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<u>TheGrill 2024: White Paper on AI</u>

For over a decade, TheWrap's Grill event series has been at the forefront of discussions on the intersection of entertainment, media, and technology, bringing together industry leaders to explore the challenges and opportunities of the digital age. The 2024 event, held on October 8th at the DGA Theater Complex in Los Angeles, attracted over 300 influential figures for a day of impactful discussions, networking, and deal-making.

This white paper recaps TheGrill 2024 and examines AI's significant impact on the entertainment industry, focusing on how it affects costs, creativity, workflows, and intellectual property. It highlights the opportunities and challenges AI introduces, including new creative roles, ethical considerations, and strategic partnerships shaping the future of film and television. Insights are provided on how studios are integrating AI to stay competitive while safeguarding their creative assets and rights.

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State of the Industry with Jeff Sagansky and Peter Guber

Overview: At TheWrap's Grill 2024, industry leaders Jeff Sagansky and Peter Guber outlined the seismic shifts impacting Hollywood's business landscape. The collapse of traditional TV profit models and the aggressive rise of streaming services were key focal points, offering both cautionary insights and strategic perspectives for entertainment, media, and tech professionals.

Quote: "Discovery is the issue. All these streamers are looking for ways to make an impact. If Apple can't make an impact and get their content watched, how can an independent filmmaker with a great movie get theirs known? The question is: will there be algorithms where AI will help discover that filmmaker for consumers?" – *Jeff Sagansky, Co-Founder, Eagle Equity Partners*

1. Key Insights & Historical Context:

- **Origins of the Current Crisis**: Jeff Sagansky, investor and principal at Eagle Equity Partners, traced the industry's current upheaval to pivotal regulatory and strategic missteps. He referenced the FCC's financial interest rule under Nixon, which once limited network ownership of shows and allowed networks to command up to 90% of backend profits. This historical decision set the stage for a reshaping of industry dynamics.
- **Cable's Expansion as a Precursor**: Cable's rapid growth—from 16 million to 60 million households—mirrors today's streaming oligopoly, with average consumers subscribing to four platforms. Sagansky pointed out that streaming services are now exhibiting monopolistic behaviors by raising prices, controlling production budgets, and maintaining perpetual ownership of content. He warned that the total cost of streaming bundles is approaching that of traditional cable packages, with ad business margins expected to exceed 60%.

2. Financial Impacts and Strategic Missteps:

- **Loss in Stock Value**: Sagansky highlighted an alarming $190 billion loss in stock value for major studios such as Warner Bros Discovery, Disney, and Paramount, due to decisions made during the decline of the DVD market. The choice to sell content libraries to Netflix was described as a key strategic error.
- **Economic Lessons**: "They just looked at their cash cow and said 'OK, it's over,'" Sagansky observed, underlining how short-term gains led to long-term vulnerabilities.

3. Adapting Through Innovation and Live Engagement:

- **The Pivot to Sports and Live Entertainment**: Peter Guber, CEO of Mandalay Entertainment and co-owner of the Los Angeles Dodgers, underscored the enduring power of live sports. "Live sports have a different kind of audience. They are participants in the outcome," he noted, emphasizing how sports foster deep fan engagement and serve as a cornerstone of location-based entertainment. This model illustrates a resilient strategy amid shifting media consumption trends.

4. The Streaming Surge and Gen Z's Disruption:

- **Rise and Saturation of Streaming**: Sagansky highlighted that while it took Netflix just 15 years to overtake cable, a more formidable challenge lies ahead with Gen Z. This generation spends only 17% of its time watching TV, signaling a potential disruption that could redefine streaming's future.
- **Content Discovery Dilemma**: Sagansky questioned the sustainability of content discovery when even Apple struggles for viewership. "If Apple can't get their stuff watched, how can a small filmmaker?" he asked, pointing to a broader industry issue.

5. Artificial Intelligence – Dual-Edged Sword:

- **AI's Transformative Potential**: Guber characterized AI as both a "tool and a weapon," democratizing film production but underscored that talent remains crucial and that failures are inevitable.
- **Strategic Integration**: AI presents opportunities for efficiency and new forms of storytelling but also demands thoughtful integration to navigate risks associated with discovery and competition.

