The Innovators' Summit
at the Los Angeles Film Festival

White Paper:
A Framework for the Future of Film

Hosted by Film Independent
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An initiative started by #StayIndieFilm

"The China Syndrome" is a movie about the future: a post-modern dystopia. John and Jane are neighbors. They wake up in the morning to switch on a television device with a single button that beams in a single channel owned by Google. John and Jane both have devices implanted in their skin which gives Google real-time feedback and constantly updates its algorithm for what people want to watch and should be watching. Big data is king and one company owns it all.

This films' premise is predicated on a set of conditions developing over the next 15-20 years in which big data rules the day, and those who already own the data (the search engines, big online retailers, Netflix) slowly squeeze out the smaller content producers by consolidating data ownership with increasing numbers of acquisitions.

This was one of several "movie concepts" developed by a crowd of 48 producers, directors, technologists, financiers, distributors, consultants, festival heads and journalists representing over 790 years of collective industry experience. They gathered at the Conga Room at LA Live on Thursday June 20, 2013 during the Los Angeles Film Festival to apply "scenario thinking" to the future, trying to turn crucial uncertainties we face in independent film into a range of plausible outcomes.

Scenario thinking is a kind of structured brainstorming aimed at gaining insights through storytelling, something films folks are uniquely capable of doing. By thinking rigorously through various possible stories about the future, we can share our hopes, fears, innovations and insights in a way meant to inspire the imagination and inform the intuition.

The intention of the event was to examine the forces influencing the future of the industry and shake out any "official futures" in the room. Most of us operate with a certain set of assumptions about the future that have more to do with what we hope will happen than the scary possibilities of what might happen. This is known as an "official future" and it is often insidious and hard to uncover. We often build them unconsciously in order to make decisions in the face of uncertainty. The danger of an official future is its myopia: what if what you thought would happen does not? Are you prepared for the thing you didn't think of?

Some big ideas emerged:

1. If we're moving towards a world of greater transparency and fragmentation, that could be excellent for creators of niche content and very challenging for audiences.
2. This could imply a sustainable but low-return world for independent content creators who build their audiences (and brand) over time.
3. In a world of increased fragmentation and transparency, "Social Capital" emerges as the great currency for filmmakers/brands. The role of the press and a creative team's facility with social media are crucial components here.
4. We have to consider the possibility that concentrated information and capital becomes more concentrated and puts huge pressure on smaller-scale creators.

What follows is a synopsis of the day's structured brainstorming, how these "big ideas" and takeaways emerged, and the big questions that kept the group lingering for hours afterwards discussing the possibilities.

WHAT IS THIS PROCESS?

Unprecedented forces of technology in production, distribution, and viewing have created a profoundly unstable landscape for film. With instability comes great opportunity for disruption, but that would require massive cooperation between filmmakers, financiers, distributors, and audiences. Currently, there's not much communication among these groups. Innovations are often lauded as "one-offs," or the assumption is that an innovation in distribution has no effect on production. Lessons are being learned and not always shared.

Scenarios are plausible, compelling stories about the future generated by structured brainstorming in a group setting. Broken up into tables of 8, the group is led through a series of exercises to explore the most important uncertainties shaping the future of the industry. They are asked to attack each problem at their tables and then report back to the group. This technique has been used thousands of times across industries to generate powerful insights from the future. The goal is not to make predictions with certainty, but to shift the center of our intuition, to allow us to make decisions with greater conviction. In fact, we spent the day exploring the greatest uncertainties we face, pushing at the very edges of what MIGHT happen.

Innovators working in all aspects of independent film: 48 producers, directors, technologists, financiers, distributors, consultants, festival heads and journalists brought to bear their wealth of experience on the most important uncertainties we face in the future of film. The idea of an "important uncertainty" is simple: it's a force or factor shaping the future, we don't know the outcome, but the outcome matters. It is often painful if not career suicide to admit: we do not know what will happen in the future. And yet, we must act!

PART 1. Wisdom of the Crowd.

The group was asked to add up their aggregate age as well as their years of experience in the film industry. The results: 790 years of experience in the film industry and over two millennia of life experience. The next big idea or insight could easily arise from such an experienced group.

