

BSAC FILM CONFERENCE 2012



Thursday, 22 March

**THE RUTHERFORD CONFERENCE CENTRE,
76 PORTLAND PLACE, LONDON, W1B 1NT**

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Below is a summary of the presentations given on the day.

Chair's Introduction

Stephen Garrett, Chairman, Kudos Film and Television and Executive Chairman, Shine Pictures

The Chair welcomed guests to the ninth annual BSAC Film Conference.

Stephen highlighted a quote from Steve Jobs, who had grown the most successful business in history, that he felt would be useful to keep in mind over the course of the day, 'here's to the crazy ones, the misfits, the rebels, the trouble makers, the round pegs in the square holes, the ones who see things differently. They're not fond of rules. You can quote them, disagree with them, glorify or vilify them; but the only thing you can't do is ignore them, because they change things. They push the human race forward, and whilst some may see them as the crazy ones, we see genius, because the ones that think that they can change the world are the ones who do'.

Today's conference would focus on how the film business was adapting to change. The business was entering a world where cinemas would be 100% digital, superfast broadband would enable new ways of delivering films and films were available globally across a multiplicity of devices and platforms. The Apple ecosystem was becoming ever more attractive to consumers as the new iPad 3 had an HD screen, which was better than most 40" TVs as well as boasting 3D capability. Change was now happening so fast one could almost see it daily, and maybe some rule breaking and more than a little creative craziness was needed to control it and make it work.

The first session would consider how exhibition was adapting to the new environment, for example, by attracting new audiences with different types of programming by making film watching an event, like live music, and how the business model might change for film. Panels later in the day would examine key industry trends and the ways in which traditional distinctions between forms of media were becoming less clearly defined, and how storytelling across genres was changing. The question arose of what defined a movie? The answer used to be clear: a long form audiovisual story projected onto a screen in a cinema. The introduction of live alternative content to cinemas,

increasingly sophisticated home entertainment systems, 'TV movies', mini-series and series boasting cinematic production values and budgets, meant that the world was now gloriously complex and challenging.

Stephen introduced the first session, which was a regular slot every year, and that informed the discussions over the day. Richard Cooper, Senior Video Analyst, IHS Screen Digest would present on the latest industry trends. The BSAC Business Briefing on the UK Movie Market prepared for this conference had become valued in the industry for the hard data it provided on the movie market. Changes were usually at its heart. Delegates were also provided with a report of three recent BSAC Business Briefings prepared by IHS Screen Digest.

Stephen thanked Time Warner for their ongoing generous sponsorship without which the Conference would not be possible.

Latest Industry Trends

Richard Cooper, Senior Video Analyst, IHS Screen Digest

Richard said the best way to understand future trends was by taking a step back in time. In 2003, the media landscape was much simpler. At that time pay TV subscriptions had accounted for around 45% of the UK entertainment spend, £8.5bn, by consumers. Around a third of the market was accounted for by VHS and the relatively newly emergent DVD. 35mm projection at the cinema accounted for around 8%. The first of the new generation of games consoles was beginning to come to the fore. A tiny percentage of entertainment spend was accounted for by mobile content. By 2007, the entertainment spend had increased by 18% to £10bn. High definition TV was becoming more common and set-top boxes were becoming increasingly sophisticated. VHS had died, and DVD was already starting to diminish in terms of consumer spending. Digital projection was starting to be introduced. The launch of two new games consoles, the Xbox 360 and the Playstation 3 were driving consumer spending in games.

In 2011, those channels were even more advanced. Pay TV was dominated by delivery of high quality images and sound, and set-top boxes had become even more advanced, allowing people to record days worth of movies, not just hours. The launch of Blu-ray Disc complimented DVD, although the segment of the market that that accounted for had fallen to around 17% of total UK entertainment spending at £12 billion. Digital projection had become the norm, which had allowed for the increase of 3D. Games consoles' share of the market had begun to diminish as devices aged. The rise of tablets and smartphones since 2007 meant they had an increasing share of the market. The entertainment landscape was increasingly complex. However, entertainment spending was still rising despite the tough economic climate. UK consumers spent more in 2011 than ever before. Following the peak in spending on DVDs in 2004, consumer spending on movies had been relatively static since 2005. The way consumers accessed movie content was changing. Between 2007 and 2011 the largest area of growth was theatrical, whilst the biggest area of decline was packaged media. The physical rental market had started to plateau so instead of the consistent declines year on year, a level had now been reached where a hard core of physical renters were maintaining the market. There was a balance now between the traditional bricks-and-mortar rental outlets, such as Blockbuster, and online physical distribution companies, such as LOVEFILM. Increases in theatrical spending were being driven by higher ticket prices rather than admissions, which were relatively static. Increases in the average ticket price had gone up in line with inflation until recent years, when the introduction of 3D films had placed a premium on tickets. A landmark had been reached in terms of consumer spending at the cinema: spending had surpassed £1bn in

2010 and again in 2011, in part due to 3D premiums. However, the proportion of the box office made up by 3D admissions had fallen in 2011. Did this mean that 3D was just a passing fad? The answer was clearly no. Of the top 10 films last year, 4 were shown in 3D. The technology was now in place so the success of 3D over the next few years would be dependent on the kind of titles which were made available to consumers. 3D had become a regular experience at the cinema in terms of consumer habit. However, it was yet to move to other forms of movie delivery. The installed base of 3D TVs was incredibly low in the UK, and whilst this would grow over time, it was not expected to drive the physical market particularly. Richard explained that reports of the death of the physical business were greatly exaggerated. He had first read that DVD would die within the next two years about three years ago. The reality was quite different. DVD remained the most popular way of consuming movies. There had been growth in Blu-rays, which appeared to be filling a high end niche in terms of the customer experience. Both of these forms had suffered from a continual decline in the average price since launch. This trend had been broken for DVD in 2011 when the average price rose for the first time, partly due to the increase in VAT, but also there had been a shift in the type of titles that consumers were buying. Consumers were moving away from lower priced catalogue product towards higher priced new release.

Another key area of growth was TV VoD. Unlike cinema, growth in this area was not particularly driven by increases in price. It was driven by greater access to services with increasing subscriptions to the three dominant players in the UK: Sky, Virgin and BT Vision. In 2011, 53% of UK households had access to an on-demand pay TV platform. Over 4.5m had true VoD via Virgin Media cable or BT Vision IPTV, a further 3m have an IP-delivered VoD service (Sky Anytime+), and 5.5m had push-VOD via BSkyB (Sky Anytime). However, VoD was a small component of overall TV viewing. With the decline of VHS and the rise of DVD, consumers' ability to record from the TV had vanished. However, over the last few years, PVRs and DVRs had brought that functionality back to the home. TV VoD was a good indicator of this kind of behaviour.

The final component in the transactional movie environment was digital. Digital retail and rental had shown very strong growth over the last few years. However, contrary to expectations growth had slowed and digital looked set to fulfil another market niche. The market was dominated by three key players with device-based ecosystems: Apple, Sony and Microsoft. Digital subscription sat outside traditional transactional movie viewing. The three key players were Netflix in the US, LOVEFiLM in the UK, and Sky. LOVEFiLM launched their digital subscription service in December and Netflix launched in January 2012. Sky's offering was predominantly open to just their existing pay TV subscribers. Netflix would be fighting something of an uphill battle against the incumbents LOVEFiLM and Sky in the UK, who had stolen the march in terms of exclusive movie rights deals. Sky had deals with Sony, Paramount, Disney, NBCU, Fox and Warner Bros. for the first exclusive pay TV window, LOVEFiLM had StudioCanal for the first window and Sony and Warner Bros. for the second, and Netflix had deals with MGM, Lionsgate and Miramax. In order to understand how digital subscriptions would impact on the UK market it was useful to consider the US, where this had been active for a couple of years. In 2011, subscription VoD (SVoD) became more popular than online free-to-view services and catch-up TV in the US. One of the reasons for this was the way that consumers were accessing content through SVoD services was much closer to the way that they would use a broadcast service, e.g. flicking through channels. If a consumer started to watch one stream and decided to change, it was very easy to switch to another one very quickly at no cost. Views were expected to hit 3.3bn in 2012, which meant that SVoD would start to register quite strongly in the overall US market. Online consumption was set to outstrip physical in 2012 in the US as there would be more digital subscription views than physical rentals and purchases combined. This represented an extremely high level of growth in a relatively short space of time. However, it was important to bear in mind that Netflix had driven this growth from a relatively small subscriber base, 21m digital subscribers in the US, which only accounted for about 1 in 6 US households. In the UK context, rental and rent-by-mail options were not as popular

as they were in the US. In the UK, consumer spending on physical rental accounted for around 10% of consumer spending, in the US it was nearer 40%. The downside was that because Netflix had been converting its subscriber base from rent-by-mail to digital, it had not created a new market for movies but had cannibalised its own subscriber base. An upside was that SVoD would challenge traditional pay TV subscription much more so than it did the paid-for transactional environment. In terms of entertainment spending in the UK in the next four years, total value was estimated to grow to £13bn. Pay TV subscription accounted for 64% of that figure. Blu-ray and DVD would account for about 11% of the overall market. Continued growth in cinema would mean that that segment of the market would be worth more than ever at 11% of overall entertainment spending. New games consoles were expected to launch so that the gaming spend would also increase, as would spend relating to conventional digital platforms. Trends going forward were a continuation of the trends that were already evident within the market, rather than ground breaking new ways to view movies.

