



# MEDICI — The Film Funding Journey

## Reports Previous Workshops

### Third Workshop Report — 17 to 19 September, 2013 — Château de Limelette (Belgium)

#### Introduction

Perfect Storm (PEST) Methodology

# BEFORE



Film funds and the film industry in general in Europe are facing the following set of issues at the moment:

- The increase in the number of films being made against the availability of screens
- The reduction in access to European film through traditional channels, notably cinema, DVD and terrestrial television
- The vast increase in the choice of films on all platforms
- The potential for new access to audiences through new platforms
- The change in Television economics
- The emergence of VoD and other release windows
- The competition for time, based on living costs, price points, and the multiplicity of different things for which people lack enough time
- The lack of realism (knowledge of the nature of today's demand, new fluid (liquid?) economic models, adaptation of the value chain to the new realities, creation of more immediacy and access to consumers)

- for making practical decisions
- The disruptive influence of new technologies.



Film funds need to take a holistic view of these issues and approach as many aspects of them as possible. Accordingly, the following four aspects (PEST) can be identified:

1. **Political aspect:** This aspect is always present in every European country. The political rules are related to things like the EU Competition Law, trade rules, access to data and other data rules.
2. **Economic aspect:** This aspect relates to the fact that, when faced with new innovations, producers will see things in an economic perspective; they will want to know what the new models mean to them in economic terms. The economic aspect includes talent pooling, emerging business models, infrastructure, etc.
3. **Social (cultural) aspect:** This aspect concerns how people will, in fact, behave and interact with the content and business models being supported by public funds. Also, evidence that the audience is aware of what the funds are doing is necessary.
4. **Technological aspect**

Please also see Michael Gubbins' presentation "[MEDICI-Introduction](#)" (PDF)





### **Impact of Digital in Film Business and Production**

- **Introduction — The Perfect Storm/The Workshop Method — PEST analysis**
- **Module 1 — Should we support less films for an overcrowded market, or focus on ensuring that the films we select find audiences on new platforms?**
- **Module 2 — How does the dramatic increase in audience data and a demand-driven economy affect our decision-making processes?**
- **Module 3 — How far do we need to adapt to new business models, and how far can we seek to protect traditional industrial structures?**
- **Module 4 — Conclusions**

### **Decision Making Processes**

- **Module 5 — Goals and selection processes/methods**
- **Module 6 — Selection criteria**
- **Module 7 — Profiles of experts, consultants, selection committee members**
- **Module 8 — Relations with higher authorities and producers**
- **List of Participants (PDF)**

Illustrations by Jean-Philippe Legrand – called "Aster"

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#### Module 1 – Should we support fewer films for an overcrowded market, or focus on ensuring that the films we select find audiences on new platforms?

Please also see Michael Gubbins' presentation "[MEDICI-Module 1](#)" (PDF)

Or, in other words:

- Should we support fewer films for an overcrowded market?
- Should we focus on ensuring that the films we select find an audience on new platforms?
- Should we support fewer films for primarily movie theater release, but focus instead on the release of smaller or more innovative films and cross/media projects on new platforms?

#### Issues to consider:

- To try to reach the market through on-demand platforms like Netflix
- To build up audiences on the basis of new distribution platforms
- To use movie theaters as a trigger for VoD and other new platforms, by putting successful films on those platforms
- To consider self-distribution (social networks, crowd-funding, etc.)
- To engage more in making sure that people have seen the films being supported
- To choose between making fewer films and finding new ways of releasing them through new platforms and forms of distribution
- To support at once films meant for primarily movie theater release and projects meant for the entirely new cross- and trans-media network fields
- To stop the mass closures of single-screen movie theaters in rural areas.



## Outcome of group discussions

### 1. Political aspect

- As publicly-funded bodies, film funds depend on the demands of politicians and legislation.
- Politicians demand international recognition (award-winning films) and are reluctant to support unconventional film forms.
- Cultural diversity legislation prevents innovation and focuses too much on protectionism. It has a conservative impact and can be a drawback to potentials for reaching the market.
- The high number of films in Europe is not an issue for small countries. Their political objective is to obtain several local films a year, even if the economic potential of those films would certainly be diminished in a more competitive market.
- Taxpayers are sometimes unaware that their money goes towards film. At a certain point, their pressure may become a political issue and be taken up by the anti-European political forces. Working class people who do not go to art-house movie theaters can protest against funding the enthusiasms of a generally wealthier art-house audience.
- Funds have to spend their entire annual budgets. Otherwise, they may risk getting less money the next year.
- People running the film funds are usually open-minded liberals, but most often they do not represent the dominant thinking in a country.

### 2. Economic aspect

#### For the audiovisual industry:

- Producers (and their families) would prefer to have more films financed by film funds because that is the main source of their income.
- Distributors: Due to the old-fashioned distribution models, independent distributors see their TV pre-sales and DVD sales going down, so that they are no longer able to play an economic role in the financing of films. A lot of films supported by the funds do not get to be seen because independent distributors cannot afford to put their energy behind it. The economics of the film industry is shifting incredibly.

- Film is part and parcel of the creative economy: it consists of many units belonging to the creative industry – publishing, writing, the performing arts, acting, directing, music, photography, design, fashion, software, etc. Therefore, its economic importance, beyond its box office take, can also be measured by the value of the jobs it creates and the extent to which they are part of the creative economy.

#### For funds:

- The objectives of funds and their funding policy depend on how they are financed. Some are levy-financed agencies that get levies from the industry directly (i.e. broadcasters, distributors, exhibitors, professional associations, government and/or tax money).
- Funds do not have control over the number of films being produced; that number is rising because new technology lowers the production budgets. The problem is that, increasingly, all these films look alike. This could have a negative effect on the image of national cinema, providing no economic return.
- Some funds are not judged on how much they contribute to the industry or how much they get in return: these are judged solely on the basis of their economic performance, as measured by their box office gross.
- Funds are given a lot of assignments (festival success, market share). What they should (must!) care about are film quality and obtaining a larger audience for all smaller and art-house films.
- Regional funds are the ones that are focused only on the economic impact, and where the money is spent. They support film by film, with an eye to building up an industry in their region. If they support fewer films, this means giving money to fewer production companies. What about the sustainability of their local industry?

### 3. Social (cultural) aspect

- **Audience has become a big concern today:** If we make too many films for the platforms we have, do we know if this is the reflection of demand or supply? In other words, if we were to have as many as ten times more movie theaters, would the demand be better satisfied?
  - **Lack of knowledge:**
    - More evidence about the way people are responding to a film is necessary, because many of the usual assumptions are based on a pure guesswork;
    - The demographics of European countries are changing, which should be taken into account;
    - Online platforms can secure a better insight into how people are responding to the content, and who is willing to watch a film.
  - **Audience building:** We have to educate the younger audiences. Young people cannot find the old films, and we should be providing them with access to them.
  - **Data access:** To access the data as to audience demand, complete control over the online distribution is necessary. Big corporations have such data, just as do the public broadcasters, but they do not want to share it, and thus many independent producers cannot access it.
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# EVERYBODY HAS GOT A CAMERA NOW

WRONG! MUCH MORE THAN ONE!



## 4. Technological aspect

- If we want to put things on new platforms, we have to know how to operate such platforms. For instance, technical knowledge is necessary to use today's latest mobile devices and ever-evolving Internet content.
- The proliferation of video cameras leads to a higher level of media literacy. Media literacy should not be only about watching and understanding video content. People should also learn how that content is created and how to create it.
- With the help of technology, we can capture and nurture demand more easily. We can thus better understand if we should be creating fewer films or trying to create more demand.

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#### Module 2 – How do both the dramatic increase in audience data and a demand-driven economy affect our decision-making processes?

Please also see Michael Gubbins' presentation "[MEDICI-Module 2](#)" (PDF)

Or, in other words:

- How do we identify, create and nurture demand?
- The cultural engagement that films create can and should be measured. But collecting the relevant data does not immediately mean building up audiences. We have to process such data technologically in order to determine popular demand.
- Producer-audience interaction is still all too rare.

#### Meeting the audience demand:

- If the funds want to decrease the number of films supported, or to support films that are not only meant for movie screens, are they cognizant of the real size of demand, and of what people actually want?
- Do the different existing audience-based funding mechanisms determine the level of demand-recognition?
- Do funds have to consider the demand, given that there are a lot of producers and directors who receive support from the funds, make one film and then disappear? (Research from 2008 shows that up to 80% of directors in Scandinavia make a single film and then disappear.)
- Do the funds and producers have to start worrying about the relationship between the films they make in a cultural vein and what people are actually watching, are actually engaging with? Are there any opportunities for funds to find this out through data-collecting?

#### Data collecting:

Who needs data?

- Producers:  
Possibly, access to data can help them to make the necessary compromises in due time, and to learn from other people's errors.
- Funds:  
Even if they do not systematically collect details about their failures, data collecting allows them to come up with a success at a later time, and to avoid repeating the same mistakes. Data can also serve to determine where to find audiences for your movies.

Why?

- Various data sources are available to prove whether a film did well in terms of screen averages, box office, and international visibility. Data can show the demand at a particular moment.
- New release windows are appearing ahead of television broadcasts. How does this impact arthouse film revenues for which TV presales or sales represented a massive part of their revenues. What is the value of these new windows? Do funds and producers lose money because of this lack of knowledge? Does television still need to be involved in certain projects?
- Such matters directly influence the mode of financing arthouse films, and they can only be clarified on the basis of data.
- Online marketing has become an essential tool, providing information about what part of the world is watching your products.
- Sharing data with others and looking at each other's data knowledge are crucial.

Type of data that can be useful to the funds:



- Data that demonstrates the nature of the demand can be collected in collaboration with such **academic institutions** as are interested in carrying out this sort of research.
- **Voluntary and personalized data** is already being collected by companies like Amazon, in order investigate client needs. Film funds could do the same.
- **Metadata** is also important. Metadata is the information that allows the public to find other ways into a supported film. For instance, somebody might make a horrible film in Argentina. But that film might contain footage of Argentina that looks fantastic; as such, it could end up getting lots of money from the tourist board because of its great footage. Thus, funds should collect such data as well.
- **Demographic data** is important for locating potential audiences. If a fund supports a movie about minorities, it must first identify the demand and desire of the minority audiences entailed. Funds have an obligation to reach the broadest range of people in a community: if there are people who are socially excluded from our cultural dreams, then surely it is in the fund's best interest to know how to reach them.

*However*

- The amount of existing data in the matter is enormous, and most of it reveals nothing.
- Becoming obsessed with numbers and/or misreading them remains a constant threat.
- The VoD channels do not disclose much information, and prefer to keep it confidential. Transmedia players are even worse: they have the data but do not want to share it with the industry and the funds. They do not want to make any information available to competing platforms.
- The search for data creates tension among groups within the film value chain. That is to say, if a fund supports a film and puts some money into its screening, it requires the distributor/movie theater to make the film's market reach and commercial success data available for discussion and sales evaluation. The exhibitor can, however, protest that doing so represents an extra effort and heavier workload.
- As cultural institutions, do film funds have any need or obligation at all to collect data? Is it any of their business?

