Production Infrastructure and Capacity Audit: Sweden

Summary of Findings
By Olsberg•SPI

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OLSBERG • SPI

1. INTRODUCTION

1.1. About the Study

Globally, investment in film and television ("**Screen**") production is at unprecedented levels, with a deluge of investment being undertaken worldwide. This is creating new opportunities for governments around the world to develop their Screen sectors to build production, job creation, and economic impact.

The global production deluge is also creating some capacity challenges in both mature and emerging markets. This includes Sweden. A stable, developed market with a strong talent base and proven excellence, the country is already experiencing capacity constraints across several key areas. This relates to a sharp rise in investment from Over-the-Top (OTT) players over the past few years and increased drama production. Sweden also has a relatively stable film production sector.

Further market growth is possible in Sweden, with valuable job creation and economic impacts. In order to ensure that Sweden is primed to benefit further in this area, Film i Väst commissioned creative industries consultancy firm Olsberg•SPI ("**SPI**") to undertake its Production Infrastructure and Capacity Audit (PICA©) model of Sweden (the "**Study**"). This is outlined in Section 1.3.

In a collaborative industry approach, the Study has been supported by the Swedish Film & TV Producers Association, The Swedish Union for Performing Arts and Film, Filmpool Nord, Film i Skåne, Film Capital Stockholm and the Swedish Film Institute.

1.1.1. About the summary document

This document contains summarised findings of the Study and has been published to coincide with two industry events at which the findings will be presented: in Gothenburg on September 23rd, 2019, and in Stockholm on September 24th, 2019. It includes an an overview of the PICA Study, context regarding the global and Swedish production market, key findings, and detail on proposed strategy and prioritisation. A final, longer document will be published later in 2019.

1.2. The Benefits of a Healthy Screen Sector

The Screen production sector is an increasingly key strategic priority for many governments worldwide. This is due to a range of factors, including that Screen production is a powerful, proven driver for economic growth, job creation and the development of valuable skills.[1]

In economic impact terms, the sector delivers strongly across such metrics as Gross Economic Value Added (GVA) and full-time equivalent (FTE) job creation. Indeed, Screen production generates a multitude of mobile, highly-skilled jobs that are not generally as at risk from artificial intelligence (AI) or robotics when compared with other less-skilled manufacturing jobs.

Screen production sector also generates well-paid jobs. The Motion Picture Association of America (MPAA) has reported that the American film and television industry supports 2.6 million jobs and pays $177 billion in total wages. Salaries were found to be 47% higher than the national average for direct jobs in total, and 65% higher for direct production jobs.[2]

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[1] For more detail and examples of the importance of the Screen sector, see *Best Practice in Screen Sector Development*. Olsberg•SPI for the Association of Film Commissioners International, 13th September 2019

[2] *New Data: The American Film and Television Industry Continues to Drive Economic Growth in All 50 States*. MPAA, 18th March 2019

A healthy Screen sector can also deliver pronounced inward investment, from the servicing of international projects.

Screen production also makes other significant positive impacts. This includes the generation of screen tourism – a well-evidenced phenomenon, including in Sweden, with pronounced economic and other effects.

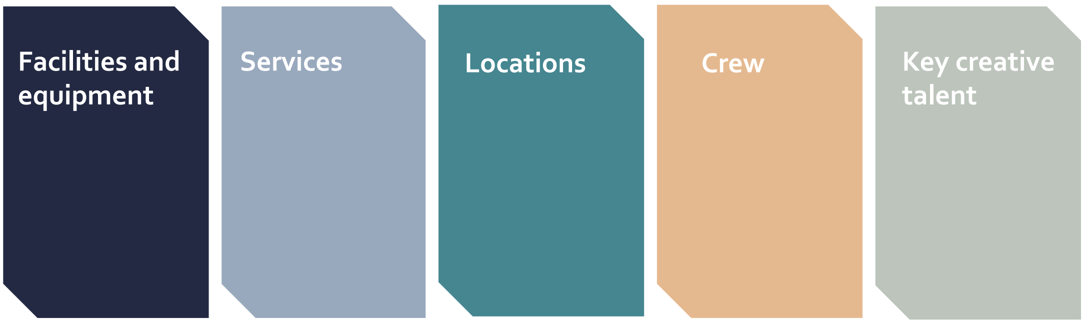
Finally, the sector is also a potent driver of activity in other creative industries. Research by SPI demonstrates how Screen productions drive significant amounts of activity in other creative industries. Analysis of a group of sample projects showed that between 38% (film) and 47% (television drama) of production expenditure impacts other creative industries.[3]

