

surviving the indie film apocalypse

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# CREATIVE DESTRUCTION

Scott Macaulay heads a roundtable discussion on the current indie model and what the hopes are for the future of the business.

## “The sky is falling,” Film Department head

Mark Gill famously proclaimed at the L.A. Film Festival this past summer. His spiritedly downbeat take on the indie world and its operating paradigms resonated throughout the industry as he catalogued all of the past year’s problems (a glut of films, vanishing specialty distributors and skyrocketing marketing costs, among them) before concluding by telling filmmakers to make better movies — and fewer of them!

One could quibble with elements of Gill’s argument — are \$15 million and up films really the only ones we should be trying to make? — while still recognizing that his general points are sound. Something has changed, and that’s apparent even to the average person (and investor), for whom mainstream newspaper stories about failing indie companies and unsold films have now replaced the rags-to-riches Sundance tales that have drawn so much speculative capital to the indie world.

To discuss all of this I invited a distinguished group of producers and sales agents for a long discussion of indie film past, present and future. Josh Braun, Matt Dentler, Ira Deutchman, Ted Hope, Lars Knudsen, and Jay Van Hoy joined me at the IFP office on August 22 (before, incidentally, Hope’s Film Independent keynote and the credit and market meltdown of early October) to figure out where we go from here. Here is an edited version of our conversation.

**I want to start by asking about how the paradigm of making independent films is changing for the producers here given all of the recent changes in our business.**

**Hope:** Well, it’s curious, because now it’s probably more like it was when we started [the production company Good Machine] than it ever has been before. In the late ’80s and into the ’90s [Good Machine] developed a four-strand production business. One was low-budget first features — from a couple of hundred thousand to a couple of million dollars — which were designed for a full unveiling at Sundance with a drive for U.S. and international sales. The second was kind of a low-budget indie auteur business — the Hal Hartleys, Todd Solondz and John Waters. These films would [cost from] a couple million dollars to six or seven and would be more

foreign-driven but would still be looking for some kind of U.S. sale. And then there were, and I group them together, the prestige, mini-major films and the potential crossover mini-major films — the films that are in Mark Gill’s sweet spot — movies that have two or three leads and a known director. You could package these films and get them financed by U.S. distributors. The fourth strand were the few movies that we set up in the studio world. Now those first two types of films are no longer a part of the equation unless you truly shrink and make them some other way. And the third strand, those \$8 million to \$15 million films, has become difficult too. When we started you would expect to get 50 percent from the U.S. [for these films]. Then conservatively you would put down 30 percent from the U.S. We do those [financing calculations] now and put in zero from the U.S. That’s what we actually expect to get out of the U.S., even with two or three stars. The U.S. is not the driver it used to be. It’s just another territory that has its odd fluctuations as much as France or Japan or eastern Europe. Right now its value is in the tax-rebate money. And so you take foreign and your soft money and you hope you hit 100 percent [of your budget]. In the Mark Gill speech he made it sound like a new recognition that you needed to have foreign value, but that’s what the model was back when we started making Hal Hartley films.

**So if that’s the reality of the business, what will happen to all those low-budget films and first-time filmmakers?**

**Hope:** I think that there’s still a way to get those films made. It takes a lot longer and you get a lot more bruises as you run against the brick wall of, “No, no, no, no.” But at one point you finally chip away and you get through the wall. It’s much harder.

**It’s a passion model, not a business model?**

**Hope:** Well when someone asks to see the numbers on your films and they want to see the profits, there’s no category for “cultural profit.” There’s not a category for the career advancement that you provided everybody. You don’t get to monetize the fact that the company that sold the film was then able to get the next film by a certain director who admired the one you made. It is a scary thing when you can’t figure out what that exact

business model is up front.

**The first two strands that you said are not part of the equation anymore — I think those strands are where a lot of readers of the magazine see themselves. Does anyone else at the table see their business model in those first two strands?**

**Braun:** As somebody selling movies, I can go in and out of any one of those categories if they are movies I believe in and believe I’m going to sell. A movie like *Baghead* was a very low-budget film with no stars but it had genre elements so maybe I thought it was more sellable for that reason. We sold it to Sony Classics for a decent amount of money — it made a profit. But that’s not going to happen to every film. There are plenty that I don’t think we’ll make much money on, but we love them and still sign them.

**Van Hoy:** I guess [our model] is probably very similar to the first two strands that Ted started with. When we make films we’re more focused on a [director’s] second feature, and [making] the first feature is part of that. One of the reasons we’re able to produce [these films] is because we keep our overhead low. I found an apartment that’s not expensive.

