Outside The Box
A beyond-TV entertainment trends reviews

By Juliana Koranteng, Founder / Editor
MediaTainment Finance
A round-up of developments and disruptions in entertainment + media

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A round-up of developments and disruptions in entertainment + media
Will-i-am calling from Mars to Earth

Will-i-am’s status as one of the world’s most valuable creative talents was cemented on Earth and the planet Mars – literally - in August. The US rapper/singer-songwriter/producer has signed a global publishing deal with BMG Chrysalis US, part of the BMG Rights Management co-owned by private-equity group KKR and German media giant Bertelsmann. Will-i-am is a member of the hit-making group Black Eyed Peas, which has sold more than 31 million albums and 58 million singles globally. The Grammy-Award winner has also produced hit recordings for Rihanna, Usher, Michael Jackson and movie-soundtrack legend Hans Hammer. He also happens to be an ambassador for teaching young people science and technology. Now, Reach for the Stars, his latest single featuring a 40-piece orchestra, has become the first piece of music in history to be transmitted more than 300 million miles from the planet Mars to Earth. The Jet Propulsion Laboratory at US space agency NASA arranged for the song to be transmitted from the Curiosity planet-exploration vehicle which landed on the Red Planet in August. Will-i-am co-produced i-am-FIRST: Science is Rock n Roll, a TV programme about science and technology for the US ABC network last year.

Forbes’ new Electronic Cash Kings rule DJs’ rising empire

The Electronic Cash Kings are the latest set of millionaires discovered by Forbes. In its first ranking of the world’s richest dance-music DJs, the top 10 amassed US$118m between them last year. The highest earner was Dutch DJ Tiësto with US$22m. Grammy-Award winner and dubstep supremo Skrillex was second with US$15m. They were followed by Swedish House Mafia (US$14m), France’s David Guetta (US$13.5m), and American Steve Aoki (US$12m). The others were Deadmau5, DJ Pauly D, Kaskade, Afrojack and Avicii.

Newly created Music Ventures seeks publishing rights

Saban Capital Group (SCG), the investment business of US media mogul Haim Saban, is adding music to its interests in TV entertainment with a new company called Music Ventures. David Renzer, former CEO/chairman of Universal Music Publishing Group, the world’s biggest music-publishing operation, is Music Ventures’ president. SCG, which has interests in US Spanish-language media group Univision and Hong Kong-based Celestial Tiger Entertainment, plans to invest in music-publishing rights and original TV/movie composers and songwriters.
**Comic book heroes rescue Hollywood**

**Comic book heroes** are injecting action into Hollywood’s box-office fortunes. This has been prompted by the US$1.4bn in box-office receipts for Marvel’s The Avengers (or Marvel Avengers Ensemble) worldwide. Featuring Iron Man, Captain America, Hulk and Thor, the movie was produced by Marvel Studios, distributed by its parent company Walt Disney and starred in-demand actors Robert Downey Jr, Chris Hemsworth and Scarlett Johansson, among others. It is currently the third highest-grossing movie of all time. The Motley Fool, the online financial magazine, noted that comic-book blockbusters have yielded hundreds of millions of dollars for Hollywood this year. The Amazing Spider-Man, released in July, generated cinema ticket sales of US$697.4m worldwide. It is the fourth highest-grossing movie this year. The production budget is thought to be US$230m, according to online magazine Box Office Mojo. Men in Black 3 has earned more than US$621m globally. The Dark Knight Rises, the latest Batman movie from Christopher Nolan, has already garnered US$941m at the box office since its July release. These profits come as Marvel Studios and Joss Whedon, The Avengers’ writer/director, sign an exclusive deal to create a sequel, three other movies, plus a Marvel TV series for the US’ ABC network. * X-Men and Spider-Man producer Avi Arad is to produce a film adaptation of popular video game Metal Gear Solid with Columbia Pictures.