1.3. Olsberg•SPI's Production Infrastructure and Capacity Audit

Developed by SPI, PICA is a bespoke assessment of current production capacity in a market. It provides analysis of current and emerging gaps that will serve to limit value, and outlines strategies to improve capacity. PICA provides a methodology for detailed analysis of production capabilities where robust data are lacking.

The process involved an assessment of Sweden across five areas typically required by both national and international productions. Each area was further divided into 99 categories for analysis (see Section 3).

Figure 1: Key Areas of Production Need for PICA Analysis



Analysis of these 99 categories was a key step in the methodology.[4] A pro forma containing the categories was sent to consultees and discussed in detail with producers and other stakeholders who have close knowledge of the Swedish market. The pro forma analysis involved assessing each category for its presence in the Swedish production offer, and rating each between 1 and 5 for spare capacity and quality.

In total, consultations with over 30 individuals were undertaken for the Study, mainly during research and consultation visits to Sweden, and also by telephone.

1.3.1. About Olsberg•SPI

SPI provides a range of expert consultancy and strategic advisory services to public and private sector clients, specialising in the worlds of film, television, video games and digital media. Formed in 1992, it has become one of the leading international consultancies in these dynamic creative screen industries.

See www.o-spi.com for further information.

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[3] *Film and the Creative Economy: How Film and Television Drama Productions Grow the Creative Industries*. Olsberg•SPI, 31st July 2017

