

Post

Issue Date: August 1, 2009, Posted On: 8/6/2009

MAKING A PROFIT

Randi Altman

raltman@postmagazine.com



There is no denying it. The industry has changed. Not only has the economy once again proven Darwin's theory on survival of the fittest, but the democratization of tools has also altered the post production landscape — most would say for the best.

It's very rare these days that studios can specialize in only one solution. The shrinking of budgets has encouraged clients to ask more from their vendors/partners and post companies have risen to the occasion, mastering more than one domain.

These days, it's evolve or die, and these pros are preparing for a long future.

INTEGRATION

Ten-year-old Mekanism, which has offices in San Francisco and New York, began as an integrated production company and they haven't strayed from that model. "We can do everything from Web 2.0 sites to live action, TV spots, Web films, animation, editorial to distributing the content we create," explains president/executive producer Jason Harris.

Harris makes no bones about it. What helps Mekanism (www.mekanism.com) keep busy and profitable is diversification. Because the studio provides so many different services for so many different platforms, they can stay busy with one part of their business while another part might be slow.

He also cites integration. "Taking concepts and ideas from the creative stage through production and then establishing distribution for those ideas. We started with that principle when Tommy Means opened the company and we just kept that going."

At Mekanism, there is a fairly even split between work created in-house and work done for clients. "Clients will come to us for projects, and agencies will come to us for either straight production or for collaboration on their ideas," explains Harris.

Mekanism's "sweet spot," he says, is storytelling for emerging media. "Taking content and having it live online, for mobile and/or broadcast." And the company's resume is filled with projects of all types, but more on that later.

Having talent that can wear many different hats is another way Mekanism stays in the black. "The way we ensure profitability in our model is having a creative lead who oversees the project — from either collaborating with agencies or coming up with an original idea — and taking it all the way through the project," he explains. "So it's one creative mind and one core team following the entire project. And if you are efficiently getting dollars from the digital budget and film production budget, and if there's motion graphics or editorial budget, and you are collecting those dollars, together they can amount to something worthwhile while also providing a great value to the agency or client partner."

So for Mekanism it's more than just having one person shepherd the project from concept to completion, it also includes a team of artists. With 35 employees in San Francisco and five in New York, the company balloons up with freelance artists when needed.

And this is another way they keep costs down and profitability up.

"We don't try to overload our overhead with fulltime employees — even though we are building Websites or doing complex animation jobs, for example — we have a team that is relatively nimble and small and then we hire specific experts to fill in the gaps."

Mekanism has two full-time recruiters in-house constantly looking for and keeping track of talent. "This allows us to scale up and down relatively quickly."

And this was the case on the recent Charles Schwab broadcast spots out of Euro agency. "We shoot them in HD and we animate over them," describes Harris. "We have about 25 animators working on those — it's pretty complex because it is frame-by-frame animation style." Tools used include Imagineer Motor and Adobe After Effects with an AE plug-in called 3D Stroke from Red Giant.

Other recent projects that serve as examples of Mekanism's diversified reach include a just-finished branding piece for Nickelodeon, also shot on HD, that will run on the network and online. There is a multiplatform campaign for Axe Body Wash that includes a Website and TV spots. It was shot on 35mm. A more traditional broadcast commercial is being shot for Hillshire Farms via Chiat Day, as well as a Doritos film and interactive project out of Goodby.

Harris sums up by saying, "When you are diversified you really have to understand all aspects of the job, which can be complex and incredibly challenging to manage, but it also can allow for mitigated risk in a down market and open up you up to more possibilities."

EFFICIENCY, RELIABILITY = GROWTH

When the folks at Boston's Brickyard VFX (www.brickyardvfx.com) opened in 1999, they targeted commercials and have been successfully living in that world ever since — they even opened a Santa Monica branch in 2004. A year and a half ago they took on another realm: visual effects for films.

