



Keynote Address

Reflections on the Entertainment Industry

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An American Success Story¹ ...

- World Box Office: \$29.9 Billion
- 1.42 Billion Cinematic Admissions in North America alone last year
- 2.5 million creative people work in the US film and television industry
- 558 films released domestically last year (down from 633 in 2008)
- The US has a balance of trade surplus with EVERY country with which it trades in film






JAMES ORDÓÑEZ
Producer & Director

1. Motion Picture Association of America – 2009 Reports

US Cinemas¹ ...

Type of Cinema	2008	2009	% Change
Megaplexes (16+ Screens)	628	638	+1.6%
Multiplexes (8-15 Screens)	1,679	1,681	+0.1%
Miniplexes (2-7 Screens)	2,215	2,043	-7.8%
Single Screens	1,747	1,677	-4.0%
No. of Cinemas	6,269	6,039	-3.7%
No. of Screens Represented	40,194	39,717	-1.2%

Biggest grossing film of 2009?

- Distributed by Paramount
- Written by Ehren Kruger, Roberto Orci & Alex Kurtzman
- Directed by Michael Bay
- Starring Megan Fox & Shia LaBouef
- Winner of Razzies for Worst Actress, Worst Picture and Worst Screenplay
- Produced by Steven Spielberg





 

Who owns the Box Office?

Top 10 films by US/Canada Box Office Earned in 2009...

Rank	Title	Distributor	Box Office (million)
1.	Transformers: Revenge of the Fallen	Paramount	\$402
2.	Harry Potter and the Half Blood Prince	Warner Bros.	\$302
3.	Up	Disney	\$293
4.	The Twilight Saga: New Moon*	Summit (Paramount)	\$284
5.	Avatar*	Fox	\$284
6.	The Hangover	Warner Bros.	\$277
7.	Star Trek	Paramount	\$256
8.	Monsters vs. Aliens	Paramount	\$198
9.	Ice Age: Dawn of the Dinosaurs	Fox	\$197
10.	The Blind Side*	Warner Bros.	\$197

* Film still in theatres in 2010. Figures represent 2009 Box Office receipts.



 

Who owns the Box Office?

Top 10 grossing films of all time¹...

Rank	Title	Distributor	Global Gross
1.	Avatar	Fox	\$2,710
2.	Titanic	Paramount	\$1,843
3.	Lord of the Rings: Return of the King	Warner Bros. (New Line)	\$1,119
4.	Pirates of the Caribbean: Dead Man's Chest	Disney	\$1,066
5.	The Dark Knight	Warner Bros.	\$1,002
6.	Harry Potter and the Philosopher's Stone	Warner Bros.	\$975
7.	Pirates of the Caribbean: At World's End	Disney	\$961
8.	Harry Potter and the Order of the Phoenix	Warner Bros.	\$938
9.	Harry Potter and the Half-Blood Prince	Warner Bros.	\$934
10.	Lord of the Rings: the two Towers	Warner Bros. (New Line)	\$925

1. Wikipedia (April 2010)

The Motion Picture Industry...



- The industry is dominated by six (6) major studios¹:
 - Warner Brothers (Time Warner) (\$1.1B ↑ 34%)
 - Twentieth Century Fox (News Corp) (\$848m ↓ 32%)
 - Sony Pictures Entertainment Inc. (\$246m ↓ 53%)
 - Paramount Pictures (Viacom) (\$219m ↑↑)
 - Walt Disney Studios Motion Pictures (\$231m ↓ 70%)
 - Universal City Studios (NBC) (↓↓)
- The "Majors" accounted for 158 of the 558 films released domestically in 2009
- The "Majors" also accounted for most of the PROFITS earned in the industry in 2009



1. Estimated 2009 profits. Year ends may differ. As published in Hollywood Reporter and selected Annual Reports.



Hollywood has discovered cost control¹...



- "For those entertainment conglomerates that undertook cost reduction efforts in 2007 and 2008, the benefits appeared to be realized in 2009."
- "The old axiom plays out well: \$1 in hard dollar cost reduction = \$6.87 in new sales when evaluated against the impact to the bottom line. Therefore, when you have sluggish sales, that reduction of \$1 really does impact profitability."



1. Hollywood Reporter, February 26, 2010. Quotations credited to Ted Garcia at consulting firm North Highland



What does a motion picture COST?



Let's look at the Top Grossers Again...

Rank	Title	Budget ¹ (Million)	Global Gross ¹
1.	Avatar	\$237	\$2,710
2.	Titanic	\$200	\$1,843
3.	Lord of the Rings: Return of the King	\$94	\$1,130
4.	Pirates of the Caribbean: Dead Man's Chest	\$225	\$1,066
5.	The Dark Knight	\$185	\$1,002
6.	Harry Potter and the Philosopher's Stone	\$125	\$975
7.	Pirates of the Caribbean: At World's End	\$300	\$961
8.	Harry Potter and the Order of the Phoenix	\$150	\$938
9.	Harry Potter and the Half-Blood Prince	\$250	\$934
10.	Lord of the Rings: the two Towers	\$94	\$925



1. IMDB



What does a motion picture COST?



And some BIG BUDGET pictures that didn't quite meet studio expectations...