As a part of the event, a number of participants were interviewed in advance and asked what they thought the most important forces and factors shaping the future of film might be. Out of the interviews emerged a few ideas that were shared with the room:

"If certain efficiencies are in place, there are many more people than the current market size is estimating."

"There's been one tectonic shift which is consumption: how you find the right material and how you consume it. Apple TV rolled out HBO Go. On the consumption side it's been shifting rapidly. The way content is sourced, financed, and produced hasn't changed in 70 years."

"The fear of transparency, of reading the data, is the rut – how do you innovate based on past behavior?"

"The VOD revenue models for film are limited – transactional, subscription, ad sponsored. What haven't we thought of yet?"

"Where technology and film diverge: film is more of an art than a science when it comes to reading the data. There are more outliers. We deal in content: taste is hard to quantify."

"Transparency. We need it. And we don't want it."

"When will the geographic and time-based windowing collapse? How frictionless can it be? You've created a show, can it be available worldwide. That's best for consumer. The system doesn't know how to monetize it yet. It's built to slow that down. "

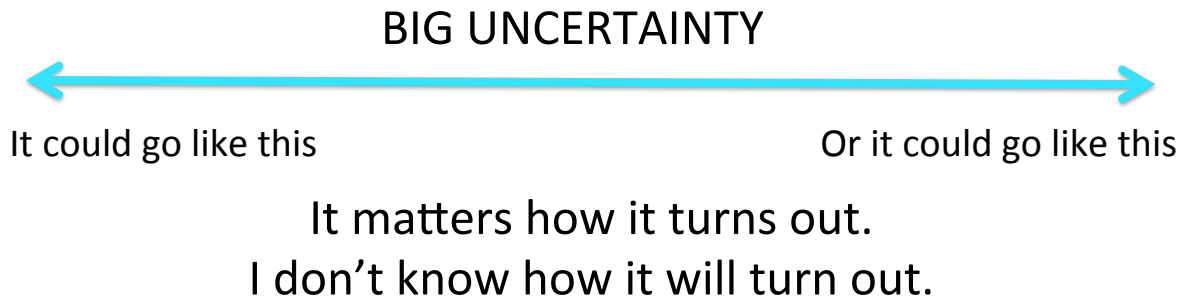**PART 2. Exploring the Uncertainties.**

The group was then asked for an open outcry of the most important forces and factors shaping the film industry. The complete list was as follows:

- Theatrical distribution?
- Communal experience of the future
- Big screen survival
- WHAT IS CONTENT WORTH?
- Will consumers pay?
- Creative impact of technical accessibility
- Misaligned financial interests
- Filmmaker sustainability
- Raising awareness of films
- Finding an audiences
- Quality
- Piracy
- Volume of content
- Roles of filmmakers
- Patrons

- Technology
- How to compete with TV?
- Rev reporting
- How to reach people
- How to make it a profitable asset class
- Attention Span
- Devices
- Social Media – how to use it
- How to leverage traditional media
- Emerging Roles
- Consumer expectation/Co-creation
- Narrative Structure
- Studios Die?
- Limits to crowdfunding

- Globalization of content
- Impact
- Curation
- Roles of investors
- How to market cheaply and efficiently
- Efficacy of Journalism in Tastemaking
- Transparency (VOD!)
- Access to Capital
- Analytics
- How to empower filmmakers like studios
- Art vs Commerce
- Interactive media
- Languages
- Diversity of Content
- Understanding marketing

A small note: once you start admitting to a room what keeps you up at night, it's hard to stop because it feels so good. We sat for a moment in a delicious state of not knowing what the future could possibly hold and realizing we're all worried about the same stuff, no matter what our angle on the business might be.

Part 3. MOST IMPORTANT UNCERTAINTIES

Each table was given the task of agreeing upon the two most important uncertainties facing our industry. The idea was to create an axis of uncertainty:

BIG UNCERTAINTY

It could go like this   Or it could go like this

It matters how it turns out.
I don't know how it will turn out.

