



# MEDICI – The Film Funding Journey

## Reports Previous Workshops

**Eighth Workshop – 26 to 28 September 2018, Royaumont Abbey, France**

### **Module 1a - Panel: Co-operation between funds means mainly supporting co-production**

Co-productions involve funding partners from different countries. The support of public bodies in those projects represents more than 50% of their financing. The funding bodies have different cultures, different funding processes and sometimes require for the projects they support to be co-produced under official co-production treaties. The panel participants took a closer look into how to work with those treaties and what it means to work without such treaties.

Panel participants:

**Roberto Olla (RO)**, Executive Director of Eurimages

**Lene Børglum (LB)**, Producer/CEO at Copenhagen-based company Space Rocket Nation

**Jacques-Henri Bronckaert (JHB)**, Manager and Producer at Versus Film Productions (Belgium)

**Michel Plazanet (MP)**, Deputy Director/International Affairs (CNC)

**Anna Serner (AS)**, CEO of the Swedish Film Institute

Moderator: Inga von Staden (IVS)



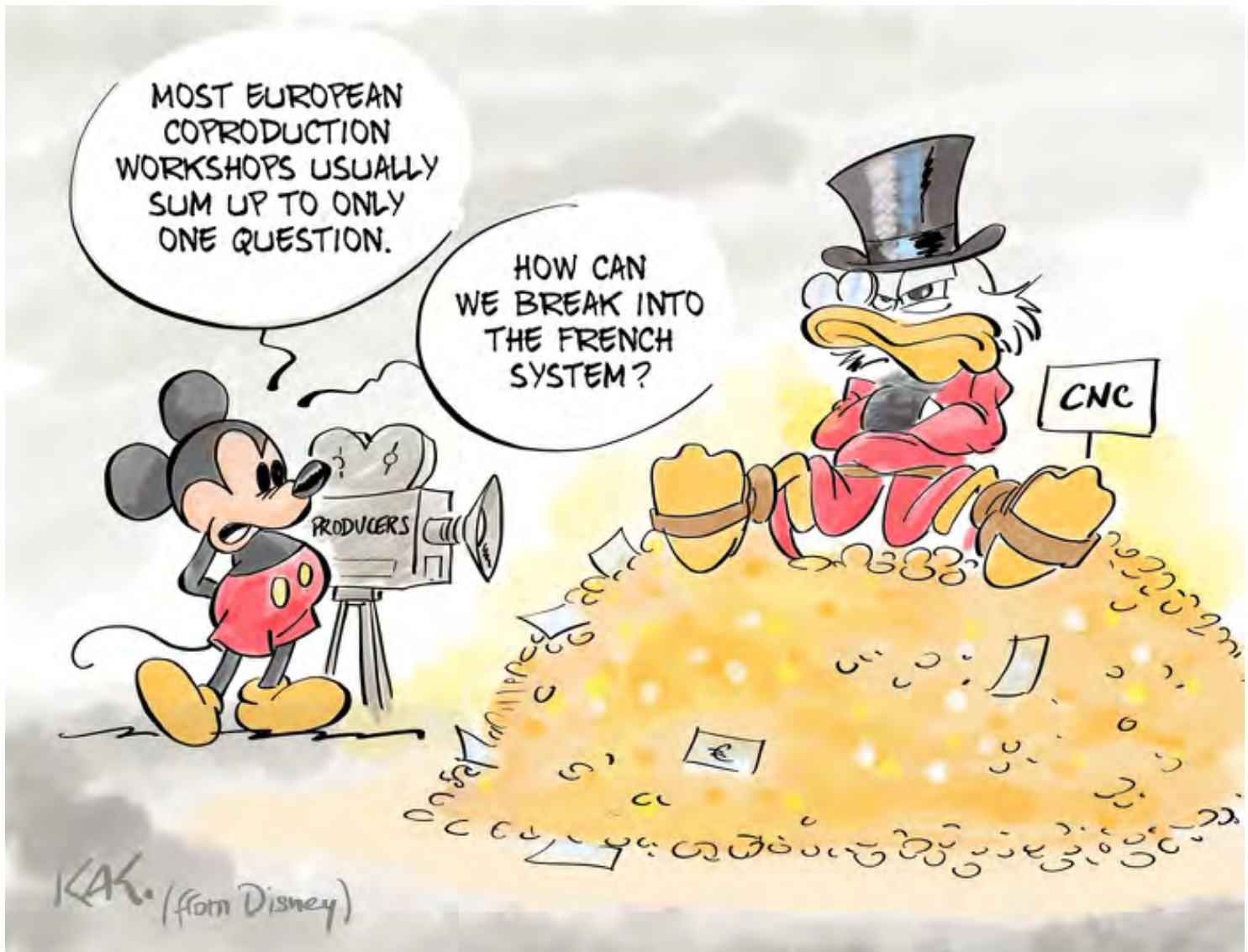
**IVS: Eurimages is the European task force for international co-productions. Do we really need this?**

**RO:** That is actually the question that we are asking ourselves right now while Eurimages is going through a large evaluation process. This evaluation is not only dealing with the performance of the fund, but also with its

governance. Is our mission the one that was given to us by Member States nearly 30 years ago? The purpose of the evaluation is to provide possible answers. The feeling I have is that Eurimages started 30 years ago for the purpose of stimulating co-productions when there were very few of them. There were countries like France and Italy that were already champions in co-productions and many other countries that did not have at all. But, today, Europe makes nearly twice as many films as the US. Many of them are co-productions that circulate across many countries. Therefore, our role has changed and now we are trying to stimulate the kind of content that the market alone is not able to produce. When I was writing my PhD, I remember that Channel4 in the UK was given the mission to produce anything that BBC could not/would not deliver. I think that Eurimages has a similar approach. We should be helping producers and filmmakers to take risks as long as the quality is there and as long as the content they produce circulates.

LB: Throughout all the years that I have been in the film business, Denmark has been in need for co-production. When Zentropa started co-producing in the early 1990s, a typical Danish film was financed 90% by the Danish Film Institute and the TV sale. But then, the support went down and it became more and more necessary to co-produce. It is still like that. The contribution of all financiers is constantly going lower and projects have to be more and more commercial at the same time. Projects could not be anymore either commercial or a good quality, they have to be both.

**IVS: On top of these criteria there are also co-production treaties that France is in particular strict about. CNC even made requirements for treaties to be stricter. Can you tell us something about that?**



MP: We already have 57 co-production treaties. It is maybe too much, because signing treaty is one thing, but implementing and assessing them is much more difficult, especially if you want to do it seriously. France is a particularly attractive co-production partner because there is a lot of both public and private money. Everybody wants a treaty with us. Hence, we took a political stance and added additional requirements regarding the future co-production treaties. We want first to ensure that the other country shares the same values with France. The first of those values is respecting cultural diversity expressed through ratification of the UNESCO Convention on Cultural Diversity from 2005. Second, we do not want treaties with countries that liberalized their audiovisual services and refused the cultural exception under the pressure of the USA. We refuse working with those countries because there cannot be any reciprocity with them. Another problem is the scope of these treaties. In many cases they cover only theatrical films. But should it include also TV and other formats?



**IVS: Jacques-Henri, you are co-producing a lot with France. How is it for you to co-produce with a country that is very strict about the treaties? Does it make life of a Belgian producer more difficult?**

JHB: Belgium is a small country that always needs money from abroad, and France is our natural partner because of the language and the size of the market. According to me, a good co-production is based on a good relationship and sharing different things, especially creative aspects. The problem with France is that they are overprotective of their national culture. Let's take an example of the tax-incentives. If you spend money in Belgium, you receive some money back on the basis of the Belgian tax-incentive and you can combine that money with the additional support from regional funds, from the TV, etc. When Belgium is a minority co-producer, criteria are not too strict for the Belgian money. A bit of post-production or one key-technician is enough to justify the support. Sometimes even purely financial co-production can go. However, when I work on a majority Belgian co-production and wish to shoot in France, I have no access to the French tax-incentive money. Of course I can get money from TVs, distributors, CNC (if I earn enough point and have a certain cultural quality). But if I only want to shoot in a French region and spend a lot of money there, I still can only get some regional public funding and that's it. There are no shooting incentives there unless you have a big American film or a Luc Besson's film, in which case you can have access to the French tax-incentive.

IVS: It seems quite complicated. I heard you are running a back-office just to handle all that work.

## COPRODUCTION IS MORE AND MORE COMPLEX



JHB: Workload today is huge. My job is complex; I need to produce, to develop, and to think about creative and artistic aspects. But there is also a lot of paper work. Bureaucracy is huge and even nightmarish sometimes. Film funds have different application systems. Eurimages is in fact an example of a really complicated system. Paperwork is much bigger now than ten years ago. I have to employ a lot of people to do the paper work, write all the reports, etc.

**IVS: Does co-production become more expensive if you do an international co-production?**

JHB: Of course. It happens due to the benchmarks. There are collective agreements regarding technicians, etc. All that increases the budgets.

**IVS: The Nordic countries collaborate really well even without the treaties? Do we really need the treaties?**

AS: The Nordic region has been co-producing for decades without any treaties. That is partly because we are very close geographically and we know each other very well. People are working across the borders a lot. With

Finland, for example, we do not have the same language, but almost 5% of the Swedish population is of Finnish origin. We want to have films that will target them. That is the reason why we co-produce with Finland. However, the treaties would not improve anything. In Sweden we want to co-produce only with countries where we feel that our film industry can benefit from getting more jobs for Swedes and attracting productions to Sweden. Producers need to work on long-lasting collaborations with international partners from which they can constantly learn new things. Creative exchange also matters to us. The Swedish Film Institute insists on films that feature creativity and quality. We measure quality primarily by looking into the relevance, urgency and originality of the story. The SFI also insists on gender equality. That explains why we see more and more foreign project by female directors, applying for Swedish money. In 2017, 50% of Swedish co-productions were by female directors. It proves that there is always a reason why people want to co-produce with certain countries, but I do not think a treaty is ever a reason. It is also important to say that we have recently decided not to sign the treaty with China even though there was a pressure on us to go for it and take advantage of the vast Chinese market. But we gave up eventually, because we do not share the same values with China. The Chinese money will always be subject to the conditions that are against the freedom of speech. For example, there is the ban on screening of Swedish films in China due to a Swedish-Chinese diplomatic war that started when a publisher from China emigrated to Sweden some years ago. At the same time, we saw Denmark spending many years working on the Danish-Chinese treaty, but they never seen any effect of it.

## COPRODUCING WITHOUT TREATIES



IVS: It sounds to me like you are using a lot of soft criteria, which makes it very difficult to apply a point system. But, on the other hand, co-productions work with point systems. How does it work together?

AS: We could add a point system to measure the quality of the craft behind a film. But when it comes to evaluating the quality of a story, I think no country has a point system for that.

MP: In France, we do have a point system. To be approved by the CNC as an official co-production, you need to qualify as European. There is the point grid and you need to have 14 out of 18 points to qualify. And we do not co-produce without treaties, so, for example, we cannot co-produce with Japan because there is no treaty with Japan and Japanese films can never qualify for the CNC support. Additionally, you need to have 25 out of 100 points within the CNC point system that deals with the nationality of the crew and the cast, country of shooting, country of post-production, etc. to be recognized as a French project and have access to CNC money.

**IVS: So how do you evaluate soft criteria at the CNC? Do you have Aide aux Cinemas du monde for**

## **exercising soft criteria?**

MP: This fund aims at cultural diversity and helping especially young filmmakers from all over the world, so we are not demanding at all regarding the French spend. Only half of the grant needs to be spent in France. Within this scheme, we, for example, have films that are entirely made in Brazil and only post-produced in France. We support a lot of South American and low-budget US films. Aide aux Cinemas du Monde is open to all countries in the world, including the USA and Japan. As such, this scheme is complementary to CNC's policy for official co-productions that insists on economic and industrial goals. However, there are several limitations within this scheme as well. First, there is the point system there as well. You need to score 20 points to qualify or 15 if you come from a developing country and the way we define developing countries is wide, so many countries are included. Second, if France does not have the co-production treaty with a country, the budgets must be within certain limits, because films with the budget above 2.5 million must be official co-production. Finally, the scheme is highly selective and aims at the crème de la crème of the world cinema.

RO: We need to go back to the basics and remember the reason why treaties were invented. Treaties exist to provide nationality to the films that are not 100% national. It is a "legal fiction". So a film that is 60% French and 40% Italian is considered to be as 100% Italian in Italy and 100% French in France. That is the logic and it would be very simple if we kept it like that. However, many countries did not. In France, the biggest chunk of money that is given to co-production comes from the automatic support scheme. The selective support scheme is a way smaller. So the qualification under a bilateral treaty directly means qualifying for benefitting for that kind of money. Hence, France had to introduce very strict requirements to be considered as compliant with a Treaty, because they cannot "open the tap" too much. If they do it, then everybody would qualify for the French automatic support scheme. That also explains their complex point system. Treaties as such are not a rocket-science, but the way they are interpreted within different member states makes it rather complex. Scandinavians do not make such a big fuss with their treaties. They provide official co-production certificates only when Eurimages demands so, they do not need it between themselves. Also, Eurimages will support non-official co-productions as long as countries do not have a treaty. I think we should ask ourselves the following question: Many years ago we created co-pro treaties because without a treaty a co-produced film would not benefit from public funding in each country. It was a way to give the legal stand to projects that on the paper did not qualify as they were not 100% national. Now we have 30-40 years of experience, even more. It should have created enough knowledge, know-how and trust by now so that we can remove treaties where they are not necessary. But we also have different administrative cultures, different traditions, different amounts of money and different business practices across Europe. In Sweden, it is normal that one person (commissioning editor) decides of behalf of the public fund which projects to support, but that system would create the French Revolution in France or Italy. To conclude, the problem is not the text of the treaty as such, but the people who interpret the same treaty in different ways, on the basis of their cultural background.

AS: The purpose of treaties should be to facilitate the trade between two countries. All countries will always demand local spend, because it is our tax-payers money. Eurimages is a good example of the funds that give money without having too many requirements. Their only requirement is "quality". Maybe more national countries in Europe can follow the same example. On the other hand, how do we make treaties simpler? They are too political?

RO: Eurimages supports some films that are very delicate and different. Without Eurimages' money they fall apart and cannot exist especially if they are coming from fragile countries. Or they are done with fewer resources and you can see it on screen. However, at the same time, we have to support a number of projects that I personally qualify as less-pertinent. They are not bad films. If they were bad, they would not get funding from Eurimages. But they are done just because the European financing echo-system allows them to exist. I am talking about mechanisms such as tax shelters and alike. Treaties contribute to this situation because they provide a legal framework for these kind of projects: they qualify as national thus they become eligible for fiscal incentives/tax rebates. Through this logic, producers make films that are not necessarily bad as such, but are simply not original. They maybe attract a limited audience, at best.... Projects like this are easy to understand at financing stage because of their classical narrative and easy identification with the characters. But those projects are eating up resources for more daring concepts. Less-pertinent projects are funded by all public film funds in Europe. Once they have at least 50% of financing in place, then they come to Eurimages for a final top-up. How do we break the vicious circle? Maybe the way out would be to reduce the number of less-pertinent projects at both national and regional level. This seems to be the biggest problem because the system created a bubble where many films are made through public money, but only a part are good, creative, daring, original. Eurimages comes at the end of the financing process, it is hard for us to break a circle that is rooted and national/regional level.

## **IVS: What about the demands regarding the regional spend and effect?**

LB: Those demands are fine when you need to shoot in a particular region. But sometimes it is not enough just to shoot and engage some local crewmembers. Locals have to be also heads of departments, etc. If you have to do it like that in several regions than it requires more logistics and increases the budget.

JHB: Some regional funds are very demanding. Screen Brussels for example has the regional requirement spend of 800%. It is not officially written in the rules, but the competition is tough and if you want to get the money the spend must be that high.

