

Palo Alto Rotary Pinion

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CALL TO ORDER

President BRIAN STEEN called the meeting to order at 12:30. BRIAN thanked former president KATIE SEEDMAN for running the previous week's meeting. PETER SHAMBORA led us in the Pledge of Allegiance. BRIAN remarked that last week he found himself trying to zoom on 1930s and 1940s photos, showing how used we are becoming to new technology.

VISTING ROTARIANS

Dinesh Sham was visiting from the Rotary club in Bombay, India. He told us that his district was so popular it had to be split into two. Dinesh also participated in a banner exchange. Lily Chiu from the Palo Alto University Club was also visiting with her friend Victoria Lin, a school district volunteer.



Riccardo Tizzano from Naples, Italy is an exchange student with Rotaract Avollino.

GUESTS

Guests included Jake Lewis, a nephew of member TODD LEWIS, and Garth Lewis, TODD's brother; Bill Guttentag, our speaker and guest of DANA TOM; and James Young, a longtime member returning to visit after four years.

WE CARE

DICK FREEMAN announced that CHESLEY DOUGLAS had taken a fall but was recovering. DICK also handed out U.S. Constitutions in light of recent indications that certain national figures may not be as familiar with that document as they should be.

OPENING REMARKS



CHRISTINE COOLIDGE gave opening remarks. She said that the Olympics were about to open with a record number of countries and sports and over ten thousand athletes. This year there will be a refugee team of 6 men and 4 women from countries such as South Sudan, Syria, and the Democratic Republic of the Congo.

ANNOUNCEMENTS

LEE LIPPERT announced on behalf of the Menlo Park Rotary Club that the Tour de Menlo is occurring on August 20, 2016. The Menlo Park Club, although it is in another district, supports many of the same causes as our club including East Palo Alto schools and Lytton Gardens. There will be a training ride on August 6, 2016.



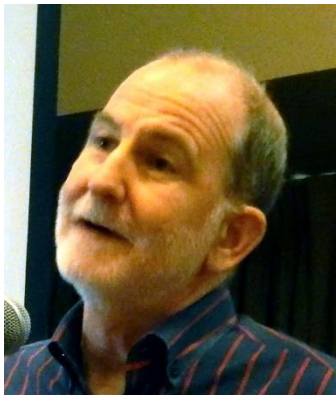
MIKE BAIRD announced that funds are needed for flash drives to go into backpacks for foster children ages 12 to 18. An envelope was passed among the members and the goal was reached.

DANA TOM introduced our speaker, Bill Guttentag. Bill has been teaching classes on the entertainment industry at the Stanford Graduate School of Business since 2001; Bill is a double Oscar-winning dramatic and documentary film writer-producer-director. His films have premiered at the Sundance, Cannes, Telluride and Tribeca film festivals. Bill won an Academy Award for the documentary *Twin Towers* and he received another Oscar for the film *You Don't Have to Die*. He has received three additional Oscar nominations, a Peabody Award, three Emmy Awards, two additional Emmy nominations, two Writers Guild Awards nominations, a Producers Guild Award nomination, and a Robert Kennedy Journalism Award. Also, Bill created and executive-produced the NBC series *Crime and Punishment*, which ran for three seasons (2002-2004). He has directed films for HBO, ABC, CBS, Turner, and others.



Bill Guttentag spoke to us about "Hollywood and Silicon Valley: A Marriage of Love and Apprehension." Bill began showing us how E. Muybridge produced early kinetoscopes of horses at the Stanford Barn that were used to settle a bet between Leland Stanford and Leland Stanford Jr. about whether horses' hooves all left the ground simultaneously. This led, though not immediately, to the production of Jackass 3D.

Bill contrasted Hollywood power figures with Silicon Valley power figures. Hollywood sees Silicon Valley with a mixture of envy and dismissiveness. Although companies are worth more here, little content is made here other than by Pixar. Silicon Valley sees Hollywood as inefficient with lavish spending. In Silicon Valley talent is measurable, Hollywood not so much.



There are increasing partnerships between old media and new media such as Disney buying Maker Studios and HBO partnering with Apple.

The industry is being democratized. It used to be expensive to make films, but now you can make them on an iPhone. Distribution is key. Hollywood's traditional attitude towards technology is "whatever it is, I'm against it." Still, current productions cost approximately 77 million dollars per film and there is an increasing emphasis on tent-pole business with fewer films and larger budgets. This is extremely risky. It is widely thought that the tent-pole phenomenon is flattening creativity.

There is a contrasting attitude towards numbers and data in Hollywood and Silicon Valley. Hollywood is uneasy with numbers, balancing the need to brag about success with an unwillingness to disclose financial profitability. Silicon Valley is highly data driven.

Overall, the worldwide box office is flat and in home entertainment, revenue is dropping.

When a film opens, approximately 25 to 35 percent of the revenue is made in the opening weekend. There is a 50 percent drop in attendance from the first to the second weekend. The strategy of heavily promoting films in the hopes that they will become hits before anyone notices that they are bad is no longer as viable in light of texting and social media. People now know that a film is bad on Friday night.

The film market is global now with 71% of revenue obtained from foreign markets. China is the largest market after the United States although it allows only a limited number of foreign films and provides smaller payouts. Twenty screens a day are being built in China. Film releases in China are subject to both piracy and censorship.

In the United States, television is a national pastime that accounts for over half of our leisure time. Other markets with extensive television watching include Japan, the United

Kingdom, and Brazil. Recently, there has been an ascendancy of quality programming on cable, including on AMC, TNT, and FX. Many of these shows have influence despite relatively low viewership. Twitter, Instagram and Snapchat are all driving traffic, 60% of American adults have smartphones and 10% have no other internet access. Approximately 81% of smartphone owners stream video to their phones. The typical individual checks his phone 150 times per day.

Netflix has 70% of the market for streaming. 40% of consumers subscribe to online video and Netflix has 40 million subscribers. Netflix is available in 190 countries.

In live programming, TV is still supreme. People watch live sports, the Super Bowl, and the Oscars, which are watched in part for the commercials.

75% of the *Game of Thrones* finale audience watched in real time.

The entertainment industry is a huge part of the U.S. economy and "copyright" based industries are 6.5% of GDP. The entertainment industry creates 1.9 million jobs with \$104 billion in wages. In response to questions, Bill noted that there is still a boutique niche for films costing \$2 to 5 million dollars, and that there was a trend to upgrading theaters around the world that the United States is catching onto.

PROGRAMS & EVENTS

August 8, Bruce Gee, Karen Kienzle, Mike McMahon: Vocational Talks

August 15, All Hands On Deck - Community Service Project

August 22, Dennis Burns, Chief of Police, Palo Alto: "Palo Alto Police Policies"

August 29 Ann Killion, Sports Journalist, San Francisco Chronicle, and author