Outlook and Optimism: Despite current turmoil, Guber's outlook remained positive: "Look at the problem, but look at the opportunity. Don't give up on entertainment. It's been around for thousands of years. It's not going to go away in 2025." His perspective reinforces that while Hollywood must adapt to a digital-first landscape, its core mission—to captivate audiences—remains steadfast.

Conclusion: Entertainment professionals must navigate an era marked by rapid change, learning from past missteps and embracing innovative strategies such as diversified content distribution, live programming, and AI integration. Balancing financial sustainability with creative risks will be critical in shaping Hollywood's resilient future.

The Next Frontier: How AI is Reshaping the Studio System

Overview: Artificial Intelligence (AI) is transforming the entertainment industry, fundamentally altering content production, post-production, and distribution. AI's role in tasks such as de-aging, upscaling, voice dubbing, and automating content curation is already pervasive, with nearly every shot in major productions being touched by AI. This brief highlights how AI is reshaping the studio system, impacting costs, creativity, workflows, and intellectual property management.

Quote: "The biggest disruptor in entertainment right now is not technology. It's the market."
– *Yves Bergquist, Director, AI & Neuroscience in Media, USC's Entertainment Technology Center*

Key Insights:

1. AI's Ubiquity in Content Creation:

- AI is now integrated into every frame of studio content, enhancing production processes such as de-aging, re-aging, scaling, and visual effects (VFX). This has led to significant cost reductions in areas like post-production, where million-dollar shots can now be produced for a fraction of the cost and in a fraction of the time.
- AI enables automation of repetitive tasks in the content creation pipeline, allowing for efficiency gains and faster turnaround times. Examples include rotoscoping and scaling tasks that previously required extensive manual labor.

2. AI Creatives and New Roles in Hollywood:

- AI has given rise to new roles, such as "AI producers" who are responsible for integrating AI models into production workflows. These creatives leverage AI to streamline various tasks without fully automating jobs, marking a shift toward task-specific AI deployment rather than full job replacement.
- AI allows directors to prototype shots more efficiently, improving communication with teams and investors, and allowing for a more iterative creative process.

3. Challenges and Opportunities in AI Integration:

- While AI holds promise, the technology is still in its early stages and is often expensive and difficult to implement across large production workflows. Studios face challenges in building consistent AI workflows due to a lack of seamless integration between models and existing tools like Avid and Adobe.

- Despite the difficulties, AI is proving to be a cost-effective solution when integrated correctly, but there is still a high level of manual intervention required to optimize outputs.

4. AI for Content Curation and Distribution:

- AI is being heavily used for content curation and repurposing. With the decline of traditional cable TV, studios are leveraging AI to package content into personalized clips and distribute them to new audiences across digital platforms.
- This targeted content distribution allows studios to reach younger, non-traditional audiences, with AI helping to curate content based on interests, such as sports highlights or entertainment moments.

5. AI's Role in Democratizing Creativity:

- AI is unlocking new opportunities for independent creators by lowering production costs and enabling high-quality content creation outside the traditional studio system. Platforms like YouTube and Tubi are already pioneering this democratization, allowing smaller creators to compete with larger studios.
- AI is also helping underrepresented voices—such as creators with disabilities—bring their creative visions to life, expanding the diversity of content and storytelling in the industry.

6. AI Ethics and Intellectual Property Concerns:

- Studios are beginning to assert ownership over their content to prevent unauthorized use of their intellectual property for AI model training. There is growing concern over how tech companies scrape and repackage studio content without participation or consent.
- A unified industry response is emerging to address ethical concerns around deepfakes and unauthorized content use, with studios advocating for more controlled and legal pathways for AI usage and content distribution.
- The Entertainment Technology Center (ETC) is playing a critical role in developing AI ethics guidelines for the industry, aiming to create common standards for how AI is implemented and how intellectual property is protected.

7. The Future of AI in the Studio System:

- In the next 12 to 24 months, studios are expected to further integrate AI into their workflows, with a focus on automating tasks, enhancing content curation, and democratizing production. AI will enable new forms of immersive, multi-platform

entertainment, where audiences can engage with franchises like Star Wars across various formats (games, TV, film) in personalized ways.

