



THE FILM ENTREPRENEUR:

A Newsletter for Independent Filmmakers and Investors



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DISCS AREN'T DEAD YET!

Like film before them, home entertainment packaged goods (i.e., discs) are predicted to be coming to an end on a daily basis. The Digital Entertainment Group (DEG) report for the first nine months of this year show that while revenue from digital sales is keeping the total revenue for the home entertainment sector steady, physical disc sales continue slowly to decline. Consumer spending on home entertainment remained stable at \$3.97 billion in the third quarter of 2015, and squeezing slightly past year-to-date 2014 by 0.3% at \$12.7 billion. Consumers continued to embrace the convenience and accessibility of purchasing and collecting digital content, with studios and indie companies “reaping the higher margins that come from digital sales.” The digital gains helped offset the ongoing decline in physical disc sales, down 5.8% at \$3.8 billion year-to-date. Comprising that total were brick and mortar rental revenue at \$462 million (down 10.8%), disc subscription revenue at \$543.6 million (down 15.5%) and kiosk revenue at \$1.3 billion (down 1.7%). VOD rentals were down another 3.5% at \$1.4 billion.

The DEG report also indicates that 4K Ultra HDTV sales were up 494% for third quarter, with nearly two million sets sold year-to-date. There are currently a total of 2.8 million U.S. households that have a 4K Ultra HDTV. There are more than 96 million HDTV U.S. households and nearly 80 million households own Blu-ray playback devices.

Two analyses in homemediamagazine.com reflect two views about Blu-ray. Along with reporting the DEG third quarter data, the website says that Blu-ray disc players still are growing as a bridge between the increasing divide between packaged and digital media. “There are more than 28 million Web-enabled BD players in use, which is up from 27.9 million in 2014, according to new data from eMarketer. BD players trail connected televisions (35.3 million) and video game consoles (51.7 million) – but lead Google Chromecast (22.8 million), Roku (22.6 million) and Apple TV (17.7 million).” On the other hand, the analysis projects device penetration to drop to 13.3% by 2019.

In a subsequent article, however, an analyst says that announcements by Twentieth Century Fox and Sony in the last two months of Ultra HD Blu-ray Disc releases “has fueled speculation that the high-definition disc format may be in store for resurgence. The rapid advance of Ultra HD, some observers say, is expected to lead to an eventual upswing in sales of Blu-ray Disc, which they say remains the optimal way to view the new sharper, clearer format.” Veteran entertainment industry analyst Tom Adams says, “There’s a historical parallel – certainly the move over to HD sparked consumer interest in Blu-ray Disc; and, for the same reason, we expect a similar effect now. Networks struggle to provide the real deal, whereas the disc has the capacity to do it. So I expect people upgrading to 4K will be looking to Blu-ray as a way to get more content.”

Your editor will leave more technical discussion to the sites below. For readers over 35, however, I would like to note: R.I.P. Betamax. Sony will cease shipping its memory media for Betamax by next March, the company told CNN. For those who weren’t around for the fun early days of video, Betamax and rival JVC engaged in one of the first format wars in the 1970s and 1980s. Betamax won a Supreme Court case against Universal and Walt Disney studios in 1984 but soon began to lose the market to VHS videotape. That format saw its own demise in 2007 due to the competition from DVD and Blu-ray.

[http://degonline.org/resource/q3-2015-deg-home-entertainment/;](http://degonline.org/resource/q3-2015-deg-home-entertainment/)

<http://www.homemediamagazine.com/studios/ultra-high-def-blu-ray-gets-push-sony-deg-37017>



SEVEN “RULES” FOR USING CROWDFUNDING

Indiegogo studied 100,000 crowdfunding campaigns and came up with these seven statistics:

- 1. 30 day campaigns work best:** Of all the campaigns we looked at that met their goals, nearly a third of them (30.5%) ran a campaign between 30 to 39 days long.
- 2. Keep your campaign page updated:** No matter what type of project you have, you want to keep your backers in the loop about any progress you’ve made, whether it’s hitting 30% of your goal, press mentions or new perks you decided to add.
- 3. Start strong, finish strong:** One strong trend we found when analyzing these 100,000 campaigns (not just ones that met their goals) is that 42% of funds are raised in the first and last 3 days of the campaign’s duration.
- 4. Add new perks after launch:** Perks are a great way to incentivize people to contribute to your campaign. On average, successful campaigns add 12 new perks after launch. Keep in mind that some types of campaigns will have more options to offer than others in terms of new perks.

