

MODULE 3 - VOD PLATFORMS AS POTENTIAL FRIENDS OF THE EU CINEMA

Questions to Jean-Luc Ormieres, co-founder of UniversCiné

Guest speaker of Module 3

How much money was invested in your platform and by whom? How much money do you earn? And how much money you need to invest to reach audience? You have to make the platform, then you have to supply the platform, so that is one very big cost. Did you pay it yourselves?

The founding producers invested 1.5 million euro since the first year. Then at certain stage the MEDIA program supported us. Now the company is economically viable, with around 6 million proceeds. However, it took us 10 years to get stable.

Do your films reach audience?

All our films reach some audience even though there are films with very restrictive audience. The **editorializing** and **prescription** is crucial. If you have a very difficult Hungarian film, you can put it in the context of some celebration of the Hungarian cinema, couple it with free documentaries, interviews with the directors, etc. And our aim is to reach the market share of 3% in France.

What would you suggest to national film institutes? Should we, like you, invest over 10 years in a platform before it gets economically stable?

Absolutely not. The platform we started in 2001 now could become viable within 1-2 years. In a small country, you can launch a platform with 200 000 euros easily. You need a journalist, designer and to get in touch with the local industry - every small country can have a platform today. The only problem is how to get the films. Namely, platforms have the online rights on movies. Video publishers and TV can argue that it is their rights. But as much as we can, and we don't want to sound too arrogant here, you have to stand up to them and confront, and say that it is your rights. It is a political fight that we cannot all handle. We had 3 years of war in France. People were not aware that the online rights would belong to us.

Is UniverCine able to profile its customers?

It depends on how you watch the films. If you watch it through subscription, it is not possible since we have no direct contact with the users. However, If you watch it through the website, consuming the editorialized content that we have provide, then you will be integrated, consulted and be offered new things.

Should national film funds support VOD platforms? We do it in Belgium. We support UniversCine Belgium, but we have no figures about the results and performance of our films on these platforms. We support it because we want to boost promotion of Belgian things, but if we have no performance figures, we have a problem.

The question is whether you support a platform or a film. The tendency now is to support the platform that shows the domestic production, which is not necessarily the best thing to generate the most attractive offer. I would support the "uprisings" of new skill owned by

VOD distributors. At this moment it is more important to raise awareness about such platforms. In the first one of two years they should not be compared with cinemas nor measured only on the basis of the results.

Why does this platform work in some countries and in some it does not? In Germany it does not work despite the big market.

It does not work in the countries where they overprotect DVD business and offer insufficient number of films on VOD. In Austria, our sister-platform Flimmit has a large amount of films and they developed a very good technical know-how that even other partners were able to incorporate. From the very beginning they considered nobody as competitor and included everybody in their system. They were networking all the time. In the beginning it was 2 Austrians who started the company. Now the Austrian public broadcaster and Austrian Film Institute support them.

When opening platforms, we need to adjust to the local legislation/context/culture. In Belgium, for instance, it was a group of producers that started the platform. In Ireland, the industry of which operates under the Anglo-Saxon law, producers do not hold rights so we had to make deals with the distribution company that (a) was at the same time a production company and (b) that has both a distribution branch and exhibition branch. It would be ideal if everywhere it could be producers holding the rights for films. But it is a fact that this is not the case.

Does your platform have older films?

We have two actions right now in this regard. One of them is trying to create a collection called “thousand essentials” meant for the directors who are looking for the works of their peers and older directors. Editorializing is a crucial thing here as well. You must provide the proper additional content for such clients.

What is the demography of the audience? Is it the same arthouse audience that would buy the DVD or go to the cinema for the same films, or you have other audiences as well?

So far we stay close to the DVD and DVD rental sector. But we have been planning to expand that. We have a special action for people in the countryside in France who live far away from the closest cinema.

Why should producers work with you? Do they earn more? Who are they confronting by choosing you as a partner?

There are three things here:

- Producers can say that they cannot give exclusive rights because it would prevent them from dealing with other partners. However, we do not want to see the other players as enemies. We want to see them as what in Marxist terms would be called “objective allies”. Things have changed over the years. We used to have 80% of non-exclusive mandate and now we have over 80% of exclusive mandate because people saw that we are able to dispatch/distribute a film on various platforms and offer different possibilities. That is why our job changed from the VOD exhibitor to VOD distributor.

- Today a VOD website is a virtual theater, a distributor and it is also a magazine. If it releases a film, journalists from the editorial department make interviews and incorporate them with the film the moment it is released. You can also see the director scouting for the new actors for his new movie and other information that are never exploited by the traditional model. The essential thing is to provide exclusive information through prescription and editorializing.
- We may have negotiations in France at the end of 2014 regarding a change in the start date of availability of films for SVoD. Global resources for film production in France are over one billion euro. We still have the system in which free-TV contributes with over one hundred million euro. If subscription VOD services are open to offer the rate within the same time frame as pay-TV, than as a producer, or as a funder, you will have to make a choice and decide whether your film will be co-produced or pre-bought by TV or whether you want to try to negotiate with a VOD platform and get an MG that is going to compensate the loss of the TV financing. But that is a very blurred and theoretical hypothesis.