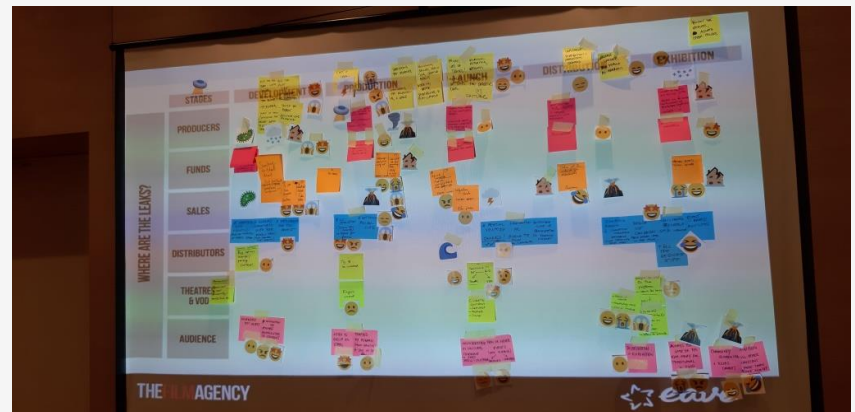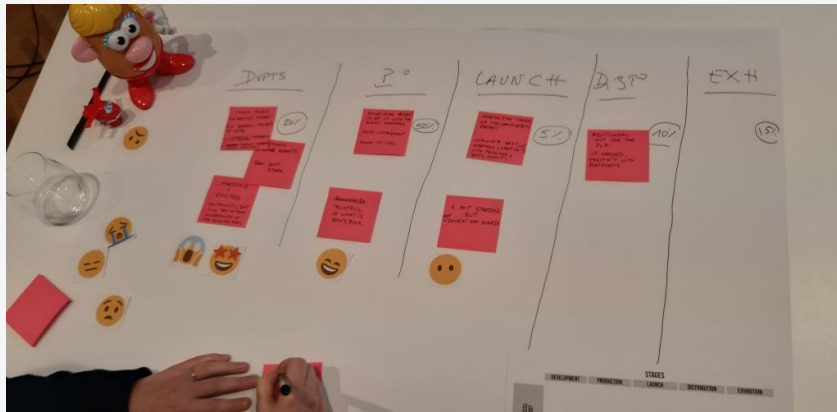# MOVING AHEAD IN FILM FUNDING BY INNOVATING THE AUDIOVISUAL INDUSTRY

THE THINKING PROCESS & METHODOLOGY
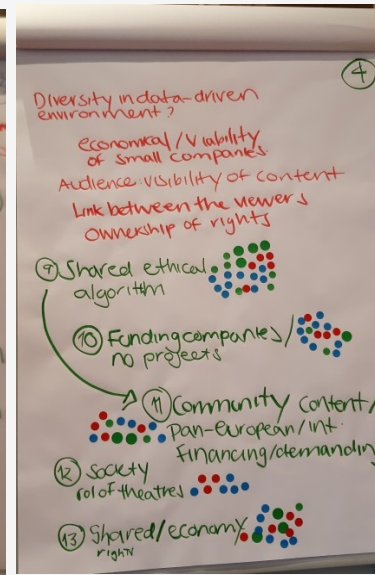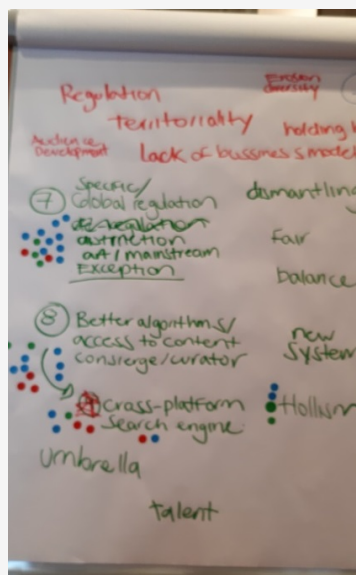
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THE THINKING PROCESS: THREE PHASES

