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# Netflix and HBO's Recent Moves Set Stage for Quality Film to Rise Again (Guest Column)

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## The indie producer-turned-CEO of Fandor argues that the revolution is now being streamed

Finally! The world has changed. Well, it actually changed quite a while ago but we've needed further verification before we accepted it with our own eyes, heart or experience. Sure, things shifted in the film business after 2008, but since we were getting our wallets stuffed, we buried our heads in the sand, feeling we could ignore the flocks of canaries singing in the gold mine. Not anymore, though!

[Netflix producing features](#) and [crushing theatrical release windows](#) was as inevitable as [HBO cutting the cord](#). The film business should recognize these leaders for something far more impressive than any of their disruptive moves: They have unlocked and profited from the utility that has long lay dormant within cinema. It wasn't who would become the other; it was would they each take the right lessons from each other's business — and sure enough, they have.

Now the real shakeout begins. We are witnessing the march from once lucrative legacy practices built around titles to a new focus on community. The reward this time won't be just lucre, though; it will also be quality content. Our business has had to be that the audience wins.

**Read more** [HBO to Launch Stand-Alone Online Service in U.S. in 2015](#)



Ted Hope

Courtesy of Brigade Marketing

Today's necessity of targeting a specific audience is vastly different from yesterday's habit of trying to sell to everyone. Similarly, correctly predicating your plays around abundance of competition instead of the past's scarcity of content leads to vastly different strategies. The abandonment of the middle ground in favor of the global appeal of tentpoles and family fare was but our industry's first move to adjust to present realities. Netflix's and HBO's recent moves, though, give me hope that quality film will once again rise.

To me, 2000's *Crouching Tiger, Hidden Dragon* was a sweet-sounding wake-up bell: There are fans the world over for ambitious and diverse fare. My first company, Good Machine, made **Ang Lee's** first eight films, and no one initially believed in his *Tiger. Crouching Tiger 2* (which no Good Machinist has anything to do with) should be closer to an air raid siren for the rest of the film biz; there are more efficient ways to do our business than we have been doing. Yet, like any good farce, some of our so-called

heroes will inevitably sleep through the entire ruckus. And many will mistake what should be a seductive dream come true as a total nightmare.

Hollywood has long coasted comfortably on one of the most arrogant business propositions ever: that we can get people to *come* to the movies. We ask people to change their behavior and break their routine. In a time of cultural scarcity, commercial inconvenience, and 40-hour workweeks, perhaps that was an achievable aim. Now in our era of grand content abundance, with every home wired for every pleasure, when time is our scarcest commodity, why do we persist at such an antiquated and illogical

practice? Maybe when it is a once-a-season event, but not when we can supply quality daily.

The missing cog in our entertainment ecosystem is aggregated community, one united by values,

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interests, and behaviors. Why aren't we hard at work building them now? Doesn't it make far greater sense to bring film to where the people are gathered and offer it to them where, when, and how they want it? But has common sense ever been the fuel that makes the magic? Isn't it about time?

The irony, of course, is that both HBO and Netflix have used Hollywood's own product to build community and thus a business with more consistent and predictable returns. On top of that, they each have mined that data to then produce their own content more suited for their members' demonstrated taste. With such efficient machines there is no reason why they shouldn't go after each identified revenue stream, whether it is HBO's move to capture the non-cabled segment, or Netflix's to capture a global audience's interest in a title or star. HBO will now be getting more robust data via new digital native subscribers and Netflix will continue to grow its subscriber base due to their exclusive original content available in a first window position.

Common sense is reflected in actual data. The facts don't lie — if you can ever find them, that is. The Internet first promised the availability of everything. That was soon enhanced with the access to everyone. If that wasn't enough, those behind the curtain whispered of the marvels that the quantification of all that ever was or may be (otherwise known as big data) would soon reveal. To some these seemed like separate pies, but over in the valley to the north this trifecta is recognized as an incredible feast, one that needs not be movable because it blankets the globe. We are now witnessing what happens when these three propositions truly collide and mate.

Think about what a unique product cinema is. It releases a shared emotional response among strangers in the dark, *legally*. It compels us to talk about it afterward. Films create empathy despite great chasms of difference. Nothing else comes close to this, but we never have exploited this remarkable utility — but Netflix and HBO have built their businesses around it. While the traditional business gathers people to engage, to reveal themselves, so that they can upsell 15 cents worth of popcorn for six dollars, these streamers have created communities that pay them \$10 to \$15 a month whether they do anything or not.

It's not that Netflix (or presumably all the other platforms that will follow it in its wake) has upset the lucrative windowing of content that is so disruptive. It is not that it is taking top titles and talent before Hollywood would that is the game-changer. It is that Netflix has built a better business on the back of entertainment than the rest of the film industry has ever imagined. It has used audiences' tastes to predict their behaviors with a reasonable certainty and it is making a practice of giving them what they want, how they want, when they want, where they want. Once gathered, Netflix and its online brethren use cinema to help the audience reveal themselves even more. And yes, they are going to just keep getting better and better at it.

If the independent film business was an outsider industry dependent on the insider infrastructure to prosper, it only could do that because for decades the foreign sales model offered a predictive revenue stream allowing new content to be generated with little risk. Those predictive revenues allowed the independents to seemingly take greater risks on content and not simply chase sequels and established

brands.

The independents thus were able to not only dominate the awards season year after year but also launch our director brands that now are one of the core sources of ambitious film. Independents lost this sure thing, but the online platforms have built a better mousetrap in its place. And guess who's delivering the most ambitious content as a result?

Our film industry no longer needs to tell *everyone* what we have in the false belief that since we built it they will come. We can now target specific audiences and go directly to them the world over. Netflix's original cinema bets are made to appeal to the entire globe but really a globe netted together in an abundance of small clusters. We can now approach niches on a grand scale, and that is going to fill many a new pocket in the process.

Our world generates far more content than our audiences can consume. We have digitized our past to such an extent that we could watch nothing but five-star films every night of the week without running out of selection until decades after our death. Outsiders have always been able to climb the Hollywood castle walls by delivering to underserved audiences, and these hungry hordes remain the world over.

The online cinema biz has learned where everyone is, learned exactly what they like, and gotten them to deliver a regular supply of cash. Did we really expect them to wait much longer to also make a business of giving the people what they want? The online cinema biz has given us a business model where ambition and diversity can flourish, freed of the demand to diminish risk and all other costs. They are using diverse and ambitious content to build community and then giving that community what they want — whether they knew it or not.

I have only ever wanted to make great films. I realized early on that to do that I needed to be in the international sales business. There was a moment when it felt like having discovered many excellent directors and delivered good work on a consistent basis, that was enough. Things change, though. In order to make beautiful films, I think now I need to have a community of film lovers and makers united through a glorious collection of streaming cinema. It seems inevitable to me.

*Ted Hope is the CEO of Fandor, the film aficionado's subscription streaming service. He is the author of the recently published memoir/handbook/manifesto Hope for Film and maintains a film community blog of the same name, [hopeforfilm.com](http://hopeforfilm.com). Hope, whose Twitter handle is @TedHope, has produced over 70 films, and helped launch the careers of many directors including Ang Lee, Alejandro Gonzalez Innaritu, Nicole Holofcener, James Gunn, Todd Solondz, and Hal Hartley.*

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