MOVING AHEAD IN FILM FUNDING BY INNOVATING THE AUDIOVISUAL INDUSTRY
THE THINKING PROCESS & METHODOLOGY
THE THINKING PROCESS: PHASE 1: JANUARY 2020
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.
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.
IDENTIFYING PROBLEMS & LEAKS IN OUR SYSTEM
**KEY LEAKS WE IMAGINED FOR THE FUTURE (2045)**

Challenge of keeping diversity in data driven environment

Elitism of culture and polarisation of culture – two worlds

Highly data driven decisions concentrated in a few powerhouses

Obsolete rights ownership system

Extreme individualisation of entertainment

Data transparency and concentration of power

Need to reinvent middlemen and storytellers

Polarisation

Systemic erosion of diversity

Lack of business models

Territoriality
KEY LEAKS WE IDENTIFIED IN THE PRESENT (2020)

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

- We were chopped and paralyzed
- Exposed the vulnerability

Many aspects of the future are speeding up

- Keeping the cover to themselves
- Europe has become a kingdom of islands
- Game changer and accelerator

Money dictates. The smaller ones are hanging

- Concentrate in the visibility
- We have forgotten we’re part of the same
- Dependence of the public funding

The inclusion process is speeding-up

- Lack of leadership
- Skipping / changing theatrical
- Some people are disconnected from reality and trying to conduct business as usual
- 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.
PHASE FORWARD-THINKING: THE FIVE SOLUTION-DRIVEN INITIATIVES
INITIATIVE 1: INTEGRATE INDEPENDENT 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.
INITIATIVE 1: INTEGRATE INDEPENDENT CINEMAS

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
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**.
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
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 years, 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

78% consider this initiative 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 |

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**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
INITIATIVE 4: HARNESS THE POWER OF DATA

- 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 initiative 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
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: SPEARHEAD A 2025 AGENDA

From 1 to 10, how relevant do you find Initiative 5?
122 responses

62% consider this initiative relevant
### 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
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**.
IN PARTNERSHIP WITH:
WHEN EAST MEETS WEST &
THE FILM AGENCY