January
2020
Trieste

1st
wave

August
2020
Online

2nd
wave

November
2020
Survey

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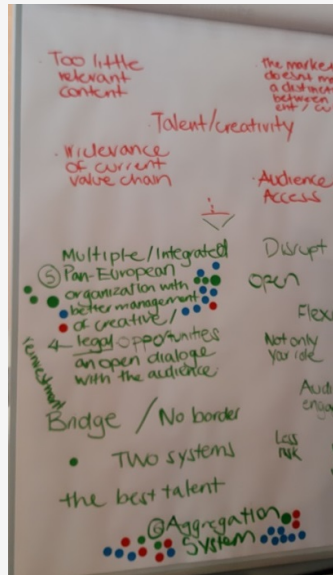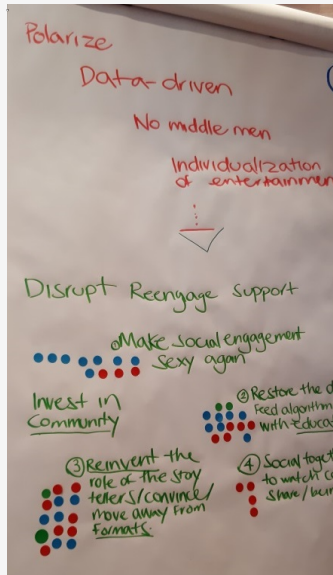
We used design thinking tools to collectively find solutions for the future of film funding and the industry as a whole projecting ourselves to year 2045.

- **THE GROUP:** we gathered in Trieste in January 2020 a group of 20 diverse film professionals.

- **THE PROCESS**: We undertook three design thinking exercises: a film journey, a scenario planning and a solution mapping. These three exercises lead us to understand, experiment and plan together.

- **THE ACHIEVEMENT:** we agreed on a draft of 30 potential solutions that can help boost innovation in our industry and in film funding.

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Given that the pandemic violently anticipated a lot of the problems and solutions that we imagined for the future (2045), we decided to confront our that to the current new world crisis.

- **THE GROUP:** we gathered on Zoom in August 2020 a smaller group of 9 diverse film professionals.

- **THE PROCESS**: We re-read the problems and solutions and nourished them with the current crisis.

- **THE ACHIEVEMENT:** we obtained a short list of 5 initiatives that we believe are transversal to the industry and that could contribute to its recovery now and in the future.

We sent out a survey to more than 5K contacts in the EAVE network and partners in order to reality-check the 5 initiatives. We obtained 150 replies evaluating the pertinence of the initiatives. We gathered and analysed their comments.

- **THE GROUP:** the 150 respondents are film professionals who evaluated the 5 initiatives.

- **THE PROCESS**: we classified the comments in PROs and CONs for each initiative. We also gathered the constructive ideas about how to improve them.

- **THE ACHIEVEMENT:** in average 68% of respondents graded the initiatives as pertinent. 3 initiatives were graded above this average.

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IDENTIFYING PROBLEMS & LEAKS IN OUR SYSTEM

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Challenge of keeping diversity in data driven environment

Need to reinvent middlemen and storytellers

Elitism of culture and polarisation of culture – two worlds

Polarisation

Highly data driven decisions concentrated in a few powerhouses

Obsolete rights ownership system

Systemic erosion of diversity

Extreme individualisation of entertainment

Lack of business models

Data transparency and concentration of power

Territoriality

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KEY LEAKS WE IDENTIFIED IN THE PRESENT (2020)

The industry was in love with the status quo and couldn't kill the darling

Many aspects of the future are speeding up

Keeping the cover to themselves

We were chopped and paralyzed

Europe has become a kingdom of islands

Exposed the vulnerability

Game changer and accelerator

Money dictates. The smaller ones are hanging

The inclusion process is speeding-up

Concentrate in the visibility

Lack of leadership

Skipping / changing theatrical

We have forgotten we're part of the same

Some people are disconnected from reality and trying to conduct business as usual

Dependence of the public funding

Our little garden.

Crisis is a big opportunity as well

Lack of a big picture, Floating islands

There could be light

What do I really need? There was probably too much before.

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PHASE FORWARD-THINKING: THE FIVE SOLUTION-DRIVEN INITIATIVES

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INITIATIVE 1: INTEGRATE NDEPENDENT CINEMAS

We suggest a more **integrated model of the arthouse sector** including production, distribution and exhibition within the same company.

