AMERICAN INTERIOR
AND
THE MACHINE

A REPORT FOR
FFILM CYMRU WALES

PETER BUCKINGHAM
2015

www.ffilmcymruwales.com
CONTENTS

1 INTRODUCTION

2 AMERICAN INTERIOR
   2.1 Executive summary
   2.2 The concept
   2.3 The strategy
   2.4 Results
   2.5 Conclusions
   2.6 Recommendations relevant to American Interior

3 THE MACHINE
   3.1 Executive summary
   3.2 The concept
   3.3 The strategy
   3.4 Results
   3.5 Conclusions
   3.6 Recommendations relevant to The Machine

4 OVERALL CONCLUSIONS AND RECOMMENDATIONS

www.ffilmcymruwales.com
1 INTRODUCTION

1.1 THE SCOPE OF THE REPORT

This report was commissioned by Ffilm Cymru Wales. Ffilm Cymru Wales had invested funds into two films American Interior and The Machine. Ffilm Cymru Wales wanted to have a report on the outcomes of the respective films. The authors were also asked to deliver appropriate recommendations to the Board of Ffilm Cymru Wales, following on from the analysis of the outcomes. Specifically the report was asked to cover outcomes from the investment into innovative distribution models, and how any cross platform initiatives help filmmakers reach an audience.

1.2 THE REPORT’S STRUCTURE

The report consists of a detailed look at the two respective releases of American Interior and The Machine. These have in turn been put into recommendations for the future for Ffilm Cymru Wales to consider and discuss.
2.1 EXECUTIVE SUMMARY

- Genuine and almost unique cross media project with stand-alone artefacts in Music, Film, Book, App.

- The release strategy aimed for all 4 pieces of media to be released simultaneously. This adds to the uniqueness of this case study.

- Creatively risky to be able to succeed across all the different media, but in the event was successful. All media received excellent reviews.

- The creative process had Gruff Rhys at the core to everything. The process was collaborative between each form of media and the core people involved in those.

- The corner stone for the strategy was traditional distribution partner models with a single hub bringing them all together on a website.

- The strategy was underpinned by a series of live events and gigs.

- The data flows and coordination of all the partners on the simultaneous release was very demanding for the core producing team.

- Given the resources put in, The UK sales results from the film and the app are low. The book and the album are more promising (and may have a longer shelf life.)

- There was a lack of detailed knowledge about audiences in the creation of the strategy.

- Even with that the lack of detailed knowledge, strategic planning might still have benefited from a more rigorous audience focus.

- Mixing the old model of distribution with a new cross media plan was problematic, as partners were not financially bound into the collective whole.

- It might have been beneficial to have brought the key live event part of the programme into the digital strategy more.
2.2 THE CONCEPT

2.2.1 THE OVERALL CONCEPT

American Interior stems from a core creative concept by Gruff Rhys. It is based on the brief life of John Evans, a far-flung relative of Gruff Rhys. Evans left Wales in the 1790’s to travel to North America, searching a mythical lost tribe of Welsh speaking Native Americans.

The theme was developed in 4 different formats: A book, a film, an app and a music album. Each of these is a complete work in its own right. Unusually perhaps, there is not one ‘lead’ format from which others were spun off. Each was developed and released to the public alongside each other. Although they all share the same title, each one can be independently enjoyed without reference to another. However when put together they create a hugely rounded experience. In this case the total can genuinely claim to be more than the sum of its parts.

If anything therefore can claim to be a transmedia or cross media project this can. Most other examples actually have a main central work, from which other types of media are created or spun off. And even if there is an element of equality between creative formats, the release of them to the public is often done in a fragmented or sequential way. American Interior is an unusual, almost unique, example of simultaneous release and equally focused formats. It therefore makes for a very interesting case study.

2.2.2 THE CORE CREATIVE TEAM

This was a very ambitious project born out of an earlier film released in 2010 - Separado!. Separado! was co-directed by Dylan Goch and Gruff Rhys, written by and music by Gruff Rhys, and produced by Catryn Ramasut. All of whom would have similar roles on the film American Interior.

The experience of Separado! was important in framing the ambition for American Interior. Separado! was, by comparison, fairly traditionally financed and distributed. It had a traditional sales agent for international distribution with Content West and obtained UK distribution through Soda Pictures, taking around £24,000 at the UK box office. Actual exposure outside the UK was limited to a few festival screenings. Perhaps oddly - given Rhys’s renown as a musician as part of The Super Furry Animals - the soundtrack was not released.

The team decided that the next project would be done differently, with more emphasis on the distribution. The decision came early to retain as much control as possible on the distribution of the project. This was in part due to a feeling that there could have been more exposure for Separado! It was also influenced by the rapid rise of social media, giving the hope that a direct approach to fans and potential consumers might be more effective.

2.2.3 THE GESTATION OF AMERICAN INTERIOR

The core concept came from the same time – primarily lead by Gruff Rhys. American Interior has similar themes to Separado!: it’s a journey, it features a (long) lost relative of Rhys, it has a big musical presence and it has a sense of a Welsh past merging with the present. These elements meant that the subject matter would be rich in potential material and could be reworked in many different ways.

The idea from the start was to have a multimedia project. The film, the album and the book were therefore all being thought about right from the beginning of the project. The app came slightly later, as an eBook thought, and was originally planned to be an enhancement of the three other formats.

UK distribution with Soda came on board early. International distribution was held back and kept by the creators.

The book, film and album were all set up (i.e. planned and financed) prior to or around commencement of the documentary. The shooting of the film took place in three tranches August 2012, February 2013 and June 2013. The book and the album were developed in between and around the film.
2.2.4 THE CREATIVE PROCESS

The whole process was interlinked in a dynamic and creative way. There was an enormous amount of creative cross over between the film and the book – and then the app which all began to complement each other. At the core was Gruff Rhys who held the central vision and crucially all the rights. Although there were other people crossing over into other formats, he was the only one to be intimately involved in all four pieces.

The book was written by Gruff Rhys at the same time as the film was being shot and cut together. The book allowed for themes to be explored on a deeper level and more factual information to be given. The process of researching and creating the book increased potential material for the film and eventually the app.

The film was shot in three parts and edited together by the two co-directors Rhys and Goch. This process was done side by side with the book. The two directors were literally at times in the same creative space. In both cases material fed off each other and was used relevantly in either one or sometimes both art forms. This process was felt to be extremely fulfilling. The process was described as creating metadata about every subject and theme, which was then sorted and placed into the relevant art form in the right way for the medium.

The album is loosely around the concept of the film and the book, but is not a concept album or a soundtrack of the film. It stands up as a work of art in its own right. It can be and is enjoyed without having any knowledge of the main themes explored in the other formats.

The app was the last piece of media to be created. Essentially it came out of discussions about the distribution plan (see below) but quickly came an artistic work in its own right. For the creators the app allowed for themes and tangents to be explored and deviled that the other formats might only hint at. For example the changes between the landscape over 200 years, or the links between two small nations (Wales and native Indians) as part of a bigger culture and landscape. Again the process was very dynamic, with Goch the creative director of the app. The app was developed in the first quarter of 2013 and benefited from the (almost) completed book music and film – for example the ability to use outtakes thus enhancing the value of the app with ‘unseen’ material. Again there was very close people and material synergy in the creation of the app.

2.2.5 THE CONTENT – WHAT WAS PRODUCED

The book was paid for and published by Penguin. It is a full length book published in hard back and on e books. It is described on the front sleeve as ‘The quixotic journey of John Evans, his search for a lost tribe and how, fuelled by fantasy and (possibly) booze, he accidentally annexed a third of North America.’