- Relationships between studios and tech companies are evolving, with an emphasis on collaboration to ensure that studios retain control over their IP while leveraging AI for creative enhancement and operational efficiency.
- Studios like Disney are forming strategic partnerships with AI and tech leaders, such as Epic Games, to further advance virtual production and immersive content creation.

Conclusion: AI is rapidly reshaping the studio system, offering cost savings, enhanced creativity, and new distribution methods. However, challenges remain in integrating AI into production workflows and addressing ethical concerns around content ownership and use. For entertainment, media, and tech professionals, understanding AI's role in content creation, distribution, and intellectual property management is essential to navigating this evolving landscape. Strategic collaboration, investment in AI tools, and developing ethical frameworks will be critical for studios and content creators to thrive in this new frontier.

Navigating the Future of Linear TV in a Streaming-Dominated Era

Overview: The television industry is undergoing a massive transformation as audiences increasingly shift towards streaming platforms. While linear TV faces challenges, many industry leaders see a symbiotic relationship between traditional and digital formats. This report summarizes key insights from a recent panel discussion involving executives from Paramount, Telemundo, and Roku, who shared their strategies for navigating this evolving landscape.

Quote: "It's going to be interesting over the next five years to see some of the talents who came up via YouTube, came up via social channels, and have their visions for what TV and film can mean to them. I think we're starting to see it already a little bit in real time." – *David Eilenberg, Head of Content, Roku Media*

Key Insights:

1. Symbiosis Between Linear and Streaming:

- Despite the decline in traditional linear TV viewership, there remains value in maintaining a dual presence across both linear and digital platforms. Major networks like CBS continue to experience success in linear formats, with hit shows resonating across both linear TV and streaming platforms such as Paramount Plus.
- Companies are leveraging content across multiple channels, including broadcast TV, cable, and streaming platforms, creating a diverse content ecosystem. For instance, Paramount Plus balances popular franchises like NCIS and Yellowstone with new streaming originals, creating a cross-platform strategy that maximizes content reach.
- Companies like Telemundo are playing both offense and defense by sustaining their linear operations while diversifying into digital with premium content on third-party platforms like Peacock and YouTube.

2. Diversification and Content Strategy:

- **Paramount Plus** leverages both free (Pluto TV) and paid streaming services, with sports (e.g., NFL, UEFA) and legacy franchises like *Yellowstone* being major draws for audiences. They focus on building original content around established IP to differentiate their offerings.
- **Telemundo** has embraced a multi-platform approach by expanding its linear programming to digital formats, including SVOD (Subscription Video on Demand), AVOD (Ad-Supported Video on Demand), and FAST (Free Ad-Supported Streaming TV) channels. Telemundo's strategy also includes a focus on premium content for streaming

platforms like Peacock and YouTube, as well as leveraging its Spanish-language programming to reach both US and global Hispanic audiences.
- Similarly, **Roku** has established itself as a key facilitator of the streaming transition by offering its proprietary AVOD service, The Roku Channel, which is now one of the top 10 streaming services. With the return of advertising across major streaming platforms, AVOD has regained prominence as a profitable model for streaming services.

3. Streaming Saturation and Differentiation:

- With the rapid proliferation of streaming services, platforms need to differentiate through content curation, marketing, and user experience. Roku plays a critical role as a content aggregator, ensuring audiences can easily access content across services.
- Roku differentiates itself through its dominant presence as a streaming platform in more than 80 million households, allowing it to control the user experience and promote content directly through its home screen. This gives Roku the ability to highlight its own content or that of its partners (e.g., Netflix, Paramount Plus), making it a key player in the distribution chain.
- While Paramount leverages a combination of tentpole franchises and original programming to maintain a competitive edge in the crowded streaming landscape, ad-supported content is growing in popularity, addressing consumer demand for cost-effective viewing options.

4. Leveraging Franchises and Intellectual Property (IP):

- The trend toward leveraging established IP continues to shape content strategies across the industry. Paramount, for example, has successfully expanded the *Yellowstone* universe through multiple spin-offs like *1883* and *1923*, building on the success of the original show to maintain audience engagement across various platforms.
- Telemundo has similarly expanded its original IP by producing spin-offs for streaming platforms, as well as creating new content targeting both domestic and international audiences. This approach allows companies to capitalize on known brands while also experimenting with new creative directions.

