



EUROPEAN BUSINESS

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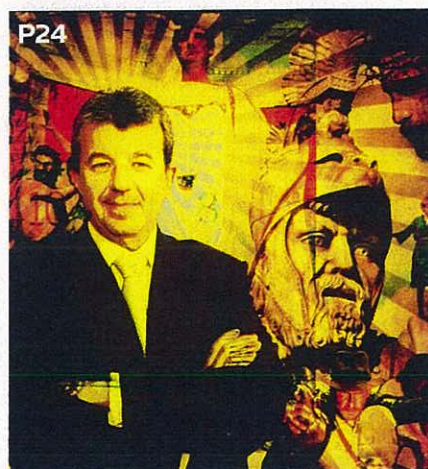
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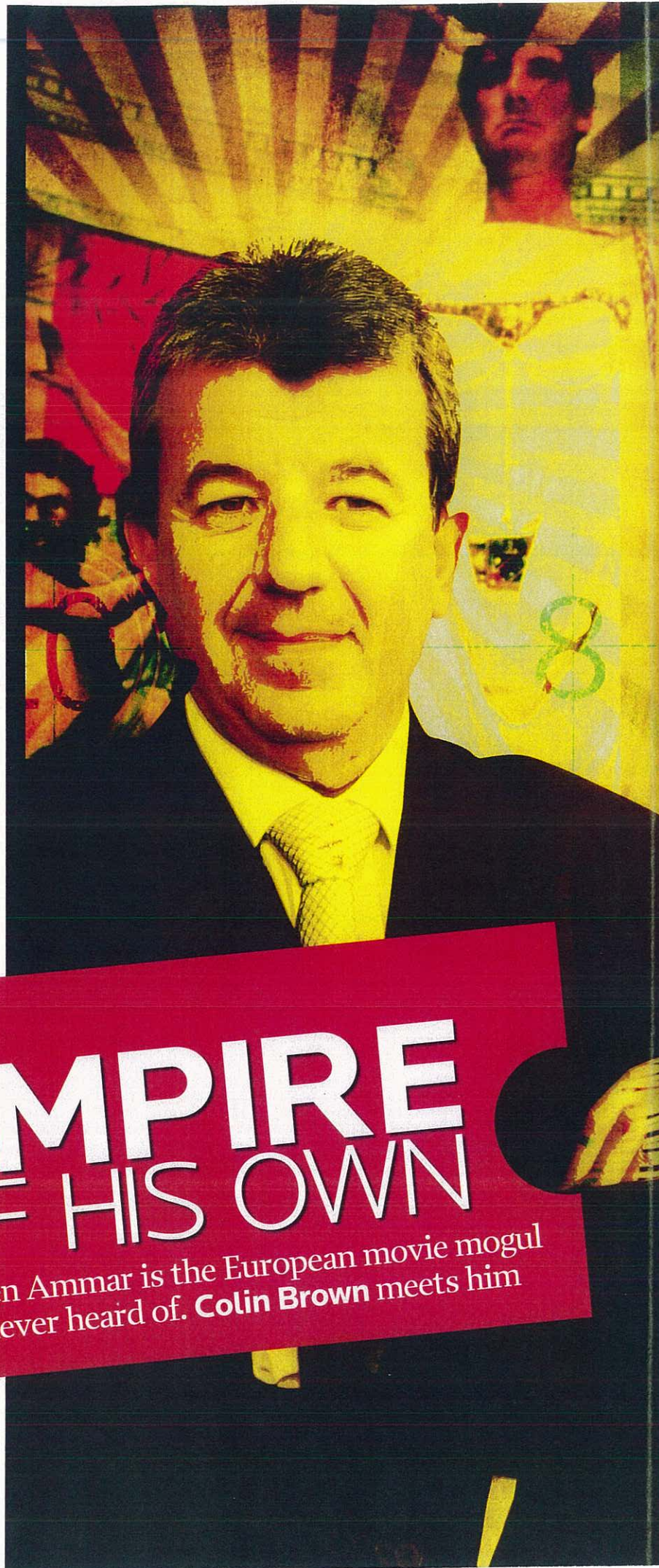
From the earliest days of cinema, Europe has been engaged in asymmetrical warfare with Hollywood. As early as 1895, it was France's Lumière brothers who invented a practical system for projecting moving images to the public. It was another Frenchman, Charles Pathé, who pioneered the movie business concept of vertical integration, maximising his returns by controlling every link in the filmmaking chain from script development through to exhibition. And yet American studios were the ones that ended up grabbing these French blueprints and making off with most of the global spoils.

