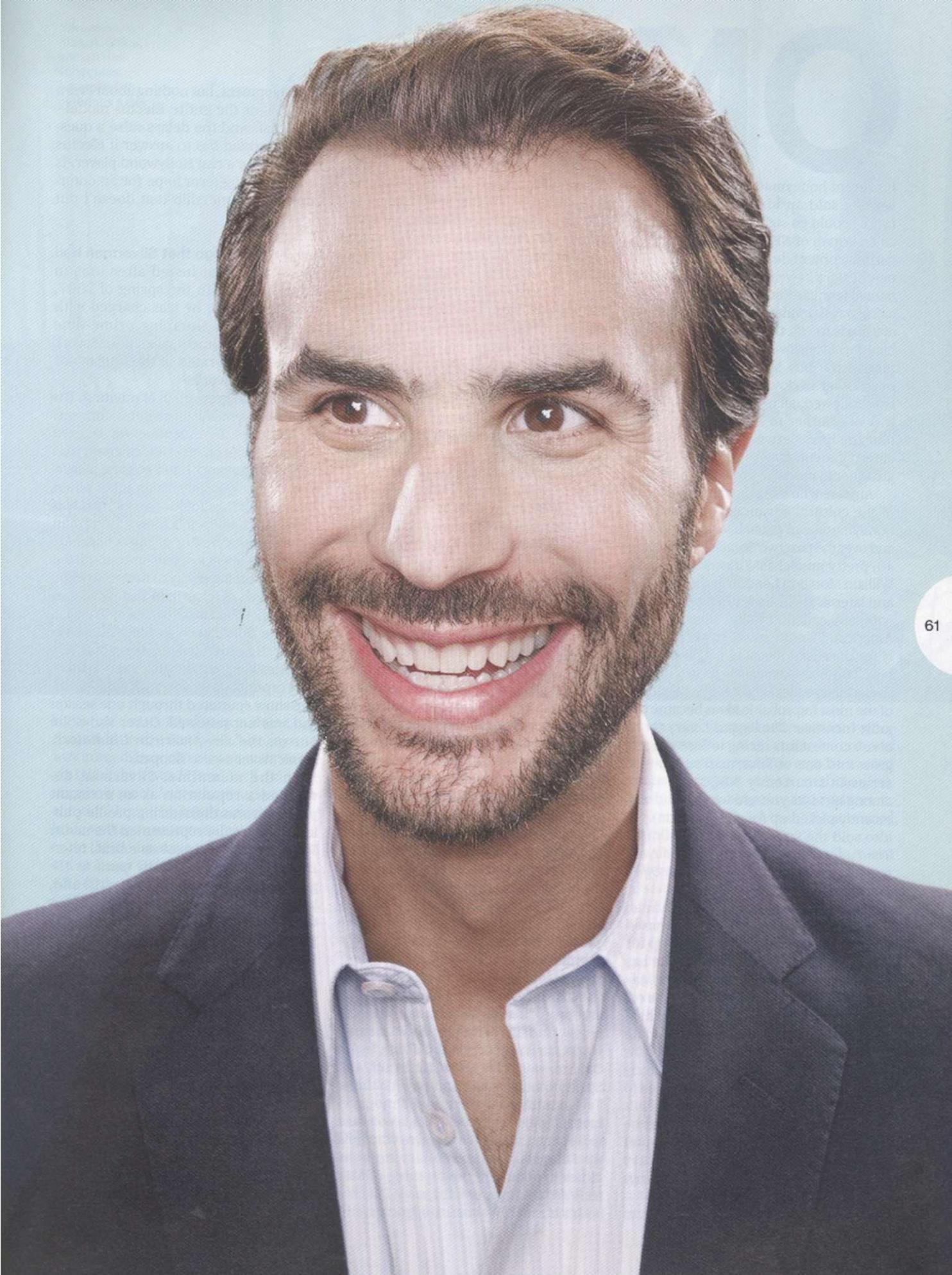


BEN SILVERMAN IS...

**The TV dealmaker
is selling a new
entertainment vision
in which advertising
and content are
inextricably mixed.
Is anyone buying it?**

**By Felix Gillette
Photographs
by Jeff Minton**

THE ADVERTAINER!