5. The Role of Sports and Live Events:

- Live sports remains a critical driver of viewership, both for linear TV and streaming platforms. Paramount has seen tremendous success with Champions League Soccer on Paramount Plus, leveraging live sports to boost engagement. Additionally, Telemundo and NBCUniversal are preparing for major sporting events like the World Cup and the

Olympics, which draw large audiences and provide opportunities for complementary programming like docu-series and behind-the-scenes content.

- The sports genre supports both subscription and advertiser-supported models, making it a valuable asset for streaming platforms to attract wide audiences and retain viewer engagement between live events through related storytelling.
- Complementary content around live sports (e.g., documentaries and player profiles) is gaining traction, helping platforms retain viewer interest beyond live broadcasts.

6. Creative Risks and Audience Engagement:

- While the entertainment industry is often risk-averse, there remains a need to take creative risks to produce innovative and compelling content. Companies like Paramount are balancing this by investing in diverse programming—both riskier, original shows and proven franchises. Telemundo has also embraced this by fostering creative freedom among emerging talent and taking calculated risks on premium content targeted at both US and international audiences.
- Shows that resonate with audiences, like procedurals and franchise-driven content, remain popular. However, rising talent from digital platforms like YouTube is beginning to influence mainstream TV and film, signaling an ongoing shift in how content is created and consumed.

7. The Future Outlook for TV and Streaming:

- The future of TV is optimistic, with continued growth expected in the consumption of video content across various platforms. The trend toward long-form storytelling remains strong, with both established franchises and new, riskier original content driving viewership.
- As the industry transitions to streaming, hybrid models (e.g., subscription and ad-supported tiers) are becoming more common. Roku's leadership in AVOD and Paramount's dual streaming strategy with Pluto TV (free) and Paramount Plus (paid) exemplify this trend.
- Sports will continue to be a significant driver for both streaming and linear TV, providing a steady base of live content that complements on-demand entertainment.

Conclusion: The shift from linear TV to streaming is accelerating, but the future of TV is not limited to a single format. Instead, the convergence of digital and traditional media is creating new opportunities for growth across multiple platforms. Understanding how to leverage IP, balance content strategies, and navigate the evolving landscape of hybrid subscription-ad models is essential for success in this rapidly changing industry.

Protecting Creative Rights and Opportunities in the Age of AI

Overview: As AI technology rapidly advances, the entertainment industry faces unprecedented challenges and opportunities concerning creative rights and intellectual property. Industry experts, including legal professionals and agency leaders, convened to discuss strategies for protecting artists and creators while leveraging the potential of AI. This executive brief outlines key takeaways from the panel discussion and highlights the legal, ethical, and operational considerations that media professionals should prioritize as AI becomes more integrated into content production.

Quote: "We had to figure out, what does it mean for our clients? How do we, on the one hand, protect them from any sort of misuse when the laws [to safeguard artists] aren't there anytime soon. But on the other hand, there's undeniable opportunity with these tools and technologies. Having a set of partners that are aligned in the ethics behind it, behind the principles of consent, credit and compensation, is critical." – *Alexandra Shannon, Head of Strategic Development, CAA*

Key Insights:

1. Legal Protection for Artists in the Age of AI:

- A complex patchwork of existing laws and guild regulations protect the rights of actors, directors, and other creative professionals. However, AI's rapid evolution presents new challenges, as traditional legal frameworks struggle to keep pace with these advancements.
- **Contractual safeguards** remain essential. While legal protections exist, professionals must rely on contracts to define and restrict the use of digital likenesses, ensuring control over how AI technologies manipulate performances and creative content.

2. The Rise of Digital Likeness Ownership:

- **CAA's Vault Initiative:** Creative Artists Agency (CAA) has introduced "The Vault," a service enabling talent to capture, own, and control their digital likenesses (face, body, voice, and movement). This allows actors and other creative professionals to protect their digital identity while unlocking new opportunities.
- By owning a certified version of their digital likeness, talent can ensure any use of their AI-generated image without consent constitutes infringement. This provides an added layer of protection in a rapidly evolving landscape.

- The Vault also creates new opportunities for talent to commercialize their likeness, offering controlled and ethical pathways for collaboration with studios and brands.

