Driven by the desire to share risks and profits, producers and broadcasters are using co-production models to get shows made.

By Anna Carugati

From a very early age, children are told to share their toys and play together. If they master these skills, they could very well be qualified for the adult sharing that goes on in the children’s television business: co-producing. This involves working together on ideas, agreeing on story lines and storyboards, casting decisions, animation styles and much more.

The term “co-production” has become a catchall phrase that actually refers to a number of deals: treaty co-production, co-venture, co-financing, co-productions between production companies, co-productions that involve broadcasters and co-productions with financial institutions.

Whatever the name, what drives these deals is a desire by the parties involved to share costs, mitigate risk, access financing—whether from government subsidies and tax credits or private equity—and very often share in the revenues, and hopefully profits, derived by the international sales of these shows to broadcasters around the world.

Given the cost of producing quality animation or live action, and the fact that license fees have dropped, for most independent producers and distributors, co-production is a viable option for producing kids’ programming today.

One of the most established forms of partnership is the treaty co-production. In these deals, the parties split all the work that needs to be done to produce the show. “Generally
speaking, you take a production and you divide the services pursuant to the financing that comes from the partners,” explains Vince Commissio, the president and CEO of 9 Story Entertainment. “There are rules about minimums. For example, generally no country can do less than 20 percent [of the work]. All the key creative must be talent that comes from one of the two countries, and it needs to be certified and qualified by those governing agencies. We are in the midst of doing one with Brazil and we have done several in the past with France and the U.K. Treaty co-production is common.”

The advantage of these formal treaties is that producers get access to local funds, provided the show uses talent from the country that is providing the funds.

Producers in Germany and Australia also make use of treaties. The German producer/distributor Studio 100 Media is making a feature film of its successful property Maya the Bee. Maya the Bee Movie: First Flight is produced as an official co-production between Studio 100 Media and its Sydney-based animation studio, Buzz Studios, in association with Flying Bark Productions.

In this case, a key incentive for the co-production was gaining access to a new audience. “Part of our strategy on Maya the movie was we wanted to expand more into the English-speaking world,” says Thorsten Wegener, the director of business operations at Studio 100 Media and producer of Maya the Bee Movie. “That is one of the reasons why we said, let’s make a co-production with an English-speaking partner because we want to have their perspective on our brand and on our storytelling to open it up for the English-speaking world. This is an advantage of co-productions, because they allow you to open doors to other markets.”

Another form of partnership that needs to adhere to specific rules is the co-venture, and it takes place between Canadian and U.S. companies.

In a co-venture, 75 percent of the entire budget must be produced in Canada. “There is a ten-point key creative system,” explains 9 Story’s Commissio. “Those points tend to be director, music composer, storyboard supervisor, layout supervisor, key animation, lead voice—all those things make up points and there are ten; eight must be done in Canada. Each party must contribute 50 percent of the financing and have 50 percent of the control, and participate in 50 percent of the net profits.”

9 Story is doing two co-ventures right now, one with WGBH on Arthur and Daniel Tiger’s Neighborhood with The Fred Rogers Company, and it will likely be doing a third, also with The Fred Rogers Company.

As Commissio explains, the co-venture is a good way to mitigate production risk, because the division of labor is very clear: 75 percent of the services have to be done in Canada, and usually one service or two services, like writing and commenting, come from the U.S. “In a treaty co-production, sometimes it’s not that clean because more of the work has to be done in one of the partnering countries.” The split is usually closer to 50-50, and partners have to decide how they want to divide the work. Treaty co-productions can also raise the cost of production because often certain services, such as storyboards, need to be duplicated.

**WORKING TOGETHER**

The co-venture is a variation of the co-financing deal, which appears to be the most common type of partnership. It allows for the greatest flexibility; partners can craft a deal that serves their needs, and not all parties have to be involved in the actual production.

“What we have been trying to do for the last five years at CAKE is to offer the project what it needed at the moment that it got introduced to us,” says Tom van Waveren, the CEO and creative director of CAKE.

“Sometimes a project comes to us and it is 100 percent developed; the production is ongoing and there is just a need for a distributor,” he explains. “But there are also situations where someone will bring us a project where a commissioning broadcaster will be on board, a big part of the development will have been done, it’s clear what the show wants to be, but there is still a part of the budget that needs to be found. Plus, there needs to be some creative fine-tuning on the show. And that has typically been a scenario where we have felt comfortable coming on board and working with the organizing producer and studio.”

