

POWER TO THE PIXEL THINK TANK

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POWER TO THE PIXEL'S THINK TANK: FINAL REPORT

The Think Tank took place at Power to the Pixel's Cross-Media Film Forum at The Times BFI London Film Festival, October 16, 2009. This event was supported by the UK Film Council.

EXECUTIVE SUMMARY

The Think Tank was made up of senior figures working in a range of creative business including film, games and advertising.

The focus was on an emerging "cross-media" field – which is experimenting in creative forms and deriving business value beyond the narrow boundaries of individual creative industries. This is not just another neologism but an attempt to find business and creative work that fits the way that customers are using media today.

The Think Tank was a diverse group but there was common ground. Among the key themes were:

- The business models of film and other creative industries are struggling because they are trying to dictate how customers use the media
- Creative industry needs to break free of restrictive single media practices with territorial rights and release windows
- Different media platforms are not always in competition and can cross-fertilise a brand and attract new audiences
- Value is moving away from product sales towards customer engagement with a brand
- Collaborating with audiences is not a restriction on the creative process but a means of informing and supporting it
- The 'active' or 'empowered' audience works at many levels, from crowd-sourced finance to recommending a work through social media
- Cross-media work, and audience and community relationships, can build true cultural diversity
- By working with audiences, film-makers and other content creators can gain greater control over, and draw greater value from, their work
- Cross-media work involves much greater participation in content creation which will attract new talent, promote the visual arts and potentially open up new creative forms

- Cross-media film-making is about renewing film-making not replacing existing media, such as cinema theatres
- Open standards and net neutrality are central to the development of these new forms
- Content creators are competing for audience time - not with each other in a tiny distribution channel – hence sharing ideas and tools is part of the culture

The Think Tank members dedicated themselves to practical steps in developing cross-media practices and sharing their experience. The forthcoming Pixel Report from Power to the Pixel, will be at the forefront of covering these developments.

1. THE PANEL

The Power to the Pixel 2009 Think Tank panel was an international group of experts drawn from a range of disciplines including film-makers, producers, games designers, story architects, marketing, advertising, digital distributors and others working in the digital field.

Each has embraced new means of working across different media and of using digital means to reach and mobilise audiences. The Think Tank was not set up to revisit arguments that dominate the debates in the film industry and other creative businesses, instead it aimed to take a positive and practical view of the future.

POWER TO THE PIXEL THINK TANK PARTICIPANTS 2009

Chair: **MICHAEL GUBBINS**, journalist and consultant (UK); **SCILLA ANDREEN**, Co-Founder & CEO, IndieFlix (USA); **OMID ASHTARI**, Agent, CAA (USA); **PETER BUCKINGHAM**, Head of Distribution & Exhibition, UK Film Council (UK); **CHRISTY DENA**, Director, Universe Creation 101 (AUS); **MARTIN ELRICSSON**, Producer & Creative Director, The company P (SWE); **TED HOPE**, Producer and Co-Founder, This is that (USA); **MAUREEN McHUGH**, Writer & Partner, No Mimes Media (USA); **BEHNAM KARBASSI**, Producer & Partner, No Mimes Media (USA); **BEN MALBON**, Managing Partner & Founder, BBH Labs (USA); **BRIAN NEWMAN**, Consultant and Former President, Tribeca Film Institute (USA); **NINA PALEY**, Filmmaker, *Sita Sings the Blues* (USA); **MICHEL PETERS**, Co-Founder & CEO, Content Republic (UK), **STEVE PETERS**, Experience Designer & Partner, No Mimes Media (USA); **SARA POLLACK**, Entertainment Marketing Manager, YouTube (USA); **MICHEL REILHAC**, Executive Director, Arte France Cinéma (FR); **LIZ ROSENTHAL**, Founder & Director, Power to the Pixel (UK); **SLAVA RUBIN**, Co-Founder, IndieGoGo (USA); **DAVID VARELA**, Producer, nDreams (UK); **HUNTER WEEKS**, Filmmaker, *10MPH* and *Ride the Divide* (USA); **LANCE WEILER**, Filmmaker, Story Architect and Digital Innovator (USA).

