Sundance: Exploring the Implications of Amazonâ??s New Distribution Play

Description

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Earlier this week, Amazon Video Direct (AVD, a department within Amazon focused on self-publishing distribution tools for filmmakers) announced an intriguing new opportunity available to Sundance 2017 feature filmmakers. Dubbed the â??Film Festival Starsâ?• program, AVD is offering, in exchange for a two-year worldwide SVOD (subscription VOD) contract (with one-year exclusive) an up-front â??cash bonusâ?• to Sundance titles on a sliding scale based on section ($100,000 for US Narrative Competition titles, $75,000 for US Documentary Competition Titles, and $25,000 for titles in the NEXT, Midnight, Kids, World, New Frontiers, and Spotlight sections). The deal also offers a preferential rate on Amazonâ??s standard payouts per stream.

Though AVD framed this announcement as a â??self-distribution opportunity,â?• it was greeted with debate from a subset of influential independent producers on Facebook, who pointed out that it sounded less like â??self-distributionâ?• and more like a traditional, albeit standardized SVOD

distribution deal. The point was raised that the initial exclusivity clause would all but rule out other distribution opportunities (as SVOD is the most lucrative revenue stream on most independent films in 2017), and that what was here being referred to as a â??cash bonusâ?• was simply a rebranded version of what other distributors referred to as an MG (or â??minimum guaranteeâ?•). Further concern was raised over the fact that this standardized â??cash bonusâ?• publicly assigned an across-the-board standard price point to all Sundance films premiering in a given category. Would this devalue the market overall? $100k or $25k, after all, would hardly be considered â??recoupingâ?• for most films premiering at Sundance.

This is a depressing fact, but to my eyes Amazonâ??s numbers are actually quite generous when you consider the fact that this is a deal aimed not at the major, star-driven films premiering at the festival, but rather at those films that wonâ??t land a big sale. There are certainly plenty of Sundance films that will not be offered worldwide MGs for nearly as high an amount as those offered here.

So is there a downside to filmmakers and producers having this additional opportunity available to them?

Probably not, at least not in the immediate future. But in my opinion this announcement should worry one subsection of the industry: niche and micro-budget distributors. By naming a standardized price that many distributors canâ??t hope to match, Amazon wagers that there are filmmakers out there willing to choose upfront money over the less quantifiable benefits that a smaller distributor will offer in lieu of an MG (marketing, PR, P&A, theatrical bookings).

I queried AVD about their Film Festival Stars program via email, and tried to ask questions that Iâ??d want to know more about if I was a filmmaker or producer considering this deal, or a distributor fretting about the future of my business. They replied with these responses attributed collectively to the AVD team.

Filmmaker: Can you clarify how Amazon Video Direct differs from Amazon Studios? Are the films participating in Amazon Video Direct also available to stream for free to all Amazon Prime members?

AVD: Amazon Original Movies is interested in films for acquisition purposes â?? they are looking to purchase, co-finance, pre-buy and invest in premium original content that will be theatrically released and can be viewed exclusively by Prime members. Amazon Video Direct is a service offered by Amazon Video that enables filmmakers and other content creators to make their titles available to Amazon customers worldwide, including millions of Amazon Prime customers, through a self-service publishing interface without the need for complex negotiations or contracts. The Film Festival Stars program, from Amazon Video Direct, is a program focused on filmmakers, beyond those targeted for direct acquisition by AOM and Prime Video teams at Sundance, who want to self-distribute their films by providing additional opportunities to make their films available to Amazon Prime members. The opt-in nature of Amazon Video Direct and Film Festival Stars is what makes it unique.

Filmmaker: Will similar offers (with upfront â??publishing bonusesâ?•) be made to filmmakers premiering at other US festivals like SXSW and Tribeca? Or is this deal unique to Sundance?

AVD: At this time, the Film Festival Stars program is only open to films chosen as official selections at Sundance 2017.

Filmmaker: Can you speak a bit about how you determined the pricing tiers offered in this deal? The numbers imply that you have generally determined that US Dramatic Competition films are 25% more valuable than US Documentaries, and four-times more valuable than films in the Foreign and Midnight sections. How did you arrive at these estimates?

AVD: As an opt-in program, we are not placing value on individual or classes of films. The non-recoupable up front bonus for filmmakers who opt-in to the program is intended to pay for a portion of the marketing and theatrical costs typically associated with films in these categories. Every title that is published in the program will earn double the per-hour royalty rate we pay with our standard terms.

Filmmaker: Why is exclusivity important to AVDâ??s business plan?

AVD: We require exclusivity to justify the substantial up-front cash bonus (non-recoupable) and elevated per-hour royalty rate. AVD is investing in the film with an up-front bonus (marketing dollars), and in exchange ask it to be exclusive to Prime members through SVOD for the first 12 months (starting after a 6-month window).

Filmmaker: Some producers have criticized the windowing of this deal (which requires films start streaming by September), arguing that smaller films considering self-distribution need more time to exhaust all distribution options, and to realistically plan and execute a theatrical release. How did you arrive at this deadline, and what is your response to those who say its in a filmmakerâ??s best interest to wait longer before choosing a VOD partner?

AVD: There are many high-quality films screened at major film festivals that are ultimately not acquired for full service distribution. The Film Festival Stars program is designed to provide a new distribution pathway alternative for a broader set of films screened during the 2017 Sundance Film Festival. Each film is unique and we believe expanding distribution options for filmmakers will result in more great films reaching a bigger audience. We also feel it is important to ensure filmmakers retain the flexibility to pursue additional distribution options outside of our SVOD exclusivity terms.

Filmmaker: I imagine many filmmakers will find themselves torn between this AVD offer and offers from smaller, niche distributors who are making lower monetary bids but with a more tailored, hands-on approach to things like P&A and theatrical. Taking into account that smaller distributors are still able to place films on major streaming platforms (including Amazon), and that self-distribution can be quite a time-consuming and costly endeavor, what would your argument be to a filmmaker to go with AVD outside of the money offered?

AVD: The â??opt-inâ?• nature of Film Festival Stars is what makes it unique. Filmmakers who do not choose to participate in the Film Festival Stars program are free to choose whether they want to license their SVOD rights on the standard program terms. With the Film Festival Stars program we are creating another option for filmmakers as they craft a holistic distribution strategy, which may include self-distribution or working with other distribution partners. The filmmaker is making the choice and in control.

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