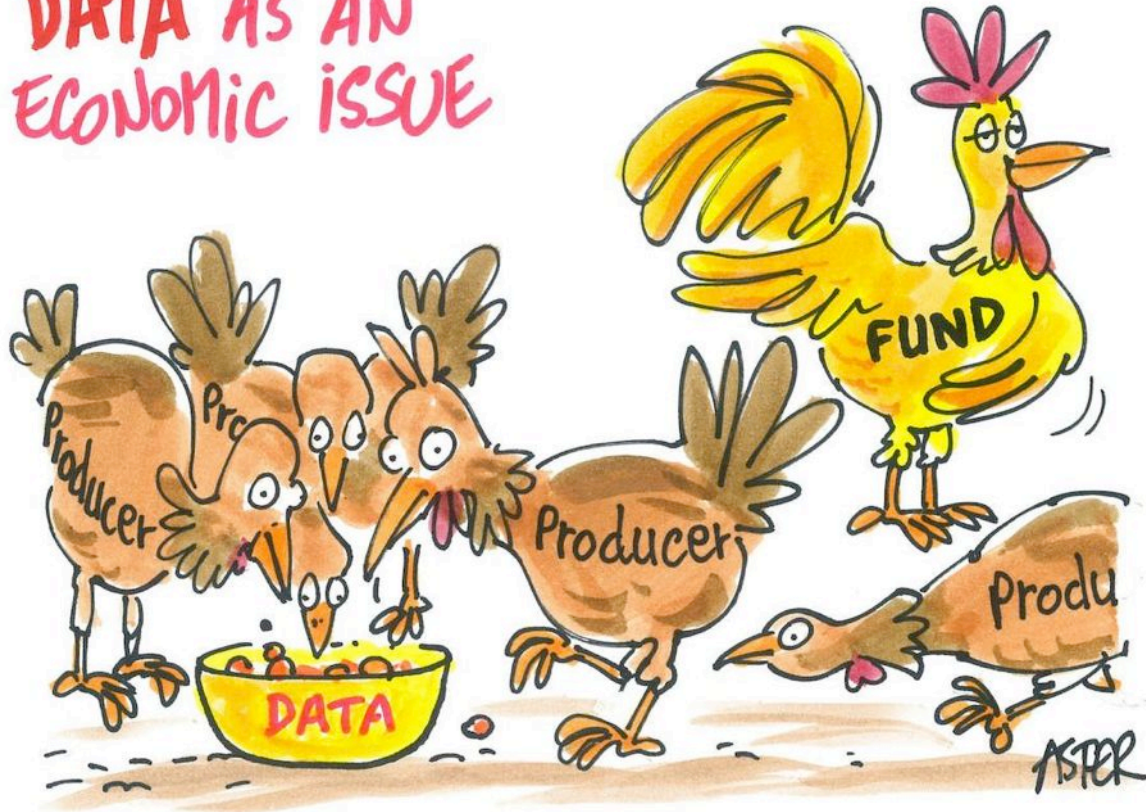
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## Outcome of group discussions

### 1. Political aspect

- From the political perspective, it is clear that film funds usually pursue cultural agendas that, theoretically, are not built on data collection.
  - However, how do the funds know that they are fulfilling cultural objectives derived from the Constitution and the political agenda if they do not have data to evidence it?
  - There are **privacy rules**. Data protection and access very often constitute a political issue linked to privacy.
  - Data knowledge can decrease the **lack of transparency** of the funds. Insufficient transparency can always lead to political pressures and conflicts. Both the funds and the industry should have the exchange of data as a mutual responsibility, in order to avoid such tensions.
  - For regional funds that act as co-producers data-collecting can have multiple purposes. However, the national cultural funds need data only to prove that supported films actually have audience and that cultural diversity is attained.
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# DATA AS AN ECONOMIC ISSUE



## 2. Economic aspect

- Data collection is expensive. **Economic division** between production companies that access and use this data and the production companies that cannot afford to buy it is huge. Thus, the funds have responsibility to provide some of this data or share it with independent and young producers.
- How can data collection be extended to other windows and platforms when there is the **competition for time** with other formats?
- Producers can be asked to make a certain effort to provide some evidence on the target group for his/her film. This can be done through a research project or making a facebook page, for example. Such data can improve economic (and/or cultural) performance.

## 3. Social (cultural) aspect

- The underlying value of data-collection is that it is not just about economic value but also about social (cultural) value based on understanding the demand.
- We need to know **the nature of the demand on all platforms** and alternative film-watching places, instead of collecting solely the data on admissions to movie theaters.
- More thorough research about the thinking and behavior of **diverse social and age groups** should be conducted in order to better the offer to them and engage them more.
- The problem of the **disconnection between data-collection and filmmaking process**. Say that today you have data on a certain film, and that you set out to support that film on the basis of said data. But it takes two years to make a film, and maybe in the end the data that you started out with will no longer be relevant or useful.
- Data about the audience that does not go to movie theaters is just as relevant as data on the audience that does.
- An important (social) cultural aspect is that the objectives of the funds should not be only about pleasing the audience, with the help of data, but also about understanding what can **engage audiences**.

## 4. Technological aspect

- What does technology enable us to do? How much does the audience use it? It is also about us and our skills in moving forward, and not only about the technology itself. Technology is just a trigger factor.
- Thanks to technology, the means for collecting data is much simpler and cheaper now than it was before, and sharing data with others is also easier today. There are a lot of apps, different business services based on technology, the use of dashboards, wave analytics, etc. And this will continue to grow, because the demand for data is on the rise.
- Skills for using the technological devices are also essential. Tons of technological means exist that we do not (yet) know how to use.

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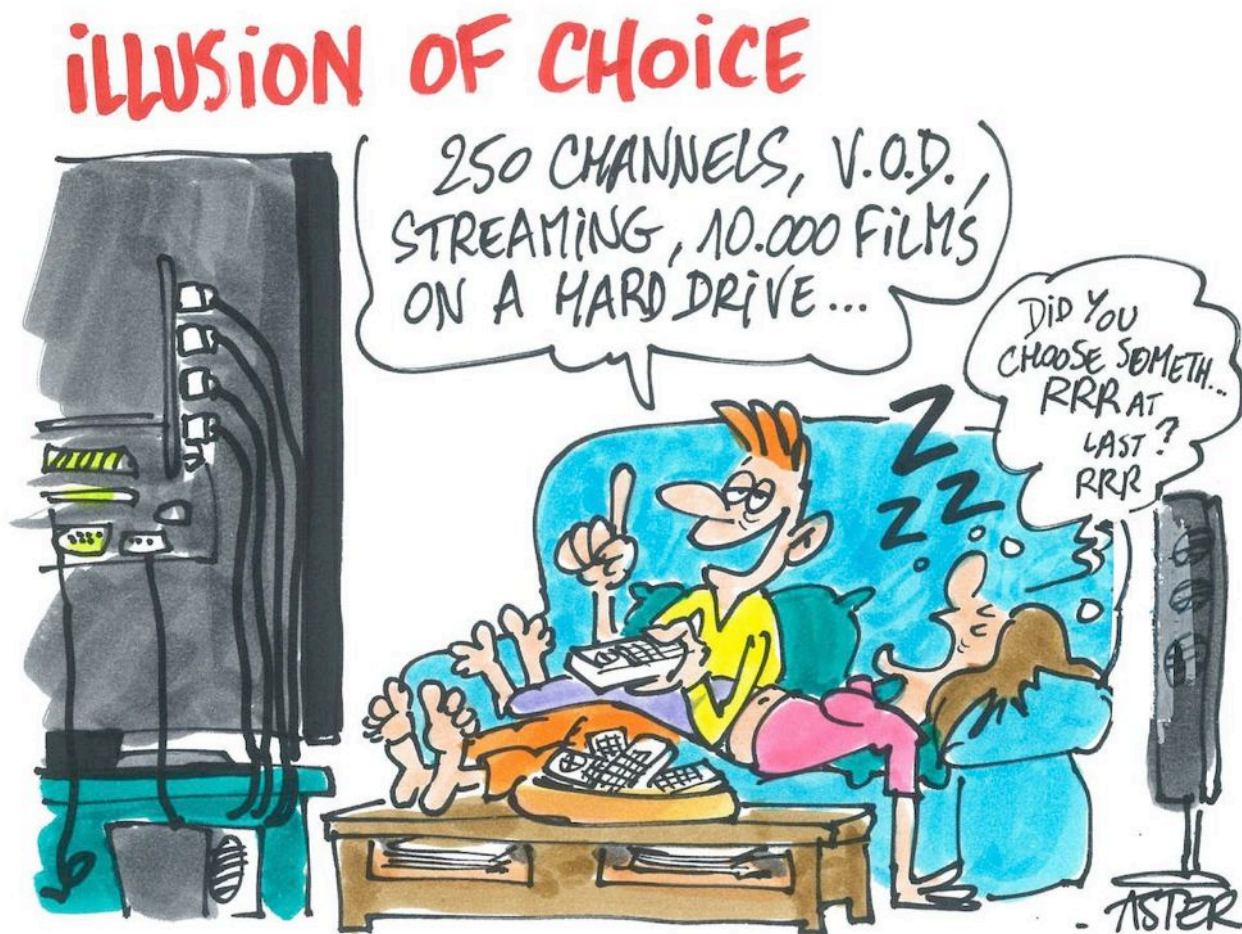
#### Module 3 – How far do we need to adapt to new business models, and how far can we seek to protect traditional industrial structures?

Please also see Michael Gubbins' presentation "[MEDICI-Module 3](#)" (PDF)

Or, in other words:

Should they at once:

- Protect the existing value chain and the central role of movie theaters as a means of supporting both the industry and culture, and
- Explore the potential of new business models and platforms and, accordingly, extend their selection criteria?



#### 1. Why new business models?

- Up to few years ago, people were passive customers depending on movie theater and TV programmers. Today, thanks to the Internet and new technology, people themselves can decide what they want to see and when. Film funds must find a proper way to turn these possibilities into a cultural or commercial value.
- New business models are necessary so that funds can deal with new parameters such as data, price point, connection speed, demographics, user behaviors, how good people are with technology, new ways of reaching the market, etc.
- It is necessary for film funds to experiment new approaches in order to better fulfill their goals regarding cultural diversity.
- New business models can set up new distribution windows that would better satisfy audience demand and turn them away from piracy. For example, Smart TV will replace Blu-ray and DVD because it provides access to the desired content any time and more conveniently.
- By experimenting new models, funds bring the audience and the producers together, providing more new distribution opportunities.



## 2. Types of new business models

- **VoD channels:** Some experiences have taken place within the context of European networking (i.e. Universciné).
- **Crowdfunding:**
  - Considered as a “donation” (grant), although in some countries, like Italy, it is considered as equity.
  - It finances only a small percentage of a film (i.e. Iron Sky was only 10% crowdfunded).
  - It requires mature technology
  - This option works well with certain types of films, like political documentaries where both crowdfunding and cross-media strategy allow people to involve themselves in specific action.
- **Social media:** These help track information on smaller groups of people who are merely spectators on



the Internet. They also facilitate pinpointing who the social media-users are, and what they are ready to pay for and to engage with. Social media represent a marketing tool above all.

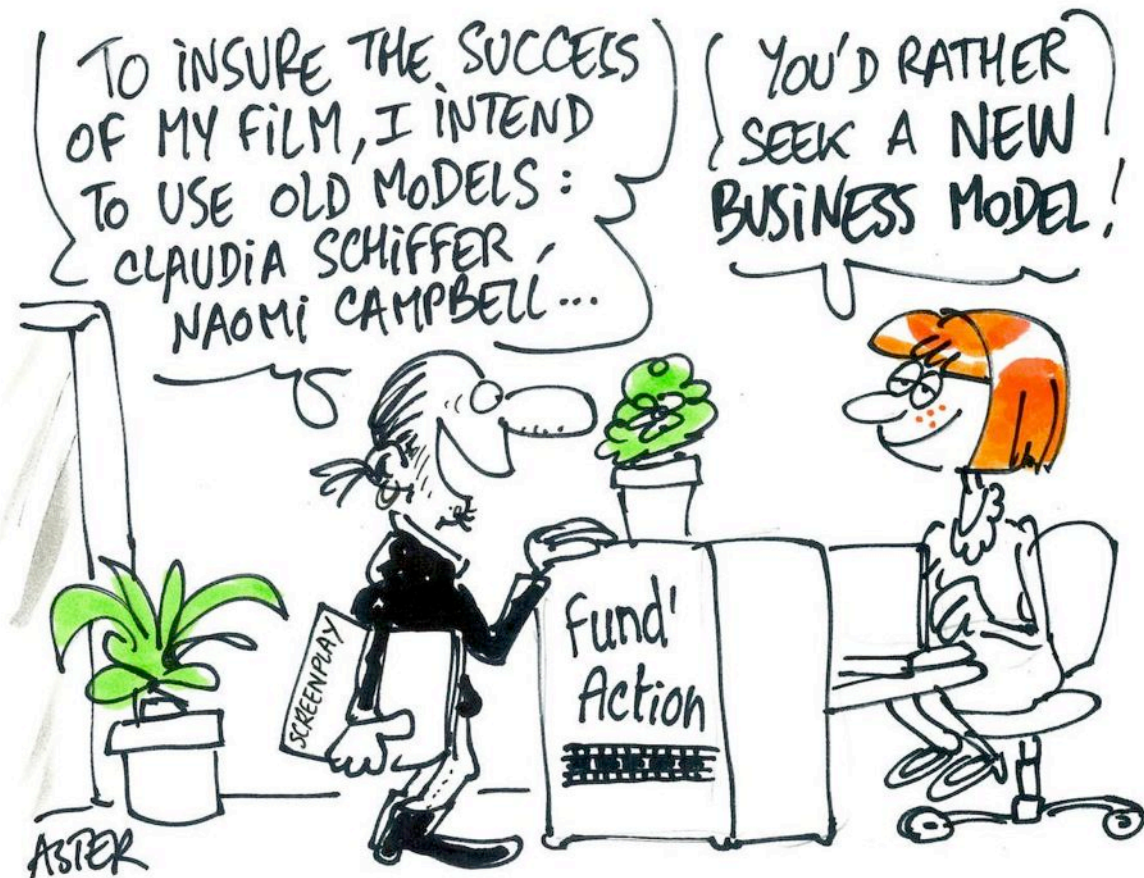
- **Special events:** The Cannes competition, for instance, can be shown live in local movie theaters across Europe: this would attract audiences and bring profit.
  - **“Day and date” film release** (releasing a film the same day in movie theaters and on VoD channels): Some experiments have taken place, but no data exists to evaluate their impact and success. However, the advantage of this model is to stimulate people to go to movie theaters and to look at films.
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## Outcome of group discussions

