

High-Level Seminar on Audiovisual Content Online **LISBON 7-9 OCTOBER**

Seminar organized by: **ICA** (Institute for Cinema and Audiovisual)
GMCS (Department for the Media)

During two days, we have been discussing a range of interconnected subjects, subjects of common concern, that we proposed under the umbrella of this Seminar.

Across the different thematic panels, we could identify a number of recurring subjects, concerns or feelings, in particular the following:

A. The new and emergent distribution and retail modes of audiovisual products offer new opportunities that have started to materialise. These opportunities have an economic nature, because they could mean new markets and more revenue. They have a cultural nature also, because they could mean more or better access to film and audiovisual works for a larger number of people. However, there is also in many players a feeling of uncertainty: where are we going? at which speed? should we take decisions or adopt initiatives, or should we follow after others clear the way? But, then, isn't there a risk that someone else takes our place?

B. In the different panels of the Seminar, aspects such as technology, standards, legal and regulatory environments have often been mentioned. But the keyword has been content.

C. Two of the three thematic panels (the panel on non-linear services, or on-demand services, and the panel on mobile audiovisual content) have dealt with distribution and retail modes that are based on or largely include the individual request, the interaction

with the customer or user. Changes in consumer habits or practices have been considered by different speakers as a crucial point that has to be taken into account.

D. A certain tension might be felt by some players between changes on the demand side may, representing new market opportunities, and the fear or the real risk of disrupting existing, fully legitimate business models.

E. There seems to be a general optimism about the impact of the new digital modes of distribution and retail. However, this optimism is stronger for some players than for others. Some expressed the opinion that the new modes or windows are not really changing the business, but that they will add to the existing business, that they are a plus, worth trying.

F. In relation to new distribution windows, several participants evoked the absence of a common definition of those windows.

G. Likewise, rights, the ownership of rights, clearing of rights, or the complexity and cost of rights transactions have often been evoked. However, case studies illustrated by presentations by their actors showed that those sources of possible obstacles can be overcome.

H. In relation to non-linear services and to mobile content, but also in relation to digital cinema, aspects such as standards, interoperability and finding efficient business models have been recurring references.

I. Piracy is a common and very serious concern for all the participants that expressed themselves on this point. In relation to piracy, participants have stressed the need for secure systems and for an active fight against piracy. But emphasis has also been put on media education, including new aspects of media education, such as explaining the nature of the ecology of audiovisual creation and of the audiovisual business. It was

stressed that piracy is a threat to a rich offer of quality content as it jeopardizes the audiovisual value chain.

1. Short report – Panel 1

Panel 1 has been moderated by Philippe Kern. He had to leave yesterday evening, he left us his impressions on this Panel.

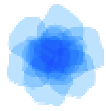
A large number of participants have attended Panel 1, which included:

- A presentation by André Lange on information and transparency, in particular the need for more transparency and the adequate limits of that transparency.
- A presentation by Martin Smith on private equity and other forms of private investment on film and audiovisual content.
- A presentation by Jean-Eric de Cockborne, on the role of the European Union and the action modes implemented by the European Commission, namely the legislative way (the Audiovisual Media Services Directive; the telecoms package); the incentive way, through recommendations or promotion of best practices; the financial support way (including European, national and regional support mechanisms); and action through European competition law. The European Commission representative confirmed the plans by the Commission to develop consultations and, if necessary, recommendations on creative content online.
- The point of view of representatives of European and international professional organisations,, namely Charlotte Lund Thomsen on behalf of the IVF, Manuel Kohnstamm on behalf of Cable Europe and Michael Rotert on behalf of the EuroISPA.
- The vision of a public service broadcaster in Central Europe, presented by Mrs. Lidia Marton on behalf of MTV, Hungary, who mentioned the need for modernisation and the role that public service broadcasters have to play in relation to new services – a subject also developed elsewhere in the Seminar, namely in Panel 2, by Paul Gerhardt, on audiovisual archives.