Stephen Garrett thanked Richard. He commented on the incredible uptake in digital consumption in the home in the US. What evidence was there that that growing home consumption was impacting the theatrical experience in the box office?

Richard Cooper said that the cinematic experience stood alone and was very difficult to replicate within the home, particularly in 3D. Consumers would have greater access to movie content within the home, but it was the experience of going to the cinema that was a real driver for UK consumers.

Ajay Chowdhury, ComQi said that he was surprised that only 9% of viewing was time shifted and 91% was still watched live in the UK. How did that compare to the US?

Richard Cooper said that in the US the proportion of time shifted viewing was slightly lower. However, the figure did not take into account the time that people spent on their computers, mobile phones and watching package media.

Fiona Clarke-Hackston asked how much the blip in growth in 3D was due to an 'Avatar effect'?

Richard Cooper agreed that *Avatar* definitely had a distorting effect on the data. A blockbuster of that magnitude that was designed to be seen in 3D had brought 3D to the awareness of consumers. The industry had tried to emulate that since, but had found that consumers were becoming more discerning in what they chose to view in 3D.

David Graham, Attentional asked how Richard thought that increasing investment by YouTube in original long form content would impact on the market?

Richard Cooper said that much of the content was ad-supported. In terms of what consumers chose to watch, Google was moving into an incredibly competitive environment, particularly one which they may still struggle to monetise. This would be one of the biggest barriers for them.

Reinventing the Theatrical Experience and Growing the Brand

Chair: Peter Buckingham

Rob Arthur, Managing Director, Apollo Cinemas

Philip Knatchbull, CEO, Curzon Artificial Eye

Fabien Riggall, Founder and Creative Director, Future Cinema

Peter Buckingham said that the IHS Screen Digest presentation had been illuminating in terms of the growing value of the theatrical experience as the DVD market declined. This highlighted how cinema increased its value in a digital age. An adage that applied to theatrical exhibition was that organisations and companies sold drills, but customers bought holes. The industry could become obsessed by the product whereas the consumers were buying something completely different. When consumers went to the cinema, the only thing that they literally bought, except for popcorn, was a paper ticket. What they were buying was the experience and the collateral that they took away was the memory which they shared with others. Cinema, along with live music, was now at the forefront of the experience economy, which was seeing a huge amount of growth. However, one of the challenges that the sector faced was that admissions had been static over the last 10 years in the UK. In some markets, such as Russia, there had been a growth in admissions, due to improved infrastructure, but in older and more developed markets admissions were either static or declining. US admissions had declined from 1.2 billion to 1 billion over the last five or six years. Globally, admissions had declined by 700 million over the last 10 years, from about 7.7 billion to 7 billion. Peter introduced Rob Arthur who would provide a presentation on how Apollo was embracing digital technology and attracting new audiences. This would be followed by a panel discussion.

Rob Arthur said that he had taken over as Apollo's Managing Director in late 2008. Since then, the cinema chain had become 100% digital, with all screens satellite and 3D live enabled. 73% of Apollo screens were 3D enabled. In 2011, box office increased by 7%, admissions by 6%, and 36% of box office was in 3D. Apollo's offer was driven by developments in technology, flexible distribution, new types of content and local demand. Reinvigorating the Apollo brand had provided an opportunity to deliver greater customer choice and to be responsive to local tastes, which was driving greater consumer demand. Apollo operated in market towns, rural communities and seaside resorts, as well as in central London. They had built cinemas in places where other chains had not done and had built an audience for their market in those areas. Apollo offered a broad range of content including film, opera, ballet, music, PS3 gaming and TV events. Currently, delivery on the brand was focussed on the cinema sites. In the future they hoped that innovation and distribution would mean that the Apollo brand could be cross-platform. They had considered incorporating sales of UltraViolet content with ticket sales. However, there were complexities around that. Apollo was innovating with new types of content such as live opera, which sold out across cinemas on mid-week evenings with tickets priced at £15-20. They had done locally specific events, for example, they had sold out all of the screens at Port Talbot for *The Gospel of Us*, where a local working men's club had been used as the setting for the Last Supper. The film had been shot last year and Apollo had become involved at a very early stage.

In terms of trade marketing, they received a lot more support from distribution now across the range with project pictures. *The King's Speech* and *The Inbetweeners* were not expected to be the successes they turned out to be. Virtual print fees could cause problems, but a common sense approach on both of those titles from the operating distributor enabled more people to see those titles on release. Their digital theatre management system enabled them to expand to other screens whereas 35mm would have been far less flexible. It was necessary to listen and react faster than ever as social media and the web held no secrets. They had seen a significant change in consumer

behaviour. Web sales had doubled in the last two years, and they were introducing 'print your tickets at home' for the Easter period, so they expected that number to increase again. Working with distribution support enhanced their performance and brand presence, as well as engaging with communities. Apollo encouraged customers to get in contact via social media platforms and some even formed campaigns to get certain titles on screen. They had worked with Burmese activists for *The Lady* when they started selling out shows, which worked in certain localities, and they fed that information back to distribution. Apollo had previously relied heavily on media listings but they did not pay for listings in local newspapers anymore.

Apollo had hosted live events, including an album launch for Avril Lavigne, the Strictly Come Dancing live final in 3D, which sold out across the nation, and Wimbledon live in 3D. There was a creative opportunity around these events. At Wimbledon, they had served Pimms, strawberries and cream. For Strictly Come Dancing they had provided score cards. This was all from a fledgling alternative content sector with a fraction of the marketing budget of the film studios. However, feature films remained their core business. Apollo screened 260 films in 2011, and they had a disproportionate number of 3D screens which had kept demand for 3D high. They were seeing growth in the value generated by their marketing spend, their advertising value was £500,000, which was about double their actual advertising promotions budget in cinemas. Making an initial investment in the digital projection and 3D capacity meant that, as frame rates sped up, 3D library became more widespread and satellite content distribution increased, they did not need to overhaul their business again. As they grew and refurbished their sites the focus was for sites to develop into spaces that were enjoyed, not just passed through. They were designed to accommodate a variety of customer types enjoying a varied offer. How Apollo behaved as a business was also important. Socioeconomic impact in the local community could be dramatic. At their site in Rhyl, they had seen a 65% growth in box office since reopening in August 2011. It was important for them to remain locally relevant and behave as a responsible business.

Peter Buckingham thanked Rob and invited Philip and Fabien to the stage. All three panellists were leading transformative experiences in exhibition and distribution companies in various ways. Curzon Artificial Eye was comparatively unique in having a strong distribution brand and a strong exhibition brand. He asked Philip how those brands were managed and how this impacted with consumers?

Philip Knatchbull said that Curzon Artificial Eye's (CAE) long term strategy owed much to what Steve Jobs had done with Apple. Jobs had understood that the right distribution system was needed for a premium product. One could compare cinemas to Apple stores. Philip was attempting to create a content-led business through the distribution side, and cinemas were a means to an end, a shop window to position the product to appeal to consumers. Cinemas were entertainment venues in which alternative content would play an increasing part in the offer. Film would continue to be a big offering, certainly within Curzon the brand was everything. He intended to apply the Apple approach to Curzon with 25-35 physical Curzon venues and 15-20 Curzon On Demand platforms, which would be the home cinema element. The public cinema and home cinema brand should be synonymous. The difference between Curzon and its competitors was that Curzon was small and niche, and it was connecting the home cinema experience with the public cinema experience in its venues. The consumer was able to decide when and how they consumed the product. Eventually, it would make sense to drop the words 'cinemas' and 'On Demand' so that the brand would just be 'Curzon'. The only way that this would work was if windows disappeared. As a distributor, CAE could make the first move in that direction as the company owned its own cinemas. They had worked with BSkyB releasing five films day and date on their platform. The figures indicated that this had encouraged cinema going for the type of films that they showed, and that this did not have any impact on the box office. In tandem with this, Curzon had begun a franchise model to create new stand alone stores to extend the Curzon brand beyond the M25. Curzon would not operate or

manage those venues but offered a 'flight case', which included a digital projector, programming opportunities and the brand. This meant that in local communities, part-time venues could be provided with additional offerings for film and alternative content. Having launched in January, three such venues were already up and running and nine were expected by the end of the year. A lot of interest was being generated very quickly due to the ability of digital technology to reach rural parts of the community that otherwise would not have access to a Multiplex or independent cinema.

Peter Buckingham asked where the Artificial Eye brand fitted into the Curzon brand?

Philip Knatchbull said that there should be only one brand in the company and it should be the consumer-facing brand that represented a premium offering of independent cinema and alternative content which consumers trusted. The brand stood for a point of differentiation to the multiplexes and a curation of a certain type of movie. LOVEFiLM and Netflix had 40,000 to 50,000 movies on their services. Curzon would have no more than 300, and they would be curated from the best films that were showing in their cinemas. Increasingly, all the films that they released would be released day and date on the Curzon home cinema platform, and on the Curzon public cinema platform.

Peter Buckingham said that Philip had mentioned one of the key issues to be addressed in this session, that of providing an experience which was a counterpoint to the multiplex experience. He asked Fabien Riggall to explain the Future Cinema offer.

