Space Station 3D</i>	IMAX	92,165	1,000
<i>Thrill Ride</i>	Sony Classics	18,795	9,000
<i>To the Arctic 3D*</i>	Warner Bros.	14,314	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.	34,487	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 ■

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

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 27 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 seventh edition (Focal Press, 2013). The sixth edition of the book continues to be available in Mandarin from [www.hindabook.com](http://www.hindabook.com) in Beijing, China. Levison also is editor of the online newsletter *The Film Entrepreneur: A Newsletter for the Independent Filmmaker and Investor*. Among other clients' projects are Kahlil Gibran's *The Prophet, Unlimited* (Nathan Frankowski), *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*), The Pamplin Film Company (*Hoover*), Hurricane Film Partners, LLC and Tokuma International Ltd (*Shall We Dance, Princess Mononoke*). Levison is an Instructor in the Extension Program at UCLA. 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. (Additional information is available at <http://www.moviemoney.com>).

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