After the state of Massachusetts announced competitive tax incentives designed to bring more film work to the state, Brickyard VFX saw an opportunity and Brickyard Filmworks was born. "Many films are shooting here and avail themselves of the incentives that the state offers, and that flows all the way into VFX," says Brickyard vet Brian Drewes, who is now head of production at Brickyard Filmworks. "Visual effects has become a worldwide industry, but the incentives are allowing us to keep stuff stateside —

curbing runaway production."

One of the first projects Brickyard Filmworks worked on was visual effects shots for *The Proposal*, with Sandra Bullock and Ryan Reynolds. Much of the film was shot in Massachusetts.

What was initially supposed to be 100 shots turned into 320, requiring the studio to expand to the other side of its building in Boston. They are also doubling their space in Santa Monica — a location that now offers Mark Sadeghi, former executive producer at *The Orphanage*. He is a partner and executive producer at Filmworks.

Drewes says the film division was opened as a way to diversify the workload, "because with commercials there are a lot of ups and downs." The studio was attracted to the longer duration of film projects — knowing they would have steady work for long periods of time. "It too has ups and downs as far as timelines," he acknowledges. "For eight months you will be really busy and then there will be two months where you are quiet. Film just adds diversity to the work we do and to our client base."

Brickyard's commercial success can be attributed to staying as efficient as possible and not overextending from a business management standpoint. "Reliability and great creative is key, as well as the ability to execute all of those, and that is what we've always focused on in both our Boston and LA offices."

"I'm not going to say there aren't challenges and that we haven't seen a decrease in profitability, but it's been more like a little bump on the commercial side," says Drewes. "We've seen growth on the film side and feel that is where a lot of future expansion can take place. Thanks to the incentives we can build our film reel and our infrastructure in order to go after shots that don't have anything to do with incentives"

And while the commercial and film companies share the same location and some technology, for the most part Drewes says film work is a different beast. They use *The Foundry's Nuke* as the main compositor for film work and call upon *Autodesk Flame/Inferno* generally for spot work. "We learned a lot by developing our film side — it's a highly efficient and very structured organization as far as there being low-rent tools for different steps in the process." He offers a cost-efficient workstation-based rotoscoping tool used by entry-level staff as an example. "So on the commercials side we are able to avail ourselves of that infrastructure, to run ourselves and our jobs more efficiently."

Drewes also believes partnering with clients creates good will, good quality and keeps them coming back. "I don't feel like a vendor, I feel like a partner," he says. "When challenges come up, it's a process of community to say, 'We want to have the best-looking product and make sure everyone gets what they need, so let's come up with a creative solution.' So it's really about maintaining long-term relationships. Maybe you lose a little bit of profitability on that one project but you know you've made a friend for life."

COLLABORATION, DIVERSIFICATION

Industry vet Richard Cormier is currently president of Oak Park, MI's Ringside Creative (www.ringsidecreative.com) and Montreal's Buzz Image Group (www.buzzimage.com), two independently owned companies that enjoy a lot of co-development and collaboration. In fact, they have been developing an integrated media studio concept together for the last two years. Cormier, who also has stints at Ascent Media, Riot and Nice Shoes under his belt, offers an interesting perspective on the industry and how it has changed over the years — going from an industry of studios specializing in one particular discipline to those offering a range of services.

"Busy and profitable don't always come together," he reports. "We had to reshape this industry because there has been a fast evolution of our business, and we need to handle the process of content shaping; we can't just be a post production company." These days, more campaigns are cross-platform and Ringside and Buzz have embraced that change with their integrated media studio concept. "We have print, interactive, post and production," explains Cormier. "When we are looking at the content requirements, we can address them in a more integrated way, so people will seek us out. If you're looking at it from a pure post standpoint, which we are not anymore because we need to address multiple platforms, there is just less work, and it will continue to be that way."

Being profitable also means readjusting your team to a new reality, says Cormier. And that reality is that salaries need to be modified. "If you talk to any professional in this business, they will tell you our largest expense is payroll. There's been a sharp decline in rates over the last three to five years — it's been anywhere between 10 to 40 percent down. The way to stay profitable is to make sure your pay structure tracks with reality of revenue stream."