Fabien Riggall said that he had set up Future Shorts, a pop-up film festival, in 2003. He had wanted to attract audiences that were going to music festivals and concerts but were not going to the cinema and also to allow filmmakers to build an audience beyond the 'industry' audience. Future Shorts combined film with live music and DJs, so they attracted audiences who were going to live music and started building a community of people who wanted to see films in unusual places, for example in music venues like 93 Feet East or The Arches in Glasgow. Future Shorts had now had over 360 screenings in 62 countries with over 30,000 people attending, and an online community of 3 million. Future Shorts had built a loyal fan base which had allowed the company to branch out into more unusual events, and to launch Future Cinema. The aim of Future Cinema was to take film out of the cinema and turn it into a live experience, combining film with music, performance and other areas. The latest project was Secret Cinema, which started with the title *Paranoid Park* taking over an archway in London Bridge and turning it into a skate park. The audience came dressed and were treated as if they were skaters, and police investigated them for a murder that one of them had committed. The latest Secret Cinema event had been *The Third Man*, which had been attended by over 19,500 people for £40 a ticket. It beat *Melancholia* in terms of audience figures with a film made in 1949. Audiences bought tickets to these events because they were interested in taking part and feeling more connected to the culture that they were experiencing. This involved dressing up, bringing props, and meeting at strange locations. Audiences were opening themselves up to another way of watching films. It was interesting to consider how to transfer the lessons learnt through Secret Cinema, building demand for a film through social media and the prospect of an unusual experience, to building a much bigger interest in a film before it was released, through staging experiences, flashmobs, etc.

Fabien said that the company had several brands which needed to be worked into one. Future Cinema was the overall brand, Future Shorts was the festival, Future Cinema Live created live experiences around films such as *Top Gun* and *The Lost Boys*, Secret Cinema, and The Other Cinema, which was an initiative to show one film a month on the same day in a global network of pop-up cinemas in local communities. The aim of The Other Cinema was to counteract the disappearance of local cinemas and to create a communal cultural space in local areas, in addition to the multiplex and the art house cinemas. Future Cinema had done their first partnership with The Troxy taking over all of the cinema related activity at the venue. The Troxy had been one of the

great picture palaces of the East End and had opened with *King Kong* in 1933. It had then become a bingo hall, a church and finally a music venue. Future Cinema had launched with *Brief Encounter* at The Troxy on Valentine's Day, everyone was dressed as a character from the film, including the security guards who had now been trained as actors. They had sold about 7000 tickets in one week for £20 a ticket. They had also recently launched Secret Restaurant, creating an experience which was another way of expanding the movie-going experience with the idea of food.

Peter Buckingham said that Bryan Appleyard had written an article for the Sunday Times recently detailing the phenomenon of the 'real cinema experience', for example, local cinemas offering a range of content in an 'event' style, or offerings such as Secret Cinema, which Appleyard saw as a push back against the multiplex experience. He asked Rob how Apollo defined itself within this spectrum, how was its offering different to the multiplex experience?

Rob Arthur said that London had a very strong market in its own right, whether that was multiplexes or art house cinemas. Outside of London in some regions, the market was narrower and it would be difficult to open an art house cinema. Encouraging more people to go to the cinema was a good starting point, and then trying to expand the offering. Apollo supported smaller local independent cinemas by offering them equipment when the company went through the digitisation process, and they were keen to see that footprint expanded. As a Scotsman, it would be amazing if the Outer Hebrides, the most remote parts of the UK, could see a first run movie, day and date with the west end of London.

Philip Knatchbull said that when they had soft launched Curzon On Demand in 2011, the first person that ever bought a film from the service was in the far north of Scotland and it was a British film called *In Our Name* that had had a limited theatrical release. Philip's reaction had been that the industry needed to stop thinking in silos, and to start thinking cross-platform, because theatrical was simply one small part of the offering.

Peter Buckingham asked how Rob viewed the multiplex, and whether the industry needed to reinvent itself? There had been attempts to reinvigorate the multiplex experience, for example, the Odeon at Whiteleys had introduced a dining experience with top chefs linking in perhaps with the pop-up food phenomenon.

Rob Arthur said that some press coverage of Apollo had cast the offering as 'anti-multiplex'. Rob thought that the multiplex was a great business model. However, personally, he did not think it offered the best type of theatrical experience and he believed that audiences were looking for something else. The multiplex experience could be quite unfriendly and did not satisfy what he believed to be the true element of cinema, which was community experience and discovery. Taking Secret Cinema, for example, 19,500 people were buying a ticket without knowing what they were going to see. It was all about the event and the experience, which was at the root of how cinema began.

Peter Buckingham said that this had implications for distribution, which was buying into 'event' culture in order to be heard over the enormous noise of other stuff.

Philip Knatchbull agreed. His company were releasing a Luc Dardenne film called *The Kid With The Bike*, which would be available on Curzon On Demand and in five of their cinemas. The cinemas would be dressed and there would be an exhibition. They were creating a cultural launch pad.

Lavinia Carey, British Video Association said that she was pleased to hear discussions about multi-channel consumption of content and a mixed economy. This was something that the video

industry had been living with for a long time, and was loathe to discuss DVDs declining as other areas grew. It was important not to think in silos. She had thought that it was not possible for the film industry to provide the kind of event that the music industry did so, this was fantastic as it would appeal to new audiences and improve the experience of watching movies. She asked if calculations had been done in terms of the impact of offering on demand or UltraViolet opportunities with selling a film ticket? Would such a proposition cannibalise existing revenue or would it expand and build on incremental revenue?

Philip Knatchbull said that they had released five films simultaneously on Sky Box Office and in their cinemas day and date and the numbers were double what Sky expected. Curzon had charged £10 a ticket. Studios could spend hundreds of millions marketing a movie, independents could not. Sharing the cost with a partner, as Curzon had done with Sky, who had cut their own trailer and cross-marketed the films on their platform, encouraged people to be aware of films they might not otherwise be aware of and come to the cinema. Another issue was windows, creating demand and then having a three month long exclusive window did not make sense for some films and encouraged piracy. As a business, Curzon was trying to change that model.

Rob Arthur said that Apollo had had discussions with studios on UltraViolet. It would be great for Apollo, as in some of the communities they worked in it was difficult to find a range of films available in the shops. This was a chance to eradicate piracy as far as possible. Consumers would buy the digital rights for films with a very dedicated fan base, as they would want to see it more than once. Similarly, for a film such as *Inception*, which had a complicated plot, selling the digital right with the cinema ticket would be a good proposition. It made sense for cinemas to further monetise the desire of audiences to see films from the point of first sale.

Josh Berger, Warner Bros said that he had also found the discussion heartening. However, it would have been helpful to have a representative of a multiplex on the panel also. He asked Philip, if he became the owner and CEO of the Odeon Cinema chain, for example, how would he change it?

Philip Knatchbull said that he had made a bid for Odeon Cinemas, in 2004 and had been outbid. His plan would have been to discuss with the studios about becoming a distributor as well as an exhibitor. He thought that there would be half the number of screens there were at the moment in about five to ten years time. There were people who would prefer to watch films at home in a home cinema environment. The industry needed to start thinking about what that meant in the long term. Exhibitors were building three screen multiplexes in town centres. He would try to get out of the siloed way of thinking into an integrated vertical way of thinking.

Jonathan Olsberg, Olsberg SPI asked about the demographic of the panels' consumers. They had three quite different, but somehow connected, offers. How much overlap was there between their demographic of consumers?

Philip Knatchbull said that there was snobbery in the UK about what constituted a lover of independent cinema and a lover of mainstream movies. He was not quite sure what Curzon's demographic was, but he knew they were lovers of films and that they had disposable income. They wanted an alternative to multiplexes and were older than the average cinema goer.

Rob Arthur said that they had run demographics on each of their sites and they could see that there were different film selections in different areas. The films consumers chose to see in Leamington Spa were very different to those people chose in Barrow-in-Furness or Burnley. This was a matter of common sense. Apollo was mostly in suburban areas and one section of the demographic they struggled with was 15 to 24 year olds. This was an underlying problem for the entire industry and

needed to be addressed. In suburban areas, exhibitors had to work around the fact that young adults left the area to go to university in the city, and then came back to form families in later life.

Fabien Riggall said that because Secret Cinema was secret, their demographic was early adopters and discoverers. It was quite a hip crowd but it was growing. He was interested in a much bigger audience. Future Cinema had done a partnership with the ENO showing *Diva* at the Coliseum, because of that they now had a much older audience of opera lovers. He was surprised that they enjoyed the experience which was not the traditional opera experience. Going back to Josh Berger's question about Odeon cinemas, if he was in charge, he would put in new seats which were reclineable and turn it into a night club after the films had finished. One could also play live music to the films. This would attract new audiences.

Jane Wright said that Arts Alliance had shut down its alternative cinema distribution department. She asked the panel where they acquired their product? Was there a need for more alternative content distributors?

Rob Arthur said that he would like to see the TV channels take more of an interest in distribution. When the BBC worked with them on *Strictly* they had sold out in areas due to the promotion. The operators could do more themselves.

Mr Knatchbull said that Curzon would consider any kind of alternative content.

Fabien Riggall said that they were interested in putting films into unusual buildings. They would like to work with football stadiums showing films.

Embracing Change

Chair: Marc Samuelson, Deputy Chairman, BSAC

Josh Berger, President and MD, Warner Bros. Entertainment UK, Ireland and Spain

Michael Comish, CEO, Blinkbox

Mark Herbert, CEO, Warp Films

Peter Naish, Senior VP, Distribution, Exclusive Media Group

Ben Roberts, CEO, Protagonist Pictures

Marc Samuelson said that the panel would provide some different perspectives on the changes that were occurring in the industry. He congratulated Ben Roberts on his appointment as Director of the BFI Film Fund. The value chain was moving, and new SVoD services were having some impact. He asked Peter Naish for his perspective, given that he looked after the Exclusive Media library in North America, where these services were ahead of the UK.