3. Ethical Considerations and AI Technology Applications:

- **Ethics-Driven Partnerships:** Talent agencies and AI companies like Deep Voodoo are emphasizing ethical use, focusing on principles of **consent, credit, and compensation** when leveraging AI. They work with creators to ensure AI use aligns with their artistic vision and values.
- **AI as a Tool, Not a Replacement:** AI technology offers practical benefits, such as reducing production costs and increasing efficiency by using AI to enhance performances or recreate environments. However, its application must prioritize human oversight and ethical considerations, particularly when altering or replicating performances without the actor's active participation.

4. Opportunities for Legacy and New Talent:

- AI presents significant **commercial opportunities** for both current and legacy talent. For example, James Earl Jones' voice is being preserved to allow his iconic sound to live on for future generations. Similarly, hologram-based performances, like ABBA's recent "Voyage" show, offer new ways for legacy artists to connect with audiences.
- This technology also allows **global talent** to reach fans in new ways, such as enabling actors to "speak" in different languages or appear in multiple places simultaneously.

5. Challenges of Synthetic Performers and AI-Generated Content:

- **Synthetic Performers**: AI can generate entirely fictional performers, raising concerns over the protection of human talent and the potential for studios to bypass traditional performers. Currently, AI-generated content cannot be copyrighted, which may limit the scope of synthetic actors but does not eliminate the threat they pose to real performers.
- **Data Ownership**: The likenesses used to create AI performers are often derived from real individuals, which makes protecting personal data critical. Agencies like CAA are working to ensure talent owns the rights to any AI-generated versions of themselves.

6. AI and Cost Savings in Production:

- AI technologies promise to significantly **reduce production costs**, particularly by streamlining reshoots and reducing the need for prosthetics or complex makeup. For instance, actors can be digitally altered in post-production to avoid lengthy makeup sessions or reshoots. This can save time and money while maintaining artistic integrity.

- AI allows producers to adjust performances post-production without requiring talent to return to set, provided that changes are made with the actor's consent.

7. Future-Proofing Creative Rights:

- The **rapid evolution of AI** means that terms agreed upon today may be obsolete in just a few years. Long-term contracts that grant exclusive use of an artist's likeness or voice for extended periods are seen as risky, and talent should carefully negotiate terms that allow flexibility as technology continues to evolve.
- As AI becomes more prominent, the need for clear and enforceable frameworks that balance innovation with **creator rights** is essential. Publicly accessible AI, large language models, and the scraping of data without proper licensing agreements remain areas of contention, particularly as companies experiment with these tools for commercial gain.

Conclusion: AI is transforming the entertainment industry, providing both challenges and opportunities for creators and media professionals. Protecting the rights of artists through contractual safeguards, ethical AI partnerships, and ownership of digital likenesses is critical. Simultaneously, AI technology opens new possibilities for cost savings, global engagement, and innovative storytelling. Industry leaders must remain vigilant, balancing the potential of AI with the need to preserve and protect the creative rights that define the future of media and entertainment.

AI's Role in Disability Access and Visibility in Film and TV

Overview: AI is rapidly influencing industries, including film and television, with the potential to both advance and hinder disability access and visibility. During a recent panel discussion, industry leaders, creatives, and experts explored the opportunities and challenges AI presents to disabled professionals and the portrayal of disabled characters. This brief outlines key insights and considerations for entertainment, media, and tech professionals to effectively leverage AI while prioritizing inclusion and authenticity in disability representation.

Quote: "I encourage people out there who work with other people with disabilities, you can go to AI and say, 'Hey, how can I make my set more accessible for this community? It spits you out a whole long list of amazing accommodations, and I think that's ways that we can be learning." – *Ashley Eakin, Writer & Director*

Key Insights:

1. Perception of Disability in AI:

- **Ableism in AI Development**: The panel highlighted the concern that AI tools may reinforce existing societal biases, particularly ableism. AI is built using data that reflects current societal norms, which often marginalize disabled individuals. This lack of diversity in data can perpetuate exclusion by producing content that erases or distorts disabled identities.
- **Generative AI's Limitations**: Many AI tools, such as image generators, often fail to accurately depict disabled bodies or diverse assistive devices. This can further alienate people with disabilities by normalizing able-bodied standards and excluding disabled perspectives from mainstream content.