5. Work with a team: The whole concept of crowdfunding is based on involving the crowd, so it makes sense that campaigners who work in teams raise over 3 times as many funds than campaigners that choose to work solo. Running a crowdfunding project takes a lot of time and effort.

6. Include a pitch video: Videos are some of the most popular form of content on the internet today. They're an effective and engaging way of communicating with your audience. You also can get as creative as you want.

7. Maximize your global reach: No matter where you are based, remember that crowdfunding gives you the ability to reach complete strangers around the globe. The top 5 contributing countries for these 100k campaigns are the United States, Canada, United Kingdom, Australia and Germany.

While Indiegogo certainly is promoting itself with the study, these suggestions work with most crowdfunding campaigns. For more information on each rule, go to:
https://go.indiegogo.com/blog/2015/10/crowdfunding-statistics-trends-infographic.html?utm_source=newsletter&utm_medium=email&utm_content=feature_cta_a&utm_campaign=campaignernewsletter_blast_10262015_null&utm_term=null&i=manc 

KODAK FILM UPDATE

It looks like Hollywood's in for some more Kodak moments. The Los Angeles *Times* reported that Eastman Kodak Company is finalizing agreements with industry leaders to keep celluloid in the future of film. “After extensive discussions with filmmakers, leading studios and others who recognize the unique artistic and archival qualities of film, we intend to continue production,” Kodak Chief Executive Jeff Clarke said in a statement Wednesday. “Kodak thanks these industry leaders for their support and ingenuity in finding a way to extend the life of film.”

Kodak's sales of motion picture film have declined 96% in the last 10 years because of a widespread conversion to digital displays of movies worldwide, according to data provided by the company. Founded by George Eastman, Kodak launched the first commercial transparent roll film in 1889. Since then, the company has won 30 awards from the Academy of Motion Picture Arts and Sciences, including nine Oscar statuettes. Louise Kehoe, a spokeswoman for Kodak, said that industry support enables the company “to plan ahead and maintain production of film for the industry while gearing up for new markets, such as touch sensors.” Film currently accounts for about 6% of the company's revenues, Kehoe told the *Times*. Industry efforts include “maintenance of film as a premium distribution mechanism, outreach to film schools and a commitment to the maintenance of celluloid as an acquisition and exhibition format,” she said. The effort to ensure the future of film comes from major film studios, independents and filmmakers. Many of Hollywood's most respected (and successful) directors, including Martin Scorsese, Christopher Nolan, J.J. Abrams, Judd Apatow and Quentin Tarantino, are among the supporters of film. 

WHY CHINA CHANGED ITS FOREIGN-LANGUAGE OSCAR SUBMISSION

As we get into full swing for Oscar contender season, the rules applying to foreign films are always surprising. While we like to complain about the Academy's thinking, sometimes a country is happy. China's selection of *Go Away, Mr. Tumor* as its official submission, for example, came as a surprise to both industry watchers and Chinese moviegoers when the list of hopefuls was announced on October 8. Period epic *Wolf Totem*, a China Film Company co-production with France and with a cast mostly consisting of Chinese actors, was widely believed to be a lock for the country's nomination. On October 11, Chinese state media reported that *Wolf Totem* was rejected by the Academy as China's submission because the movie's director, Jean-Jacques Annaud, is French, as are its lead screenwriter, Alain Godard, and much of the production staff. While Chinese press is pointing to the Academy as being behind the switch, a source close to the discussions in the Film Bureau tells *The Hollywood Reporter* that China's film regulators were happy about it. "Someone from the top said that they don't want a foreign director representing China two years in a row," says the source, who asked not to be named. [Last year's submission from China, "The Nightingale," was directed by Philippe Muyl, also a Frenchman.] "They [were] afraid Chinese directors will protest and many production companies will hire more foreign directors, which is not healthy for the domestic film market." ■

