

# **Cartoon Master Feature**

## ***European Animated Features Competing in the International Market***

### **Málaga, 20 - 22 October 2009**

More than 100 people attended the third Cartoon Master of the year 2009.

#### **Day 1**

Cartoon Feature was opened by CARTOON and Victoria Fernández Andrino from the Regional Government of Andalusia who welcomed the participants and speakers.

The seminar started with an instructive survey on the European video market, both physical and digital, by Screen Digest's analyst **Helen Davis Jayalath**. Screen Digest conducted a study on the evolution of video consumption, trying to understand whether Blu-ray could compensate the decline of DVD sales. The answer is negative. The physical spending on video down by 5.4% in 2008 and the expected decline in 2009 is 4.5%. Digital delivery accounts only for less than 1% of the physical spending in 2009. But there are better news: despite 2008 dire results, the total spending is starting to look up in some markets (Germany, France, Australia...). According to Screen Digest, the European online movie spending will reach almost €400m in 2013. Two thirds of this will be from the Big 5 territories in Europe (Germany, France, UK, Spain and Italy). Helen listed the five minimum conditions under which the digital growth would be possible: high broadband penetration and real achievable speeds; availability of legitimate and *compelling* transactional online services; availability of legitimate free online services; regulatory environment and cultural attitudes towards piracy; limited alternative options for media consumption.

In the second speech, **Niels Aalbæk Jensen**, Founder and CEO of FIDD (Filmmakers' Independent Digital Distribution) presented Movieurope, a Danish based VOD platform supported by the MEDIA Programme. Movieurope offers the largest selection of European Feature films, documentaries and short films at a fixed price per month. FIDD is co-owned by the right holders and by private investors, who each share 50% of the capital. The service provides digitisation in high quality and subtitling in the major European languages. There are no deductible costs, so the revenues are split between the platform and the right holder with no cost on the top, allowing a perfect economic transparency. FIDD signs only non-exclusive agreements. There are two major differences between FIDD and other VOD platforms. Firstly FIDD shows all kinds of films, not only feature films, but also shorts, documentaries, animation and TV series. Secondly the business model is subscription VOD (SVOD). The graphic style has been conceived for the TV viewers. "The revolution of the next years will be the possibility to plug your PC to the TV screen", declared Niels. "Viewers are ready

to stop their pay TV subscription and shift to an Internet VOD platform if they can watch films on their TV screen”, he concluded.

## Day 2

In the first speech of the second day, **Jonathan Aibel**, writer for DreamWorks Animation, explained the differences between writing for 2-D and stereoscopic 3-D. Jonathan has been working for the Oscar-nominated *Kung Fu Panda*, *Monsters vs. Aliens*, which was DreamWorks’ first stereoscopic 3-D movie. He is currently co-writing the *Kung Fu Panda* sequel and *Shrek Forever After*, both of which will be released in stereoscopic 3-D. Jonathan explained the principle of stereoscopic view. Two images filmed (or animated) at slightly different perspectives are projected on a screen. Using a variety of technologies, 3D movies permit each eye to see only one of them. The brain combines the separate images as if it were looking at an actual object, creating the illusion of depth. According to Jonathan, writing for 3-D is not very different from writing from 2-D: the essential ingredients are the same, a good story, a theme and good dialogues. When writing for a stereoscopic film, writers must think on how to use the 3-D technology to elicit shocks in the most efficient manner (ie, with sharp objects and projectiles coming at the spectator).

In the following session **Irina Ignatiew**, Vice President of Telepool and **Paul Young**, CEO of Cartoon Saloon explained the relationships between the producers and the sales agent, taking the example of *The Secret of Kells*. Telepool works on less than eight films per year. The line-up focuses on auteur works, including small to medium-budget independent films, which are usually launched at Cannes, Venice, Berlin, San Sebastian, Toronto and Locarno, but also aim to find an audience and be released commercially. On the co-production side, Telepool hope to get involved very early in three or four films per year and manages to fulfil the task that is increasingly required of international sellers: contributing to film financing by investing in an early stage or by helping producers to find other partners abroad.