### 1. Political aspect

- Some countries have strict rules about how films are to be released. Such **rules may be political**, requiring that a distributor be appointed, and that the film be released in a movie theater.
  - Politicians may require justification of expenses. If the films supported by funds are part of so-called **cultural branding**, movie theater release is considered to be a must.
  - A number of exhibitors are keen to get into the VoD market and start distributing on their own. This raises the following questions:
    1. What happens if an exhibitor has the power to decide instantly whether he wants to have a film on or off?
    2. What happens when an exhibitor has the power to decide the fate of a film on the spot?
    3. What does that do to the current distribution model, which is based on the idea that a distributor gives a print to an exhibitor for a limited number of days and at a certain fixed price?
    4. What would happen if an exhibitor would have a satellite distribution with a server, and could choose between a vast variety of films?
  - **Financing model also determines business model.** As long as film funds take a certain percentage from movie theaters in the form of levies, and use it to finance projects, there can be no new ways of distribution. Therefore, the introduction of new business models should imply the introduction of levies on telecoms, iTunes, etc.
  - If VoD gets a bigger distribution share, **how can it be included in the legislation?** We should start this process from the global platforms.
  - Politicians quite often want to reach the young audience, recognizing the political value of such an agenda. Big corporations like Apple can offer such data (i.e. about the younger audiences using iTunes) to politicians, and trigger collaboration. This can give rise to a complex political debate on two counts:
    1. There is a risk that the ministers at national and European levels would be interested less in the cultural diversity of films than in keeping Apple and other big global players from ruining the exceptional position culture enjoys in Europe.
    2. Funds support stories and contents that safeguard the national cultural heritage. Switching over from old to new business models requires them to make adjustments to avoid having someone else take control of how national films must communicate with their audience.
  - Funds tend to invest mostly in production; they seem more like financiers and less like strategic partners for the film sector. They do not take advantage of their public influence to introduce new business models and support new distribution strategies.
  - Funds have the responsibility of encouraging directors to come to the fund with new distribution model ideas for their films.
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## 2. Economic aspect

- The percentage of films that actually make money on the old business model is pretty small, and many of these are not released. The question is, can producers and distributors any longer base themselves exclusively on the traditional business model?
- Transmedia projects can complement traditional formats. They do not necessarily have to replace them. They can help a film become more visible and reach a greater audience (i.e. the new MEDIA scheme for the development of interactive projects).
- VoD platforms are no longer mere content providers: they can invest a significant amount (Netflix) in content (very small in arthouse films).

*However*

- There is still no economically sustainable new business model. New platforms (like iTunes) could be considered as a business model, but they cannot fill the financial gap created by the decrease in movie theater ticket sales.
- Even if a few producers make a significant profit from VoD channels, no data, understanding and/or knowledge exist showing how consistent and sustainable such revenues are.
- There are no rules and regulations on collecting data, such as exist for box-office sales.

## 3. Cultural (social) aspect

- Film funds strive for cultural value, but if their support goes to films that no one sees, what is the significance of "cultural value"?
  - Funds do not deal with the audience-building work: that is the role of the producers or distributors. What funds can do is to encourage and support applicants showing innovative business models.
  - Funds should find ways to encourage the young audience to go and see films through apps, mobile devices, social networks and other technological devices.
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# COLLECTING DATA IS UNDERSTANDING HUMAN BEHAVIOR



## 4. Technological aspect

- Can the new technology help us transform cultural diversity from a catch phrase into something that has a real meaning and can be demonstrated?
- Technology creates different levels of disruption of the traditional distribution model (VoD is replacing DVD, more and more films are crowdfunded, etc.).
- Technology influences the infrastructure of the industry (i.e. DCP greatly improved the delivery infrastructure).

*However*

- The technical issue is the self-evident fact that nothing can replace movie theaters—these alone boast huge screens and impeccable sound.
- New digital devices can provide very good quality, but the problem is that they stimulate an immersive and personal experience, not a social experience of the sort provided by the movie theater.
- Technology influences content and audience expectations. European films cannot compete with Hollywood blockbusters, and funds cannot afford to meet that demand on their current budgets.

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#### Module 4 – Conclusions

##### Introduction

This module brings together the themes from the first three modules and discusses the environment that would need to be taken into account in the decision-making process. The emphasis will be on finding practical approaches to the big questions, including:

- What is a film today?
- What is a film in a digital on-demand economy?
- How far should funders take audience demand into account in their objectives?
- Is it the funders' responsibility to protect the existing industry, or should it rather be that of exploring innovation in the interests of connecting content and audience?

##### 1. The art of the possible, and understanding the new realities

- What can film funds themselves do to influence the world around us?
- What can we say about too many films? We do not necessarily have to make fewer films.
- Film funds have rules they need to stick to: that is self-evident.
- Potentially, political pressure could be applied to film funds. It may not yet be making itself felt, but it is already lurking. If funds keep on supporting the number of films they now support— many of which do not even get seen by anyone—it is unlikely that political pressure can be avoided.
- Should the funds be funding projects that also include a business model for reaching a wider audience?
- How could the supported films be both culturally AND economically valuable when the number of people engaging with them in different parts of the population cannot be shown as relevant to this?
- From an economic viewpoint, the pressure may be coming from the groups that want to share film's uniquely privileged position as a cultural exception.
- Social pressure comes from our lack of understanding of the nature of the demand. Funds cannot say they will support fewer or more films without knowing the nature of the demand.
- In technological terms, pressure can come from the new routes to the market. Is this a pressure the funds should be shouldering? Are the funds being too conservative? When looking at the number of films being made for movie theaters, we conclude that this is still the greatest way to watch audiovisual content. Movie theaters are a fantastic social place, but we cannot ignore the new ways of attracting audiences.

##### Challenges and barriers

- What is stopping film funds from changing things? They need to change some of their attitudes. They have to think entrepreneurially to a certain extent, and be more community-driven.
- Funds have to respect certain rules. Tension exists between innovation and protection. Are those rules malleable? Funds have to stick to the traditional release model. They want to achieve cultural diversity. However, a part of the industry they are dealing with wants to handle cultural diversity only within the Hollywood context. Cultural diversity can also be something very active if the funds operate a change of attitude: it can inspire fighting for new audiences thanks to new content. Funds stick to the traditional rules of achieving cultural diversity through supporting only high art, whereby they fail to engage culturally and economically with the community as a whole.
- Greater understanding of today's technological changes is necessary. A new way of engaging audiences exists in social media terms, and in other technical forms such as smart television and different forms of VoD. We use technology to compete for time more efficiently.
- The social barrier comes from a lack of understanding of the demand. Film funds do not have the data

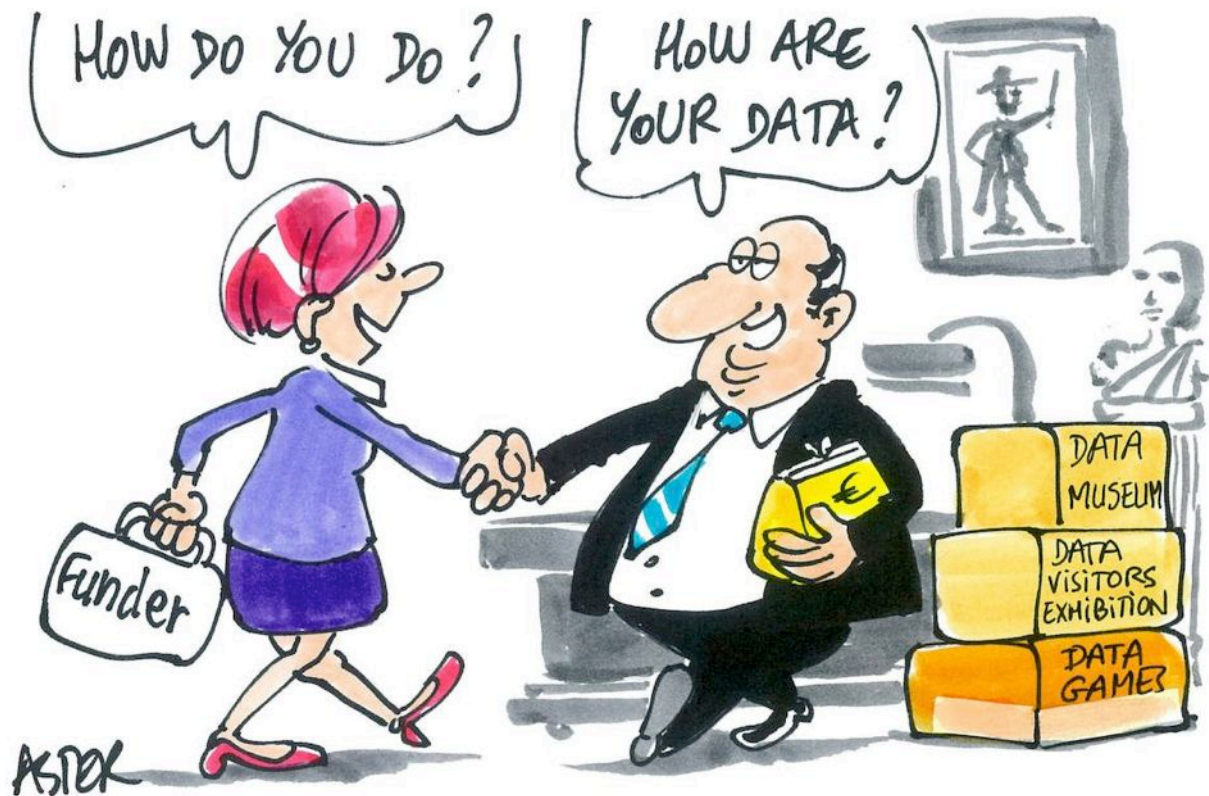


they need: the social implications and social impact factors determining how many films get made and how we distribute them remain unknown.

## 2. Providing evidence on satisfying audience demand

- Political pressure comes from the fact that politicians want some evidence on how successful films are. Politicians usually like the idea that they are reaching young people, and they want some evidence of that.
- From an economic perspective, we need to demonstrate what markets we are appealing to and working with. In order to create the markets that we can potentially service, we need to work out ways of identifying the demand, and to come up with economic models based on the realities.
- Culturally and socially speaking, we do not understand how value is to be measured. The appropriate data would allow us to measure it better both economically and culturally.
- Technology allows us to collect the data more easily and lowers the cost of doing so. The more data and the more knowledge we have, the more influence we can wield on different other parts of the political and economic agenda.