[4] Study methodology will be more fully outlined in the final Study document

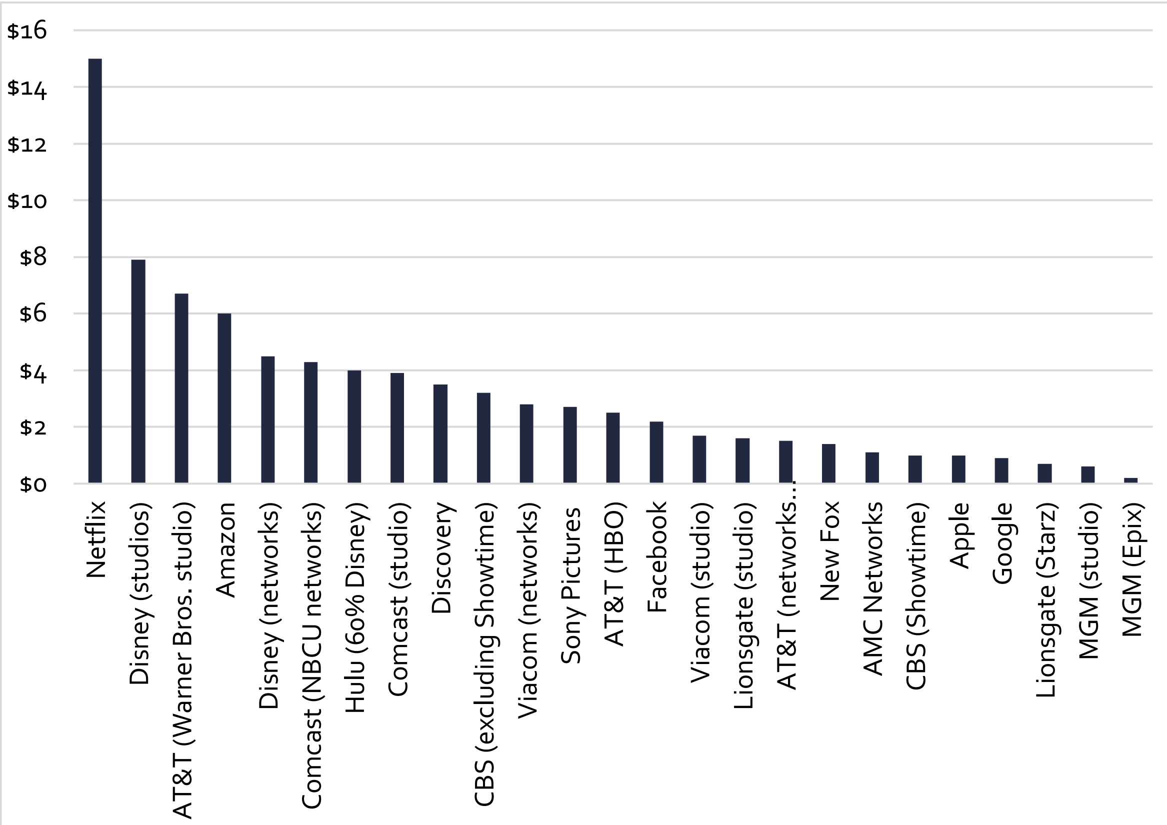
2. THE CURRENT PRODUCTION LANDSCAPE

2.1. The Global Production Deluge

Recent years have seen a huge rise in content investment on a global scale. In the US market, investment is estimated to be worth \$81 billion in 2019, excluding sports content.[5] The total could be as high as \$125 billion globally in 2019 considering the scale of international content investment.

Value will also increase as new OTT services come on stream and established companies increase investment.

Figure 2: Estimated US Content Expenditure in 2019, Excluding Sports Content (\$billions)

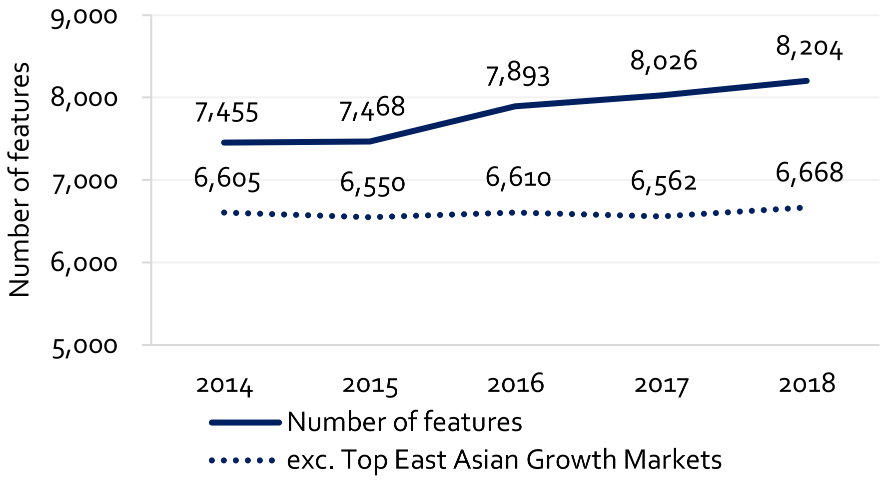


Source: *Dare to Stream*. Ibid

Growth has largely been driven by episodic scripted series, with film output relatively static outside of East Asian growth markets (Figure 3). Meanwhile, the estimated number of scripted original series aimed US audiences increased by 86% between 2011 and 2018 (Figure 4).