ON

his recent honeymoon in India, Ben Silverman sold an idea to his wife. Any tourist could go sightseeing, the former co-chairman of NBC Entertainment and current content dealmaker argued to his new bride, a 24-year-old real estate agent named Jennifer Cuoco. An even more exciting way to immerse oneself in a foreign culture is to...sit through some business meetings! In New Delhi, the newlyweds met with a few Microsoft representatives. Other sit-downs with media executives followed, all of them related in one way or another to Silverman's plan to blur the lines between advertising and entertainment. "My wife was like, 'O.K., great honeymoon!'" says Silverman.

Anyone who can convince his spouse of the cultural advantage of a working honeymoon can probably sell anything, and over the past two decades, Silverman, 40, pretty much has. First as an agent at William Morris in London in the mid-'90s and later as the founder of a production company called Reveille, Silverman got American TV networks to pay handsomely for dozens of ideas, pilots, and series based on European game shows, single-camera comedies, and reality TV. Some of the most improbable ideas became the most lucrative: *The Biggest Loser*, about obese contestants racing to lose weight, grew into one of Silverman's signature series (it's currently NBC's top show among 18- to 49-year-old women and was recently picked up for a 12th season). He also sold the soft-core historical drama *The Tudors* and a few critically beloved comedies as well, such as the *The Office* and *Ugly Betty*.

Selling content has made Silverman rich. Reveille was eventually purchased by Elisabeth Murdoch's Shine Group for roughly \$125 million. Ever since he has struggled to start his next act. In May 2007 he was hired by Jeff Zucker to be co-chairman of NBC Entertainment, which for the first time put the consummate salesman on the other side of the table as a buyer of shows. The move was largely seen as disastrous for NBC, which failed to create any major hits during Silverman's tenure. In July 2009, he announced he was leaving NBC to launch Electus, an Internet-and-TV studio backed by Barry Diller's IAC. "Ben is a great salesman," says Diller, "in the best sense of selling."

Silverman's vision with Electus is to

drive advertising deeper into the entertainment creation process. The advent of the DVR—now in 37.3 percent of American homes according to Nielsen—allows TV viewers to skip commercials at will. Silverman wants to make advertising inescapable by bringing major corporations into the writer's room and putting brands directly into the shows they're sponsoring. This is not product placement, in which a brand is integrated into an already fully formed show (such as Coca-Cola with *American Idol* or Glad with *Top Chef*). It's a symbiotic arrangement in which writers and a brand create a show together—and in which the brand is as much a part of the cast as the wacky neighbor or wise grandpa.

It's a new model that puts Silverman in a new position: The world-class seller and flamed-out buyer is now a middleman. "There is so much opportunity now to bring everybody to the table," Silverman says. "To be an includer, not a hater."

In April 2010, Silverman announced Electus's first big deal: the sale of a multi-cultural "telenovela" series called *Pedro & Maria* to MTV, which has *Jersey Shore*, the top-rated show on cable. Procter & Gamble would be co-producing the series along with *Ugly Betty* actress America Ferrera and author Quiara Alegria Hudes. It would unfold on TV but also spin off plots and characters into Web programs. Viewers would be able to influence story lines through social media. It was to be a grand, multiplatform affair, and Electus would retain the foreign rights. At the time of the announcement, Rich DeCore, the director of branded entertainment for P&G, praised Silverman for creating "unprecedented collaboration" between advertisers and creators. "Electus is at the forefront of the evolution of content, and by partnering with them for a project like *Pedro & Maria*, we can truly explore innovative and creative branded entertainment opportunities," said DeCore.

With *Pedro & Maria* as a stake in the ground, Silverman kept hustling and brought several brand-inspired Internet and TV series to different networks, striking partnerships with PepsiCo, Subway, State Farm, Smirnoff, and Sprite to help create and pay for them. Ten months after the initial announcement, though, *Pedro & Maria* is nowhere to be seen. The P&G executive who held up Silverman as a visionary now declines to comment on anything related to *Pedro & Maria*, Electus, or MTV.

It's normal for shows to spend months

in development, but nothing about *Pedro & Maria*—the entire Electus model is normal. And the delays raise a question Silverman has to answer if Electus is to become a real Hollywood player: Is there any long-term hope for an entertainment partnership that doesn't put viewers first?

It wasn't long ago that Silverman had one of the most lusted-after jobs in entertainment. In the spring of 2007, at the age of 36, he was charged with reviving NBC's slumping prime-time schedule at a moment when the network was the lowest rated of the four major broadcast networks.

Silverman grew up in Manhattan. His father was a musical-theater composer; his mother, a TV executive. He idolized Brandon Tartikoff, the NBC chieftain who turned the network into a cultural juggernaut in the '80s. Silverman jokes about it now: "What I should have wanted was Lome Michaels's job," says Silverman (Michaels, the creator of NBC's *Saturday Night Live*, always seems immune from the surrounding decay at the network).