Magic formula: Ben & Holly’s Little Kingdom marked the second successful collaboration between eOne Family and Astley Baker Davies.
One example of this kind of deal is *Angelo Rules*, produced by the French company TeamTO in association with CAKE. This series for the 6-to-11 set is going into its third season. Season two was nominated for an International Emmy Kids Award.

Another successful co-financing arrangement led to *Peppa Pig*, a collaboration between Entertainment One (eOne) Family and Astley Baker Davies. "*Peppa Pig* is a perfect example of a co-financing deal where we fund a big part of the production in order to get the brand-management rights, but we don’t produce a single element of the show itself,” says Olivier Dumont, the managing director of eOne Family.

"The experience on *Peppa Pig* was so positive that it led to another deal,” continues Dumont. “We then did *Ben & Holly’s Little Kingdom*, where our comments and notes were absolutely minimal because they had a very strong creative vision for the show, which we felt really worked for our needs and would resonate for the international market.”

Being on the same page editorially and crafting a show that will sell internationally and crafting a show that will sell internationally are the two most important aspects of any co-produced show. Both tasks require a great deal of work, and neither is easy.

“Sharing editorial control is one of the disadvantages in a co-pro because you have so many different approaches, so many different ways of working as well as cultural differences, and you have to handle this,” says Studio 100’s Wegener. “This is really an aspect that is not to be underestimated. But when a co-production works out well, then of course we like to continue to work with the same partners.”

Not surprisingly, compromise is an essential component of any co-production. “We need full editorial control for all of our co-productions to ensure tailor-made programs for our needs,” says Arne Lohmann, the VP of ZDFE Junior, a division of ZDF Enterprises (ZDFE). “However, compromise is essential here, and with top-notch co-production partners—such as the ones we have—this means a fruitful, rewarding exchange of ideas, and there’s no ‘contest’ to see who gets his way most often.”

ZDFE’s recent co-productions include *Mako Mermaids, Sam Fox: Extreme Adventures* and *The New Adventures of Peter Pan*. “They represent a good cross-section of co-productions made with renowned producers from various countries, including Australia and India; for different age groups, from preschoolers to teens; and with diverse formats, from live action to animation,” says Lohmann.

**PARTNER POTENTIAL**

The importance of choosing the right partner is also stressed by Philippe Soutter, the president of PGS Entertainment. “Nearly all of the properties we represent are co-productions. The higher the budget, the greater the need for co-production partners. But there are exceptions. For example, on *The Jungle Bunch* from TAT productions, despite having a $10 million budget, the producers wanted to do everything in-house and we found a way together to have no external partner,” he says. “The advantages of a co-production are that a producer can get more financing assistance, as well as the added connections a co-producer might have to additional resources. Disadvantages would be usual budget increases and longer production process since more approvals are needed. The clear disadvantage comes when you don’t pick your partners the right way.”

Like anything, a co-production, whatever form it takes, has its own process, explains Pierre Sissmann, the CEO of Cyber Group Studios. “If you do a co-production with a financial institution where they bring in money and they want a piece of the back end, they will not interfere at all with the creative,” he says.

A co-production between producers in different countries—for instance, between France and Italy—will certainly require compromise because each partner brings a broadcaster into the deal. “The most difficult thing is to align broadcasters’ interests in the creative process,” says Sissmann. “So, if you have a broadcaster in France that has a certain view on your IP, or a broadcaster in Canada or the U.S. or Germany that has a different view, it becomes a process whereby you’ve got to agree on the best creative for the series but it has to satisfy all the broadcasters and all the producers.”

The difficulty, Sissmann continues, is not so much agreeing on all the elements, but in making sure at the outset of the production that the partners will follow a certain set of guidelines. “You have to define a process at the outset; if you don’t, it’s going to be very complicated,” he says. “It is complicated even if you do define a process, because some people are going to disagree on the creative issues or the production issues or the delivery issues anyway. So, in a co-production it is essential to define the steps that need to be followed and who has a final say, who will stay on which task at which point in time and who is in control of which task.”

