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The Official Magazine of the Producers Guild of America / March - April 2014

Jennifer Todd

"I fall deeply in love with the script as I'm trying to fix it."

In this issue:

Ali LeRoi goes to the mat for :55 seconds
Safety essentials when shooting overseas
The landmark report: "Going Green & Saving Green"

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Cover photo: Michael Q. Martin

Naked

Story to Revenue

Using the

Direct-to-Consumer Video

(Part 4 in a series)

by W. Vito Montone



Welcome back to “Naked: Story to Revenue Using the Direct-to-Consumer Video.”

Thanks for reading, I appreciate the well wishes and suggestions you are sending my way.

In the last installment, I shared my discussion with Malik Ducard, Content Partnerships Director of YouTube, the YouTube Space, how the Broadband Creative Lab encouraged the creation of the Aging Ungracefully¹ series, what’s up on with the “naked kim” paid-subscription test, and preparing for the monetization of kimTV.

I have hit a major bump.

Content Creation & Production Methodology

On this journey, I’m not the multi-hyphenate producer/director/writer/actor. It’s not an all-in-one, dependent-on-no-one project. As you know, I have chosen Kim Castle, who has been the lead in other productions of mine and a frequent collaborator. This journey pivots around her. I’m able to leverage an existing audience and range of proven talents without high “Q” baggage. The YouTube episodes have shown her range, camera-likability, as the voice of the channel is refined.

I know most of you must have had projects that became dependent on an actor, or a director or a writer. This dependence can divert you from the ideal development or production path you’ve set. It’s worth noting that this does not always happen from the negative point of view, i.e., creative differences, control struggles or financial “games of chicken.” My dependence on my actor brought a different reason to bear.

I have always enjoyed describing the creative process as controlled chaos. A wonderful, exciting, scary and rewarding

duality that can come off the rails or climb to heights you never thought possible if you are wise enough to know the difference.

Perhaps you saw this coming, but like the frog that doesn’t jump out of the boiling pot of water, I didn’t. Being 100% invested, energetically and financially, and creatively immersed, I could only see that the project was not reaching my interim goals.

I learned something early in my career in local TV, which I had to re-learn here. When the shit is falling, it is better to step to the side and change the game, then to look up and be covered in it.

I had misread the impact of the very opportunity that was showing itself.

Aging Ungracefully

Kim has a medical condition... a complex one. The reason the “Aging Ungracefully” idea had appeared stemmed from her dealing with her condition in real time.

She has been experiencing chronic fatigue, inability to concentrate or focus, hair loss, unexplained weight gain and intolerance to stress and depression, among other symptoms, which is unusual given her drive and energy, which led to this partnership.

As it turns out, these issues have been present, and worsening, for a long time. I have come to learn that millions of other women in her age range are in the same boat, and even men are not immune. The myriad of symptoms makes diagnosis and treatment difficult; it’s often suggested that it’s a natural part of the aging process. It isn’t. It just looks that way and everyone accepts it.

As our lifespan increases, no one will want to experience a life of diminished capacity. Heck, why shouldn’t our lives be the best?

There is a whole economy surrounding anti-aging that, if it were a country, would comprise the third largest in the world. Now, I’m not talking about just the surface stuff, lotions and creams and the like — I mean food, exercise, supplements, and hormones replacement, nutraceuticals, pharmaceuticals and overall lifestyle.



From a study done for AARP by Oxford Economics²...

A powerful new force is changing the face of America, composed of 106 million people responsible for at least \$7.1 trillion in annual economic activity — a figure that is expected to reach well over \$13.5 trillion in real terms by 2032. This is the Longevity Economy, representing the sum of all economic activity serving the needs of Americans over 50 and including both the products and services they purchase directly and

the further economic activity this spending generates. This population of older workers and retirees represents both a transformative force by itself, expected to account for more than half of US GDP by 2032, and a net national asset — a fast-growing contingent of active, productive people who are working longer and taking the American economy in new directions.

As I reported last installment, I pitched a leading integrative functional doctor and medical center. As it happens, Kim’s close friend had been successfully treated by Dr. Kent Holtorf, founder and the Medical Director of the Holtorf Medical Group. I pitched the chance to create a docu-reality series built around the actual diagnosis and treatment of Kim. They said yes and we’ve been shooting every step of the way.

Now, the anti-aging market certainly has its share of snake oil, but our selection is internationally acclaimed for his cutting-edge approach. In the last 14 years he has developed, tested and utilized hundreds of natural and pharmaceutical therapies.

