

Visual Effects Society to Industry: Shape Up



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VFX studios must change if they're to survive, says org

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The [Visual Effects](http://variety.com/t/visual-effects/) (<http://variety.com/t/visual-effects/>) Society's 2013 white paper (<http://variety.com/t/paper/>) on the state of the global visual effects industry (<http://variety.com/t/industry/>) paints an image of a sector under siege that must heal its internal problems if it's to survive the external forces arrayed against it.

The report, which focuses mainly on the troubled feature [vfx](http://variety.com/t/vfx/) (<http://variety.com/t/vfx/>) business, is careful to avoid specifically recommending any but the most basic steps. However, it points out many

areas where the industry can and must change: Improved education, better management, firmer stands in negotiations, even a trade association or union.

“We tried to address the things that are within the industry’s power to effect change,” said the report’s co-author Ken Williams, CEO and executive director of the [Entertainment Technology Center](http://variety.com/t/entertainment-technology-center/) (<http://variety.com/t/entertainment-technology-center/>) at USC and a co-founder of [Sony Pictures Imageworks](http://variety.com/t/sony-pictures-imageworks/) (<http://variety.com/t/sony-pictures-imageworks/>). “It’s one thing to sort of gnash your teeth over the uncontrollables, but we tried to identify things that the industry could do that would raise all boats.”

The paper is a result of the private summit the [VES](http://variety.com/t/ves/) (<http://variety.com/t/ves/>) held in March on the problems besetting the vfx business. It was co-authored by Williams and Carl Rosendahl, associate professor at the Entertainment Technology Center at Carnegie Mellon U. and a former president of PDI/DreamWorks.

It shows an industry making the transition from an invention phase, where major new breakthroughs seemed to come yearly, to a manufacturing stage where many vfx tasks are commoditized and innovation is focused on cutting costs and streamlining production. [Visual Effects Society](http://variety.com/t/visual-effects-society/) (<http://variety.com/t/visual-effects-society/>) executive director [Eric Roth](http://variety.com/t/eric-roth/) (<http://variety.com/t/eric-roth/>) told *Variety*, “We brought together an incredibly wide variety of people representing all the verticals of the industry. We tried to take a comprehensive look at what’s happening in the industry. ... This paper is the equivalent of a baseline. It’s a good snapshot of what the industry looks like right now.”

The report identifies four major areas that are bedeviling the vfx industry:

Government dynamics — subsidies and tax incentives;

Growing competition — lower barriers of entry and more qualified artists able to do visual effects and animation production;

Industry dynamics — the small number of studio clients, globalization and the volatility of the production pipeline;

Non-Business motivations — the passion to be in the film business that drives

artists and facilities to make emotional decisions with a short-term focus.

The report acknowledges there's little the industry can do directly about some of these factors, such as the small number of studios, the uneven rate at which work arrives or the pressures of an increasingly globalized economy. But the VES white paper points out areas where the industry can help itself.

"Business acumen, and the quality of business management, oftentimes will tell whether businesses will survive," Roth said. "Concurrently with that, artists need to become the CEOs of their own lives, so they become more sophisticated and better negotiators for their own careers, and they take more proactive stances on how contracts work and doing those kinds of things."

The report says the industry's fixed-bid pricing system, which dates back to the birth of the modern vfx industry in the 1970s, no longer works in the digital age. The report offers business and labor organizations as another option for change, listing them among "important actions that the industry can adopt," while carefully steering clear of an endorsement of either org.

That cautious language points out the dilemma the VES faces as it attempts to lead the industry on such issues. VES' membership includes ownership, labor and management at companies around the world. Those vertical interests are not always aligned.

For example, Roth says, "The term 'runaway production' is only used in America." On the VES' position on subsidies, he didn't advocate for any particular package, but said, "We recognize that those (areas) who have the attractive packages are getting the work. Those who do not, are not."

Such diplomatic prose avoids pointing fingers at any of the vfx biz's numerous segments or recommending any actions that would benefit one constituency at the expense of another. Yet despite that language, the paper sounds a clear call for change.

The paper says some practices in the industry can't be blamed on external forces, including: "fixed price bids with little enforcement of charging for overruns; not charging hold fees for reserving production resources; and not

charging fees for delayed work.” Yet the report cites facilities complaining that if they try to charge for changes, they’re told, “You won’t work in this business again,” or “We’ll make it up next time.”

“Facilities feel bullied by the studios,” said the paper. Studios, for their part, are nervous about the instability of facilities and are protecting themselves by spreading work around and refusing to pay in advance.

Yet the industry must take emotion out of its management decisions and think ahead, according to Roth and the paper. “Those people who are making the kind of decisions that are longer term are likely to be around longer term,” he said. “Those that are shorter-term focused are going to wind up making bad business decisions and won’t be sticking around.”

You can read the entire VES white paper [here](#)

(<http://www.visualeffectssociety.com/system/files/15/files/ves-global-vfx-industry-whitepaper.pdf>).

What do you think the visual effects industry’s top priorities should be as it tries to fix itself?

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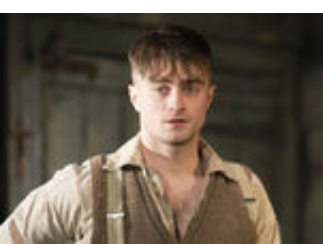


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