**Victoria Fernández Andrino**, Head of programmes at the Audiovisual Funding Department of the Regional Government of Andalusia, detailed the different measures that Andalusia set out to support the Andalusian audiovisual industry. From 2006 to 2009 the Andalusian Government helped 280 projects (of which 35 were animation) with a total amount of almost €16 million. The maximum support that a feature film can get is €300,000 and €360,000 if it is an animated film. To be eligible to the subsidy companies must be production entities registered in the Ministry register and be based in Andalusia.

With the new Audiovisual Laws now prevailing in Spain, and awaiting approval from the European Commission, the funding procedures will probably change as of 2010.

Beside financing and distribution policies, Cartoon Feature presented several case studies. **Roch Lener**, CEO of Millimages production studio and flagship Bac Films distribution company, explained the process of producing and distributing the animated feature film *Les Lascars (Round da Way)*. The movie is an adaptation of a famous TV show which has been massively viewed and pirated on Internet. The target audience is urban 15-35 y-o. The film was released on June 17th, 2009, with 290 prints during the “Fête du Cinéma”, a promotional cinema week throughout all movie theatres in France. Bac Films organised a massive promotional campaign with posters, goodies and billboards. Teasers were released in cinema theatres between the 3<sup>rd</sup> and the 10<sup>th</sup> of June. The artwork and the trailer were broadcasted on several web sites about cinema (i.e. creation of a profile for each character on Facebook). For his first day, Lascars registered 42,668 admissions and 223,000 admissions for the first week, totalling 600,000 admissions in 2 weeks. The film was then literally ejected from the screens with the arrival of two US Blockbusters.

**Paco Rodríguez**, Executive producer and consultant explained the process of making a business plan and the elements it should contain to attract investors. A business plan is a written statement that describes and analyses a business and gives detailed projections about the future of that business. Thus, a business plan, combined with an appropriate investment vehicle, can be used to raise money, but only in limited circumstances. Only films with a budget of over €10 millions, for example, are able to travel internationally, but are very difficult to amortise. A business plan can be used to raise money from one, two or a few active investors. An active investor is someone who is regularly involved in helping the producer making important decisions with respect to his film: is the film’ target group pre school, teenagers or family? With a practical example, Paco has been able to show that the producer is at the end of the value chain, earning “only” between 10% and 15% of the revenues.

In the last session of the second day, **José Rodríguez**, Producer at Ilion Animation Studios, presented another case study, the international release of *Planet 51*. *Planet 51* is an upcoming animated film directed by Jorge Blanco, written by the American scriptwriter Joe Stillman and starring famous American actors like Dwayne Johnson, Jessica Biel, Justin Long, Seann William Scott, Gary Oldman and British actor John Cleese. Paco described the long process of producing the movie, which has been conceived for the US market. The film, produced by the Madrid-based Ilion Animation Studios and HandMade Films with a budget of \$60 million, was initially acquired for US distribution by New Line Cinema in November 2007. In February 2008 New Line Cinema became a division of Warner Bros. Warner Bros. was set to release the film in the Summer of 2009 (which would have put the film in competition with Warner Bros. next to Harry Potter’s release), but the film’s producers insisted on a November release. Finally Sony Pictures Worldwide Acquisitions Group picked up the distribution rights. *Planet 51* is slated to be released in the US on a big number of prints on November 20, 2009, with virtually no competition.