2. THE CONTEXT

The concentration of this year's Think Tank at Power to the Pixel was on cross-media developments – where creative work and business value stretch beyond the boundaries of any single media industry.

Discussion about digital change in all the creative industries has tended to have a narrow focus, seeing all change from the often protectionist perspective of existing industrial practice.

The idea of recovery is central to that perspective – that after a period of pain will come some sort of re-establishment of the established order.

It is important to note that the Think Tank was not set up to discuss how that recovery process could be supported – it was also not about how to “monetise” emerging digital models or to find new “ancillary” revenue streams to replace declining ones, such as DVD.

The current problems of creative industries – and particularly the film industry – certainly provided a backdrop to the discussions. Indeed, it is likely that the considerable mainstream business attention given to the debates at the Power to the Pixel London Forum and elsewhere are more a recognition of the dramatic decline of existing business than any real enthusiasm for change.

But the Think Tank was consciously set up to discuss new perspectives and means of working that would generate value.

As we shall see, the uniting factor in a disparate group of participants was a sense that value resides in the relationship with an understood and active audience. They see a move away from consumption to engagement, which undermines existing models but which is where the value can be drawn that could power both a creative flowering as well as business.

The Think Tank was not about offering a universal solution to the problems of industry, but a pointer to some of the issues that will guide the future.

3. THE AGENDA

The agenda then was to look at how this cross-media world is, and how it will develop. There was a formal agenda (see below), which was intended as a broad guide but the Think Tank explored a range of areas within the overall parameters.

Cross media: evolution or revolution?

There has always been a cross-media element to film as with most other media. That has grown more important to Hollywood in particular, with graphic novels and games playing a vital role. The studios are part of multimedia conglomerates but indie film has been slow to adapt, particularly in Europe. So there is a marketing task but are we seeing the emergence of something much more profound – a form of storytelling that would have been inconceivable before the internet and which explores new forms of creativity? Is cross-media a next step in the evolution of film or the start of a new art form? Can we spell out a vision for this world that might gain momentum as a movement?

Where are audiences driving content?

The driving force behind such developments will be the engagement with audiences. This new creativity is much more customer driven with customers deciding when, where and how they engage with cross-media products. Most excitingly, the ability to manipulate moving images and interact with content allows customers to drive content. This isn't just a matter of personalisation but of customer engagement as communities. Where is content being driven and how will this change the role of storytellers and producers?

What are the missing links?

A world in which entertainment is reinvented with new cross-media forms is exciting. It opens up all kinds of democratising trends in production, new and active connections between communities of interest, the discovery of new art forms etc. But there are technical, legal and commercial barriers to these trends: are there tools needed but not yet widely available? Can the current legal framework of rights be reformed or will progress be stifled by dated laws? Are the various distinct industries, such as games and film, capable of adapting? What other issues must be addressed?

Can we create a cross-media movement?

Those engaged in this discussion – seen at PttP – are passionate advocates who can see the extraordinary potential of these trends. Turning passion into a movement and communicating these ideas to a wide audience as a distinct trend is a more difficult task. Is such a movement necessary or even desirable? Can the voices for change be heard over the noise of the protectionists? Is leadership necessary or do these trends have a life of their own? How does this movement enter the mainstream?

4. THE LANGUAGE

The language to describe digital change is problematic in its own right. While its significance should not be overstated, the terminology used by advocates and opponents can sometimes serve to divide and confuse, rather than clarify.

Some terminology is simply inadequate or misleading: “new media” for example, which is still used more than a decade after the first serious business exploitation of the internet.

The centrality of the internet in closing the relationship between audience and content creator has also been misinterpreted to suggest that cross-media change is about replacing cinema and other forms of established media. For most advocates, this is about renewal not replacement, but it accepts that particular audiences will decide how they want to be reached.