- The point of view of a large European media group, presented by Sylvie Forbin on behalf of the Vivendi Group, and the strategic challenges that have to be met by such players.
- The point of view of a public film support agency and the need to understand and to give an adequate reply to changes in the film and audiovisual business, expressed by Xavier Merlin on behalf of the French CNC.
- The experience of a private fund management company in a small national market who has decided to invest in creative industries, using the facility provided by the EIF under the i2iAudiovisual initiative – presentation by Heikki Masalin, from CIM Creative Industries Management, Finland.
- Last but certainly not least, the experience of a film and TV producing company established in a big European market, but more exactly in an autonomous community and restricted linguistic area, namely Galicia, Spain, presented by Elena Couto, Development Manager of Filmanova, who told us about how an ambitious but realistic view of the business and a good management is vital for the sustainability of a producing company and for making the company a trustworthy partner for a banking institution.

Among the different topics discussed in the panel, in relation to transparency, changes in the markets, management skills, strategic business options and investment, the following should be highlighted:

- The idea that transparency, or the availability of more accurate and comparable information, is important for creating confidence among investors but also for ensuring an appropriate, useful, rational public policy making in the audiovisual field. The right balance should be found between the need for transparency, the cost-effectiveness of transparency and the sensible nature of commercial information.
- The idea that private investment requires from the companies object of investment a solid management and vision and a long-term approach of their activity and that these factors contribute dramatically to mitigating the very high risk that seems to be almost omnipresent in the audiovisual production sector. In



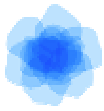
relation to this, it has been emphasized by investors that a slate approach to production projects is a way par excellence of mitigating risks.

- The suggestion that some form of European entity should be active in disseminating best practices of investment, promoting education and training that could effectively contribute to bridging the gap between the investment world and the creation world, and, in general, offering better opportunities for investment in film and audiovisual production and producing companies.

1. Short report – Panel 2

Panel 2 was moderated by José Vieira Mendes. He was unable to be with us now, he will probably join us later. Panel 2 included:

- A presentation by Susanne Nikoltchev on certain legal aspects in relation to new audiovisual services, including the problem of the legal definition of video on demand and the problems that might arise in relation to clearing rights.
- A presentation, by Faisal Galaria, of Jaman, a VoD service established outside Europe, namely in the USA, which successfully invests in a wide world cinema, expanding catalogue and therefore apparently solves the possible problems of the transfrontier offer of audiovisual services.
- A presentation, by José António Suarez, of Egeda Digital, a VoD service operated by an audiovisual producers rights management organisation which is also successful and expanding and which offers a VoD catalogue of their members' products both to users in its national territory and, in many cases, in the whole world. The same service uses products of a less clear or significant market value for promotion and for improving the potential demand by users, namely through the free offer of short movies.
- A presentation, by Andrzej Borkowski, of the approach of Polske Telekomunikacja to VoD services and the strategic decision by this telecom operator to invest in local film production.



- The experience, described by Paul-Kristjan Lilje, from Elion, Estonia, of launching a VoD service in a very small, emergent national market, and the complexity of negotiating the rights of European films, and how this process can be time-consuming and not affordable for a small company, or a company in such a market.
- A presentation, by Paul Gerhard, about the Creative Archive License pilot project, which has shown that the interest of the public and the demand for a VoD service based on audiovisual archives is very high and.
- The point of view of film distributor, expressed by Antoine Virenque, who inter alia, draw the participants' attention to the risk, felt by film distributors, that new services might destroy value and that certain new services might be in conflict with other new services and with existing services.
- A vision, by Erik Lambert, consultant and Director of the Silver Lining project, of the potential of on demand services for promoting and selling European content outside Europe.

The participants took note of the fact that the number of VoD services in Europe is already relatively high and is still growing very quickly. The demand for support to the development of services with a large proportion of European titles is apparently very high, as evidenced by the first call for proposals of the Media Programme in this area.

1. Short report – Panel 3

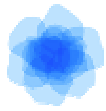
This Panel was moderated by Gustavo Cardoso.

Panellists:

Keynote: **Bernd Langeheine**, Director Electronic Communications Policy, DG INFSOC, European Commission

The EU and the European Commission's agenda for the development of mobile TV and video in Europe, in the context of the major European principles and objectives: growth (Lisbon agenda) and better circulation of works/improvement of cultural diversity.