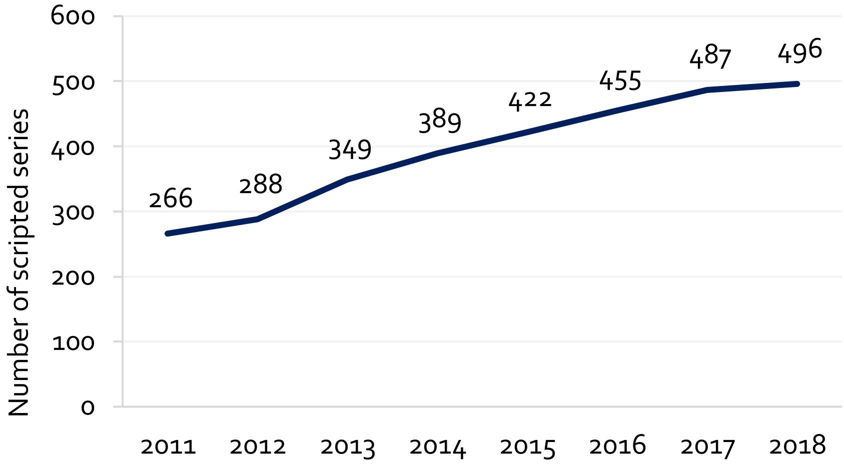
[5] Source: *Dare to Stream*. Variety Intelligence Platform, 7th May 2019

Figure 3: Estimated Number of Feature Films Produced Worldwide, 2014-18



Source: European Audiovisual Observatory. Top East Asian Growth Markets comprises China and South Korea.

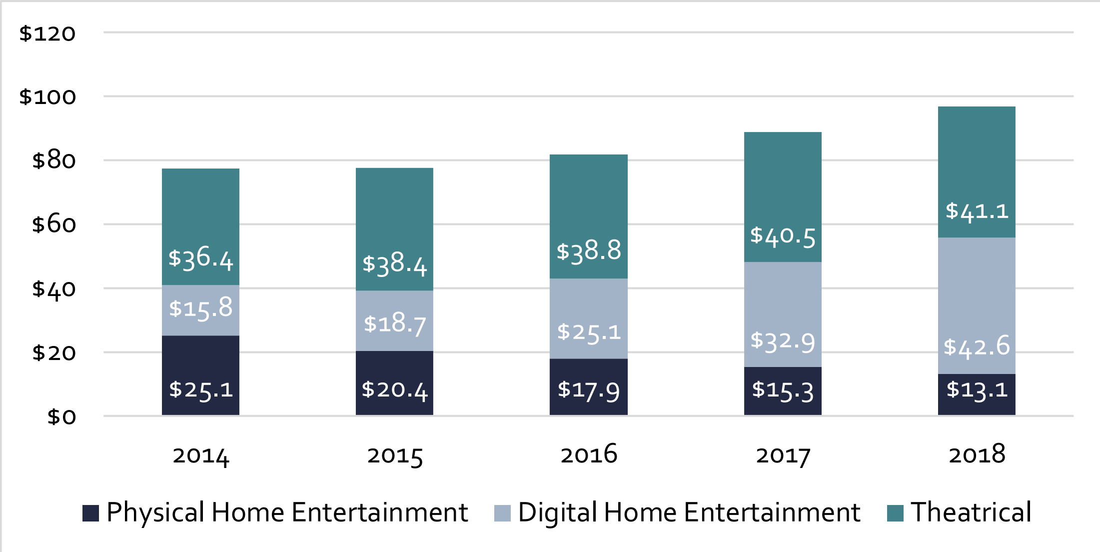
Figure 4: Estimated Number of Original Scripted Series, 2011-18



Source: FX Networks Research. Excludes library, daytime dramas, one-episode specials, non-English-language/English-dubbed, children's programmes, and short-form content (<15 mins).

Strong production growth aligns with increased global consumer spending on theatrical and home entertainment, which has risen by 25% between 2014 and 2018 according to MPAA data (Figure 5).