The word ‘audience’ is itself open to interpretation as we shall see in the report. The use of that word as opposed to ‘consumer’ or ‘customer’ represents an attempt to see the audience as engaged in something more than product consumption.

It is important to note that audience is not a homogenous term that might be equated with “the general public” or “the consumer”. All of those involved in this emerging cross-media field take a sophisticated view of audience – it might refer to the audience for a particular narrative, or a network gathered around a piece of content, or a community of interest.

What the Think Tank rejected above all else is the lazy use of ‘audience’ to refer to a static body of passive consumers.

The word ‘active’ is another term that is picked up on by sceptics. How many people will actually join a crowd-sourcing scheme, make a film, sign up to a community? Don’t most consumers just want to passively consume?

The level at which the active audience may actually collaborate with the content creator will obviously vary – although advocates see the encouragement of collaboration as an area which reaps rewards. It is in the relationship with the audience that the revenue models are beginning to emerge.

5. FROM CONSUMERS TO COLLABORATORS

The audience, as mentioned, is the essential starting point for discussion of a cross-media world.

A demand-led consumer culture is among the main factors that have undermined existing industry business models. From piracy to release windows, the creative industries have tried to work out ways to hold back the tide of demand.

The cross-media world, however, is about working *with* customer trends rather than restricting them.

Specifically, the panel questioned the future of a system in which value resides in the selling of rights to a restricted territory and for a single platform. The rethinking of value

as something that is based on relationships with audience will be explored later in this Think Tank report.

The idea that the point of interaction with content should be the choice of customer is contentious. In film, for example, it denies the almost religious centrality of the theatrical window.

In fact, most of the participants are confident that cinema has a future but that its value will be based on its social setting which, far from needing protection, gives it a unique position if it can offer customers choice, an experience, comfort etc.

But at heart, the cross-media argument is that audiences ultimately decide the hierarchy of platforms. The music industry learned the hard way, that where and when product is used was simply not in their gift, and business models based on restriction suffered.

6. THE ENGAGED AUDIENCE

Consumer control in cross-media terms takes that power to new levels.

Audiences will decide at what level their engagement takes place but their centrality is crucial – in an internet age, audiences become communities.

“Every project creates its own federated group of people,” says Michel Reilhac, Executive Director, Arte France Cinéma. “Audience can invent itself.”

The active audience is not then necessarily one that takes a direct part in the financing or creation of content, even though crowd-sourcing has taken the headlines.

As Sara Pollack, Entertainment Marketing Manager at YouTube rightly pointed out, the large majority may be happy as consumers.

But the notion of the “engaged audience” can be defined widely. In the modern media, audiences choose what they see, whose recommendations they follow, on what platform they wish to see content.

A number of people pointed out that the very fact that audiences assemble socially online and make up communities that can be understood, mobilised and serviced, represents a sea change from the analogue age.

Perhaps it also offers some important pointers to the development of culturally diverse content. The mass-media consumption model can see the focus on audience as a homogenising force but that is only if content is seen as product.

In an engagement model, content is created for and often with the collaboration of specific communities of interest which may be based on taste, ethnicity, locality etc.

The weakness of a pure consumption model in encouraging diversity has been clear, particularly in industries such as film where financing, creating and distributing content is prohibitive. In European film, overcoming this problem has been a matter for state finance giving great power to a small number of gatekeepers.

Diversity based on audience demand and engagement offers a different and exciting perspective to policy makers.

7. TURNING ENGAGEMENT INTO VALUE

Most of the panel had come to the conclusion, often from different directions, that value will be drawn from servicing an audience rather than just exploitation of rights along narrow national and industrial lines.

The panel mostly rejected the term consumer or customer as inadequate with audience as a more neutral term; film-maker, story architect and cross-media pioneer, Lance Weiler talks about audience as “collaborators”.

“I think about the audience in a way that I can collaborate – how can I make something that means something to them,” he said. “I want to empower them - and in letting go you do things differently.”