Cormier believes the content shaping business is typically overstaffed and he is looking to emulate more of a production model. "When they are busy, there are 40 people working; when they aren't there is a producer and a coordinator, and that's about it. We have adapted— and not completely or to the extent of a production company — the model of scalability."

Like Mekanism, Ringside and Buzz also take advantage of what they feel is a bigger and better freelance pool consisting of pros trained in good schools and on good equipment. "It allows us to maintain lower overhead in terms of on-staff people and tapping a good freelance pool is a big part of that."

Another aspect of the business that helps Ringside and Buzz make money is the democratization of tools. "New technologies out there cost two to six times less than what it used to. So, the combination of capital expenditure and a market adjustment in terms of payroll or salary has made a big difference."

One of Ringside Creative's integrated media services is its "Broadcast 2 Print" capability. The company has developed techniques, technologies and workflows that allow them to take images from a typical video or film shoot and produce a 300 dpi, 250MB billboard-sized file for a print campaign. They capture at resolutions that are 2K and up. "We have a sample that was done for the Navy, out of Campbell-Ewald, where we used images they shot for broadcast, and repurposed a sample for print. Broadcast-to-print is something that is really in demand for us right now," says Cormier. The broadcast campaign features women in the Navy in various "ratings," such as Master at Arms or Air Aviation Fueler.

Ringside calls this "content mapping" and before they shoot a single frame, they plan all the assets for print, Web and broadcast, and then take advantage of a typical broadcast shoot to prepare a print campaign. This helps them avoid a second shoot with a still photographer, saving money for the client and keeping more in the studio's pocket.

Cormier sums up, "We are staying busy because we are more diversified and integrated than we have ever been. For the general markets, other than the highly specialized shops, you need to diversify."

COMMUNICATION & EVOLUTION

Hollywood's ADS (www.adshollywood.com) is a full-service post facility specializing in video- and file-based encoding projects for entertainment and media companies worldwide. While the facility already offers a full array of services, it has been compelled to be even more resourceful at finding new projects and sources of business, like the recently opened Digital Operations Center.

"We recently brought a new source of revenue online: a high-level mezzanine encoding service," says president Jack Fleming. "With that work, we have over 50 delivery points, including iTunes, Amazon and NetFlix — a lot of video-on-demand work — and it has worked out very well for us."

He says the new entity creates a master level encode that not only supports the new media department but is the hub for the secure encoding and transcoding of client media assets. He lists Sony and Showtime as clients, as well as some independent production companies.

Fleming, like the others we spoke to for this article, admits times are tough, especially with many studios putting projects on hold, and he agrees that diversification and evolving with the industry is the way to stay healthy. "We started out as a video company doing video duplication of marketing materials for the studios, and over the years as the studios have moved to new formats, so have we in order to protect our business and better service our customers."

A big part of the job these days is being highly aware of what customers have to spend on a job. "We need to communicate with them to make sure we stay within their budgets, and if we can't do that we need to help them get what they need at a reasonable cost," he explains. "We look at it like we are in business with our customers, and we are only as successful as our customers are." ADS has also found that an educated customer is a happy customer, so they started client-training classes within the facility. "We want them to be educated in the process, so they know what needs to be done to complete their work right, and on time," says Fleming. "The classes offered cover high definition, encoding and restoration services, emphasizing what goes into to each of those processes."

According to Fleming, at the time of this interview, MGM was in house participating in the client training program. "This way they can see the equipment and interact with technical people, ask questions and have dialogues with the operators. Things are changing so fast and there are so many variables, the clients know what they want, but they might not know what's involved, so we are helping to educate them."

He feels an educated client will be more realistic when they say, 'This is what I need' as they go through the bidding process. "We try to break it down as detailed as possible so they can see all the steps that are involved. Then they become more educated and realistic about looking at their budgets so they can get what they need and everybody is working together and more realistic about what's involved in project."

Even in these tough times, ADS and Fleming are optimistic about the second part of the year.

"ADS is making sure we are offering the services our clients need and listening to them," he sums up.