**Hope:** It’s so true. The absolute best advice is keep your overhead as low as possible.

**Deutchman:** You can also marry well. [laughs]

**Hope:** When I moved to New York I had a Manhattan apartment that I paid \$350 a month for. I was across the street from Coronet Pizza, which had the biggest slice of pizza on the island for \$1.10.

**Van Hoy:** Our office is in Brooklyn.

**Braun:** It reminds me of when I was in bands years ago — the bands that could thrive were the bands that had cheap rehearsal spaces.

**Jay and Lars, how many films are you working on right now?**

**Knudsen:** Five in post, two of which are in Toronto, and then I guess three or four features that [we’re prepping].

**Is your company based on the idea of that kind of volume? Do you need that many films to make your model work, or did it just work out that way?**

**Van Hoy:** I wish that volume counted for something materially. It kind of doesn’t because the fees are so low.

**Hope:** But aren’t you covering your office



spaces and assistant salaries?

**Van Hoy:** Kind of. Some films are subsidized better than others.

**Knudsen:** When we do five features in a year, all we need are two of them to [pay us] decent fees. For the rest of them we don't take a fee and try to make them for \$100,000 or \$200,000.

**Hope:** It was kind of the same model for us — we tried to have two that cost \$8 million so we could do two that cost \$2 million. Today the no-budget stuff is really spaghetti on the wall. It only makes sense [as a producer] if you are doing a true portfolio, like raising \$2 million to make eight films. You can then afford to have a few of them completely not stick and hope that the one in eight hit will pay for the rest of the losses you've incurred.

**Van Hoy:** Looking at our future we see ourselves being pushed more and more into distribution. That's a reality that, along with a lot of other producers, we're just now confronting. What does that mean for us as producers and how are we going to do it? I don't have the answers at the moment, but it's definitely something we have to consider now.

**Ira, how has the last year's worth of business developments in the independent film world informed your model at Emerging Pictures?**

**Ira:** In my case, Emerging is five years old, so it's not a reaction to what's going on today.

## DEUTCHMAN: "I THINK THE MARKET CORRECTION THAT IS HAPPENING WITH THE MAJORS GETTING OUT OF THE [INDIE] BUSINESS IS THE BEST THING THAT HAS EVER HAPPENED."

Today is just an extreme version of what was going on five years ago. And to go back even further, when I first started in this business there was no such thing as American independent film. It had not been coined as a term, nobody knew what it was, and there were only a few extremely maverick directors who were doing it out of absolute necessity. We're talking about starting with Cassavetes all the way through John Sayles. It was around the time that Sayles started working that American independents began to have a name. In terms of funding you had then an enormous need for product because of the home-video boom. That was really behind just about everything that was being funded at that time. There was a sense that if you made a film for a couple of hundred thousand dollars, or even \$400,000, \$500,000, that the downside risk was pretty minimal because there was always a video value to just about anything of quality. There really was a business plan to these kind of movies. Now, the video market as we know

it sucks, and all these "new models" that we're all so crazy about are peanuts. I mean, if you want to make the equivalent of what would have then been a \$400,000 to \$500,000 movie, in terms of knowing that there really is a business that can support it on the downside, you're making movies for \$6,000.

**Hope:** Anne Thompson had an article [in *Variety*] on the top non-theatrical VOD, or available for download, film and it made something like \$28,000. I said to [This is That partner] Anne [Carey], "I figured it out, I know how to cover our overhead for the year! We make films for \$4,821, and based on what I expect the profit return to be, if we make 200 of them in a year we'll keep our doors open."

**Deutchman:** When people talk about these fabulous business plans to make movies for whatever the number is, and they start building in numbers for what it's going to sell for here and over there and wherever, I have to just throw my arms up because in today's marketplace there's no way that you can build anything



### TED HOPE

Ted Hope is an independent film producer. He co-founded Good Machine and is currently the co-founder of the New York production company This is That. Hope has produced Ang Lee's *Ride with the Devil*, Michel Gondry's *Human Nature*, Todd Solondz's *Stroytelling* and Nicole Holofcener's *Friends With Money* to name just a few. He has produced twenty-two Sundance entries including three Sundance Grand Jury Prize winners.



### MATT DENTLER

Matt Dentler was the producer of the South by Southwest Film Conference and Festival in Austin, Texas for five years and currently runs the marketing and programming operations of Cinetic Media's Digital Rights Management division, which focuses on finding digital outlets for films. Matt sits on the Board of Directors for the Austin Film Society.

that has an inherent value unless you're able to pre-sell it, in which case you're in business.

**Braun:** There is some kind of disconnect between information that's gotten to people about what things should cost and what the market really is. There are a number of good filmmakers who come to us and say, "And the great news is that it's only a \$3 million budget!"

