



## 4<sup>TH</sup> EUROPA DISTRIBUTION ANNUAL CONFERENCE IN ESTORIL REPORT

In partnership with [The Biz and Tech Lab](#)

[Europa Distribution](#) held its annual conference in Estoril on November 12-14. 55 distributors and 20 experts from all over Europe gathered to discuss the current challenges facing indie production and distribution when funding faces scarcity, and digital revolution is still acting as an earthquake on the industry. The program and panelists presentations are available [here](#).

### WORKSHOP ON COPRODUCTION

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- Moderation : Pascal Guerrin – Backup (France)
- Alexandre Mallet-Guy – Memento Film Distribution (France)
- Massimo Brioschi – Mikado (Italy)

A workshop on coproduction opened the afternoon, gathering Alexandre Mallet-Guy from Memento Films Distribution (France), Massimo Brioschi from Mikado (Italy) and Pascal Guerrin from Backup (France). [Back UP Films](#) is specialized in structuring and engineering international film financing. It monitors two SOFICA in France, and acts as an intermediate between producers and investors in order to facilitate funding European and International projects.

The discussion opened with the concern about funding indie production, which gets more challenging every day. Therefore, more and more distributors and sales agents are getting involved as co-producers, first in order to develop higher collaboration with talents, but also in order to secure projects at an early stage and benefit from local subsidies in more than only one country.

There are two kinds of coproduction. The “non official” one, which mainly consists in investing equity against long terms rights on local territory, represents the lowest degree of cooperation but may prove really useful to distributors in order to secure rights when the projects gets started in spite of having to compete with counterparts after festival screenings and put a much higher MG if the film is critically acclaimed or enjoys a serious buzz during the festival. The non-official coproduction also allows a better cooperation in festival coverage. Eventually co producers usually come on board driven by a real desire to work with the talents attached to the project.

The “official” one, which is bordered by [European Convention](#) and/or bilateral treaties is only applicable if it covers all aspects defined by these international agreements. According to the panelists, this one is therefore more difficult to establish but may prove very efficient in order to get national subsidies. Since there is also an artistic and technical collaboration between co producers in this case, the risks and responsibilities in manufacturing the movie are shared, and so are knowledge/understanding of local markets, as well as access to TV presales. Bilateral treaties (France/Canada; France/Germany; Italy/France) notably define a frame for the movie to qualify for nationalities in both countries, and therefore benefit from local legislation on TV quotas for example, as well as national subsidies in both territories. In this case, the copyright on the movie is also shared.

The European Audiovisual Observatory has developed a database and indexes all local subsidies available in Europe in order to get a movie funded. The Korda database is available [here](#).

## NEW TOOLS FOR DISTRIBUTORS

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- Moderation : Jean-Paul Commin – Consultant (France)
- Barbara Tonelli – Touscoprod (France) & Etienne Ollagnier – Jour2Fête (France)
- Alessandro Raja & Mathilde Henrot – Festival Scope (France)
- Gergo Csikos – Cinefil Co (Hungary)
- Peter Buckingham – UK Film Council (UK)

The next panel was dedicated to new tools for distributors, notably related with community management on social networks, digital marketing and how to take advantages of VoD platforms on a B2B approach.

Barbara Tonelli from [TOUSCOPROD](#) opened the discussion with a presentation of the crowd funding platform. It allows web users to take financial participation in production and distribution of selected projects. With participation starting at 10 Euros, the return on investment is not always automatic for the users, but it grants them goodies and engages audience with the projects, providing the producer and distributor a free word to mouth as well as marketing exposure on social media as tweeter and facebook.

Touscoprod counts 16 projects in its line up. Besides marketing aspects, the platform may also prove efficient in order to find gap financing for professional (it has raised between 20K and 75K euros on selected projects), which is a consequent amount of money for an indie release in theaters. The expertise in community management provided by the platform in order to create a buzz around the release in theater is also an aspect distributors are looking for when submitting their project.

