

THE EBB AND FLOW OF THE INDIE MARKETPLACE

AS THE STREAMING GOLD MINE DRIES UP AND STUDIO SPECIALTY DIVISIONS WITHER ON THE VINE, THE STRATEGIES THAT DEFINED THE INDIE MARKET IN ITS HEYDAY REGAIN TRACTION. BUT THE ONE-SIZE-FITS-ALL MODEL DOESN'T APPLY IN TODAY'S SHIFTING LANDSCAPE.

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or a couple years there, it looked like independent producers were hitting rock bottom.

With major studios and streamers abandoning indies for tentpoles and turnkey movie star packages, two years of stunted virtual markets and weak theatrical ticket sales, and huge cost increases due to COVID protocols and inflation, there's only one way to go for the specialized film industry as it emerges from one of its worst periods ever—and that's upward.

While pivoting to new modes and models has been the catchword of our pandemic years, independent producers are turning to the types of financing and producing structures that have largely defined their sector for decades. As Micah Green, CEO and co-president of 30WEST, says: "The distraction of crypto, the distraction of streaming being 'easy money,' or that 'theatrical doesn't matter'—all those things being in the rearview mirror are allowing most of us to continue to get films made and return to efficient financing, licensing, selling, and working with streamers and studios, without being entirely dependent on them."

AN ASTERISK ON 'TRADITIONAL MODELS'

In other words, the bedrock strategies that defined the leading indie companies in their heyday are being dusted



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TAX CREDITS, BECAUSE THE CLOSER TO TOMORROW YOU CAN SHOOT A MOVIE, THE BETTER."

—STEPHEN "DR" LOVE, A PRODUCER ON NETFLIX'S UPCOMING *THEY CLONED TYRONE*



—STEFANIE AZPIAZU, EVP OF DEVELOPMENT AND PRODUCTION AT LIKELY STORY

"THAT ERA OF NETFLIX FINANCING INDIES IS OVER, AS THEIR INTEREST HAS GONE TO THE MIDDLE AND HIGHER RANGE."

off. "We're starting to go back to the traditional models," agrees Stefanie Azpiazu, Likely Story's EVP of development and production. "We recently had a project where we found equity financiers, sold international through FilmNation, and took out a loan on that film—it's tried and true," she says.

While Likely Story was one of the fortunate ones to have a first-look deal with Netflix, having produced with them such pre-pandemic titles as Tamara Jenkins' *Private Life* and Nicole Holofcener's *The Land of Steady Habits*, Azpiazu admits that the streaming gold mine has dried up. "That era of Netflix financing indies is over, as their interest has gone to the middle and higher range," she says.

For lots of indies, that's meant a return to standard pathways such as reliance on equity financing, soft money, cast attachments and selling at festivals and markets, despite some lingering pandemic challenges.

But even as those standard pathways may be returning for "most of us," as Green says, a lot of independent producers are still struggling.

Many producers note that surviving the current paradigm shifts has meant working with lower budgets. Azpiazu says Likely Story's budgets have dropped from \$10 million to the \$6 million to \$7 million range. According to Lars Knudsen, producer of *Midsommar* and most recently *The Northman*, his approach, familiar to his days scrappily working in New York City during the Great Recession, has been simply "to go into plan B mode—and that is, 'What is the lowest amount this movie can get made for without the filmmaker compromising their vision?' We're not going to get paid right away, but we are going to get the movie made."

COURTESY OF DAMU MALIK PHOTOGRAPHY

THE CASTING EQUATION

When working with a first-time director or putting together a film without an easy genre tag, Knudsen acknowledges that cast attachments are more essential these days, which is a “hard game to play,” he admits, because of increasing competition from episodic content. And “every time you go for a big name,” he adds, “you never even know how often the agent talks to their client.”

Stephen “Dr” Love, a producer on Netflix’s upcoming Jamie Foxx sci-fi comedy *They Cloned Tyrone*, agrees that due to the downward pressure on budgets—because of what distributors are willing to pay for the movie—“I won’t take a project on without cast attached and projected soft money and reliable tax credits, because the closer to tomorrow you can shoot a movie, the better.”

EQUITY PLAYERS AND THE CHANGING NATURE OF ‘THEATRICAL’

Producers continue to be creative in leveraging such tax credits around the country, and the world, keeping tabs on the latest incentives through websites such as Entertainment Partners’ production incentives map.

“The good news is that there is also a lot of equity out there,” says Echo Lake Entertainment President Andrew Spaulding. Even during our current stock market volatility, “There are high-net-worth individuals who want to be in that space as they look to diversify their portfolios,” he adds. “We are seeing things getting made at the lower end of the scale without international presales, and then getting sold.”