In the **same way that traditional theatre companies combine the private revenue model with strong public support.**

This could **reduce the risk of cinemas by diversifying their incomes**, create more value for them as cultural temples and foster a better connection with the audience.

From 1 to 10, how relevant do you find Initiative 1?

122 responses
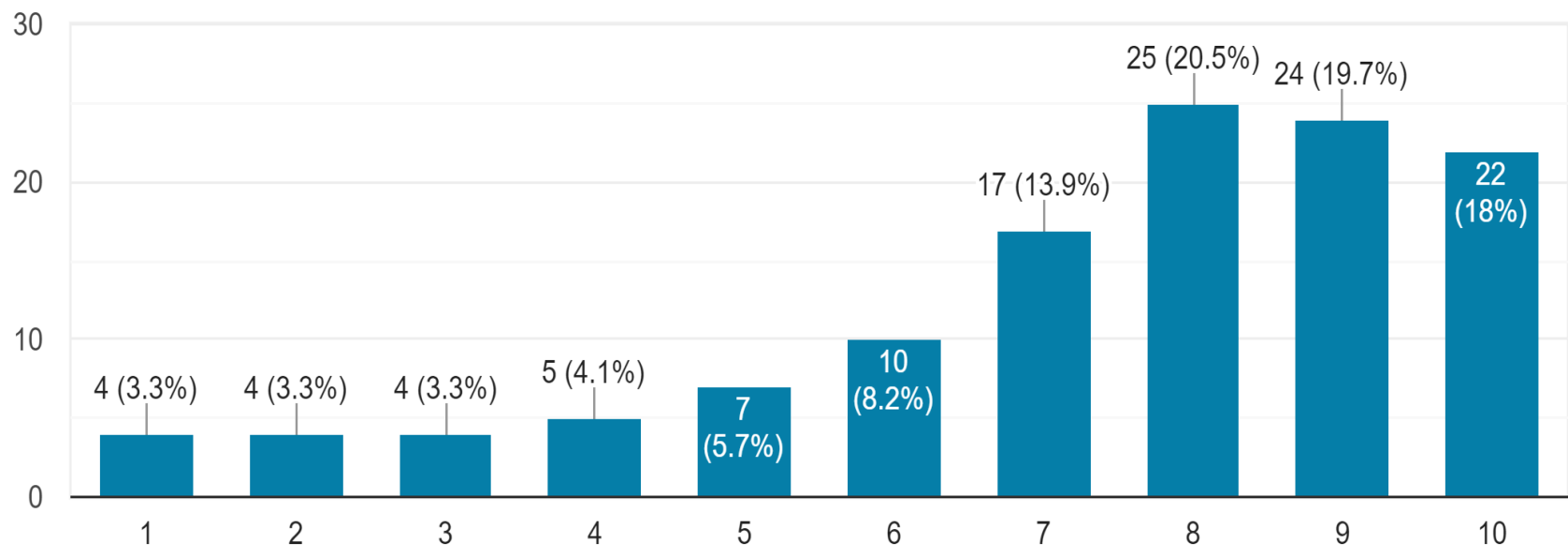
72% of the respondents of the survey found this initiative relevant or extremely relevant

INITIATIVE 1: INTEGRATE INDEPENDENT CINEMAS

PROS SUMMARY

Simplify the distribution

Unified strategy

Sharing knowledge

Ideal for locations with well established independent cinemas

Reinvent the cinema experience, fitting for digital native audiences

Diversify to spread risk

Their own VOD platforms or in collaboration with others

Would increase audience and impact for the films

CONS SUMMARY

In the long run, it creates a kind of monopoly

Threat of monopolisation of power

Coordination cost which may not outweigh the benefit

Growing businesses in size which in most sectors has as a consequence that smaller businesses suffer or disappear

It will become difficult for producers to start their own company

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INITIATIVE 2: BOOST EUROPEAN TALENT