- **Ruth Hieronymi**, Member of the European Parliament
- **Claus Sattler**, Broadcast Mobile Convergence Forum
The state of the art of an emergent distribution mode.
- **Isabella Andreani**, RAI, Italy
Mobile TV, regulation and European content.
- **Sheila Cassells**, Sky, UK
Mobile TV, regulation and European content.
- **David Bogi**, Mediaset, Italy
Mobile TV, regulation and European content.

- **Stéfane France**, Orange / France Telecom
Mobile TV, regulation and European content.
- **Juliane Schulze**, consultant, Peacefulfish
Mobile devices and film/TV content: perspectives. Main findings of the study by Informa Media in association with Peacefulfish on “Getting into Mobile TV and Video: Financing, Producing and Distributing TV and Video Content”.
 - **Miguel Proença**, Beactive, Portugal
The Beactive experience and vision on content production for mobile devices and networks.
 - **Marc Lepetit**, Phoenix Film, Germany
The Phoenix experience and vision on content production for mobile devices and networks.

The main positions expressed during the discussions were as follows:

The introduction and take-up of mobile tv services in the EU so far have been slow.

Europe needs a more coherent and proactive strategy for mobile tv. Otherwise it risks losing its competitive edge in mobile services and missing a major opportunity for growth and innovation.

Regulatory uncertainty, legal vacuum or cumulative regulation affect negatively potential mobile tv operators. The successful introduction of mobile tv requires a transparent and light-touch regulatory environment conducive to innovation and investment.

The new Audiovisual Media Services Directive adapts the EU rules for audiovisual to new platforms, including mobile tv. The AMS Directive applies to both linear and non-linear or on demand services.

A common technical standard for mobile tv could provide important advantages for European consumers and industry. This aim could be achieved by encouraging industry and other stakeholders to cooperate in order to ensure the availability of a common European standard. It is not necessary to impose a standard for the time being.

The Commission will identify an EU approach to the «digital dividend», taking into account that mobile tv needs spectrum in suitable bands.

A strong European mobile broadcasting market requires a strong European content industry. Although made-for-mobile content is emerging, the present European mobile tv offer is based mainly on simulcast of traditional tv programmes. Information, sport, music and comedy were mentioned among mobile tv users preferences.

Mobile tv could play an important role to reinforce European cultural diversity. A balanced approach between the protection of the rightholders and the sustainability of operations should be pursued.

These considerations will be an important input in the EU Council of Telecommunications.

2. Short report – Panel 4

Panel 4 was moderated by Henning Camre

This Panel included:

- A presentation by David Hancock, senior analyst at Screen Digest, about the recent developments and situation of digital cinema in Europe.
- A presentation by Peter Wilson, head of the Technical Support Group of the EDCF, who explained the present situation of technical standards in this field and how things have progressed in such a way that the risks due to uncertainty about standards are no longer significant.
- The case study, presented by Paul Corcoran, of a small exhibitor who participates in a national network which aims at using the digital cinema advantages for offering a rich theatrical programming to the public, in special in more deprived areas. This experience has been described as a very positive one, both from the social and cultural point of view and from the business point of view.
- The point of view of the International Union of Cinemas, expressed by Ad Weststrate.
- A presentation, by Thierry Delpit, of the activity of a company, CN Films, France, in the framework of a national cooperation project for the promotion of digital film, in particular a project based on catalogues of independent European distributors, in line with the objectives of the Media Programme.
- A presentation, by Jorgen Stensland, on the project of the Norwegian film industry and public authorities in relation to a total digital migration.

Aspects such as the potential of digital cinema for offering opportunities of a flexible and rich programming, adapted to different audience types, with advantages both to the exhibitor and to the public, have been highlighted.

However, it appears that uncertainties concerning the right time for roll-out or for migration or hesitation about the adequate business model are still hindering a faster development of digital cinema in Europe.

It has been noticed in this connection that, while growth in the number of d-screens in Europe is significant, Europe lags behind their competitors, namely the USA and Asia.

Raising the awareness of film producers and other professionals about the nature, the potential and the economy of digital cinema might be a useful, if not necessary action.