## **IVS: Let's look into distribution now. There is a whole new playing field now – international platforms.**



**They are mostly US-based and tend to avoid the requirements that national countries have. They are outside the treaty system and totally private. They are on the stock market and owned by investors. But They are playing an increasing role in distribution, but also more and more in production. They are also ensuring easy access to the content and thus eradicate piracy.**

LB: We had one film that in the US was first released on the VoD for one or two weeks with special, high-price screenings. It was very popular. Then it was released day-and-date on all VoD platforms and theaters. It was extremely successful in the US considering that it was an independent production. There was almost no piracy in the US, whereas in the rest of the world it was among the top 10 most pirated films for three years (especially China, Russia and Eastern Europe).

**IVS: But in the economy driven by accessibility, can you still work with making things inaccessible? From a digital, interactive media perspective, it is not a good idea because it promotes piracy.**

AS: In Sweden we have a very strict timeline about how to release a film and the exhibitors refuse to change that. Some countries have opened up for working with Netflix. We all have problems because they do not report the numbers. But we need to change despite these challenges.

**IVS: Should public money go into financing content for Netflix?**

## CAN THE PLATFORMS BE TRIGGERS?



LB: I chose another transactional VoD platform. But if you produce a film and sell it to Netflix, then you do not get revenues that you normally get by pre-selling a film to other countries.

JHB: We are preparing a film for Netflix right now. It is a film for teenagers, made by a first time director. We developed the project, and then received the financing from Netflix and now we just need to do it. But we have to follow Netflix's rules. They will keep all the rights for 15 years.

RO: But the question is: would it be acceptable that a film that has been co-produced with public support from different countries and Eurimages and that attracted no distributor's interest be sold to a digital platform that takes all the rights, including theatrical, for 15 years? Some digital platforms limit as well festival exposure. On the other hand, if you do not sell it to digital platforms maybe the film will not be distributed at all. Some digital platforms are however becoming more and more flexible by allowing festival exposure as well as day-and-date releases. Apparently even Netflix allows a limited theatrical release in selected cinemas through the day-and-date approach. But should public money be invested in such films? Especially if we know that Netflix does not report

data back to funders.

MP: In France, everything is based on the holdback system. Day-and-date is prohibited, and VoD platforms have to wait three years after the theatrical release, which should be reduced. So producers are afraid to make VoD deals because if they do not follow the holdback system, their films do not receive financing. But without the holdback system everything would collapse. If Netflix wants to be a part of the system, they have to follow the rules of our game. At the moment, they do not respect our rules. They address French companies, but they do not pay any taxes, etc. They are US-based and contribute nothing to the CNC unlike movie-theaters, distributors, TV channels, Internet providers, etc. Thus, as producers, they do not get any support in France. In addition, we have recently introduced the levy that they shall pay to the CNC (like it is in Germany) based on the turnover they have on the French audience. They challenged it on court, but we still hope they will in the end contribute around 2 million euro for this year because the number of subscribers is increasing fast like in all other countries. Unfortunately, Netflix has a lot of lawyers; it is complicated to fight with them.

LB: In Denmark, there are so many Netflix-financed productions going on at the moment and they take all crewmembers and film workers. It is difficult to find people when you have a regular film project. Crewmembers are also getting more and more expensive because Netflix pays very well and increases the fees. Therefore, people work mostly on series now, they are booked for months not just a couple of weeks. And nobody has time for regular feature films now.

#### **IVS: Do these platforms in any way contribute to cultural diversity and gender equality?**

AS: No. It is up to us, as countries, to make sure that our taxpayers' money is used for production of high quality, cultural content created by the talent in a widest sense, not only by white, male talent.

RO: Eurimages supported few films that were acquired by Netflix after completion of the film (as an acquisition). Producers sold those films as they really had not alternative: if Netflix did not acquire them, they probably would have had a very limited theatrical distribution or no distribution at all.... Netflix conditions were very tough. But producers had no choice. That is why we tolerated it.

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#### **Cooperation between public funds in an increasingly complex and international environment: opportunities, actions, ideas**

- **Module 1a – Panel: Co-operation between funds means mainly supporting co-production**
- **Module 1b – Are there possible alternatives?**
- **Module 2 – How to access smart data to better reach the audience?**
- **Module 3 – How could funds help each other to make the projects they co-finance visible?**
- **Module 4a – How to simplify and make life easier for funds and producers in terms of paperwork.**
- **Module 4b – Digitizing the Funding Process**
- **Module 5 – How to assess the performance of funding programs dedicated to international co-operation?**
- **List of Participants (PDF)**
- **MEDICI Seventh Workshop Report (PDF)**

Illustrations by **KAK**



# MEDICI – The Film Funding Journey

## Reports Previous Workshops

**Eighth Workshop – 26 to 28 September 2018, Royaumont Abbey, France**

### Module 1b – Are there possible alternatives?

#### Introduction

- What would be the alternatives to co-production treaties and requirements?
- Should funds themselves create cultural tests, co-development and co-production agreements?
- Could it be possible to have the same definition of co-production for all public funds?

#### Group Exercise

The MEDICI participants, divided into groups, were asked to discuss their own mission regarding international co-productions. The task for each group was to design a de-centralized pan-European, cultural incentive for international co-production, making sure that the process is efficient and easy-to-use for all stakeholders.

Furthermore, each group was asked to

1. summarize the key points of the designed fund, describing why the system is unique and why it can really work, and
2. choose the most important critical issues that were brought up during the discussion.



# FOR YOU, WHAT WOULD BE THE PERFECT SUPPORT SCHEME?



## The outcome of the group exercise

### Group 1:

**Starting point:** We started with the definition of “de-centralized”. According to us, it means that each country should do their own selection and any centralized jury should be avoided. However, we all would have to do the selection in the exactly same way. We would not like to embrace only the existing money, but also add some new resources (new money from the Council of Europe’s members, Netflix, etc.).

**Mission No. 1:** Our first mission was to determine the purpose of this new fund. Its purpose is to provide diversified cultural voices in Europe. We need to establish some common value grounds, which could be based on the founding principles of the EU, UN or a similar organization. The fund should also inspire new, innovative filmmaking and be a parity fund in terms of gender equality.

**Mission No. 2:** The second mission was to determine common criteria according to which every film fund would do the selection process in the same way. The quality criteria of the fund would be closest to how the Swedish Film Institute sees them now. Thus, quality projects would be the ones that are relevant, urgent, innovative and with talented and experienced people behind.

**Re-distribution of money:** The money should be distributed in accordance with the size of the country. A huge portion of money should go to development, so the fund should not only be a top-financer.

**Producers’ obligations:** When submitting projects, producers need to provide a co-production strategy and a script. The development money that producers receive from us shall be paid back to us if they get production funding or the Eurimages support. We would use that money to support development of new projects.

**Decision-making:** The production funding decisions should be done completely anonymously so that decision-makers cannot see the names of filmmakers.

**Critical issues:** How to come up with the criteria that will enhance the quality for real? And how do we control if individual countries are following these criteria? And finally, we do not really believe that any such

de-centralized system can exist.



**Group 2:**



We decided to do the first European fund for new talents. The submitted projects should have original, local content and all formats would be eligible (even the new media). The financing should be secured from the national film fund. They would need to transfer a certain percentage of their budget to our fund before some other means of financing are found. In terms of governance, the fund must be “a rotating dictatorship” since it is impossible that all governments agree on the same thing.

**Critical points:** There would be too much workload for the persons administering the fund.



### **Group 3: “Light Bulb”**

Structure and mission: A common funding framework between the countries has to be established. There must be the same editorial line, the fund must be of a proper size, and we have to make sure that first-time and second-time producers and directors are fairly involved as well. We need to have regular meetings every six



months so that countries can learn from each other's experiences.

**Producers' obligations:** The projects would need to have an international value defined and defended by each applicant. Producers would need to follow a specific type of budget and project in order to get funded. Also, producers would be obliged to come up with an innovative audience design strategy and the most suitable format for the project (film, TV, new media). The success would be measured in accordance with performance of the proposed audience strategy.

**Critical point:** How would producers interpret the term international? Does it mean that it is enough to have a foreign co-producer? Would the producers misuse this system and the term "international"?



#### **Group 4: "Talent Shaker"**

Producers would be able to apply to our fund only with projects that involve talent from at least two countries. It is film schools that should choose the talent to be involved in projects. After a producer submits his project, he would have to pitch it to the audience on an online platform and the audience would decide and choose



which projects would be funded. We would also make sure that distributors and sales agents familiarize with the selected projects in different development stages (scriptwriting, early development, etc.) in order to give their opinion on the feasibility of projects.

**Critical point:** But the problem is the money. Should it still be financed like Eurimages?



Group 5: "Eurimagination"



Our fund would unite regional funds. The first step would be to eliminate the co-production treaties. Every region would select several projects for support. However, the collaboration would be coordinated by the supranational fund called "Eurimagination". The fund would be based on cultural rules and balance meaning that the fund would support films according to their creativity and following the cultural diversity criteria. We would invent a formula measuring how the regions are performing in regard to cultural criteria and the regions would be supported on the basis of that performance result. The system would be mostly borrowed from Norway where regional funds already operate in the above-described way.

**Critical point:** How to make sure that there is balance within the fund?





**Cooperation between public funds in an increasingly complex and international environment: opportunities, actions, ideas**

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### Eighth Workshop – 26 to 28 September 2018, Royaumont Abbey, France

#### Module 2 – How to access smart data to better reach the audience?

Impulse speaker: Raimo Lang (YLE/Creative Content division product development for VOD, AOD, TV, radio and on-line)

Please also see *Raimo Lang's presentation (PPTX)*

#### Introduction

A new regulation is taking place in Europe for VoD and SVoD platforms to respect the requirements of each country in terms of supporting local projects and European content. They will have to contribute to the financing of projects and give access to their data. It will be a long process. In order to create a highly relevant content for different audience segments, a better understanding of recipients is needed.

- There is a dramatic decline in cinema-goers and television audience among people below 60. There is so much competition for the audiences' attention. So we need a better understanding of the audiences in order to be able to reach them. How can producers and funds gain a better understanding of a respective audience?
- There is some quantitative data available that could be used by the industry and funds to get to know better their audience. How can funds access that data?
- Is it not time for action?
- How could funds co-operate on creating their own data as well as getting access to the existing data?

#### Challenges associated with data harvesting

- There is a lot of talk about the access to smart data. Smart data consists of different massive datasets that have been correlated to bring us to some intelligence. However, it is still only historical data that, indeed, plays an important role in the evaluation of projects, funds, audience engagement and participation, reception, etc. However, this data is useless when you introduce it into the creation process, trying to look into the future and figure out the type of content that could potentially work. It numbs creativity and kills innovation.
- Film funds collect facts and figures about the supported films from cinemas, broadcasters, retailers and VoD platforms, and by following the films' performance at film festivals. However, all that data is not correlated and does not provide an in-depth audience insight.
- There is also a lot of debate about the quality of the television data because the methods that broadcasters use tend to be old-fashioned and cover only a small sample of viewers. Additionally, this data gives little insight into the emotional aspect of the audience vis-à-vis the content. In other words, broadcasters know what people watch, but they do not know why they watch it?
- A dataset for creation, on the other hand, is data that you create through a direct and intimate dialogue with representatives of the audiences and will be discussed in more details throughout this module. A number of public broadcasters in Europe have created a methodology for developing user-centered content design to generate this type of data. However, it is still a rarity among the public film funds.

#### Data-Harvesting Case Study: The Finnish Public Broadcaster (YLE)

The YLE's Creative Content Division for product development for different platforms makes distinction between

- Data for evaluation/Scientific data for evaluation that YLE uses to obtain more audience-related knowledge. This data is collective, objective, transparent, logical and quantitative. It measures and legitimizes the success. However, this type of data is dead. It tells you that you have to make more films

for the young audience, but it does not tell you how to make a script and how to talk to the audiences.

- A completely different type of data that is generated by scriptwriters and directors who traditionally do not get inspired by the data for evaluation. This data is based on the writer's observation. It is personal, interpretive, subjective, inspirational, focused on relevance and small signals. It helps more in writing scripts and understanding better, for example, the audience below 30 years.
- Data use by YLE is a mixture of the above two, and is generated via a "Content Probes" methodology that will be explained below.

### **"Content Probes" as a methodology**

Content Probes is a new methodology for data-based content development created by YLE. It is a systematic mix of science and artistic observation (it combines data provided by means of both scientific methods and writers' observation).

The main characteristics of Content Probes are the following:

- Content probes try to use the best from both types of data.
- They help writers through collecting thoughts and revelations from the people who are different than the writers themselves. For example, you can show demos of a drama in development to representatives of the target audience during numerous user-workshops and get feedback based on which you can continue developing the content.

#### *Why YLE uses the Content Probes methodology?*

- It is particularly relevant for targeting the below-30 audiences that the traditional broadcasters loose after they stop watching the children's programmes. YLE's audience research indicated that the demand of young people is more profound than assumed. It is apparently a generation that does not want only entertainment, but wishes to be engaged on a more complex level. These findings opened a new area for the public financiers of audiovisual content that are expected by default to produce content that will not be only commercial and entertaining.
- It is not only public service broadcasters that do not understand audience below 30. Even young filmmakers do not understand their own generation well enough. Filmmakers usually come from the middle-class and well-off families. They understand only some part of their generation. The Content Probes provides them, and all other content creators, with a new approach and method that can help them find out what is relevant for a potential audience - what people will want to find, watch, like and share.

#### *How the Content Probes methodology is implemented*

- To better understand the context in which this methodology is used it should be stated that YLE launched their VoD platform (YLE arena) in 2008. There they will publish an entire series the same night the first episode is screened on TV, making it available to everybody for free. As a result, the audience began considering YLE-content more relevant, which in return provided more audience stability for the broadcaster whose financing – that mainly comes from the government – depends on the social impact of the produced content.
- The methodology of Content Probes has been applied only to catalogue-based entertainment (content published on VOD) not event-based content and studio-entertainment that operate in different manner regarding the audience-building.
- YLE's goal is that the produced programme will not only be relevant for only 2-3 weeks. The focus is on quality projects that could stay in the catalogue for a long time (2-5 years).
- To begin with, YLE sampled out series that were immensely popular with different audiences and researched how people used them when they discovered them in the YLE's catalogue. The research 1) measured if the sampled series represented a monomedia or multimedia content; 2) explored the goal of the series and 3) explored its impact on society and people.
- The results coming out of Content Probes are not the numbers, but insights into the impact that content has on society and the target audience groups. In other words, using Content Probes implies jumping out of the channel era where the goal was to measure numerically how many people watched certain channels into the catalogue era. Here the goal is to create and measure the social impact of social media, VoD, journal reviews.
- Social Probes allow for the creative people to become more involved with their audience during the development phase. They cannot anymore have the attitude: "we made a nice film and now it is out of our hands what happens with it". They are now obliged to explore themselves what would people think about their films and they have to talk about it with all involved and evaluate the impact.
- Content Probes require that a larger number of viewpoints be considered during the development.
- Conceptually, the Content Probes rely on the Design Thinking Principles invented at the D-School, Stanford University in 2005 as a human-centered innovation process guided by prototyping. Translated into the language of filmmaking, it means that content-makers need to know whom they are approaching with their content emotionally. Very often filmmakers have false ideas about what the



audience needs, because they do not know the people personally. They must learn to truly empathize with their target audiences, define what are the wants and needs, ideate, then prototype in order to test what they have created and then evaluate the test results. Only after this first iteration process can creatives start to develop the actual content. In this way they target the primary audience already during development, while the secondary audience is addressed later, after the content has been produced.

### *Content Probes Elements*

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The Content Probes consist of four elements that are all considered during the content-making process:

1. One set of questions / exercises addresses is “what we know” (explicit professional knowledge).
2. The second One set of questions / exercises includes the things “we know that we do not know” (rational research).
3. The third set of questions / exercises addresses what we do not know what we know (silent professional knowledge)
4. The fourth element is the source of radical change – “we do not know what we do not know”. This element defines the most critical point in content development – the area where dangers lie and where the greatest potential could be.