The idea of the audience as collaborator – particularly a collaborator with whom content is freely shared – goes against the grain of the entire rights-centred approach of the existing media.

There have been accusations of naivety about the approach but large areas of the media are struggling with these issues and, as Weiler points out, there are commercial independent models in the open-source software world.

If collaboration also means collecting freely-given data about audiences, then Weiler suggests, we are entering a field that is the obsession of many other businesses.

Ben Malbon, Managing Partner and Founder of BBH Labs, which has been doing pioneering work in marketing, said that advertisers and marketeers in all industries were having the same discussions about where true value resided in a multi-platform, demand-led world. Business strategists are increasingly seeking means to create relationships with a thoroughly understood customer base that can be exploited in many ways rather than simply selling a product. Consumer data is now a precious commodity.

As the music industry discovered, however, this shift of emphasis is highly disruptive to monolithic, top-down value chains. The film industry is now struggling with the same problems and beginning to understand that a demand-led, digital environment is not about the creation of new ancillary revenue streams to follow VHS and DVD.

“We have an entire new paradigm but we’re breaking it by trying to fit it into our old models,” says Brian Newman, consultant and former President of the Tribeca Film Institute.

Some of that reluctance goes beyond technology, he suggested: “Resistance isn’t to technology, it’s to the audience. People are scared that they have to engage with their audience.”

Power to the Pixel founder Liz Rosenthal puts it more bluntly: “Audience is a dirty word, connected to consumer.”

This is not an easy subject in Europe, where cultural exception is used to justify production but not distribution – which is mere trade.

Audience collaboration is a culture shift with big consequences for business and policy-making.

The direct connection between content creator and a collaborative audience is already having a profound effect on those who have experienced it.

8. EMPOWERING THE STORYTELLER

Engagement and empowerment; creator and audience are inextricably linked in a cross-media vision which extends some way beyond the debate about “democratising” film.

Making available low-cost, and often free, tools for the creation and distribution of content is certainly a significant step which will inevitably have an effect on the culture of film-making and other forms of content creation. But the cross-media movement puts forward two other dimensions to this democratisation:

- The linking of tools for production and distribution with others for discovery and collaboration with audiences
- A cross-media perspective meaning that the narrative can transcend any single discipline, such as film

Empowerment then, is about a culture of creation and participation where the gap between creator and audience - and between participation and consumption – is blurred.

Analogies were drawn by some of the panel with the rise of Punk Rock in the 1970s. Although the term is now used to denote a genre of music, at the time it had more of a sense of a movement: music was not a product to be consumed but a means of expression.

For the first time in history, the means to create audiovisual material is in the hands of everyone – at least as ubiquitous as guitars in the '70s. How these recording materials are used will be decided by all kinds of criteria such as cost, technical standards, file-sizes etc.

As many other media have discovered, what will not hold sway in this new world, according to the panel, is the narrow interests of industries built for a top-down, rights-driven analogue age.

The audience will have the final say in the development and success of new creative forms and the experience of the music business is that these forms will challenge industry business models.

The temptation – seemingly irresistible to many in the industry establishment – is to see these participatory digital developments as mere amateur tinkering that will have no impact on “real film”. But for the Think Tank, such thinking misses the point.

They paint an optimistic picture of a dynamic and free exchange between storytellers of all kinds and audiences. Out of this vast increase in activity will come a range of new business models – but the economics will emerge from demand and collaboration rather than being shoehorned in from the current single model.

“In a free culture, we should be able to participate in the things we enjoy. It will eventually become its own form that has many different ways of developing,” said multi award-winning US film producer Ted Hope.

Technology is already empowering new formats and bringing together different disciplines to create coherent narratives.

Martin Elricsson, Swedish Producer and Creative Director at The company P, which has been developing games and participatory drama, said creative people were reaching similar conclusions from different perspectives and coming together with a real sense of momentum: "To us this doesn't feel like a time of film crisis but a renaissance. We've been doing our own thing and finding similarities with others' work. The common thread is closing the distance between artist and audience."