Figure 5: Global Theatrical and Home Entertainment Consumer Spending (US$bn)



Source: *2018 THEME Report*. MPAA

2.2. The Growth of the Swedish Production Landscape

International growth trends have been mirrored in the Swedish market in recent years, with pronounced production growth underpinned by strong consumer demand.

According to Mediavision, total television and SVOD revenue in Sweden was worth a record level of SEK25.3 billion in 2018, representing year-on-year growth of 8%.[6] The Subscription Video-on-Demand (SVOD) market grew by 45% between 2017 and 2018.[7]

There has been substantial expansion in Sweden's streaming market through players like C More, Viaplay, Netflix and HBO Nordic. These have, to varying degrees, significantly increased output alongside a feature film market that produced 51 feature films in 2018.[8]

For example, NENT Group's CEO, Anders Jensen, stated in April 2019 that Viaplay intended to double its annual Nordic drama output from 20 to 40 originals.[9] In a 2018 *Broadcast* article, C More pointed to a strategy to put money used for acquisitions into originals, with an aim to commission five to seven dramas, comedy-dramas and thrillers a year, alongside two comedies.[10]

Josefine Tengblad, head of drama at C More and TV4, said in 2018 that the drama budget had increased by 100% since 2015, and that the budget for 2020 was bigger than that for 2019.[11]

Drama is a key area of competition and some projects are being produced at a very high technical level, with established producers and quality talent and services.

International services are also active. Netflix released its first Swedish original, *Quicksand*, in 2019, which is to be followed by a new series, *Love & Anarchy*, and a six-part series based on the *Snabba Cash* franchise.[12] HBO Nordic has also undertaken its first original Scandinavian series, Lukas Moodysson's *Gosta*.[13]

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[6] *Record-breaking TV market revenue in Sweden – driven by online*. Mediavision, 30th April 2019
[7] *Swedish TV market breaks new records.* Broadband TV News, 7th May 2019
[8] *Focus*. European Audiovisual Observatory, 2019
[9] *Nent Group to double drama out from 20 to 40 Viaplay Originals.* Nordisk Film & TV Fond, 10th April 2019
[10] *C More: Nordic SVoD adopts English to boost sales.* Broadcast, 5th April 2018
[11] *Josefine Tengblad: "The competition makes us all better."* Nordisk Film & TV Fond, 5th April 2018
[12] *Netflix commissions second Swedish original from 'Quicksand' producers.* Variety, 29th August 2019
[13] *Sweden and Denmark see uptick in new series at HBO, Netflix and more.* Variety, 16th October 2017

3. KEY FINDINGS

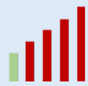
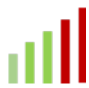
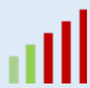
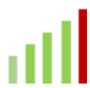
3.1. Overview

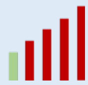
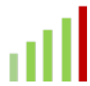
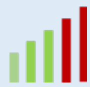
This section provides summary analysis of findings in relation to the PICA assessment of five key areas of production need. These are:

- Facilities and equipment;
- Services;
- Locations;
- Crew; and
- Key creative talent.

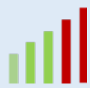
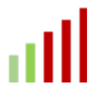
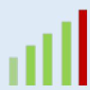
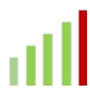
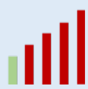
Key findings are summarised, and an overall capacity rating is supplied for each area.

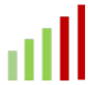
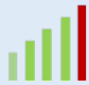
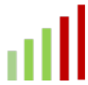
3.2. Facilities and Equipment