The film was produced by ie ie productions, a company co-owned by Gruff Rhys and Catryn Ramasut. It is a feature length documentary of 92 minutes. It was made for the cinema as well as home entertainment platforms. On the film posters and DVD sleeves the strapline says ‘Two men. Two Quests. Two centuries apart’

The app is an interactive piece of media content available on android and IOS. It is described on the app store as: ‘Follow Gruff Rhys as he searches for the true story of John Evans, and his quest to find a long lost tribe of Welsh speaking native Americans!’ It consists of 100 different short form pieces of content, loosely arranged around the chronology of the film. The narrative is via a map, with each milestone releasing some content that speaks to that part of the film and often the place. In total there is around 3 hours of content. Each piece of content can be enjoyed as a stand-alone short film. Put together it adds up to another experience of the story.

The album is 13 tracks plus bonus tracks. It was released on Digital, CD and LP. There have been three singles released from the album so far.
2.2.6 Financing

Financing would turn out to be critical in the way that the whole project would be able to work together. This was a multimedia project with an ambition to work across each piece of content as a creative and distribution whole. However each piece of content had its own financiers with their own revenue streams and recoupment strategies.

The film: This was financed through S4C, the Welsh language TV station, Ffilm Cymru Wales and some internal funding from the production company. The budget was £450,000 with £200,000 from S4C, and £150,000 from Ffilm Cymru Wales. The S4C investment was part £100,000 equity, and £100,000 Welsh speaking TV license fee. There was also a small investment from the record company Turnstile.

The book: Paid for and published by Penguin. As part of the deal Penguin contributed to the website ‘hub’

The record: Paid for and released by Turnstile – the Welsh based boutique record label.

The app. Penguin paid for the app at around £80,000. This came out of Penguin’s desire to experiment around the concept of a book or an e book, and how an app might actually enhance or change the whole experience of the written word/book.

Sitting on top of all of this was the production company. It was extremely useful that the production company in effect owned copyright for all the material. (The music was wholly owned by Gruff Rhys, however he is the other partner in i e productions) This mean that a sharing of the core copyright between the formats was allowed to happen without any complex financial licensing issues. For example the music was allowed in the film and in the app, and film content in the app. This was a huge advantage, and helped bind the projects together. As an aside, the main beneficiary perhaps of this was the book/eBook as the amount of copyrighted material in a book that is useful for a film or a music album is by the nature of the respective mediums rather limited.

What were more problematic were the individual funders requirements for their funded content. This meant that there was a risk for an individual content agenda to be followed sometimes to the detriment of the overall plan of the project.

In something as complex as this, it may well be helpful if a way could be found to financially cross collaterise across the formats, to help mitigate against the risk of a format going its own separate way on the exploitation path. This fact was recognized at the time by Ffilm Cymru Wales, who ultimately went ahead accepting this risk.
2.3 THE STRATEGY

By December 2013 ie ie productions had a fairly clear idea what was being produced by when. The problem now was to pull this all together into one coherent whole.

A strategy was formulated in December that laid the foundations for the whole campaign.

2.3.1 THE HUB

The most important decision was to create a new website that would serve as the hub for all information about American Interior. This would also serve as a route to buy any of the formats; app, book, film or album (and possibly the live shows). All advertising and comms, owned social media Gruff Rhys gigs/interviews, and other related channels such as Pete Fowler would all point to and feed into the website hub. The site was described as a ‘Unifying Destination’ Gruff Rhys’s existing Gruffington Post website would continue alongside and complementary to the American Interior site.

2.3.2 RELEASE DATES

The first public outing of the project would be at SXSW in mid-March 2015, with a premiere of the film. All of the formats would then be released on or around the same date chosen to be the 8th May in the UK only. International was not part of the plan at this point.

Platform strategy: The book and album were available to the public digitally and in physical formats on all the usual platforms without restrictions. The film however was more innately complex – due to the windows strategy adopted by the film business to maximize profits on every platform. It might have been expected that a simultaneous release in cinemas, VOD and home entertainment would be advantageous; given the overall philosophy of all the multimedia formats all being available at the same time. However S4C wanted their screening to be before any home entertainment release especially VOD. They could screen the film at any time after the cinema release without a holdback. The decision was therefore made to have an orthodox windows release with home ent including VOD released on the 12th September. This 17 week gap meant that exhibitors could play the film without breaching the theatrical window. (In the event S4C screened the film on the 13th September).

2.3.3 AUDIENCE

Defining the audience was a real challenge. A multimedia project demands an understanding of audience behavior across all the formats. The producers as in Gruff and Catryn had a good understanding on the music fans. Gruff has his own website and Facebook page and also meets his fans face to face when playing gigs. Book app and film were and are further removed from any fan base.

A plan was drawn up that attempted to marry up these various potential audiences across the different formats. In this the audience was defined around the platforms or ‘brands’ E.g. Penguin, Pete Fowler, Gruff, Turnstile, Welsh film. Common audience interests were then assigned to each sector, e.g. History, Welsh culture and Psychogeography to the category Welsh film.

At the core was, understandably, people who followed and enjoyed Gruff’s work. The challenge was to get these fans to cross over to other forms of media. And conversely in these other forms of media, the challenge was to get people not used to or aware of Gruff’s work buying the book, film or app.

Having partners such as Penguin and Soda helped a little in this discussion. But as acknowledged at the time, information about these target audience was still limited.

It is important to note that with this project there was no clear genre. Audiences therefore didn’t have a clear ‘hook’ to quickly understand what kind of project this was and whether it was something that they might be interested in. Conversely for the producers, there was no core built in genre fans to easily reach and possibly sell to. This is in contrast to The Machine’s case study and is makes for an interesting contrast between the two case studies.
2.3.4 SOCIAL MEDIA

Gruff already had a social presence on Facebook with 19,000 likes, and on Twitter 17,000 followers. Having taken the decision to go the hub route via the film, setting up a potentially conflicting American Interior Facebook or Twitter page was an issue. Instead the Grufflingonpost twitter page and Gruff Rhys Facebook page were used.

2.3.5 MARKETING AND PR CAMPAIGN

Getting a coordinated campaign across different forms of media is notoriously difficult. The marketing departments of different media often have a very clear and sometimes different take on how the content should be presented and what images should be used. It is fortunate here that there was so much editorial control with ie ie productions and indeed the willingness of all parties to work together. What also helped were the strong intrinsic motifs in the film centered on Gruff and the avatar created by Pete Fowler. There was also a style guide with Pete Fowler fonts. Although there was a different image for every piece of media, the style and positioning was consistent across the piece. (The avatar did not appear on the book).

There was limited or no cross promotion from one form of media to another – apart from the app again understandably given the disparate revenue streams.

PR centered mainly on Gruff, and the uniqueness of the release strategy. Various tent pole events were chosen for the different forms of media e.g. SWSX for music and the film, Hay Book festival for the book etc.

2.3.6 THE HUB STRATEGY

The central point of reference and the only place where people could buy all formats. Every form of media carried the website address (and no other address). There was also an innovative ‘treasure hunt’ strategy where 5 different pieces of ‘open source’ content could be accessed via the hub. Each one was to engage with a particular interest group e.g. film, art/design etc. These were to be distributed by media partners pre and during the launch.

2.3.7 LIVE EVENTS

A series of live music/theatre events starring Gruff Rhys also occurred for example at the Soho Theatre in London. These were complemented by other appearances by Gruff at screenings, festivals etc.

2.3.8 CO-ORDINATION AND THE TEAM

This was a hugely challenging task with a large number of ‘moving parts’. A lot of the basic data needed to have a coordinated campaign was often difficult to obtain and difficult to share in a coherent way. (For example personal diaries, press shows and cinema screenings) The team did not find any ready-made tools to help coordinate pr, marketing and sales activities across so many different forms of media. The task to do this was taken up and lead by ie ie productions who found getting the basic systems together to be a big task.

It is difficult to know what the size of the potential problem might be here, as it is linked to the potential size of the emerging multimedia or crossmedia projects. However it may well be worth looking at this issue if it is believed that more of these types of projects are likely to emerge in the near future. See recommendations for more on this issue.