[Jour2Fete](#) which is a French indie distributor created by Etienne Ollagnier has collaborated with TOUSCOPROD on the release of DANCING DREAMS, and reached 100K entries at French BO.

Alessandro Raja and Mathilde Henrot then presented the new tool they have been developing for professional only: [Festival Scope](#). It allows professional to watch online movies selected in festival partnering with the platform, as well as access the complete filmography of talents selected in these same festivals. The platforms also gives information about the availability of the movie on selected territories and media, and these information is updated regularly in order to provide a real useful tool for professionals and sale agents peculiarly. The platform is free for festivals and right holders, but in order to turn the project into a sustainably business oriented platform, Alessandro and Mathilde have been thinking about introducing a reasonable subscription fee for users. The use of professional email in order to join Festival Scope limits now the access to only acknowledged professionals.

Peter Buckingham from the UK Film Council ended the evening with a [presentation of the policies developed by the institution in order to promote digital tools in distribution](#).

## CASE STUDY: ILLEGAL BY OLIVIER MASSET-DEPASSE

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- Moderation: Jean Paul Commin, consultant (France)
- Henk Cluytens – O'Brother (Belgium)
- Carolyn Occelli – Haut et Court (France)
- Laurent Dutoit – Agora (Switzerland)
- Marieke Jonker – Amstelfilm (Netherlands)

The case study is focused on the different distribution strategies, done or to be done, for the Belgian movie *ILLEGAL*. It has been coproduced by Belgium (Versus Productions), France (Dharamsala) and Luxembourg (Iris), presented in world premiere at Director's Fortnight in Cannes 2010, and sold by French international sales company, Films Distribution. So far, the following territories have been acquired: Italy (Archibald), USA (Film Movement), Israel (Orlando), Germany (Telepool), Greece (Feelgood Entertainment).

*Illegal* tells the story of a Russian woman who lives with her teenage son in Belgium, she's well integrated, has a job, speaks the language, her son goes to school. But she has no official identification papers. When she gets arrested, her son manages to escape, but she ends up in a closed prison like asylum where she risks to get expelled. The movie has a strong political and social anchorage.

The main production company, Versus (Joachim Lafosse, Bouli Lanners, etc), has been created by two brothers, Jacques Henri and Olivier Bronckart, who created the brand new distribution company [O'Brother](#). Thus, O'Brother head of distribution, Henk Cluytens explained how it was important to distribute a movie that you've produced. In Cannes, the movie won the SACD prize. The release date has been scheduled for October 6<sup>th</sup>: just before, they toured in Belgium with the director and the actress for premieres. There were 14 prints and so far 15 000 admissions (the goal was 20 000, and they'll do it). The distribution strategy has been focused on three elements. Firstly, the associations: Henk Cluytens underlined it was crucial to have a guide, somebody who can help you choosing the right association (because they all have different means to reach their goal). Secondly, the schools: they were – and still are – responsive to the movie; screenings are booked until April. Thirdly, they wrote an open letter they posted on their website. The question was: how is Belgian government treating illegal immigrants? So far, they got 5000 participations.



The open letter has been published as postcards, in theaters and restaurants. Furthermore, Laurent Cantet, *Entre les murs'* director, Palme d'or awarded, directed a short documentary (3'), called *On bosse ici, on vit ici, on reste ici* (*We're working here, we're living here, we're staying here*), they can suggest it as a supplement for theaters who are showing the movie. *Illegal* has been selected as Belgium entry for Oscars.

Then, Carolyn Ocelli from Haut et Court takes over the panel, relating the French distribution strategy. The movie has been acquired end of 2008, at script stage, only for theatrical rights: Haut et Court is close to Dharamsala, the French coproducer, and to Versus, the Belgian producer. They started working on all marketing elements for Cannes preparation (trailer, key artworks, pics, pressbook – the same for Belgium). Media and non media partnerships have been dealt. The associations were not interested in working on the movie earlier (they did it one

week before the release), because, ironically, there were very big issues on immigration laws at that time. Haut et Court decided to focus on online strategy through advertising on cultural and cinema websites (like Allociné or Evéne), political targets (like Rue89), Facebook and a blog they created (all the elements could be easily commented).