Peter Naish said that the Exclusive Media library included the Hammer library, which was the Hammer House of Horror, but also a library of about 250 films where they had North American rights mainly, including titles like *Memento*, *Whale Rider*, *Donny Darko*, and *Downfall*, alongside some relatively weak titles that would have been made as straight to video titles. Their experience had been interesting in that a lot of the titles were 10 years old at least, so they represented the long tail. Many of the titles had done very little in the DVD market for the last two or three years, so the arrival of Netflix in the US presented an opportunity. In doing a deal with Netflix on a big package of films, they found that they could achieve an uplift in completely non-performing titles, so there was definitely an increase in revenue. However, this year there had already been some

rationalisation. Netflix and Amazon were beginning to cherry pick rather than take everything. Whereas in the past, there was quite a long life on video, now smaller titles were of less value. Exclusive Media were finding that they could still work the big titles but there was a question around the smaller titles. Hulu had two services: one was a subscription model, the same as Netflix; and one was an online service supported by advertising, similar to watching a movie on a commercial broadcast channel. They had experimented with this service by putting seven relatively weak titles onto Hulu. They were pleasantly surprised in two months they had 225,000 views on Hulu of the seven titles, which equated to \$20,000 of income, which was a share of the advertising revenue. There was no licence fee up front. Generating revenue from titles that were doing nothing on DVD meant that there was a market here. Bigger titles were in demand on bigger services such as Netflix, and smaller titles could be put on free services, such as Hulu.

Marc Samuelson asked if Hulu was curated or whether consumers just had to search through the site?

Peter Naish said that it was not really curated except that they put all of a company's titles together. They had discovered that if a film was promoted on Hulu's masthead, or was put in 'Hulu Recommends', there was an enormous jump in views. When a film was promoted, there was a jump in traffic to the Exclusive Media page which created a doughnut effect as consumers tried other films on the page. Therefore, views for titles that were not promoted increased when one title was promoted.

Marc Samuelson said that Warner Bros. had a gigantic library of film and TV programming, he asked Josh Berger what impact the emergence of Netflix and LOVEFiLM as an online service had had for Warner Bros. in the UK? How had that impacted on the economics of the exploitation of their films?

Josh Berger said that it was a bit early to see what the impact was on the marketplace. The emergence of Netflix and LOVEFiLM was certainly positive, if for no other reason than it was creating different price points and competition, which was not a bad thing for distributors and producers. In the sports market, Setanta had challenged Sky and failed because the market could not sustain it, and the product offering could not create a profitable business. LOVEFiLM already had a business and were savvy operators. Now they were owned by Amazon which was a very impressive company, not just in this market but globally. It seemed that Amazon intended to build an SVoD company that would be very competitive. Warner Bros. had done a deal with LOVEFiLM for the second pay TV window, which encompassed quite a lot of library content. In order to build out the service, there needed to be a quantity of movies of a certain quality to attract consumers. BSkyB were also responding to that competition, as one would expect, which should be a good thing for consumers and for producers and distributors.

Marc Samuelson said that it had long been a complaint from independent distributors and producers that Sky Movies had not needed the product from independents because they had more than enough films to show, mainly from the majors. This had led to cherry picking the major independent titles.

Josh Berger said that the advent of Netflix and LOVEFiLM on the independent British film scene had been the single biggest event for as long as he could remember. It had thrown an enormous amount of liquidity into the market and had re-energised that sector. This was important as the earlier IHS Screen Digest presentation had shown that subscription pay TV was the biggest piece of the pie and the fastest growing. It was important that that was a vibrant market for producers.

Marc Samuelson asked about advance payments associated with the SVoD model, which was where consumers made a monthly payment for all-you-can-eat movies, which was the channel flicking concept that was alluded to earlier. He asked Josh whether an advance was paid for a particular film for a particular window on a service, regardless of how many downloads there are subsequently, or was the payment system more complex?

Josh Berger said that there were several different ways that subscription rights were acquired, either through some form of a variable fee based on a number of subscribers, a cents per subscriber (CPS) deal, or a form of a flat fee. Certain operators had preferences for one or the other deal and the deals varied depending on the company that one was dealing with.

Marc Samuelson asked how the Warner Bros. deal with Sky Movies affected the deal they had done with LOVEFiLM, and vice versa?

Josh Berger said that they sat alongside each other. This went back to the issue of exclusivity, windows and the value of rights. Sky had built their business on exclusive rights for years and their advertising emphasised this. He thought BSKyB deserved credit for the business that they had built as it was probably the most impressive pay TV platform globally. They had rolled out a lot of channels and it had benefitted parts of the film industry enormously. Warner Bros. had a first pay TV window deal with Sky, which would be with them for a length of time, depending on the deal. When that deal finished, the movie would go into the second pay TV window deal. Sony and Warner Bros. had second window deals with LOVEFiLM, exclusive or non-exclusive depending on the arrangement. A movie would be in the theatrical release window for four months, then it would go to DVD, VoD and electronic sell through (EST) for a number of months, then the subscription physical video rental window, otherwise known as the LOVEFiLM mail rental business in the UK, and then to the first pay TV subscription window, the Sky subscription window, which was where most of the studio product sat exclusively, and then in that same window Netflix and LOVEFiLM for independent movies in an exclusive window. Finally, the movie would enter the second pay window, predominantly Netflix and LOVEFiLM, seeking to make that window as long as they could so they could gain critical mass in terms of product. The movie would then go to free television and the basic channels, which were an increasingly important part of the ecosystem. Free and ad-supported TV networks in the UK were airing fewer and fewer films and putting them on more obscure channels, which meant that the fees were affected as a result.

Marc Samuelson asked Ben Roberts about his experience selling films in other markets outside of the UK and US in this respect?

Ben Roberts said that changes in the pay TV space were not having much impact outside the US and UK at the moment. Protagonist's experience had been selling a lot of festival-driven independent films internationally, and the prominent market where that was having a significant positive impact on their ability to sell rights to challenging films was the US. Ben's conversations with distributors in France, Germany and Australia were that they were behind the UK and the US. There was a distinction made between the kind of VoD business that they had been doing in the US, and SVoD deals that had been done in the UK. In the US, Weinstein company had formed a VoD label called Radius, which was the key engine behind any competitive auction over independent film rights in the US. What they were seeing was a completely different type of windowing, where Magnolia and IFC were putting Protagonists films on VoD at the same time, or ahead of, the theatrical release. The resources to reach audiences across the US with a traditional P&A and theatrical spend were not available. This was a distinct and different model to the SVoD service in the UK. It provided data which was the equivalent of an admission. They received statements from distributors stating exactly how many people had downloaded *Kill List* on VoD in the US and anecdotally, where. Interestingly, views were just not in the obvious coastal theatrical markets. The

predominance of transactions on VoD in the US for a lot of their films had been in the Mid West or in the smaller or industrial towns, where there was not the theatrical marketplace for independent film. This may also be true for the UK and international territories. The challenges with the Netflix and the LOVEFiLM services in the UK were whether they would enable the industry to analyse success through views. The European model was about judging success by admissions. A lot of independents now benefited from a minimum guarantee, which was great news, however, if that was going to take the place of theatrical admissions to some degree there needed to be a way of measuring success. Knowing that 200,000 more people had watched a film at home as opposed to in the cinema was an important piece of tangible data. It had to be possible but was harder to extract, from some services such as Sky, in terms of ratings, for example.

Marc Samuelson asked whether the gap in traditional distribution of independent film had been repopulated by VoD driven distribution? Magnolia were linked to Landmark Cinemas and IFC had their own cinemas. Was that the level of theatrical release one could expect?

Ben Roberts said that when they released *In The Loop* with IFC they had done a premium VoD release and then a theatrical release, and the film ended up on about 250-300 screens in the US, which went well beyond IFC cinemas.

Marc Samuelson asked whether Ben thought that the increasing financial importance of VoD services in the value chain would put massive pressure on windows, particularly outside of the studios?

Ben Roberts said that he thought it was necessary to challenge exhibitors in the UK to support films with sufficient screen space and seats as the film required. The independent circuits had a limited number of seats and screens and there were a lot of independent films fighting for those spaces. If cinemas could not support the independent industry on every single film, they needed to accommodate different methods. Maybe this affected their deal on a particular film, it became a negotiation. In the US, there had been a massive injection of confidence in independent film as new audiences were appearing that would never have gone to the cinema to see these films. The market was in individual downloads so it was easy to see what they were. This threw up issues as IFC had said that the title of a film could make a huge difference. For example, cable VoD was still alphabetised. LOVEFiLM and Netflix branded by genre, however, what was missed with VoD as opposed to theatrical or DVD was the impact of point of sale, the marketing and packaging of the movie. It was not clear where the point of sale was in going straight onto VoD. These services offered a new opportunity for independent producers and filmmakers, however prominence was a big issue.

Marc Samuelson said that Warp had created a brand as a significant production company with a steady output of quality films which was unusual in British film industry terms. Were they making more money now or was it too early?