### *Content Probes Methods*

The YLE developed the following two concrete methods of collecting data following the Content Probes design:

- Empathizing with the audience: This method directly enables content-creators to understand people that are not like the content-creators themselves. When a content-creator does not understand the things his content is about, the product simply will not appeal to the target audience. The content-makers tend to develop content on the basis of a lot of assumptions, but if they do not do a reality-check on those assumptions, they may easily end up on the wrong path. To avoid this problem, the YLE introduced the method of confronting content-makers with people they are writing about in order to inspire a true empathy. According to this method, ten content-makers define twelve prototypes and profiles of people they would like to get to know better since they are writing about and for them. Then they find the real people (of certain age, profession, etc.) representing those profiles. They then create exercise books for them. Creating exercise books is a projective exercise. Instead of being asked about their reality and facts, people are asked about, for example, their imagination and other delicate, more qualitative, stuff. The selected people spend ten days filling out those books before they send them back to content-creators who use them for inspiration when developing content. These books can also be circulated to different groups of content-creators working within the same genre.
- User workshops: The YLE introduced this method more recently in order to generate objective qualitative data about the content-users. User workshops validate development work together with target users. So far, the YLE has conducted nearly 100 of these workshops. Each of them takes two hours during one evening and involves the team that created the content, eight demanding target users, and a facilitator who takes care of the method. This method reminds of the well-known “focus group” method by its set-up, but is different. During user workshops, people do not only respond freely to a ready-made content (pilot) like it happens in focus groups. The content that is provided for them during user workshops is rather like a buffet. For example, people are provided with four options and asked to choose the best and the worst one and argument their choice. In this manner, they do not just say ‘yes’ or ‘no’ to a prepared pilot. Also, during the workshop, creators present 5-7 crucial elements of their content such as theme, characters, storyline, metatext, motivation, audiovisual style, etc. These elements are then reviewed and co-developed with the users. All this helps content-creators to learn in the stage of early development if and how the target audiences correspond with the envisioned content elements. It ensures that the key subject and the narrative work are relevant to the audience, thus the risks become controlled and unexpected pitfalls can be avoided.

## **Case studies illuminating the Content Probes Methodology**

### **Drama series “Love Mila”**

“Love Mila” was the YLE’s first success series. It was made for the age group of between 13 and 17, but the secondary audience included people until the age of 45.

The YLE content-creators started the whole process by conducting research and organizing workshops in order to understand the generation that was between 15 and 25. The data provided personal insights into the target generation. The YLE also set a high benchmark regarding the style and the quality of the series in accordance with the international standards, which the young generation liked. To sum it up, the YLE content developers made radical changes in the following four areas that, which allowed them to develop an experience that could be elaborated on in future projects:

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**Length:** Instead of producing one long or normal television series, Love Mila consisted of much shorter episodes (5-8 minutes) that were grouped into seasons of 26 and 72 episodes. It was done in line with the demands of young audiences that require short formats when it comes to drama series.

**Release window:** Instead of television channel, the series was released completely on VoD. It will also be on Youtube. The main character had a live Instagram profile showing situations that happen in-between the drama episodes.

**Genre:** The series represents the switch from single genre stories to a multiple-genres-style. Each episode played on a different film genre, which is exactly what young people like and demand.

**Marketing strategy:** The YLE marketing was replaced by peer-group marketing, which means that the content was promoted virally via digital social media.

### **Crime project 2015-2016**

The YLE did a similar thing with a crime project. A writer's lab was established where guests in some way or other related to crime were invited into the workshops: criminals, police, sociologists, sex workers, social workers from aid centers, crime writers, and therapists. In parallel the writers analyzed in detail ten prominent, international crime series. This process translated into a step-by-step development of themes and concepts. During the workshops, the writers created new crime scenes that would refresh the existing crime genre in Finland with new, realistic ingredients. The lab phase is called "the pre-year" as it precedes the formal development process. During the pre-year writers develop an early concept that they then pitched to the YLE commissioners.

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## **Group Exercise**

The MEDICI participants, divided into new group formations. They were then asked to design a co-development incentive that would include audience research. They had to consider the following questions:

- What kind of insights and data will you be asking for from the producers?
- What kind of data will you, the funding body, need to validate the proposal?
- Were any critical issues brought up in the constructive discussion during the group work?

## **The outcome of the group exercise**

### **Group 1: "Co-development Scheme"**

We expect producers to provide us with a unique set of data for a unique product. Documentary filmmakers are already doing this because they are very good in articulating the motivation behind and relevance of their projects. They conduct field research thus provide unique qualitative and quantitative data.

However, in our co-development scheme, the data would be only supplementary to the process. Big studios have hundreds of people in their departments harvesting data about the current situation, future options and about the competitors, but they still often fail. Therefore, data must not be the main factor for decision-makers. Decision-makers in our co-development fund should remain open also for surprises and risks; they should not only blindly follow the data.

### **Group 2: "Fifty Shades of Numbers"**

We call our co-development fund "Fifty Shades of Numbers". We, as public film funders, do not want to commission work. Our main mission would be to provide education for producers about data because data may influence the creativity in a negative way as well. Producers would have to learn how to use data in a constructive and liberating way. Furthermore, we would provide the means for harvesting data. It would include hiring data-experts and paying for the technicians that producers may need while working with data. The experts would work with the creative team so they do not get stuck and "drown by numbers". The data should be both – a qualitative and quantitative – intelligence.

After developing a concept based on the relevant data, the producer would come to the fund and present the concepts and projects. Apart from the quality, producers would need to provide evidence that there is a market for a particular project. Our co-development fund would be international so producers must come up with projects that involve at least two countries. We would then look into the content and select the project with the best quality.

Finally, the producers who would receive the funding for collecting data would be obliged to bring back that data to the fund. The fund would archive it for future uses.

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## 50 SHADES OF NUMBERS

- We EDUCATE about data
- We PROVIDE ~~DATA~~ <sup>MEANS</sup> to ~~HARVEST~~ DATA
- We PROVIDE EXPERTS on data to work with your creative

We'll FUND DEV between 2 countries  
if the data produced comes back to  
us

→ Content selective  
process + evidence  
of markets in 2 countries

\* COMMISSIONING WORK  
NEGATIVE IMPACT ON CREATIVITY  
MONEY  
POSSIBLE

### Group 3: "Sexxi"

Our co-development fund would be called "Sexxi" We would distribute our funding in two ways.



- We would spend money on research. In that regard, a creative collaboration lab to support research on audience would be arranged. The lab would create room for producers, writers and directors to work together on the pitch for their film and to design the strategy for reaching a wider audience in several countries. The lab would also enable the creative teams to learn from other sectors such as TV-series, TV-drama or animated series that have already been very successful in researching demands of their audiences.
- The remaining funding would be spent on prototypes, animatics, data-analysts, script-doctors, marketing experts, researchers and other kinds of experts that filmmakers may need. We would focus on original stories and those adaptations that bear urgency and feature very current stories. Before granting co-development support, we would also check if the film is urgent, historically and culturally relevant or if the audiences can communicate well with it on an emotional level? However, we are still not sure how we would validate the relevance and the emotional aspect of the films. Could data do it better than the old commissioners?

#### **Group 4: “Seduce Us”**

Our co-development fund would be called “Seduce Us”. We would not expect the producer to have a finished script the moment they apply, but they would have to be able to present their idea, topic, story and format. They would propose some serious research and provide a detailed description of their research methodology, target audience groups and market analysis for every country involved in co-development. They would also be asked to do focus groups with marketing experts that we would assign to projects as facilitators. All the co-producing companies would have to be involved in all the activities.

However, we still find the process of assessment and evaluation tricky. It comes from the fact that there are differences between film funds. Some funds expect producers to do all the above activities during the development phase while some funds do not. In some countries producers are not used to researching audience and they do not have experience with that, which would make it difficult for them to apply for the fund like the one we propose.

#### **Group 5: “Dating Data”**

We called our co-development incentive “Dating data”. We see it as a call for tender. Every year we would target projects for different audiences. The first year would be dedicated to new generations of teenagers (age 10-15). We would do it through three steps:

- The first step consists of a workshop that we as a co-development fund would organize for producers. As we have almost no knowledge about data, we would hire marketing researchers who can explain how to find and make both qualitative and quantitative data. This workshop would be mandatory and producers who want to progress to the next funding stage with their project would have to attend it.
- The Second step is pre-development. There must be at least two producers attached to a project at this stage. Submitted projects could be of any genre, length and format. Producers submit their projects together with data generated during the workshop. They are expected to talk with influencers from social media, do interviews, etc. We, as a co-development fund, need to see when and where the audiences want to see the future film based on the specific data for every project.
- In the last stage we would allocate the money to the selected projects of best quality.

# Dating Data

## co-development incentive

→ call for tender  
every year for a different  
audience

1<sup>st</sup> year: teenager (10-15)

→ workshop offered with a marketing-  
research expert to define what we are  
looking for

→ pre-development stage  
producer submits a project with  
quantitative + qualitative data

→ development stage:  
funding of the development of the  
project

critic:

LACK OF KNOWLEDGE

Cooperation between public funds in an increasingly complex and international environment:  
opportunities, actions, ideas

- Module 1a – Panel: Co-operation between funds means mainly supporting co-production

- [Module 1b – Are there possible alternatives?](#)
- **Module 2 – How to access smart data to better reach the audience?**
- [Module 3 – How could funds help each other to make the projects they co-finance visible?](#)
- [Module 4a – How to simplify and make life easier for funds and producers in terms of paperwork.](#)
- [Module 4b – Digitizing the Funding Process](#)
- [Module 5 – How to assess the performance of funding programs dedicated to international co-operation?](#)
- [List of Participants \(PDF\)](#)
- [MEDICI Seventh Workshop Report \(PDF\)](#)



# MEDICI – The Film Funding Journey

## Reports Previous Workshops

### Eighth Workshop – 26 to 28 September 201, Royaumont Abbey, France

## Module 3 – How could funds help each other to make the projects they co-finance visible?

### Introduction

A certain number of films funded by public bodies are very briefly distributed on the local or international markets if at all. The main reason for this is not by default the quality of the films, but the competitive markets and the difficulty to find an adequate platform.

In other words:

- Are there some examples of successful strategies?
- Are there some distribution concepts that could be proposed to funds and/or producers/distributors?
- What role could online platforms (VODs, SVODs, etc.) play in this scenario?
- The ecosystem has changed. How do people of different age use media in their everyday life?

### Struggle for Visibility and Impact

**Impulse speaker: Raimo Lang** (YLE/Creative Content division product development for VOD, AOD, TV, radio and on-line)

Please also see [Raimo Lang's presentation \(PDF\)](#)

The mentality within funding institutions has been constantly changing throughout decades due to technological changes. In the past there was a strong mentality that the “theater is the queen”, which was disrupted by the emergence of the TV channels when the mentality changed to “content is the queen”. When the audience started fragmenting after the emergence of the Internet, the mentality transformed into “user/audience is the queen”. However, in order to succeed in all these aspects and provide impact on society with the produced content, the funds should pursue “the user context is the queen” mentality. This module will explore this mentality as it was applied by the Finnish public broadcaster (YLE) and how it can inspire public film funds.

#### Threats to Public Broadcasters

**The former threat:** Classic commercial television channels. Their business models and strategies are, however, predictable today because they rely only on historical data and copy the models have already proven successful.

#### The current threats:

- The big catalogue companies such as Netflix, HBO, Amazon, Viaplay, etc. continue to grow. They create big turn-over and seem to have endless resources of drama, popular music, and documentaries.
- At the same time, big social platforms like Youtube, Facebook, Instagram, Snapchat are starting to act like commercial broadcasters as well. They are commissioning original fictional and factual content. Youtube will soon start to fund more expensive productions, FB will concentrate on mid-form (5-15 minutes) and long-play videos in order to get advertising embedded (drama, entertainment, docs, etc.). Instagram will invest in IG TV and start to produce and publish videos.

This means that many small, independent production companies are turning directly towards big platforms bypassing broadcasters and film funds. This is in particular worrying, public broadcasters in countries of small language regions as more and more commissioned series eventually end up on Netflix.



### The three battles for audience...

1. Keeping the 60+ audiences by fighting against other channels. This is the least difficult battle because everybody knows how to fight it.
2. Keeping the 35/45+ audiences by competing against catalogue producers. The question is who will have the best drama - global digital platforms or public broadcasters?
3. Attracting the 15+ audiences while competing with catalogue producers and fighting for social media visibility.

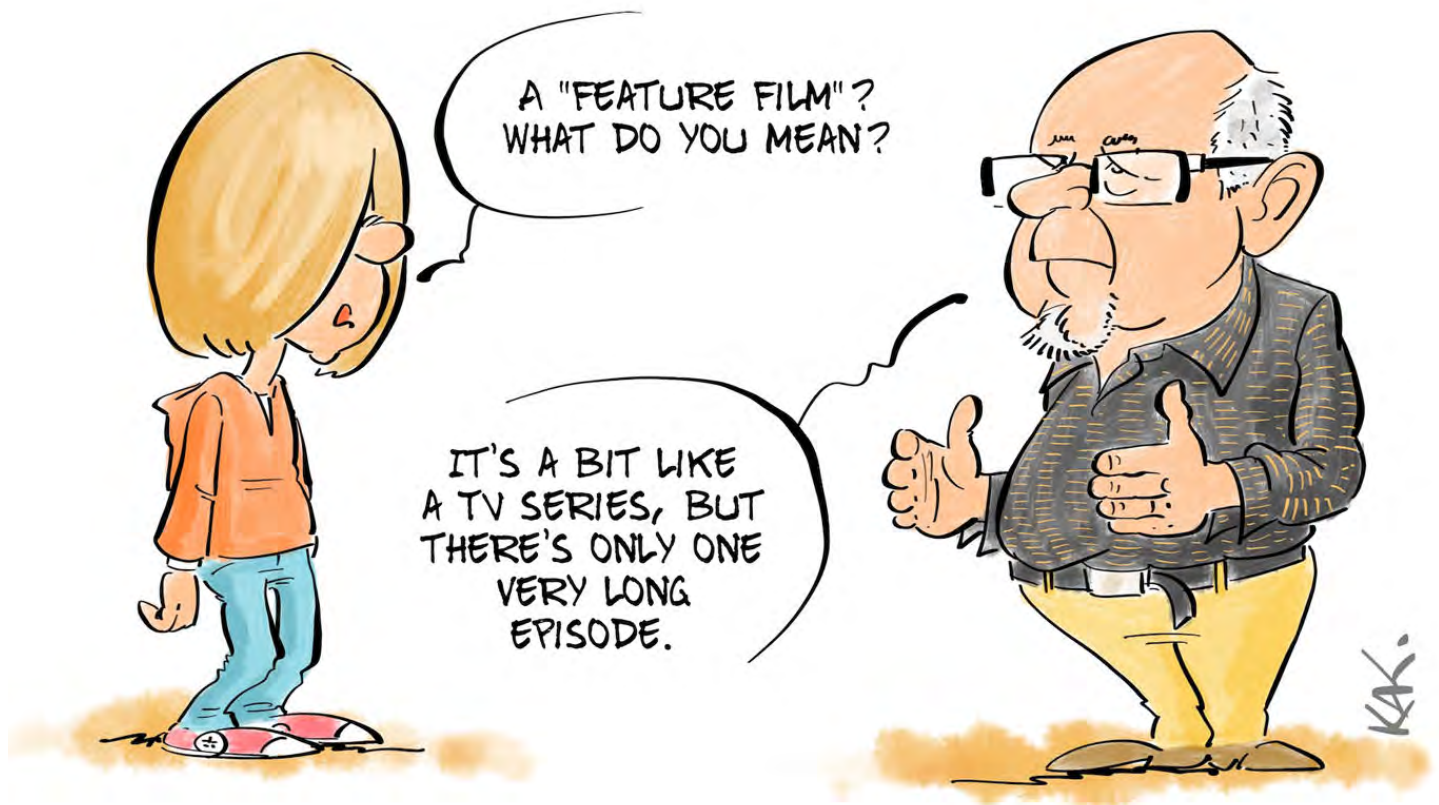
## MEET THE PLATFORMS: LEARN THE LANGUAGE



### Challenges

- To reach the new generations, public funders need to buy marketing time on Instagram or Facebook, which costs a lot of money and is problematic because it means giving public money to the direct competitors and non-European companies.
- The audience between 15-29 is the most problematic. In Finland, they constitute 20% of the entire population. But the YLE currently reaches only 20% of them, meaning that remaining 80% do not consume the YLE's content. Young people are still more interested in Facebook, Youtube, Instagram and Netflix than in the VoD platforms launched by public broadcasters. They do not only want to be entertained, but also to get more complex quality content.
- Engaging young users cannot be done anymore with the linear drama, even the high-quality content released on VoD. The content needs to be accompanied by a strong social media presence and fandoms, which public broadcasters are only now beginning to address.