The movie has been released one week after Belgium, on October 13<sup>th</sup> on 73 prints (9 in Paris), but only got 31 686 admissions (Nov 8<sup>th</sup>), for a P&A budget of 208 000€. Even if the word of mouth from associations was rather good, people didn't want to see this kind of movie (when the movie has been released in France, there were harsh strikes). Now, they're doing screening for associations, and maybe the movie will enter the educational film selection.

On the Swiss part, Laurent Dutoit from Agora Films, bought the movie in Cannes to Films Distribution: he really liked the movie, even if he knew the release would be small (with the same political and social subject, they released *Welcome* last year, with mixed results – 20 000 admissions). Usually, he tries to schedule the release one week after France to benefit from the media exposure and the word of mouth. But the Swiss Cinémathèque would like to show it during a retrospective and will invite the director to present his movies. The release has been postponed after this event. In Switzerland, there is a law to expel foreign criminals, so this is a hot topic now. He did mailings to associations to spread the news about the movie's release. If he reaches 1000 admissions, it will be a good number. Indeed, exhibitors are interested but they've seen the figures in France, so it won't be a huge success. Maybe, he'll manage to get 2 or 3 screenings a day (usually it is 5). The release will be only for the French part (not German neither Italian, because political movies don't work). Optimistically, he thinks he won't recoup his costs...

Finally, Marieke Jonker from Amstelfilm in Netherlands, still far away from the release, presents her ideas for the distribution scheduled for March 2011, with 3 prints in 35mm and 5 in digital. The programmers are enthusiastic: the movie has been selected to IFFR in January and MTM (Movies that Matters) in March, just before the theatrical release. The targets are 25yo female audience and students. For now, she thinks she'll do the same scheme with associations and schools, and likes the idea of the open letter! Still, she needs to explore two important subjects: how accurate is illegal in Netherlands, and how to get in touch with political associations.

These 4 distributors used or will use the same tools to promote *Illegal*, with a strategy mainly focused on viral marketing and relying on associations. A distributor asks if it was possible to release the movie as a thriller (see the poster), in order to be more commercial, but the panelists answer "no!" in a consensus...

## CURRENT VOD EXPERIENCES: BENCHMARK BUSINESS MODELS, OBSTACLES & OPPORTUNITIES, LICENCES & WINDOWS

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- Moderation: Pierre Alexandre Labelle – Under the Milky Way (France)
- Marijn Duijvestein – KEA European Affairs (Belgium)
- Efe Cakarel – MUBI (UK)
- Jonathon Perchal – Artificial Eye (UK)
- Ricardo Torres – Vertice Cine 360 (Spain)

Introducing the panel on VOD, Marijn Duijvestein from [KEA](#) consultancy research cabinet, underlines the movie industry still needs to be quicker than the music industry, by understanding what is changing, i.e. the sequences of activities (sequence of funding, exploitation, starting with marketing earlier). Still, the problem remains the access to content. No matter the number of platforms exploding, how transverse the actors are (game consoles and co), the VOD actors need to focus on the ease of use (internet browsers, easy search and alert mechanisms), the value for the consumer and the navigation into European content (VOD markets so far remain national). In 2008, the European VOD market was equal to 544 millions, and the share of VOD revenues is between 0,2% (Finland) and 1,79% (Belgium) of the total audiovisual revenues. It's expected to be the same than rental DVD i.e. 2,2 billions in 2013, based on the idea that in USA, 40% of the audiovisual market is rental... So if content is king, what is the problem? **Providers just consider VOD as a flagship product**, the ultimate goal is to sell internet subscriptions, iPod, computers, etc. depending on their activities. So they don't really focus on getting a wider number of movies. Anyway the major development to achieve remains multi territory licensing. To conclude, the opportunities are: to reach new markets, to



decrease distribution costs, to develop audience; whereas the main challenges are: to get large content aggregators, to experiment how is working the financing gap, and to make easier the EU rights

acquisition process. **VOD actors need to build brands around movies to engage with their audience.** That's the core strength.