9. POWER AND RESPONSIBILITY

The enthusiasm of the cross-media pioneers and the logic of the argument will not win over everyone.

Indeed, it is probably fair to say that the majority of established film-makers would be happier if the whole digital revolution would quietly go away. It is fair to say that mainstream interest in digital and cross-media models is driven more by the failures of existing business than enthusiasm for change.

"The reason why people are talking about transmedia is because they are confronted by the fact that the system is no longer working. There's no money. Big sales companies are not paying what they promised they'd be paying. Only light in this dark system is this blinking thing of transmedia," says Michel Reilhac, Executive Director, Arte France Cinéma.

He acknowledged that film-makers in particular were often motivated by being part of a system that is rapidly disappearing: "Most people fell in love with the atmosphere of the industry and they want to be a part of that. They are not about storytelling. They are about being a member of the film community the way it has always been. Part of a mythology."

That certainly explains part of the reluctance to embrace new forms of creative expression. The waiting for some mythological single internet Business Model is also a strong habit too.

But Ted Hope believes there is another unspoken factor – fear.

"Most of the film-makers I talk to are complete Luddites. They need to understand what the most simple tools are and that they need to not be afraid to engage. "

Christy Dena, founder of Australia's Universe Creation 101 said there was a changing dynamic in the relationship between artist and audience that undermines a long-established culture.

"People are afraid of losing control. And it is a skill to design a work that involves interactivity."

The mission for Power to the Pixel is that knowledge is shared and tomorrow's report will look at how a cross-media movement might emerge to act as a community for all film-makers in a changing digital age.

10. STORYTELLING AND CROSS-MEDIA VALUE

Terms such as 'empowerment' and 'engagement' have been somewhat devalued by overuse in marketing documents and consultancy reports. What the Think Tank – and indeed the whole Power to the Pixel London Forum – aimed to achieve is to show these terms not as clichés but as the practical base for any future business models.

For the Think Tank members, however, this should not be the starting point for discussing a cross-media future. The main motivation is not to find a replacement for crumbling industrial models any more than it is replacing one media form with another.

The panel kept returning to something much more basic – the storytelling impulse.

"What I have learned is that our job is not making films but telling stories and storytelling is a fundamental human need," said Michel Reilhac.

This instinctive creation of narrative will not be tied down by the shackles of individual industry models or narrow windows of exploitation, according to the panel.

For a big majority of those who are, and will, use new cross-media opportunities to tell their stories, the term 'model' will be wholly irrelevant. Most will have no desire to "monetise" anything.

Cheap tools, free distribution and dynamic new platforms will drive an explosion in audiovisual content, most of which will not be motivated by commerce.

A small proportion of this work may find its way to a bigger audience than the community for which it was originally intended but this will be a secondary issue.

But all this cross-media activity which is growing as fast as devices are produced will generate interest in the more expensive and expansive work elsewhere – just as grassroots sport and music helps drive professional teams and live concerts etc.

11. CROWDSOURCING AND CREATIVE COMMONS

At the next level, there will be those who are motivated by reaching large audiences for political reasons, such as environmental documentary *Age Of Stupid*; or as a means of sharing creative work. These may well be financed by supporters and fans (crowdsourced) and freely shared with money raised through donations, ancillary sales such as merchandising, special DVD editions etc.

This is again not intended as a business model for all film but will be a part of a mixed economy of film-making and cross-media storytelling. Those already engaged in such activity have often discovered an enthusiastic community of supporters who show extraordinary generosity.

And some of the panel believes that far from a radical departure, such approaches mark a return to the way that stories were told in previous generations.

What technology has provided is a means to reach beyond national boundaries and industry models to find communities selected by common interest rather than an accident of birth.

This opens up the potential for more diverse content, with groups finding each other throughout the world, a fact already being exploited by some diasporic communities.

The sharing of that content may take all kinds of forms. For some, making content freely available will make sense to promote other kinds of work or to build a future fan base.