2.3.9 BUDGET

ie ie productions had managed to pull together around £100,000 for the digital online strategy and coordination via Welsh Government, Penguin, FfCW and ie ie Productions. This is in addition to any of the individual marketing budgets by the companies looking after their respective formats.
2.4 RESULTS

2.4.1 CRITICAL RECEPTION

*American Interior* received extremely positive reviews across all the different formats. The book and the film have been listed/nominated for awards. The album got 5 stars in a number of key journals and newspapers and a score of 81 on Metacritic. Given the creative demands of working in such different media, this was a considerable achievement.

2.4.2 SALES NUMBERS

**THE FILM**

Cinema box office
The film was released on 3 screens on the 9th May. The total run to date is £16,903.

VOD
Released 12th September. iTunes figures are: 227 (split 157 VOD/70 EST) Only 15 copies of the film were sold via the website. Given the low DVD numbers and this figure, the rest of the VOD numbers are likely to be small.

DVD
Released 12th September 1,800 sales as of February 2015. The DVD will be released in the USA & Canada via Revolver Entertainment in April 2015.

**THE BOOK**

Sold circa 6,000 hardback copies as of February 2015, with paperback copies available from March 2015.

**THE APP**

1,711 copies as of March 1st 2015.

**THE ALBUM**

15,000 copies in the UK as of March 2015.

**HUB STRATEGY**

There were 89,000 page views, of which 69,000 were unique page views from 1st January to 1st December 2014. There was a relatively high bounce rate of almost 50%. This is not the same as visits, which is estimated here at approx. 2 pages per visitor giving a guestimate of 45k visits over the 11 months.

**LIVE EVENTS**

As of December 1st 2014 there have been a total of 98 live events. 70 gigs, 20 Q&A’s and 8 readings.
2.5 CONCLUSIONS

2.5.1 PROJECT CO-ORDINATION AND DATA FLOWS

This was a hugely demanding task. Systems had to be built from scratch and software adapted. The team shared across everyone, except the record company, a spreadsheet of activities, which was difficult to maintain and keep accurate across all the activities formats and platforms. The data flows into the hub were also across all the activities. (e.g. film screenings). ie ie productions believe that further work in understanding these issues, mapping data flows and perhaps producing some templates or kits to help in the future could be very helpful. This certainly needs more examination as it is a real challenge for an independent company to build and maintain from scratch. See recommendations

2.5.2 OVERALL AUDIENCE KNOWLEDGE

Obvious point to make but still very low understanding of audience behavior across different formats and media. Even with partners who are specialists in the field, with this kind of project it is still a lot of guesswork outside of the core fans. This made building an overarching strategy and marketing campaign difficult. See recommendations.

2.5.3 AUDIENCE BEHAVIOR ONLINE

To hub or not to hub. This was a critical decision in the marketing, promotion and sales of the project. On the surface the hub solution looks neat one. However there was little analysis of the way that the target audience(s) actually use the internet. Crudely put, getting people to move from the places they know or are on to places they don’t know or have never visited is difficult. In addition, the hub strategy increased the number of clicks and journeys people needed to do to convert interest to buy. (Everything pointed to the hub rather than to a fulfillment e.g. the app and Gruffingtonpost)

The hub strategy also put the film slightly at odds with other existing assets such as Gruff’s Facebook page and Twitter account, and the Gruffington Post website. The strategy also meant that these sites did not allow for audiences to fulfill content directly as everything digital was pointed back to the hub. The hub was useful in allowing for partners to - however indirectly - cross promote each other’s content by pointing to the third party hub. This got over a fundamental structural weakness in the distribution model (see below).

2.5.4 BEING RESOLUTELY AUDIENCE FOCUSED

If the strategy had been created from the audience/consumer then a different perhaps more radical and effective approach might have emerged. Consumers at the end of the day don’t care about silos, revenue streams or which company owns what rights. What they want is compelling content that’s easy to buy at the time and place they want. Starting from this view point might have led to a different type of engagement that utilised more existing assets, changed the business model to one that everyone benefited from, and allowed for consumer fulfillment cooperation to exist across many different platforms and partners. An example was the decision to charge for the app, which from a holistic consumer centric strategy might have been free. Its real worth might have been in encouraging purchases across all the different formats.

This comment is to some degree speculation. However it might be worth running a workshop that looked at a strategy only and completely from the consumer’s perspective and seeing what might emerge as a potential model for this project – as part of a review process. See overall recommendations for more detail.
2.5.5 OLD MODEL VERSUS NEW MODEL ISSUES

Following on from the comments above, the advertising and marketing campaign lacked some basic coordination. The old model of distribution and recoupment meant each format had its own right holder who, rightly or wrongly, prioritized their own positioning of each respective format. Essentially this lead to silo thinking and difficulties in true partnership and coordination (as there is nothing in it for the distributor/publisher to truly coordinate). If we look at the campaigns for example- In the event there was a commonalty of positioning but not of artwork. It is worth therefore examining how such a partnership might be re-engineered to obtain true community of interest and cooperation.

2.5.6 A DIGITAL STRATEGY NEEDS TO BE A HOLISTIC STRATEGY

Perhaps the most potent piece of content could be described as event marketing. Gigs, festival events, live performances, talks and theatre shows were all hugely important in the overall mix. However the digital strategy did not include this. Live events and routes to fulfillment plus consumer journeys were not included. In reality, live events started to appear (most notably in the coordination and planning efforts by ie ie productions). It would however have been very advantageous to have developed a strategy that included live events rather than somehow seeing digital as outside of this aspect of the campaign. This might have been an outcome of the public funding requirements or framing which might have somehow encouraged this demarcation thought process to exist. In any event public funders of ‘digital’ need to ensure they are not accidently encouraging a division of strategy to the detriment of the overall campaign and consumer engagement. See recommendations for more comment on this.

2.5.7 RETURN ON INVESTMENT AND BACKING THE RIGHT TEAM

This was a very risky, but in the end creatively successful, project. The vast amount of hard work that lay behind the campaign is truly impressive and is still on-going. The overall planning grid (viewed in late 2014) shows a mass of gigs and events going on across Europe and the USA. This commitment to the content and drive in getting people to enjoy it across all the different types of media is to be applauded.

Revenues in the UK are still low, however it should be noted that film and other sales potential is ongoing, particularly internationally. But the dedication of the team, the international effort and the sheer quality of the content on offer give hope that efforts will be rewarded in time.

2.6 RECOMMENDATIONS TO FFILM CYMRU WALES BOARD

2.6.1 LOOK CAREFULLY AT THE SIZE AND POTENTIAL OF SIMILAR CROSS MEDIA PROJECTS

American Interior was a genuine multimedia project driven by a clear creative proposition. This kind of project does not fall easily into current policies and funding rationales. It would be useful to know what the future size of this creative market might be before introducing any other changes and dedicating any resources. (This author believes that this is an area of growth, especially in the experiential art world and brand marketing. And that this is an area of opportunity for a strategic agency)

Recommendation: To establish growth prospects and future demand on resources for this emerging sector.
2.6.2 EXAMINE REMITS AND GUIDELINES TO ENSURE SIMILAR PROJECTS HAVE CORRECT INVESTMENT DECISIONS

Despite reservations from Ffilm Cymru Wales about the cross media strategy and its financial logic, the decision was still made to invest as they are not principally driven by financial return. In part this is due to guidelines and external rationales not being completely relevant to the project being discussed. It may therefore be wise to revisit some guidelines to ensure literature is clearer to applicants and to internal officers’ decision making process, thereby allowing for a clearer dialogue with applicants about the strategy under discussion.

Recommendation: to examine and update if necessary internal and external documents against the particular demands of cross media projects.