COMINGS AND GOINGS

Former RADiUS Founders and Co-Presidents Tom Quinn and Jason Janego are teaming with Alamo Drafthouse Founder and CEO Tim League to form a **new distribution label**, which according to their press release and subsequent trade reports remains unnamed as of early November. All will be revealed by December 23rd, when they release their first film, Michael Moore's *Where to Invade Next*, if not before. Quinn and Janego left RADiUS (and its parent, The Weinstein Company) in August. "They decided it was time to rethink the way movies are made, doing it with filmmakers who create their best work in a supportive environment, unfettered by a traditional studio system. I believe that Tom, Jason and Tim are poised to revolutionize film distribution by creating an entirely different movie-going experience for the audience," Moore said.

Rock Pile Studios is a new production and distribution company formed by Bandito Brothers Co-Founder Scott Waugh, studio veteran Simon Swart and real estate developer Brad Pilz. The company's mandate is to create inspirational and aspirational family friendly films. At the helm is Swart, who championed Fox's entry into the faith business and brings 25 years of experience in content production and distribution across multiple platforms. The company's first project, *I Believe In Love*, is a biopic of Amy Purdy, who lost both legs at age 19, but went on to become a world class snowboarder, a 2014 Paralympic medalist and a *Dancing With The Stars* runner-up last year. "Amy's story is an inspirational, coming-of-age tale that celebrates the remarkable strength of the human spirit," Waugh said. Swart added that the film "is the ideal debut project for us."

StudioCanal has announced the creation of **Guilty Party**, a new film and television UK-based production company run by producer Spencer Millman (*The Inbetweeners 2*) and actor-writers Simon Bird (*The Inbetweeners*) and Jonny Sweet (*Chickens*). The new company will come under the creative supervision of Nicola Shindler, Executive Producer and Founder of RED Production Company. StudioCanal owns 25% share of Guilty Party and will handle worldwide distribution. “There is a fantastic opportunity for StudioCanal to become the main house of European talents in TV series so we are very happy to have Spencer Millman, Simon Bird and Jonny Sweet join our family,” StudioCanal’s COO, CFO and head of TV series Romain Bessi told screendaily.com. StudioCanal, a subsidiary of the CANAL+ Group, is the only studio which operates simultaneously in three main European territories – France, the United Kingdom and Germany – as well as in Australia and New Zealand.

Byron Allen’s **Entertainment Studios** bought Freestyle Releasing, the company co-founded by Mark Borde and the late Susan Jackson in 2004. While Allen’s company, founded in 1993, is one of the largest independent producers/distributors of first-run syndicated television programming for broadcast television stations, Freestyle is known for distributing lower-budgeted indie fare. In addition, the company has a digital media division and represents indie film and TV producers through its producers representation division, Turtle’s Crossing. “Freestyle has a great management team and with their unique output deal with Netflix, the company is very valuable and well-positioned to grab greater theatrical box office market share and we will maximize this opportunity,” said Allen. Quincy Jones also was quoted in several press reports as saying, “One of the best ways to address diversity in our industry is through finance and distribution and Byron Allen has now taken that first major step, which is long overdue. I am very proud of Byron, and I hope he adopts me.”

Former Paramount Film Group President Adam Goodman has formed **Dichotomy**. With the new company, he intends to make big movies as well as far smaller films through a new model that will finance projects in increments, reports *The Hollywood Reporter*. The company will pay \$2 million to finance 20 days of production, followed by a break during which the material can be tested with an audience. If the film shows promise, Dichotomy will provide \$1 million to continue shooting for another five days, followed by another test period, which could raise the investment to \$5 million. The plan is to take advantage of digital technology “to move from the page to the stage as quickly as possible, knowing we can consistently review, rewrite and enhance the creative process,” Goodman said. “Our goal is always theatrical, but our process and technique is nimble enough to take advantage of other emerging release opportunities when appropriate for a specific project. Dichotomy has a first look deal at Paramount and is seeking additional financing. ■

