



## **New Models, New Perspectives**

By the German producer Martin Hagemann (Zero Fiction Film GmbH)

Following the thesis, the crisis of cinema-film-production and cinema-film-distribution in Europe might be bigger than the industry thinks, the following questions and positions were discussed:

- filmfinancing in Europe is in majority state-funded based.
- average film financing structure is as follows: funding 50%, distribution MG 15%, TV 15%, producer's investment 10%, others 10%.
- revenue streams in Europe are in advantage of the distributors and other « middle men », independent producers have been de-capitalized.
- therefore the high investments for P&A are risked by distributors, who rule the terms of trade, which are now in such a mis-favour for producers, that their own invested capital is seldom recouped.
- The only players in the business making money in a substantial manner are the cinemas, distributors and other « middle men ».
- in the old school, producers have become the line producers for the cinemas and the distributors, the only difference to real-life hired line producers: producers take the risk !
- the only realistic income for producers: producer's fees + mark ups, appr. 8-12 % minus 5-10 % producer's investment, leaves them with appr. 5% from the budget.
- Therefore the business model for independent producers at the moment is: save as much money from the film as possible, otherwise you risk your income and your company (exactly the opposite of what producers should do: to produce better films).
- Second rule for the current business model of independent producers in Europe and the reason for the



## DIGITAL PRODUCTION **CHALLENGE II**

**overproduction crisis: do as many films as possible, as you make your living only from the fees, never from the revenues!**

- **If there is no model and the crisis grows, it is a bad idea to hang on too long to the old models !**
- **If there is no new business model, we need to develop and experiment new models.**
- **At the end of the workshop, there was an introduction to an experiment that the filmschool in Babelsberg is conducting at the moment with an investor from the internet-service-side, introducing a very interesting day-to-day cinema release model, not in participation with a distributor.**