



Look Who's Rising to Fill the Void Left by Studios: Foreign Sales Companies

By Liza Foreman

Last of a three-part series on Hollywood's changing landscape

As studios have shed their housekeeping deals, emptied their lots of some of the biggest names in production and cut back on almost any film that doesn't smack of tentpole, an unexpected new player is picking up the slack.

Foreign sales companies are jumping in not just to sell but to finance -- and sometimes produce -- projects outside the studio system, among them: Exclusive Media Group, FilmNation, IM Global and Millennium Films.

A slew of newbies have signed up as well, leading more producers to work outside of the studios.

Consider the announcement from the American Film Market in October that 50 new exhibiting companies, many sales entities, were taking part in the annual film bazaar, showing just how much the independent sales companies are growing in the wake of these changes.

"There has been a sea change in producer and financiers' attitudes in working with non-studios," Chris McGurk (*left*), MGM's former vice chairman and now CEO and chairman of Cinedigm Digital Cinema Corp., told TheWrap.

"We are seeing growth here as the studios cut back on the housekeeping deals," added Jonathan Wolf, who works closely with many of these companies, as the Independent Film & Television Alliance's executive vice president and the AFM's managing director. "Entrepreneurs are stepping in to fill that void. They are stepping up to finance more high-profile films, which the studios are not doing."

Many of these sales companies have long been in the business of leveraging financing from international distributors in order to get films made. But the dizzying number of features that they are now handling, and the caliber of these projects, from the level of the cast to the size of the budget, shows just how they are changing, and how they are making the most of these opportunities.

Take the example of IM Global, led by CEO Stuart Ford. The foreign sales company, half-owned by India-based Reliance Entertainment, has financed movies for a total of \$250 million in recent years, including the just-released

Wayans comedy "A Haunted House," and other upcoming films slated for wide release including "Bullet to the Head," "Dead Man Down," "Paranoia" and "Walking with Dinosaurs."

Or consider FilmNation, a four-year-old sales, financing and production company run by veteran international film executive Glen Basner. "The studios are making fewer and fewer films that aren't blockbusters," Basner (*below*) told TheWrap. "We are creating an increasing number of high-profile projects in the independent marketplace."

In 2012, Film Nation handled sales for "Mirror, Mirror," with Julia Roberts, Steven Soderbergh's "Magic Mike" and "Looper," starring Joseph Gordon-Levitt.

Launched as a full-service film company in 2008, FilmNation anticipates the films it is handling as a sales partner will end up grossing more \$400 million in 2012 in the territories they control, which varies by film and often does not include the U.S.



This is up from about \$240 million last year, Basner said.

Upcoming films include Soderbergh's "Side Effects," Terence Malick's "To the Wonder" and "Mud," which FilmNation also produced.

Exclusive Media, run by international veterans Nigel Sinclair and Guy East, is also getting behind a growing number of major films, as a foreign sales partner and sometimes as a producer.

"We have definitely found opportunities to finance and produce the kinds of films that might have been produced by studios in the past," Alex Walton (*below*), president of international sales and distribution for Exclusive, told TheWrap.



And just as the studios might have done once upon a time, Exclusive, which is active in financing, sales, production and distribution, is nurturing a number of relationships with producers like Cross Creek Pictures, Emmett/Furla, Imagine Entertainment, Working Title, Alliance and John Leshner.

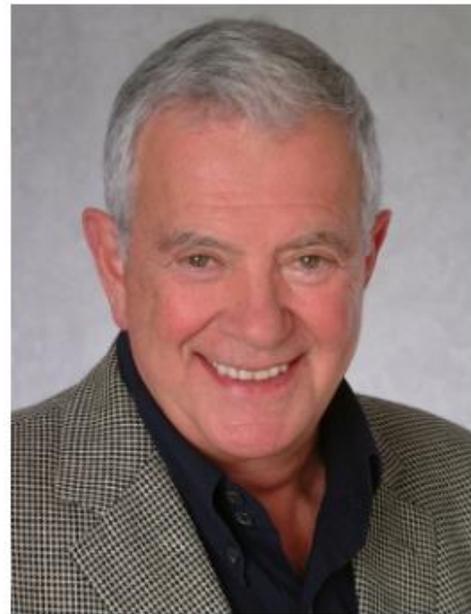
"These partnerships have been vital for our films, such as 'End of Watch,' 'Rush,' 'Ides of March' and 'The Woman in Black,'

among others," Walton said.