## DATA & Politics



### Challenges and barriers

- No one expects film funds to collect data. Cultural goods are usually treated as immeasurable. Funds are also accused of failing to do their job if their films attract a large audience, implying that they have supported something commercial.
- A large part of the population may be excluded if results continue to be unmeasured. Culture remains disconnected from the audience. How can we know the info on the ethnic minorities? How can we know whether our films are being watched outside the relatively small group of arthouse cinema-goers?
- Funds also need to identify and measure their failures so as to learn from them.
- The laws on what data we are allowed to collect and use can be a barrier. Those controlling and sharing the data represent a problem. Even within the value chains, people are reluctant to share data.
- We need to collect this data because it is a good way of working with the producers and helping them to understand the realities of the market around us better. We continually share data and knowledge that can allow us to do things better. However, who is going to pay for that data, since the funds have such limited budgets?

- Smaller businesses have less access to data. It can be the funds' responsibility to provide data to cash-strapped smaller businesses and producers. Access to new data platforms is a problem: we do not have data on VoD and the latest media.
- Data analysis is an essential skill. Film funds lack people with that skill. It is the analysis that makes data valuable, not the data itself.



### 3. New sustainable business models

- Funds can be under political pressure to find a new business model to reach young audiences. Engagement is important for politicians.
- Economic pressure is linked to the fact that the old models lend themselves ever less to being supported. The models and approaches differ from country to country, but if you are producing a lot of films that nobody is watching, many people will complain. Our tax break argument always hinges on the amounts we bring into the economy through tax incentives.
- There are other ways to reach the market, and not only in terms of the content. It can be done with new technological devices. Things like digital cinema and satellite services change traditional movie theater access and modes.

#### Challenges and barriers

- Lack of relationship between producers and audience.
- Lack of skills and knowledge.
- Lack of data, more expertise and communication.
- Legal rules are barriers to new business models. How can they be changed?
- The lack of consistent business models.
- The necessity of sharing knowledge with the industry.
- Lack of skills because we are still making content in the old way.
- To what extent can smaller films attract more people when competing against 200-million-dollar movies?
- What evidence do we have that anybody will watch arthouse cinema failures if we put them online?

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### Outcome of the group for further discussion

- Shouldn't funds start by introducing a cross-media film promotion scheme whose main goals would be

- attracting more people and building audiences through new media (i.e. Wallimage)?
  - Who would have access to these new schemes: producers and/or distributors?
  - Is it not PR agencies and specialists in social networks that will be taking charge of the “cross-media promotion” of our films?
  - Producers and distributors cannot accomplish this only on their own. A pool of expertise is needed to succeed.
  - Such support should begin in diverse ways at a very early stage of the film, and not only once its the distribution gets underway, which happens at the end. It would help producers to focus on audience, and make more of it in production value terms.
  - Experimentation and focus work are what can create an extra value. Funds can learn from each other. A systematic way of sharing knowledge should be established (like within the Cineregio network).
  - We as funders want to protect movie theaters as a business model, not the film. But is the movie theater the best place to see films? Should movie theaters dictate the terms, i.e. windows? Is the movie house the power center of everything we are not allowed to touch?
  - Shouldn't people from other creative industries be systematically included and consulted? Even if the number of apps and games that make money is tiny, these sectors, unlike the film industry, have an agile approach. Funds can learn from them, exchange experiences and share a number of problems because today we all belong to a digital industry.
  - Shouldn't funds have greater leeway to change the restrictive rules, and more freedom to experiment? The rules are strict and take a lot of time to change. Both the industry and the world are changing, but film funds hold on to Europe's usual filmmaking approach.
  - Can we try to fund films using new platforms, and by talking to sponsors and businesses, innovation agencies and international agencies without involving public funds? Apparently, this does work in social and political realms.
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### **Impact of Digital in Film Business and Production**

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- [Module 3 — How far do we need to adapt to new business models, and how far can we seek to protect traditional industrial structures?](#)
- **Module 4 — Conclusions**

### **Decision Making Processes**

- [Module 5 — Goals and selection processes/methods](#)
- [Module 6 — Selection criteria](#)
- [Module 7 — Profiles of experts, consultants, selection committee members](#)
- [Module 8 — Relations with higher authorities and producers](#)
- [List of Participants \(PDF\)](#)

Illustrations by Jean-Philippe Legrand – called "Aster"

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# MEDICI — The Film Funding Journey

## Reports Previous Workshops

### Third Workshop Report — 17 to 19 September, 2013 — Château de Limelette (Belgium)

#### The Decision-Making Processes

Please also the *“Summary of decision processes and methods of some funds” (PDF)*

#### Module 5 – Goals and selection processes/methods

The decision process is key in the management of public funds. There are different types of selection processes and decision-making schemes among the European public film funds. These depend on the size of the country, the goals of a particular fund, and the way in which the fund is financed. Whereas collaboration exists among the regional European funds, harmonization among the national European funds seems highly improbable. However, funds can learn from each other's practices and copy some of each other's ideas.

##### Presentation of the funds' selection processes

#### 1. BLS Film Location, presented by Christiana Wertz, Head of Film Fund & Commission

##### General characteristics

BLS Film Location is a fund in the Northern region of Italy. The population of this region is 70% German-speaking and 30% Italian-speaking, which has a certain impact on the selection process. The fund was launched in 2011. Its budget is 5 million euros a year, and it is 100% publicly funded. The region's Department of Trade and Industry provides the fund's budget. Considering the region's size, it is a big fund, and that is why the population is highly interested in what we are doing. Therefore, too, the pressure to justify what we are doing is pretty high. BLS offers two funding schemes. One is for production funding, and the other for development funding. BLS is a selective fund: there are three calls per year for both schemes. During each call approximately 35 applications arrive, and around 25 projects are supported per year.

BLS's major goals are achieving an economic impact and increasing the visibility of a project. For that reason it often supports small projects and sometimes even projects with only VoD release, because small projects tend to be more open to hiring less experienced, young and local crew members.

##### What does the decision process look like?

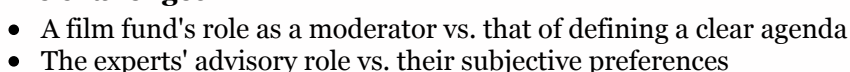
###### *Macro perspective*

From the macro perspective, there are three steps to decision-making. First comes the application process: we have an online application process. Next the expert committee meets and hands down decisions within five weeks. Formally speaking, the expert committee's role is an advisory one. The local government makes the final decision, and it takes another two weeks before the expert committee's decision gets approved at the political level. Thus far, the government has approved 100% of the projects selected by the committee, but the disadvantage of this system is that it is time-consuming and, to brief the politicians, it requires a lot of paperwork. The role of the fund itself is to mediate the entire process.

###### *Micro perspective*

From the micro-perspective of the selection process, there are three levels to the selection process. At the first level, we carry out evaluations of the projects. We check if the formal criteria are OK and if all required documents are at hand. We submit the project to a cultural test, as imposed by the EU, and we check into the potential local economic and cultural impact. That takes one week. We thus prepare the projects for the detailed evaluation to be done by the experts.

# FILM FUNDING IN SOUTH-TYROL



- The fact that the Experts work in an honorary capacity (no shareholders)
- Number of Experts and number of projects
- Cultural issue / no fixed quota, language issue
- Formal funding decision by regional government

## 2. German Federal Film Fund, presented by Peter Dinges, CEO

### The Fund's objectives

- The objectives we want to achieve are based on a project's quality and on how profitable the project is for the German market. The Fund also evaluates its own work: we assess the commercial success and box office gross of every single film. We also consider a film's festival record and cultural success.
- What we try to achieve by the end of every decision-making session is the fulfillment of the portfolio idea. That means that if your committee entails opposite tendencies, i.e. favoring smaller and culturally-targeted projects on the one hand, and big ones on the other, then you have to compromise. Thus, we try to provide support for various types of films: small projects, big projects, children's projects, new-talent films, creative documentaries, etc., and then we offer a complete portfolio of German films, as copied from the CNC.

### Selection process

The German Federal Film Fund (DFFF) exists since 1968, and it has its own traditional selection process form based on the CNC model, which also exists in several national film funds across Europe. We have a selective scheme and an automatic one.

#### *Selective Scheme*

The selective scheme follows tradition, in the sense that it is based on a committee. This committee consists of 12 experts. Professional associations are in charge of designating the appointed experts, whereby we seek to create industrial democracy and a transparent decision process. The selection committee consists of authors, directors, producers, distributors, video-distributors, movie theater-owners, and politicians (one member of Parliament and one member of Government). The committee appoints a Chairman to conduct the meetings. We simply moderate the discussion, and the discussion process itself is not based on any point system, but on a free discussion. Decision-making is based on the expertise and personal taste of the committee experts: these are divided between those who believe in the strength of a story, and those who, belonging to the film industry and thus more interested in economic issues. A natural tension thus crops up between creative and commercial aspects or culture, i.e. culture and economics, within the selection committee. We receive between 140 and 170 applications a year. The selection committee holds its two-day sessions five times a year, selecting approximately 40-60 projects a year.

#### *Automatic Scheme*

Automatic programs are friendly towards producers and the industry in general. Within this program, producers can calculate exactly how much money they are going to make: they can insert that figure into their budget. This is not the case with the selective scheme under which, even if a film is selected for support, you never know how much money you will be getting. And this all the more so should the fund decide to support too many projects and therefore allocate less than requested to each. Some projects end up getting only 50% percent of the sum on their application.

### The challenges

- The choices made by our selection committee are sometimes criticized for being overly opaque and commercial and inefficient funding because it is based on heuristic approach. We have to prove that such an approach, together with our reliance on film experts, represents the best choice for selecting the projects, rather than economic considerations, which tend at times to bias the state of mind in Germany.
- Due to the large number of applications, it is impossible to have one-to-one meetings with individual applicants or to provide them with a longer report for each individual decision.

### Questions to Peter Dinges

*What kind of project-related material do the experts get to evaluate the projects?*

The material that the experts evaluate consists of a so-called package (the creative and commercial elements of the project, including director, cast, etc), a financing plan, relevant calculations, the script, proof that a distributor interested in the project exists. Unlike regional funds, we support only movie theaters, and no other platforms. That is what makes the existence of a distributor so important.

*Is there any direct contact between the experts and the applicants?*

There are no one-to-one meetings between the committee experts and applicants before a decision is made.



*How often do you change the experts?*

Experts are replaced every three years.

*What kind of movies do you support?*

Only feature films and documentaries.

*How do the experts vote?*

Regardless of the number of experts present, seven votes are always required to obtain a positive decision.



### **3. Swedish Film Institute (SFI), presented by Hjalmar Palmgren, Head of Production Support**

#### **The main characteristics of the SFI model**

In Sweden, we face the problem of being a small country, with a small Swedish-speaking population (only 10 million people). The smallness of our culture makes a challenge of supporting it. Our main objectives are to support the industry overall—that is, in its commercial aspect, its Swedish aspect (language and environment), and its artistic impact.

The Film Agreement (which is an only Swedish specificity) is drawn up between the Government and different partners from the film industry. In line with this Agreement, half of the SFI's money comes from the government as pure tax money, whereas the other half basically comes mostly from ticket sales, from levies and, a small fraction thereof, from the public TV and producers association. This Film Agreement allows us, as a Fund, to communicate with different segments of the film industry, while enabling the latter to have their own influence as well.

#### **Selection methods**

The Swedish Film Institute is part of the classical Nordic system of film selection and support. We have commissioners: currently, they come to six, each with his/her own area, budget, and personal responsibility for their selections. In addition, there are also people to take care of the administrative work regarding the projects: they handle the economic aspects and budget, providing the commissioners with information as to the amount of funding that the SFI should and can allocate to a project. They can suggest, for example, an increase in an allocation in order to render a project sustainable.

On the one hand, it is important to have a common strategy for all the commissioners. However, it is also important for each to be able to choose his/her own way of selecting projects. Making choices individually upholds the whole idea of personal responsibility for one's decision.