# TRYING TO REACH THE NEW AUDIENCE



- Public broadcasters should not co-produce too much with big platforms or sell to them their content.

## YLE's Success Case Studies

### **“Mental” – Mission project 2016**

**Starting point.** Mental is a drama series produced in 2016 for the young audience. The starting point in developing the concept was to find and look into a social phenomenon that may attract a wide audience. Thus, YLE conducted a social research on the increasing number of young people with mental problem because it felt like there was something going on there, that nobody talked about. It turned out that every fifth young person suffers from mental problems, and 70% of those people are hiding their problem to avoid shame. In addition, young people do not know where and how to get professional help. In other words, the research indicated that this was a relevant social phenomenon, thus YLE decided to deal with it by producing respective content.

The content-creators basically followed a model invented by Netflix. Netflix also looks into social phenomena and finds things that are interesting and relevant for a wider audience. Then they commission a writer or show runner to create a series around that issue.

**Goals:** YLE defined its goals in regards to this series in a way that would not be measured in numbers, but by social relevance. The goals were:

- to transform the social issue into an everyday matter: “it is ok not to be ok”
- to wipe out shame: “you are not the only one – and not alone”
- to increase the knowledge on the issue: “help is available”

**The user-engagement strategy:** Mental demonstrated how a drama series, if carefully planned and published, creates an audience engagement in the form of a snowball effect reaching the audiences and different peer-groups on multiple platforms.

### *Youtube*

Writers wrote the scripts after many interviews with young people suffering from mental problems. To make



the content visible, the first step was collaboration with one of the most famous rap-singers in Finland. He made a video on set during shooting together with the actors. The video was published one month before the release of the series. It was just a music video of him with the actors before anyone knew about the drama project. It resulted in 100,000 Youtube views in a couple of weeks,, which is 10% of the total young Finnish population.

### *Instagram*

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Then some of the characters from the video started to post on Instagram with the additional insights into the issues covered in the series.

### *VoD Release*

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YLE published the the full series on a Friday evening in early May 2016. The first episode got 100,000 views within the first 24 hours. The entire series got several hundreds thousand views within the first weekend. Next Monday, YLE implemented a project with the most famous Finnish Youtube stars, each having 50.000-100.000 subscribers. They were asked to state their experience with or opinion on mental illness. This they did for free although they normally ask for a lot of money for promoting something. Not only did they thus promote the series, they also prompted a lot of discussions and 650.000 social media interactions.

### *Traditional Marketing*

The traditional marketing included interviewing actors and writers and to ensure additional publicity for the series.

### *Cross-Sectoral Collaboration*

The YLE made a deal with relevant professional organizations involved in dealing with mental illnesses and arranged a one-week-long 24/7 chat on the issue aggregating the hotlines of all the organizations. The chat was so successful that a private donor gave money for that 24/7 hotline to be established on a continuous basis.

### **“Alina Ja Travels to East”**

In this case the content-creators designed 20-30 instagram posts and circulated them among representatives of the target audience for a reality check before they were published. Those representatives were aged 17 tp 25 and divided into two groups. They were extremely critical, but there were also things that they liked. Then, the content-creators used paper slips in one color to mark VoD episodes and paper slips in another color to mark Instagram posts. These were shown to the same people and they were asked to propose a publishing rhythm to fit their daily routine, media usage and habits. They did this easily within 15 seconds. For the indie companies producing the content, this provided them with very valuable information on publication.

The lessons that public film funds can learn from public broadcasters

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Relying on the experiences of public broadcasters, film funds may reach new audiences in the following ways:

- ...by finding new filmic formats (short formats made by new talents, VR, AI content relevant for young audiences)
- ...by developing a pan-European VoD platform. Make one supranational platform instead of countless national ones. That is the way to fight Netflix.
- ...by funding visibility campaigns and that have social impact. Young generations still idealistically believe they can change the world, and like the content that engages with them in that way. This can be learned from documentary filmmakers.
- ...co-operation regarding the rights. Big platforms tend to buy all the rights and annihilate the rights of the public European funders. This could be avoided by giving special rights to the financiers from the public sector who will take care that the content is always published in the way that suits them. Selling films (with all their rights) to global US platforms can be a quick and lucrative solution for individual producers, but, at the same time, it is very dangerous for the sector of public film financing in Europe.

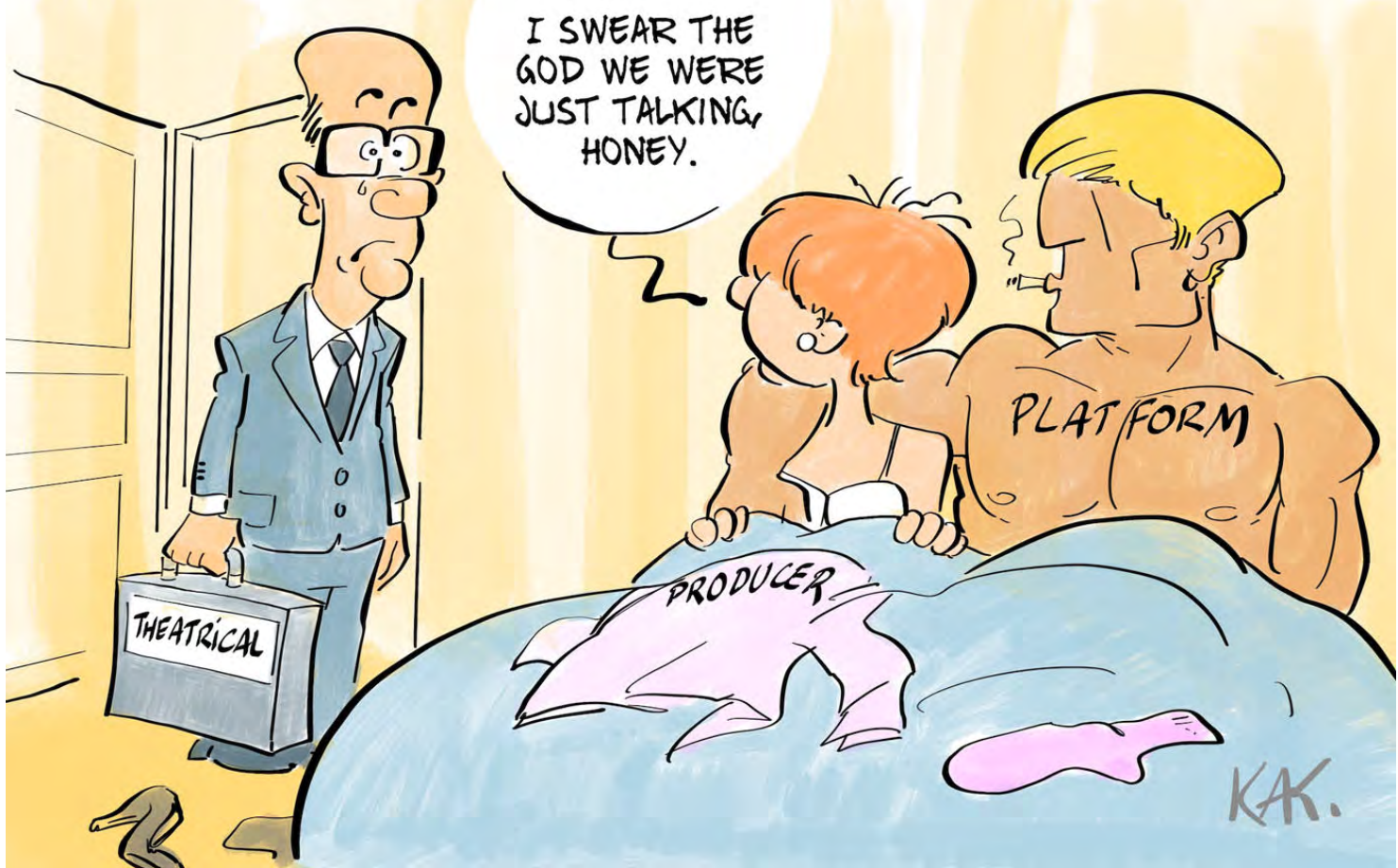
## **The outcomes of the open discussion**

The MEDICI participants reached the following conclusions regarding the threats and possibilities coming from the US platforms:

- European public film funds do not want Netflix to finance local productions because Netflix buys the whole IP. However, there are some other buyers in the US that are ready to invest money into European content under more favorable conditions than Netflix. So European producers can try to offer them European productions suitable for the US market, and retain the IP at the same time. European public funds could negotiate on behalf of the European producers to make sure that the IP stays within European national territories. The US investment can be thus combined with the European public funding, which would strengthen the net income for the production company. Also, a US market release



# TALKING TO THE PLATFORMS: WHAT RISKS?



- Public funds and broadcasters should be platform neutral. They should encourage producers to approach them with a clear social media strategy and multi-platform release strategy.
- According to the business model in Europe, many producers most often live on the producers' fees calculated in the production budgets. The revenues generated by the film's exploitation are economically not as relevant. Therefore, once one film is finished, the producer will rush off to make another film to ensure his/her livelihood. And unless someone comes knocking on their door to offer a lucrative theatrical release they cannot be blamed if they sell the film to Netflix or a similar platform for whatever amount they propose. The financing ecosystem in Europe thus allows platforms to cherry-pick what they want in Europe and it does not yet really affect the market, because many films would be lost anyway.
- At the moment Europe lacks adequate regulations vis-à-vis the US platforms. In the past, every form of exploitation of audiovisual works was regulated. When television came, or VHS or DVD, everything was quickly regulated. But it did not happen after the emergence of the Internet. Today, there are no boundaries. Territoriality is going down the drain. Considering that the platforms are based in another country, the national regulations do not apply to them. That creates a jungle without rules where producers are left to their own devices and they are give away their rights too easily. However, if public film funds are courageous enough to frame negotiations by saying that they will not sell the ownership, but only the license for a certain period and only for the US market, producers would be sheltered. Producers themselves have no capacity to negotiate on that level with big platforms. They are only interested in producing their next film to pay out wages. Europe produces twice as many films as the US. The US digital platforms see Europe as an open bar. They pick the European films they like and buy them only under their own terms and conditions.
- The European ecosystem secures a lot of incentives for production and, to some extent development, but distribution is not enough in the focus. The issues with regulations are not anymore a national debate. It is becoming a supranational issue because the US platforms operate globally.
- European producers more and more engage in the distribution as well. They often have to take a big risk on their fees and overheads to close the financing and thus become dependent on films capacity to make some revenues.

- The ecosystem is changing so quickly due to people's new media habits. Public funds have to change the know-how they have. It is not valid any more. The structures and habits they have need to be re-thought. On the other, there is still an audience that behaves according to the old ecosystem, which forces the public funders to function on several tracks.
- There are also an increasing number of court-cases regarding the sales of European content to US platforms because those platforms normally refuse to give IPs back when they breach a contract.
- We still have not seen Amazon grow. They are a bigger company than Netflix. Also, Facebook and Google are aggressively entering into creation of entertainment content. Facebook has 1.7 billion subscribers. If they charge people only 2 USD for their original entertainment content, they will earn a lot of money and will be able to finance new films with a lot of money that no one else can afford. They are creating a new bubble and a new ecosystem.
- Regulators need to be as creative as the artists. Now the regulations apply only in the places where the companies are established. Germany is already taxing companies not only according to the establishment's locations, but also according to whom the company sells its service too. The same is happening in France. Of course, Netflix is suing them now, but this can still be a solution.
- In the past, it was a producer who produces content and publisher who puts it on the market. Today there is verticalization. Distributors are also producers.

## Group Exercise

The MEDICI participants, divided into groups, discussed whether film funds should demand that producer enclose strategies for providing visibility for their projects that would prevent a complete dependence on selling films to global digital platforms. Each group could choose one of the following three tasks:

- Design an incentive that will enable producers to do audience outreach, to create an ecosystem and social media to create audience around the content they are creating, to think where they can find audience and how they can address them
- Design a pan-European VoD platform for films supported by public funds, but including media engagement. It should not be only a mediateque, it should also have social media functions.
- Have a discussion and come up with a scheme to protect IPs in the territories where film was publically funded and enable the contact with international platforms at the same time.

### The outcome of the group exercise

#### Group 1:

Most of the funds already have distribution support schemes. We can already include there the financing of any audience-related ideas producers and distributors may come up with. However, the distribution support is coming too late – just before the film is going to be released (few months before). The idea is to include some funds in the production budget that producers can use in this phase to attract future audience, especially through social media. But the issue is how long are the social media followers willing to wait for the final product. And should the marketing start already in the development stage for some of the projects? It is a good possibility only if you really know when you are going to make a film. But it is a problem if you start advertising a film and then it is postponed for three years for whatever reason. Crowd funding is probably the only way to attract audience at the very early stage. Maybe funds should incentivize producers' crowd-funding campaigns. The Finnish fund did so with the film *Iron Sky* by investing a lot of money in pre-production, part of which producers used for the crowd funding campaign.

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#### Group 2:

Our opinion on impact incentives is that funds should be as open as possible for the ideas and proposals from the market. The money for promotion and distribution should be open to producers, distributors, exhibitors and all other parties who have good ideas about how to exploit films in cinemas and elsewhere. The funds must also be open for all release windows and for completely new models of marketing. There must not only be a closed set of qualified costs. Funds need to accept new ideas and costs.

#### Group 3: "Euro-Flix"

There are examples of many VoD platforms (more than 500) supported by Creative Europe. But we would go for one single platform that would work both nationally and globally, and be called, for example, "EuroFlix". We imagine it as a transactional VoD with a very flexible price-system. It would be a multi-language platform. Its content would be marketed differently in every country in line with the local culture. However, marketing should involve social media in any case.

The public film funds would make it a mandatory requirement that every film must be delivered to this platform. A producer can choose himself when he wants his film to be released on that platform.

The funds should not be running this VoD platform directly because we funded the films ourselves. We need a

different player for that. Maybe the European Creative Europe – MEDIA should be turned into this. The platform-generated revenues should be directed towards producers, but funds should invest in the platform as much as possible because VoD platforms are normally expensive (multinational, multi-language releases, subtitling).

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redflix.eu  
(disputed)  
euroflix

- 1 platform, not many  
need better n.s.b.i.t., circulation
- 2 mandatory - non exclusive  
producers chooses when
- 3 TVOD, flexible price
- 4 Target globally  
Multilanguage
5. Shared curation  
Use data
6. Who runs it? Who pays it?  
Creative Europe MEDIA

#### Group 4: "EU-Flix"

Our pan-European VoD platform would be called "EU-flix" and would insist on audience engagement via social

media. We have two ideas about how this platform could be built. One option is to team up with public broadcasters across the European countries and together create a new channel for consumption of our content. Rather than creating a new system, let's recreate the old one.