We suggest **creating a Pan-European Talent Agency** that gives fundamental importance to talent management and career development; securing IP and spearheading early development and packaging of content; **all working together in an integrated way.**
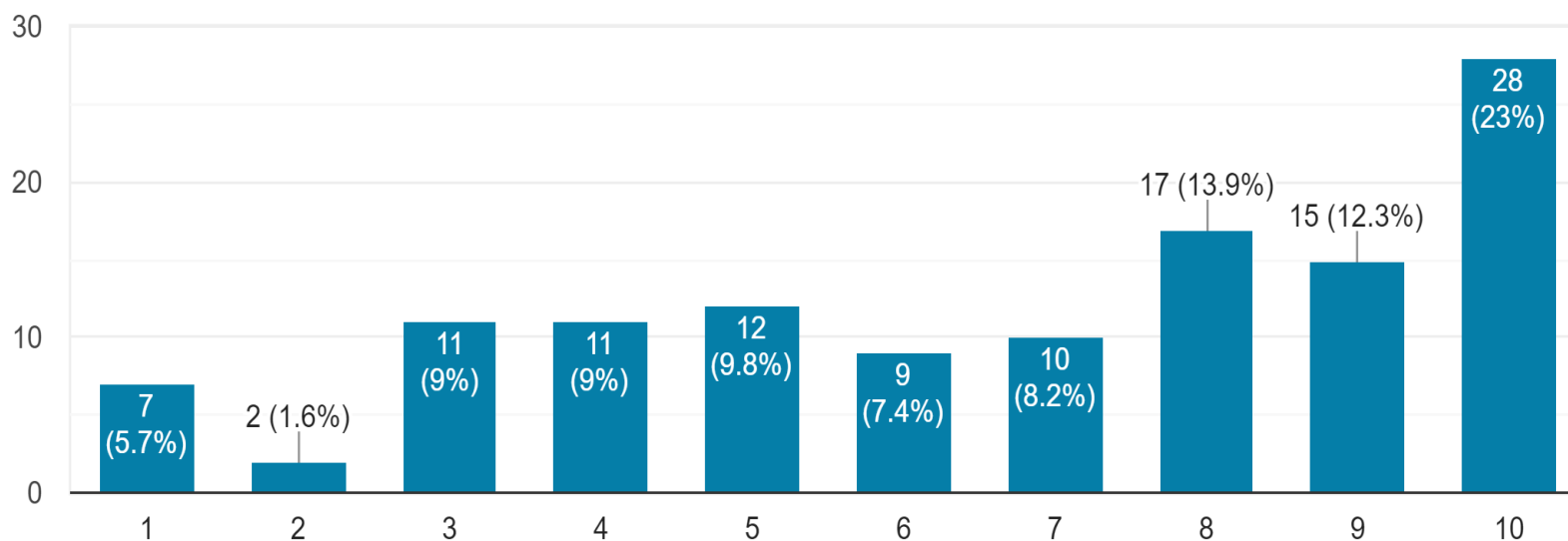
The group could be backed by a number of **European sales companies, funders, producers, distributors, streamers and exhibitors under the same umbrella**, even bringing together existing agencies.

Financing could come from a **mix of private and public investors**.

INITIATIVE 2: BOOST EUROPEAN TALENT

From 1 to 10, how relevant do you find Initiative 2?

122 responses

57.4% of respondents appreciate the relevance of this initiative (more than 7).
42,5% consider it irrelevant (less than 6).

INITIATIVE 2: BOOST EUROPEAN TALENT

PROS SUMMARY

Alliance of agencies working across multiple territories could be successful

Should be done within companies that exist already. As independent as possible

Combining talent across a sector is a strong idea to pool resources and experience

Workshops can be part of this model

Cherish European top talent

Cashflow from streaming industry to the film industry

CONS SUMMARY

Not convinced centralised 'gatekeepers' is a good idea

Challenging in terms of independence, competition and monopolisation

Public financing for one talent agency? That would be gross

A gate keeper for all the smaller companies

Elitist   Development should stay the job of producers

Early career development would be even harder

One can easily see an agency like this focusing on established and commercial projects

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INITIATIVE 3: EMPOWER COMPANIES

We suggest **shifting the focus from project financing to company financing** across Europe in **local, regional, national and Pan-EU funding.**

More aligned with **start-up funding models**, and also add in new compulsory **funding from the streamers.**

Therefore **audiovisual companies would receive a mix of grants and investment for their activities for periods of two to five year**s, including development and production financing; innovation; audience building activities; hiring new staff; training; experimenting with new business streams; and general company expansion.

