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The Official Magazine of the Producers Guild of America / July - August 2014



**Damon
Lindelof**

**“The cliff’s edge
is a very exciting
place to do
television.”**

In this issue:

David Friendly’s
leap of faith

Boyhood plays the
long game

Produced By Conference
at Warner Bros.

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Cover photo: Austin Hargrave

Naked

Story to Revenue Using the Direct-to-Consumer Video

(Part 6 in a series)

by W. Vito Montone



Welcome to the sixth and final installment of “Naked: Story to Revenue Using the Direct-to-Consumer Video.” Thanks Chris, for the space and to our readers for their patronage.

In the last installment, I shared how Kim’s message was now unified, we heard from Jim Louderback and Dan Weinstein, I shared how the demographics of direct video consumption have shifted, just how massive the longevity market opportunity is and how women 35–55 are underserved in the digital space overall. We also looked at how the *Aging Ungracefully*¹ series development has evolved, how crowdfunding serves as crowd development, the nature of the MCN landscape, and we celebrated with you that Kim’s channel signed with Maker Studios.

Content Creation & Production Methodology

The kimTV¹ channel content has taken a wonderful turn, fueled by the goal of a variety/talk show, theme clarity and a YouTube technical advance added to playlists. In case you don’t know, a playlist is a way to link videos of a channel or across channels into a group that play one after another.

It is important to note that YouTube has changed the measure of success since this article series began. Subscriptions and views used to be the key measures; now it is total engagement — the number of videos that are watched per session plus the total watch time.

Digital video is no longer “short form.” If the content and talent can hold interest, a range of lengths are appropriate, just like TV, only not as rigid. It is still best practices to have some short videos, 1–3 minutes, that viewers can use as a way to “discover” if they want to invest more time in your content.

I decided to view videos on Kim’s channel as a series of key elements making up a larger, longer show. Much like a 60-minute talk show with segments. So, we’ve been creating

4–5 videos as segments that can stand alone as well as played to together. The segments we now shoot are:

- **Monologue**
- **Book or Product Review**
- **Interview**
- **Man-on-the Street**
- **Roundtable**
- **Kim and Friends**
- **Kim on the Town**

Our segments have a variety of lengths from 2–3 minutes to 20–25 minutes, according to type and nature of the content. We put them together around a theme, like a hour show would. Conveniently, YouTube added the ability to set a target entry and exit point within a video that you link to in the playlist. That means you can have one cold open, one open, several content “bodies” and one close without editing each video individually. Sweet!

Audience Development

One difficulty I’ve been having is finding the right YouTube channels for collaboration. This has led me to look for traffic off YouTube. This in turn led me to bloggers on a wide range of subjects that reflect Kim’s content. They have text and image content, but typically no video... and they are willing to trade. Georgia Koch, Channel Manager at the YouTube channel SoulPancake, validated this for me. A major part of SoulPancake’s channel growth is driven by their engagement with bloggers. I’ve focused on bringing bloggers and experts with blogs into our content tread, and they in turn will embed kimTV in the well-trafficked blogs.

We now limit the cold open to just shy of 15 seconds for use as promos or teasers off YouTube. Facebook rewards video uploaded to their platform (versus embedding from YouTube) with greater distribution and auto-play functionality. Instagram now accepts video as well, which is ideal for Kim’s audience. Video drives SEO everywhere, and we’ve got plenty of it! We’ll even make some funny six-second teases to test on Vine, too!

Maker Studios has had an immediate positive impact. Ads running on the channel changed from Vaginal Mesh (yes, a real thing) to Coca-Cola... better ad rates, to say the least. Then the team began analyzing the channel — titling, keywords, viewer habits, etc. We got great advice, and even applied some of it to all of our existing videos.

One very encouraging result is the level of channel engagement. Folks watch our clips all the way through... not common. The show production quality, while unnecessary for YouTube success, is proving to matter. Not only is Kim watchable, the content is “sticky” and appreciated. This was noticed in other parts of Maker, resulting in Kim’s work being included in promos.

Plus, she was asked something interesting. An announcement was planned for the upcoming convention of all things YouTube, VidCon. Kim was requested to read five lines on video. Of course, Kim would “Kimplify” them as only she can! More on that shortly...

Then our Maker team shared something surprising: Everything was poised to grow, but one element was missing. There were two principles in opposition: The video’s polish and Kim’s watchability was getting studio attention and extended watch times, but the channel was not taking full advantage of the platform’s intimacy. This intimacy is truly how fans are made. Consider the way the print tabloids create an implied intimacy that drives celebrity. On YouTube the intimacy is real, immediate and built-in.

Maker saw the personal diary videos in her “naked kim”¹ paid-subscription service. For those new to the article series, back issues can explain more in detail, but in brief, “naked kim” is a paid-subscription reality series where Kim shares the “making of” the new brand and channel. When Maker saw the videos, they were excited. Bring selected pieces to the channel, they said, and we’ll achieve three things. One, the polish of the weekly show would be even more appreciated; two, viewers will fall in love with the truly vulnerable Kim without makeup, scripts, lighting and post-production; and three, we’d see a promotional boast for the subscription service.