The second plan is to buy Netflix. It could be cheaper than establishing a brand new global platform.

**Group 5: "Unseen-Movies.eu/see before you die"**

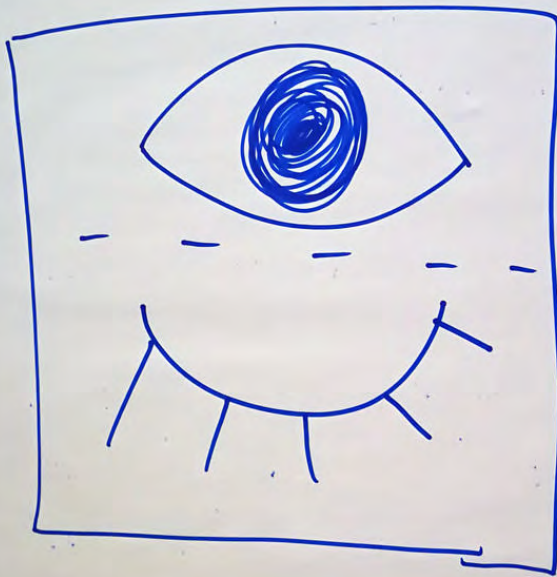
The name of our platform would be "unseen-movies.eu/see before you die". We imagine this platform to be an alternative to Netflix that would target art-house audience that are very old. Considering that they will soon be too old to move and go to cinema theaters, they will have the films available on our platform. The platform will be funded through taxes collected from Netflix. Public film funds across Europe will force all supported producers to put their films on this platform after 1-2 years of exploitation.

This platform would also introduce editorialisation that Netflix is actually missing. Netflix uses only algorithms to make suggestions for further watching, but our platform would provide presentations of films by famous filmmakers and other influencers. It will also provide interactions within the chat rooms, which is also something that does not exist on the US platforms.

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# UNSEEN MOVIES

See before you die....



- ⇒ financed by Netflix & co tax
- ⇒ interact with a chat-room
- ⇒ for all EU-Filmfund funded films

Cooperation between public funds in an increasingly complex and international environment: opportunities, actions, ideas

- Module 1a – Panel: Co-operation between funds means mainly supporting co-production



- [Module 1b – Are there possible alternatives?](#)
- [Module 2 – How to access smart data to better reach the audience?](#)
- **[Module 3 – How could funds help each other to make the projects they co-finance visible?](#)**
- [Module 4a – How to simplify and make life easier for funds and producers in terms of paperwork.](#)
- [Module 4b – Digitizing the Funding Process](#)
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Illustrations by [KAK](#)



# MEDICI – The Film Funding Journey

## Reports Previous Workshops

**Eighth Workshop – 26 to 28 September 2018, Royaumont Abbey, France**

**Module 4a – How to simplify and make life easier for funds and producers in terms of paperwork.**

### Introduction

Each public fund involved in a project has specific and common requirements, including the chain of titles, contracts, financing plan, budget, list of cast, projection of pre-sale, distribution deals or LOI, etc. Those requirements correspond to a bunch of documents for evaluation and analysis at different stages (from eligibility to payment schedules)

- Would it be possible to simplify those requirements and delegate responsibilities?
- Could the use of a blockchain platform be a solution?
- What would be the impediments?
- How could it work?
- Could the funds share responsibility for the analysis of the documents?
- What about a common financing plan and production budget?

### **Blockchain as architecture for an integrated approach to audiovisual content funding: The case of “Group Média TFO”, a Canadian public education media enterprise**

**Impulse speaker: Ulrich Dessouassi** (Head of Digital Products, Group Media TFO)

*Please also see [Ulrich Dessouassi's presentation](#) (PPTX)*

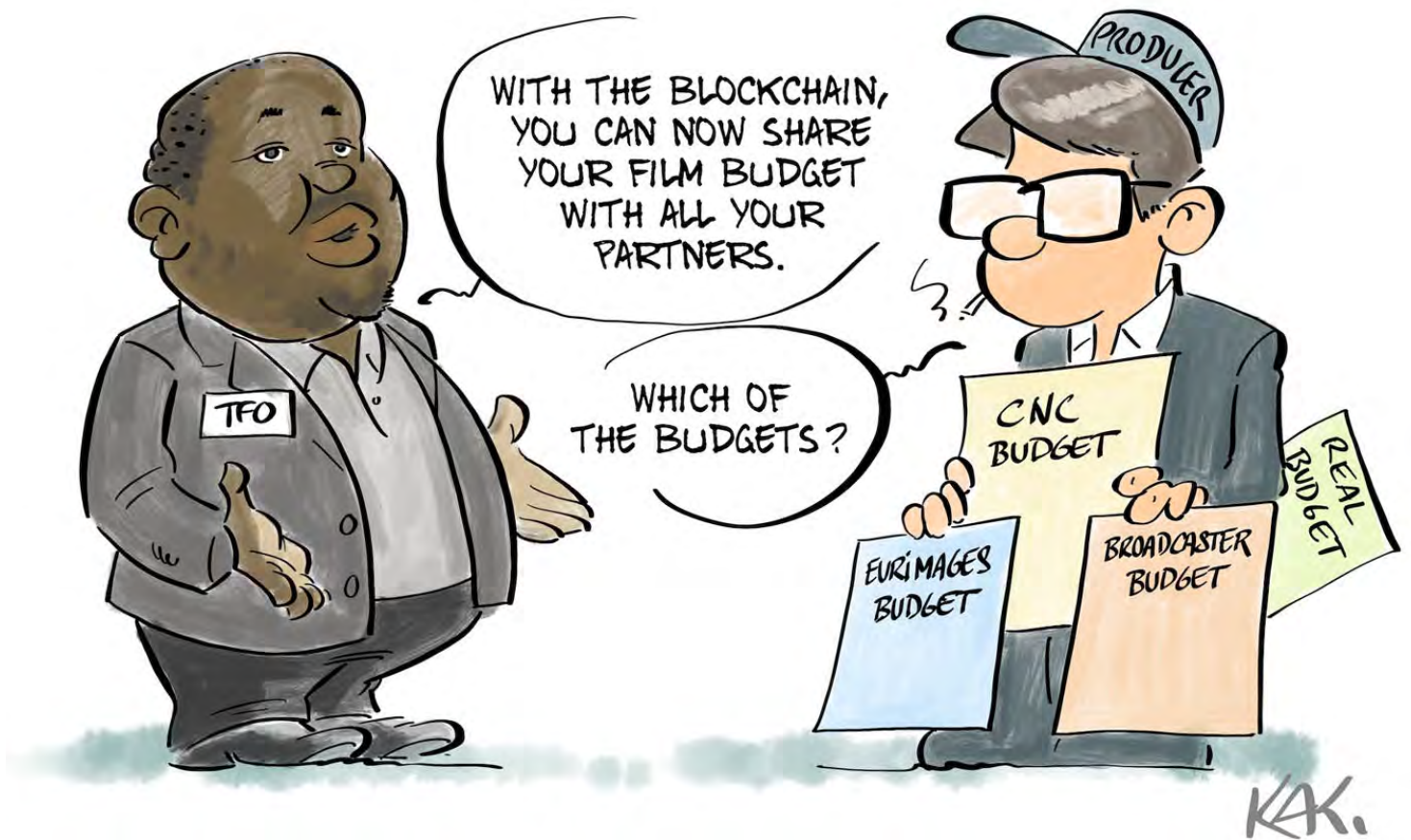
#### **Group Média TFO – who are they?**

Groupe Média TFO is a public institution funded by the Canadian government to provide content to the public school system. In Canada, a bilingual country where French is a minority language, the TFO has the mission to sustain the French language presence by creating material for the public school system. The TFO has existed for over 30 years. It used to be a single channel until the emergence of new media and the decline of TV that began 15 years ago. Today, TFO runs two channels: the website for the general public and a channel which is more specific to the school system. In addition, they are strongly committed to ensuring a strong presence on all social media networks. What is most significant in the context of this Module is that the TFO has successfully introduced the blockchain system. Hence, this Module will present in more detail the TFO's blockchain prototype and how it inspired different public film funds in Europe.

#### **Why did the TFO go for the blockchain?**

- The blockchain process can be adapted for public film funding. This is possible because the blockchain technology correlates with the process of digitization by which most of the public film funds are currently digitizing their funding documents, that state the relationship between a producer and the funding body.

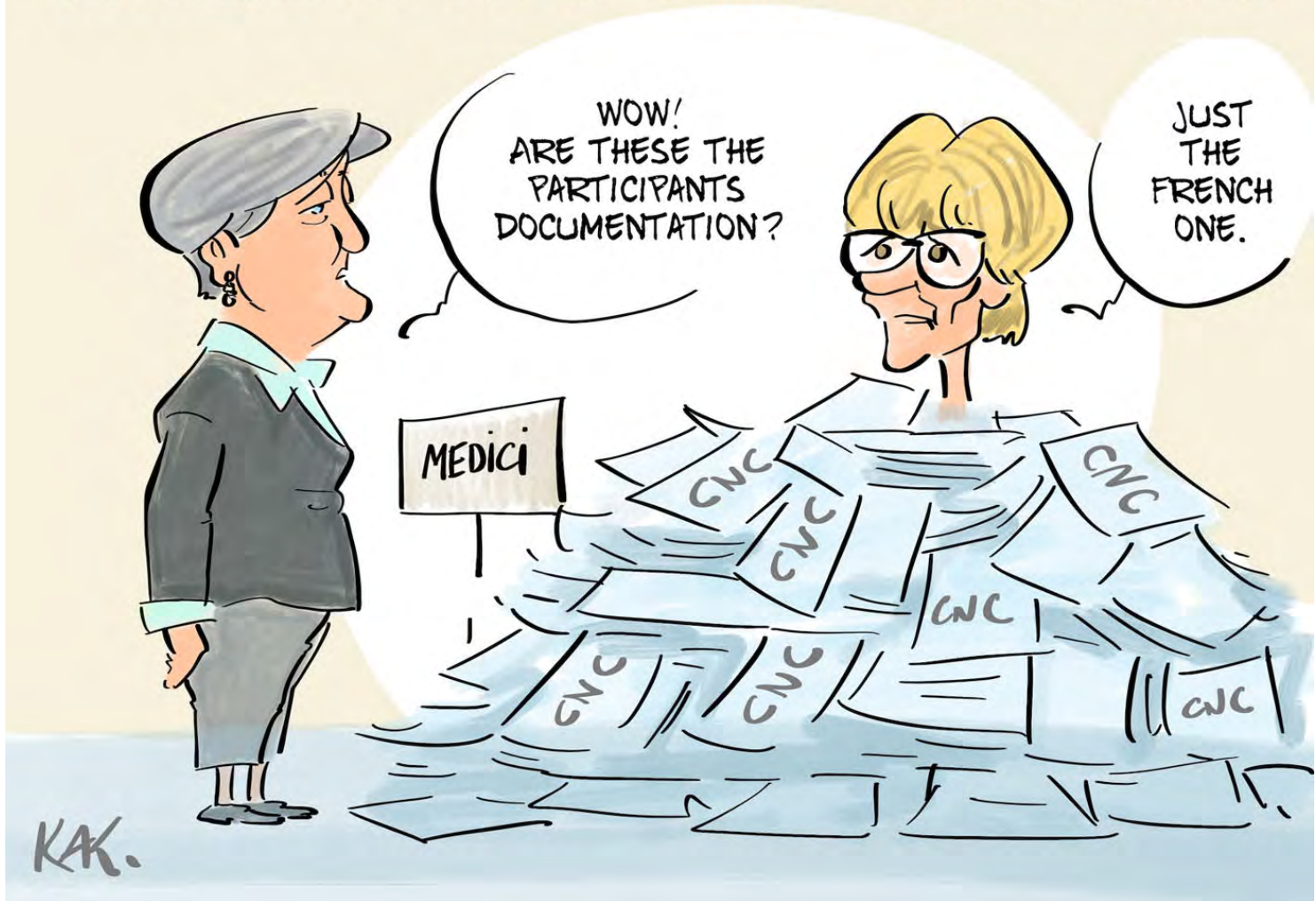
# BLOCKCHAIN IS TRANSPARENCY



- Most of the public film funds produce, co-produce, acquire and distribute content. In relation to that, they have to deal with a wide variety of different types of contracts and stakeholders. It implies a lot of administrative work and burden, which could be reduced by implementing block-chain architecture.



# GATHERING FILM FUNDS GUIDELINES



- Blockchain also solves the industry-specific problem of metadata.
- Blockchain is not only used to build crypto-currencies. It is a digital solution for far broader challenges.
- Blockchain technology relies on **distributed ledgers**. All transactions that take place within a network are recorded. The ledger is a register of data that accumulates over time. The ledger has two major advantages:
  - It is distributed, which means that every party participating in a network has a copy of the ledger.
  - In addition to being decentralized and collaborative, the information recorded in a blockchain is **append-only**. The use of cryptographic techniques guarantees that once a transaction has been added to the ledger, it cannot be modified.
- With the blockchain you do not need an intermediary to hold or process the information. Instead, a **smart contract** defines and documents the relationship of a transaction in an **automated** process. It makes sure that the right people are **attributed** to the right material (contracts, funds, productions, etc) and then it **authorizes** the transaction respectively production. This makes the system efficient. Without the smart contract, there would be only a ledger and we would still be in need of a human to go and interact with that ledger.

## Two types of blockchain

There are different types of blockchains. The following two types are the most common:

- **Permission less blockchain** (ex. Bitcoins).
  - In the un-permissioned blockchain anyone can participate in a transaction.
  - It prefers anonymity, immutability and transparency to efficiency.
  - It has high energy consumption by design.
- **Permissioned blockchain** (private network).
  - You are like a member of the private club. You know who the members are and there are clearly defined rules. It is a network operated by known entities or stakeholders

in a value chain, with an agreed set of rules and guidelines to interoperate. Only authenticated users can participate in writing into the blockchain or perform transactions.

- It prefers efficiency and immutability to anonymity and transparency.
- The businesses normally choose to work with a permissioned blockchain. It is also used by the TFO. They do it for **four reasons**:
  1. The existence of the **shared ledger** that is an **append-only** distributed system of records shared across business network. On top of that, there is a mechanism to assure that people who are within the network have the right to specific action in that network.
  2. The use of the **smart contract** that contains business terms embedded in a transaction database and executed with the transactions.
  3. **Permissions**: ensuring appropriate visibility and transactions that are secure, authenticated and verifiable.
  4. **Consensus**: all parties agree to the network-verified transactions.

### The TFO approach to blockchain

Before introducing the blockchain technology, the TFO extensively consulted all potential stakeholders. The process resulted in a made-in-Canada blockchain solution for the audiovisual sector marked by the following 5 key benefits.

- creating and making accessible **clear financial information** relating to rights holders, revenue and distribution.
- decentralized, distributed public ledger providing **trustworthy, accurate** and available information for all
- new platform for investors to **enhance funding engagement**
- creating digital identities to establish **a credible and reputable system** for producers and consumers
- by **removing intermediaries**, blockchain reduces delays, legal fees and audit processes.

The TFO blockchain prototype consists of 2 sides:

- On one side, there are stakeholders or right holders of certain content. They could include different funding agencies, crew members, unions, collecting agencies, etc.
- On the other side, there are different means through which the content in question may be distributed – physical distribution such as DVDs, streaming services, broadcasters, and all other ways of delivering the content to the end-user based on the territory.

All these agents within the blockchain prototype are interconnected with legal contracts that bind two entities (for example, the producer is linked to the financing institution, etc.). With the advantage of the blockchain, the terms and conditions of the legal contracts are converted into smart contracts. A smart contract has the ability of being self-updated. Whatever happens with the film, it is entered in the smart contract automatically without the involvement of any intermediary. For example, If the producer hires an actor, and they agree on a lump sum of, let's say, 10 000 euro and a certain percentage that the actor receives for each additional sale, it is automatically entered into the system through a smart contract. It means that as soon as the permission arrives, the money is transferred to the right personal account.