Category	Findings	Rating
Studios: sound stages; tank; green screen; workshops; standing sets / scene docks	Sweden is limited in terms of studio provision. There are no major international-standard studio complexes, and no permanent top-quality green screens. There are some smaller green screens available, but none outdoors. At present, this area has largely been sufficient for the Swedish industry, but would become a key gap with further international throughput in the future	
Equipment rentals: camera; grip and electric, specialist grip – cranes and tracking; DIT / archiving; hot heads and aerial gyroscopes; sound and video playback; special effects – specialist EQ	Equipment is mostly accessible, though not necessarily held outside of Stockholm, and may have to be imported from a foreign provider. Regional shoots can also access necessary equipment	
Construction: sawmill and workshop; paint, spray and plaster, vacform workshops; lifting / high-access equipment	This is not a highly-developed area given the needs of the sector to date, and is largely concentrated in a small number of providers. This reflects the relatively limited usage of studios to date. There is good construction provision in Stockholm in relation to commercials and the television market. Provision in Gothenburg is concentrated	
Post production: sound recording and dubbing; cutting rooms; visual effects and pre-visualisation	Very strong provision, with a number of international-standard companies. Sweden's post sector is able to attract international projects based on quality, and the sector would potentially see an upturn in throughput in response to the creation of a production incentive in Sweden	

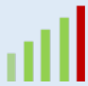
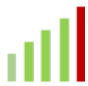
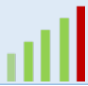
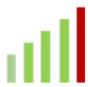
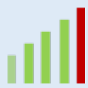
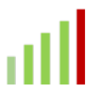
Category	Findings	Rating
Transport: mobile catering and dining; specialised mobile facilities; specialist access vehicles	Lack of specialist mobile caterers – although food trucks provide a quality solution. There is a lack of mobile production offices or dressing rooms. While this is not a major issue for the national sector, it will be a limiting factor for international productions	
Dressing and props: prop and animal rental; vehicle rental and builds	The market is relatively well-provided in this area. There are few animal handlers	
Artist treatments: specialised make-up – prosthetics; hairdressing – wig and hairpiece; design and manufacture; costume rental and manufacture	Sweden offers very high quality in this area, as evidenced by Oscar nominations for *A Man Called Ove* and *Border*. However, these talents are concentrated in a limited number of providers	

3.3. Services

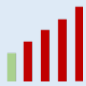
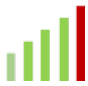
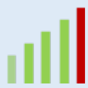
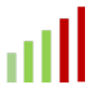
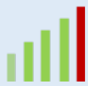
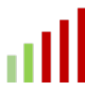
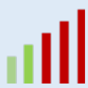
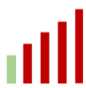
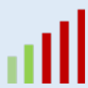
Category	Findings	Rating
Banking and financial: foreign exchange and transfer; cashflow provision; accounting and auditors; payroll processing	Accounting and payroll is generally handled in-house by production companies in Sweden. Cashflow provision is very difficult to access from national providers and becoming more of a gap. There is wide foreign exchange provision	
Insurance: picture insurance; specialist aerial and marine; completion bond	Limited specialist provision of insurance and completion bonds. The offer is sufficient for current throughput but could become more of an issue with additional volume	
Travel and accommodation: accessibility – airline links; hotels; freight and shipping	A strong offer. Sweden has a range of airports, including in the regions. Popularity of Central Stockholm as a tourist and conference destination does however put pressure on hotel availability	
Communications	A number of active providers; considered to be good in quality terms and with some capacity for expansion	
Production services: production service companies; local entity for incentive	Provision of production service companies is very limited. There is potential for existing production entities to expand into service production should a national incentive be implemented. However, this could be limited by the volume of throughput current being handled by this sector. There is no local incentive entity	

Category	Findings	Rating
Government liaison: work permits and visas; film commissioner; naval and military co-operation; buildings and infrastructure; public land utilisation	Commissions exist regionally in Sweden and provision is good. Sweden's constitutional freedom to roam means that land access is straightforward	
Security and legal	A number of providers are active, with quality mixed though generally high. Considered to have sufficient capacity for current sectoral needs	
Publicity and promotion	Largely handled in-house on TV drama, and by distributors on theatrical projects. Some independent suppliers are available	