Dr. Holtorf has published a number of peer-reviewed endocrine reviews, including on the safety and efficacy of bio-identical hormones, inaccuracies of standard thyroid testing, testosterone replacement for men and women, the diagnosis and treatment of growth hormone deficiency and on the diagnosis and treatment of chronic fatigue syndrome and fibromyalgia.

As it turned out, the seemingly disparate symptoms of Kim were more debilitating than I knew. The YouTube show development ground to a near halt. We were scheduled to go to five days a week and start audience development... but she was struggling to feel anchored in her voice and message, and having physical difficulty keeping up with “naked kim” VLOGs and our weekly YouTube episode.

I won’t go into any of the details that will be shown in the series, but let me say this... one thing that happens when you start repairing and tuning the human factory of chemicals and hormones, things often get worse before they get better.

The pace of kimTV and “naked kim” had to slow down, just when it should have been accelerating. This was heartbreaking to Kim and disorienting to me. But I realized the impact on “naked kim” and kimTV will be much more than offset in two ways:

The message and market is now crystal clear, and the dramatic reality of “Aging Ungracefully” already resonates with the audience.

I had to recalibrate efforts to capture her treatment and healing process, the emotional and physical impacts, and clarify the channel messaging to support anti-aging.

I’m so glad that this video-enabled world allows a powerful independent road for us producers that was not available in the entertainment landscape even a decade ago. YouTube started 2/14/2005, just nine years ago from the week I’m completing this installment. To dig deeper into what that independent road can look like, Malik, of YouTube, suggested I speak with Freddie “W” Wong.

¹ Aging Ungracefully, Better Home and Gardens Syndrome, “naked kim” and kimTV are trademarks of Castle Montone, Limited.

² <http://www.oxfordeconomics.com/about-us>



Freddie “W” knows this independent road well. However, there are a few stand-out differences in his path versus the average YouTube Creator starting out with vlogging.

He is a USC Film School grad, musician, VFX artist and competitive gamer, and even appears in his productions. He owns and manages Overcrank Media, a Los Angeles-based media production company specializing in feature film and online video content. He produced the independent film *Bear*, commercials, two YouTube channels and his own video site, www.RocketJump.com.

He explained to me, “YouTube is [his] generation’s TV.” But it is not 100% advertising or subscription-supported like TV, and must rely on a variety of funding sources. “The advertising value proposition of digital media has to be understood and properly rewarded. Digital ad spending is growing, but it is still at about 10% of traditional TV ad spending,” says Freddie. It is slow to change because traditional advertising is averse to performance-based metrics versus projections based on metered viewership.



If the work is good, direct-performance metrics should not be feared and audience delivery should be highly rewarded. It is working for Freddie, who after two years of shorts on YouTube, showing his storytelling and VFX skills, has demonstrated that his work was good enough to build an audience.

In 2011, along with his partners, Matt Arnold and Dez Dolly, he started the Web series *Video Game High School*. The Collective Digital Studio, an agency-turned-studio with YouTube Multi-Channel Network (MCN) certification, signed him and gave him the boost he needed to start the first year of *Video Game High School*. As a co-owner, they advanced funds against projected ad revenue to which he added private and personal investment. He then used a Kickstarter campaign leveraging his online audience to convert 5,661 backers into \$273,725. (His goal was just \$75,000.)

The audience spoke, they wanted season two. He now had advertisers’ and sponsors’ attention. Using organic product placement, he landed a significant partner, Dodge. He returned to Kickstarter for another stellar result — \$808,341 from 10,613 backers against a goal of \$636,010.

The audience spoke again, wanting longer episodes, so *VGHS*’s third and final season has been developed to be both a theatrical release and Web series with longer episodes. Now, he has shattered the record for crowd-

funding of a Web series on Indiegogo, raising \$900,157 against a goal of \$750,000 from 10,905 backers worldwide.

The lesson? When you have an audience and a relationship based in quality and respect, crowdfunding works. More to come on that.

Freddie demonstrated the fertile intersection of capable independent content creators and the audience where projects can be funded directly. For him, the gatekeepers of content are obsolete. Our Guild was impressed and nominated *Video Game High School* for our Outstanding Digital Series Award last year.

Wong has eschewed traditional film and TV outlets in part because he wants ownership control over anything he makes, and he hopes investors will buy into the idea that he has potential beyond directing, as the head of a media company.

As in life, there is a range of options, and there is a middle ground between an outright network sale and a full independent path.