2.6.3 BUILD CROSS MEDIA FUNDING PARTNERSHIP FUNDS

Following on from 2.6.2 it might be logical to build funding partnerships for this kind of project with other stakeholders most notably perhaps Arts Council Wales, or even private finance. This is especially important in getting a unified strategy for this emerging sector and to prevent the funding silos that can throw a multimedia strategy off course.

Recommendation: To hold a workshop with potential funders and stakeholders to see if common aims and partnerships can be created.

2.6.4 AUDIENCE KNOWLEDGE AND AUDIENCE FOCUSED STRATEGY

At heart a successful strategy needs to connect the art forms with an audience. This new world can be complex and beset with old world structures and thinking. It might be beneficial therefore to have an audience strategy workshop that applicants and stakeholders participate in. This might form part of the Ffilm Cymru Wales process in awarding grants. These workshops could also become useful for wider companies or artists as part of a programme of audience centered activity. Relevant audience research can be and should be utilized as stimulus on this workshops.

Recommendation: To scope out a workshop day, and pilot one around a similar project. Examine the demand for a wider series of similar workshops.
3 THE MACHINE

3.1 EXECUTIVE SUMMARY

- *The Machine* is a £900K sci-fi feature from Cardiff-based production company Red And Black.

- The film was financed through private investor groups with support from Ffilm Cymru Wales (FFCW) and Welsh Assembly Government.

- A FFCW award in 2012 was critical in allowing Red And Black to create compelling pilot content to convince investors and sales companies.

- The casting was a major part of the marketing strategy with savvy use of recognised actors within the identified core audience.

- Content Films took on international sales in 2012 following meetings in Berlin.

- Content secured vital sales with major VOD platforms, including iTunes and Netflix.

- Red And Black were certain that *The Machine* had international potential and used global sci-fi channels to support marketing.

- Encouraged by FFCW, Red And Black decided to take on UK distribution themselves, employing a ‘direct distribution’ model.

- The release strategy was predicated on the idea that its core international audience would be heavy users of VOD platforms and that the traditional theatrical release model would be inefficient.

- iTunes revenues topped $70,000 (£47,000) in February, 2015. Virgin Media was the second biggest platform, with $45,000 (£30,000).

- The film reached number two in the UK iTunes chart and number five in the US.

- *The Machine* was the most pirated film in the world in April 2014, according to TorrentFreak numbers.

- Red And Black were strongly focused on company building as well as realising their aims for the film, and are reaping the benefits.

- FFCW took education rights and have been able to develop work with Welsh exams body WJEC.

- Projects which follow *The Machine* might be greatly helped by a systematic creation of materials to share knowledge about finance, marketing and distribution.

- A key component of the project’s success was the entrepreneurialism of the company, which is now growing fast. FFCW might wish to consider how to capture and build on such attitudes.
3.2 THE CONCEPT

3.2.1 THE OVERALL CONCEPT

*The Machine* is the second feature film from Cardiff-based Red And Black Films, but by far its biggest budget venture.

It is a science fiction film, loosely based on Mary Shelley’s *Frankenstein*, about the creation of conscious and self-aware Artificial Intelligence (AI), in the form of a humanoid cyborg.

The plot explores themes about the potential to create an artificial humanity and to replicate human emotions.

The film went into production in July 2012 and premiered at Tribeca on 20 April, 2013 – one of only three narrative features from the UK to be selected, and worldwide rights were taken by London and LA-based sales company Content Film.

In the UK, however, supported by Film Cymru Wales, the film used a ‘direct distribution’ theatrical release model, keeping hold of cinema and other cross-media rights but employing the expertise of distribution and marketing experts.

Its release strategy was based on a belief that core revenues would come from on-demand platforms, and particularly iTunes. The thinking was that the core genre audience was strongly tech savvy and likely to use VOD channels.

Red And Black also wanted a global reach for a film, which had begun to build strong interest through science fiction communities, blogs and channels.

These considerations took precedence over the UK cinema release, which it was felt would be very limited given that the film-makers were relatively unknown, and given a risk-averse and over-supplied theatrical market.

*The Machine* took an unconventional approach to finance, community building strategy, and direct distribution, partly in recognition of the serious challenges faced by any independent producer working outside its previous comfort zone.

But, as this report will demonstrate, the film has become an object lesson in clarity of purpose and adaptability of approach.

3.2.2 THE RED AND BLACK TEAM

Red And Black was founded in 2005 by producer John Giwa-Amu and writer-director Caradog James.

They had produced a number of shorts and a television production but just one feature film – the BAFTA Cymru-winning and BIFA-nominated *Little White Lies* in 2006.

*Little White Lies* was made for less than £350,00 but Red And Black believed they would need close to £1m to achieve their vision for *The Machine*.

The need for a sustainable business model that would support the growth of the company was an important part of a strategy that evolved quickly but in a somewhat disjointed way, during the process of funding, making and distributing the film.

The success of *The Machine* and the relationships created has helped Red And Black move on to other projects alongside some of their initial creative and financial supporters, if not using the same model.

*The Machine* is seen by the company as an essential part of its learning and development as a company.
3.2.3 THE CREATIVE PROCESS

There is a tendency to see genre film as an easier option for film-making, playing on well-established formats and the producers recognised the value of an established audience in business terms.

They also recognised, however, that such audiences are highly discerning and the only way to make an impact is to find a high degree of originality and quality in the work.

Caradog James extensively researched the field of artificial intelligence before creating the script, including meeting Ministry of Defence experts working on robot development.

He also worked with the Cardiff Institute for the Blind, the Cognitive Robotics Research Centre in Newport, and Wales Autism Research Centre.

The film was shot on a very tight schedule, beginning with a four-and-a half week shoot in Bridgend and Cardiff, which began on July 23, 2012.

The development and shooting of the film went alongside work to build awareness and support among an active online sci-fi community. The team was active on social media, working alongside digital marketing agency Incite.

The marketers and producers smartly focused on keeping specialist bloggers and services informed of developments.

3.2.4 CONTENT AND CAST

The casting was an essential part of the creative and commercial strategy for the film.

In particular, the film employed talents that had already built a following, not just on the big screen but also in the kind of television shows watched by the target audience.

The casting was also clearly focused on building an international audience. The lead US actress Caity Lotz came with a big fanbase, including 70,000 Twitter followers. She has starred in cult TV series, including horror-comedy mockumentary series Death Valley and horror film The Pact. She is also a high-profile model.

Her co-star was Toby Stephens, whose extensive stage, screen and TV pedigree, includes Bond film Die Another Day.

In a smart appeal to the sci-fi audience, the cast also included Denis Lawson, who appeared in the first Star Wars film. Other cast members included the then up-and-coming star Sam Hazeldine and Pooneh Hajimohammedi, an acclaimed Iranian actress, again emphasising the international ambitions of the film.

3.2.5 FINANCING

The producers aimed for a budget of around £1m, which, while a low budget for such an ambitious sci-fi feature, was considered credible to achieve the vision for the film and to make it commercially viable.

Giwa-Amu realised early that financing at higher budgets would require significant investment, certainly outside the scope of the finance network with which Red And Black had previously worked.

The initial rejection of applications for production funding, including from Ffilm Cymru Wales, was a reminder that there were no easy options, though some initial finance was received through Welsh Assembly Government.

FFCW, like all public agencies and investors, needed convincing that the producers were able to succeed with a project some distance beyond their previous experience in terms of ambition and scope.

Early attempts to secure support from angel investors had been equally problematic, although they did garner some provisional interest, which helped them hone the pitch for the film.
It became clear that an essential aim was to boost the credibility of the project with financiers. Giwa-Amu admits he had only a rudimentary initial knowledge of the private investment market and tax structures.

But research suggested the best option was to use an Enterprise Investment Scheme (EIS) and that meant targeting investors.