2. The Danger of Oversimplification:

- **Tokenism and Checklists**: Simply adding disabled characters through AI-generated content could lead to tokenism, where AI is used to check diversity boxes without meaningful representation. Panelists emphasized that AI lacks the intentionality needed to represent the authentic lived experiences of disabled individuals.
- **Impact on Disabled Creatives**: The panel raised concerns about AI potentially displacing real disabled actors and creatives from meaningful opportunities. Using AI to generate disabled characters could reduce already limited roles for disabled talent in film and television.

3. The Importance of Authentic Representation:

- **Real Stories, Real People**: Disabled individuals have long been underrepresented in media. While AI can generate characters, it lacks the emotional depth and lived experience that real disabled actors bring to their roles. Authentic representation is essential for viewers to connect with and understand the diverse experiences of disabled people.
- **Lack of Disabled Decision-Makers**: Hollywood remains devoid of disabled executives and gatekeepers who can greenlight projects with authentic disability representation. While some disabled people are present in the industry, their voices are often stifled, limiting the diversity of stories told about disability.

4. Opportunities for AI in Accessibility:

- **Assistive Technology Advancements**: AI has significant potential to enhance accessibility for disabled professionals working in film and television. From self-driving wheelchairs to AI-powered tools that assist in communication and content creation, these technologies can improve the work environments and opportunities for disabled individuals on set.
- **Set Accessibility Improvements**: AI can be used to create more inclusive environments by helping production teams better understand and implement accessibility measures. For example, AI can suggest accommodations to make sets more accessible for disabled cast and crew members.

5. The Potential of AI for Good:

- **Empowering Disabled Creatives**: When used intentionally, AI has the potential to provide disabled creatives with more control over their narratives. Tools that help disabled writers, directors, and actors efficiently develop and produce their projects could help close the representation gap.
- **Consultation and Collaboration**: AI-generated content should not replace lived experiences. Instead, AI can assist in the creative process by providing tools that disabled professionals can use to tell their stories more effectively. Collaboration between AI technology developers and disabled creatives is critical to ensuring that AI-driven content is both inclusive and empowering.

6. The Future of AI and Disability in Media:

- **Beyond Tech: Addressing Societal Issues**: The panel stressed that while AI offers some benefits, the entertainment industry must not rely on AI as a substitute for real change. More needs to be done to create genuine opportunities for disabled individuals in all areas of the media—from acting to executive roles.
- **Investment in Disability Representation**: AI should be seen as one tool in a broader effort to increase representation. More intentional investment in disability-led projects, hiring disabled talent, and creating roles for disabled executives will yield richer, more authentic stories and contribute to a more inclusive industry.

Conclusion: While AI presents potential benefits for improving accessibility, its role in representing disability in film and TV is fraught with challenges. The technology, though powerful, is currently unable to fully capture the nuance and authenticity required to portray disabled characters and stories effectively. Media professionals must prioritize human creativity, hire disabled talent intentionally, and use AI as a tool to supplement—not replace—authentic representation. With careful oversight, AI can enhance accessibility while avoiding the perpetuation of harmful stereotypes and exclusionary practices.

Powerhouse Producers in Hollywood

Overview: A recent panel discussion brought together some of Hollywood's top producers to explore the evolving challenges and opportunities in film production, especially in the face of financial constraints, streaming dynamics, and industry consolidation. Key topics included the role of creativity versus commercial demands, the increasing importance of data in decision-making, the future of theatrical releases versus streaming, and the need for more diversity and mentorship in production roles. This brief outlines the most relevant insights for entertainment, media, and tech professionals.

Key Insights:

1. Balancing Creativity with Commercial Demands

- Producers face an increasing pressure to balance creative integrity with commercial viability. As budgets grow and marketing costs soar, studios lean toward risk-averse strategies, prioritizing franchise films and proven intellectual properties (IPs) over original content.
- Despite this, the panelists highlighted that many successful films, like *Barbie*, have found innovative ways to blend originality with familiar brands, driven by strong creative talent. Hollywood must remember the importance of taking risks on original content that will drive the next generation of remakes and reboots.