**Canal France International cries out for African talent**

**Canal France** International, the French government’s international TV initiative, has set 15 October as the deadline for Haraka!, a fictional short-films competition for young directors in sub-Saharan Africa, except South Africa. Targeted at the region’s under 35-year-old filmmakers, the contest’s theme is Living in Africa Today. The €10,000 prize is for the selected 12 winners, whose shorts will air on African TV. The initiative is inspired by Nigeria’s Nollywood and South Africa’s growing movie industries.

**California funds new study for creativity’s value to the state**

**The California Arts** Council has awarded a US$17,500 grant to Los Angeles’ Otis College of Art & Design to conduct research that pins down the value of the creative industries to California’s economy. The college is already renowned for its annual Report on the Creative Economy of the Los Angeles Region. * California’s state assembly and senate have approved the extension of the film industry’s US$100m tax-credit scheme for another two years until 2017.
British broadcasters nurture tech-media start-ups

The BBC is among the UK public broadcasters positioning themselves as incubators and/or accelerators investing in media-technology start-ups. The new BBC Worldwide Labs, managed by the BBC’s commercial division, has selected six start-ups to participate in the Labs’ inaugural six-month programme starting in September. The six finalists are MiniMonos (kids’ virtual world), wireWAX (interactive video), Foodity (culinary e-commerce), Krowd 9 (cloud-based broadcast), Flooved (e-book publishing) and KO-SU (mobile learning). BBC Worldwide Labs is not investing in any of them nor seeking equity share, but it will provide media and technology facilities plus mentors to assist with marketing and business strategies. The BBC World Labs advisory board includes BBC executives plus representatives from Google Campus, venture-capital firm PROfounders Capital, and an angel investor. *Meanwhile, S4C, the UK’s Welsh-language public-service network, has launched the S4C Digital Media Fund. The four-year initiative aims to invest £1m in digital-media and media-technology ventures annually.

Venture capital pushes $4bn into mobile in first half of 2012

Venture-capital (VC) companies invested nearly US$4bn in mobile media and technology during the first half of this year, according to Venture Capital in Mobile, a report by US-based mergers-and-acquisitions consultancy Rutberg & Co. The US$3.9bn spent is a 30% hike on the US$3bn invested during the same period in 2011. It includes the US$1bn funding consumer mobile apps. High-profile mobile enterprises benefitting from VCs are Swedish streaming-music service Spotify, German online-music platform SoundCloud and Finnish mobile-games developer Rovio.

Pixar goes open source to improve animation technology

Pixar, the Hollywood animation-movies producer, has amazed the technology community with its move to open source SubDiv, one of its software codes. This effectively invites hackers to share any improvements they can make to SubDiv, which was used in Pixar’s most recent movie Brave. The technology is designed to make skin in animation look smooth and remove the hard-edge creases seen in TV cartoons. The open-source invitation is rare for a company partly owned by the very private founder of Apple Steve Jobs.
Sir Martin Sorrell: Marketing creativity will drive economic growth

Creativity within marketing will be a key instrument that unlocks solutions to the current global recession, stated Sir Martin Sorrell, CEO of WPP Group during a keynote at this year’s Creative Services Summit organised by the UK government. “What will get us out of this recession is what we’re about, which is our ideas. It is the creative force within our industry and beyond that doesn’t disappear as soon as someone mentions the word ‘austerity’,” he said on the 30 July speech just after the Opening Ceremony of this year’s London Olympic Games. “Indeed, if anything, that word spurs our creativity on, creativity that leads to new products and services, especially online.” Pointing out that a conglomerate like WPP should know with its resources to buy US$75bn worth of media worldwide, he noted that the UK is host to some of the world’s most creative talents. However, he advised against complacency. “One word of warning: it shouldn’t lead to arrogance. A lot of us visit China and look at the Chinese advertising industry, and go, ‘Tut, tut’, the creativity isn’t what it is back in London. Watch out! Anybody in this country that believes 1.3 billion Chinese cannot produce better advertising agencies or marketing services than us is deluding themselves.”