Companies could develop **new ways to reach audiences, develop new technologies**, and embrace the forward thinking.

Thinking about longer-term investments and strategies would reduce bureaucracy derived from project-to-project, short-term tactics.

INITIATIVE 3: EMPOWER COMPANIES

From 1 to 10, how relevant do you find Initiative 3?

122 responses

7 (5.7%)   1 (0.8%)   4 (3.3%)   3 (2.5%)   8 (6.6%)   3 (2.5%)   15 (12.3%)   12 (9.8%)   31 (25.4%)   38 (31.1%)
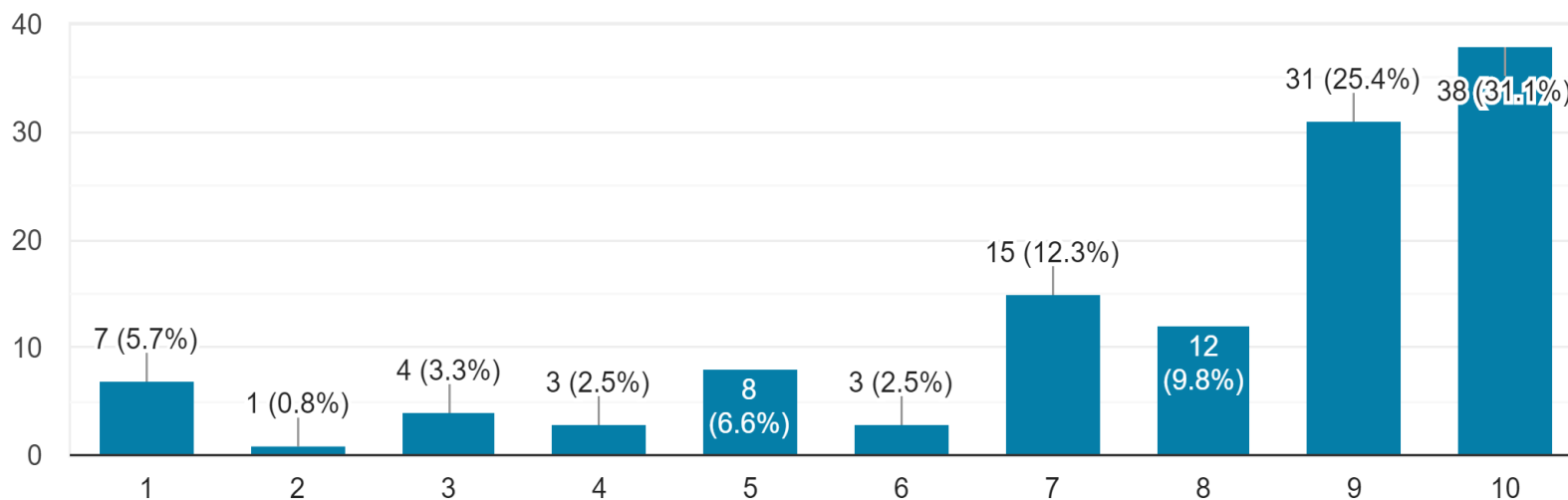
78% consider this iniatiative relevant (and a high percentage (56,5%) extremely relevant).

INITIATIVE 3: EMPOWER COMPANIES

PROS SUMMARY

Wonderful, especially for young companies

Project financing is more expensive than corporate debt.

Green Producing should also be valued

Plan for longer period

Independant international distributors should also be eligible

This should be an addition, not a replacement

Strong support of new generation producers in such a reinvented system

We need more financial and artistic freedom and time to develop good content

Entrepreneurial and close to what start-ups are doing

Continuity   Encourage consolidation

CONS SUMMARY

Production companies should be encouraged to find private financing

Will only bring more corruption

Even harder for young producers to make an entrance in the film industry

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- We **suggest strengthening and modernizing the European industry's approach to data**, via the **European Audiovisual Observatory** and/or other research groups, analytics companies, think tanks or universities.