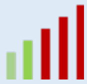
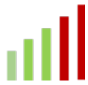
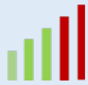
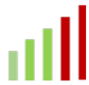
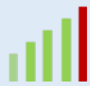
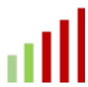
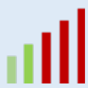
3.4. Locations

Category	Findings	Rating
Period and architecture: medieval; period pre-150 years; 1900s – deco, realist; contemporary modern; futuristic; foreign influence / style	Sweden is well provided for in these areas, though it is lacking in medieval castles. Futuristic projects may also be a challenge	
Climate and terrain: mountains / hills; lakes, rivers and streams; snow and glacier; desert and prairie; beaches and dunes	Sweden's natural locations are a major selling point for international productions	
Location agency and database	Function largely handled by regional film commissions	
Diverse cultures and appearance	Sweden offers a diverse population	
Residential – commercial: commercial and business; castles and palaces; social housing; big infrastructure; domestic and education	Sweden offers a good range of choices in this area	
Sports and recreation: stadiums, courts and courses; marinas and water sports; ski and cross-country trails; pitch and track; entertainment	A solid range of options on offer	

3.5. Crew

Category	Findings	Rating
Production: line producer; location management; production accountancy; assistant directors	A critical current gap. While Sweden has good provision of creative roles, production management and assistant director skills are significantly lacking and producers have to plan far in advance. Production accountancy is largely handled in-house by production companies	
Background artists: diversity; special ability	Good provision, and Sweden is a diverse society. More challenging for regional shoots depending on the location and volume of background artists required	
Director of photography	There is a deep talent pool of DoPs in Sweden. There is some drain of talent overseas, but sufficient talent remaining in the market. This is also a head of department role that incoming major productions are likely to bring	
Technical crew: camera, sound, grip and electric; special effects, animatronics	Relatively well-provided for, though there is a lack of grips. Sound designers and mixers are limited. SFX provision is very concentrated but capacity is not a major current challenge	
Production designer	Relatively well provided for in the current market	
Creative crew: art director, illustrator; storyboard artist, set; decorator, hair and make-up; design, costume design, prosthetics	Some roles are not commonly used, such as illustrator and storyboard artist. High quality of skills in other areas, but provision at top level is concentrated	
Construction crew: scenic artists, sculptors; set builders, paint effects	Good level of quality but concentrated in a small number of providers. The lack of a major studio complex in Sweden has served to limit development here	
Logistics: transport, aerial and marine	There is a lack of specialised operators in this area, though specialist vehicles and services can be accessed from other sectors	
Post production: editors, sound design, mixers; animators and visual effects; music composer – orchestra	Editors a key gap, with TV dramas requiring lengthy commitment. While Sweden is well provided for by post companies, individual creatives are more limited and some have to be sourced from other markets. VFX supervisors and compositors are in demand	

3.6. Key Creative Talent

Category	Findings	Rating
Writers	In strong demand because of the production deluge. The lengthy production cycle of TV drama means that writers can be contracted for significant amounts of time, limiting availability for other projects. Quality has also increased	
Director: 2nd unit / action director	Also in strong demand, although in the TV drama market directors can be contracted for less time than writers so availability issues are not so pronounced. High-quality directors are in demand overseas. Limited current need for action directors means that this is a shortage area	
Producer: creative producer	There is a shortage of creative producers; many work within production businesses and the volume of projects in the sector mean that producers are very busy	
Casting director	Quality casting directors, but provision is concentrated	
Cast: internationally-recognised; supporting and day players; specialist – dancers, puppeteers	There is international demand for top Swedish performers and the growth of TV drama can limit the availability for actors on other projects. Nevertheless, the performing talent pool in Sweden is considered to be very strong, with good replenishment	
Animators	Although there is some animation activity, Sweden is not as globally competitive in this area as some other markets and work on projects is likely to be outsourced to a recognised and cost-effective animation hub	
Stunt co-ordination and talent	Stunt co-ordination is concentrated, and providers are also in demand because of the need for safety on set. Specialised car operators are lacking	

3.7. Conclusions

With a pronounced rise in production, Sweden is experiencing clear capacity issues and there is urgent need to prime the skills pipeline. The length of series production for SVOD services and broadcasters is a contributing factor.

