

David vs Goliath or Mice vs Men?

Production Studio Size in the Entertainment Industry

Chair

Pauline Ts'o, Rhythm & Hues

Panelists

Theresa Ellis, In-Sight Pix

Ralph Guggenheim, Pixar

Brad Lewis, Pacific Data Images

Ron Thornton, Foundation Imaging

The panelists come from a variety of backgrounds - some have helped small companies grow large, others have left large studios to form small ones. They all have senior management experience in markets that span the entire spectrum - feature films effects, television commercials, motion-based simulator rides, animated features, television series, animated shorts, broadcast graphics, special venue films, and interactive multi-media. The panel will draw upon this diverse history to discuss one strategic aspect of surviving in the entertainment industry.

Introduction

The appetite for digital content has grown enormously over the past eight years. The entertainment industry seems finally convinced that computer animation and digital effects are viable tools for many of its markets including feature films, television, theme parks and interactive multi-media. As with any increase in demand, there has been a corresponding increase in supply and, of course, a proliferation of approaches to cornering market share.

The size of a production studio affects every aspect of its competitive edge including hardware capacity, software capability, the depth of its creative environment, the types of services it can provide its clients, and which clients it can reach. Does a studio choose its size or is it chosen by the marketplace? And are the stereotypes associated with company size valid?

For example, one of the biggest problems facing studios today is finding qualified 3D computer animators. There are typically three major points that become the crux of an applicant's decision - career opportunity, standard of living, and salary. Studio size can have a drastic effect on each of these factors - for instance, a small studio typically asks an individual to perform in many different areas while a large one often allows an individual to perfect a particular skill. Which set of advantages and disadvantages is more appealing to more animators is becoming increasingly crucial. A studio that has work, but not enough animators, is in as much trouble as a studio in the opposite situation.

Financial stability may also depend on strategic diversification. Each market has its own particular financial cycles, such as television's fall premiere of new shows or the Thanksgiving release of major feature films. To smooth the rigors of boom-or-bust cash flow, most studios look for a balance between several markets. Large studios tend to pursue projects that take advantage of, and therefore justify, their inherently larger capacity. This has historically meant that certain markets are dominated by larger studios and other markets, by smaller studios. But technology for entertainment is extremely fluid. Will the small studios be the small, adaptive mammals of the future or will the large studios be the 800-lb gorillas?

Some believe that the technology is beside the point and

what will really determine the long-term success or failure of individual computer animation studios is their ability to own creative content. But this development of creative property can be an expensive and risky endeavor, dependent upon just the right combination of talent, resources, and timing. Again, size can play a crucial role in the ability of studio to seize opportunities today for the future.

It will certainly be interesting to look at this issue again in another eight years. Given changes in commercial software, the rapid decline in hardware costs and the even faster expansion of communication and information flow, it may be that size won't matter at all.

Theresa Ellis

In comparing large CGI production companies with the smaller "boutique" streamlined companies such as In-Sight Pix, one may find that while the overall approach is very different, basically, they are much the same. We use the same high-end equipment and software as the larger companies. We work on effects and CGI elements with live action for commercial and film projects, with quality and creativity being the ultimate goal. Our client base and reputation is also world wide. On the other hand, having worked for several large and small companies, I would say the big difference between them is the company philosophy. In-Sight Pix is a small studio that, well, thinks globally and acts locally.

What makes us unique from the larger companies is that we have more control over the creative process of realizing the director's vision. All people involved are key. We provide and work with people who are very excited about what they do and are knowledgeable about every aspect of how to best see the project through. These qualities are evident in our work. As a whole, the ability and necessity to continually learn the latest is encouraged. Our work is respected by many repeat clients who constantly challenge our abilities with new ideas, as well as with young software companies who want to hear our new ideas to incorporate into their software.

Naturally, there is always the option of growing into a larger company or allowing one large project to take over the company. However, to do either of these would give up the control and personal relationships we have developed with our clients. For now, as a small company, being small is what keeps us strong and our work innovative.

Ralph Guggenheim

Pixar's unique environment houses a feature film animation studio side-by-side with a small TV commercial production unit. Toy Story, the first ever full-length computer animated feature film employs the talents of 100+ animators, technical directors, editors, artists, illustrators and production management staff.

Simultaneously, Pixar Shorts, our short-form animation group, has won two Clios in as many years for its TV commercial work with a small team of 15. These two groups produce highly creative work, though with very different markets and working styles. Is Pixar a large studio or a small boutique? How can these two diverse groups foster creativity and produce high-quality work with such different agendas?

Brad Lewis

Digital effects and computer animation production companies large or small are faced with similar challenges. We have to create and produce compelling and challenging visuals. We need to recruit and attract talented computer artists and animators, while maintaining a creative and challenging environment. We must also possess strong management skills and run viable businesses.

The entertainment industry is largely a traditional field that has existing production models that don't work for our industry. We are a different breed that combines a variety of disciplines that mesh into a new configuration: art, animation, computer science, software development, r&d, film and video, business and management. Many companies are pursuing these issues along very different paths that are based upon individual experience, strength, opportunity and various degrees of planning.

There are no exact answers, but there are practical examples of how our industry is currently approaching the challenges. There has been explosive growth over the past two years in which many companies have desperately responded in ways that are not sustainable. There is the major challenge of determining what our industry will be, what it could be, and ultimately, what should we be?

Ron Thornton

By using digital technology to create visual effects, we are continually faced with a constantly changing technology base and are forced to make decisions now which will effect our capabilities in the near future. Given this climate, we feel a smaller company is better able to adapt to quickly changing technologies than a larger company, because a smaller company doesn't have to invest in the volume of technology that a larger studio requires. Therefore, we can make both major and minor changes in the technology we use, with very little loss of time or revenue.

However, regardless of the size of the company and the equipment its artists use, the real focus is on the artist, not the technology. A computer, by itself, is not creative - it is the artist who creates the visual effect. The technology gives us more creative choices and increases our output, but it is important to remember to utilize the proper tool for the job. As our company tends to work mainly in the television arena, we can tailor our investment in digital equipment to suit our output. This doesn't have any effect on the quality of the visual - it would still be as spectacular on the big screen - but it does allow us to maintain great quality and meet a deadline.

In addition, because we don't have a huge overhead to support (in terms of equipment and software), we can take on work that large companies cannot afford to, or, conversely, decline to participate in projects which we feel are ill-conceived, regardless of the amount of money involved, which is something a big studio may not be able to afford to do. We feel it is important to promote our company's strengths and not attempt to service all areas of the marketplace.

Regardless of the size of the visual effects company, we are still governed by 3 variables: schedule, economy, quality - pick two.