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Sundance Takeaway: Content Wars, Talent Wars

Adam Leipzig · Wednesday, February 6th, 2019

$13 million. $14 million. $15 million. Numbers most if us didn't expect to see at this year's Sundance Film Festival. But there those numbers were, along with a host of others in the millions, proffered by Amazon and Netflix, New Line and Neon and HBO.

As one smaller distributor said to me at the Brunch with the Brits event on Sunday morning, "Why should we even show up when Netflix and Amazon are here? We can't afford to compete with them."

A corner has definitely been turned in the indie film industry. After the high over-buys of 2017, and the slow and cautious 2018, 2019 has emerged as the year that streaming services and aggressive-growth distributors recognized the value of independent films and paid accordingly.

We have entered the era of Content Wars, where streaming services battle each other for your subscription dollars. It only takes one big series, or one big movie, to turn a curious person into a subscriber, and each subscriber is worth a lot — the lifetime value of a customer for Netflix exceeds $1,000. Other similar services, like Amazon, and Disney's soon-to-launch streaming offering, will place even higher lifetime values on their customers.

There is a deeper purpose behind Content Wars, and that is Talent Wars. When Amazon buys *Brittany Runs a Marathon* for $14 million, they're getting more than a film. They're getting into business with a director (Paul Downs Colaizzo) and an upcoming star (Jillian Bell). Plus, and even more importantly, they are *keeping other companies from getting into business with the talent:* they are taking talent off the market, business-wise and relationship-wise. Those who own and control the best talent, the wisdom goes, will own and control the best content.

Content creators are in for some good times during this cycle. Shorts-makers, too. Fox Searchlight picked up Matthew Puccini's 11-minute *Lavender;* Searchlight had also picked up shorts at last year's Toronto Film Festival for use on their social media and streaming channels. With Jeffrey Katzenberg's and Meg Whitman's Quibi ramping up, we're about to see a renaissance of short work, in the same way we saw a renaissance of documentary filmmaking begin fifteen years ago.

Agencies and sellers will do well, as there are now more buyers and with bigger checkbooks. Still, content creators and investors need to be careful: the content that's selling is content that works for buyers' ends — i.e., content that will incite and keep subscribers. (Let me say again: investors need to be careful. Whenever there's a new buying cycle in Hollywood, "dumb money" rushes in, and usually leaves empty-handed.)

None of this means that the big buyers are getting more profitable. Yet. The reason they are paying so much for Sundance films is because they are struggling to figure out how their profits will work, where they will come from, and what the real cost of subscriber acquisition will be. Those data-points will get solidified in the next couple of years, at which point we can expect another round of shake-outs and consolidations.

Meanwhile, audiences will do well, because there will be even more content available for your entertainment pleasure. There's only one catch. You'll be paying more for it, too.

Image: Blinded by the Light, directed by Gurinder Chada was acquired by New Line for $15 million at Sundance 2019.

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