Step one was to engage an accountant with knowledge and credibility in managing EIS. They were able to build a relationship with Robert Graham, who had been successful with cult film City Rats, which broke DVD records for distributor Revolver Entertainment.

Graham’s involvement was essential in introducing the film-makers to credible investors and in building a strong EIS-based plan.

Finding private finance remained a steep learning curve and early meetings, including with angel investment network Xenos attracted little interest.

Again, Red And Black learned from failures and worked to improve the pitch. An introduction to angel investor network The Ideas Factory proved to be a breakthrough, leaving producers with the confidence to shoot the film.

The most important investor turned out to be an acquaintance of Caradog James, Swansea raised but Dubai-based Ali Pour, who has his own investment company Ruby Moon Ltd.

While his support was, in the words of Giwa-Amu, far from a “slam dunk”, he became convinced by the value of the project and the abilities of the producers and film-makers.

A crucial part of the finance was the support of FFCW in a £20,000 award at the end of 2011.

It was used to produce much improved pilot materials, which allowed the producers to show how the final product would look and feel. It was acknowledged by Red And Black to be crucial.

By May 2012, the film had passed £700K:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>£368,000</td>
</tr>
<tr>
<td>RBF (welsh Gov)</td>
<td>£62,000</td>
</tr>
<tr>
<td>EIS</td>
<td>£156,000</td>
</tr>
<tr>
<td>Tax Credit</td>
<td>£115,600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£701,600</strong></td>
</tr>
</tbody>
</table>

Red And Black approached FFCW about supporting the completion of the film in October 2012. In particular, the agency was asked to help cover the costs of some additional shooting and VFX work.

FFCW worked with the producers to explore other potential funding sources.

Eventually the money was found, largely through Ruby Moon, and the support of Welsh Assembly Government (WAG). WAG contributed a total of around £80K to the project.

By November 2012, the budget had reached £902,867.
3.3 THE STRATEGY

3.3.1 EVOLUTION OF THE STRATEGY

The success of the film in terms of funding and revenues is now clear but Giwa-Amu emphasises that this was a very high-risk venture for Red And Black.

Using poker terminology, he says the company was “all in” with a genuine make-or-break position. The producers admit that – at least in the initial stage - the approach was as much based on trial and error as strategic thinking.

It should be noted that the strategy evolved partly in reaction to the rejection of initial soft money applications to bodies, including FFCW (see previous section).

Without easy financing options, but with determination to achieve a budget that would enable to the core vision to be realised, Red And Black ventured into what was, for them, completely new territory. (See 3.1.5)

The distribution strategy was also arrived at after long deliberation and, as will be clear, was settled on somewhat late in the day.

Importantly, the producers, supported by FFCW, were seeking a strategy that looked beyond the financing and distribution of a single film towards a sustainable model, on which a business could be built.

Having secured money from private investors, for example, the producers felt it was of paramount importance that backers recouped their investment, so that they might work with Red And Black again.

In terms of distribution and marketing, it was seen as essential that lessons were learned and absorbed from each experiment.

3.3.2 SALES

Red And Black took the pitch to the European Film Market in Berlin, holding meetings with a range of sales companies, including Content Films.

Red And Black had considered other potential approaches to distribution but the Content deal – which was announced at Cannes in May 2012 – seemed to offer significant advantages.

It offered a degree of security through presales in a number of markets; it was a well-established industry player with a track record in commercial genre film; and it had relationships with the key VOD channels.

But importantly, Content was able to deliver on Red And Black’s international ambitions for this film, and more broadly for the company. While Red And Black acknowledge that, in retrospect, there might have been harder bargains struck, the deal essentially worked.

Content represented the film at the Cannes Film Festival in 2013, and went on to make theatrical and VOD sales in territories, including the US, Australia and New Zealand, China, France, Germany, Eastern Europe, Latin America India, Middle East, South Korea, Thailand and Vietnam, Malaysia and Turkey.

It also secured essential VOD deals with major players, including iTunes and Netflix, which went on to play a major part in the financial performance of the film.

Content have since gone on to take worldwide sales on other Red And Black titles.
3.3.3 MARKETING AND DISTRIBUTION

*The Machine* was always conceived as a project with international reach, which required a strong focus on a core sci-fi audience around the globe.

Sci-fi fans tend to be tech savvy and strong users of VOD services and it was assumed that home entertainment would be the key focus, crucially the giants of Netflix and iTunes.

The global reach was also supported by strategic use of appearances at key festivals, including Tribeca and Fantasia (Montreal) in 2013. A growing number of awards also enhanced the marketing and used to good effect by PR agency, ARPR.

Given the high costs of P&A and the likely low number of cinema screenings in the UK, it was also decided that the potential of a conventional release was limited.

The current environment for films from relatively unknown directors is highly risk-averse. The chances of a strong theatrical release were slim and so the strategy was based on on-demand services and a direct distribution model. (See 3.2.4)

In terms of marketing, there was a very strong emphasis on social media, in a campaign with Incite (See Results).

Given that the core sci-fi audience is among the most tech savvy, and supported by many strong websites, blogs, etc., the approach was both efficient and effective.

The buzz on sci-fi sites is strongly documented online and the principals, in producer, director and talent, were generous in providing interviews and insights to fan sites.

FFCW helped in that campaign by an award in late 2011, which was used to support the creation of highly attractive pilot material, which helped seed interest among the core sites.

Red And Black took the investment and chose to focus on producing advance materials that reflected the ambition of the film.

The trailer was particularly important and generated interest from sales, investors and crucially fans.

The first trailer on YouTube generated close to 900,000 views, while a second trailer at the time of the theatrical release reached more than 930,000.

Red And Black devoted huge amounts of energy to building momentum around the film. As seen below, that energy was strongly concentrated on building VOD sales in international markets, and much less from theatrical release in its home market.

It is also clear that a significant amount of the buzz was soaked up by illegal downloads.

3.3.4 DIRECT DISTRIBUTION

Giwa-Amu said it became clear during the making of *The Machine* that the producers would need to play a more active role in the marketing and distribution of the film than he had initially imagined.

Initial discussions with sales agents left him convinced that the ambitions he had for the film would not be backed by the P&A and marketing costs needed for a major mainstream launch that he believed the film needed and deserved.

He felt there was a danger that the film might be marginalised as a small indie title on a crowded distribution slate, and that the minor art-house release status might have a knock-on effect to the main revenue driver of VOD.

Red And Black’s thinking broke with the standard industry belief that cinema remains the primary driver for home entertainment. A conscious decision was taken to pursue a strategy focused on VOD channels, which made theatrical a lesser concern.
The thinking was that the chances of a first-time director of such a feature had little chance of major cinema opportunities in the UK; that the sci-fi audience consisted of strong users of VOD services; and that the main objective was the broader international market.

In the UK, Red And Black felt that, despite having no direct experience of self-distribution, it might represent an alternative option.

There were two motivations: the possibility that a guerrilla release might build word-of-mouth bookings, and, most importantly, that self-distribution would allow a degree of control over the fate of the film.

Giwa-Amu found support from FFCW, which had been keen to experiment with new models.

One option, which has emerged in recent years, is so-called “Direct Distribution.” The idea, championed by veteran US producer Ted Hope, is that producers retain distribution rights and some creative control, and employ experts to do the legwork of booking, marketing, etc.

Film Cymru Wales has seen such models as having the potential to increase the reach and impact of independent films, which are often lost in an over-supplied and risk averse market.

Through the FFCW Film Junction scheme, Giwa-Amu had met former Revolver executive Dave Shear, who was beginning to make a mark in this emerging Direct Distribution field with his Shear Entertainment Company.

The strategy was finally agreed after lengthy discussions between June and November 2013. FFCW made an award of £49,999 in December 2013.

The core partners were Shear, digital marketing agency Incite, publicists ARPR and creative agency East London Film Collective.