**Deutchman:** Or documentaries that are made for a million dollars. "You made a documentary for a million dollars?"

**Braun:** Maybe certain documentaries have a huge built-in audience, but I always say, "Come back when it costs \$550,000; that's a more practical business plan. Even then it's risky, but at least there's a possibility of a significant television deal and foreign sales, and then you'll break even."

**Matt, what about you? Why did you join Cinetic Rights Management at this particular time in distribution history?**

**Dentler:** One of the reasons I left a very positive experience at SXSW to go to Cinetic is that I was on the front lines of seeing these very, very small microbudget films championed and beloved, not by everybody, but by very specific audiences who were very dedicated [to them], audiences who loved to blog and tell their friends about them. We're talking about [films with] budgets of \$5,000 to \$10,000, and so for some filmmakers, it's like you know what? If I can pay my bills and make another one of these films next year then I'm happy with that. But there are only so many of these filmmakers, people like Joe Swanberg, who is totally fine with being broke as long as he can still pay his bills and make his next film. The reality is there's not a huge windfall coming out of this VOD-driven, digitally-based stuff, so to a certain degree it's about [helping filmmakers build a] brand and leveraging it to [allow them to do] something else. Look at Radiohead and Nine Inch Nails saying okay, we can give our album away for free and we'll recoup that money by going on the road.

**Ira, with regards to your comment earlier that these new models are offering peanuts, is it possible that now maybe we are just in a period where these new digital platforms are maturing and one day they will replace what we had before?**

**Deutchman:** No.

**So, is that money gone?**

**Deutchman:** I honestly think that eventually there will be a platform that might emerge that might actually turn out big money, but [it won't] as long as we have the fractured uni-

verse that we have right now, where nobody knows what the fuck to buy because there's this box and there's that box, and there's this model and that model, and this isn't compatible with that. It's a [great world] for aggregators who can make non-exclusive deals and make 10 cents here and 10 cents there and that adds up if they are handling a couple of hundred movies. But for people who actually are counting on that revenue to recoup their budgets, there's nothing there.

**Dentler:** There is money to be made, but it doesn't compete with huge box office grosses. It's all about how you determine value. We put films on the Internet that in a Friday to Sunday window are being seen by more people than most of the documentaries that are in our theaters right now. It's not just people pushing "play," it's people watching all three hours of *Hoop Dreams*.

**Deutchman:** I guarantee you one showing on PBS will probably get more viewers than you guys are going to get in 10 years.

**Braun:** Yeah, but there's not necessarily a revenue share.

**Dentler:** I do think that there are some things that are just as valuable, if not more valuable, to a filmmaker than that big theatrical opening. Maybe a degree of press and enthusiasm defines success? Did you read Manohla Dargis's review of *Mamma's Man* today? I think for some filmmakers that alone is [an achievement].

**Producer Noah Harlan started a conversation on the *Filmmaker* blog after he went to the Sundance Producers Conference this year. There was a lot of talk about digital distribution and he ran the numbers on some of the different models and concluded that, as you said, Ira, producers make pennies on the dollar. That prompted a long discussion and one poster said, "This conversation is ridiculous. If the films are good they'll create their market." There are people out there who think this conversation about new distribution models is an abstract one and that the independent community is just suffering from a lack of quality films.**

**Braun:** I agree with that 100 percent. The marketplace is flooded with so much crap because of the [low] price point to buy a camera and to create a film. This stuff is just cluttering up the marketplace.

**Dentler:** And we're always reading the same old story: how so many films are being opened every single Friday in *The New York Times*. But we all know that a lot of these openings are just filmmakers who are bound and deter-

mined to get their *New York Times* review and nothing else.

**Hope:** For all these movies that get made each year that are based on a parent's dream of their daughter or son being the genius that they always thought that they were, basically the same amount of genius [is produced each year]. Sundance submissions have gone from 350 films to over 3,500, but you still get those two or three people who you know will have a nice long career. That's it: two or three per year, no matter how many are produced. And in the old days they made two movies every three years and now they make one film every six years.

**Deutchman:** I actually don't agree with the idea that independent films are just not as good as they used to be. I think they're just not as special as they used to be. It used to be that you could say, "Oh, I made my film on a credit card," and that was a press angle! Now it's like if you're 4 years old and you made your movie on a cell phone that might be an angle.

**Hope:** The tragedy right now is that really great movies don't get seen and you can't facilitate the dialogue to talk about them.

**Braun:** Really great movies?

**Hope:** *Reprise* is the best first feature made since *Amores perros*, right? It's an incredibly strong movie about filmmaking, youth, rock and roll and romance, and nobody sees the movie and you can't get a dialogue going about it.