To understand this better, I turned to Ran Harnevo, President of Video at AOL.

Ran is a veteran in the media and Internet industry and specializes in managing and deploying content and media assets. Ran was the CEO of 5min Media, one of the largest the online video syndication platforms founded in 2007, just two years after YouTube. AOL bought 5min Media for a reputed \$65 million in 2010 and created AOL ON.

Ran shared, “Traditional TV in the U.S. started with just three or four broadcasters getting most of the ratings and the inventory. The video space was extremely fragmented and this fragmentation is AOL’s opportunity for their ‘distribute everywhere’ model.”

Ran warns that the future starts here and now. Major brands and artists, like Justin Bieber and Macklemore, first broke through on the Internet. So he believes producers can make it themselves and use distribution partners like AOL ON as a viable business model.

There is one catch.

TV experience doesn’t matter. What matters is that the content must be good and serve a needed demo. So do your homework.

AOL ON has a wide range of original content and talents, from Hank Azaria to iJustine (a YouTube Star). Ran has seen \$10,000 productions rival those of \$400,000 in purpose and quality... so why would anyone pay \$400,000? Producers must take the long view.

With the pressures on traditional TV, there may be fewer “big idea deals” to go around. So build the content yourself, own it, and make money on licensing.



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Important to note, Ran observed that the “contract” with the audience changed. The audience expects a different language now. Laugh tracks don’t cut it. Content needs to come from a direct relationship with the audience... To feel like it is of and for them.

Right now, audience is moving faster than money, changing their viewing behavior; the economics will change in response. We should want to be active in the digital space when that response comes. If you wait for proof of the economic disruption, you will lose.

Ran understands that some of these realities are disconcerting for executives or producers working the existing entertainment structures. How do you finance such change, and what does that really look like day-to-day in life and work?

That’s why I’m doing what I’m doing and sharing it with you.

YouTube Space

I have previously told you about the YouTube Space LA and the amazing tools and support they make available. You may have found out how to unlock some of these perks yourself, but if not, check out the sidebar (right) with the details.

Audience Development

While kimTV production has slowed, we still have taken steps forward in audience development.

The easiest and fastest way to grow a YouTube audience is collaborations, or as they are known, “collabs” (not to be confused with the MCN collab.com).

Channels with aligned audience demographics and content synergy can do a variety of things together to expand each other’s subscribers and views. A traditional analogue for this practice is the “stunt” and crossover casting done in TV series.

As you now know, YouTube is a democratic, open, authentic environment. There is a camaraderie and an attitude that there is more than enough audience for every one... all for one. Here are some of the ways channels can collab:

- Like each other’s channel
- Comment on each other’s channel
- Share each other’s channel
- Appearances on each other’s channel
- Co-created show with “cliffhangers” to move viewers from channel to channel

We began searching YouTube for terms like “aging” or “anti-aging,” using “channels” and “views” filters to narrow the field of possibilities. We also started networking at the YouTube Space, and using ChannelPages.com, where channel owners propose and seek collabs. So far, we scheduled two interviews and one reciprocal appearance to get the ball rolling.

Another opportunity is available now that monetization is turned on for Kim’s channel. YouTube will distribute a commercial or teaser promoting your channel for you. It is in their best interest to have all channels grow, so they match content and demos, and present the commercial as a pre-roll to invite viewers to check your channel out.

So re-cutting the channel open and trailer, and creating a commercial are up next.

	Access	Production Access	Production Access+	All Access
You have...	YouTube Channel	10K Subscribers	100K Subs + 75K Watchable Hours	1M Subs + 375K Watchable Hours
Space Newsletter	✓	✓	✓	✓
Channel Workshops	✓	✓	✓	✓
Friday Happy Hours	✓	✓	✓	✓
Community Events	✓	✓	✓	✓
Collab Days	(If invited by qualified team)	✓	✓	✓
Bookable days per month		1	3	6
Unlimited Post Access		✓	✓	✓
Special Events		✓	✓	✓
Advanced Equipment Training		✓	✓	✓
Social Equipment Demos			✓	✓
Live/Engineered Productions			✓	✓
Eligible for Residences			✓	✓
Official Space Badge				✓
Product Specialist				✓
Book 4 Months Out				✓

Ironically, if we had done it two months ago, when I hoped it would be done, we would be re-doing it now. As you read at the top of this installment... the message and audience has now become crystal clear.