The first element of the campaign was to identify a core audience and work out a strategy that would ensure the maximum reach and the highest revenues.

Red And Black knew that both Incite and ARPR had a strong track record in genre film and understood the market for science fiction films. The strategy identified and targeted blogs, websites and events that were most influential with the target audience.

The buzz around the film was bringing rewards on VOD channels but the Direct Distribution approach brought only modest returns from cinemas.

The release broke the conventional release windows, – the gap between theatrical and other forms of release – which contributed to the reluctance of some cinemas to show the film.

As with all day-and-date films, it is not possible to be certain of how the film would have performed with a conventional release.

But Giwa-Amu said there was far more work than anticipated in trying to run a Direct Distribution strategy, and it soon became clear that the theory that the hard work could be left to experts was fanciful.

He said a considerable part of his day was taken up by focusing on marketing and distribution.

The big screen was considered a secondary factor in revenues but did play an important role in the marketing strategy, particularly in events.

Festival screenings and high-profile premieres with appearances by the cast and Q&As played an important role in raising the profile of the film and driving home entertainment sales.

Theatrical screening ensured that it was reviewed in national newspapers.

Red And Black still stand by their overall approach to the release, pointing to the international profile, the iTunes and Netflix revenues, and the nurturing of genre audiences that they have taken on to their next venture.
For a first-time genre film with such ambitions, they argue that the alternatives were not attractive.

On the other hand, the next film is getting a more conventional release, recognising that the balance of work to returns is challenging. There is also a feeling that what was necessary for a first major feature becomes much less so with a track record.

A second important issue is that one of timing. The decision to use Direct Distribution came late in the development of the film and was not really aligned with the overall approach to the distribution and marketing of the film.

The overall release was somewhat disjointed and may have let opportunities slip, particularly in the theatrical market.

The marketing and release strategy did get some belated recognition, winning a major prize at the 2014 Screen Awards – included direct distribution specialist Dave Shear, of Shear Entertainment; marketing company Incite; publicists ARPR; genre specialist Anchor Bay Entertainment and distributor Content Film.

### 3.3.5 CROSS-MEDIA

The science-fiction genre and some of the core themes appeared to both Ffilm Cymru Wales and the producer as having potential for cross-media extensions.

The creation of an interactive game to accompany the release was seen as a potentially exciting addition to the saleable Intellectual Property of *The Machine* brand, but also a potentially powerful marketing tool.

Red And Black, encouraged by FFCW, did discuss a possible game development with Bafta Cymru award-winning developer Welsh Interactive. The company, based just outside Cardiff, have a 20-year record in console games development and have been responsible for work with seemingly strong synergies, such as Master Reboot, Infinity Runner and Soul Axiom.

An initial research and development fee was paid but ultimately the timing did not work out for *The Machine*. The game idea emerged some way into the project and was first discussed at Cannes in 2012, and the tight direct distribution schedule eventually made it unfeasible.

The problem was only one of timing. Giwa-Amu says the discussions about a game were highly productive and would form part of the cross-media material should there be a sequel.

The effort was not wasted, however, with Red And Black retaining a relationship, which may lead to games creation for suitable future projects. There were also useful lessons for similar future projects for FFCW.

One important cross-media element of the release was the soundtrack, composed by Tom Raybould. It was released soon after the film on iTunes and Juno.
3.4 RESULTS

The Machine punched well above its weight in terms of media buzz and then financial returns.

3.4.1 CRITICS AND AWARDS

The film received largely positive reviews from the press, with reviews aggregation service Rotten Tomatoes recording a 78% ‘fresh’ rating from leading critics.

The film was also strongly supported by sci-fi fan sites and blogs.

The Machine enjoyed a successful festival run, after its Tribeca selection. It won Best UK Feature at Raindance, Best New Director award in Moscow and Best Picture and Best Actress at the Cartagena Film Festival.

It went on to win three BAFTA Cymru awards, including Best Film, Best Costume Design, and Best Original Music.

Finally, its marketing strategy was rewarded with the Home Entertainment Campaign Of The Year Award at the 2014 Screen Awards in London.

3.4.2 SOCIAL MEDIA

The campaign was based on mobilising the sci-fi audience, and particularly building demand on iTunes.

The core elements included a powerful and active social media campaign, which built up a strong community in the long run up to the release.

The Facebook page has an impressive 11,000 likes and the Twitter account @Themachinemovie garnered 2,700 followers. Both accounts are frequently updated, and are used to promote not just The Machine, but other Red And Black productions. Through social media, the brand is generating a fanbase.

The benefits of smart casting became clear during the social media campaign, with the film getting heavy promotion through the fanbase of the cast.

There was also a big focus on bringing sci-fi fans on board and building awareness among bloggers and the widely-read fan sites. These sites were sent news of developments, stills and features to build momentum.

Word of mouth among fans was critical to the success on home entertainment sites.

The word of mouth was greatly enhanced by the success of films at festivals and at awards. Red And Black and its partners used key events, including Tribeca (April, 2013), Fantasia (August, 2013) and Raindance (October, 2013).

The growing buzz around the film and the judicious release of materials also helped the conventional marketing campaign, assuring the attention of critics, who do not always give much attention to new genre titles.

Again, one unplanned effect of word of mouth was the high levels of piracy associated with the film. (See above).

What is not clear, but worthy of further study, is how far illegal downloads contributed to the overall buzz around the film.
3.4.3 REVENUES

When all revenues have been calculated and collected, Giwa-Amu expects *The Machine* to reach between £1m and £1.5m.

There have been a number of surprising successes, including $180,000 (£115,000) in box-office receipts in Malaysia. The success of the film among fans is also still opening up new opportunities. A dubbed French-language version of the film was released through Canal+ Cinema in France in November 2014, for example.

The most remarkable performance for *The Machine* was on iTunes. The film reached number two in the UK iTunes chart and, even more remarkably, number five in the US charts. It was still just outside the top-10 of the Science and Fantasy films section of the US iTunes in the summer of 2014 behind some of the biggest library titles.

iTunes revenues are expected to reach between $90,000 (£60,000) and $100,000 (£67,000). It also performed very strongly on Virgin Media. The film was also picked up by SVOD giant Netflix in 2013.

A full list of revenues, up to February 2014, is included below but other countries, including the US, will be reporting back later in the year.

<table>
<thead>
<tr>
<th>PLATFORM</th>
<th>REVENUES</th>
</tr>
</thead>
<tbody>
<tr>
<td>iTunes</td>
<td>$90-100K (£60-67K)</td>
</tr>
<tr>
<td>Virgin Media</td>
<td>$60-80K (£40-54K)</td>
</tr>
<tr>
<td>Sky VOD</td>
<td>$16K (£11K)</td>
</tr>
<tr>
<td>Blinkbox</td>
<td>$7K (£4.7K)</td>
</tr>
<tr>
<td>Google Play</td>
<td>$5.5K (£3.7K)</td>
</tr>
<tr>
<td>LoveFilm</td>
<td>$5K (£3.4K)</td>
</tr>
<tr>
<td>XBox</td>
<td>$5K (£3.4K)</td>
</tr>
<tr>
<td>BT</td>
<td>$4.5K (3K)</td>
</tr>
<tr>
<td>Sony/Playstation</td>
<td>$3.5K (£2.4)</td>
</tr>
<tr>
<td>TalkTalk</td>
<td>$0.5K (£0.3K)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Approx. £243K</strong></td>
</tr>
</tbody>
</table>

As the graph below shows, the international reach of the film was astonishingly successful, with strong penetration in global markets.
This concentration on VOD was a deliberate choice and yielded impressive results around the world.

Theatrical release was seen as a secondary consideration and that is reflected in the numbers.

The Direct Distribution approach in the UK resulted in very few screenings, and modest revenues of £16,336 from admissions of 2,723.

Only six cinemas played the film in its opening week (see table below) and only two let it run for a whole week.