### Lessons learned from the blockchain experience so far

- The processes implemented had to meet the industry requirements.
- The project helped us identify tax credit funding as a critical and complex component of cultural audiovisual production funding.
- It will help the copyright agencies to re-invent themselves and optimize their operations.
- The traceability and immutability of every transaction will support the resolution of legal disputes.

### What next?

There are several entities that started using the blockchain prototype created by TFO. However, the TFO does not have a mandate to sell or commercialize blockchain. They are talking to different partners in Canada with the goal to create a sort of consortium. The idea behind this is to create a partnership between the TFO, the tech-people and other stakeholders such as financiers, producers, etc. That would refresh the concept of their block-chain prototype and ensure that each point of view in the industry is covered.

### Questions by MEDICI participants for Ulrich Dessouassi

**Who would initiate a blockchain if you have an audiovisual project with, let's say four funds involved? Would it be producers, funds or...?**

Anybody can initiate it. There is no hierarchy. As long as there is a ledger and you abide by the rules of the processes within the network, you can join the network.

**Do you need one blockchain per project?**

Ideally, you should not have many of them. The power should be in one central network similarly to social media. Do you need two twitter, Facebook, Instagram or LinkedIn accounts? No, one is normally enough.

**So in one blockchain we would have multiple projects that are financed by multiple partners, would it mean that partners participating only in one project would see the data about other projects as well?**

No, everybody would see only what they are allowed to see. Blockchain has different windows.

**How can one blockchain fit all?**

That is one of the challenges. You should make sure that every window abides by the rule of specific funds, countries or continent. Blockchain, on the one hand, consists of the system of files and the file-operation mechanism. But, on the other hand, there are also the stakeholder-specific rules on top of that.

**How do you sign or enter the smart-contract?**

There is a special interface. You put a file and sign it on the basis of your cryptographic key.

**Who is the one who can authorize us to look into the files? Is it a producer?**

In a specific production, that would be the producer.

**Many funds have already digitized their application processes. How can the blockchain improve further this digitization process?**

The beauty of the blockchain lies in the transparency. Today, if someone applies to a fund, he goes on a website and submits files. With the blockchain, you would still do the same thing, but instead of having all the information stored in separate databases, you have a single shared ledger that everyone who has a permission can access.

**So if I have the permission to access the blockchain, I can see everyone else as soon as I become part of the financial structure?**

Exactly

**One of the problems that we have in the audiovisual sector is confidentiality. Competitors do not want the other people to know what they do. How do you guarantee that the information people put into the system will not be disclosed?**

It is simple. If two people sign the contract, it is only those two who can see what was signed.

**So let's assume that you and I are a producer and a distributor. You as the producer apply to TELEFILM Canada and I am ready to pay a certain MG at the same time. We have a deal, we put it on the blockchain, the two of us have access to it. But the moment you apply to TELEFILM Canada and need to disclose that information to them, will I be notified of that immediately and block you if I think you should not be doing it.**

Yes. Exactly. Also, transparency does not conflict with privacy. Public blockchains are open to everybody and 100% transparent. However, the blockchain used by businesses need to introduce security measures on top of the blockchain in order to limit access to confidential information.

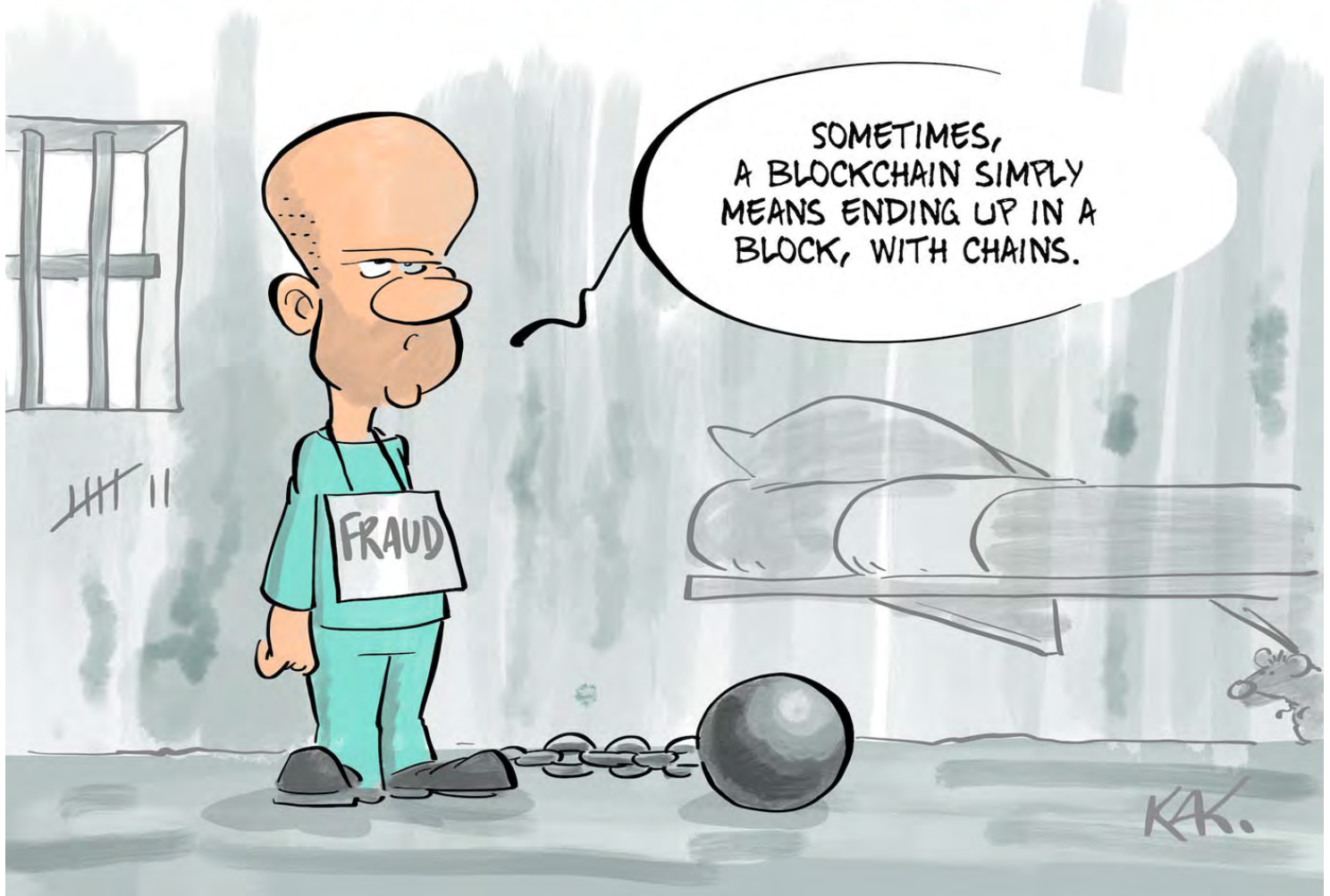
**But let's say that there are 50 members in a blockchain and, due to confidentiality, 49 of them will see only one file they signed and nothing else. So what is use of the blockchain then if people cannot see what the other signed?**

The Blockchain assures that whatever happens to your stake in the relationship in a certain business, you will know. And you do not care and should not know the things that do not concern you. For example, as a fund, you often do not know how the money you have granted is performing. And if there is a consensus between all parties that the producer must be able to see how often the film has been shown, then this is something that can be embedded in the blockchain. At the moment, the producer has to go and beg for the data from different intermediaries such as distributors. The blockchain ensures that you do not have to wait until somebody gives you the information. Smart contract is actually your middle-man and it provides the producer with the information thanks to which they can keep control over their product.

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# DON'T USE A BLOCKCHAIN IF YOU'RE CHEATING



## Can smart contracts help in legal disputes between the parties?

Yes. Smart contracts also replace lawyers sometimes. If there are small conflicts between entities, smart contracts contain the facts that can easily resolve those conflicts.

**Blockchain requires that producers and distributors always tell one truth, the truth. But, making a film sometimes implies adapting the information that producers are disclosing to different stakeholders. For example, when producers engage in co-production, the same project has to have the same structure when you present it to the national authorities in all co-producing countries. But most of the time, it is not the case, essentially because the project is presented to the national authorities in different phases of the making of the film. It demonstrates the complexity of reality. So how would the blockchain deal with that complexity?**

But the blockchain can arrange the system that would allow that the same project has different structures in different co-producing countries. It would be an interactive system designed in such a way that it can adapt to the peculiarities of each country. The same situation is with distribution – you have to adapt the rights-management around a product to specific territories all the time while selling your film.

**For example, in France every co-production goes through a regular procedure for the recognition of co-production by the CNC. Then, the same co-production, when presented to the fiscal authorities for the purposes of the tax-incentive (another department of CNC), would have a different financing set-up. So you have at the same moment the same figures presented in different ways. For example, in a co-production with Switzerland, in one financing plan, there is no tax credit, and in the other financing plan, there is a tax credit. The one given to the Swiss public fund is without the tax credit, but once the production is finished, the film generates the tax credit and for the purposes of the fiscal authorities you show it, but in the first financing plan you did not because it has been generated by the film at a later stage. So the same film can have two financing plans depending on who you are talking to. The question is who is going to inform the blockchain about all those changes and double-accounting when it comes to financing plans.**

If you represent the fiscal authority of a country, the producer will send the information at your request and it will be entered in the block-chain as well. The same way, when the producer goes to the CNC, they will enter also the information that were submitted to them. The producer will have the whole picture, but all other parties will know what they are allowed to know by the law and other rules. If the CNC allows you to see the information

submitted to them, you will see it.

### **Can you explain again what the smart contract is?**

It is a bunch of conditional statements. “If condition....then action”, “if condition....then action”. There is a software code that matches conditions and actions. In legal contracts we usually state the terms and conditions or a relationship. We simply transform the regular contracts into a more automated system.

### **The blockchain is all about efficiency, about improving workflow and eliminating intermediaries. Will there be a need for collective agents then? Do we still need them?**

You do not need them. Smart contracts can follow the cash-flow, revenues and the recoupment waterfalls. You can also attach your bank account to the blockchain. However, you still need a lawyer to create the legal content to be transformed to a smart contract. However, the contracts will need to have more factual information that is easier to understand and interpret.

### **Do you need a specialized technician to transform the legal contract into the smart contract?**

Today majority of technology requires that you have a technician to convert content into a smart contract. We hope that in five years time there will be a tool that will allow everybody to write a smart contract on their own.

### **Is a self-auditing system possible, which can stop possible frauds and show that the revenues we get are real transactions?**

It is part of the consensus-mechanism and the agreement of what kind of auditing tool stakeholders want to introduce to the system.

## **Conclusion: Opportunities and Challenges**

- Blockchain gives you an opportunity to re-negotiate the agreements that have traditionally been unsatisfactory.
- If you have the blockchain system implemented, it automatically provides you with all the data that it is allowed to give you. So if you want to check how a film is performing in a particular region or on a particular platform, the blockchain will allow this. However, first you have to renegotiate the contracts with the distributors and the other parties who shall agree that data is automatically accessible to you through the blockchain.

*But*

- It is difficult to convince governments and politicians to introduce innovations. They need to understand that the blockchain technology would bring them more accountability and efficiency. Based on the data acquired through the blockchain, they could adjust policies and redistribute the public funding more efficiently.
- It is necessary to bring the legislators in charge of cultural policies into the discussion, because they create major issues in the funding structures. But this is not easy. They give you some initial support, but when it comes to the real thing they slow down. There is too much bureaucracy and too many people involved.

### **Cooperation between public funds in an increasingly complex and international environment: opportunities, actions, ideas**

- **Module 1a – Panel: Co-operation between funds means mainly supporting co-production**
- **Module 1b – Are there possible alternatives?**
- **Module 2 – How to access smart data to better reach the audience?**
- **Module 3 – How could funds help each other to make the projects they co-finance visible?**
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Illustrations by **KAK**



# MEDICI – The Film Funding Journey

## Reports Previous Workshops

**Eighth Workshop – 26 to 28 September 2018, Royaumont Abbey, France**

### Module 4b – Digitizing the Funding Process

#### Introduction

Most of the public film funds have been very busy digitizing their funding application forms. They put the forms online and producers need to fill in and submit them in the digital format. The applications are saved in the file system or, sometimes, in the database system. However, there should be also a digital representation of the agreements made between two parties such as two film funds, a producer and a fund, two producers in the context of international co-productions, etc. Certain relationships need to be re-negotiated or re-defined, which is something the current system is still not really supporting.

- How can the funds redefine the parties and the kind of relationship between them?
- How can the funds synchronize some of their activities and processes?
- Is there something that cannot be synchronized?

#### Group Exercise

The MEDICI participants, divided into groups, were asked to design a blockchain flowchart for the cooperation among the film funds represented within every group. Each group needed to:

1. take into consideration contracts done for production, financing and/or distribution.
2. make notes of the critical issues brought up during discussion.

#### The outcome of the group exercise

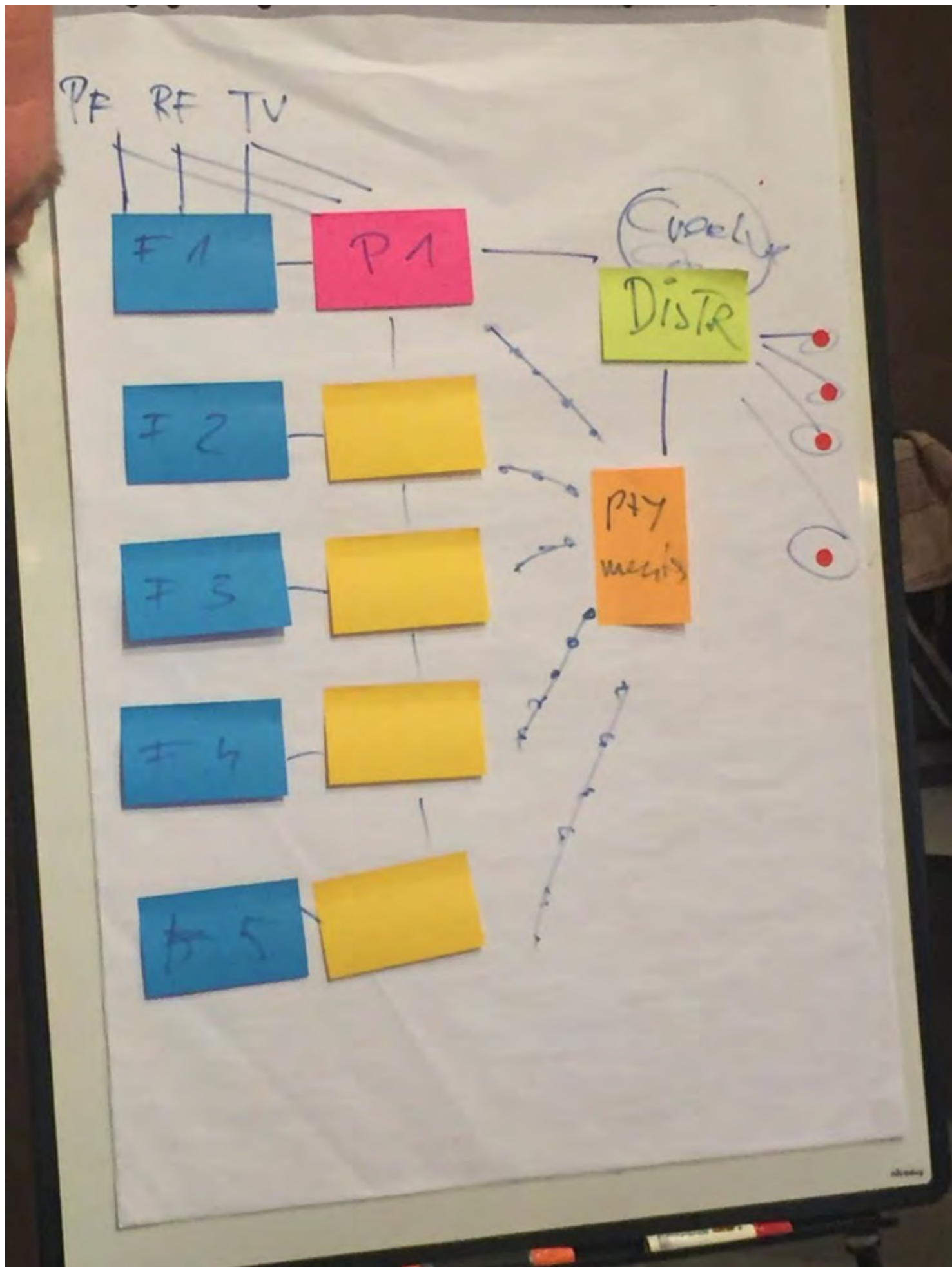
##### Group 1:

Characteristics of the proposed blockchain flowchart:

- Due to the fact that there are partners from different countries, you have to take care about the structures in each country (different territorialization requirements of national and regional funds, recoupment requirements, etc.)
- TV broadcasters from each country should also be involved
- Out of the five participating partners, one is designated as the majority partner. We assume that the majority partner has a contract with the distributor
- Distributor needs to have many smart contracts
- Each country has the funding contracts with national producers. All the requirements such as regional effects, or requirements regarding revenues and recoupment should be stipulated in those contracts.
- In our blockchain there would be no further need for collecting agents. If you define this in the co-production contract to which you also attach a revenue plan that stipulates all the recoupment waterfalls, the money can be transferred directly to the national producers who shall then forward parts of the revenues to the funding institutions if there are recoupment requirements.
- Our blockchain would also work for assets, not only for transactions. Those assets can include rough-cuts, photographs, performance on different platforms, information on crew and cast, labor conditions, comparisons of incomes, ceilings on income vis-à-vis the production budget, etc.