- **New data projects will need consistent funding** and the right teams to undertake new research that has the audience in the center, can use big data and next-generation ethical and transparent algorithms.

- This study team would include a group of legal and political facilitators including several stakeholders from the public and private sectors who can ensure this **essential data is widely shared and continually updated; eliminating the current data gap.**

- Some funding regulations could be updated so that **only companies who contribute their data to such a project can access public funding.**

INITIATIVE 4: HARNESS THE POWER OF DATA

From 1 to 10, how relevant do you find Initiative 4?

122 responses
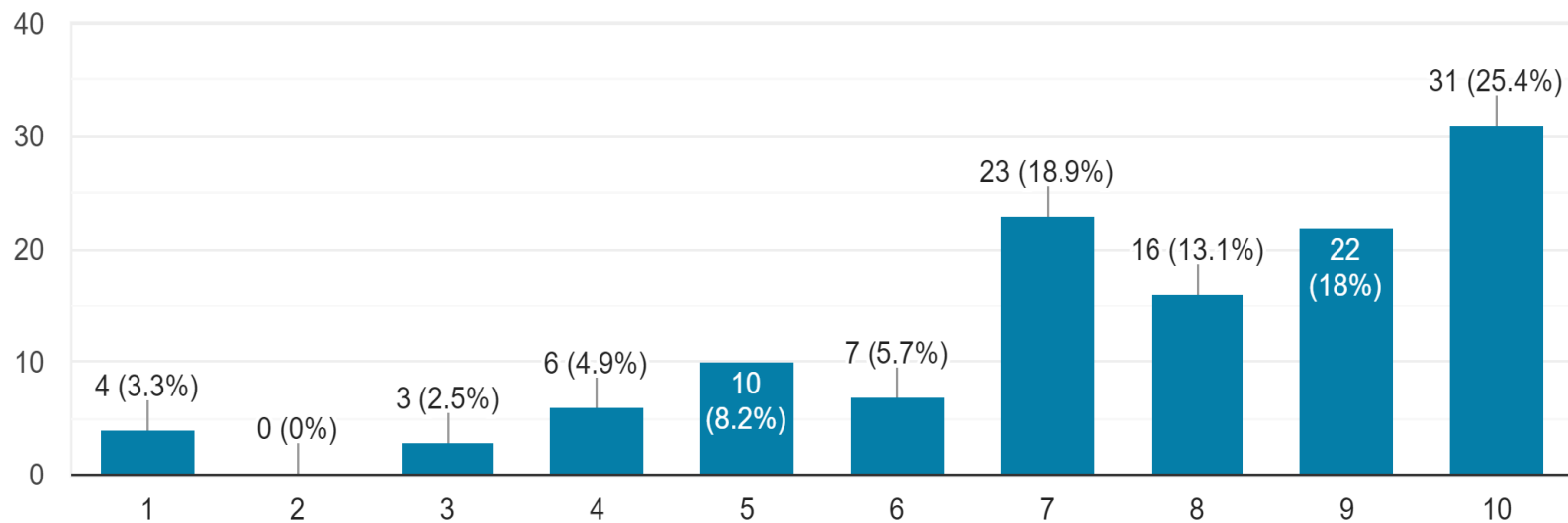
75% consider this iniatiative relevant

INITIATIVE 4: HARNESS THE POWER OF DATA

PROS SUMMARY

Crucial   a big gap in this domain

Observatory work can be more industry-driven

An absolute must

Good reality check for creators

We are so behind, so a boost like this would be amazing

Data should be treated as author's rights

Everything is shifting rapidly

Block chain technology starting from development

CONS SUMMARY

Data focus can become too corporate

How would Fellini or Lynch survive a data driven decision making process

Abstract

Unless the platforms are giving their data, the picture won't be complete

What I am strongly against is supporting content that is created by analysing data

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INITIATIVE 5: SPEARHEAD A 2025 AGENDA