We have two commissioners for feature fiction films, one commissioner for documentaries (from short to

feature-length), one for short fiction films including short documentary films, one for co-productions and TV dramas and one for the “moving Sweden” development scheme. The latter exists in collaboration with the Swedish TV and regional film funds, and is meant for more experimental and innovative projects with lower budgets.

The SFI also has a fairly new automatic scheme. The idea behind it is to support films that contribute to the industry. Supporting the industry through such a scheme makes sense because a stronger industry contributes to the arthouse scene as well. The money that goes into the automatic system comes from box office ticket sales.

### **The challenges**

- The automatic scheme takes money away from the other support schemes—from the commissioners, for instance, who can end up with so little money that they can no longer operate or have to save their support for a very limited number of films. The less we resort to the automatic scheme and the more artistic activities and art-house films can flourish. What we call “middle-films” (those that do not aim at big audiences) are particularly vulnerable to this scheme.
- The challenge regarding the commissioners is that the appointed person can simply turn out to be ill-chosen or lacking in communication skills, which can create frustration among some producers.

### **Questions to Hjalmar Palmgren**

*How long is the tenure of a commissioner?*

Tenure for the Film Commissioners supposedly comes to 2+2 years, but most of the time they stay in this position less than four years.

*Do commissioners develop only those projects that will definitely go into production?*

It does not make much sense for film commissioners to put a lot of money in developing many projects if only a fraction of them gets to be put into the production subsequently.

*What are the budgets of the commissioners?*

We have around 12 million euros for all the commissioners and, at the moment, the automatic scheme stands at 3 million euros.

*Are there deadlines?*

No

*How often does it happen that a commissioner realizes a project is not going really well and decides to stop it?*

A commissioner does that whenever he or she loses control over a project.

*How many applications do you receive?*

We have around 1200 – 1300 ideas presented to us every year. It could be either the script that is sent or at first just meeting with the applicants. Commissioners have a very close relationship with the project, and they sometimes collaborate up to two years before the actual decision is made. In the final stage, we support 10% of all applications. But we give development support up to 25%. This number includes all kinds of projects.

*How active are commissioners in influencing the artistic elements of the project?*

That is individual. In Sweden, traditionally commissioners do not interfere a great deal in a project. This is not the case in Denmark for example, where commissioners intervene more. I am not sure which model is better. They can say that they don't trust a chosen director, or that they won't support a project if a certain crew is selected. Sometimes applicants complain that the commissioners interfere too much, but very often they are happy to have an outside person to advise them.

*Can a commissioner ask for outside readers?*

This is not typical of our system, but the commissioners are allowed to do so if they wish. They often do.

*How similar are they to the commissioning editors working on TV?*

The difference is that if you are a commissioning editor on television, you need to re-edit this thinking, because TV will not broadcast it. And, too, they are also often co-producers.

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## **Outcome of group discussions**

1. Is there “the” ideal method, or can various methods be complementary?
2. Are these methods transparent enough for the producers?
3. How “co- production–friendly” are these methods?

### **1. Is there “the” ideal method or can they be complementary?**

#### **Selection committees Vs. Commissioners system**

*The upsides of the Selection committees are:*

- It is easier to explain to the politicians that the decisions are being made by a group of experts, which is more credible than having only one person do the deciding.
- Selection committees can be composed of various industry professionals representing their activity.

Committees can contain representatives from every walk of film industry life—ranging from technical to very artistic segments (like in Germany).

- It is well-suited to bigger countries with plenty of applications.

*However*

- Selective systems can create greater distance between applicants and decision-makers.
- In the case of selection committees, experts judge their colleagues. Decisions are sometimes more about making compromises than about being courageous.

*The upsides of the Commissioners system are*

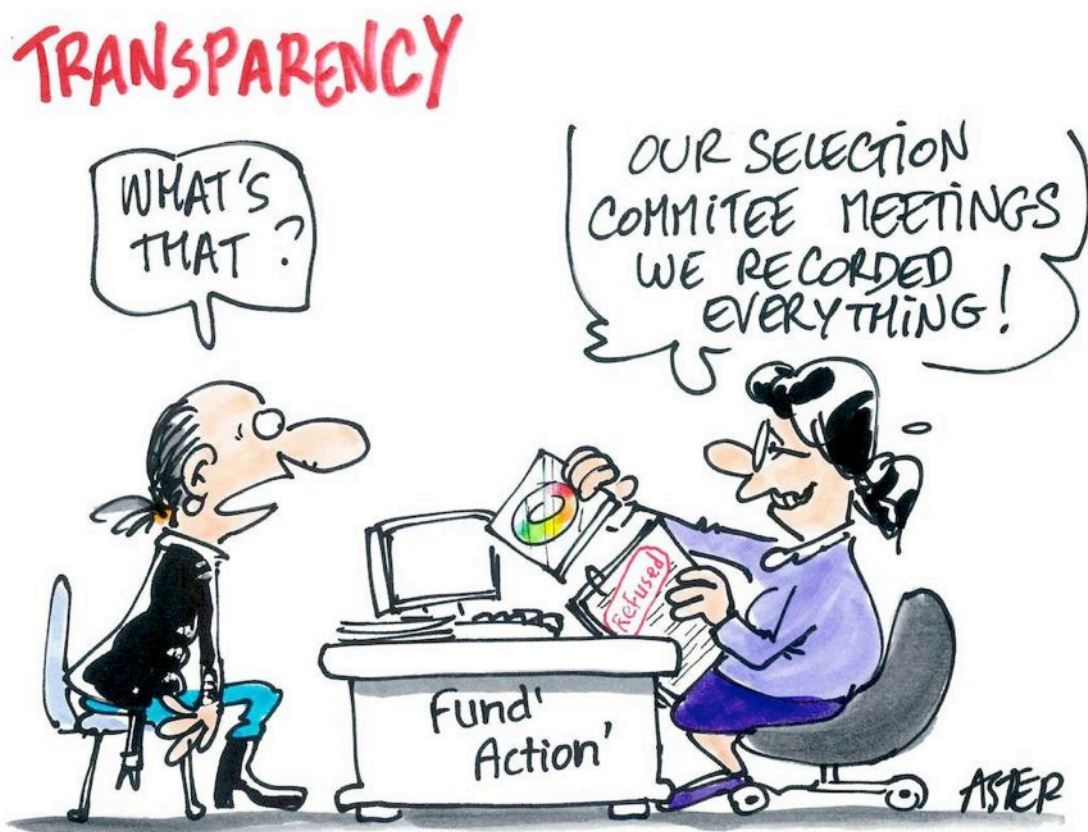
- Greater transparency.
- One single person makes the decision during all phases of a project. There is an ongoing relation between the commissioner and the producer, which is not possible in the case of selection committee.
- In the commissioning system you cannot hide behind the group as the sole decision-maker.
- Commissioners are a true support to the production team because they are not involved in the financing end. They are the only ones there focused on the story and nothing else

*However*

- If there are human relation problems between a producer and any commissioner, producers (i.e. those with commercial projects that as yet have no backing) have no other alternative.
- Such a system cannot function in big countries like France or Germany, due to the huge number of applications.
- The Nordic system needs elements from other systems as well, like automatic schemes, and stronger connections with the market.

### **Automatic Vs. selective scheme**

- Selective schemes exist in culturally-driven funds that emphasize the artistic quality of a project.
- Automatic schemes should reward those who have already proven themselves.
- There is a need for smaller automatic schemes or industry-driven schemes in addition to cash-rebate schemes that facilitate inward investment.
- Automatic and selective schemes must be clearly divided, not combined. Applying quantitative measurements to qualitative things would have absurd results.





## 2. Are these selection methods transparent enough for the producers?

- Decisions should be explained to producers at greater length. But how transparent can a fund be?
- Funds should keep talking not only to producers, but also to scriptwriters, directors, etc. and be able to justify their decisions. Constant dialogue creates a bigger picture. This takes time, daily work and personal input.
- The amount of paperwork producers must do should decrease, and the budget forms should be more synchronized.

## 3. How co-production friendly are these methods?

- Reciprocity problems:
  - Even if a selection committee is open to fund coproductions, the coproducing countries do not fool anyone (i.e. Hamburg Film Fund invests 1/3 of our money in co-productions with Denmark or Sweden, or Turkey, traditional co-producing countries).
  - Reciprocity is disrupted by the amounts decision-makers have at their disposal (i.e. Croatia invested 800 000 euro in co-productions in 2010, whereas Denmark spent 1,5M€).
  - France towards Belgium and Luxembourg: there is real unbalance between money spent on French projects in Belgium (4 times more than in France) and in Luxembourg (no Luxembourgish films at all supported in France).



- Creation of specific coproduction agreements to strengthen funding possibilities between major partners sharing the same language, and to decrease the paperwork, e.g.
  - the Swiss-Austrian-German tripartite agreement created one year ago;
  - the agreement between the Netherlands Film Fund and the Flemish Film Fund, with decisions taken by representatives of the two funds twice a year, as well as reports by

the experts.

- Decisions taken by the CEO of a fund alone (i.e. the CEO of the FFA can exceptionally take the decision alone in case of a total misbalance in the number of supported films between the two sides).
  - Not an issue for the regional funds since, in the majority, they do not require projects to be officially coproduced.
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### **Impact of Digital in Film Business and Production**

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Illustrations by Jean-Philippe Legrand – called "Aster"

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# MEDICI – The Film Funding Journey

## Reports Previous Workshops

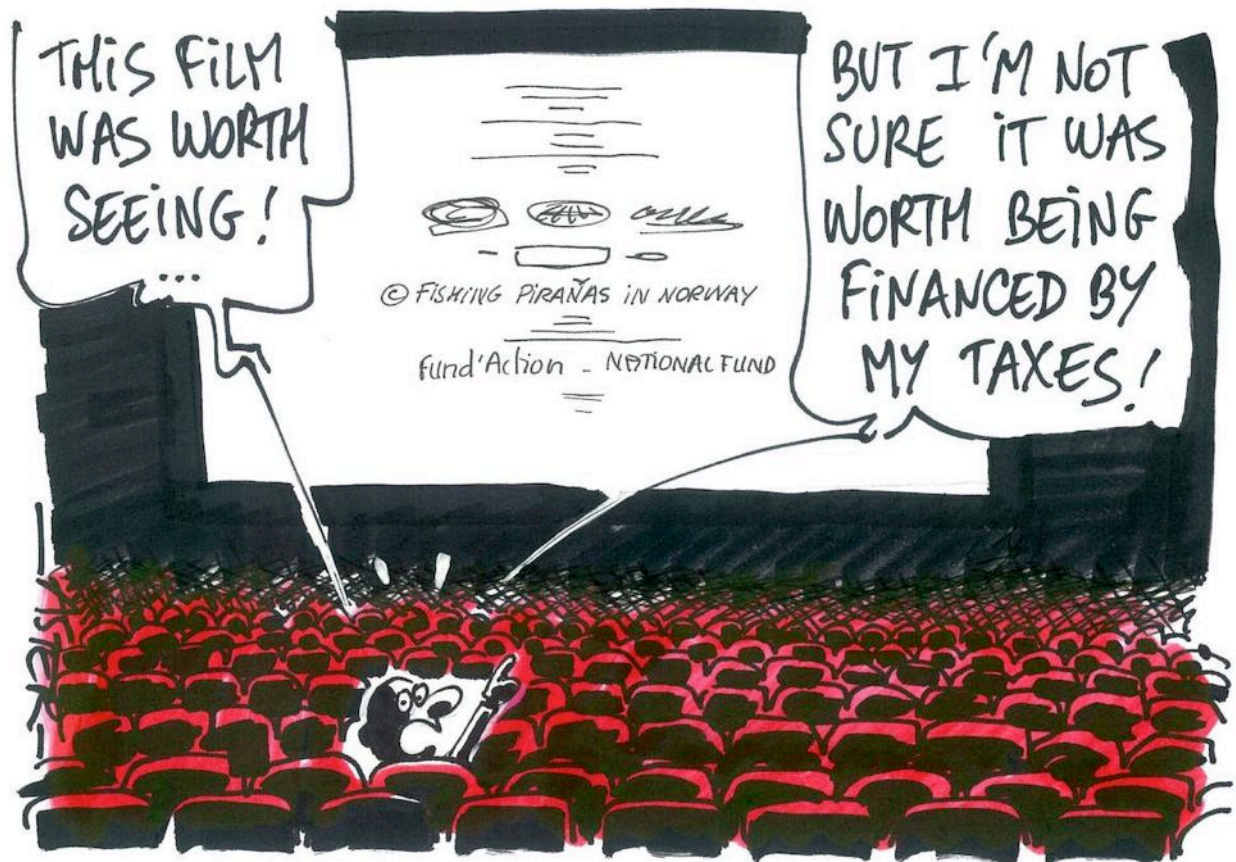
### Third Workshop Report – 17 to 19 September, 2013 – Château de Limelette (Belgium)

#### Module 6 – Selection criteria

##### Introduction

Selective funds aim to support “quality” projects that will gain public recognition, reach audiences, be selected by major festivals and, most often, service broadcast demand. To reach these targets, funds are often opposed to multi-functional selection criteria.