<table>
<thead>
<tr>
<th>Date</th>
<th>Length</th>
<th>Cinema/Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>21/03</td>
<td>7 days</td>
<td>Chapter Arts Centre, Cardiff</td>
</tr>
<tr>
<td>21/03</td>
<td>4 days</td>
<td>Penarth Pier Pavilion, Penarth</td>
</tr>
<tr>
<td>21/03</td>
<td>7+1 days</td>
<td>Broadway, Nottingham</td>
</tr>
<tr>
<td>21/03</td>
<td>4 days</td>
<td>Quad, Derby</td>
</tr>
<tr>
<td>21/03</td>
<td>4 shows</td>
<td>Ritzy Picturehouse, London</td>
</tr>
<tr>
<td>21/03</td>
<td>4 shows</td>
<td>Hackney Picturehouse</td>
</tr>
<tr>
<td>27/03</td>
<td>4 days</td>
<td>Theatr Gwaun, Fishguard</td>
</tr>
<tr>
<td>30/04</td>
<td>1 day</td>
<td>The Torch, Milford Haven</td>
</tr>
<tr>
<td>02/05</td>
<td>2 days</td>
<td>Hippodrome, Bo’ness, West Lothan</td>
</tr>
<tr>
<td>03/05</td>
<td>1 day</td>
<td>Strathearn Artspace, Crieff</td>
</tr>
<tr>
<td>04/05</td>
<td>1 day</td>
<td>Trinity Theatre, Tunbridge Wells</td>
</tr>
<tr>
<td>04/05</td>
<td>1 day</td>
<td>Gulbenkian, Canterbury</td>
</tr>
<tr>
<td>10/05</td>
<td>1 day</td>
<td>Phoenix, Leicester</td>
</tr>
<tr>
<td>05/06</td>
<td>1 day</td>
<td>Neuadd Dwyfor Pwllheli</td>
</tr>
<tr>
<td>15/06</td>
<td>4 days</td>
<td>Savoy Theatre, Monmouth</td>
</tr>
<tr>
<td>27/01</td>
<td>1 day</td>
<td>Reading Film Theatre</td>
</tr>
</tbody>
</table>

3.4.1 PIRACY

One clear side effect of the strong VOD performance was the high levels of piracy for the film.

The same underlying issues are at work in the illegal download numbers: strong word of mouth, tech-savvy audience, global reach, etc.

But Torrent Freak numbers show that *The Machine* was the most pirated film in the world in the week ending April 14, 2014 and the second the following week.

Its numbers were higher than other new entrants on the BitTorrent chart, including *Captain America: The Winter Soldier*, and Nicholas Cage film *Joe*.

An Arabic-subtitled version, illegally screening on YouTube, had topped 800,000 views by December 2014.

Red And Black acknowledge that piracy may have played its part in building buzz around the film worldwide.
On the other hand, there are questions to be asked about the stretched VOD release, which meant that in some parts of the world interest in the film was not serviced by a legitimate means to watch it.

It might also open up discussion about whether a stronger theatrical strategy might have been an effective way of generating income that was lost to piracy.

### 3.4.4 Further IP Development

The most significant development of *The Machine* may be in a spin-off television series, which is being discussed with NBCUniversal and its specialist cable and satellite channel SyFy.

The results of that discussion will be clearer over the next few months but it demonstrates the global success of the brand and the success of the marketing in the US.

FFCW has the educational rights for the film, which may yield other opportunities in the coming months and years. The rights have already used as part of resources, co-commissioned with exam body WJEC.

The result of that work ensures that the film continues to deliver value for the sector and for FFCW's education mission for years to come.

### 3.5 Conclusions

*The Machine* represents an important case study in the release of independent, and particularly genre film in an on-demand era – in terms of its successes and failures.

But any conclusion should begin with an acknowledgement of the scale of the achievement.

Red And Black, without any track record of films of the scale and scope of *The Machine* and starting from a low base of investment and knowledge, created an international sci-fi hit.

Its initial objectives were largely met: raising close to a £1m budget, largely from private funds; putting the company on a new footing and with a vastly enhanced reputation; and creating a film that has built a worldwide fanbase.

The film is still delivering value 18 months after its official release with new foreign-language editions and through resources, such as the education resource.

It has also continued to pick up international awards.

There are elements of this release – discussed in this conclusion – which offer direct lessons for those with similar ambitions, not least the entrepreneurial drive that went hand in hand with the creative vision.

The value in the approach of the film, however, is also in avoiding some of the painful lessons in what was a steep learning curve for the company, and from an approach based, perhaps necessarily, included a very large degree of trial and error.

### 3.5.1 Timing

Red And Black are honest in their assessment that the strategy that eventually drove the film largely emerged from experience than was designed.

Given the starting point for the project and the company, it was inevitable, that opportunities would be missed and that short-term need would often have a higher consideration than long-term planning.
Giwa-Amu emphasises that approach would have been very different in some respects, had he known what he now knows.

It is perhaps the biggest testament to the success of *The Machine* that, unlike many independent producers, he is now able to apply what he has learned to other projects.

The biggest lesson from the film may be about timing. (The same lesson has been drawn from a great many recent experiments with new indie business models).

Two important examples are from the theatrical release and the cross-media development of the project.

In the first case – discussed further below – the eventual theatrical Direct Distribution strategy was applied at a late stage in the production of the film.

While there was a conscious decision to focus the commercial strategy on VOD, the approach to theatrical in the UK would have benefited from earlier discussion and thinking. There was, for example, no conscious strategic thinking on windows that limited the screening time.

There was a disconnection between the marketing strategy, which impressively built up momentum among sci-fi fans, and the cinematic release.

It is difficult not to conclude from the high interest and low box office that opportunities were missed.

In terms of the cross-media potential, the idea of a game that took the Intellectual Property of the movie into another media sphere now looks obvious, given the target market.

Red And Black are now working with games developers on other genre projects. The discussion of cross-media extension was too late to make an impact.

In general, it is clear that the film would have been helped considerably by a planned and timed development, release and marketing strategy. It is equally understandable why that was not possible for this project but lessons should be applied to future projects and should be very high in the thinking of FFCW support.

### 3.5.2 KNOWLEDGE GAP

By his own admission, the producer found his way to a successful release strategy by a circuitous route.

He was a stranger to the world of private investment, and discovered much from personal research into EIS and a large degree of trial and error.

There was a degree of good fortune, as well as good judgement, in finding the right accountant and being introduced to the most valuable investor networks.

The lack of knowledge might be filled, perhaps with support from FFCW. That might include:

- An easy guide to angel investment, EIS and other forms of finance, published to support Welsh indie companies as they move to bigger projects
- An introduction to, and perhaps involvement in, investment networks, and perhaps crowdfunding services
- Training in pitches to investment communities
- An introduction through training, workshops, etc. to direct distribution and other forms of self distribution.
3.5.3 SUPPORTING MATERIALS

Red And Black acknowledge the vital importance of the support they received from FfCW that allowed them to produce supporting materials.

*The Machine* looks like a fine example of how judicious intervention at a critical stage of a project can unlock private investment.

This kind of investment might become more systematic in a world where self-distribution becomes more mainstream and new forms of investment become necessary.

It was clear from the experience of *The Machine*, that professional materials in terms of trailers, stills, websites, social media sites, etc. are essential.

3.5.4 ENTREPRENEURIALISM

An important part of the success of the project is that Red And Black took a strong entrepreneurial view of the project.

While public investment was important, the commitment to its investors was impressive.

Financing *The Machine* was, of course, the main focus but the producers were looking ahead of the single film to the building of a strong company.

The company has clearly emerged from the film with a greatly enhanced reputation, which it is already carrying on into other projects.

This business focus offers a model that might be further developed in Ffilm Cymru Wales training.