Mark Herbert said that it was Warp's 10th anniversary this year. One of the key things in their mission statement from Mark's perspective was to increase awareness outside of the industry linking Warp to the films they produced. Going into a record store, a consumer was unlikely to know that the DVDs on the shelf, such as *Tyrannosaur*, *Kill List*, *Snowtown* and *This Is England '88*, were made by the same production company. The 10th anniversary seemed a good opportunity to do that. The company was starting to use Twitter and Facebook to help people connect those dots. However, one problem was that their films were being sold by different distributors. Warp had 18 BIFA nominations but there were so many companies professing how many BIFA nominations they had that it was easy for the public to become confused. Was it a StudioCanal film, a Warp film or a Film4 film? Warp now employed a member of staff full time to engage the public through

social media. Mark's goal was to be able to sell directly to Warp's audience as they thought they knew who that audience was. Doing the *This is England* series' on TV had created a mini brand within Warp, which was probably bigger than Warp Films. Companies wanted to associate themselves with the *This Is England* brand: their sponsors included Doctor Martin and Fred Perry. Creating Warp as a brand was difficult, as if a Warp boxed set was created it would make StudioCanal a lot of money, but Warp would not see a lot of the revenue. They had the benefit of an incredible relationship with Film4. They had had a first look deal since *Dead Man's Shoes*. There was a strong Warp presence on Film4 and 4OD. Finding a direct route to their audience would be extremely beneficial. Justin Kurzel, the director of *Snowtown*, had been frustrated when the film was released in the US as it had not received the care and attention it needed in order to bring it to an audience. It was a very difficult film, but it was multi-award winning, and it had had a very small release and been branded as just a serial killer film.

Marc Samuelson asked Michael Comish how Blinkbox was curated? Did they take all new releases and all archive movies that were likely to make money? Could Blinkbox be a platform for brands such as Warp, for example?

Michael Comish said that Blinkbox was at the front end of pay TV windowing, after theatrical and before Sky. Consumers had to pay for individual films, rather than an all-you-can-eat model such as the LOVEFiLM offer. In terms of curation, most customers came to Blinkbox for latest release blockbusters. The blockbuster model was not changing. On everything else in terms of windowing there was likely to be a fair amount of movement. Blinkbox offered blockbuster releases and then pulled together collections and lists of other content. They could certainly establish a way of navigating a company like Warp as a brand. However, it would be difficult to attract customers to it as this was a world where there were typically 10,000 titles to choose from, so the title of the movie tended to be much stronger than the producer or distributor. Michael said that the IHS Screen Digest presentation had not covered the profit that the market generated and who shared it. Half of the DVD rental market had already moved across to digital, which was why local video stores had closed down. The reason there was so much action in the market, with LOVEFiLM, Netflix and Sky launching on-demand services and Tesco buying Blinkbox, was because £2bn was moving from physical to digital. The question was whether as happened in the music industry, piracy would ramp up, or people would be happy to subscribe to these services? The issue with the subscription model was that most of the money went to the distributor, not the rights holder or the studio, because it was a highly concentrated distribution market.

Marc Samuelson said that there would be three major players in the market with the emergence of LOVEFiLM and Netflix competing with Sky.

Michael Comish said that in the DVD market there were many more players.

Josh Berger disagreed that a large number of players in the market meant a better deal for the rights holder. A high level of competition for the DVD market had led to a huge amount of value destruction because of the pricing down of DVDs, which had not been good for the industry. If competition was for exclusive rights that would be fantastic, but the DVD business was about shelf space and it was commoditised to some extent.

Ben Roberts said that changes in the market were giving rise to new discussions on rights definition with distributors. Protagonist negotiated on behalf of the producers with the distributor who would then negotiate with Netflix, for example. This gave rise to new terminology that needed to be clarified. For independents, SVoD had replaced TV, but it was very difficult to achieve a TV level of fee from the distributor as they still classed it as video, which was a very different royalty split. In the US, one could argue that VoD had replaced a lot of the theatrical business, which was a

different fee. Some agreement and standardisation was needed over what these rights constituted and how the revenue should be shared. He thought it was difficult to argue as a distributor that SVoD was replacing the pay TV right, but then paying a video royalty on it.

Mark Herbert said that he felt that the proportion of DVD revenue paid to a distributor was fair as they performed a clear role in building the film's success in terms of marketing. However, if the film was solely released on VoD the role played by the distributor was much diminished so the percentage of revenue should be less. In this environment, it was important to find ways of experimenting with the desire to own content, and exploiting that to sit alongside the VoD market.

Marc Samuelson summarised Ben's argument that SVoD was a channel like a television channel which provided unlimited views and so ought to be paid as a licence fee, whereas VoD had traditionally offered no advance but a percentage of the revenue from views. The audience was built by investment in P&A and fractional release. However, these deals were not happening in reality?

Ben Roberts said that setting up deals involved a re-negotiation every time. Each distributor had a different perspective and was setting new precedents. Discussion was needed about where the rights were and how they were treated.

Josh Berger said that VoD was just digital technology's answer to video rental. Customers used to go to Blockbuster, now they rented a film electronically from an EPG, which was better for the consumer as it was more convenient. The VoD business was also better for the distributor, and therefore for the producer, than physical by quite some margin as there was no cost associated with it. Some of the deals that were being done in the VoD space probably had a higher margin than deals in any other space. The problem with VoD had always been that consumers did not take it up at the levels that anybody was hoping. VoD was constantly five years away from taking over the film industry as one of the biggest sources of revenue. VoD was settling into being what video rental was after it had settled down after the initial spike due to competition in the market. SVoD was very different to VoD, as it was a different window. The subscription business had been incredibly successful and had created a lot of value. He agreed with Michael Comish's point that previously the business had been a monopoly with Sky retaining much of the value. The way that distributors extracted value for their product in this market was based on competition. It was currently a good time to sell a package of movies to any subscription service because as there was competition, there was more money available than there used to be.

Ben Roberts agreed that there was a competitive market for selling into those services. However, the issue was the share of revenue between the producer and distributor in the independent space.

Rebecca O'Brien, Sixteen Films said that it was clear why there was a need for public money to produce films in the UK. Sixteen Films had produced a boxed set of Ken Loach's films by buying the DVDs from all of the owners, and then re-packaging them and putting them in a box. Rather than buying the rights, they bought the discs and re-packaged them as the rights were so complicated. This had enabled them to make some money from it.

Lyndsey Posner, Independent Talent Group agreed that competition in this market had meant that distributors were mitigating their risk. There was no trickle down to the producers.

Fabien Riggall said that Mark had spoken about how to build a bigger brand. From his perspective, he thought creating more experiences and events before the film was released was a good way to build up a community and an audience for a Warp product. Warp had prestige amongst a specific audience but, to build a bigger audience, creating more events would help. He asked the panel for their views on Facebook's plans to start streaming films through their platform?

Mark Herbert said that Warp had done events in order to build audiences, for example, for *All Tomorrow's Parties* they had put donkeys in the cinema and created Butlins in Edinburgh. However, the problem was the money to put on events. In order to get an independent film made one had to give up the rights before it was made, this made it difficult to put enough energy and effort into a release. What Sixteen Films had done with the Ken Loach boxed set was amazing and as an independent producer, in all seriousness they would probably make more money out of T-shirts this year than DVDs. They were making some *This Is England* branded T-shirts. As producers it was important to be more creative with what they were selling.

Marc Samuelson asked Josh Berger about Warner Bros. experience streaming films on Facebook?

Josh Berger said that users of Facebook convened around likes and communities, such as specific films, genres of films, or companies. For Warp, for example, the Facebook space could be extremely valuable to finding their audience. Warner Bros. were the first company that did a deal with Facebook to stream a film, *The Dark Knight*. The deal had received a lot of attention in the US in particular in the business press, as a new innovation in the distribution of film. They embraced such innovation, as the problem with online distribution so far was that about 90% of activity was illegal. If Facebook was a way to encourage hundreds of millions of people to value film and experience it, either by renting it, buying it or even through subscription, that could be very exciting for Warner Bros. and for the industry in general.

Marc Samuelson asked Peter Naish if there was going to be a Hammer channel?

Peter Naish said that they had recently signed a deal to create a global Hammer Channel using one of the global platforms. It had been a considered decision as such a move meant an inevitable loss of control over the content to some degree. The content would be curated with a mix of paid-for content and a mix of 'pre-content', for example, specials. They had worked on restoring the Hammer titles going back to the original negative and producing extras. The idea was to curate a channel and tie it with Blu-ray releases of the restored titles. It was amazing that with 50 year old titles, they were planning to do some windowing between Blu-ray, paid-for online and free online.

MUBI – The online cinema community for people who love film

Facilitator: Bertrand Moullier, Narval Media

Efe Cakarel, Founder and CEO, MUBI

Bertrand Moullier said that MUBI was a platform that was also a recommendation engine. It was a community, which attracted a loosely defined category of the 'movie geek'. Discussions had been had earlier in the day about the quantum difference that the arrival of the large players in the online movie universe into the UK had created. MUBI was building itself into a niche player.

Efe Cakarel said that every type of content ever produced would soon be available instantly on any device. This changed the rules of the game and an entirely new ecosystem was being formed concerning how content would be discovered and consumed. To understand this one had to consider the most popular users of the internet in Asia. The average age in Asia was much younger than in Western Europe. The average broadband speed was much faster: in Japan it was 63 MB per second, in Seoul 43 and in London 4. This made a big difference in the way that one consumed media on connected devices. In Asia, there was a healthy disrespect for copyright: everything was available. Efe had been sitting in a cafe in Tokyo about five years ago and had wanted to watch a movie. He

had his laptop and a fast internet connection, but there was not a single platform that allowed him to watch a Wong Kar-wai film, *In the Mood for Love*. Film was a \$102bn industry, 52% of which was home video, almost entirely DVD and pay TV at that time. However it had been obvious that this would shift to delivery over the internet to connected devices. This was the beginning of MUBI.