Creative Commons licensing that allows content to be freely shared and sometimes exploited has been tried widely in other businesses, notably recently in music where the song is a product to promote other commercial elements such as concerts or merchandising.

The Think Tank members were convinced that we are entering a period where there will be a wide range of options rather than a single digital business model that will replace existing means of working.

12. VALUE THROUGH INTERACTION

As suggested above, the cross-media movement is not about an alchemistic search for a grand solution to the problems of today's crumbling industrial models. Yet most of the panel is convinced that strong commercial models will emerge and are already taking shape.

The challenge to the industrial status quo from the cross-media movement is to see beyond the idea that value can only be based only on licensing, rights, territories and windows.

The focus should not be about trying to prop up the system, but on audience.

The business model of the film industry is not broken because of lack of demand, goes the argument, quite the opposite. It is that demand cannot be financially channeled through the current narrow rights and windows-based models.

The Think Tank suggested that value will be derived from turning the relationship with audiences into business, shifting from a licensing to a services model.

Cross-media business ideas are based on stimulating demand, and working to service that demand by understanding audiences and behaviour. Where possible, that extends into sharing ownership and collaborating with that audience.

"Closing the gap between author and audience should be seen as a business boon," according to Slava Rubin, Co-Founder of IndieGoGo, who was bullish about the financial prospects.

"This is all opportunity and a chance to make more money than we ever have before. I can test plotlines in advance and can build a fanbase," he said. "If you can get 100,000 followers, you've got a career."

It is an argument that at least should be understood by those working today in creative industries, even if they remain sceptical.

If you can know your audience, you can create tailored content for a known fanbase; collaborate with that audience and you gain an engaged community on which to base business; aggregate audiences and you begin to see the basis for bigger-budget models.

13.CROSS-MEDIA VALUE

Taking the narrative across different media platforms offers different opportunities to engage audiences.

Sometimes, as with live-action role-playing games (LARP), it is possible to give the audience a very literal active role.

Each platform offers a new means to draw audiences into an immersive and collaborative relationship with the content which opens up commercial opportunities and a dynamic relationship which can be taken into other ventures.

“The story will drive the value proposition across platforms,” says Lance Weiler, who has been doing pioneering work in this area. “The ways that you bridge devices will bring new possibilities.”

The success of iPhone apps and texting, it was suggested, shows how digital platforms can generate income.

A bi-product of interactive relationships is freely-exchanged data, which carries a value.

Weiler again sees big potential: “The more data you have and the more that you can use it to connect people, the more you generate value. The question is how do we protect that data and use it in innovative ways? We’re talking about building audiences, but I think it’s about how you facilitate those connections.”

This generation and use of data is an obsession in other areas of the media, including the advertising world, says Ben Malbon, Managing Partner and Founder of BBH Labs, although he warns “most people don’t even know what data is”.

Data capture is the easy bit, but using that data to create value is far more complex. “The movement within advertising is around adaptive branding – live campaign creation. It’s very challenging, but it’s something film storytelling could learn from,” says Malbon.

14.LOOKING FORWARD

Obstacles remain to the progress of the cross-media movement.

Perhaps the biggest is the pressure for restrictions on the web to protect copyright-based business. Net-neutrality is a major tenet of cross-media philosophy.

Open standards that allow a seamless flow between media also play an important role in the models being developed. All of which points to areas of real tension between the cross-media world and existing business.

Then there are technical problems in terms of standards that allow easy movement across media platforms.

One of the driving forces that will make business possible is a sense of optimism in stark contrast to the resigned protectionism of much media industry debate.

The reality of close, collaborative relationships with audiences and the proliferation of tools and methods of distribution gives the cross-media movement a sense of purpose.

Rather than trying to hold on to anything, there is a sense of renewal and a removing of psychological as well as economic barriers to progress.

"It's rare to feel that anything can happen but that is the sense now," says Reilhac. "It's up to us to make it become a reality and that is a real privilege."