Now, after enduring more than a century of American cultural and commercial hegemony, the European film industry is regrouping and making a renewed attempt at taking on the US conglomerates at their own consolidation game.

Sure enough, it is France that is leading this latest rear-guard action against Hollywood's relentless colonisation. But in a twist that not even a Hollywood screenwriter would concoct, the man spearheading this new stealth charge is a Paris-based tycoon who also happens to be a product of Europe's own imperialist past. Tarak Ben Ammar was born in Tunisia in 1949, at a time when his country was still under French rule. He spent his formative years there acting as a production servicing company for the likes of Franco Zeffirelli and George Lucas, who came to Tunisia to shoot films such as *La Traviata*, *Stars Wars* and *Raiders Of The Lost Ark*.

Several decades later and, as chief executive of privately-held Quinta Communications, Ben Ammar is attempting

to turn the tables on history and become Europe's audiovisual white knight. Call it reverse colonisation. In cahoots with New York investment bank Goldman Sachs, this smooth-talking multilingual back-room operator has devised a blueprint for creating Europe's first genuinely integrated standalone movie powerhouse. Within five years, Ben Ammar hopes this empire will have grown into multi-billion-dollar, pan-continental one-stop-shop that will go public on the back of 100 non-Hollywood feature films that he will have co-financed and released across half a dozen countries. If he achieves this, Ben Ammar will have



AN EMPIRE OF HIS OWN

Tarak Ben Ammar is the European movie mogul you've never heard of. **Colin Brown** meets him

■ **SCREEN DREAMS** Having been involved in the production of many films, Tarak Ben Ammar (far left) aims to establish a European distribution network

succeeded where other European conglomerates, such as Polygram and Vivendi, have failed.

"Our desire is to be an independent European distributor that offers the same quality as the majors, although maybe not the same manner in terms of decision-making," explained Ben Ammar as he took the wraps off his plans during February's Berlin Film Festival. "We feel we can be an alternative to the majors without necessarily competing directly against them. We are building a new distribution platform for independent producers." In the scale of his ambitions, Ben Ammar must rank alongside those other émigrés who went on to become the embodiments of the Hollywood mogul in early half of the 20th Century.

Comparing an Arab Muslim to the Jewish entrepreneurs who forged the original US studio system might seem perverse. After all, the likes of Louise B Mayer, Harry Cohn, Adolph Zukor, Carl Laemmle, William Fox and the Warner brothers had all escaped decidedly humble origins in Eastern Europe before reinventing themselves in Los Angeles. For his part, Ben Ammar was raised in comfort and steeped in high-level connections: his father was the Tunisian ambassador to Italy and his grandfather was father-in-law to Habib Bourguiba, the man who would become the first president of independent Tunisia.

Nonetheless, Ben Ammar shares with Hollywood's pioneers their inveterate deal-making skills, an enduring passion for filmmaking even in the face of repeated box office failures, and a boundless view of the global marketplace that comes from having successfully escaped the restrictive confines of a small country.

"I started in Tunisia with no money, no experience and certainly not a very Western name to be entering the film world. And I found out that if you speak the universal language of film, people will open their doors. And you if have access to talent, and show goodwill and dedication, you can break in without capital."