- What are the objectives of the funds?
- How can a balance be achieved between a project’s financial and cultural aspects?
- What kind of funding schemes?
- How should “quality” be evaluated?
- How should selection criteria be evaluated?



##### Presentation of selected funds



## 1. Croatian Audiovisual Center (HAVRC), presented by Sanja Ravlic

### General objectives

- It is very important for the Fund to define its goals and vision of what the Croatian cinema is expected to look like in 2-5 years.
- The definition of those goals needs a big consensus of all stakeholders within the sector, although there are always people who are going to be dissatisfied with our decisions.
- The better we define our overall strategic goals, the better we can explain to people why a certain project wasn't supported. We need more transparency and clarity about what we are doing, giving us a better understanding of how the other side—producers and directors—sees things.

### Funding Schemes

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The HAVRC is entirely financed by the Ministry of Culture and manages only selective schemes (the only automatic scheme is actually the cash rebate scheme, which is run by a separate department):

- The **Selective Scheme**: support to feature films (fiction and documentary), experimental, shorts, and animation films. The selection criteria are designed for feature films, which is always the most demanding segment.
- The **Consultancy scheme** has been recently introduced as an attempt not to look only at the project, but to consider the wider picture. The major goal of the consultants (kind of commissioners) is to support the films that will travel around, participate in the festivals, win awards and, at the same time, generate big box-office revenue. For quite a long time we wanted all our films, especially feature films, to do both. Now, we are trying to support a **slate of projects** that will strike a balance between films with strong audience potential and films with strong festival potential.
- We also have the **Support Scheme for First-time Filmmakers** within which we support one first film a year. Also, we have a **dedicated policy towards female filmmakers**.

### Definition of “quality”?

- This is our first selection criterion. “Quality” is mostly defined by how the films we supported perform in cinemas, and on the festival circuit.

### Selection criteria

- Projects we support must reflect the diversity of the country as well as European diversity.
- Ours is an auteur-driven cinema, and we are slowly moving towards producers' cinema. Right now we are somewhere in the middle.

## 2. Norwegian Film Institute, presented by Ivar Kohn

### General objectives

Our goal is based on finding potential in a project, the ability and ambition of its team to realize that potential and reach the audience. At the end of the day, it is always the audience that decides what quality is. Audiences seek something that fulfills their needs. The marketing process for the film is based on showing that it can fulfill the audience's need.

### Definition of “quality”?

Quality unifies originality, ambition and talent.

### Funding Schemes and selection criteria

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The Norwegian support system is very strategic. It breaks down the goals into a number of schemes and agendas. The selection of our films is based on our main goal of supporting films that reach and communicate with audiences, and that have artistic and festival potential. We make 20-25 films a year, and there are different schemes with different criteria designed to fulfill different goals:

- The Commissioners scheme is designed to support of 6-7 films per year, preferably artistic films. It is a very liberal scheme. Commissioners are free to choose whether a film is to be selected only on its artistic merits or on the basis of its big audience potential.
- The Market scheme is designed to support films that will perform well in the movie theaters. About 4-5 films are financed per year. There is a professional selection committee that advises us in this regard, and usually we follow their advice, which mostly concerns the potential audience for each project. This scheme functions very well. The 4-5 films supported by NFI through this scheme have raised the market share of Norwegian films up to 15-20%.
- The Slate fund allocates the money to a production company (only experienced producers and a talented directors) to make two or three films during a period of 3-4 years. It is a very open scheme. It is the producer who decides which films he/she wants to make with that money, and who lets us know

how much it is going to cost.

- The Automatic support scheme is designed for films that sell over ten thousand tickets in the movie theaters in Norway. In such cases, we double the producer's income for that film. This scheme helps those producers who want to avoid the bureaucratic, administrative work and obtain money directly for their next film. There is neither a selection committee nor commissioners.
- The Co-production scheme's main goal is to attract films that will have a big audience, and not only films that bring local spending in Norway. There is no content evaluation, since this scheme relies on the fact that the film is already supported by another national film fund. If a Norwegian producer is attached, we trust their evaluation of the content. However, we expect of co-productions either that they have a great potential in Norway (we consider the assigned distributor and the market plan) or great festival potential (a famous director assigned). We also want these productions to use Norwegian talent and be shot on Norwegian locations.
- The Talent scheme is designed for newcomers and young talent.



### 3. Film i Vast, presented by Katarina Krave, CFO

#### General objectives

- We are a regional fund and we act as both co-producer and equity investor, which mean that we are more involved in the projects than many other public funds across Europe.
- Our goal is to invest in high-quality films, build a better infrastructure in the region, and develop talent.
- The regional impact is also important. We demand that every project we support, regardless of whether it is an auteur or commercial film, spend the allocated amount in our region.

#### Definition of "quality"

According to our goals, quality can be either artistic quality or audience-related quality. Artistic quality is assigned to the films that entered the international film festival circuit. The audience-oriented movies are more difficult to identify, because we do not collect enough relevant data. We have information only on movie theater tickets, TV and DVD, and not on any other platforms.

## Selection criteria

- To judge a film's quality, we first read its script. Several persons do this instead of just one. They discuss whether the film has any interesting potential in terms of festival success or big audiences.
- We also examine other complementary information (producers' biographies, directors' biographies, production company profile, etc.).
- We check out the financing plan – how many parties are willing to invest and how much money is entailed.
- We also check the distributor, and whether their financing includes a big MG.
- It is very important what kind of sales agent is attached to the project. We prefer sales agents that appear on the film festival A List.
- Although we support both artistic and commercial quality, if a project possesses only artistic quality, that is enough for us.

## Evaluation of supported projects

Since the quality of a project is elusive, we also try to evaluate how successful we are at choosing high-quality projects. Thus, we have developed our own evaluation method. It is based on a point system. Each film is given a score. We consider the following elements:

- Which festivals each film entered. A film on the festival circuit A List and within the official competition will obtain a high score. The prizes awarded bring the most points to a project.
- We set as a goal that the average admission of a film we support should not be lower than 200'000 in Sweden, and we check that out.
- We also try to find out as many details as possible from the other countries that our co-productions come from.
- We check the sales on the international markets.
- In evaluating projects, we use two point systems. One is for festivals and the other for revenues. Revenues are important to us, but are not the crucial criterion.
- We do not publish these evaluations, but only the selection results, which can be found on our website in Swedish.
- Performing the evaluation process before you support a project is good because then you know if it conforms to and fits in with the Fund's strategic plans.

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## Outcome of the group discussions

### Definitions of “quality”

- The quality of the projects is assessed through the evaluation of their **Artistic quality** (script, synopsis, director's statement, treatment, visual material, the assigned director's previous works, etc.) and **Production quality** (technical and artistic collaboration between co-producers, circulation potential and financing) (*Eurimages*).
- The quality of a project is measured through **internal elements** (social relevance, aesthetics, content, USPs, innovation, magic, craftsmanship, etc.), **external elements** (fulfillment of different funding criteria) and **press and audience response** (commercial value, festival participation, prizes, etc.) (*Nordmedia*).
- Quality is evaluated through three criteria: success at the German and international **box office**, creation of a certain **cultural brand** and success at **festivals** (*FFA*).
- Quality is defined first by the **inner quality** (originality, social relevance, communicative potential, subjective impressions of evaluators) and **outer quality** (the budget, financing, former projects by the same authors, etc.) (*Norwegian Film Institute*).
- Quality is defined first in terms of the **creative content** (script, director's point of view, topic and objectives of the story, dialogues, etc. followed by the financial criteria (credibility of the budget, co-production partners, other sources of financing) (*Centre national du Cinema*).

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### Evaluation of Selection Criteria

It appeared during the discussion that the selection criteria used by committee members or commissioners are mostly evaluated when the film is finished, released or even in production. This is a way for funds to evaluate themselves but also for the members of the selection committees to measure the concrete results of their decisions.

Some examples:

- Use every meeting to talk about supported projects, their movie theater release and how they performed (*Austrian Film Institute*).
- Evaluation of a certain number of films from the application stage to the movie theater release and distribution with the production team (director, scriptwriter, producer, distributor), representatives of the fund and a neutral moderator. Depending on how the project evolved, the fund can be asked what persuaded it to choose and support certain projects (*Netherlands Film Fund*).
- Evaluation of the fund decisions every two years. Also to give the selection committee an overview of



what film has been supported and why, a report with the results and decision criteria of all films that have been approved for funding is presented to them at each session. The evaluation is not about the quality of the project but about the expected results (*German Federal Filmboard/FFA*).

- Use of a dot diagram (see [picture](#)). The vertical line measures each film's quality (media reviews, selection in A-list festivals, awards, etc; the horizontal line concerns audience (admissions). The main idea is to aim for films whose quality exceeds 3 (5 is the maximum), that have a large audience and a unique story. This evaluation is done once a year, eventually with the distributor if the film has not performed as estimated. During this process, the pre-selection guess is compared with what happens afterwards. There is also a discussion about whether diversity has been achieved, goals fulfilled, etc. For the commissioners, it is also a way to measure how their own estimates went (*Swedish Film Institute*). Please also see the "[SFI-Evaluation Cross](#)" ([PDF](#))
- Avoiding the dichotomy between certain selection criteria. For instance, a film's circulation potential can take two types of circulation into consideration at once (both **festival** and **cinema circulation**).

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### Balance between a project's financial and cultural elements

- Both elements are considered as basic criteria and are treated on the same level. The rest is based on an individual judgment of the project, in terms of "relevance" (*Austrian Film Institute*).
- The balancing act differs from project to project (especially within the commissioner's scheme), but the selection committee members should be aware of and informed about the wider context, such as our policies to support slate projects. (*Croatian Audiovisual Center*).
- To do our best to maintain as much as possible the 50/50 balance of arthouse and commercial projects, because all types of projects are equally important and necessary. (*Film I Vast*).
- A balance is achieved on the basis that committee members come from both creative and commercial backgrounds and discuss every project thoroughly. This democratic approach fosters the balance between the funding of cultural and commercial projects, even though the FFA by nature has an affinity for commercial projects. (*German Federal Filmboard/FFA*).

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- [Module 3 — How far do we need to adapt to new business models, and how far can we seek to protect traditional industrial structures?](#)
- [Module 4 — Conclusions](#)

### Decision Making Processes

- [Module 5 — Goals and selection processes/methods](#)
- **Module 6 — Selection criteria**
- [Module 7 — Profiles of experts, consultants, selection committee members](#)
- [Module 8 — Relations with higher authorities and producers](#)
- [List of Participants](#) ([PDF](#))

Illustrations by Jean-Philippe Legrand – called "Aster"

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# MEDICI – The Film Funding Journey

## Reports Previous Workshops

### Third Workshop Report – 17 to 19 September, 2013 – Château de Limelette (Belgium)

#### Module 7 – Profiles of experts, consultants, selection committee members

##### Introduction

- Project assessment requires various specialized skill-sets: writing, packaging, legal know-how, production, distribution, international marketing, and more. Hence selection committees usually consist of working professionals, i.e. producers, writers, script experts, studio people, broadcasters, distributors, exhibitors, and people from alternative distribution platforms.
- Funds are also obliged to have political representatives in attendance, as well as representatives of public institutions, of socially relevant groups and of prominent film festivals.