Challenges are being created for the market, and Sweden is lacking a central Screen skills agency to co-ordinate a response. Demand has also led to rising costs in some areas.

The capacity issues currently being experienced in Sweden do not even reflect the totality of Swedish production, since a proportion of national projects are being sited overseas by producers in response to the lack of an automatic production incentive in Sweden. There is limited scope for existing capacity to expand, partly because of working regulations.

While Sweden has a very high-quality production offer in many technical and creative production roles, the traditional size of the production sector has meant that high-quality skills can be concentrated in a limited number of suppliers – and, in some cases, individuals.

Sweden's capacity issues mean that producers are having to significantly plan ahead in some areas. This can be challenging as funding and greenlighting processes do not naturally co-ordinate with availability.

4. STRATEGY AND PRIORITISATION

4.1. Strategy

The PICA Study has also considered strategic interventions that could improve capacity.

Expanding Sweden's workforce is a critical priority as there is currently a significant opportunity for job creation, should capacity development be undertaken and a national incentive introduced.

Currently, a cohesive approach is lacking in this area. It is therefore suggested that a national public-private initiative be created to develop workforce and infrastructure of close relevance to the Swedish Screen sector. In addition to this central development role, this initiative should include the creation of a robust national data strategy to track workforce provision and future gaps as they arise. This should include gender and diversity tracking to continue Sweden's international lead in this area.

The strategy must also reflect the differing needs of national and international producers and must focus on growing the provision of new workers across the Screen sector, and informed by the priorities identified in Section 4.2. This should span an education and marketing campaign to attract new workers to the sector, as well as an expansion of the provision of high-level skills in specialist areas which are currently concentrated.

An expansion of Film i Väst's Green Registry should also be explored nationally to enable diverse and untrained workers to connect with the Screen sector.

Expansion of capacity should also be closely linked to the development of an incentive for Sweden, since workforce development is a key strategic step in developing a future incentive. Indeed, introducing an incentive would be a cost-effective tool for developing Sweden's capacity.[14]

Last week's government Budget did not provide for a new production incentive, which remains critical for the expansion of Sweden's market, and the creation of jobs and economic impact in the current global production deluge. The importance of an incentive, and linking it to workforce development, is outlined below.

Figure 6: Options Analysis – Capacity and Incentive Development

[14] For more detail on the impact of production incentives, see *Global Film Production Incentives – A White Paper by Olsberg•SPI*. Undertaken for the Motion Picture Association of America, 4th June 2019

4.2. Prioritisation

The PICA Study has prioritised developmental requirements in the Swedish market.

4.2.1. Immediate priorities

Production management is a major current crew gap, with top line producers and assistant directors difficult to secure.

Creative crew and some creative post production roles are also under pressure, including editors. Meanwhile, production service companies are under-developed, and the ability of existing production companies to expand in this area may be limited because of current project volume.

Provision in the facilities sector, including sound stages and green screens, has been sufficient for the market in its current formulation, but need will increase in this area. Linked to this, construction provision is limited.

Some technical areas of relevance to international clients are limited in depth, including stunt co-ordination

4.2.2. Medium-term priorities

Writers, directors and creative producers are all in demand.

Artist treatments is an area of high-quality skills in Sweden – but provision is concentrated in a small number of providers.

Specialist transport is also lacking, though it is likely that needs can continue to be met through vehicles from other sectors and imports.

Banking and financial and insurance is mixed in terms of provision: lack of cashflow is a key gap, but major incoming productions may not require this.

4.2.3. Long-term priorities

Post production, equipment rental and dressing and props are not considered to be pressing gaps, but should be reviewed as the industry expands to ensure sufficient supply