Message Clarity

The channel art is the first impression... and of course, it is important. I previously shared the original and current channel art so I can tell what was wrong with V1 and why V2 is better (note: V3 is in development now).

While the channel icon is provocative and striking, the channel art itself was way too busy. The images in the back-



ground show Kim in a number of settings, setting a tone of variety without focus... never establishing a theme or message for viewers to relate to. Don’t get me wrong, when watching

her, she is relatable... but viewers need to know why they want to watch. We don’t want men just hoping for titillation.

At least the art was clear about when videos will be published.



This version removed the unfocused image clutter and introduced a message for the first time. On YouTube, her channel falls into “Lifestyle/How To,” so lifestyle was added literally. As Kim felt what she shares can elevate someone’s life, whether it was food, style, body or soul, that too was added. While there was a small uptick in subscribers, it failed to position the problem and solution that her content addresses. You will now see anti-aging enter the messaging... of course, in Kim’s unique way.

We have scheduled a collab with Kati Morton as she and



Kim have an audience demo overlap and common concerns about living a better life. Kati’s channel is growing nicely in a largely stagnant niche, mental health, which is mostly professionals or aggregation of clinical videos. Her channel art has taken the literal route. While there are safe zones issues (similar to video/TV safe zones, there are constraints whether the channel is viewed in difference sizes on desktop computers, smartphones and tablets) and some needed design finesse, she lists the subjects she addresses (and when) right in your face. There is no mistaking what she does, but you have to watch to find out how.

Check out www.kimcastle.tv for the the third channel art tweak.

Business Development

For the possibility of increased ad revenue and sponsorships, we have been taking MCN meetings. So far... Kin, Full Screen, ScaleLab, and Big Frame and more to come. As we gather the information, I will share an overview with pros and cons to support you should you be considering joining one.

The new “naked kim” marketing team, Andy, Bob and Tami, are cleaning up messaging and building a promotional plan. I hope to see results in the next installment.

My strategic attention has turned to “Aging Ungracefully” as Kim heals.

As we have footage, both with our medical partner and

Kim’s personal experiences, we can start cutting a teaser and building a pitch. But as that plan appears, my thoughts wander back to both Freddie and Ran’s conversations.

Is crowdfunding the way to go?

Crowdfunding

As with reality TV, crowdfunding is far from new.

In 1884, Joseph Pulitzer crowdfunded \$100,000 in five months to supplement the construction costs of the Statue of Liberty. The average pledge was less than \$1 and received the perk of a mini-Statue of Liberty. That sum would be worth \$2.5 M today!

Now the Internet, social media and technology has made this funding mechanism available to anyone with an idea. That doesn’t mean it will always work. Sixty percent (60%) of crowdfunding campaigns fail. (Failing in this case means not reaching their stated goal; they still may have received money depending on the program they used.) And those that succeeded averaged \$7,000.

Now, there are a dozen or so platforms, but the top three are Kickstarter, Indiegogo and RocketHub.

In 2013, nearly 20,000 Kickstarter campaigns raised \$480 million from 3 million people worldwide. An average of \$24,000 per project and \$160 per person.

You may have heard of the largest crowdfunding film project to date, *Veronica Mars*. The campaign raised \$5,702,153 from 91,585 backers against a \$2 million goal. There were three seasons of *Veronica Mars* on UPN and the CW, and it is currently available on Amazon Prime Instant Video, which partially explains the extraordinary results. But then, Freddie Wong’s *Video Game High School* had just a YouTube channel, and he’s raised just shy of \$2 million for his Web series.

As I see it, the beauty of crowdfunding is twofold. One, the self-funding lets you keep IP control. Two, if done right, you build and strengthen audience. And crowdfunding is made for storytellers. Just think of the Statue of Liberty crowdfunding, and the story of national pride and international friendship that must have been used in that effort.

The hotter the subject, narrower the niche and bigger the social media presence, the better. I think “Aging Gracefully” will be perfect. We are going to get started.

My preliminary research into the crowdfunding space shows that projects with an authentic connection, transparent purpose and a clear “why and how” succeed. And the success rate can be boosted from 60% to 85% by building a community led by a team of four. We can do that using YouTube, Facebook, Google+ and blogs.

So, I will be researching the pros and cons of the top three crowdfunding platforms and begin searching for the great crowdfunding partner(s) to reduce the learning curve and lead the way. Perhaps even Freddie will give me some tips!

If you have questions or suggestions of what you think I should do or research for all our benefit, please let me know. Email me at vito.montone@whycom.com.

See you next time... 🐼