Ben Ammar also shares with Hollywood's founders their pragmatic, almost ecumenical approach to business. Once transplanted, Europe's immigrants assimilated themselves so thoroughly into their adopted country that their movies came to define America's self-image, with all its protestant overtones. Ben Ammar, who attended an American Catholic school in Rome and is married to a Catholic Pole, has a similarly broad-church outlook when it comes to making money. As a distributor, he brought Mel Gibson's *The Passion Of The Christ* to a divided French public — and to considerable profits. As a producer, Ben Ammar's credits have run the entire cannon from *Jesus of Nazareth* and *Pope John Paul II* to Monty Python's biblical spoof *Life Of Brian*. As a shareholder in the Rome-based Lux Vide, a

REX FEATURES, CAMERA PRESS, ALISTAR

■ **LIGHTS, CAMERA, ACTION** *The Last Legion, Life of Brian, Chromophobia, Raiders of the Lost Ark* – some of the films Ben Ammar has been involved with



REX FEATURES, ALLSTAR

◀ producer of religious-themed projects, Ben Ammar is involved in an upcoming film on the life of Opus Dei founder Josemaria Escriva de Balaguer, another controversy magnet in the making.

But it is in the corporate arena where Ben Ammar has already caused the biggest stir. As a result of some shrewd deal-making, he ended up owning various Italian television channels including Sport Italia, which are enormously lucrative. In 2006, profits from those networks totalled €237m. This money-tap has allowed Ben Ammar to embark on a spending spree that has left him in total control of all of France's film processing labs and post-production houses. Such concentration of power has alerted the French government and film unions, but the way Ben Ammar sees it he should be thanked for bailing them all out.

"I bought labs which were almost bankrupt. I invested €50m to build them back up and prepare them for digital. And I saved jobs." He also believes that between his Tunisian studio back-lots and French labs, filmmakers will benefit by having a cheaper alternatives to shoot and finish films. "In

film, the name of the game is to reduce costs. How many times have we realised as producers that the money we don't spend is sometimes the profit we could have made. For me waste is the big issue: I have been sent scripts from the majors that I have budgeted at half what they would have. It is just the way the system works." Applying this same cost-saving mentality, Ben Ammar's next target is to revolutionise the way that films get financed and marketed when they are made outside the Hollywood film factories, with all their global distribution apparatuses and economies of scale.

At present, if you are a European producer looking to bring your idea to life on screen, your financing options run along precarious lines: once your script has attracted a director and hopefully some desirable lead actors, you try to raise money for production

by "pre-selling" the rights to release that film in the key markets. Assemble enough pre-sales contracts and in theory you can approach a banking institution to lend you a portion of your budget, by "discounting" those advances based on the credit-worthiness of your buyers. If you and your project are credible enough, the bank might even bridge you some "gap finance" against unsold territories. The rest of the money will have come in the form "soft money" – loans and national incentive schemes that have arisen around the globe in order to lure high-spending film productions to their respective local economies.

As a producer of more than 60 films himself, including *Hannibal Rising*, *The Last Legion* and *Femme Fatale*, Ben Ammar knows first-hand just how cumbersome, time-consuming and money-draining this territory-by-territory approach. It is far more cost-efficient, in fact, to simply give away the rights cheaply to a US studio.

"We have to find ways of adapting the old mode of presales which has been the norm for 20 or 30 years" he says. "All of us as producers have a tendency to try to over-sell our films. Our buyers try to under-pay, but competition in the market for films means that we often do over-sell. But then the picture is released and the distributor is disappointed if it is not successful at the box office. How many times has that same distributor then tried to renegotiate the contract, particularly if it wasn't secured by a letter of credit?"

Making matters even worse for producers is the growing credit crunch. Banks that might have lent money against distribution contracts are getting more and more skittish. "In the case of *Hannibal Rising*, which I fully financed with the UK's Ingenious Media, I found that even though we secured high minimum guarantees from first class distributors, the banks just would not discount their paper."

Ben Ammar's solution to this financial morass is to unite a patchwork of territorial distributors under a single buying umbrella that he is dubbing Alliance Europe. He estimates 250 movies a year not ▶▶

BEN AMMAR IS IN TOTAL CONTROL OF FRANCE'S PROCESSING LABS

■ **SHOULDERING THE BURDEN** Ben Ammar owns the Italian distributor of controversial epic *The Passion of the Christ*



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distributed by the Hollywood majors, and that this alliance can release 20 films a year simultaneously across Western Europe and, on occasion, Canada. Such a coordinated day-and-date release strategy cuts marketing costs and means films have a better chance of being released ahead of pirated versions.