After 45, minutes, the tables reported back the following "most important uncertainties:"

Table 1
1. Finding an audience when consumption changes so quickly?
2. How do creators sustain a living?

Table 2
1. Is there a viable financial model for filmmaking?
2. Can we effectively connect the content with its intended audience?

Table 3
1. Transparency and analytics?
2. Sustainability and profit

Table 4
1. Audience activation
2. Audience monetization

Table 5
1. How can we sustain a living?
2. Capturing/keeping your audience

Table 6
1. Transparency : data business info
2. Relationship to Technology: Fragmentation vs Consolidation

It was clear immediately that finding audiences and sustaining a living are at the top of the list of concerns. However, after discussion, it was decided that both of these concerns were simply dimensions of any uncertain future that had to be explored.

We uncovered in total four questions to tease out of any possible future:

1. Sustainability: who would be able to make a living in the future and how?
2. What kind of content will we be making?
3. Who will be watching? Where? On what?
4. Who is funding that content?

Technology and data is a huge factor: how quickly we're evolving, who is controlling the data, and who has access to it is material to any future in our industry. Out of the list of twelve possibilities, the group decided that the most compelling axes of uncertainty were:

FRAGMENTATION V. CONSOLIDATION

TRANSPARENCY V. SECRECY
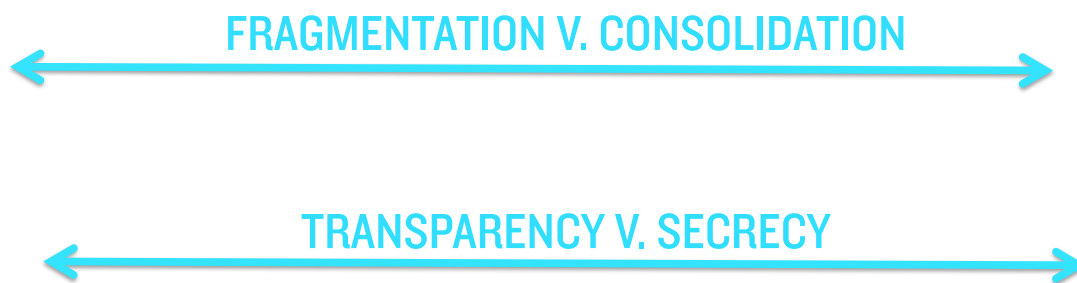
It may be important to note here that an aspect of any good axis of uncertainty to consider is that the future will most likely contain some of both ends of the spectrum and the question is how much of each? When? For whom is that good or bad?

PART 4. IMPLICATIONS: WRITE YOUR MOVIE

Each table was assigned one of the two axes of uncertainty in a 15-year horizon. Their task: to tell a compelling story - a movie pitch, if you will - about a plausible world in which we become more transparent or more proprietary; more fragmented or more consolidated.

How transparent or how proprietary could we become? How fragmented or how consolidated could we become? What events would lead to one or the other?

We carried forward the four dimensions we teased out in the previous exercise to structure how we told these stories:

1. Sustainability: Who will the winners and losers be?
2. What kind of content will we make?
3. Who will watch, where?
4. Who's funding?

Each group was asked to come up with a movie title for each end of the axis and describe the events that would lead us to that particular world.

1. Transparency in 2027

Film titles: "Freedom Train." "The Full Monty: 1000 True Fans." "Different Strokes for Different Folks"

Winners: Data Analysts
Losers: Consumers
Could go either way for: independent content creators

The groups first grappled with the idea that we could conceivably reach a place of nearly total global transparency in 2027. Pressures of great social unrest demand transparency from governments and corporations. Data is analyzed at lightning speed. It's a good time to be a data analyst! Some thought this would create a meritocracy in which the best ideas rise to the top. Crowdfunding becomes the norm, audiences decide what is made and have access to everything they want to watch. Films are, in fact, catered to customer desires (much like Netflix is doing now), so your ability to analyze data drives content production.

One group imagined that data transparency went as far as a chip installed in your brain that could read your desires and make recommendations based on those. For some, this is a world of a completely overwhelmed consumer: everything is accessible but it's very hard to decide what to watch. The will to seek what matters to you becomes very important for consumers.