**Braun:** Most everybody who's seen it loves it.

**Hope:** *The Edge of Heaven* marks the arrival of a director who made a superstrong first film into true international auteur status; a movie that's made to be seen on the big screen. Nobody goes to see it. *Ballast*, a socially relevant movie about present-day life, delivered with incredible style and deep emotion and truth and all that sort of stuff — we will see what happens. But people better get out to support it if we want a vibrant film culture to remain available to us. There are directors consistently making the same number of good movies [each

year]. But despite having more advanced tools than we've ever had, [we're not able to] bring people together in new and different ways because what has happened [is that] 3,400 smart people [each year] with access to money have chosen to squander their funds to make fuckin' ego-fueled cinematic trophies instead of saying, "No, instead what I want to do is unite all the independent cinemas across America because they don't share information." You can Google "independent bookstores" and what do you get? You get a site that connects all the independent bookstores together so they can book their speakers all throughout them and foster conversation and appreciation about books. Google "independent theaters" and you're not going to get the same thing.

**Does everyone go along with Ted's argument? Are there fantastic films out there that are the equal to or better than the films that have come out of the independent sector in previous years and that are not reaching an audience because of an atrophy of the distribution infrastructure?**

**Braun:** I think the reality of it is that the audience that they're reaching is probably the audience that's most predisposed to caring [about them]. Ten years ago those films would have been appreciated and seen by more people, but there wasn't so much Internet activity.

**Deutchman:** I think that the reason why a lot of films of high quality don't get seen is because the audience that's interested in going to see offbeat non-Hollywood films is a very specific audience with a specific taste. It's a mistake that a lot of people have been making for 30 years, which is thinking there's going to be a rabid audience that's going to be interested in [a particular] subject matter, and then it turns out not. I go back to *Hoop Dreams*. It didn't matter how great the reviews were. The art-film audience, which is the only audience that would've gone to see a two hour and forty-five minute documentary, simply wasn't



### IRA DEUTCHMAN

Ira Deutchman has made, marketed and distributed films for 26 years. He worked on over 130 films including John Sayles's *Matewan*, Jonathan Demme's *Swimming to Cambodia* and Robert Altman's *Short Cuts*. He co-founded and was the president of marketing and distribution for Cinecom Entertainment Group. He was also the president and founder of Fine Line Features and senior vice president of New Line Cinema. Deutchman is currently the president and CEO of Emerging Pictures, a New York digital film production and exhibition company which recently released Sayles's *Honeydripper*, a partner in the New York independent production company, Redeemable Features, and an associate professor in the Graduate Film Division at Columbia University.

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## LARS KNUDSEN AND JAY VAN HOY

In 2000, Lars Knudsen met Jay Van Hoy when they were both working for producer Scott Rudin on such films including *The Royal Tenenbaums*, *The Hours* and *Iris*. In 2004, they founded Van Hoy/Knudsen Productions, a company dedicated to director-driven, collaborative filmmaking. They've produced Kelly Reichardt's *Old Joy*, Steve Collins' *Gretchen*, and Cam Archer's *Wild Tigers I Have Known*. The two have co-produced several upcoming films including Nik Fackler's *Lovely, Still*, Cruz Angeles's *Don't Let Me Drown* and Spencer Parsons's *I'll Come Running*.



## JOSH BRAUN

Josh Braun has worked in television as well as movies for several years. He co-founded Submarine Entertainment, a hybrid production company/producer's representative selling and producing innovative and high-quality television projects, documentaries and movies with his twin brother Dan. Submarine Entertainment has executive produced many films including David Cronenberg's *A History of Violence*, Douglas Keeve's *Seamless*, and Scott Crary's *Kill Your Idols*.

interested in basketball.

**Dentler:** And that's why we put *Hoop Dreams* on Hulu!

**Braun:** Nice transition!

**Dentler:** No, seriously, because you could only find that movie on Criterion. Most basketball fans, sports fans, have heard of that film but have never seen it. And so we thought, "Let's give it away for free."

## THE MINI-MAJOR BOOM AND BUST

**Hope:** You have to look at what got us to this point, which was a surplus of production fueled by more people entering film schools and what looked like would be that long, insatiable video demand. [Those resulting revenues] allowed companies to spring up and try new models. For a long time there was what was looked at as a true glass ceiling, which kind of still exists today, maybe a \$15 million [theatrical gross]. Then three films in a row crossed over that, and then, of course, there was *Pulp Fiction*, which made indie films truly hip to the Hollywood community. *Pulp Fiction* gave the indie community access to a whole higher caliber of actor, killing, mind you, what was starting to emerge at the time as almost like an indie star system. But really the main thing was that [studios and distribution companies] looked at the huge profit margin they could have if they were willing to spend in a more aggressive fashion. And since most of these companies at the time were owned by mega corporations, big profit margins, "Well, yes, they're good," the mega-corps all said. It's just common sense. But then what came was the need to have films that justify a minimum of \$5 million prints and advertising spend. It's a backwards model.