Then, to enter in more concrete details, Jonathon Perchal from UK distributor Artificial Eye, explains how they launch their own VOD platform (they have already theaters, Curzon). The idea is to work title by title, and not buying a bunch of movies, doing a day and date release. The website will be not only for VOD, but also a brand, a marketing tool to reach their audience. The main obstacles he points out are the relationships with the sales agents who don't want to sell only VOD rights, the platform access, and the competition between Pay TV and VOD: indeed VOD is not allowed during Pay TV window (for example, for the movie *Fish Tank* they theatrically distributed, they'll have to wait). If distributors want to come on their website, it will be a usual share of revenues, but he doesn't want to buy too many movies, in order to be well identified as a brand by the customers. In his opinion, iTunes is really the big challenge, because internet users will go naturally there.

MUBI (ex Theauteurs.com, created in 2007) founder Efe Cakarel arrives in the panel with a non feigned enthusiasm about his company and the initial idea of watching indie movies on internet. He always tells the same story about how he began in the business: he was in Tokyo and wanted to watch Wong Kar Wai's *In the Mood for Love*: but it was impossible. Whereas festivals are always sold out with indie movies, it became impossible to watch a movie outside festivals. In his opinion, the killer application was to play and watch the movie. So in November 2008, he started Theauteurs.com and sets up a partnership with Criterion Collection and Celluloid Dreams. The project was backed by MEDIA. But nobody was watching movies, the average visit lasted 7 minutes. He realized at that time that TV was necessary (and for example, the set up box, too expensive, never worked): big idea, gaming console! He approached Sony for the Playstation in order to create the first global VOD platform in the world. So, when a gamer wants to buy a game, he's going to the online store, where there is a now a store for movies, with MUBI (the new name of the company). It has been launched beginning of November 2010, and already 200 000 members have been registered. The idea is to develop also an IPAD application for beginning of 2011. The business model is the following one: subscription at 12,95€ a month + PPV at 3,95€ a movie (there are platforms fees for Sony which he didn't want to reveal + 300€ for the subtitles + 500€ for the HD for each movie's expenses). The distributor who has sold his VOD rights has a dashboard for every movie, both for SVOD and PPV. MUBI model is not based on exclusivity, because what matters is the line up, not the "freshness" of a movie. It's not a catalogue. There is a selective number of movies chosen for their artistic quality (for example, the UK-Chinese movie, *She a Chinese!*, has been watched 7 times more on MUBI than on iTunes). By the end of the year, he hopes to get 1000 movies. The strength of MUBI is to be not only a VOD platform, but a social platform as well: for example, he knows all the Michael Haneke fans in UK, without spending money on marketing. He's working with producers, distributors, sales agents, and wants to be in the core of the business, by offering indie movies in all over the world. His goal is to make possible to see a movie with 10 subtitles in 10 years. His revenues are now a couple of thousands every quarter...

Finally, Ricardo Torres from Vertice Cine 360 presented the VOD market in Spain. Whereas different VOD platforms already existed, recently partnerships have been done with Playstation (Sony) and Xbox (Microsoft), and iTunes has just opened its online store with 100 titles. He's really seeing a growing market emerging with a turning point in 2011 for Spain. But, a lot of people still don't know what VOD is. Maybe the awareness will come from AVOD (VOD supported by advertising, like in Hulu or Youtube). For now, VOD revenues are between 1 to 3% of theatrical box office. Horror and action movies are working well on VOD, through the Playstation store. There is the same problem with Pay

TV exclusivity and the old models of sales agents in Spain. The strength of Vertice Cine 360 is its library of more than 3000 titles, which enable the company to have corners in VOD platforms, it's easier to market.