The platform had launched in 2008 and had grown quickly. MUBI was never a place where one just watched movies, it was a place where one interacted with film. It was a community where one could rate films one viewed and share them on Facebook. Efe had realised that the laptop was not necessarily the right place to watch long format premium media. Many people still watched most content through their TV so that had to be the next move for the company. However, as many people had bought HD TV's, the take up of connected TVs had not been as fast as they had thought as people did not replace their TVs that often. Instead, in 2009 they had approached Sony about a partnership. MUBI had partnered with Sony and built an application to watch movies on the Playstation, which was launched about 14 months ago in 18 countries, including in Europe, Asia Pacific and Japan. Within about three months, more than a million people downloaded the application. VoD had never been about technology, people had been trying this since 2001 and most who had tried so far had failed. There had been a change in consumer behaviour. Netflix had gained more subscribers over the past quarter than they had gained in the first eight years of their existence. Sometime over the past year, consumers in the US had stopped driving to Blockbuster when they wanted to rent a movie, and had started using their connected devices at home. MUBI had experienced significant growth over the past couple of months. As a result of growth in the past year, the platform had caught the attention of the connected TV manufacturers. They had just done a deal with Sony Bravia to have MUBI pre-installed with every Sony Bravia TV sold in 58 countries in 2012. MUBI was quietly building one of the most significant distribution platforms in the world for film. They did not focus on every film, they were opinionated about quality films.

Bertrand Moullier thanked Efe and asked what content was on the platform? From his experience, it was very broad ranging: one could watch a restored version of *Metropolis* or the latest restoration project from Martin Scorsese's World Cinema Foundation. There were also recent independent titles. He asked Efe whether, in order to succeed in business terms it would be necessary to purchase or pre-purchase rights on an exclusive basis to new independent films, or could a business be made out of secondary or tertiary windows showing heritage films?

Mr Cakarel said that a breadth of content was needed to create a business, which meant big titles and new releases, as well as archive. Even people who loved film watched no more than two films a week. The primary ways that consumers were brought to watch a film was through heavy marketing or through recommendation from someone whose taste they trusted. It was therefore very important to be able to show the relevant films that people talked about. Acquiring rights was challenging currently, but as the market matured and began to generate more revenue they would certainly be in the business of acquiring rights.

Bertrand Moullier asked Efe why he thought that the UK was not a dynamic growth market? Slow broadband had already been mentioned.

Efe Cakerel said that the UK was a very challenging place. MUBI was a global platform so he was looking at significant data to decide where to grow the business. They had more than four million users on the platform currently and this was continuing to grow rapidly.

Bertrand Moullier asked, of the four million users, how many had bought a subscription?

Efe Cakerel said that a certain percentage of users were converting to paying subscribers with access to the entire library. However, they had done collaborations with festivals and were able to

show films for free. They had more TVoD users than SVoD. More than 200,000 people every month were paying to watch films on the platform. The UK was challenging for four reasons. Firstly, new releases were not available to platforms such as MUBI for a number of years after theatrical release, due to the dominance and strength of pay TV in the UK. Secondly, rights owners in the UK were very conservative, and had not embraced the new wave of watching films, perhaps as some had overestimated the short term impact of VoD. Currently, the UK was underestimating the long term impact of VoD. Thirdly, the UK's infrastructure was not good enough. Efe lived in central London and could not watch a film in HD instantly. The final reason was something he would explain later in the discussion.

Bertrand Moullier asked Efe about the added value of MUBI as a community of film fans? Bertrand thought that the social aspect enabled fans of the platform to engage with each other and become quite passionate about what the platform should be. For example, when the deal with Playstation had been done, there had been some backlash against a perceived 'selling out' to populism by some users, whilst others had defended the platforms need to make money in order for it to continue to exist.

Efe Cakarel said that comment was key and he had already alluded to the power of recommendation, which was increasingly happening online. As opposed to a traditional network such as a broadcast network, with technological advances consumers were now relying on an audience network to decide what to watch when content was available at any time anywhere. An audience network constituted a celebrity that had 300,000 followers on Twitter, a movie on Facebook or ones friends on MUBI. It was becoming increasingly expensive to reach the right audience for a film as platforms multiplied. A decade ago, everyone read the same newspaper and magazine, and this allowed the targeting of an audience with a very specific message. The studios used to produce 300 films a year five or six years ago; in 2011, they produced 120. They were making fewer films with bigger budgets that appealed to the mainstream that they could target. This was a significant trend. MUBI was the first in-game app on Playstation that connected the users account with Facebook. Facebook provided a multiplier effect as, if 10,000 people watched a film on Playstation, a contextual story would appear on all of their friends feeds, so that reach was multiplied and became very significant.

David Graham, Attentional asked what the fourth reason was that the UK was a difficult market? Also, Efe had suggested that the main obstacle to VoD becoming pervasive was a technology obstacle that for a large number of people it was still difficult to stream films in their homes. Did he agree?

Efe Cakarel said that the fourth reason that the UK was a challenging market was that there was a lot of competition in the UK currently. Big media companies believed in the potential of this market in the long run, and they were willing to pay more than was economically feasible for content at the moment. The amount of money needed to pay for a studio film in Scandinavia was about 10% of what one had to pay in the UK. Like the UK, Scandinavia was an attractive market in aggregate terms, with the same number of households and social media, a savvy audience and a high propensity to pay online. Big players, such as Amazon and Netflix were willing to spend hundreds of millions of pounds in the UK over the next couple of years in order to gain market share made things difficult for other players. In terms of the technological obstacle to VoD, there were three issues associated with streaming. Firstly, the right devices were needed, such as iPad and tablet devices, which were now available. Secondly, the interfaces: interfaces on connected TVs were not good enough currently, it was difficult to search, to find, and to pay. The payment process was far too complex: a one click system was needed. The percentage of people who did not go through with payment after they were prompted with a credit card entry was 81%. These were people who had clicked to watch the film and knew the price, but then backed out. It was a statistically significant

number to worry about and was the reason why the payment mechanism was so important. The iTunes one-click payment model worked brilliantly and other models were being developed by Playstation and Bravia, for example. Lastly, encoding was important for a stream to work. Encoding technologies had been good for a number of years. Dolby had just announced that in August they would launch a technology to stream with Dolby Surround Sound. This would be a new experience. Dolby would be deployed on only two platforms this year, MUBI and Netflix.

The two territories which MUBI was focusing on as they were experiencing rapid growth were Turkey and Scandinavia. The next set of five countries where MUBI would build its business significantly in the next two or three years, were Poland, Russia, Mexico, Brazil and South Korea. These were the most interesting countries from their prospective in the world currently. They would go day and date next month in Turkey with *Midnight in Paris*, *Iron Lady* and *Tinker Tailor Soldier Spy*. He hoped to grow the business in Turkey as the content was available, the broadband was fast, the population was young and media savvy and the interface was good. When the consumer experience was good people were willing to pay for convenience and access. The way to beat piracy was by offering better service empires.

Cavan Ash, Slingshot said that the movie business was built on selling rights for individual territories. As the operator of a global platform, did Efe think that there was a potential for independent movies to be financed through entities that took global rights rather than selling territory by territory?

Efe Cakarel said that it would take a long time for that to happen. Distributors had an important role in releasing films, and theatrical was here to stay. Given the choice, he would watch a film on the big screen. Theatrical and IP protocol were here to stay and everything in between would eventually die. Financing and releasing films was dependent on the current system and Efe did not think that would change for *Midnight in Paris* type films. However, for very small films that may or may not have an audience big enough to release in a country, premiering online was already happening.

The Future of Storytelling

Chair: Stephen Garrett

Anna Higgs, Head of Film4.0, Channel 4

Michelle Kass, Michelle Kass Associates

Jason Kingsley, Co-Founder and CEO, Rebellion

Tony Wood, Creative Director, Lime Pictures

Stephen Garrett introduced the panel. Anna Higgs had just taken up the newly created role as Head of Film4.0. Michelle Kass was a literary agent with a very diverse portfolio of clients, many of whom she described as polymaths. She had also been involved with Power to the Pixel. Jason Kingsley was Co-Founder and CEO of the Rebellion group, one of Europe's leading independent games developers. Tony Wood was Creative Director of Lime Pictures, and had created *The Only Way is Essex (TOWIE)* as well as producing shows such as *Hollyoaks*, *Fresh Meat* and *Geordie Shore*. He was also involved in The Digital Fiction Factory in Salford. Stephen turned to Jason first for his reaction to the Budget statement.

Jason Kingsley said that the news that games would receive a tax break was incredibly exciting. He was the Chair of TIGA, which had been campaigning for an appreciation of the value of the games

industry to the UK and, after a long fought battle, it looked like they had achieved that. A tax break should secure jobs and bring prosperity back to the sector.

Stephen Garrett said that the panel would focus on the ways in which stories were changing and, in particular, how games and movies were impacting on one another. He had come across an article exploring whether or not games could make you cry. There was an assumption that storytelling in movies and television drama was more sophisticated than it was in games: that stories were more immersive, and characters richer and more complex. Considering games from a relatively uninformed position, many people assumed that games were just first person shoot-em-ups. Stephen showed the audience some clips which illustrated that these assumptions were not always correct, and that the nature of storytelling was changing. *Heavy Rain*, made by Quantic Dream, a French company, was a game that was created and marketed to be an 'emotional' game, one that could engage the player and affect them. The game had a cinematic look and feel with a 'thriller' type storyline; the tagline was 'How far will you go to save someone you love?', which was not the way that one might expect a game to be sold. *The Fantastic Flying Books of Mr Morris Lessmore* had won the Best Animation Short at the Academy Awards. He had first come across it as an app and it had struck him that it appeared to be something that could not be defined: part book, part game, part film, and as a result something else besides.