**Critical point:** Distributor needs to have more smart contracts at the same time.





**Group 2:**

Characteristics of the proposed blockchain flowchart:

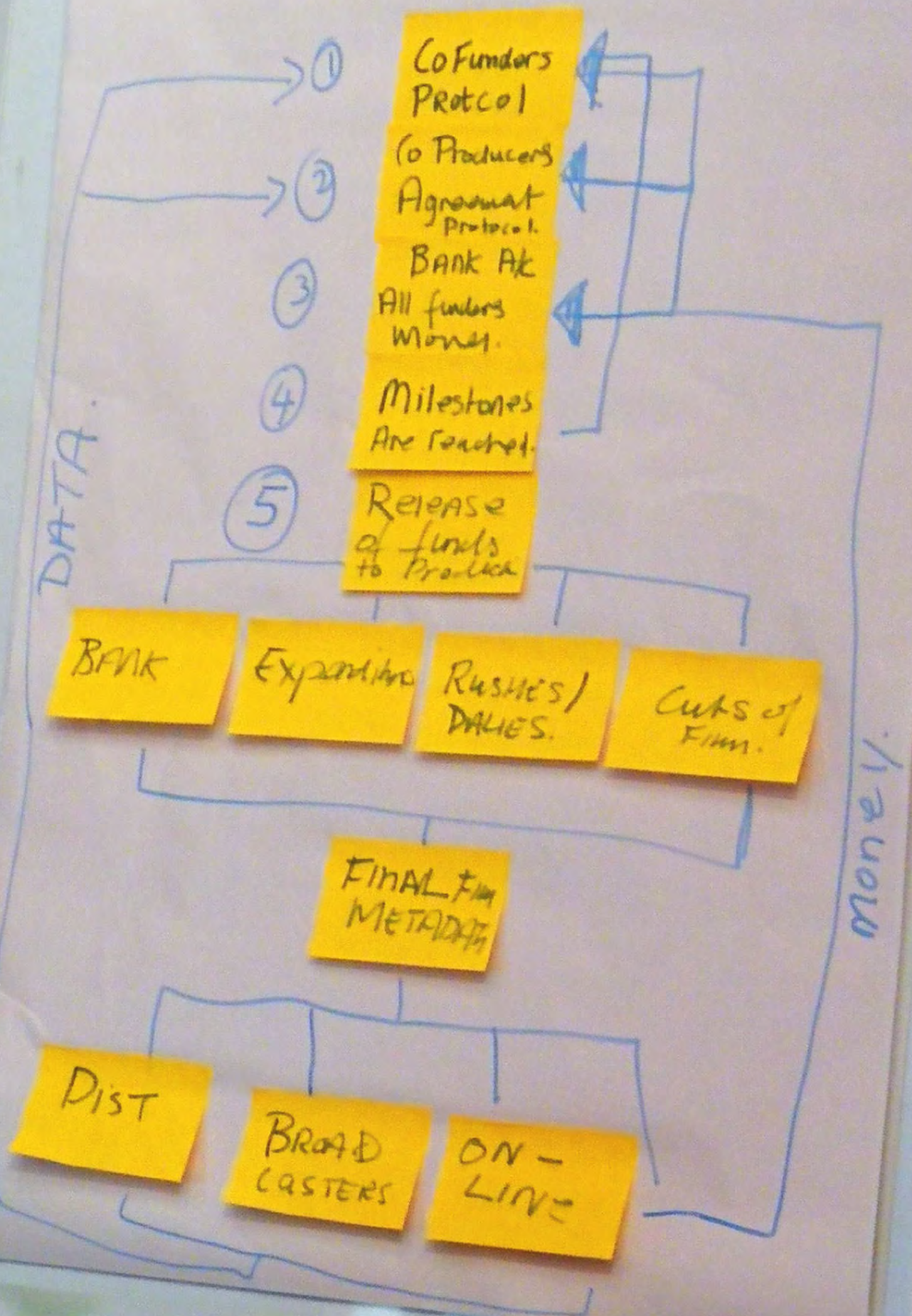
- Our blockchain would consist of two sets of protocols: 1) The first protocol is the co-founders' protocol and it sets up the rules and the relationship between co-founders. That is where we share financing plans, recoupment plans, credits and all the issues that concern co-founders. 2) The second protocol is the co-production agreement between all of the producers. They are set to work together on the ownership they will have over film, copyrights, hiring crew and the cast, etc.
- Then we have a bank account that sits within the blockchain where all of the funding from co-founders is collected and then re-distributed from there. Everybody has the right to insight into this account.
- We would also establish milestones within the blockchain. This also goes back to the co-founders' protocol. Once the milestones are achieved, all of the funding starts to come down into the release of funds.
- Within this blockchain we can see all bank accounts, all of the expenditures and reports. Sitting within the blockchain, we can also see all of the cuts of the film, all of the daily rushes, etc.
- Everybody should have access to the metadata that sits within the blockchain.
- Once we get to the point that the film is finished, the final metadata will also sit within the blockchain. Therefore, all of the distributors and broadcasters or online platforms would have access to this metadata. Through the access to the metadata, all of the distributing partners will be able to feed data back to the funders and the producers.

**Critical point:**

- The biggest conflict would be in setting up the first two protocols because that is when all the rules need to be set up.
  - Who is generating the metadata and preparing the documents? It cannot be automatic?
  - Metadata is an aggregation of annotations. Metadata is not the film itself, but the data about the film.
-



# BLOCKCHAIN





### **Group 3:**

Characteristics of the proposed blockchain flowchart:

- The starting point is the project – the co-production agreement.
- Producers come to funders with the co-production agreement. Each producer would have to apply to his/her own fund, but the producers' contracts with the funds should be available to the certain number of people (other funders, co-producers, etc.).
- In addition to public funding, producers would also have links with the market players (broadcasters, distributors, etc.). Those financing sources should be accessible to all producers and funders, but they should not be accessible to the competitors (other national distributors and broadcasters that have their share in the domestic territory), which is the main difficulty.
- Sales agent would sell the film to non-domestic territories. Sales agents have the link (contract) to the delegate producers, but the related information should be accessible to all the funders.
- We would keep the collecting agent who would have a contract with everyone involved they are responsible for. The collecting agent should check the validity of the financing information presented by the producers.

### **Critical point:**

- To understand the hidden network behind the one presented in the blockchain.
- To understand who should access what.
- Designing the blockchain at some point necessitates inclusion of an additional dimension, which is a challenge.

COLLECTION ACCOUNT AGREEMENT  
CANADA  
with everybody.



#### Group 4:

Characteristics of the proposed blockchain flowchart:



- The stakeholders would be constellated in concentric circles. The film (co-production) is in the middle and it centralizes the whole process.
- Producers have the co-production agreements between themselves but also different agreements with public film funds, market players, etc.
- The information would go to one center and pieces of information would be released from that center to the party requesting it. For example, if the Icelandic film fund needs to see certain contracts from co-producing countries, they can get it from the centralized system.
- There would be different keys providing access to this system.

**Critical point:** Some players would be able to see certain information, whereas some others would be denied the rights to receive that information. So how to regulate this restricted and selective access?



#### Group 5:

Characteristics of the proposed blockchain flowchart:

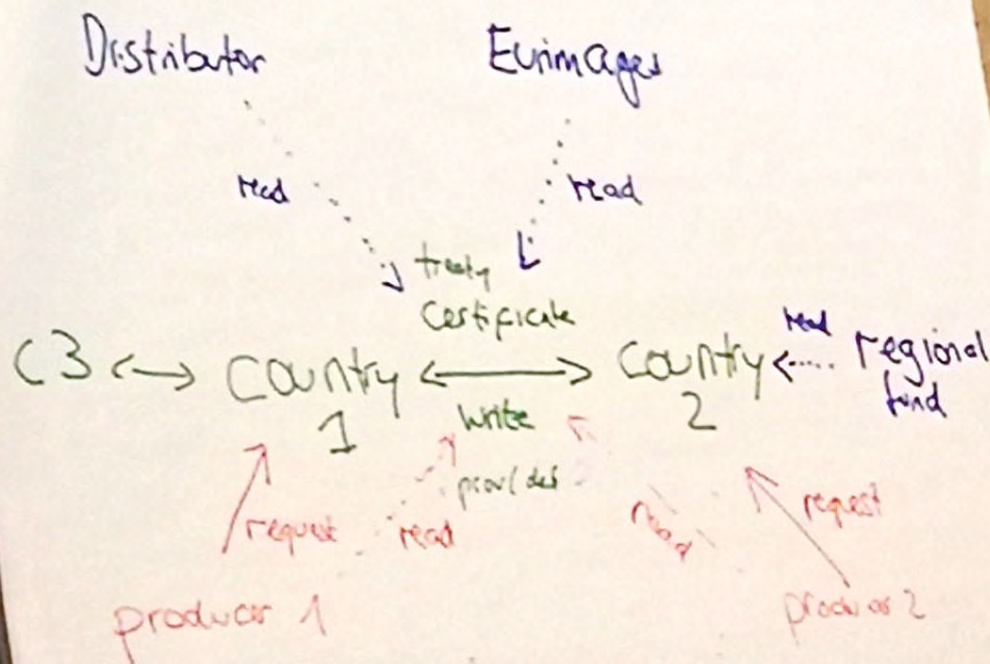
- Our blockchain would apply only to the certification process of official co-productions and it would be designed to speed-up this process.
- Countries would access the certification files, exchange information and provide together provisional and definitive certificates. The certificates then could be used for Eurimages, distributors, regional film funds, etc.
- The system can be used for the official co-productions triggered by both bilateral treaties and the European Convention.
- The relationship between the funds and countries would be in the center, not the co-production itself.

#### Critical point:

- The national governments will never agree to decentralize the data and allow the access to non-national partners. It would require a completely new policy whose implementation would take a lot of time, maybe more than a decade.
- The additional challenge is the existence of different national IT legislations across Europe. The IT legislators must be included in any blockchain discussion.



# Certification block chain



- european convention
- bilateral

- IT policy government

## Cooperation between public funds in an increasingly complex and international environment: opportunities, actions, ideas

- Module 1a – Panel: Co-operation between funds means mainly supporting co-production
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# MEDICI – The Film Funding Journey

## Reports Previous Workshops

**Eighth Workshop – 26 to 28 September 2018, Royaumont Abbey, France**

### **Module 5 – How to assess the performance of funding programs dedicated to international co-operation?**

#### **Introduction**

Many funds have put or intend to put in place schemes to support the development of relationship between local and foreign producers, i.e. minority co-production support schemes. Each of these programs have different objectives i.e. encouraging the co-operation among professionals from different countries, give space for newcomers outside of their conventional funding schemes, consolidate production companies, give work to their local professionals.

- What are the objectives?
- Have those objectives been reached?

#### **Green Hats and Red Hats Regarding the Funds' Co-operation Policies**

The MEDICI participants were asked to summarize the main success stories (green hats) and challenges (red hats) of regarding their funds' policies, with a particular emphasis on the international collaboration. The following table provides an overview of the participants' presentations.



# THE GREEN HAT / RED HAT EXERCISE



## National funds

	Green Hats	Red Hats
Federal Office for Culture – Film Department (Switzerland)	<ul style="list-style-type: none"> <li>Re-distribution of automatic funding is done on the basis of festival success =&gt; there is an increasing number of Swiss films at the important international festivals, and producers are motivated to work more on their festival strategies</li> </ul>	<ul style="list-style-type: none"> <li>Lack of co-production treaties for all audiovisual formats, not only traditional films.</li> <li>Lack of data about the international circulation of supported films and data from television</li> </ul>
CNC (France)	<ul style="list-style-type: none"> <li>Everybody wants to co-produce and sign treaties with France =&gt; this gives the CNC the privilege to be really picky. There are two requests per month sometimes and they come from other Film Institutes, governments or from the French Embassies in foreign countries.</li> <li>The CNC-process is quite efficient in a sense that producers do not wait too long to receive the money.</li> </ul>	<ul style="list-style-type: none"> <li>Co-production treaties relate only to film, except for the one with Canada. Treaties should include all audiovisual formats.</li> <li>Lack of efficient assessment system in regard to the films' performance, which prevents the fund from making necessary policy changes</li> <li>A better central database is needed. Too many different, separated departments and people manage support programs schemes. Producers take advantage of this situation and send different applications with different figures because they know it cannot be checked.</li> </ul>
Luxembourg Film Fund	<ul style="list-style-type: none"> <li>There are many co-operations with other funds in the French-speaking territories.</li> <li>Numerous agreements with many regional</li> </ul>	<ul style="list-style-type: none"> <li>Not enough demands regarding the urgency and relevance of selected projects, which leads to a number of "useless"</li> </ul>