As I have heard similar suggestions from colleagues Liam Collins and Georgia Koch, this was music to my ears. While “naked kim” is currently marketed to small business owners and entrepreneurs, I knew one day it would be good for the channel “super fan.” I see how selected videos can build intimacy with the viewers. The instinct to launch both simultaneously was dead on. A joint team immediately started curating videos for a weekly vlog on the channel.

VidCon



VidCon offers an experience unmatched by most other industry conferences. It is a rare and beautiful thing, blending an industry conference of 1,000 strong with a fan-fest of 17,000 screaming tweens, teenagers, and millennials... and their parents.

I know that most Comic-Cons seriously dwarf it. However, VidCon started just five years ago and it is fueled by the Creators on YouTube, not multi-million-dollar films and TV series with deep-pocket marketing and advertising.

Most media companies were represented and brands are starting to attend — and if they did, they saw the engagement is real and going to stay. No longer can anyone stand on the sidelines. YouTube revenue was just more than \$3.5 billion last year on ads alone. You can see it building in the trade news. Even Jeffrey Katzenberg was there on the main stage and walking the floor... where seemingly no one knew who he was.

VideoInk earlier this year suggested 2014 will be when the YouTube world would grow up. Well, VidCon co-founder

and YouTube Creator John Green already has a bestselling novel and a \$200+ million worldwide movie (made for just \$12 million) based on it. *Camp Takota*, made with three Creators, Grace Helbig, Hannah Hart and Mamrie Hart, sold direct online, making \$3 million in just three days. There's nothing to wait for, the platform is maturing, the talent is assembling, the audience is watching... and buying. It's time for prime time.

The industry just needs to figure out how to program for all the eyeballs of all ages, not just the ones of screaming tweens and teenagers. We're happy to be a part of the solution.

VidCon has emerged as a space similar to software developer conference's like Apple's, the time and place for major announcements.

FULLSCREEN

For example, *Fullscreen*, the last major independent MCN, announced it will invest \$10 million in original programming from their Creators.



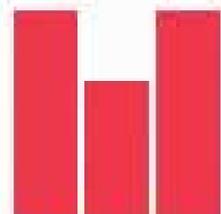
YouTube's CEO Susan Wojcicki, took the stage to unveil more features to help Creators thrive. The top three features being 1) fan funding directly on the channel, 2) interactive annotations (links off the channel that will work across desktop and mobile!), and 3) fan-submitted subtitles or captions and translations to aid in global localization.

Oh, speaking of announcements — Kim's five lines on video...

Maker announced the reorganization of their verticals and unveiled the new branding for their talent — Maker Gen. They are getting ready to transform their talent and shows as a public-facing network.



And Kim was prominently featured in the booth video and on their channel.



LIFE + STYLE

The top executives knew her, made a point of meeting her, and discussed plans for a presence beyond her channel in their Lifestyle vertical on Maker.tv.

They are serious. Good. We are, too.

On day two of the three-day VidCon, something dawned on me, something that casual observers sometimes miss. Approximately 25 percent of the audience were parents — more specifically, women over 35 — our channel's audience. We spent the third day with a camera and Kim doing man-on-the-street interviews with them!



It was amazing! The women were appreciative, surprised and interested. Kim and our channel are poised exactly where they should be. Our interview subjects proudly looked into the camera and said, "I want my kimTV!"

With a body of work, a clear message, a range of show formats, and now audience testimonials, we are cutting a new trailer and fan ad for the additional promotion from Maker.

In just the last 30 days, the channel growth is 2,400% and still climbing!

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A recent Deloitte report stated crowdfunding portals raised \$3 billion for businesses in 2013, double its total in 2011, and is far outpacing growth of traditional financing.

As you may remember from the last installment, we partnered with David Khorram and CrowdFundingPlanning to crowdfund completion of the *Aging Ungracefully* digital series. Just as in producing, development and prep is where the success potential is cast.

As I've been developing the creative to support the crowdfunding efforts, David's team has been busy researching subject matter influencers, collecting campaign best practices and identifying people that fund media-related projects.



They ran a test campaign using Thunderclap to gather people interested in supporting crowdfunding. In just 30 days, the campaign was more than 1 million people. Nice!

