October 17, 2017

Workshop on the Creative Europe MEDIA MIPCOM umbrella stand

BUSINESS MODELS FOR EMERGING VR CONTENT

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VR seems to be one of the new El Dorados of our times. But VR content cost a lot to produce if you want to deliver it at a level of quality that doesn't generate frustrations. What are the first funding strategies for producers?

- There is no stabilised business model today for VR, because there is no market. It is very difficult to make predictions regarding how things are going to turn out.
- We are still unfortunately facing a technology-driven symptom, rather than an artistic-driven one.
- Different content genres are not on the same spot on the learning curve: documentary, journalism, scripted fictions, games, live action, animation, corporate, etc.
- There is a undeniable risk that VR is going down the same path as 3D-cinema, that is a dead-end. Is VR going to deliver what transmedia failed to? The 'wow effect' is actually very dangerous when you try to structure a business model.
- Major equipment manufacturers have made huge investments in the hardware and the tech. Therefore it's key for them that VR confirms its promise.
- The distribution channels for VR content have to be created or reinvented. Will any existing model be appropriate: classical audiovisual contents? Attraction park? Contemporary art? Live show?
- With VR, we are going backwards from one of the recent trends regarding the economics of content creation. What we've been seeing in the past 20 years is that technology became simpler and cheaper. On the production side, virtually anybody can have the access to tools to film, edit and post-produce an original content. Talent and real originality remain scarce and essential, but economically, it is possible to generate content. With VR, it is totally different. It is becoming more and more complex and expensive to produce and post-produce. In VR, we are looking at around 20k€/minute of content.
- In the countries where there is a long tradition of public support for content creation and production, specific funds have been put in place, for example in Canada and France.
- Equipment manufacturers are hot: HTC, Oculus, Samsung, Sony, Nokia, HP, etc.
- Pipeliners: platforms, networks and telcos such as Altice, Hulu, Amazon, Sky VR, BBC, Orange
- Exhibitors like MK2 in France are ready to make a few bets in acquisition, but are not investing in production so far. They have physical space (VR theatres) to showcase VR. But soon they might have to write a check for content to assure their physical investment
- Brands should be considered: BNP, BMW, Prada have already made attempts by putting VR into their communication toolkits.
- Events, such as Biennale Contemporary Art in Venice are also investing.
- A few producers have started to position themselves as specialists: some of them coming from the tech world (Okio), some other coming from classical TV production (Camera Lucida;

documentary ‘The Enemy’). There are also some pure players emerging around VR content: ‘Jaunt VR’, ‘Deep VR’, ‘We make VR’, ‘DV Group’, ‘Secret Location’

- The financing routes have to be invented project by project.
- Bet on the equipment and tech manufacturers, because they are the ones for whom the challenge of return on investment is the highest.
- Artistic and creative talents are - as always - the key factors of success. Tech is never sufficient. Today we are at a critical point where quality content is lagging behind the technology.
- Maybe one of the difficulties is that boundaries between traditional families of content are blurred.
- For more info or questions, feel free to contact Marc at marc.guidoni@fondivina.com