**Deutchman:** The first time I was ever told by a studio that a movie had to justify the P&A spend rather than the other way around I almost fell over. I think there are three factors fueling the crisis we are experiencing right now. One of them is cyclical: The cycle that you are referring to that started with *Pulp Fiction*, which was essentially about "buying the audience" rather than allowing the audience to build. It was the Miramaxilization of the indie film business, and that's the bubble that's now burst. I think the market correction that is happening with the majors getting out of this business is the best thing that has ever happened.

**Braun:** Yes, I agree with that.

**Deutchman:** There will be less clutter going for that specific audience that is interested in

more "out there" kinds of movies, and I think that it's going to clear the decks for people who actually can come up with new business models. All the innovation in the movie business has always come from the independent sector. Then the major studios either buy us out or copy us. So basically I think that's the good news.

**Hope:** And I'm incredibly excited about that too. The role of the independents has historically been to find the transition from one model to another model.

**Deutchman:** But there are two things that throw a monkey wrench into that that I think are new and as a result are not cyclical, and I think they could be potentially damaging in the long term. One is the fact that there are no regional critics anymore. All of the local newspapers have fired their critics and now it's like five people who control all the press. So that's No. 1.

**Hope:** But, I want to point out the one thing that's good on the flip side of that is that historically the national critics have been more supportive of a true specialized film than local critics.

**Dentler:** It just means that a film can fail across the whole country at the same time.

**Deutchman:** The third thing is home theaters and how sophisticated they've gotten, and that it's much, much harder to get people to go to the movies. I'm a big believer that the movie business is going to bifurcate into two completely separate businesses. One of them is going to be the major studio business and I think the line between that and a roller-coaster ride is going to disappear. But I also think that the art audience, to whatever extent it still exists, will not give up on the communal experience as fast as the rest of the audience will. I mean, that's what I hold out hope for, and that's what my business is built on: The idea that theatrical is going to survive for a small segment of the public, not just the kids on the roller coasters but also the people who are still romantically attached to the idea of the theatrical experience.

## AUDIENCES AND COMMUNITY

**Hope:** The big problem after *Pulp Fiction* was that once independent film became the "specialized and prestige business," it adopted a very money-based, huge profit margin/low-risk model. And as a result the things that built independent film, built film appreciation, developed cineastes in every nook and cranny of the world were allowed to wither away. The glue that really differentiated

what I would still prefer to call “art film” was, frankly, a community thing. The people who [originally built] the independent specialized distribution business all came out of non-theatrical exhibition which catered to preexisting, easily identifiable communities.

**Braun:** But wait, [that audience is still] out there. Those people are there. They were once like a puddle or a pond and now they’re a bunch of raindrops all over. They’re still the same, they’re just watching on Netflix at home.

**Hope:** But the thing is that by [viewers’ pursuing] individual pursuits you lose the community; it dissolves. Part of the problem is that the [promise of downloads and home viewing has allowed the viewers’] withdrawal from the small niche theatrical business. If you want to see the 15 films that played at SXSW last year, how do you find those films? They’re not even covering them in the press anymore. Where is the film thing that allows you to track those films? Half of them aren’t available for download or Netflix.

**Dentler:** They will be soon.

**Braun:** I don’t know if you necessarily want them to be. I mean, are you really going to watch all those movies? I don’t know if all of them are necessarily going to be of the quality that every cineaste would want to watch them.

**Dentler:** There are films out there, both older catalog titles and newer films coming off the festival circuit that aren’t connecting with the right audience for whatever reason, and I do believe that audiences for them exist. I don’t think any of us would be doing what we’re doing if we didn’t still passionately believe that there is this huge independently minded audience of film fans out there. There are so many more options right now that releasing a film the conventional way, whatever that means, just isn’t as effective for a lot of these films. That doesn’t mean that we at Cinetic believe that every single film should completely bypass theatrical and go straight to iTunes. Theatrical is still incredibly important, but what about those films that have no chance for theatrical, have no chance probably for DVD, but because of this explosion of new media have potential to tap into the right audience? Will every single one of them work? Probably not, but most of them should if you can effectively target them, just like an exhibitor does by [booking] certain films in certain theaters. As Ted was saying, I think the communal experience of watching these sorts of films and discussing them is very, very important. I just think that the definition of the communal experience for

art has changed with the Internet and telecommunication; I think that the blogosphere and social-networking sites have created a sense of community around certain entertainment.