If the theory is still the same for VOD (access to content, easiness to use, etc.), the obstacles are still there also from the traditional financing actors. However innovative projects manage to emerge and get a name in the movie industry. To be continued...

## THE DIGITAL REVOLUTION: BUSINESS MODELS

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- Moderation : Michael Gubbins – Consultant & Analyst (UK)
- Peter Buckingham – UK Film Council (UK)
- John Dick – EACEA/Media Programme (Belgium)
- Jean-Paul Commin – ADEF (France)
- Régine Vial – Les Films du Losange (France)
- Michael Höfner – GM Flms (Germany)
- Christine Eloy – Cineart (Belgium)
- Luis Froes – Valentim (Portugal)

The last session of the weekend was dedicated to digital transition in theaters across Europe and how professional are dealing with new costs involved with digital equipment locally.

Peter Buckingham opened the discussion with a presentation of an interesting initiative in the UK based upon creating an event around the screening of a selected movie. So-called SECRET CINEMA creates a buzz around screening a movie (which title remains secret until last minute) in pop up cinema (temporary venues converted into theaters for the time of the screening). Lawrence of Arabia made 300 000 pounds during a weekend in September in the occasion of a happening like this. The interesting aspect about this initiative is that art house movie may experience difficulties in order to find its audience in traditional distribution networks (mainly because it s hard to keep the copy in theaters week after week) but distributed through innovative ways, art house too may prove profitable, especially through non theatrical exhibition which is not taken really seriously by professionals. Distributors role could therefore be evolving and now also consists in assisting people in creating their own screenings (which has become possible thanks to digital copies) and facilitate these new ways of creating events and promotion around movies.

John Dick from the MEDIA PROGRAMM, which grants funding to selected projects in order to help digital transition, then got right into the main challenge facing the industry today: the cost sharing of digital switch in theatrical exhibition. The whole cost of this transition can't be supported by the program, and both exhibitors and distributors financial support is a prerequisite to the switch from 35 mm to digital.

The main issue right now is that distributors are asked into a participation in the VPF (Virtual Print Fee), which is negotiated on a case-by-case basis, but evolves around 700 Euros per copy This participation is aimed at compensating the cost involved for exhibitors for getting digital equipment. It's a transitional costs for distributors who still need to release their movie in 35 mm in order to access theaters that have not yet proceeded the switch. In the future, the digital exhibition may reduce notably P&A costs for distributors. The main issue is to evaluate the transition timeline for distributors to cover exhibitors' costs in the digital era.

Regine Vial from LES FILMS DU LOSANGE (France) pointed out the ongoing discussions in France upon this topic, and gave a presentation [of the legal frame](#) developed by the French Parliament in



order to facilitate and border the transition. The law establishes an obligation for distributors to participate in the costs of digital transition through VPF (obligation to pay a digital contribution based on a fee per copy released digitally). This obligation is set to last for the next 10 years, but this is still a controversy topic among concerned professionals.

Another problem raised by digital exhibition is the possible competition from non-films contents in theaters (Opera, Sports, Concerts...). French distributors are trying to make it mandatory for such program right holders to contribute to VPF as well.

These are issues that distributors all across Europe are also facing with nowadays. The workshop allowed everyone to share the local experience, and put in common information in order to face this transition successfully, above all in order to continue indie promotion and art house screening across Europe.

## **OPEN SESSION**

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Distributors launch the subject of the efficiency of the viral marketing: as it's really time consuming to maintain all the social networks, is it efficient? (concretely on admissions). But nobody has now the answer. It's really difficult to get results, because social media is creating communities: sometimes you have a strong community and disappointing figures, sometimes it's the opposite. Another distributor underlines cleverly that traditional marketing tools never guaranteed admissions... so that's the same thing with the new ones!

The tools are existing to share the info, but they're not used (Cidinet database with all the info that distributors need to update on their movies), there is a real need for communication, for data/sharing info.

Adeline Monzier from Europa Distribution pointed out that the next ED meeting will be in Sofia focusing on social marketing; it will be addressed to marketing staff.