David has developed a detailed plan that is organized into four phases:

Research and Prep - Influencer discovery, best practices, core creative message and perks;

Pre-campaign Campaign - "Crowd gathering" using subject matter and Kim's deeply personal story related to the series purpose;

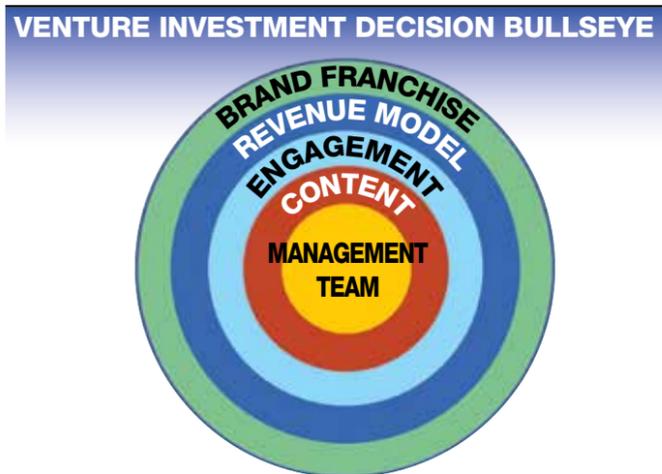
Crowdfunding Campaign - Engaging the crowd in the subject matter and the shared desire for seeing the solution/journey Kim experienced;

Stretch Campaign - Pushing past the goal with added perks and creative content.

The pre-campaign will leverage the story lines that are being seeded on kimTV and anchored by revealing videos that will be included in phases 2-4. We're ready to go!

As a trusted mentor shared with me, the investment environment for digital media is "frothy." Sounds yummy, like great foam on a cappuccino! While I mentioned investment as a funding source many installments ago, my focus has been elsewhere. Am I missing something? I think so...

At VidCon, Mark Terbeek, Partner at Greycroft Ventures, an early-stage venture capital firm focused on investments in digital media, shared their investment decision matrix that they've used successfully when investing in AwesomenessTV, Glam Media, Huffington Post, Maker Studios and much more.



They fund once the business concept is proven and the focus is on building the company. I would surmise that their investment in Maker Studios was the phase where the professional management was added to the Creators that founded it.

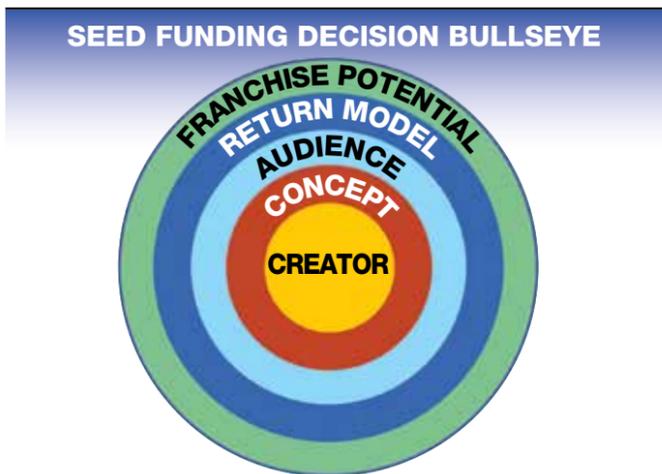
If I take what I've learned and apply it to developing a media content company, that type of funding would be too early for me. I've got to increase the traction to prove my approach to women 35+. So what about funding for a start-up?

As I have been self-funding so far, we will need an investment between the layer of "self, friends and family" and venture capital like Greycroft. This is commonly referred to as "angel" or seed funding.



I tracked down the gracious and talented Kevin Iwashina, Managing Partner of Preferred Content. He and independent producer Ross Dinerstein founded the company in January 2010. Preferred Content is the managing member of Preferred Ventures, a micro-VC dedicated to investment in digital media opportunities supporting audience aggregation, e-commerce and content distribution. They have assembled millions of dollars in financing for top independent filmmakers and producers, securing production investments in the mid-five and low-six figures.

While Kevin agrees with the Greycroft decision matrix (above), he shared his version for seed funding:



While there are ways today for a producer to pay the bills to make the content using a range of revenue opportunities, the real financial return potential for investment dollars still requires a broader view of the talent and content in film, TV and digital.

"While we've secured investment for individual film properties, we haven't yet made investments in digital media for purpose of content creation. Our initial interest has been in MCNs or digital distribution companies," says Kevin. He does see that changing, as there are deals being evaluated from Creators with a range of content, not just a single show or series. He goes on to say, "Online influencers, or Creators, are normally highly engaged with their audience and immersed in supplying content on a very frequent basis. If you are creating a digital media company, make sure you understand the commitment needed to create more traditional forms of content." A producer can help balance those competing needs as well as navigate a new level of feedback and collaboration.

Kevin finds this an exciting time because of the larger pool of accessible talent that can become the next multi-hyphenates, and the deep verticals of 35-55 year olds that are voracious for content.

My experience has led me to a similar point of view. As my journey has unfolded, I see the place for a media company that serves the needs of women 35-55. As I move from story to revenue for the channel, it's time for our company to actualize its slate of projects and support others with a resonant voice.

Thanks again, say hello at events... and see you soon!

If you have questions or would like to explore the digital landscape, please email me at wwitom@gmail.com or connect on LinkedIn <http://www.linkedin.com/in/wwitom>.

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