**Braun:** It’s a database culture, it’s not really a community. Looking at lists and saying, “Oh, that’s their first top five. Here is my first top five.” Comparing profiles. That’s different than an actual community...

**Dentler:** For people who are coming of age in that culture, that is their idea of community. For the first time we’re seeing a generation of filmmakers for whom the cinema was not their primary way of experiencing film when growing up. They grew up watching video and television. So I think their own expectation level of a cinematic experience is evolving. I’m finding more and more filmmakers, people who are coming out of film school, coming out of high school, saying, “I only watch movies on iTunes.” Or, “I only watch movies on my Netflix account. It would mean the world to me if my film could be on Netflix.” Well, what about the Angelika? “Never heard of it.”

## FINDING THE NEW AUDIENCES

**Hope:** I think there are still some really excit-

ing things that are happening [in conventional theatrical distribution] now. People are saying, “Okay, I’m making this movie for \$300,000 and we’re raising another \$250,000 in P&A money.” You’ve got to applaud [Bal-last director] Lance Hammer, who makes a fantastic, universally acclaimed movie, and what’s the deal that’s available? You’re not going to get your money back doing VOD-driven sales.

**Dentler:** Not under those kind of terms, where [the distributor] owns the film for a decade.

**Deutchman:** We just need to completely and fundamentally change the business model of theatrical in order to make it survive. Something I have been experiencing first-hand because of our theaters is that you don’t have to make prints anymore, and that blows a hole in a lot of the central conceits of the theatrical film business. You don’t have to play seven days a week and six shows a day in order to justify the cost of a 35mm print. You can start to really think about how we can make a cost-effective way of getting a theatrical platform that everybody craves, creating the value so that when the movie’s on iTunes somebody’s heard of it, as opposed to it

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year with a program of his hilariously unique short films, comprising maybe the most talked-about 90 minutes of the festival. Also returning were Jasper Sharp of Midnight Eye and Marc Walkow of Outcast Cinema. After organizing a highly successful tribute to Nikkatsu action cinema in 2007, Sharp and Walkow came back in 2008 to present a mini-retrospective of four Japanese softcore Pinku films in connection to Sharp's new book, *Behind the Pink Curtain: The Complete History of Japanese Sex Cinema*.

I've never seen an audience as universally, rabidly hungry for world cinema as the badgeholders at Fantastic Fest, and the 2008 lineup of international genre titles didn't disappoint. My must-see was the grueling, gruesome *Car-go 200*. Set in the social squalor of the USSR circa 1984, director Aleksei Balabanov has called it a polemic against a dangerous and growing nostalgia for the Soviet era in contemporary Russia. Other foreign highlights included the Belgian slice of punk nihilism *Ex-Drummer* (on the festival circuit since Toronto 2007, if it ever found a U.S. distributor brave enough it could be a torture porn game-changer); *Late Bloomer*, a paraplegic serial-killer film in the style of Sadie Benning; and the Brazilian food porn-in-prison flick *Estomago*, which played at the Draffthouse accompanied by a five-course meal tailored to the narrative — sautéed ants included.

Another FF2007 success was the world premiere of *There Will Be Blood*, which League was able to land for his program of Secret Screenings due to his friend Paul Thomas Anderson's general distaste for the red carpet madness of Toronto. But if anyone came to FF2008 looking for either Hollywood remake fodder or the next best picture nominee, they likely left disappointed. There was only one sale within the temporal confines of the Fest — *Magnolia* went home with Prachya Pinkaew's *Chocolate*, another martial arts pic from the director of *Ong Bak: Thai Warrior* — and this year's Secret Screenings lacked the premiere status and cachet of Anderson's oil epic. Other than *Ember*, the only Secret screening that didn't come straight from Toronto was the David Wain-directed *Role Models*. The inclusion of the studio comedy sparked more than one conversation as to what a Fantastic Fest film "should" look like.

For my money, the most impressive film at Fantastic Fest with a studio credit attached was not a Secret Screening, but J.T. Petty's *The Burrowers*. A monster film in plot detail only, this period Western plays as a moral drama heavily

influenced by Terrence Malick. Unfortunately the affiliated studio is Lionsgate, who have recently heavily cut back on their support for horror, and thus *The Burrowers* — a film as tailor-made for the big screen as almost anything I've watched — will likely be seen mostly on DVD. In another FF2008 film, the Australian exploitation cinema doc *Not Quite Hollywood*, Quentin Tarantino says he's drawn to the genre because he knows they're going to offer something he's never seen before, an experience he can't get anywhere else. This festival, held mainly in a strip mall multiplex in the capitol of Texas, is rapidly becoming a must-stop for anyone looking for that kind of experience. ▼

## CREATIVE DESTRUCTION

from page 111

just being another movie out there.