	<p>funds for professional training, co-development and co-production.</p> <ul style="list-style-type: none"> <li>• The tax-incentive system has been replaced by the direct support system and now every Euro goes directly to the industry.</li> <li>• Openness for all formats, new technologies and different languages.</li> <li>• Only one funding scheme as opposed to the complex funds like CNC.</li> <li>• The selection committee can also hear producers' pitches that may involve directors and scriptwriters.</li> </ul>	<p>projects.</p> <ul style="list-style-type: none"> <li>• The fund should follow more closely the life cycle of the supported films. Introducing a sort of success index is considered as a solution.</li> <li>• Regulations need to be simplified.</li> <li>• Point system should be re-framed, which is expected to be in place by March 2019.</li> </ul>
Austrian Film Institute	<ul style="list-style-type: none"> <li>• Good co-operation between different film funds in Austria in terms of auditing, co-productions, solidarity, etc.</li> <li>• More and more activities promoting gender equality in Austrian cinema.</li> </ul>	<ul style="list-style-type: none"> <li>• Anachronistic co-production treaties. The Ministry requires too many documents for the certification process and also asks the film fund to review those documents due to the lack of expertise, which creates big delays in issuing certifications. This process slows down even Austrian-German co-productions, and certificates from the two countries sometimes show completely different percentages for same films.</li> <li>• The organizational structures can be improved. There is one committee taking care of the funding decisions and the supervisory board that makes strategic and policy-related decisions. But the big problem is that members of this board are most of the time producers, directors from Austria, which prevents the board from being objective enough.</li> <li>• A need for more larger production companies and more high-budget films.</li> <li>• Resources for supporting young talent are very limited</li> </ul>
Hungarian National Film Fund	<ul style="list-style-type: none"> <li>• The application process is fully digitized, which makes the fund's work very transparent.</li> <li>• Increased visibility of supported films by means of generous support schemes for distribution of films (including co-produced films).</li> <li>• Very selective support schemes. No financial co-productions, but only relevant and organic ones like cultural co-productions with countries with which Hungary shares the same history.</li> </ul>	<ul style="list-style-type: none"> <li>• The fund needs to further improve the regulations regarding the international co-productions. There are still no specific, separate, regulations for co-productions.</li> </ul>
Polish Film Institute	<ul style="list-style-type: none"> <li>• Dynamic co-production activity (at least 15 minority co-production a year).</li> <li>• Intensive collaboration with other film funds, particularly from neighboring countries (Germany, Czech Republic, Ukraine and Lithuania), but also with other countries such as the Netherlands, France or even the UK.</li> <li>• The fund is launching soon a distribution support scheme for the Polish films distributed internationally</li> </ul>	<ul style="list-style-type: none"> <li>• The recent change of the Head of the Institute has created some fears within the entire film industry</li> <li>• The fund still needs more co-production treaties and agreements.</li> <li>• Mentality of decision-makers should be changed. Projects could be evaluated according to a precise point system that would force the decision-makers to argue every point they give to a project.</li> <li>• The audience aspect should be prioritized, so both producers and decision-makers are put under pressure to give more attention to this aspect.</li> </ul>

	<ul style="list-style-type: none"> <li>• According to the Polish law, the fund can support only the theatrical release window.</li> <li>• Bureaucracy sometimes take too much time.</li> <li>• There is a need for a completely new system for data harvesting, because the fund lacks data.</li> </ul>
Lithuanian Film Center	<ul style="list-style-type: none"> <li>• The film law heavily prioritizes co-productions and treats them as national films. Thus two thirds of the supported projects are co-productions. Diverse instruments for fostering co-productions (i.e. memoranda of understanding, agreements between film institutes, trilateral arrangement between the Baltic states) are replacing traditional co-production treaties.</li> <li>• The fund insists on marketing and audience strategies in the funding applications.</li> <li>• A specific distribution support scheme was introduced three years ago. There is an urge to talk to the producers who decide to do distribution themselves, which can be particularly useful for niche, auteur films.</li> <li>• Digitization of the application process is in progress.</li> </ul>
Finnish Film Foundation	<ul style="list-style-type: none"> <li>• The cash rebate has been recently introduced for foreign productions.</li> <li>• A flexible decision-making process and regulations. Projects simply need to bring some benefits to the Finnish film industry in one way or another.</li> </ul>
Netherlands Film Fond	<ul style="list-style-type: none"> <li>• Strong focus on co-productions. Many of them are foreign, art-house, minority co-productions released in Dutch cinemas.</li> <li>• International distribution scheme</li> <li>• Close collaboration with many other film funds in Europe.</li> <li>• Numerous co-development funds, talent labs, training programs, expert meetings, etc.</li> <li>• Priority is given to relevance, urgency and originality when selecting projects, which particularly works within the minority co-production scheme.</li> </ul>
CORFO's Film Fund (Chile)	<ul style="list-style-type: none"> <li>• Supporting development, distribution and trips to the international film festivals.</li> <li>• The fund is part of the Ministry of Economy. Thus it supports industry and companies, and, unlike the cultural funds, expects some economic results back.</li> <li>• Paperwork is not huge, especially in the beginning of the process.</li> <li>• The online application system is in place</li> <li>• Producers are asked to provide audience-design and project development strategies</li> </ul>



- already in the development stage.
- A Chilean company must submit funding applications, but the project can include the talent from all over the world.
- Producers need to pitch and present their projects in front of the selection committee.
- The selection committee consists of three domestic and three international jury members, which also requires a lot of co-ordination.
- The administrative workload is too big. There can be up to 500 applications per call, while only two persons are employed to process them.
- Visibility is also a huge problem. Responsibility is given only to the producer, but the funds and government should also engage more in providing visibility of Chilean films.

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#### Norwegian Film Institute

- Increased international visibility.
- Making four-year strategies with action plans and focus countries. Currently, there is a specific focus on the French market and collaboration with the French industry.
- The US market is perceived as a complementary market, not a competing market, and the fund is trying to take advantage of that philosophy.
- Good and easy communication with partners from other Nordic countries.
- The cultural test regarding the Norwegianness of every film (based on four questions), which is made for the purpose of making sure that the money goes only to the Norwegian, not international, producers.
- New, digitized application process.
- The internal market in Norway makes quite expensive Norwegian films financeable within the Norwegian system (+Sweden and the NFTV Fund). This happens due to high MGs that can reach 2.5 million of euro and the generous automatic support scheme (the cap of 3.5 million euro per film). Also, the NFI can finance up to 70% of the film. All this together kills the international ambitions of Norwegian producers.
- In the organizational terms, there is an unhealthy split between the department in charge of development and production of fiction films, and the distribution department. There should be more collaboration for the sake of better content and distribution.
- The website can be more user-friendly

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#### Telefilm Canada

- Proactive internationalization policies. Canada joined Eurimages and signed the European Convention on Cinematographic Co-production. The fund incentivizes Canadian producers to travel to international festivals and co-production markets. Canadian delegations also travel to international festivals to foster international collaboration with Canada. For example, the recent activity at the Galway film festival resulted in many new Irish-Canadian co-productions.
- Transferring successful policies from other countries (i.e. Germany).
- Evaluating projects by assigning a score (success index) to a film, whereby every project is assessed in the same way based on the sales, box office, festival success, track record of the creative team, etc.
- Separate micro-scheme for first time directors with projects costing up to 1 million dollars
- Collaborating with iTunes that released 150 Canadian films in 2017 when the country celebrated its 100th anniversary.
- Promotion of gender equality and cultural diversity through supporting 125 indigenous communities in Canada (inclusion of representatives of indigenous communities in selection committees, the agreement with the International Sami Film
- Too many minority co-productions and the lack of reciprocity.
- Administrative capacities need to be increased. The fund receives up to 200 projects per call, which is 10 times more than 20 years ago.
- Too many production companies in Canada (over 200) and the public financing is not able to sustain all of them.
- More support for distributors in promoting better Canadian films and increasing their visibility.

German Federal Film Board	<ul style="list-style-type: none"> <li>• Increased international co-operation on the political level, particularly through EFADs that articulates the political goals through discussions between many European film funds.</li> <li>• There is the new agreement with the CNC for the purpose of exchanging strategies.</li> <li>• Due to too many films, the fund started prioritizing also economic relevance when evaluating applications (target audiences, distribution strategies, etc.). It is combined now with the cultural relevance.</li> </ul>	<ul style="list-style-type: none"> <li>• There are many co-development agreements, but there is still the lack of interest from the German producers.</li> </ul>
Croatian Audiovisual Center	<ul style="list-style-type: none"> <li>• Good minority co-production scheme that includes all categories (fiction, animation, experimental films and documentaries), both features and shorts, and four deadlines per year.</li> <li>• The new law was adopted in July 2018, which provided an opportunity for improving funding schemes and changing some regulations.</li> <li>• Good independent cinema network for European films.</li> </ul>	<ul style="list-style-type: none"> <li>• The budget for the minority co-production scheme should be higher. The fund normally supports only 15 out of 100 applications and it is mostly countries from the former Yugoslavia. The fund should stimulate co-productions beyond ex-Yugoslavia.</li> <li>• Every change needs to be done in co-operation with the entire audiovisual sector, which often leads to long discussions where everybody is talking and nobody is listening.</li> <li>• Follow-up on supported projects can be better.</li> <li>• Producers are thinking more about the distribution strategy from scratch, but are still not obliged to present it during the application process.</li> <li>• National market share is really low and a better strategy is needed in this regard.</li> </ul>
Slovak Film Center	<ul style="list-style-type: none"> <li>• The fund is fully digitized – from the application to evaluation process. That increases the transparency because the contracts are published online and accessible on the webpage (together with the budgets and evaluations).</li> </ul>	<ul style="list-style-type: none"> <li>• No VoD platform for films produced in Slovakia. There is no place where one can see either newer or classic films. They exist only on DVD</li> </ul>
Icelandic Film Center	<ul style="list-style-type: none"> <li>• Dynamic co-production activity when it comes to fiction films.</li> <li>• Good collaboration with other Nordic countries.</li> </ul>	<ul style="list-style-type: none"> <li>• Low co-production activity when it comes to documentaries, which requires a change in the regulations.</li> </ul>
Irish Film Board	<ul style="list-style-type: none"> <li>• There are many co-productions with UK and other countries.</li> <li>• The fund is not a slave to co-production treaties. They use them only when it makes sense like with Canada or France.</li> <li>• Next year, the fund will start investing more in the TV drama with strong international aspects.</li> </ul>	<ul style="list-style-type: none"> <li>• There is a need for a new business model regarding the data update. Currently, the fund is working on a central digitized database similar to the one created by Eurimages.</li> <li>• Data is a big issue. Producers need to have a better data-monitoring and there should be more partnership with tech and online companies (Google, Microsoft, Amazon, etc.).</li> <li>• There should be more co-development initiatives that would deepen relationships between funds and producers</li> </ul>

## Regional (subnational) funds

### Green Hats

### Red Hats

Cineforum (Switzerland)	<ul style="list-style-type: none"> <li>• Good co-operation inside the country with other regional funds and the national fund.</li> <li>• Digitized application forms, which ensures online publishing of all important documents (results, selection committee compositions, financial plans, budgets, etc.) and provides more transparency.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of more flexible policy for international co-production</li> <li>• Lack of relevant and urgent projects</li> <li>• Insufficient visibility of supported films</li> <li>• Lack of a Swiss VoD platform</li> </ul>
SODEC (Canada)	<ul style="list-style-type: none"> <li>• Strong internationalization policy. As a result, younger generations of filmmakers already think globally.</li> <li>• Generous distribution and promotion schemes that should ensure more international visibility for films.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of reciprocity in regard to international co-production. The fund intends to work more only with compatible funds.</li> <li>• Lack of communication with the government and the politicians who do not understand the new trends and how they can increase their efficiency.</li> </ul>
Filminvest3 AS (Norway)	<ul style="list-style-type: none"> <li>• Attracting productions to the region and engaging the local talent</li> <li>• Good collaboration with the Norwegian Film Institute</li> <li>• The fund functions as an investment fund and recoups from the income on the projects, with high interest rates</li> <li>• Tax incentive has been introduced</li> </ul>	<ul style="list-style-type: none"> <li>• Co-productions are mostly documentary films and are national, internal Norwegian co-productions.</li> <li>• There is a huge competition for national money (especially for the funding allotted for fiction). The regional film funds together receive only 12% of the total public financing allotted for film.</li> </ul>
Film i Väst (Sweden)	<ul style="list-style-type: none"> <li>• Co-producing activity for over 25 years with many countries without using co-production treaties.</li> <li>• Very often the fund is the only Swedish financer in international co-productions because the Swedish Film Institute is not big enough to support them all.</li> <li>• Active involvement in the co-produced projects (script-development, post-production, distribution).</li> <li>• Sharing knowledge, competence, and contacts accumulated over many years of co-producing.</li> <li>• Very fast in decision-making.</li> <li>• Insistence on reporting about the visibility of the projects the fund supports. In that way the fund evaluates if producers deliver what they promised.</li> </ul>	<ul style="list-style-type: none"> <li>• The fund does not use co-production treaties but the fund's own regulations are very strict, because, according to the Swedish legislative framework regarding the regions and local communities, they need to be very protective of taxpayers' money.</li> <li>• The fund is an equity investor and co-producer in projects, which is difficult for producers.</li> <li>• The region does not offer any tax-incentives and the fund needs to lobby for them.</li> <li>• The fund does not always select the most relevant, urgent and newest stories. A new form of knowledge and skills are required for improving the situation in this area.</li> </ul>
Nordmedia (Germany)	<ul style="list-style-type: none"> <li>• The fund does not use treaties, which enables it to co-produce more easily.</li> <li>• The fund's co-productions are driven by ideas and people</li> <li>• Collaboration on different types of audiovisual projects (TV series, documentaries, etc.)</li> <li>• The game support scheme might be introduced soon.</li> <li>• Fully digitized</li> </ul>	<ul style="list-style-type: none"> <li>• Too many regulations regarding the regional spend, which requires a lot of paperwork.</li> <li>• Lack of data on how visible are the supported projects.</li> </ul>
Screen Scotland	<ul style="list-style-type: none"> <li>• A generous distribution and exhibition support scheme that involves co-productions and is also used for promoting films across Scotland outside the big cities.</li> <li>• A good tax-incentive system is in place.</li> </ul>	<ul style="list-style-type: none"> <li>• There are many films set in Scotland, dealing with Scottish issues, that do not have any Scottish creative talent involved (directors, writers, producers). The fund cannot support them because they are not in line with the fund's social remit.</li> <li>• The definition of "screen" could be broadened beyond cinema and TV.</li> </ul>

## Supranational funds



	Green Hats	Red Hats
Eurimages	<ul style="list-style-type: none"> <li>• Fully-digitized. There is a central digital database – Coeurimages – and the information goes directly there. The database also includes information like script-doctors' reports on the submitted scripts, contracts, follow-up data measuring the success of the supported projects, etc. Coeurimages has interface for every country, which makes it easily accessible.</li> <li>• Eurimages' films have a lot success at festivals (many festival awards and other cultural accolades)</li> <li>• Right now the fund is in the middle of a major evaluation of its governance and its mission. It is helpful in re-defining the fund's identity and streamlining the fund's objectives.</li> <li>• Eurimages is a cultural fund protecting the freedom of expression, and supporting mainly films that market cannot finance alone (unlike national film funds that need to support both culture and industry).</li> </ul>	<ul style="list-style-type: none"> <li>• Procedures need to be simplified and, the decision-making process further shortened.</li> <li>• Transparency is always an issue because the members of the Board of Management have a double role (national and supranational).</li> <li>• There is a constant resistance to change because the representatives of 38 member countries have different ways of perceiving reality on personal and national level, which makes transformations difficult.</li> <li>• People do not understand Eurimages in the same way, there are different expectations; there is a need for a common vision and value system.</li> <li>• Eurimages receives and finances too many projects. Among them, there are too many "ordinary" projects that do not contribute to the fund's main mission, which is a result of the current decision-making system across European funds.</li> <li>• Eurimages supports too many projects in order to keep all the member-states happy, but this decreases the fund's impact. Instead, the fund should focus more on relevant films that could not be made without Eurimages.</li> </ul>

### **Cooperation between public funds in an increasingly complex and international environment: opportunities, actions, ideas**

- **Module 1a – Panel: Co-operation between funds means mainly supporting co-production**
- **Module 1b – Are there possible alternatives?**
- **Module 2 – How to access smart data to better reach the audience?**
- **Module 3 – How could funds help each other to make the projects they co-finance visible?**
- **Module 4a – How to simplify and make life easier for funds and producers in terms of paperwork.**
- **Module 4b – Digitizing the Funding Process**
- **Module 5 – How to assess the performance of funding programs dedicated to international co-operation?**
- **List of Participants** (PDF)
- **MEDICI Eighth Workshop Report** (PDF)

Illustrations by **KAK**