2. Secrecy in 2027

Film titles: "OMG: Optimal Monopoly Group," "Lockdown," "Secret Window."

Winners: Big corporations, platforms, studios
Losers: Small content creators (who want to make a living at it), popular media
Could go either way for: Art

In this world, the NSA surveillance issue blows up and governments are forced to legislate the protection of personal information. Everything becomes opt-in. In this world, existing platforms and corporations win because they're ahead of the curve collecting data. Capital and information become increasingly concentrated. Consumers are the losers here because this world sees "the end of choice." Corporations monitor the data they have and only recommend what the algorithm says you want to watch.

Two particularly interesting possibilities arose out of this scenario: corporations competing for the widest possible audience would create content meant for the lowest common denominator and all the major distribution outlets would be streaming this stuff everywhere. While this would mean an end to the possibility of ever making a living making indie film, another group contended that people would still need authentic art, and we would see a rise in the underground arts scene that included smaller communal experiences.

3. Fragmentation in 2027

Movie title: "F-U: The Friends/Family/Fans Universe."

Winners: Creators and Audiences who work hard to find each other
Losers: Middlemen, Theaters, Creators who don't want to adapt
Could go either way for: Ever making a living in indie film

In this world, the consumers and artists win because they will be making and watching great, meaningful content. Creators become their own brands, and the connection between artists and their audiences becomes so strong, there is much less need for reviewers and distributors. Filmmakers will have to work and live in collectives in order to sustain a living, sharing hardware and expertise and also costs of living. They will be creating more individualized content for more specific niche audiences. Those audiences will understand their patronage is essential to the ecosystem. THe PMD's role will get folded in to the creator role, and filmmakers will be responsible for the support of the entire lifecycle of the film.

4. Consolidation in 2027

Movie titles: "Orwell's Orifice" and "The China Syndrome."

Winners: Government, Google, Netflix, Theaters!
Losers: Everyone else
Could go either way for: Emerging economies

In this world, the shareholder of major corporations win as five major conglomerates buy all the studios and gobble up all the content as well as the distribution channels. This takes place through a series of acquisitions of smaller companies across the industry over time so it stays under the radar of monopoly control until it's too late. These Big Five will control the entire pipeline and dictate what audiences watch. A huge rise in the communal experiences across the globe as the content world in dominated by a few big multi million dollar films every year. Another group imagined: June 2027. John and Jane are neighbors. They wake up every day to turn on a single screen with single button to beam in a single Google channel. They have a number of devices in or on their skin that monitor them and deduce/predict what they want to watch. From chemically modified food they're addicted to drugs that makes them think they're getting what they want. The culture of consolidation and the content being beamed on the single channel around the world is utterly dominated by Chinese influence and cultural themes.

It was shared at this point that today, 560 million Chinese people are online and more than 700 million Africans now have phones. As the emerging markets emerge there will be a lot to consider in terms of the kind of content that can/will find international audiences and how.

Part 5. The FRAMEWORK AND TAKEAWAYS

To wrap up the discussion, we looked at the framework that emerged from these two uncertainties. By looking at the intersections and diversions of the two most important uncertainties, four distinct worlds emerge:

THE FRAMEWORK

What is the official future? Where are we now? Where are we heading?