We suggest **crafting an agenda of 10 points like the above-mentioned initiatives** that can significantly foster innovation in the film industry by 2025.
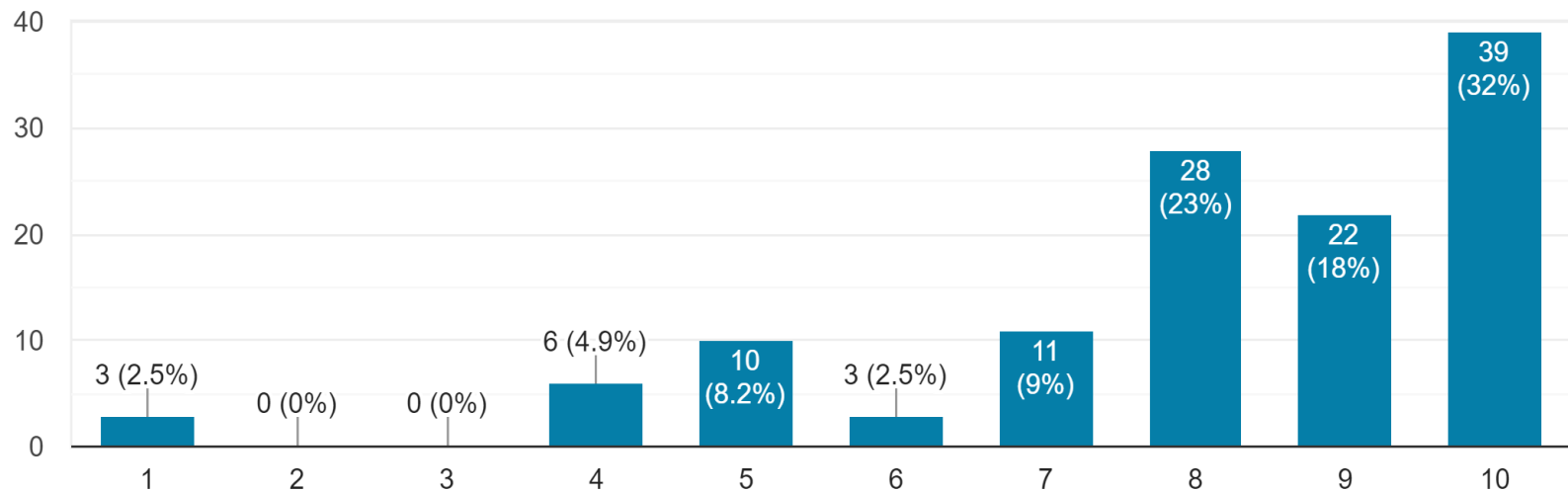
A **team of 10-20 experts will manage this agenda**, focusing on **re-negotiating the existing barriers, reluctance, laws and political limits that are holding back innovation.**

The team's goal will be to turn these 10 points into **tangible and real actions by 2025**, renewing the film audiovisual sectors across Europe.

INITIATIVE 5: SPAREHEAD A 2025 AGENDA

PROS SUMMARY

Forum about Culture

European coalition

Steering committee

As long as diversity of and flexibility in business models on all levels is guaranteed

Existing 5 points as a pilot project

We have the 17 world goals of the UN, why not a 10 point agenda for EU audiovisual world

CONS SUMMARY

Who will elect those people for what criteria

Already existing lobby organizations

Bureaucratic in any case

Please, include diverse group of people into the think thank / new policy creative teams

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OVERALL CONCLUSIONS

OVERALL CONCLUSIONS

- The **average of pertinence of the five initiatives is 68.88%** so we can appreciate a rather high acceptance of these proposals.

- The two initiatives that seemed more pertinent (above 75%) for the respondents are clearly **empowering companies and harness the power of data.** These are the ones that have **less risks of concentration of power.**

- Our sector is too **crucial and complex** to have a one-size-fits-all policy.

- A few of these initiatives can **inspire and boost changes** that some organizations are already having and be a relevant toolbox to build their future thinking ideas and processes.

- This thinking exercise **doesn't imply consensus**, but the diversity of these thoughts **can trigger new ideas or funders and company planning.**

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IN PARTNERSHIP WITH:
WHEN EAST MEETS WEST &
THE FILM AGENCY