



## Film Finance Forum: Challenge for indies

### Ford sez financiers drawn to bigger pics

*Fri., Sep. 16, 2011, By RACHEL ABRAMS*

While his keynote speech on Thursday may have been informative, IM Global's Stuart Ford couldn't have made the indie producers in attendance at the Film Finance Forum very happy.

"As a financier, we've really gravitated towards what, by independent standards, are very expensive films," Ford told the audience at the summit, presented by Winston Baker in association with Variety. He noted that pics with smaller budgets are less likely to have internationally commercial elements like a big star or big special effects. "(We have) north of \$200 million of our own money in movies that are not budgeted under \$20 million."

Ford said that a number of factors have made international sales agents more picky. No one knows how VOD and emerging platforms will replace the drop-off in DVD revenue and piracy has grown in formerly strong marketplaces like Italy, Mexico and Spain. On top of that, as the international box office becomes more important to a pic's ancillary revenue, investors often want safe bets likely to do well overseas.

"We all hope that digital platforms and the new VOD platforms, as revenue streams, will sooner rather than later supplant what DVD was," Ford said. "But we're not there yet. It's going to be several more years before we're in the zone."

That also means that large sales companies like IM Global are unlikely to take on risky films. Now that it invests a "significant amount" of its own capital in films, Ford said its made a point of being very conservative, despite some slight fluctuations in certain territories.

"I think there's a little bit of a danger in film financing circles to assume that the foreign marketplace has really bounced back in the last 12 to 18 months," he said. "A lot of distributors have come back into the game internationally... and it's generated an uptick



*IM Global CEO Stuart Ford talked about challenges in film financing at Thursday's summit.*

in sales, but it's a very fragile uptick. Despite the fact that the volume of business has increased, there aren't the same reliable outlets."

While the international B.O. is more important than ever, distributors in key territories aren't faring much better than those in the U.S.

"They're beset by all the same challenges as the whole distribution world transitions in new directions," said Ford, noting that growth at the international B.O. is coming mainly from emerging territories like Asia, Latin America, Eastern Europe and Russia. He cited Korea, where residents have access to a speedy broadband connection, as a place where digital downloads could provide a reliable revenue stream. China, home to a million urban residents without easy access to movie theaters, has in particular opened up its notoriously closed film gates to U.S. investors, partnering with U.S. companies to co-produce films, invest in U.S. media and build new screens.

Ford also said that the fact that sales agents can't rely on certain distributors to pick up a set number of films each year has only made sales agents more picky, an unpleasant fact for many indie producers in attendance at the New York conference.

"What would you do if someone came to you with a historical drama about a woman?" asked one audience member.

"Go to Focus Features," shot back Ford, whose company is handling Madonna's "W.E."  
"The moment you slip below premium quality packages, you can fall off a cliff really quickly."