Chocolate maker Mars turns to art to market brand name

Mars, the confectionery giant and one of the world’s biggest advertisers, is investing US$5m in American Enterprise, the working title of a Washington DC business-themed museum exhibition scheduled to launch in 2015. The multimedia interactive event will cover the role business and innovative enterprise has played in making the US the world’s biggest economy. It will be installed in the 8,000 sq ft Mars Hall of American Business inside the Smithsonian Institution’s National Museum of American History.

Hollywood directors go TV commercials

Hollywood director David Fincher, famous for box-office hits like The Social Network, has hooked up with TV-ads director Dave Morrison to launch a new California-based super-commercials production company called Reset, which will represent other major directors such as the UK’s Guy Richie and Jonathan Glazer. * Another Hollywood filmmaker Wes Anderson (The Royal Tenenbaums and Moonrise Kingdom) is now represented by The Directors Bureau, the US production agency founded by director Roman Coppola, son of Francis Ford and brother of Sophie.
Music sector in tune with book format

The music industry is combining the book format with digital media to experiment with new ways of reaching audiences. Beck, the hit-making US singer-songwriter, is releasing his new album in the form of print music sheets in December. Called Beck Hansen’s Song Reader, it will feature 20 compositions never recorded or released before. It will comprise 18 physical booklets for songs with lyrics and two for instrumentals. The hardback cover will be elaborately designed to look like a bundle of gatefold sleeves for traditional vinyl LPs. It will be published jointly by UK-based Faber and Faber with US publishing house McSweeney’s. An interactive element comes from the fact that fans will have to play the music themselves if they want to hear it. The only recordings will be those submitted by readers or other musicians for McSweeney’s website. *Meanwhile, UK independent band The Wedding Present is working with publisher The Friday Project to create a book that invites readers to unravel hidden clues to links for downloading Valentina, the band’s latest album. The book, called Valentina: The Story of a Wedding Present Album, will be published in October in hardback and e-book with multimedia content.

US TV network NBC publishes first hit series ebook

US TV network NBC and its relatively new sister division NBC Publishing have produced Grimm: The Essential Guide, a downloadable free e-book to accompany the second series of the fantasy crime drama series Grimm. The interactive e-book, the first by NBC Publishing to accompany a hit series, features original video content and exclusive art. NBC felt second-screen TV viewers would find it easier to navigate an e-book instead of a mobile app. Grimm is licensed to 200 territories.

Shorts: Ebooks price fixing settlement; MacMillan; Google

New investments emerging for games

The international games sector has seen a recent spate of potential and actual investments in publishers and developers. Electronic Arts (EA), the NASDAQ-quoted games giant, is reported to be seeking a buyer. Although valued at about US$4bn with growing revenues, EA’s future is affected by the gradually declining console video-games business it still depends on. It is investing in the more fashionable casual and social games, but that might not be enough. Private-equity groups KKR and Providence Equity Partners are reported to be interested buyers. The rumour comes amid a series of good news. Tokyo-based SEGA is boosting its investment in The Creative Assembly, a UK subsidiary, to develop a series of major titles, including one based on Alien, Hollywood’s iconic horror blockbuster. Rival Activision-Blizzard has opened The Blast Furnace, a new mobile-games studio, in Leeds, north England. Japanese mobile-games giant GREE is opening a new development studio in Vancouver, Canada. A new studio is being set up in the UK city of Cambridge for Jagex, while US interactive-games developer Epic Games, which is partly owned by Chinese Internet firm Tencent, is expanding its international network of studios with a new one near the US state of Maryland.

Rovio expands portfolio from Angry Birds to Amazing Alex

Rovio Entertainment, the Finnish maker of the ever popular Angry Birds mobile-game brand, has unveiled its first non-Angry Birds title – Amazing Alex. As the company prepares for a 2013 stock flotation for a reported US$9bn valuation, Amazing Alex is part of Rovio’s mission to expand its repertoire. And the company has partnered with US rock group Green Day to create a trio of animated angry pigs based on the band for the Facebook game Angry Birds Friends.

Is Final Fantasy 2 prototype a myth or worth $50K on eBay?