**Hope:** I talked to Stephen Raphael who's working with Lance, and he says the model that's coming together for them is a mixture of theatrical booking, campus appearances and community-center distribution. The Apple store has booked them in a couple of spots across the country, and he's piecing together a mixture of [theater bookings] and live appearances. That's their model, but where is the equivalent in film of the [distribution ideas] that sprung up out of the new rock scene? For example, Sub Pop Records, a label from the Northwest, created something called The Sub Pop Singles Club, a subscription service. For \$50 or \$100, you got a unique product, signed and numbered, and by the second year the first single was worth the price of the entire subscription. How come that doesn't exist for the true independent filmmaker?

**Van Hoy:** [*Wild Tigers I Have Known* director] Cam [Archer] would like nothing more than to make customized DVDs that he can sell as art. In fact the same would go for Nik [Fackler] who made [*Lovely, Still*] for a much higher budget.

**Dentler:** That was the case with Gary Hus-twit and *Helvetica*. He made a documentary about a very specific topic, graphic design. People in the graphic-design world loved it. It was the first time a movie was done for them. He did the festivals, he booked screenings at various colleges and design schools around the country, and if you paid an extra 25 bucks you could preorder the DVD and get a T-shirt, the book and all this other stuff, and it did incredibly well. There were distributors who offered him deals and he said no because he was making all this money.

**Braun:** Anyone who is contemplating dis-

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tributing their own film has to think about all of their windows. You're going to do a video deal, you're going to do a television deal and hopefully you're going to do a theatrical deal too. And I think you are also going to do digital deals. Hopefully a VOD window will be in there, there'll be some kind of deal with a company like Hulu or SnagFilms. As a sales rep we look at our movies and think, "What would be the best [distribution strategy]?" We're negotiating right now with a filmmaker who is saying, "I got most of my budget from grants, so I want to experiment with an online premiere," whereas other filmmakers could

never do that because their investors would never accept it. There was a movie recently called *Dear Zachary* that was at Slamdance, and we actually helped set up part of the structure of a new documentary strand at MSNBC, in terms of the parameters of the acquisition. We were able to negotiate as part of the deal a contribution to a theatrical release, which is obviously unusual, but [MSNBC] understood the value of it. They paid a good amount of money for the film and they gave us a limited but unrestricted budget on top of that, and we are now basically providing that money to a theatrical company, Oscilloscope, to release the film. A theatrical release of any film [involves] assessing the risk.

**Hope:** I think there are a lot of things to be really excited by, such as, as Ira was saying, the retreat by the major media corporations from the specialty [film business]. Hopefully we can return to a much more modest [business], like looking at films that set a goal of \$5 million U.S. box office. What is the average budget of an independent film that applies to Sundance? If you put it at \$500,000 and consider 3,400 films a year, look at that huge loss of money! Billions upon billions of dollars...

**Dentler:** I used to say at SXSW that all the videos we rejected were like all the houses that could have been bought.

**Hope:** If you look at what the last 15 years of independent film was about, it was about demystifying production. What the next 15 years have to be about is demystifying and defining distribution, marketing, and audience building and aggregation.

**Dentler:** I think you're right, and to a certain degree the same needs will apply for the distribution world because transparency is ultimately what's best for everybody.

**Hope:** Hopefully now filmmakers will say, "Oh wait a second, if I really care about film I have to stop focusing on my self-centered dreams of production and look at the community-based aspects of how we build the infrastructure that allows true film appreciation to flourish."

**Deutchman:** I think all this interest in distribution is really positive. New ideas will come out of it and hopefully we will be able to reinvent distribution in some way. It is so fascinating that all the people who are currently considered, as John Pierson puts it, the permanent government of independent film, every single one of them [started with] the dream of owning a movie theater and putting on a show — that Judy Garland and Mickey Rooney sort of thing. And now everybody wants to be a director. I mean, there's been no interest in dis-

tribution for so long; there was no generation of people wanting to reinvent distribution following behind my generation. And so maybe that's just now beginning to happen. But you were talking about a couple of the models of people running around doing college screenings — there's nothing new about that! It's like what people were doing 20 years ago! It's exactly the same model. All that's different is that because the technology has changed certain limitations have gone away.

**Braun:** The audience is still out there. I think what we're talking about is finding new ways to reach that audience. Producing a film is a very short-term oriented goal, whereas building and getting into that infrastructure, finding the community, is a long-term experience.

**Knudsen:** That's what we've been doing on all five films that are in post now; that's the process. We're spending as much resources in marketing, publicity and distribution before we go into production.