Stephen asked Tony Wood about *TOWIE*, which was a new kind of television story. It was inspired by what was going on in the US. Did Tony think that this kind of storytelling would move into other spaces, for example, a movie space?

Tony Wood said that it was difficult to say. It was bespoke for television more than anything else, and the intention was to react to programmes like *Big Brother* and other event pieces, and also to look at the way that audiences consumed soap operas. He had wanted to create a narrative and chronicle a community in real time so that it would be a daily soap. Having worked on shows like *Coronation Street*, he had begun to analyse the way that an audience engaged with characters, and there was a curious blurring of fact and fiction in the mind of the audience when dealing with an institution like *Coronation Street*.

Stephen Garrett said that Fabien Riggall of Future Cinema had spoken earlier in the day about revitalising the movie business by reinventing live in the way in which the music industry had done. Shows such as *TOWIE* had a similar quality.

Tony Wood agreed. He had taken the view that the only way of chronicling a community on a daily basis was to remove the writing process. In order to achieve that, it had to be real people's lives and the similarity with American shows, like *The Hills*, was in the style of delivery, in that there was a decision taken to package the television show with reality, post-produced as drama. However, due to budgetary constraints, it was impossible to make that as a piece of television every day. The advantage of the protagonists being real people was that the narrative and the audience engagement could be deliberately designed to shift to Facebook, Twitter and ITV.com. This meant they could build up the engagement of the audience, with the characters, but also with the programme makers, and funnel it towards the moment of maximum revenue bearing opportunity, the television broadcast.

Stephen Garrett asked Tony to speak about his involvement with the Digital Fiction Factory.

Tony Wood said that the thought process, both behind *TOWIE* and programmes like *Hollyoaks*, was that the audience would disappear if they were treated as a passive entity. This generation needed to be active within the story. The development of the Digital Fiction Factory took this one stage further. It was an endeavour based in Salford at Media City and co-funded by the University

of Salford, the BBC, Channel 4 and Creative England. The idea was to work with a lot of small scale digital companies in order to create in collaboration some big ticket productions. They had a piece that they were a long way down the line with Noel Clarke on, which would exist within the BBC, and which encompassed live events, faux documentary and feature film, as well as a lot of online events, unravelling the mystery and allowing for deeper engagement. They had not found one word to describe it yet. The intention was that, by operating a variety of different spaces, they should be able to achieve what was achieved with *TOWIE*: an individual emotional connection for each member of the audience to the piece or participants of the piece.

Stephen Garrett asked Michelle about her clients, which she did not view in conventional terms as being ‘just’ novelists, dramatists or screenwriters. How were stories changing and how did they need to be looked at in the changing world?

Michelle Kass said that, following on from the project Tony had described, there was a cross-media project in 2007 from a Swedish company called *The Truth About Marika*, which invited the audience or viewer to participate in the search for a young woman’s lost friend. The search took place on TV, radio, the internet, via mobile phones and on the street, and was very much to do with consumers feeding in information. The company had even hired a girl to walk across music festivals and be spotted. What everybody wanted was brilliant storytellers, and they were as rare as hens’ teeth. Certain creatives would be able to choose far more how they worked, for example the creator of *The Fantastic Flying Books of Mr Morris Lessmore*, Bill Joyce, who worked at Moonbot. Moonbot was based in Louisiana and received state money, which allowed Bill to develop things far further and without giving away the rights so early. The interesting thing about Heavy Rain was the ‘face the consequences’ line. It was radical to have a game where the user could not go back. A prime rule of the game was that the user had to live with the consequences of their decisions, which changed the way the user interacted with the game and their emotional response to it. Sony did an extraordinary presentation of it at the Power to the Pixel lab in Cardiff a couple of years ago. There was a book called *Berserk* coming out from Egmont, which was radical in how it used interactivity. Egmont were the first publisher to partner with Nintendo. There were different partnerships being created and stories being able to be told in different ways.

Stephen Garrett asked Michelle if she thought this would grow in the future? Would more novelists and filmmakers move into different forms?

Michelle Kass said that this would be down to individuals. Length of content was massively significant. Amazon was currently taking the best and the brightest from New York publishing and setting up a major, supposedly conventional, publishing house. They would have extraordinary advantages of vertical integration. They were planning a lot of short books, so material that had previously been seen as only marketing material would become art or commercially valuable in its own right. One of Michelle’s clients, an author who wrote for children sold millions of books, but the reaction to the things that they saw as little marketing extras were as loved. The reaction to live and signed products did not migrate to digital.

Stephen Garrett said that he thought that some movies were seemingly trying to ape the better aspects of games in creating a more immersive experience, for example, *Avatar*, which was probably the most immersive 3D experience. He asked Jason what he thought about that phenomenon?

Jason Kingsley said that he found *Avatar* brilliant as a story. However, one of the things as a game maker that he could do was to provide the framework for other people to tell their own stories. One could create a set of rules and an overarching narrative. The power of a computer game that was compelling was either that it did not have a story at all, and the player’s story was how they

struggled against getting the high score, which was a viable internal narrative, or how the player explored a landscape that other people had created for them. In more traditional linear media, the focus was on the drive of telling a story that somebody then consumed. One of the exciting things about computer games was that a story was created which the player could explore and change. The player could decide to be evil in a world where the storyteller hoped they were trying to be good. They could go off and have a unique experience, and that would then inform other people's experience. It was about allowing people the freedom to explore. The word 'addiction' was sometimes applied to people who played video games intensively. Jason hoped that they were just compelled to use the product. A few years ago, he had found out that one of his colleagues, a middle-ranking designer, was the best player in the world in EverQuest, an MMO game. He was not the most sociable person, and playing the game allowed him to do in a virtual world what he was not able to do in the real world, which was very empowering.

Stephen Garrett asked Jason about games becoming emotional? Was that something he aspired to?

Jason Kingsley said that games had always been emotional. A lot of the emotions had been very crude emotions to begin with to do with survival, frustration and ambition. What was happening as graphics had improved and storytelling, or story enabling, was experimented with, was that emotions associated with playing the game could be refined: curiosity, surprise, etc. Love was an interesting one as sex in computer games did not work. Love was tricky because it was a connection between two people.

Stephen Garrett asked Jason about the concept of choice in different media?

Jason Kingsley said that he had found *Avatar* compelling as an entertainment choice but there had been places that he wanted to explore that were part of the film landscape. He had found that frustrating as a 3D landscape had been built for the film, but the filmmaker only allowed the audience access to some the parts. In a video game, the player as the protagonist could explore the world that had been created and could make their own choices which shaped the story. In a sense, linear narrative represented two-dimensional storytelling; for three-dimensional storytelling, the viewer/player, needed to be able to make choices.

Stephen Garrett asked Anna Higgs to explain what Film4.0 was and what the connection was to this new shape that stories might be taking?

Anna Higgs said that, at this point in time, it was not clear what the future held. The 4.0 strategy was more of a treasure map than a road atlas; it was about exploring, particularly from the point of view of authors, directors, filmmakers and storytellers. She agreed with some of what Jason had said, although she thought there were some differences in how audiences wanted to be engaged. Gamers also went to multiplexes and watched movies. Anna would be seeking to commission films that had wider story universes, with different types of engagement, with audiences at different points. For example, the first multiplatform commission that Film4 had done as they had been developing Anna's post was *Dreams of a Life*, which was a feature documentary, and its sister project, *Dreams of Your Life*, which was an interactive 'darkly playful experience' rather than a game, as it was quite serious. The documentary and the interactive experience were two creative objects in and of themselves both crafted by good storytellers: Carol Morley, the filmmaker, and A.L. Kennedy the novelist and Lottie Davies the art photographer for *Dreams of Your Life*. The projects were about different types of engagement, and also about driving engagement in both directions.

Stephen Garrett asked Anna about the distinction between the passive experience, and an active, engaged, experience. Was there room in the world of storytelling for both, or would a younger audience particularly increasingly expect a more engaged proactive experience?

Anna Higgs said that she did not believe in a passive experience unless the storyteller was not doing their job. The viewer could be leaning back and enjoying a more passive experience, but they should also be leaning forward at different points, unless they were not engaged at all. She thought that there were two different types of engagement: interaction, which was much more game based as the player was the protagonist; and imagination, particularly as from a cinema perspective, the viewer was participating in the story as the filmmaker was making them feel something. The emotions of the viewer watching the drama stemmed, to some extent, from seeing themselves in that situation. The viewer might disagree with the actors' decisions in the drama but the joy was in watching the action continue. However, this was not an area where one could broadly generalise: there was not one audience or one type of story. The intersection between different types of engagement was the great opportunity of Film4.0. Audiences in these examples were doing more of both gaming and film consumption, and they had come to expect more. Anna had been surprised at the reaction to Efe Cakarel's statement earlier in the day about how frustrating it was that he could not download an HD film instantly. Many people in the room knew the reason why that was not possible yet. There was an exponential growth in the options of how audiences received and consumed stories and how they engaged in them. There was an expectation that all of those options were provided, but that did not mean that there was a generation that did not want to be told stories.

Stephen Garrett asked the panel whether the fact that the current of filmmakers had been bought up on games would change the nature of storytelling in movies and TV drama?

Michelle Kass said that any storyteller was influenced by what was around them.