What is claimed to be the only copy of the English-language version of Final Fantasy 2, for the Nintendo Entertainment System console, was put up for auction on eBay for US$50,000 in August. The surprisingly high asking price turned video games’ value as works of art into a heated debate topic. The existence of a prototype cartridge completed in 1991, which Nintendo never released, was thought to be a rumour. The eBay seller insists it is the real thing.
Apple/Samsung fight: who owns ideas?

The bitter rivalry between US technology giant Apple and its South Korean competitor Samsung Electronics over the rapidly growing smartphone and tablet sector’s market share could influence the legal definition of infringement worldwide. Apple accused Samsung of stealing its design and software patents. In August, a US jury awarded Apple US$1.05bn in damages against Samsung for patents infringement. What caught the industry’s attention was the verdict’s implication that a tablet’s rectangle-with-rounded-corners shape could be one company’s sole property. Apple’s request to have Samsung Internet-enabled mobile devices removed from the US will be heard in December. Samsung says it will appeal against the infringement verdict, especially as the same case in South Korea concluded that both companies were guilty, and UK courts found in Samsung’s favour. But the dispute over a gadget’s design draws attention to another case based on creative concepts. A US federal court judge says screenwriter/novelist Joe Quirk can sue Sony Pictures Entertainment for allegedly stealing the premise of his novel Ultimate Rush for the new movie Premium Rush. Meanwhile, games giant Electronic Arts (EA) is claiming social-games darling Zynga stole the “design choices”, among other ideas, in EA game The Sims Social for Zynga’s new game The Ville.

Metal band Def Leppard make cover versions to regain rights

UK heavy-metal legends Def Leppard took copyright matters into their own hands when negotiations with Universal Music Group over digital royalties stalled. Although their original 1979 contract stipulated they could do nothing with their recordings without the label’s permission, it made no reference to digital releases. Then, lawyers noticed a US-copyright legal loophole. This allows the band to re-record their original works as ‘covers’ and distribute them as long as they inform Universal about their plans.

Google changes search ranking methods to appease creators

Search-engine giant Google is tweaking its algorithm technology so that the more “valid copyright-removal notices” and complaints a website receives for hosting illegal content, the more likely that site will appear lower down the search results. The move is part of Google’s plans to placate rights owners angered by its refusal to block copyright-infringing sites. But US legal firm Scott & Scott observed Google is maintaining its “long-time position that it is not responsible for online infringement”.

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Feature Focus – NICE Entertainment Group, an Interview
Nice work, if you can get it. And as a private-equity funded compact but dynamic creator of high-quality fun content for both traditional and digital distribution platforms, Nordic TV-production dynamo NICE Entertainment Group is in a position to say it has got it.

NICE’s creativity is not Nordic Noir. For the most part, it shuns the torture, gore and sadism associated with the movies based on Stieg Larsson’s Millennium Trilogy or the stark reality of The Killing, the internationally acclaimed Danish crime series. Instead, NICE loves its big, shiny-floor games shows, character-driven family entertainment, TV and movie dramas, comedies and the like.

It is its approach to the future of entertainment that appears to be capturing the media-and-entertainment industry’s attention. It has the makings of a powerful stand-alone production domain, the Nordic region’s own independent TV-and-movie studio to rival the StudioCanals in France or the Lionsgates in Hollywood. But it also has extensive experience in the music business, live entertainment, and literary adaptation.

Originally formed in 2009 as Northern Alliance Group (NAG), it became a group of independent TV production firms from Norway, Finland, Sweden and Denmark. They joined forces to strengthen their chances when competing against bigger global rivals for Nordic and international broadcast rights and commissions.

