

Presentation for Enterprise Ireland Content Forum – 27th March 2007
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I would like to take this opportunity primarily to speak about the perspective of the Irish Film Board on the issues being discussed today at this Content Forum – ‘Coming to a platform near you’. Our own starting point is that Film means Films that are made primarily for a cinema audience, for the big screen, and it is the Film Board’s purpose to promote and enable the sustainable growth and success of indigenous Irish film making for the big screen. That being said I hope to indicate in the next few minutes that the film industry and Irish film makers stand to benefit from convergence on the emerging content platforms and new distribution outlets and use convergence in media to accelerate their own progress.

The Board is funded directly by the Government and current Government policy supports the sense that it understands the value of films both financially and as a major export and cultural asset for Ireland. The Film Board is also responsible for attracting inward production and this is seen not solely as an end in itself but as a smart strategy for building an indigenous industry. Inward production brings with it the economic benefits of employment of film technicians and local film infrastructure, the opportunities for developing specialist skills, and the international networking opportunities through Irish producers and creative talent playing increasingly prominent roles in international co-production. High profile movies filming in Ireland attract enormous attention at home and abroad, particularly if there is an Irish element in the story, and the competition to attract such high profile projects is greater than ever particularly from the UK and Eastern Europe.

Certainly Ireland has traditionally secured a disproportionate share of the international market and is on the A list of favoured nations for filming as far as Hollywood studios are concerned. Our ability to compete for these large scale mobile studio projects will always be heavily dependent on how competitive our financial incentives can be – since last year the UK has upped the anti considerably with their new tax credit scheme – it is a short term scheme that expires in 2009 and it favours Hollywood studio financed projects – by contrast our own Section 481 is attractive for independently produced films and large scale TV drama such as the American Showtime series the Tudors that filmed here last year and the BBC series Murphy’s Law that is filming in Ireland this year. While remaining internationally competitive is essential, it is the Board’s strategy that over time the emphasis for sustained high quality drama and film production in Ireland will shift from international inward production to Irish production.

Our most recent promotion of Ireland as a film location that we use internationally, and is highly effective, reflects this trend with a growing portfolio of Irish production in the mix.

You can see that this is working on a number of levels. Of course it is selling more than just locations – it evokes a unique Irish artistic and cultural pedigree both in the traditional sense and increasingly in a contemporary way and associates it with the biggest international talent in the world. It is a message that benefits more than just the Irish film industry which explains the good sense of Government policy in promoting Irish film – according to Tourism Ireland 18% of all tourists visiting Ireland for the first time do so as a result of seeing ‘Ireland’ on screen.

There is no doubt that the most significant development in the last few years towards bringing this change about has been the commitment of Irish Broadcasting, particularly RTE, to investing in Irish TV drama on a large scale. A policy that seems to benefit the Broadcaster and certainly benefits the Film industry – ambitious and accomplished TV drama is the career stepping stone that has in the past been missing for Irish acting, writing and directing talent. The ability of the Board to fund Irish films has also increased significantly in recent years through increased funding, and supports a growing level of production and development of Irish film projects. This mix of TV drama and film production is the business model that supports most Irish production companies that have the ambition to make films – it is the economic model that supports nearly all independent production companies in the EU and puts Irish producers on a par with their EU counterparts for entering into co- financing deals for film production. Of course financing even a low budget feature film – which is generally costing between 1.5 and 2million – is a horrendously difficult task requiring usually up to 7 or 8 separate sources of finance across different jurisdictions. It is remarkable that Irish films are being made at all, let alone having the success that they do, last year at Cannes and the Oscars – this year at the Sundance festival – Ireland is recognised as a centre of excellence and we argue that this is the platform to build on in the future.

However what is described above falls into a familiar mould where both Film and TV drama have been financed and produced in much the same way over the last 30 years.

So what of the future?

Well as with every other area of media and entertainment on one level the operative word is ‘digital’. The transforming effect of digital technology on the means of producing, distributing and exhibiting Film is simply enormous. And equally the implications for Irish film makers, and therefore the Irish film board, are enormous. I will give some specific examples of this in a second however I would like to refer back to my opening definition that our core purpose is to promote and enable Irish film making.

How we actually go about this is to refer all our activities towards two fundamental objectives – to enable the growth and opportunity for Irish film talent – and to promote and enable Irish film enterprise. We support a broad spectrum of film content that is art, culture and entertainment, not always in the one package – we are not editorial in our direction and we support projects that generally, but not exclusively, reflect an Irish sensibility, that meet a quality standard and that obey the law. Concentrating on talent and enterprise provides us with a simple and consistent way to assess all our programmes and activities – we would question why we are doing something if it were not clearly advancing one or both of these. Talent is the currency of the entertainment industry and modestly we believe in Ireland that we have it in abundance – Enterprise is the ability to turn talent into economic benefit – for Irish film makers, this last objective is largely aspirational - at this moment.