Anna Higgs said that it was interesting how storytellers collaborated in those different worlds. For example, the game associated with the movie *Avatar* had been a flop, perhaps because it had been made with a filmmaker's eye not a game-maker's eye. There were some excellent examples of storytellers in one medium being inspired by another. *The Raid* was an Indonesian martial arts epic by a Welsh director: the plot was about a SWAT team that had to get into a tower block and kill the boss at the top, the basic narrative structure was essentially an arcade game. The film used game mechanics, but with a filmmaker's narrative arc at its heart.

Jason Kingsley said that to some extent the point about interactive storytelling was being missed. He thought linear stories were fantastic, and there were many people extremely skilled at telling those linear stories. There was an opportunity now with digital media to deliver a form of entertainment that was reactive as well as proactive. Reading a good book, the reader was engaged with the story and felt that they were experiencing it, but they were not doing anything other than travelling along a line that had been beautifully crafted by highly skilful professionals to entertain. Separate from that was the opportunity to create a landscape that could be anywhere, that could also be engaging in a myriad of different forms. The production costs of making a three-dimensional experience like that were in a more complex order of magnitude. Also, there was a lack of knowledge because this was a new area in terms of the ways of telling the stories, the camera angles, the lenses, etc. That was incredibly exciting from a creative perspective. Hopefully, in 100 years time, people would look back at what was happening in the games sector now as the start of something new.

Julian Friedmann, Blake Friedmann Literary, TV & Film Agency said that it was important to focus on storytelling not just on delivery systems. There was some research around why American movies travelled more successfully than movies from any other country. Aside from the fact that

they had bigger stars and bigger budgets, they also had much shorter scenes and less dialogue than, for example, European movies. Julian had talked to psychologists at Oxford University about this. If one cut the beginning and end of every scene out there would be a gap, and by leaving the gap the audience was encouraged to proactively lean forward and fill in the gap. Not relying on dialogue meant that much of the film could be understood by people around the world much more easily with low levels of literacy. The emotional engagement came very simply, whether it was a game or another medium, from a chemical being released into the blood stream. Very few writers or producers thought about what was in a story that caused that emotional reaction. Much transmedia was about trying to get people to engage with stories on different platforms at different times, using different devices. This did not change the fact that the majority of people liked to be told a story by someone who was a master storyteller.

Michelle Kass said that a book, *50 Shades of Grey*, had caused a feeding frenzy for film rights in Hollywood, originally written as fan fiction for Twilight, it was appallingly written. Julian had spoken about emotional engagement being a chemical released into the bloodstream, people took it as they found it. She did not agree that producers did not want great stories well told. However, the key was recognising who could do what and where, and inviting writers and directors to think about how they could use non-linear would be a real step in the right direction. This would also be an issue in terms of contracts.

Tony Wood said that, interestingly, they had found with the raft of television programmes that were aimed at youth, they wanted to be active in a literal sense. With *Hollyoaks*, for example, over the course of the last couple of years they had offered a conventional narrative within the television space, and placed some narrative online, so that the audience could access it using devices and explore other aspects of the world. This had been commercially successful and had been taken up in huge numbers.

Martin Percy said that in terms of the discussion on the difference between passive and active, he asked Tony whether he saw 'reality TV' as a model for building a bridge between 'passive' TV viewing and being active? He thought that whilst gaming often represented individual interaction, reality TV represented collective interaction by an entire nation at one time.

Tony Wood said that he did not feel he could speak for the genre in general. However, the reality shows that had emerged over the course of the past 10 years had done so well because there had been such a visceral reaction to them. These were live events and consequently were able to draw huge audiences because, as a nation, there was a sense that they did not want to be missed. One of the intentions behind a show like *TOWIE* where the audience was watching the show with their Twitter feeds open at the same time that the participants of the show were learning about their own world. For example, at one point a girl discovered that her boyfriend had been unfaithful, in the show, at the same time as the nation. In terms of transmedia, everything was happening simultaneously as a perfect storm. Reality television at its best offered collective interaction. Tony had found it interesting as a drama maker to find reality programming allowed people to be put on television who were far louder and brighter, in a literal sense, than any of the drama creations that programme makers were being allowed to come up with in their engagement with broadcasters. He had realised that the voice of drama makers had become muted because of certain aspects of the economic framework of broadcasting. He had gone back to the scripted shows that he worked on and told the writers not to self-censor in the way that they had done before.

Stephen Garrett asked Gurinder Chadha, who was in the audience, how she saw storytelling changing or not?

Gurinder Chadha said that one could not remove storytelling from the audience. However, when thinking of the audience, she had to think of lots of different audiences: the British audience, the Indian audience in India, the British Indian audience, for example. One also had to keep in mind the point of view of the likely financiers of the film, otherwise it could never be made. With so many different mediums for telling stories now available, one could tell stories to different sections of the audience in a way that would be economically viable. Another advantage of new technology was being able to involve women more in having a say in the stories that were told. Currently, every time a film by a female producer or director with a female lead did well, there was coverage in the press about a new female audience. It felt like re-inventing the wheel.

Adam Singer asked who from the audience had played a major platform game from beginning to end within the last four months? [Several people raised their hands]. Adam said that if one had not played these games then it was difficult to understand their impact. Books, films and TV would go on forever as forms of storytelling, however, none of them had a future in the sense that it would be an extension of their current present. Existing skills would continue to be developed. The interesting point on games was that the only difference between a game and reality was bandwidth: as bandwidth started to increase and one's ability to make distinctions between actions in reality and actions in the game diminished, this created an amazing future for storytelling.

Jason Kingsley said that this was an exciting opportunity. If something could be created three-dimensionally as a place, it could be explored virtually. One could visit the moon without having to physically go. There was a lot of potential in terms of multi-player games and multi-player narrative for example, crowd storytelling. The creation of a world could be guided in its development by the interaction between the people playing, for example, the desire to explore other areas of the world that had not yet been built by the game maker. Building the fidelity of the real world would be extremely expensive. However, the price was decreasing as computing power increased.

Anna Higgs agreed that stories would not change but technology was changing the way that audiences could engage with stories. There was an interesting book by Frank Rose called *The Art of Immersion* about how the way that stories were told were being changed by these platforms. It was about a blur, an intersection. The grammar of how to tell stories in different ways was as tenuous as when cinema started 100 years ago. The barriers between platforms and mediums were breaking down. People talked about books, theatre, cinema and TV as separate worlds. They were all storytellers working together to tell stories in interesting ways, and to make people both sit back and lean forward and participate in different ways. There was no such thing as a digital space. Matt Locke, who ran The Story conference, talked about a 'time flow'. This idea was mirrored in the changes to the Facebook home page. Instead of separate spaces for personal photos and biographical data, it was all now a Timeline of the individual. It was important to stop thinking about stories as living in separate pots.

William Higham, Intellect said that technology could also change the pricing of stories. He was struck by the way in which stories were priced to format, rather than how much they meant to individuals. In the US there was an avid fan base for the cult sitcom *Community*. If such a fan base could be mobilized, there was a possibility of people not just paying what the book or the DVD or game cost, but how much the story was worth to them.

Jason Kingsley said that most games would be free in the next three or four years, which caused a huge problem for the industry in terms of return on investment. However, free did not mean that nobody would pay; it meant that the audience would be able to get it when they wanted, wherever they wanted. Piracy was only there because it was awkward or impossible to get stuff legitimately or it was too 'expensive', whatever that meant to the individual. In the free to play space, the consumer could play as much as they liked without paying. If they wanted to speed up their

experience, or improve or enhance it somehow, then they could pay. Typically what happened in that space was 95% of the audience paid nothing, 5% paid some money, and 1% paid an awful lot of money, because for them it was a brilliant experience. This meant that there was a complete flexibility of pricing. There were no retail or physical overheads, such as the box, shipping, etc. The biggest problem was discovery. The internet was a shop, with thousands of miles of shelving, filled with millions of books, games and movies. The danger was that people chose only the familiar, which created silos.

Chair's closing remarks

Stephen said that this was an exciting time for the consumer. More competition in the marketplace meant that prices were dropping, and new online business models, providing content for free, were good for the consumer. However, it was not yet clear how content creators would continue to make money to invest in content creation. In 2011, 557 movies were shown in cinemas for a week or more, which provided a good breadth of choice for the consumer. Cinemas were also starting to provide a range of entertainment experiences, not just films. In the digital world, there seemed to be an increasing emphasis on community experience, which was enriching for the consumer and full of possibilities for content creators. The range of content and different stories available was fantastic for audiences. There was also something valuable and important about tangible objects. The tangible object, preferably signed by the author, was still something exciting. The 'pop-up' phenomenon was reinvigorating the community, taking over empty, otherwise seemingly worthless, spaces, and giving them new meaning and purpose. Consumers benefited from increasingly good access to library content as new platforms emerged. Discovery was absolutely critical, to audiences in terms of their ability to consume what they wanted and when, but also to content creators, owners and distributors, as it would define their fortunes in the years to come. Finally, storytelling was opening up new opportunities for audiences in a myriad of different spaces. Stephen liked the idea of embracing 'blurriness' between genres, as this was the future.

Stephen concluded that every session had made reference to revenue generation in some way. Having begun the day with a quote from Steve Jobs, he would end with one: 'being the richest man in the cemetery doesn't matter to me. Going to bed at night saying we've done something wonderful, that's what matters to me'. This was the spirit that he hoped people would take away with them.

Fiona Clarke-Hackston, Chief Executive, BSAC, thanked Stephen Garrett for his engaging and thoughtful chairmanship of the day and Time Warner for their continuing generous sponsorship of the Conference.