Rank	Title	Budget ¹ (Million)	Global Gross ¹
1.	The Cat in the Hat (2003)	\$109	\$134
2.	Batman and Robin (1997)	\$125	\$237
3.	Wild Wild West (1999)	\$170	\$217
4.	Charlie's Angles: Full Throttle (2003)	\$120	\$252
5.	Evan Almighty (2007)	\$175	\$172



1. IMDB



Observations...



- Blockbusters tend to have BIG BUDGETS.
- Not all pictures with BIG BUDGETS become Blockbusters.



Is the issue COST or VALUE?



And the Oscar for Best Picture goes to...

Rank	Title	Budget ¹ (Million)	Global Gross ¹
2010	The Hurt Locker	\$11	\$19
2009	Slum Dog Millionaire	\$15	\$362
2008	No Country for Old Men	\$25	\$159
2007	The Departed	\$90	\$289
2006	Crash	\$7	\$82
2005	Million Dollar Baby	\$30	\$207
2004	The Lord of the Rings: Return of the King	\$94	\$1,130
2003	Chicago	\$45	\$306
2002	A Beautiful Mind	\$60	\$312
2001	Gladiator	\$103	\$456



1. IMDB



The Really BIG Questions...



- What is the right budget for a given picture?
- How should the budget be allocated?
- Will more money produce a better picture?
- Or, can a better picture be made for less money?



What goes into a motion picture?



Script
Production Team
Cast
Scenes
Location(s)
Sets
Stunts – 2nd Unit
FX
Score
Production Services
Post-Production
Distribution



Look Familiar?



- Making a Motion Picture is a project...



Three ways businesses expand...



- Geographic – company expands from USA to Japan, Korea, India, China and other countries
- New Products – company develops new products or services
- New Markets – company sells existing product or services into new market



The Entertainment Industry...



- A ripe market for value engineering services.



Questions?



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Current Projects...



SILVER CORD
A love story beyond dreams, a thriller beyond the unexpected and an exotic adventure beyond reality. The story of a young man who is separated from the love of his life, and to find her, he has an Out of Body Experience, but the silver cord that connects the soul to the body breaks and he is believed to be dead. In a desperate race against time, his friends have less than 24 hours to find the truth and save his soul before his body is cremated.

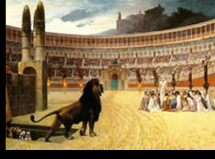


LAMENTOR
A love story based upon the legend of La Malinche and her deception by Cortez. The legend says that the spirit of La Malinche lives today to gain revenge upon the souls of unfaithful husbands. The Lamentor is a modern day murder mystery with mystical overtones tracing back to Aztec rituals, witchcraft and the Spanish inquisition. When the husband of a prominent woman is wrongly arrested and sentenced to death for the murder of his best friend, the Governor has little time to discover the truth and find the killer.





ATLANTIC CARIBBEAN



In the pipeline...



MAGDALENE
A film in the tradition of The da Vinci Code. The story traces Mary Magdalene and her leadership in the first Christian churches through a parallel present-day epic love story about Juan and Magdalena, leaders in a South American country. The two battle against the beliefs which inspire their lives, and have to struggle in the midst of a great and bloody civil war that is witnessed between the socialist and democratic parties. They come to understand that their love exists for the future of humanity because one of them is a direct descendant of the lines of King David and Mary Magdalene. A daring glimpse into the life of Mary Magdalene as an icon for liberal Christians. The prevailing story of the Apostles of the apocrypha through the eyes of a present-time legendary hero in the face of a political revolution.




CELESTIAL BATTLE
The story of the beginning of times, in a world surrounded by angels and governed by God and his son Jesus Christ, the first minister of Heaven, Lucifer, plots to kill God and to take his post. The most significant battle of all of times is now to be staged: The Celestial Army, the Allies (Michael and his angels) against the Rebellion, the Axis (Satan and his angels). The declaration of final victory against Satan is made by Jesus Christ as a warrior, as the General of his army of angels in a war that joins Heaven and Earth, angelic and human forces, old and modern weapons, chariots and advanced combat aircraft, the true visual concept of what has been called by many religions, the drama of the ages. An Action Adventure Epic that shows a world of Cherubims and Seraphims, Angels and Archangels, and the true origins of the eternal battle between good and evil.





ATLANTIC CARIBBEAN

In the pipeline...



SUPREME COURT
In 1985 a group of terrorists supported by Pablo Escobar, Fidel Castro, General Noriega and socialist governments seized the supreme court of justice of Colombia in order to judge and kill the president, free the major drug-dealers of the world from criminal prosecution and attack the United States. 500 hostages were taken, 25 Justices were killed. But, what was the truth behind the siege? Now, the real trial must begin. From the eyes of a 12-year boy whose father is trapped as a hostage inside the building and an American journalist who helps to reunite them, this story reveals the true and tragic story of an event already forgotten by the world, but where more than 500 families were sacrificed by an army that had to counter-attack the terrorists with tanks and helicopters in order to save the world from a missile attack against the United States and the true beginning of a new world-war...



RED OCEAN
The biggest naval attack in world history is the true inspiring precedent to the independence of the United States. A heroic story where, with resistance and passion, amongst witchcraft, the Spanish treachery, betrayal, and tragic love, outnumbered Spaniards win the so-called Jenkins-Ear war in 1741 with only 6 ships and 700 men against an impressive British fleet of 196 battleships and 25,000 professional soldiers, and change the course of history of the American continent.