The brainchild of CapMan Buyout VIII Fund, part of the CapMan Group of private-equity funds in Helsinki, Oslo, Stockholm, Moscow and Luxembourg, NAG relaunched and rebranded as NICE in 2011 at the international trade fair MIPCOM in Cannes. Currently, NICE operates an enterprise with an annual turnover of €100m-plus. The companies working under its umbrella include the who’s who in Scandinavian entertainment creators: such as Finland’s largest independent TV production firm Moskito Group; Monster Group in Norway; Denmark-based Gong; and Sweden’s Titan Television, Baluba and Nice Scripted Entertainment. Their working method is based on the “Swedish model”. Once an acquired production company joins NICE, it is positioned as a “creative” company that nurtures entertainment concepts. After they are approved, those ideas are fed to two centralised units, Baluba and Titan, to develop, produce and sell to TV, cinema theatres and digital platforms.

Last year, they produced more than 100 TV series, including a high success rate with scripted and unscripted TV formats (programmes that can be replicated and adapted in other countries under the same or similar titles). NICE format shows include Babes on the Bus, which is produced by Monster and is being distributed globally by Endemol, part of the company that created the Big Brother reality-TV phenomenon. Other NICE reality-TV formats are Monster’s 24 Hour-Live (a social media-meets-celebrities concept), Titan/Limelight’s Celebrity Babysitter, Titan’s Countryside Dreams and Gong’s reality documentary The Greatest Gift.
Then there are its dramas, including Moskito’s Hidden Tracks, a hit series on Finnish commercial network MTV3.

A sign of NICE’s growing clout in the international content-creation business was seen in May, when Moskito was hired to develop and write the scripts for a new multi-platform animation series based on Angry Birds, the mobile social-game that has become a global sensation since its launch in 2009. Created by Finnish games-entertainment company Rovio, the Angry Birds game has been downloaded more than 1 billion times.

NICE Drama, another division, is developing a feature-films portfolio by forming a joint venture with Sweden-based FLX2.0 called NICE FLX Pictures. The movies are based on best-selling literary works such as The Centenarian Who Climbed Out the Window and Vanished by renowned Swedish novelist Jonas Jonasson. German event-TV drama producer Tele-Munchen Group is an investor in the epic movie and will distribute it in German-speaking Europe.

Additionally, NICE operates a live-events division, which it recently boosted by agreeing to buy Playroom, the rapidly growing Norwegian event-management company that also specialises in music (via its record label) and branded entertainment.

Playroom’s branded-entertainment expertise will be added to NICE, which already creates branded content for the websites of major Scandinavian brand owners. An example is Together, a 10-episode drama series it created for the website of VG (Verdens Gang), Norway’s biggest tabloid daily newspaper.

**NICE CEO Morten Aass** explains why skills in creating branded entertainment are essential for today’s TV producers, why private equity can be preferable to dependence on a corporate parent company, why going into book publishing is not a smart idea at the moment and why drama is the extreme sports of TV production.

**MTF: The acquisition of Playroom “increases NICE’s share of branded entertainment market in Norway”. How?**

**Morten Aass:** Over the years, we have seen developments in (TV programme) product placement and sponsorship. The relevant laws in Scandinavia had been very strict but the legislation changed about one year ago, opening up new opportunities. If you look at Playroom’s list of clients, there are between 15 to 20 major brand names, including state-controlled gas-and-oil giant Statoil, energy and aluminium group Norsk Hydro, chemical group Yara International, Nordic Choice Hotels and supermarket chain Rema1000, among several major corporations. As an events provider for these companies, it has early access to their strategic plans and is, therefore, well placed to suggest branded entertainment concepts to them.

**MTF: Private equity is used for financing feature films. Is it the way to go for financing TV-production ventures in the 21st century and what advantages does it bring compared to a stock-exchange listing or being the subsidiary of a global corporation?**
**Morten Aass:** Private equity has supported TV production the way it has with UK companies like All3Media (majority shareholder is Pemira) and the Shine Group (shareholders include media entrepreneur Waheed Ali). I would say private equity has been part of the TV-production business for the past decade and I think many people in the business have had good experiences with it. Ultimately, I imagine most independent production companies would prefer to be sold to a corporation or a big US or European studio. Having said that, very few groups have been able to start as a small Finnish company and grow rapidly into a major Nordic group, like NICE has, in a very short space of time. We already have 15 Nordic companies in the group. If we belonged to a corporation, it would have taken much longer for such developments to take place.