##### Presentation of selected funds

#### 1. Austrian Film Institute, presented by Roland Teichmann, CEO

### **Composition of the selection committee**

- The composition of our selection committee is clearly defined and governed by the Film Funding Act. It cannot be easily changed.
- The Austrian Film Institute funding committee consists of five people. There is always one person representing production, one person representing directing, one representing scriptwriting and one representing distribution (from the movie theater or festival field). The fifth person is the film institute's CEO. In this way, we cover all core parts of the industry.
- Four people represent each of the said professions. So, we need to find four producers, four directors, etc. for our pool of experts comprising 16 people.
- Each profession represented in the expert pool has one main expert, and each main expert has three substitutes.
- We also respect gender equality: 50% of the selection committee consists of women.

### **Ideal profile of a selection committee member**

- We have a rather general approach to the profiles of the experts to be involved in the selection process, but we do put great emphasis on the human factor.
- Committee members are expected to contribute their experience and expertise. We always look for experienced people who come straight from the film industry, and whose work is widely known.
- The committee members are required to be curious, passionate, and not over-focused exclusively on one school of filmmaking. They have to be ready to discuss any subject-matter and be open-minded.
- Our general objective is for the committee to be marked by experience, credibility, authority, and knowledge. However, our second objective is to develop a very open culture of discussion within our committee. Everything must be honestly put on the table and nobody must be afraid of being too harsh.

### **Appointment of the committee members?**

- It is the Ministry that nominates the experts. The only thing the CEO of the Austrian Film Institute can do is to make suggestions to the Minister, after which the competent authorities go through the suggested names and appoint the experts.
- The experts are appointed every three years, and so far we have managed to fill in the committee with new people every time.
- A rule exists that if a member of the Committee submits a project during a respective open call, he or she cannot take part in the decision-making.
- We choose the Committee members from the pool by alphabetical order, in order to ensure transparency. If somebody either cannot come or intends to submit a project of their own, we appoint their substitute by alphabetical order.

### **Decision-making process**

- Experience has shown our decisions are unanimous on 80% of the supported projects. Regarding the remaining 20%, we always prolong our discussion.
- We are in more or less constant contact with the producers, writers, and directors, and we endeavor to answer all the questions that come along before making our final decision.
- If we need extra information, we set out to find it. If necessary, decisions can be postponed until such information is found. In Austria, bringing TV into a project in order to raise its chances of being funded is unnecessary. Although not directly involved in our decisions, TV usually supports any projects that have already earned the support of the Austrian Film Institute.

### **The challenges**

- In a small country like Austria, it is really difficult to find 16 people actively engaged in the business and willing to do this job without receiving a lot of money. All the more so since each of their decisions is constantly subjected to professional and political questioning.
- Our selection committee does not include anyone from TV.
- Usually the Ministry puts too much emphasis on how politically suitable our selection committee candidates are.

## **2. Filmförderung Hamburg Schleswig-Holstein GmbH: presented by Eva Hubert, CEO**

### **General facts about the two selection committees**

- Our Committee members change every three years (but one person can serve for two terms).
- We try to maintain a gender balance, and appoint only open-minded people.
- The age of the committee members is also important: we do not need people only between the ages of 48 and 60, but also experienced younger people (in their mid or late thirties).
- We are open to including film critics; on two occasions we had directors and, from time to time, also editors.
- Each committee is involved in three application deadlines per year.



- There are outside experts who evaluate scripts submitted by producers, providing the selection committee with additional input.
- The competent Ministry makes the final decision on the committee members.

#### *Committee for small-budget films*

- Designed for films with budgets of up to 800,000 Euros, this committee covers a lot of low-budget movies, shorts, documentaries, and experimental films.
- It covers all phases of funding - from scriptwriting to distribution.
- The small-budget films committee usually comprises one professional representing each broadcaster and three representatives of the film industry (including the managing director of a training programme or workshop for young filmmakers, the Fund's CEO, and the head of the Department of Schleswig-Holstein. There are also two substitutes (i.e. casting agent, actor, short film artist and curator).
- We tend to also invite lecturers from film schools outside Hamburg—in Cologne or Berlin, for example.
- We include experts from the big film festivals, like the Berlin Film Festival for instance.
- We also involve a distributor or exhibitor of small films, and movie theater owners from Hamburg.
- Under this scheme, we sometimes receive up to 30 applications for documentaries, and they are all good! So we end up with 7-10 documentaries and 2-4 short films, plus 1-2 low budget feature films.

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#### *Higher-budget films committee*

- This committee is designed for films with budgets over 800,000 Euros.
- 80% of the scheme's budget comes from the government and 20% from broadcasters. The broadcasters are not shareholders but partners, and they request one seat in the higher budget films committee.
- The CEO of the fund sits on the committee, together with 2 representatives of the public broadcasters and 3 representatives of the film industry.
- For this committee, we always want to include somebody familiar with the international market. We currently have a second-term expert from Amsterdam on our committee. We also have people attached to such world sales companies as Universal. The upcoming selection committee will include the Head of the Goethe Institute in Munich—someone who ran the Munich Film Festival for ten years.

#### **The challenges**

- The Fund's CEO can merely suggest Committee members; it is the Ministry that makes the final decision. So far this has functioned well, but in the future it may create limitations.
- It is sometimes impossible to maintain a gender balance. There are occasions, for example, when the selection committee comprises only women.
- Our experience with having producers sit on the selection committees has not been very positive.
- Once decisions are made, we ask all applicants if they are interested in reading the outside experts' comments on the script. Often, those comments are not very positive, so we avoid giving them to a director or scriptwriter.

### **3. Swedish Film Institute, presented by Anna Serner, CEO**

#### *The selection of commissioners*

- It is the Head of the Production Department who interviews all candidates, but the CEO decides which commissioners are to be hired and informs the Board thereof. However, approval by the Board is not required.
  - The first criterion in selecting the commissioners is their credibility. We seek to choose someone who is appreciated by the rest of the industry. The only proof of their credibility is their having a long experience in the industry, either in choosing or making films.
  - The personal criterion is also important. Commissioners need to demonstrate good social skills, to be able to see eye-to-eye with people and explain decisions to them in a diplomatic and polite manner.
  - Commissioners need to be courageous and ready to make hard decisions, as well as curious about new technologies and new platforms.
  - They are required to attend film festivals, to set aside some time in their schedule to regularly keep in touch with the industry, and to remain updated on all the latest trends.
  - Age-wise, it is almost always quite senior persons who gets the job, especially for fiction feature films.
  - The commissioners are appointed 2+2 years, but their term can be extended to 5 years.
  - We try to have gender equality and achieve diversity in other aspects such as age and demography. Diversity stimulates more discussion within the department.
  - A commissioner needs to be an ambassador of our film institute. When they travel outside of Sweden, they represent us.
  - Foreigners can also apply for this position. They have to be able to understand and read Swedish. Right now we have a Danish commissioner for documentaries. We appreciate having an outside perspective because our national industry is really quite small.
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### The challenges

- Commissioners do not receive a very high salary.
- It is also a time-consuming job that keeps people away from the other activities.
- You are a constant target of unsuccessful applicants.
- Commissioners need to be flexible and cooperative. Unfortunately, this is not always the case.
- Keeping a gender balance is always a challenge. At the moment, 5 out of 6 commissioners are women, which is not good.



## 4. Swiss Federal Office of Culture, presented by Susa Katz, Head of Production

### How are the experts selected?

- We hire people from the film business for our selection committees. However, we do not invite people from the distribution sector, because distributors tend to use their involvement in the selection committee to obtain advance information and thus improve their own competitiveness, which is not fair.
- We have a pool of film professionals that right now consists of 33 people. This includes people who have experience with the film industry in general: scriptwriters, script consultants, editors, DoPs, etc.
- We hire foreign experts for specific areas like trans-media or multi-media projects, and for other fields in we lack expertise in Switzerland. We invite such people twice. First they come to present themselves for 15 minutes. Moderating these sessions is a delicate matter, and the applicants must be prepared for discussions and questioning.
- Committee members rotate, so we try to renew the committee every time.
- Our experts must know French and German.
- Our committee members have to be approved by the competent Ministry.

### The challenges

- The rotation system prevents continuity in discussions about the same projects, because at every selection session the participants are completely new and know little about the previous projects. Thus,

continuity is quite random, when by chance the same persons return. Since they are so few in a country the size of Switzerland, this can and does happen.

- I wish we could bring in more experts from other countries, but that is not foreseen by the Law.
- Our pool of 30 experts is not enough for the time being, because they are often either busy with their own projects (editors and DoPs in particular), or they are ineligible because they are submitting a project of their own for selection.

## 5. Slovak Audiovisual Fund, presented by Anton Skreko, Slovak Ministry of Culture

- We have a committee for each scheme (development, production, post-production, distribution and digitization of movie theaters).
- There are six calls a year for different schemes, and for each call we set up a special committee.
- We have a pool of approximately 60-70 people who are able to work in a committee. The Fund's Director chooses nine committee members for the production scheme and five members for every other scheme. The committees are composed of producers, directors, scriptwriters and distributors. Movie theater people are involved only in the movie theater support scheme.
- There is a rule that you are allowed to work on your own projects while you are in the pool of experts but that, once you are appointed to the selection committee, you need to declare that you will not submit your own project during that open call.
- Committee members can remain in the pool for two years. Hypothetically, it is possible that during that period of time we never see you on any committee: you may simply have been blocked by a conflict of interest on every occasion.
- We do not have a commissioners system, and producers do not have a chance to meet committee members on a formal basis. They can come and present their projects only if there is a public hearing of the applicants.
- We do not really evaluate the work of our committees once the projects and their distribution are finished. Thus, we need to develop an evaluation strategy, and to call in experts to evaluate the results within different schemes.
- We try to make committee members do a lot of their work online – for example, the ranking and the application of the point system. That leaves only the budgets and monetary redistribution for the final meeting, with the best-ranking projects already listed. This system is very practical.

### The challenges

- The downside of doing the rankings and point system online prior to the final meetings is that this leaves no leeway for people within a committee to convince each other to change their mind during the final discussions.
- Usually committees allocate less money than the amount applied for. The final meeting is always about negotiating the amounts to be awarded.
- Slovakia is a small country (5 million people) with a small audiovisual sector where everybody knows each other. The problem is, therefore, to find people who do not have a conflict of interest.

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## Outcome group discussions

### Profiles of experts, consultants, selection committee members

- *German Federal Filmboard/FFA*: We have seven selection committees for different funding areas. Committee members are appointed by their professional associations, which are defined by the film law. Political institutions (Parliament and Ministry of Culture) appoint two additional members. The CEO of the FFA, who is also the Chairmen of all meetings, has no vote.
  - *Nordmedia*: Our selection committee numbering 9 members is nominated by the financiers/stakeholders of the Fund. The director/chairman of the Fund has no vote.
  - *Swiss Federal Office of Culture*: We have a pool of 33 professionals/experts, each appointed for a 4-year term by the Ministry of Culture, upon recommendation by of each professional association or other groups (producers, authors' guild, technicians union, etc.).
  - *FUZZ*: In selecting the commissioners, we seek a mix of various specialized skill-sets. Commissioners are usually not specialized in sales and distribution issues, but they are knowledgeable in international finance and the implications of the "digital world".
  - *Swedish Film Institute*: We recruit commissioners on the basis of their strong independence and integrity, and their knowledge and understanding of how the film business works. Regarding the issues of distribution, international financing and the implications of the "digital world," the distribution and production consultants lend them assistance.
  - *Cineforum*: We have a pool of 54 members that include directors, producers, screenwriters, film critics, festival directors and professional lecturers. Members are selected on the basis of their CVs and lack of conflicts of interest. Every selection committee is knowledgeable about distribution, international co-production and digital issues.
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## Do funds publish written guidelines for committee members?