**Are these films festival launches part of a self-distribution plan, then?**

**Knudsen:** It's a Plan A/Plan B strategy. It's working with the best marketers beforehand to figure out what our market is — being a step ahead of the distributors.

## FIGHTING FOR THE INTERNET

**Hope:** The big hope of [Internet distribution] is that we can all have access to it. But that's going to change, and right now the independent film community is doing nothing about it. We're not [lobbying] Congress to make sure that net neutrality stays, and we're going to see our livelihood go away if we don't. The corporations are going to win and they're going to control people's access to it: what films go out and which ones get out the fastest, which ones get cleared, which ones you get access to, what you don't have access to. The good thing will be like what happened in the record industry: People will finally rebel. What's going to be really exciting, one of the net benefits of when Obama gets elected president, is that you'll see we can have real change in the country, so when major corporations change the Web forever and limit people's access to [the Internet], I think that same segment that said, "Fuck you, we'll steal everything, we'll take everything for free and just keep trading it, and we don't care if we destroy your model" will start to say the same thing about culture. "We know that you've been putting us on the slow drip in terms of what you feed us in

terms of culture, and we want to have something much more diverse, something more organic," a change that hopefully will lead people to go back and get excited about the films that played at SXSW that they never got an opportunity to see. I think we're on the verge, and people [need to] wake up and say, "We have to make sure that we still have the same access, all of us, to the Internet."

**Deutchman:** That is the central battle we're facing right now. That's why everybody's fighting about whose box is going to end up in your living room, and that's why there's so much confusion. The reality is that Time Warner and Comcast are just hanging back and saying, "You know what? We control what box is in your living room. We don't have to worry about this fight because when we decide we have the right product we're going to shove it down your throats and we're going to make sure we cut it off from all IP outsiders. We'll control what's in the box."

## FINAL THOUGHTS

Let's conclude by going back to those films from Ted's first two categories — the low-budget (up to \$2 million) first-time feature, and the slightly higher, \$2 million to \$8 million second- or third-time feature. Are those films now \$100,000 DV-shot Joe Swanberg kind of films, or is there a way to put that market back together where you could make these films with more resources, professional crews, etc.?

**Hope:** Here's the thing. I have produced 20 first features. I've had three films win Sundance. All of my films have had theatrical distribution. You come to me, you've made a brilliant student film, right? You've got a really original script, and you say, "To do this film right I want 2, 2½ million dollars." You know what I have to say to you when you come in the door now? "Good-bye." There are those films that are of the quality that should get made under a model that once worked in the marketplace, but you can't justify the production value and the experience and the talent [required to make them] under the current business model. That's partially because the infrastructure has been allowed to wither away, and that's partially because the filmmakers have opted to make their own movies instead of going into distribution. All those things have to be rebuilt to be able to go back and do that. There have always been an excess of excellent directors and script[s] that need the time and the effort from collaboration from

smart producers. When you have to work in that \$4,328 budget level that's justified by digital downloads, or even the \$500,000 thing, you're not able to access beauty in the same way; you're not able to access experience in the same way. And we, the audience that appreciates those films, are going to be denied all those movies, which frequently are where innovation comes from. And the only filmmakers who will get to [make these size films] will be the most privileged people who are banked by the biggest fools.

**Braun:** But that person you say "no" to still goes out and makes a movie somehow.

**Hope:** For \$150,000. And they don't make the next one after it.

**Braun:** It is harder for all of us because it is harder at every step of the game. Our experience of selling movies, finding distributors, helping the films be positioned in the right way is extremely different now as opposed to three years ago. It wasn't easy then but it's much harder now.

**Hope:** But you have built your business by actually being very innovative with the deals that you've done, not just following the one-stop delivery approach but instead aggregating a series of different outlets. All of us in the indie film [production] business, we keep following an old model instead of embracing [new ideas and revenue streams]. I think there are a great number of untapped revenue streams available for every single film of quality that aren't being utilized at all, and we've let our ability to access them wither away. People need to invest the time upfront [building their audience] instead of saying, "I have to shoot right away." You have a responsibility to start to seek your audience and start to build that from the very beginning.

**Deutchman:** What's interesting is I think the younger filmmakers are actually much more open-minded about thinking outside the box. One of the things that I run into is that a lot of the filmmakers who I admire who are used to the old model, when you bring up different windows or different ways of dealing with things, they're very much caught up in the way things used to be. And that's why a lot of them are not working.

**Braun:** I would say we have to end on the statement that we all have to work hard. Everyone has to work harder.

**Okay, that's the last word. Thanks, everybody, for talking about all of this. ▼**

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