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Warner Shifts Web Course, Shouldering Video Costs

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OS ANGELES, Sept. 9 — In the race to become a major supplier of original video programming to the Web, Warner Brothers has decided to reverse its direction.

The studio, part of Time Warner, plans today to introduce 24 Web productions in a range of formats including minimovies, games and episodic television shows.

But for this latest online push, Warner Brothers has discarded its initial strategy of insisting that advertisers shoulder production costs from the start. Instead, it has decided to finance most projects itself and worry about lining up advertisers to recoup costs later.

"In trying to get the business off the ground," said Craig Hunegs, executive vice president for business development, "we ended up in a bit of a dance with advertisers about what various projects would look like."

The shift underlines a growing realization among the big Hollywood studios: Web entertainment is evolving so quickly that they must take on more financial risk to keep up.

So far, Warner and most other traditional studios have tried to lock down a comfortable, low-risk business model before venturing too far online. That approach has slowed them down, delivering a competitive edge to scrappier, upstart production companies.

In the year since Warner moved into original production for the Web, it has delivered just one project: *Hardly News*, a satirical pop-culture quiz show that had its premiere on Anheuser-Busch's entertainment Web site, Bud.TV, in April. It failed to gain an audience, although the studio is not giving up on the concept and is weighing new distribution options.

"We may have initially had a narrow view," said Bruce Rosenblum, president of the Warner Brothers Television Group, which houses the studio's digital production unit. He is now operating on the idea that as long as the studio churns out quality digital entertainment, advertising dollars will follow.

The slate of short-form Web productions that Warner plans to announce today are already deep in the production pipeline and range across genres including science fiction and animation.

"The Jeannie Tate Show," created by Liz Cackowski, is a 10-episode series about a neurotic soccer mom who presents a television talk show from her minivan. A puppet comedy for adults from the Jim Henson Company, unofficially titled the *Simian Undercover Detective Squad*, follows a group of ape investigators.

The comedy projects can hit close to home. A mockumentary titled "Viral," from Joey Manderino and David Young, looks at the dysfunction that overtakes a digital studio as it tries to come up with the next big online hit.

The studio says that a half-dozen more video projects are in development, including an animated offshoot of "The Wizard of Oz" and an online dating game produced by Lauren Graham of "Gilmore Girls." Joseph McGinty Nichol, a director of the "Charlie's Angels" movies who is known as McG, also has a project in the works.

Although Warner is spending more cash up front, executives point out that the combined budget for the 24 projects is less than \$3 million, or the approximate cost of one episode of a high-end television drama.

And Mr. Rosenblum has distribution plans for most of its new digital entertainment. RealNetworks has agreed to distribute the Jim Henson project. With other projects, Mr. Hunegs said, programming will appear on Joost and other video portals. Warner plans to sell its digital projects to advertisers through its own media sales unit.

The studio is trying to gain traction in an increasingly crowded field. More than a dozen new production companies are angling for a share of the exploding online video business. Among the upstarts achieving early success are Generate, co-founded by a former Warner executive, and Vuguru, a new media company backed by Walt Disney's former chief, Michael D. Eisner.

Brent Weinstein, chief executive of 60Frames Entertainment, a digital studio co-founded by the United Talent Agency, said, "We can get things to market a lot quicker than traditional media companies because we aren't hamstrung by all their legal and rights issues."

The agency, like most of its rivals, is building an internal unit devoted to scouting up-and-coming creators of Internet content and to securing new media deals for existing clients with the likes of Warner.

Jason U. Nadler, director of UTA Online, said, "Artists know the Web is a great place to both showcase their talent and incubate new ideas without the pressure of delivering a full-blown movie or television hit out of the gate."

Although Warner's digital venture, dubbed Studio 2.0, has gotten off to a slow start, the company has emerged as a leader in other areas of Web entertainment.

Mr. Rosenblum announced a deal in May 2006 to allow local television stations that buy reruns of the Warner-produced comedy "Two and a Half Men" to stream the episodes on their Web sites. The studio's TMZ.com, a Web celebrity tabloid, has grown so popular since its debut in December that Warner will introduce a television spin-off this week.

And Warner's chief executive, Barry M. Meyer, announced plans last week for a virtual online world populated by animated characters from the company's library. A spring debut is planned for the site, called T-Works. It will also stream episodes of Hanna-Barbera and Looney Tunes cartoons.

"Some of the announcements you will see from us over the next several months will show how dedicated we are to this business," Mr. Rosenblum said.