MTF: The deal with Rovio, do you see more games-originated or brands-originated entertainment being extended into TV shows and has that raised new challenges for content producers?

**Morten Aass:** Production of the (Angry Birds) TV show has started. The upside of such deals is having a great brand to work with. What we have also learned is that if we want to do more of these types of deals, we must be prepared to take more financial risks. The works of production companies are still largely financed by the commissioning broadcasters, while non-broadcast website owners, especially online newspapers, commission (original) content for their websites.

This is happening as more newspaper readers go online. In Norway, for example, the largest tabloid newspaper VG (Verdens Gang) has more readers via smartphones than the second largest newspaper has in print. So we produce content for these papers’ websites. If we want to do more, we would have to take more of the financial risks ourselves, which is why having corporate clients via branded entertainment will be an advantage.

**MTF:** NICE Drama has invested in the adaptations of fictional books such as The Centenarian Who Climbed Out the Window and Vanished by Jonas Jonasson and Kristina Ohlsson’s Unwanted; does NICE ever see book publishing as part of its future plans, thanks to the accessibility of e-book technology?

**Morten Aass:** We have been producing drama, first in Norway and Finland and, more recently, in Sweden. For those, we have always bought the literary book rights. Our NICE Drama division only acquires the book rights, develops the concepts and finances them. We have satellites of creative teams that develop the ideas (based on the Swedish model) but we have no intention of being book publishers ourselves. There was a radio play that became a best-selling novel, which we have bought the rights to and plan to produce later. We also work with authors who are already very successful and therefore do not need (royalty) advances from us but, maybe, if we could find an emerging writer who is just as talented, we might consider commissioning the book ourselves.
Entering the e-book sector here, however, will not be easy. The Scandinavian literary books sector is very conservative and has been slow to adopt that platform.

MTF: There is a view that TV, as we know it, is dead; no more sitting together with friends and family around the one TV set; meanwhile, sales of large flat-screen TVs are growing and the industry is investing more in TV production. How is the way TV is watched today affecting the creation of TV content?

Morten Aass: We have no immediate plans to change the way we produce TV content: we develop, produce and sell. In five to 10 years’ time, I believe a lot of people will still be watching TV in the traditional way. I don’t think that will change dramatically.

Apart from having a global hit on the web, I can’t see what can compete with a global TV hit. We don’t have budget limits on our productions, however, it is tougher to get the green light for a production than it used to be.

The sources of finances are out there; there is more risk money available. But you need to be more innovative in how you raise it. TV formats might appear to be an easy way to produce programmes and it is tempting to want to be more ambitious about productions and come up with the Next Big Thing. Yet, even if you have a big hit in the Nordic region, overseas sales are not automatic. Of course, we’re selling some great Danish and Swedish drama series and films overseas but those are rare because they require big risks. Drama remains the extreme sports of TV production.
About the author

Juliana Koranteng is the founder/editor-in-chief of MediaTainment Finance (MTF), the business journal that covers investments in international media, entertainment and the impact of related digital technologies. Koranteng, an international journalist, is a regular contributor to Billboard magazine, and the daily magazines published by Boutique Editions at the annual Midem, MIPTV, MIPCOM and Cannes Lions events in Cannes. She has been a correspondent for TIME magazine, the Hollywood Reporter, Advertising Age, the Washington Post, The Economist, UK national newspapers and the author of several books and reports. She also conceived, developed and sold New Media Age, the UK’s leading digital-marketing publication, to Centaur Media. She has given speeches at international events hosted by, among others, the New Zealand government and the Olympics’ IOC, and been interviewed on BBC TV and radio, CNN and Bloomberg TV. She has an MSc Degree from Northwestern University, Chicago. MediaTainment Finance is published by JayKay Media Inc, the London-based media group that also includes an editorial consultancy, speech-writing, ghost-writing and photography-design among its activities. Facebook: MediaTainmentFinance Twitter: @MediaTainmentMT

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