3.5.5 AUDIENCE DEVELOPMENT

The Red And Black team started with a relatively low knowledge base but learned quickly how to build a community of interest.

They also offered significant lessons in understanding how to make the maximum impact with a relatively small investment.

Understanding the audience is essential in maximising the impact of all films but genre films have a significant headstart. Genre fans often use specialist sites and services, and are often among the most active social media users.

From the outset, The Machine team demonstrated that they knew their market, and how to excite interest, and that knowledge was an essential component of the pitch to investors and sales agents.

That knowledge also allowed them to run a marketing campaign, crucially choosing partners that they knew could make an impact in a known fan base. The Screen Award was just recognition of a partnership that made the most of the available finances.

Giwa-Amu suggests that the audience development approach taken for the film has clear advantages and should perhaps be a “no-brainer” for a new indie genre film.

Interestingly, and perhaps importantly, he does not believe the same approach would work for a drama film. Genre film are defined by an existing audience, which understands the conventions of any given film.

The expectations of that knowledgeable audience are high but they are driven by a desire for originality and vision, which makes genre more open to newcomers.

Most genre communities, and particularly sci-fi and horror, exist and interact online and they are higher users of Internet
marketing and online/VOD release. All that means that marketing can be more focused and efficient, and crucially relatively cheap.

On the other hand, an unknown producer of a drama project, without any prior awareness of the story, has no such easy access to the audience. Creating demand is much more difficult.

3.5.6 DIRECT DISTRIBUTION

It is difficult to judge the wisdom of the Direct Distribution for this film, given that it was implemented at such a late stage, and the results were so modest.

It is clear that the balance of effort to returns in UK theatrical terms did not make sense. Red And Black has not used the approach for their follow-up films.

There was no initial plan for Direct Distribution and it was not part of the original core development strategy for the film. It emerged late and there was little of the pre-planning and audience seeding that has been important to the greater, if still generally modest, success of other projects taking the same approach.

For the purposes of this report, the question is whether the strategy might have worked with greater forethought and strategic planning.

That discussion, as always with new business models, needs to begin with a counterfactual discussion: what would have happened under a conventional release?

There is little evidence that there were many alternative options for an independent production without a track record in the theatrical markets.

Investors were initially sceptical of the project and even FFCW declined to offer production support initially. A conservative theatrical distribution market was unlikely to be more supportive in the current over-supplied climate.

What convinced investors and the sales agent to invest was a belief in the potential global reach to a sci-fi audience, and sales to VOD.

The potential for developing a Direct Distribution strategy at the early stages of a project could be considered by FFCW, particularly combined with a strong audience development strategy.

One important discussion for The Machine and similar future projects is whether there is potential for a more conventional and stronger theatrical campaign once a film has built momentum and a fanbase.

It does not have to be an either-or consideration with VOD. It is possible to stick to a VOD strategy and create a powerful theatrical campaign. It should be noted that a sci-fi film, Gravity, released around the same time as The Machine, was both a sci-fi fan favourite but attracted a theatrical audience that surprised commentators by being older than the expected genre fanbase.

Excitement online might have translated into demand for a cinematic experience but, again, the issue might be one of timing and planning.

There is a feeling in The Machine that the initial, and probably correct, scepticism about theatrical interest in the film, might have led to a missed opportunity.

Box office might have benefited from momentum that was too often picked up by piracy.

FFCW might look at a deeper thinking about the relationship between audience development, consumer access and the cinema experience.
3.5.7 **VOD RELEASE**

The aspect of the release that might have the biggest significance, albeit tested on a relatively small scale, is the decision to favour VOD over theatrical release.

Conventional wisdom has it that theatrical remains the essential means of raising awareness of a film that can be picked up in ancillary markets.

While there are now case studies, particularly in the US, of ultra, or premium VOD releases, in which theatrical is just one platform in a simultaneous release, they remain rare.

In this case, it was not the release window issue that mattered, it was a belief that theatrical was relatively unimportant to the producer, other than in helping convince critics to review it.

Festivals and events, of course, played a role but Red And Black were happy with the idea that the main push would be in on-demand, online platforms.

Their thinking makes sense for this kind of independent film, given the low prospects of a wide theatrical release and the cost of P&A to achieve limited results.

The success of the film on iTunes, however, suggests that it is possible to create films that make their mark online, just on the momentum built through social media and online marketing.

Whether such success would stretch beyond a genre film is not clear but it is food for thought for FCW.

3.5.8 **BUSINESS DEVELOPMENT**

*The Machine* is as much an object lesson in business development as it is in film financing and releasing.

The long-term strategic thinking from the producers is not common in an industry where each individual project can be wholly consuming.

Yet, as Giwa-Amu puts it: “It was always at the forefront of mind to give value for money and make sure the film’s investors were looked after as best I could manage.”

The building of long-term relationships with private equity sources is clearly paying dividends for Red And Black.

FFCW might give thought to how that same attitude might be incentivised alongside other support and training in company development.
4.1 FILLING THE KNOWLEDGE GAP WITH A COLLABORATIVE HUB

The nature of innovation is risky. Both projects were innovative in their own right, and therefore had creative and business risks. Risk however is heightened if the innovator is short of information that might actually be out there. Most independent creative businesses operate (perhaps surprisingly) in silos. Can a strategic agency help fill a knowledge gap? A leadership role in helping to create a collaborative knowledge hub might be the answer. Organisations would be encouraged to pool information using an open data type approach. The agency could help kick start this by looking at sharing its own funding and financial data more widely than present.

This would need scoping out. Most notably it would need to establish a need, as participation would have to be by organisations that can see a clear benefit. It would also have to decide what areas of information are important and would be needed. As a beginning, this report has identified the following as areas of knowledge gap.

- Audience behaviour online
- Audience behaviour across different forms of media
- UK sales figures
- Different distribution strategies
- Investment vehicles such as EIS
- Processes that deliver the strategy

Recommendation: To commission research that reports on the range, scope and need for a collaborative knowledge hub, the possible ways of delivering it, the resources needed, and the potential partners in delivering it, for a future decision by the board.

4.2 REVIEWING, IMPROVING AND SHARING

Both projects are examples of processes and strategies that have considerable amounts of information valuable to a wider audience. In general having a systematic review of every funded project (with all stakeholders) could have two benefits. First it captures information on what was done, how it was done and what was achieved. Second it highlights where things can change and be improved next time. This is especially important for funders whose processes are parts of the projects, and who might also need to review aspects of their own processes and objectives along the way. (See the comments re a digital strategy on American Interior).

This review process needs to be carefully handled so it is supportive and open. (The well-established Japanese business practice ‘kaizen’- meaning ‘good change’- is an example of this.) It might also form part of the collaborative sharing hub as in recommendation one. The process may not be onerous (a half day workshop and a write up for example)

Recommendation: To examine the need for and type of review and sharing process. To decide if this becomes part of FFCW’s funding stipulations.
4.3 PROTOTYPING AND TESTING

Can prototyping exist effectively and can it be applied to film and other forms of media? The film business especially struggles with this idea. Yet designers and creators often have a structured approach to this. For example Service Design Thinking is a framework for designers that can be summarised as follows:

- Total immersion in the user journey and experience
- Collaboration - across disciplines and stakeholders
- Prototyping cheaply and quickly
- Iterative design process
- Launch

In software development project management processes are used such as Agile and Scrum, which effectively do the same thing.

*American Interior* is a wonderful example of a creatively successful cross media project. In the making of it the producers were open in their ambitions and desires, and presented these at forums such as Power To The Pixel in 2013. It might be that some of its creative success came from this form of ‘prototyping’. Certainly in areas of greater risk such as new innovative cross media projects, this kind if concept could be very useful to help line up the creative ambitions with a successful outcome.

Recommendation: To look at the principle of prototyping in the creative design process, and perhaps experiment with some prototype prototypes.