Transparency

Consolidation ← → Fragmentation

Secrecy
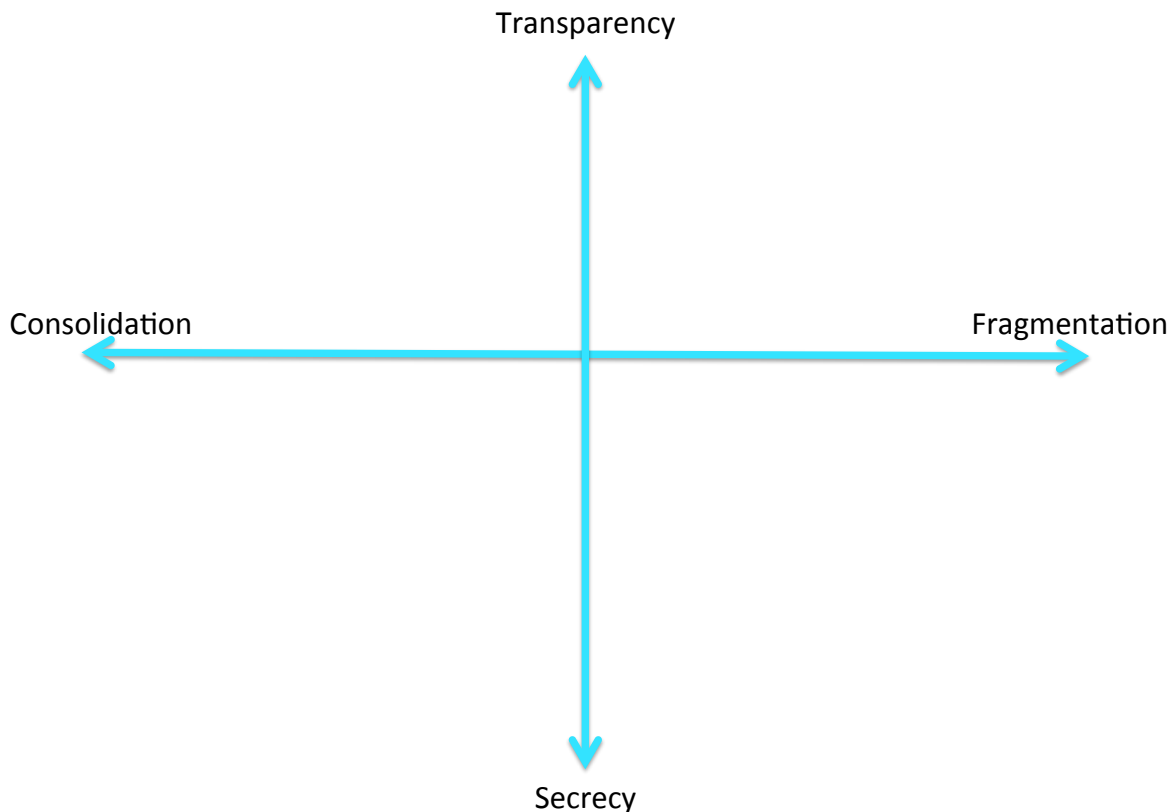
It's interesting to think about the silo-ed lower right quadrant in which there might be many very small production companies that know everything about (and create specifically for) specific niche audiences with very little crossover. It might be a lower return world with greater diversity of content. In the upper right, greater transparency and greater fragmentation bring about huge opportunities to connect filmmakers directly to their audiences, but the challenge will be for audiences to find what matters to them.

In this world, we wonder with how difficult it will be to aggregate a big enough audience to make decent returns: who makes a living and how? The lower left quadrant implies a return to the monopolies of the old studio system, perhaps, with concentrated capital becoming more concentrated. The upper left quadrant is almost the most difficult to imagine, and perhaps the most interesting. With great transparency, might there also be a rise in curation? Could the art of data analysis lead to powerful brands of curators leading the film industry?

A powerful takeaway was that while "transparency" and "fragmentation" were almost universally considered the more virtuous ends of each axis, they each come with equally galling challenges. There is, in fact, a palpable fear of fragmentation in which audiences have too many choices, are overwhelmed, and revert to what's free and easy on YouTube or on the TV. To assuage the fear, the group sees a rise in taste-making and curating to aid and shape the audience's experience. Similarly, there is a palpable fear of total transparency, which would mean EVERYONE could see EVERYTHING, including the government, big corporations, etc. Issues of security, originality, "group think" vs "individual" abound.

A member of the group wondered about the role of the journalist. In the world of increasing fragmentation, the room agreed that journalism, criticism, and publicity were important for the rise of cultural capital. Cultural capital is essentially the perceived social/cultural value of an artist, brand, or project. Artists need it to find their audiences, films need it to compete for their attention, and the curators and tastemakers generate in and rely on it to lead audiences to the content that matters to them most.