Sissmann and his team have two co-productions in the works. *Mia*, a new preschool series, is a co-pro between Cyber Group Studios in France for the Lagardère preschool channel Titi, Radio-Canada and Sardine Productions in Canada, and
Spacetoon, which is a network covering all of the Middle East, Indonesia and Malaysia.

“We have another co-production with TF1! Production for TF1 and RAI,” says Sissmann. “It’s called Mini Ninjas. TF1 Production picked up the property and asked us to co-produce. We are the executive producers of the series, which we will deliver to TF1 and RAI next fall.”

Securing international distribution rights is an important part of any co-production deal; rights are either split among the partners, or one takes all rights.

“The skill set we bring to the table is that we have a good sense of what works internationally,” says CAKE’s van Waveren. “When we look at a project... we look at what needs to happen editorially to lift it from a regional to an international project. Then we ask where the financing is. In animation, it’s always key to maximize the access to soft funds as much as possible but try not to impact the creative freedom of bringing on board the talent needed to lift the show to a level where it appeals to an international audience.”

A GLOBAL MIX

“We really enjoy that international mix,” says van Waveren. “Ultimately, if you put those shows next to one another, our hope is that they will not feel that they come from those territories, but they will feel they are of a standard that can travel pretty much around the world.”

Keeping the international market in clear focus is a strategy shared by German media group m4e. At m4e, every show it takes on is a co-production. They do not own a production company, but rather work with partner studios around the world.

“Usually, we determine a budget together, a possible work split, then we bring in our partner studios,” says Hans Ulrich Stoef, co-founder and CEO of m4e. “We use their ability to access funding and tax credits, and then we bring in additional broadcasters who trust us when we are involved in such a project and when we feel it’s right for the international audience.

Then we secure the financing; the remaining gap will be closed by us, and then we take equity positions, as well as international distribution for all rights.”

One of m4e’s most successful properties is Mia and me, co-produced by Lucky Punch, Rainbow S.r.l. and March Entertainment, with m4e, Hahn Film, ZDF and Rai Fiction. “We are doing Mia and me the feature film, and we are in development of the third season of the TV series as well, all with Rainbow and with Mattel as toy partner,” adds Stoef. The first season of Tip the Mouse is in production.

The series is a co-production between m4e, Studio Campedelli, Studio Bozzetto & Co. and Rai Fiction, and m4e has already received requests for another 52 episodes.

Part of the pack: Cyber Group Studios has been involved in a number of co-productions, most recently for Mia.

Co-productions are quite common nowadays, as production costs remain high yet license fees are not increasing—if anything, they are dropping. This has led producers to join forces and finances in an effort to make shows that have broad international appeal, which is key to a property’s success.

“Five years ago, a good show was a good business, and now it needs to be a great show,” says CAKE’s van Waveren. “We feel that we need to push the creative to a higher level than what was needed. It’s not that we didn’t try to make the best possible shows. We made the best possible U.K. show or the best possible Aussie show and brought maybe some people from outside on board to make it happen. And now we need to ask, Does this project really have the potential to be embraced by many different countries? Today, if you have a successful show in a limited number of territories, from a business point of view, that’s much harder [to recoup the investment and make money].”

A number of executives in the children’s television business feel that subsidized co-productions, targeting only two or three countries, illustrate a myopic view of the business.

“There are so many productions that do not deliver on what they promised that they are overloading the pipeline, and that makes it very hard for good and entertaining shows these days to find the audience,” says m4e’s Stoef. “There are too many producers; they understand how to produce a TV show but don’t understand how to make it commercially successful. That’s a big, big problem. But there are still broadcasters buying these shows and it takes money away from the good shows that have a chance of surviving in the market.”

Stoef continues, “And the broadcasters... have to understand that they have to come up with some serious money. They cannot only produce their margins on the backs of the animation production companies; they have to pay a certain license fee. This is also for their survival: what would they do without content?”

Despite the challenges inherent to co-productions, there is one very promising development on the horizon. There is a new generation of talent emerging who grew up with Anglo-Saxon storytelling, thanks to Nickelodeon, Cartoon Network and Disney Channel being present in so many markets. “These new creators know how to tell stories in a rhythm, a tone and a tradition that is internationally understood,” says CAKE’s van Waveren. “That makes it easier to find talent needed for a project that works in different corners of the world.”

They will still need to know how to share, but the process is going to be easier.

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