Ben Ammar already owns one of these distributors, Eagle Pictures, the Italian distributor of *The Passion Of The Christ*. His close ties with Goldman Sachs — he helped the bank raise start-up finance for the Weinstein Co, in which both are shareholders — aligns him with distribution outlets in Canada (Alliance), the UK (Momentum Pictures) and Spain (Aurum). And together, Ben Ammar and Goldman Sachs are working on completing the network by buying into or allying with major releasing companies in Scandinavia, Germany and France.

By offering producers a single cheque for all these territories, which between them can account for 40% of a film's global revenue stream, Ben Ammar hopes to simplify their paperwork and lower the accumulated fees involved in raising finance and selling films. In return, Ben Ammar gets to spread his risks across a wider array of markets, cross-collateralising the losses from one territory against the gains from another.

"We feel we'll be able to fill the financing vacuum for independent producers by creating a one-stop-shop for them. As a well-capitalised group, we can offer financial guarantees to producers. Instead of them having to get X amount from each country and then try to discount those contracts, they will have one document that ensures that their films will be distributed in all our territories by day-and-date."

A key to success here will be the free- and pay-television licensing deals that Ben Ammar will strike on behalf of his film output. With rare exceptions, the huge cost of

releasing films in theatres means films only start making profits once they appear on DVD. But the real payback comes on TV — assuming broadcasters can find room for movies in between cheap

BEN AMMAR CAUSED A STIR IN THE CORPORATE ARENA

reality shows. In this regard, Ben Ammar holds several aces — he is close business buddies with Silvio Berlusconi (with whom he founded Quinta), Rupert Murdoch and Saudi Prince Alwaleed, who, between them control access to Europe's airwaves. Indeed, Ben Ammar recently launched four pay-TV services in Italy in partnership with Berlusconi's old media empire Mediaset, Universal Pictures and Warner Bros.

Ben Ammar is fully aware that he is not the only game in town. "I really believe our strategy is just to fill a gap. We will encourage others to do the same. Will there be other groups like ours? Absolutely" says Ben Ammar, pointing to plans by Wild Bunch and Canal Plus, both of France, and Canada's Entertainment One to build pan-distribution networks of their own. Whether any of these buying collectives succeed is open to question. While on paper it makes sense for independent distributors to club together, in practice finding films that all can agree on as

being desirable for their local markets has proved difficult. Other than Hollywood blockbusters, few films enjoy universal appeal, let alone find distribution in every territory. The exceptions are art-house breakouts such as *The Lives Of The Others* from Germany, but these are too small to build a studio around.

Indeed, the same Hollywood studios that were founded on their ability to make films that crossed the entire US market, despite all its ethnic diversities, are now moving in the opposite direction. They are adopting an atomised approach to the world's fragmenting audiences. On the same day that Ben Ammar spelled out his unifying vision to the Berlin Film Festival, Universal Pictures detailed its own plans to make local-language films in countries such as Russia, Brazil, Mexico and Germany. And there are rumours that Paramount is in the hunt to buy German's leading independent distributor, Constantin Films.

It seems that when it comes to cinema the old transatlantic hostilities will not be ending any time soon. Not that Ben Ammar is deterred. "Content is king and even more so today. I know our success will depend on the quality of the films we can get our hands on, on the quality of the producers that come to us, and on the confidence that directors will give us. And it will be a competitive market, for sure, to which I say 'good'. People say that competition is good but no competition is better. I come to this with the logic of a man who started in the 70s from a developing country, because that is what Tunisia was, and evolved into the European film world, and having learnt the business, I realised that there is a market out there. With the evolution of globalisation of companies such as Google and YouTube, that might very well be tomorrow's distributors of our content, I am quite optimistic about the continuing need for films."

It is just a question of who will access them first. ● EB

HIS BUSINESS BUDDIES INCLUDE BERLUSCONI AND RUPERT MURDOCH



■ **POWERFUL CONNECTIONS** Ben Ammar (left) has collaborated with (left-right) Silvio Berlusconi, Rupert Murdoch and Saudi Arabian Prince Alwaleed Bin Talal