2. The Shift Toward Data-Driven Decision-Making

- Hollywood's reliance on data has intensified, with studios now using metrics and algorithms to predict the success of films. This trend, according to panelists, has shifted focus away from gut instincts and creative passion, making it harder for riskier, original projects to get greenlit.
- However, the producers argued that quality and storytelling still matter. Films like *Dune* and *Gladiator 2* demonstrate that when talent is given the creative freedom to execute a clear vision, the results often break through commercially.

3. Challenges with Budget and Financing

- Rising production and marketing costs are making it harder for original films to compete with franchises and blockbusters. Films must recoup substantial investments, leading studios to lean on known IPs or avoid riskier, unconventional projects.

- Panelists also stressed the importance of maintaining quality while managing costs, noting that every production requires creative financing strategies to ensure profitability without sacrificing artistic integrity.

4. The Impact of Streaming on Production

- The rise of streaming platforms has disrupted traditional film distribution models. While streaming offers opportunities for films that might not succeed theatrically, panelists noted the frustration with how streaming platforms market original films, often relying heavily on in-platform promotion rather than traditional campaigns (e.g., billboards, trailers).
- While films like *Dune* were intended for theatrical release, many films have been shifted to streaming due to market forces. The consensus was that some films, especially those made for a grand, cinematic experience, should remain in theaters to maximize their cultural impact and audience reach.

5. Producers' Resilience and Adaptability

- The role of the producer remains critical but under increasing pressure as budgets tighten, and studios become more conservative with their investments. Producers must wear many hats—solving problems, managing budgets, handling talent, and navigating studio politics.
- The complexity of the producer's role makes it less likely to be automated or replaced by AI, but it does highlight the need for seasoned professionals who understand both the creative and financial sides of production.

6. The Importance of Mentorship and Diversity

- Female producers have made significant strides in Hollywood, with panelists citing examples like Shonda Rhimes, Kathleen Kennedy, and Margot Robbie. However, a recent study shows that the number of female producers has only grown by 2% between 1998 and 2023, highlighting the ongoing gender disparity in high-level production roles.
- The panelists stressed the importance of mentorship and supporting up-and-coming female producers, encouraging industry leaders to actively foster opportunities for women and other underrepresented groups.

7. Maintaining Long-Term Career Sustainability

- Producers United, an organization that advocates for the rights of producers, has raised concerns about the financial sustainability of production careers, particularly for independent producers. Without guaranteed income or healthcare during long development periods, many producers struggle to maintain stability while waiting for projects to materialize.
- Panelists discussed how the current production model—where producers may spend years developing a project without compensation until it gets made—creates a barrier for many, particularly for those not attached to major studios.

8. The Future of Theatrical vs. Streaming

- While streaming is an undeniable force, producers remain committed to the theatrical experience for certain types of films. Movies like *Dune* and *Gladiator 2* are prime examples of films designed for the big screen, and producers believe that theatrical releases will remain relevant for large-scale, immersive productions.
- However, there is also recognition that some films are better suited for streaming, especially smaller, intimate stories that might not find success in theaters but can thrive on digital platforms.

Conclusion: Producers today must navigate a complex landscape of financial constraints, changing distribution models, and creative pressures. Despite the challenges, the panelists emphasized the importance of nurturing original voices and maintaining creative freedom while balancing the demands of the market. Mentorship and diversity remain critical for the industry's long-term health, and producers will need to be adaptable and resilient to continue driving Hollywood forward in this era of rapid technological change.

AI Protections from a SAG-AFTRA Perspective

Overview: A panel at a recent business conference explored the pressing issue of AI's impact on actors' rights, particularly from a SAG-AFTRA (Screen Actors Guild - American Federation of Television and Radio Artists) perspective. The discussion highlighted the ongoing strike over the Interactive Media Agreement (IMA), which governs video game voice and motion capture actors, and addressed broader AI-related concerns in the entertainment industry. The panel emphasized both legal and contractual protections SAG-AFTRA is advocating for, in the context of AI's increasing use in creative sectors.