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

FILM	DISTRIBUTOR	REVENUE	COST
		thous. \$	thous. \$
<i>90 Minutes in Heaven</i>	Samuel Goldwyn	4,816	5,000
<i>99 Homes*</i>	Broad Green	1,388	8,000
<i>Amy*</i>	A24	8,369	3,000
<i>Black or White</i>	Relativity Media	21,571	9,000
<i>Captive (2015)</i>	Paramount	2,583	2,000
<i>Dope (1)</i>	Open Road	17,506	700
<i>DUFF, The</i>	Lionsgate Films	34,030	8,500
<i>Gallows, The (2)</i>	New Line	22,764	100
<i>Gift, The</i>	STX Entertainment	43,787	5,000
<i>Grandma*</i>	Sony Pictures Classics	6,741	600
<i>Green Inferno, The*</i>	High Top Releasing	7,187	6,000
<i>Lazarus Effect, The</i>	Relativity Media	25,801	5,000
<i>Nightcrawler</i>	Open Road Films	32,381	8,000
<i>No Escape*</i>	Lionsgate	27,186	5,000
<i>Sinister 2*</i>	Gramercy	27,741	9,000
<i>Tangerine</i>	Goldwyn	684	100
<i>Truth*</i>	Sony Pictures Classics	1,126	8,100
<i>Unfriended</i>	Universal	32,482	1,000
<i>Un Gallo con Muchos Huevos*</i>	Lionsgate	9,081	5,300
<i>Walk in the Woods, A*</i>	Broad Green Pictures	29,216	8,000
<i>War Room*</i>	Sony Pictures Releasing	66,848	3,000

*Still in North American distribution as of November 1, 2015. Revenues are from boxoffice.com and boxofficemojo.com. Negative costs (production prior to prints and ads) are approximate, based either on industry estimates, published interviews with filmmakers or personal conversations with filmmakers.

(1) Revised budget. Press had picked up the \$7M paid by Open Road for the right to distribute as the budget. (2) May not include post production costs by New Line

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

FILM	DISTRIBUTOR	REV.	COST
		thous. \$	thous.
<i>Age of Adaline, The</i>	Lionsgate	42,630	25,000
<i>American Ultra</i>	Lionsgate	14,441	12,000
<i>Bajranghi Bhaijaan</i>	Eros	8,178	12,800
<i>Black Mass*</i>	Warner Bros.	61,853	53,000
<i>Bridge of Spies*</i>	Buena Vista	45,532	40,000
<i>Burnt*</i>	The Weinstein Co.	5,002	20,000
<i>Divergent Series, The: Insurgent</i>	Lionsgate/Summit	130,179	110,000
<i>Everest*</i>	Universal	42,350	65,000
<i>Ex Machina</i>	A24	25,443	15,000
<i>Home</i>	20 th Century Fox	177,397	135,000
<i>Insidious: Chapter 3</i>	Gramercy Pictures	52,219	10,000
<i>Irrational Man*</i>	Sony Pictures Classics	4,028	11,000
<i>Last Witch Hunter, The*</i>	Lionsgate/Summit	19,025	10,000
<i>Mad Max: Fury Road</i>	Warner Bros.	153,636	150,000
<i>Second Best Marigold Hotel, The</i>	Fox Searchlight	33,078	10,000
<i>Self/less</i>	Focus Features	12,280	26,000
<i>Shaun the Sheep</i>	Lionsgate	19,375	25,000
<i>Sicario*</i>	Lionsgate Premiere	42,077	30,000
<i>Southpaw*</i>	The Weinstein Co.	52,419	30,000
<i>Taken 3</i>	20 th Century Fox	89,256	48,000
<i>Transporter Refueled, The*</i>	Europacorp-Red	15,992	22,000
<i>Woman in Black 2, The: Angel of Death</i>	Relativity Media	26,501	15,000
<i>Woman in Gold</i>	The Weinstein Co.	33,308	11,000

*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	24,400	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.	50,439	n/a
<i>Island of Lemurs: Madagascar*</i>	Warner Bros.	10,440	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	7,058	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	93,134	1,000
<i>Thrill Ride</i>	Sony Classics	18,795	9,000
<i>To the Arctic 3D*</i>	Warner Bros.	14,392	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.	34,759	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 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 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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