However – if the recent growth in the volume and quality of Irish television drama and film, albeit primarily funded by Broadcasters, the BCI, the Film Board and section 481, is maintained – it is possible that the potential of digital technology, coupled with this on-going growth, could transform the landscape for Irish film makers. This makes the potential impact of digital developments of great interest to the Film Board and is consistent with our core purpose of promoting and enabling Irish Film enterprise

Looking first at the impact on film production it is remarkable that there are two films being released this month that illustrate quite dramatically this potential. The first is 300 – a Hollywood blockbuster created largely by digital film techniques involving green screen - CGI – motion control photography – digital compositing – the full range of techniques that we call digital visual effects – an entirely new portfolio of film image creation techniques – many of them available on your laptop. One of the great barriers to building a complete and self sufficient Irish film industry in the past was the lack of film laboratories and ancillary industrial processes – even today with most films shot on celluloid this remains the case although things are changing and rapidly – changing in a way where we can see that shortly the complete means of production will exist in Ireland. The cost of 300 is reported as being in the region of \$60m so it is still big budget by our standards – by the standards of Troy and Alexander, with budgets of between \$150 and \$200m, it is cheap – and therein lies the importance because it is being marketed and released on the same level as a major Blockbuster and is likely to out gross both of them. Of course it is the quality of the film – the talent if you like – that is the critical difference to success – but is the cost that is the critical difference to risk.

Production of this scale and ambition is coming within the reach of other risk takers and for the Irish industry the ability to produce at this level in a cost competitive way is already there – with no vested interests to protect, these developments represent opportunities not threats to the Irish film industry.

The other recent release demonstrating the impact of digital technology is the Irish feature film 'Once' – this is a full length Irish feature film that has just won the coveted audience award for best film at the Sundance film festival in the US this year. As a direct result it is now on general release in Ireland and will be theatrically distributed in the US. This film was produced for a cost of just over €100k and financed primarily by the Irish Film Board – and it is a musical! It is an accomplished film with that simple but illusive quality of being an Irish film with universal appeal. The cost came about because everyone involved, the cast and all the crew worked for the same minimum [which means subsistence] wage – an agreement that exists for what we call 'micro budget projects' which are intended to help new film makers make the transition from short films or TV drama to full length feature films – it is not a sustainable model for the industry but it is a vital stepping stone for talent to bridge the gap from small screen and small projects to the big screen. The other cost factor was that the film was shot on video cameras costing no more than €3000 – using mostly available light – and multi camera shooting set ups to speed up production – the aesthetic and creative production possibilities of high definition video capture are in their infancy.

The significance of these two projects is on a number of levels – on the one hand the full execution of a digital film project from production and through every aspect of post production is all available in Ireland. Companies like my own company Windmill Lane have the complete digital film technology production line – and the talented editors, animators and visual effects artists to execute complex digital visual effects. Our work comes primarily from TV commercials but the skills and technologies are increasingly being applied to Irish film and TV projects. In other words the full means of production are now established in Ireland to create work capable of competing in global markets.

So the question is, how successfully can Irish film projects access these global markets? In fact how can they access their own Irish domestic markets? – And if new markets can be accessed does this represent a profitable return on the cost of production? – Do the emerging alternative cost options and distribution options driven by digital technology represent a new business model for Irish film makers – or content producers if you prefer? We are well aware of the present market barriers to independent Irish films gaining theatrical exhibition. The current market structures make it difficult with 80% of Irish and EU cinema sales going to Hollywood movies and controlled by US distributors - the argument is that this is driven by audience choice but it is not always a matter of choice when the release schedule is controlled by US distributors - there are enough examples where local projects break through – people do want to see their our own stories on the big screen – but the fact is that there is intense competition for access to a limited number of screens and the distribution and exhibition of film is controlled in ways that make it virtually impossible for Irish producers to gain access to – let alone retain significant profit share or ownership of the films that they create. Of course it is the quality and appeal of each film, the product of

talent, that determines its real success but the distribution structures are also critical and until this basic condition is changed it is hard to see a long term sustainable film industry in Ireland with meaningful control over its own destiny.

But this could change. The above examples of the transforming effect of digital technology on traditional film production are if anything overshadowed by the potential impact on the traditional distribution and exhibition of Films. Feature films and sport are seen as the drivers for on demand services on new platforms however the cinema industry appears to be lagging behind compared to the enormous changes taking place in other areas of media and entertainment. We know that in relation to cinema that full digital distribution and exhibition is inevitable and we can see some of the effects that this is likely to have. Affecting the rate of progress is the lack of agreement on standards by the major studios, their need, as they see it, to protect their market dominance and fear of illegal on line downloads and DVD piracy. So where are we now?

Well film remains the classic visual storytelling medium and people still want the shared experience of the big screen. Theatrical success is the main marketing platform for distributing films across all new platforms, for DVD and for traditional broadcast - films are in the top five per cent of desirable content for all of these outlets. The immediate new developments that can potentially transform the business model for Irish film producers are VOD – and Digital cinema – D cinema. Movie downloads and the many alternative technologies for direct rentals and sales to consumers over the internet, wired or mobile are in rapid transition. While D cinema is slow – only 15 screens in Ireland today – it is only a matter of time when it is 500. Recent examples show that a 100% digital cinema opens up the possibility of substantially different ways of programming and operating. For example a single cinema can show 5 or 6 different feature films every day. Repertoire style programming means that cinemas can offer around 20 titles in a month – far more than a conventional screen can cope with. It also opens up the possibility of cinemas being able to screen a wide variety of non-cinema material in the cinema auditorium.

There are of course still many obstacles to overcome for these new viewing possibilities to be developed as fully viable consumer options. What does seem to be the case is that within these developments lie opportunities for content producers to develop more direct relationships with their audiences and through this own and control a higher percentage of the profitable exploitation of their own work. With a viable business model for film production based increasingly on direct sales to consumers this then opens up the prospect of new investors in content production entering into the market. Such scenarios are far away from today's environment for film production in Ireland – but these changes are happening and the ambition has to be to see them as opportunities to be grasped.