Cold Iron Pictures’ Miranda Bailey, producer of *Swiss Army Man* and *God’s Country*, says she makes sure financial partners have “realistic expectations” nowadays, but believes films that have already been financed through equity have more options. “There’s more opportunity now to take a film to the

agencies and sell it because of the new streamers coming in,” she says.

To survive in the current environment, Tommy Oliver, the founder and CEO of Confluent Films, argues that producers need to understand that the pathways to success have changed because the definition of “theatrical” movies has changed. “There are still a lot of opportunities if you’re willing to be truthful about what you’re doing and where it fits,” he explains. “I think people are holding onto an erroneous understanding of what a theatrical movie is or should be, and if it’s not theatrical, you need to understand the path to recoupment.”

But understanding that path within a rapidly changing, digitally dominated economy—where information is often kept private—isn’t easy. Oliver says it’s a constant learning curve. “I am an information junkie,” he says, citing companies like Parrot Analytics as an essential

resource. He adds that *Variety*’s Strictly Business podcast is another way to keep tabs on what types of projects and budgets are working and what kinds of deals are being offered. “I read as much as I can,” he says. “I talk to agents and financiers. I absorb data points.”

THE SEESAW VALUE OF INTERNATIONAL SALES

Recently, one of the most profound shakeups for indies has been the collapse of international presales—with a persistent dearth in such fraught territories as Russia and China—but executives are seeing a global bounce. “As of this Cannes, I think it’s coming back. But I don’t think the rates are as high as they were before,” says Bailey, whose latest film, *Raised Eyebrows*, starring Geoffrey Rush and Sienna Miller, benefited from presales via



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—DAVID LINDE, CEO OF PARTICIPANT MEDIA



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Bankside at this year's Marché du Film.

David Linde, CEO of Participant Media and an international sales veteran, agrees that international sales are reemerging, but he says the current times require a more "superfocused" and "sophisticated" approach. "We think earlier about which distributors are really going to be inclined to buy, looking less bureaucratically and more individually, and that's a big change," he says.

"When people say 'international' now, you also have to ask what country," Linde explains. "If you want to be a really good producer, you have to understand the differences among distributors in Italy versus Korea versus Australia, and you're also going to see distributors within territories having their own unique profiles. Understanding that sophistication is going to be increasingly important."

International sales may be rebounding for the likes of bigger independents such as Participant, FilmNation and StudioCanal, but they're by no means available to all projects.

THE VALUE OF AUTEUR VOICES

Significant Productions' Nina Yang Bongiovi, the BAFTA-nominated producer of *Passing* and *Fruitvale Station*,

has never financed the company's films off presales, because the industry still doesn't ascribe any international value to stories about people of color. "That's a stab in our hearts," she says, and "(makes it) harder to finance, but we've gotten used to that."

For Bongiovi, getting movies made continues to be about convincing equity financiers, key crew people and ultimately buyers, of the specific value they bring to the market. "As a producer of color, I constantly preach about what we can do to change the paradigms of Hollywood and launch filmmakers like Ryan Coogler, Boots Riley, Chloe Zhao and Rebecca Hall," she says. "It's about motivating people to be proud of something that's different and goes against the grain."

Indeed, independents' best-known secret amid the current media-saturated marketplace may be their perceived quality and uniqueness of vision.

"There is a scarcity of very high-quality, audience-pleasing movies right now," argues 30WEST's Green. "By focusing on a very small number of projects, from (Palme d'Or winner at Cannes) *Triangle of Sadness* to *The Crow*, and not trying to dominate the market with volume, we're providing consistency of quality and exciting talent, and we believe there's a significant need for that in the



RESOURCE GUIDE

Parrot Analytics
(Global Audience Demand)
parrotanalytics.com

Variety's Strictly Business Podcast
variety.com/t/strictly-business

Map of Production Incentives
ep.com/production-incentives

Currency Risk Management
Corpay Cross-Border provides tailored global payment and currency risk-management solutions to PGA members engaged in international production. Corpay's services and hedging tools help with planning and budgeting foreign exchange expenses, and protecting the value of tax credits and pre-sales.

For more information, visit producersguild.org/globalpayments

independent space."

Lars Knudsen, who formed a partnership with *Hereditary* and *Midsommar* director Ari Aster, agrees. "Our way of staying relevant is working with these auteur directors—filmmakers who have a name and a brand and can be their own events and withstand the ups and downs of the marketplace," he says. "If you're good enough, you'll rise to the top, and if you're not, you'll sink." ■