### Day 3

The third day started with a conference about the production of stereoscopic 3-D films by **Manuel Sicilia**, partner of Kandor Moon and founder of Kandor Graphics. The company produced a first 3-D feature film, *The Missing Lynx (El Lince Perdido)* in 2008. Co-directed by Raul Garcia and Manuel Sicilia, *Lynx* is the first movie from Kandor Moon, a label created by Antonio Banderas. Kandor Moon plans to make five animated features in the next 10 years. “Antonio’s experience in animation began with DreamWorks and the *Shrek* movies,” said Manuel. “When I met with Antonio, we showed him the amazing work the company was able to do, and we decided to form a company together that would produce animated films in Spain. The philosophy of the company is simple. If we compare films with alcohol, we are able to produce champagne at a beer’s price”, Manuel concluded. Banderas and his company have already begun work on their second animated project. Directed by Manuel Sicilia, *Goleor* is a 3-D medieval action-adventure fantasy about a shy young boy who dreams of becoming a brave knight.

In the second speech of the third day, **Juliane Schulze**, Senior partner of the Berlin-based company peacefulfish, presented a study financed by the MEDIA Programme on the role of the banks in film financing. According to the research, only 5 member countries of the MEDIA Programme have a production output higher than 40 films a year: France, United Kingdom, Germany, Spain, Italy. Film banking services are available mainly in these 5 countries. Bank loans (interim finance/working capital) are very difficult to access for small production companies. Banks prefer to invest in companies rather than in projects and in productions with a budget of at least €1.2 million. The difficulty for the audiovisual industry is that film production, film banking & film sales are primarily project and fee-based businesses rather than company-based businesses.

**Jean-Paul Commin**, International media consultant, presented another case study: the pre-production of the latest film of Les Armateur *Papa Storyteller*. The film, produced in Flash and which is an adaptation of the books by Lewis Trondheim (*Papa raconte*), is ending production and will be released in 2010. Jean-Paul explained in detail the different headings of the budget of €2,995,111. The artistic rights counted for €303,996. The technical and artistic crew, including voices and animation amounted at €2,076,931. The accommodation and transport for €43,170. The technical facilities, including music and laboratories cost €377,389. And finally the insurance and miscellaneous counted for €193,625.

**Guillaume Hellouin**, founder of the production company TeamTo, presented *Occho Kochoï*, a French-Japanese co-production. The film is in stereoscopic 3-D and has been produced with the most common software available on the market (Maya, Fusion and Final Cut) and plugs in have been developed by the studio

itself. Some software available on the market for the animation started to integrate the specific needs for stereoscopic productions. On the editing and compositing side, however, the softwares are not able to work on two flux simultaneously. Guillaume explained that five persons have been necessary to develop the script and the storyboard. "Errors in the storyboard in a stereoscopic film are much more expensive than errors in traditional productions", concluded Guillaume.

The last two sessions of the seminar were dedicated to the presentation of the case study *Niko - The Way to the Stars* which was released last Christmas in a limited number of countries and which achieved 1,5 million admissions. Finnish producer **Petteri Pasanen**, world sales agent on the film **Irina Ignatiev** and French distributor on the film **Roch Lener** explained the different steps of producing, selling and distributing *Niko*. **Petteri** explained the strategy for finding effective co-production partners. It took 3 years and a half to develop and finance the film (slightly over 6 million EUR, the most expensive Finnish film ever) and 16 months to produce it. "In Finland there were just a few financiers who believed in us", recalled **Petteri**.

**Roch** detailed the distribution strategy in France. The film was been positioned for a family audience and precisely the children between 4 and 10 years old. The communication has been done on two targets: children and parents. The date of theatrical release was on December 17, 2 days before the beginning of Christmas Holidays, with 372 copies. The distributor carefully studied the potential competition, concluding that the other children's films were either too aggressive or for an older audience. For his first day, *Niko* registered 22,504 admissions and 203,423 admissions for the first week. In total *Niko* registered more than 600,000 admissions in France only.

**Irina** explained the long process needed to present the movie in different markets and to sell it to different territories. Presented in Cannes 2006 with a trailer, some few images and the full script, Telepool reached a deal for all English speaking territories during the AFM 2007 and was able to screen the final cut version in Cannes 2008. The film was sold in most of the world countries (over 100) and worked very well in theatres in France and Benelux. It will be released in other European countries for Christmas 2009.