Quote: "I've heard a lot of these AI companies talk, and they like to promise that AI will deliver scientific breakthroughs, medical breakthroughs, solve climate change. So why are you spending $100 billion to build a machine to make a Toys R Us ad? I don't understand. I'm hopeful that consumers may agree with me that they don't want to see all their content be synthetic."
– *Jeffrey Bennett, General Counsel, SAG-AFTRA*

Key Insights:

1. Video Game Strike and AI Protections

- SAG-AFTRA's current strike over the Interactive Media Agreement (IMA) with major video game companies (Activision, Disney, Warner Brothers, etc.) revolves around protecting the human creative performance in video games.
- **Key Issue**: Companies are using AI to replicate actors' voices and physical performances without proper consent, undermining the need for live performers.
- **SAG-AFTRA's Stance**: The union is fighting for each instance of AI use to be compensated and requires actors' consent every time their likeness or performance is digitally replicated. The goal is to ensure actors retain control over how their performances are reused.

2. Consent and Compensation in Motion Capture

- One specific challenge involves motion capture (mo-cap) performers. Game companies have offered AI protections only when the digital performance closely resembles the actor, leaving vast AI-generated applications unprotected.
- **Limitation**: Most mo-cap performers do not physically resemble the characters they portray, making this condition impractical and excluding them from necessary protections.
- **SAG-AFTRA's Position**: The union is pushing for broader protections that do not depend on visual likeness but cover all AI-based uses of performers' work.

3. Legislative Action on AI Protections

- In parallel to contractual efforts, SAG-AFTRA is pushing for legislation to protect actors from AI misappropriation, particularly focusing on the right to consent and prevent unauthorized uses of their digital likenesses and voices.
- **New Legislation**: Two laws were recently signed in California (AB 2602 and AB 1836) that offer legal safeguards against unauthorized AI replication of performers' likenesses, including posthumous rights.
- **Posthumous Protection**: AB 1836 is a major development, ensuring that actors' digital likenesses cannot be used after their death without express consent from their estate, protecting both A-list stars and smaller performers alike.

4. Federal and State-Level Efforts

- SAG-AFTRA is working on a "web of protections" across federal, state, and contractual frameworks to safeguard performers. One key legislative effort is the **No Fakes Act**, which would establish a federal intellectual property right for performers' voices and likenesses.
- **First Amendment Challenge**: The act balances performers' rights with First Amendment protections, allowing exceptions for news, satire, and commentary. However, these exceptions may leave loopholes for unethical uses of AI in certain contexts (e.g., sports or documentaries).
- **Platform Accountability**: The No Fakes Act also includes a crucial provision allowing performers to demand the removal of unauthorized AI-generated content from digital platforms.

5. Commercial AI Usage and Future Contracts

- AI-generated content is already making its way into commercial production, as seen with the recent Toys "R" Us ad created using OpenAI. This highlights the growing urgency of addressing AI's role in commercials, where the emphasis on artistic integrity is often lower than in film and TV.
- **SAG-AFTRA's Commercial Contracts**: The upcoming negotiations on commercial contracts are expected to focus heavily on AI protections, ensuring that performers' likenesses are not used without consent and proper compensation, particularly as AI is increasingly leveraged for voice work, such as dubbing and automated performance.

6. Enforcement Challenges

- Even once AI protections are legally established, enforcement remains a major challenge. Unauthorized AI usage, especially in the voice acting and dubbing sectors, is proliferating. SAG-AFTRA is pushing for stricter enforcement mechanisms, including technological solutions like advanced content-scrubbing tools to monitor the web for AI-generated misappropriations.
- **Technological Solutions**: SAG-AFTRA is collaborating with tech companies to implement systems that detect unauthorized uses of performers' voices and likenesses, providing a proactive approach to combating the misuse of AI.
- **Urgency of AI Regulation:** The panel expressed urgency in regulating AI use before it becomes too pervasive, drawing parallels to the music industry's struggles during the Napster era. SAG-AFTRA wants to avoid a similar scenario in which widespread unauthorized use decimates the industry.
- **Focus on Immediate Action**: The union is pressing to finalize legislation and contractual terms by the end of 2024, to prevent further damage and ensure performers' rights are respected as AI continues to evolve.

Conclusion: SAG-AFTRA's fight for AI protections is a multi-front battle that involves ongoing negotiations with major industry players, legislative efforts at both state and federal levels, and future-proofing their members' rights in the face of rapid technological advancements. For entertainment, media, and tech professionals, the outcomes of these negotiations and laws will set the precedent for how AI is ethically integrated into creative industries. As AI continues to reshape content production, ensuring human talent is protected and fairly compensated will remain a critical issue for the future of entertainment.