- *Cineforum*: No particular handbook for committee members is prepared. The selection process is guided only by Règlements des soutiens a la production and Règlement de la fondation (available in French only).
  - *German Federal Filmboard/FFA*: We follow a special procedure. First, all projects go through a straw vote. If a project receives at least one vote, it will be discussed and there will be another open vote. If the project then fails to receive the necessary number of votes (7), it is rejected and the reasoning is communicated in a rejection letter. The applicant is entitled to file a formal objection, whereupon the project is to be discussed again in one of the ensuing committee meetings.
  - *Swedish Film Institute*: The set of guidelines for the commissioners is available only in Swedish on the SFI's website ([sfi.se/en-GB/About-SFI/what-we-do/Organisation/Funding-Department](https://sfi.se/en-GB/About-SFI/what-we-do/Organisation/Funding-Department))
  - *Swiss Federal Office of Culture*: The procedures are based on the applicable law (Section 2, Art. 21-24 /Abschnitt Art 21-24), which is available in German and French ([www.admin.ch/opc/de/classified-compilation/20022273](https://www.admin.ch/opc/de/classified-compilation/20022273))
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Illustrations by Jean-Philippe Legrand – called "Aster"

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# MEDICI — The Film Funding Journey

## Reports Previous Workshops

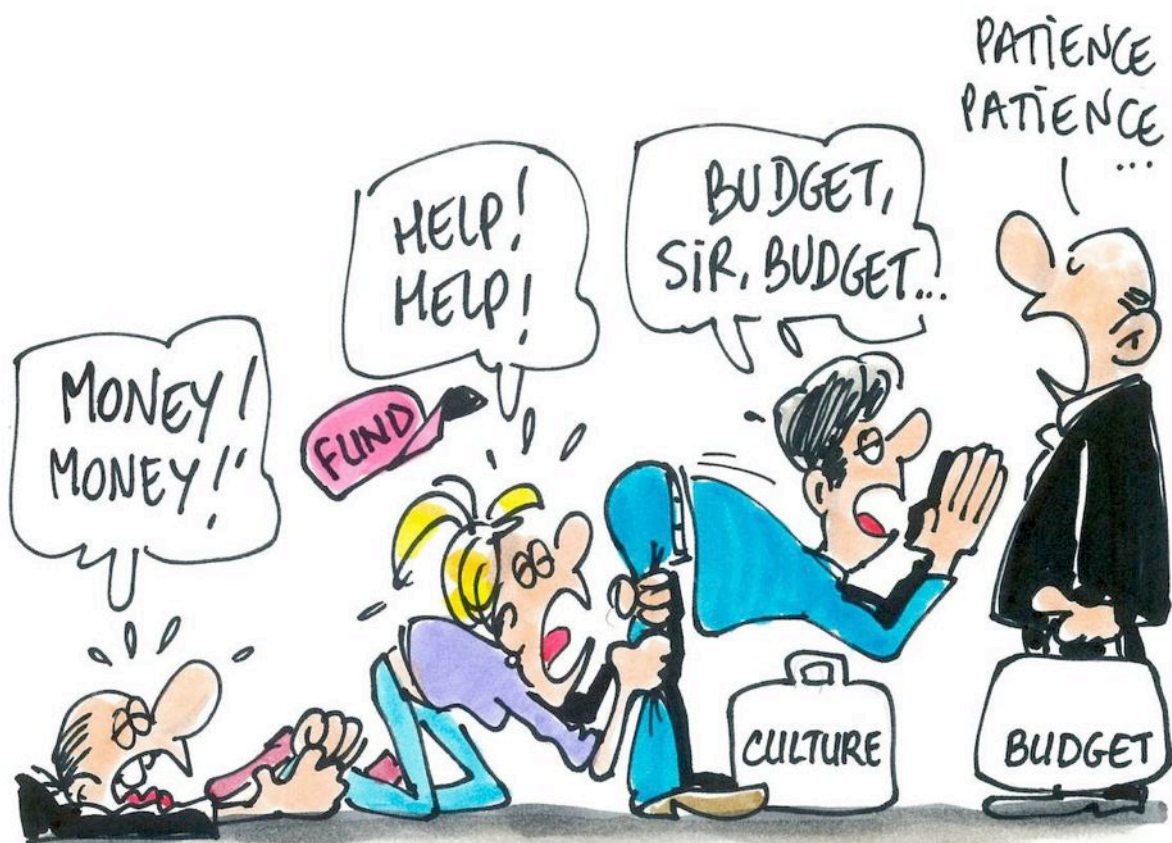
### Third Workshop Report — 17 to 19 September, 2013 — Château de Limelette (Belgium)

#### Module 8 – Relations with higher authorities and producers

##### 1. Relations with the political levels

Politicians expect funding bodies to be successful—that is, for funded films to gain high visibility at all levels, and for the money spent to have equally visible effects on the economy as on employment. How have political pressures been experienced in times of economic downturn and budgetary constraints?

How do public funds establish and maintain good communication with the politicians in charge and their respective administrations?



*Note: This issue was not discussed among the participants*

##### 2. Relations with the producers

Relationships with producers (applicants) before, during and after the application process are of significant

importance, since funding decisions can have a massive impact on the production companies, their collaborators and their employees. If negative, funding decisions can provoke frustration, anger and aggression.

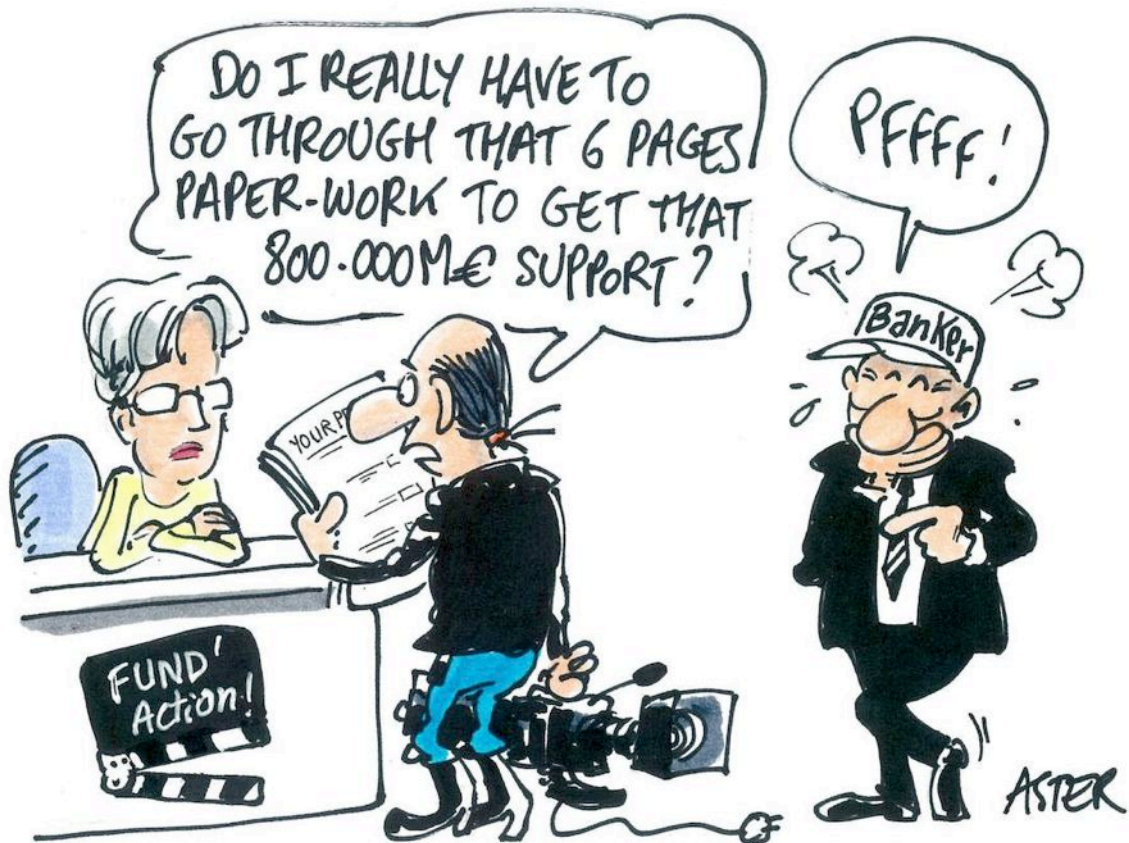
## Outcome of group discussions

- Can funds interfere and propose changes in projects?
- Where is the dividing line between “good communication” and “manipulation” or direct influence?
- How do funds maintain communication with sales and distribution?

### Regarding the evaluation of their projects

#### *Austrian Film Institute:*

- It sometimes happens that no fund wants to be the first one to support a project, which blocks producers. Producers also apply to multiple funds, and they have to convince various financiers - broadcasters, national, regional funds, etc. These seek more transparency, credibility, reliability and continuity, so that their incomes can be more predictable.
- In Austria, we try to achieve a balanced number of different types of films (documentaries, features, children's films, etc), and we evaluate this every year and during every decision-making session. The selection committee of the Austrian Film Institute decides which projects are going to be selected. But the CEO alone determines the amounts, so he can always adjust them. I give even more money when I really like a project. But our policy in general is to give producers the amount they ask for. Only if there is a really obvious mistake in their calculation do we give them less than they ask for. But we never give less money just because we want to give money to more projects; that creates budget gaps and frustrates producers.



#### *Swiss Federal Office of Culture:*

- We do not control producers. We respect their professionalism. The experts are not allowed to give them less money than the amount they ask for. But if the experts find out that a budget is too high, then they simply reject the project. Producers can re-apply to prove why they need the amounts they are asking for.
- It sometimes happens that a project has a budget of 3 million at the moment of financing, and that in the end the budget turns out to be only 2 million or less. If a producer cannot explain why this has happened, we take the difference back from them. That is why we need an expert in the matter: someone to take a close look at the budget beforehand, so as to avoid this problem.



- We also want to know how a production company stands, how many projects it is really running and how big those projects are.

*German Federal Film Board /FFA:*

- By the end of the session, we very often realize that we have 15 selected projects and not enough money left. Then we have the choice between either selecting 7-10 out of 15 projects, or giving smaller amounts of money to all 15 projects.

*Filmförderung Hamburg Schleswig-Holstein GmbH:*

- We have a very good expert in our fund—someone who has been working on contracts for 33 years. She examines budgets most carefully. Producers sometimes calculate too much money, and we decide to simply give them 20% less. We call on a producer, and submit an offer that they are not obliged to accept. In addition, sometimes we also decide to support more projects, slightly cutting down our support to each. However, we try to minimize this practice.

### **Producers sitting on the committees**

- *Cineforum*: We change producers after every session. There are 2 out of 7 on the committee, and they never know which of them will be sitting in on the next session.
- *Norwegian Film Institute*: We have one selection committee for the market support program, and we always invite four producers to carry it out. It is also a way of sharing knowledge in business. Although it is a confidential task, people learn about each other and about each other's projects.

### **What about the delay for starting production**

- *Austrian Film Institute*: Production must start within 9 months after the amount is allocated, but this can be extended to 15 months maximum. Producers have three years to fulfill the financing plan.
- *Norwegian Film Institute*: In Norway, it is 6 months. If they need 9 months, this is also possible, but afterwards we take our money back. We invest a lot of money in a single project, a big percentage, so we cannot keep our money blocked for too long. We need to exert some pressure on producers to render them more active and efficient.
- *Filmförderung Hamburg Schleswig-Holstein GmbH*: We say 6 months in the beginning, but if you can provide credible evidence that you need more time, this can be extended to 12 months. It depends on how complicated a project is.
- *Croatian Audiovisual Center*: Everything depends on other sources of financing and the situation in an individual country. Sometimes the only other sources are sponsorships, co-productions with TV and international co-productions, all of which take quite a lot of time. The competent Ministry in Croatia earmarks the money for 6 years.

## **IN BELGIUM, COMPLETING BUDGET TAKES YEARS**



- *Centre du Cinema/Brussels Wallonia Federation*: We allow 3 years, and the reason for that is that our program is designed mostly for first-time majority co-productions. You need time to get a co-producer,

and sometimes you need to have financing in place to go to on to other schemes.

- *Cine-Regio*: Here too, it depends on the stage of financing. Some funds ask that a certain percent already be secured, so that completion of the financing can take less time.
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