In addition, Exclusive is preparing several new titles for which it will serve as a producer, including the JFK drama, "Parkland," which it will produce with Playtone.

Considered the grand daddy of foreign sales, Mark Damon (*right*), who launched his pioneering sales company the Producers Sales Organization in 1977, similarly is taking on more and more studio-level films with his latest company Foresight Unlimited.

Launched in 2005, it recently executive-produced and is now selling the heist comedy "2 Guns," directed by "Contraband's" Baltasar Kormákur and starring Denzel Washington and Mark Wahlberg, as well as Peter Berg's Afghanistan war tale "Lone Survivor," which also stars Wahlberg, along with Taylor Kitsch. Both will be released by Universal next year.



"We have noticed a lot of big-studio product looking for partners and money, and that is what distributors want," Damon said.

Mimi Steinbauer, CEO and president of Radiant Films International, launched her company last year. She points to independent companies like Summit or GK Films, which not only finance films independently but act much like studios in releasing films. Summit has a U.S. distribution operation, and GK releases a lot through studios.

"The studios are laying off risk, and the independent sector is stepping up to the plate," Steinbauer (*below*) told TheWrap.



In addition to Radiant, other new sales companies that launched within the last year include Altitude Film Sales (William Clarke and Andy Mayson), Embankment Films (Hugo Grumbar and Tim Haslam), Good Universe (Joe Drake and Nathan Kahane), Mister Smith Entertainment (David Garrett), Speranza13 Media (Camela Galano) and the Solution Entertainment Group (Lisa Wilson).

And not only are the sales companies handling bigger films, in the case of newcomer Mister Smith Entertainment, it is also leveraging financing from foreign distributors to support a studio.

In September, DreamWorks Studios announced a collaboration with Mister Smith, which has concluded the first of many key partnership deals with independent distribution companies around the world on behalf of the studio. Output deals were struck with Entertainment One (eOne), Constantin Film, Nordisk Film and Italia Film.

The deals signal the first phase of DreamWorks' plans to create a network of partnerships for their films across all of Europe, Africa and the Middle East, with top independent distributors. "This strategy will provide the company with additional financial flexibility, while also taking advantage of a burgeoning global market," Jeff Small, DreamWorks' president and COO, said in a statement in September. "This new network of relationships encapsulates the studio's vision for capitalizing on the growing global marketplace,"

Then there's XYZ, an L.A.-based production company, founded by Nate Bolotin, Nick Spicer and Aram Tertzakian. XYZ has found it makes most sense to incorporate a sales arm into its business plan in order to leverage foreign financing.

XYZ handles sales for its films in partnership with the French sales company, Celluloid Dreams. Its credits include "The Raid," currently in development at Screen Gems. It also is handling world sales on "Raze," which is currently in post-production and stars Zoe Bell and Rachel Nichols.

"There is great material out there that the studios can't (or won't) pursue at an early stage, which has naturally led to more opportunity," Tertzakian told TheWrap. "Many of these films might ultimately end up being distributed by a studio, but the fact that these projects are made outside of the studio system gives producers more control of their destiny, including the luxury of choosing the best partner when it comes time for distribution."

"We are definitely seeing bigger budget projects with high-level talent come through our door than a company of our size probably would've seen 10 years ago," Bolotin said.

Added Walton of Exclusive: "The studios, of course, have never gone away -- they still like to make quality films, especially with awards appeal that can also be at a lower budget. 'Argo,' for instance might not have gotten made if Warner Bros. was not behind it."