As much as Silverman had thrived as a network-to-network traveling TV salesman, her floundered as the NBC storekeeper. He ordered a remake of the '80s hit series *Knight Rider* and signed a promising product tie-in deal with Ford Motor. The show sputtered through one season and was not renewed. Other shows he put on the air—*American Gladiators*, *Bionic Woman*—also flopped.

In the meantime, Silverman developed a reputation as an arrogant party boy. An unflattering profile published in *Esquire* represented the nadir: Silverman came across as a brat, referring to other executives by name as "D-girls" (short for development girls) and, in one case, a "moron." He bragged about throwing a party featuring dancers in bikinis and a white tiger in a cage, all while Rome—in this case, NBC—burned.

Silverman now says the job was never

"There is so much opportunity now to bring everyone to the table," Silverman says. "To be an includer, not a hater"

Silverman, in his L.A. office, sometimes schedules several lunch meetings a day



right for him. "I tried to quit doing it 15 times within the first week," he says. "It was immediately clear that it was not the gig I thought it was." He adds, "I didn't realize how much anger there was at the institution. I think it's hard to catch a falling knife without cutting yourself."

In the midst of the turmoil he reached out to Barry Diller, the chairman of IAC, who had previously provided financing for Silverman's Reveille. Diller had warned Silverman not to go to NBC. "To put such a free-range creative thinker and selling machine inside a dysfunctional broadcast network was not a good fit," says Diller.

Diller and Silverman met in May 2009 for breakfast at The Carlyle hotel in Manhattan. Silverman wanted to form a studio fueled by revenue-sharing partnerships with a select group of production houses that would crank out series ideas for the Internet and TV. Silverman would then match those ideas with major advertisers looking for marketing opportunities beyond the 30-second television commercial. The brand sponsors would help cover much of the upfront costs of creating and marketing the new shows. In exchange,

Silverman believed he could get networks to give up more back-end ownership, such as off-network syndication rights, digital rights, and foreign rights, which for successful shows often turn into fountains of revenue. Over time, Silverman would build up a library of series and formats, which he could then turn around and resell in secondary markets, much as he had done with *The Biggest Loser*.

Diller was intrigued. Years earlier, Diller had helped Rupert Murdoch build the Fox broadcasting network. Now he believed the broadcast networks were on the verge of collapse. Silverman's proposal would position IAC to capitalize on what Diller called the coming "creative destruction."

On July 27, 2009, *American Idol* host Ryan Seacrest broke the news on Twitter that Silverman was leaving NBC and starting "a new studio bringing together the most creative stars and producers." Diller moved two of IAC's youth-oriented production companies, CollegeHumor and Notional, under Silverman's control and gave Silverman funds to start brokering partnerships with additional

producers. Silverman moved into office space on West Sunset Boulevard and brainstormed names. He says he wanted his new company to be something patriotic sounding, bespoke, and egalitarian. He came up with "*electus*," a Latin word for "chosen."

At his first company, Reveille, all of Silverman's colleagues had been former assistants whom he had promoted. At *Electus*, Silverman recruited experienced partners, including Google's Jordan Hoffner, who managed content partnerships for YouTube, to run the digital side and Drew Buckley, a former Yahoo! and Windsor Media executive, to be the chief operating officer.

Silverman also looked to capitalize on the ad industry contacts he had made at NBC. He'd previously brokered a deal with Laura Caraccioli-Davis, the director of Starcom Entertainment, that ended up with the chain restaurant Applebee's being written into the NBC series *Friday Night Lights* as a wholesome after-school gathering place for several of the characters. The additional brand dollars helped keep the show on the air for

several seasons despite poor ratings. In February 2010, Caraccioli-Davis quit Star-corn and moved from Chicago to L.A. to work on the same kinds of sponsorship deals at Electus. "We're hoping the content and the brand become so tethered that you can't have one without the other because the DNA is so intrinsically linked," she says.

"I keep talking about how convergence is no longer just a technology term," says Silverman. "It's the convergence of all business. Being at the consumer electronics show this past week, it was the dynamic not just of the convergence of technology, advertising, and content. It's the convergence of fashion as media, of sports as business, of retail as distribution, of on-line as video, of politics as entertainment."

Silverman is sitting in a booth at Soho House, a private club in West Hollywood, which is just a few blocks from his office and where he can regularly be found during weekdays, engaging in one lunch meeting after another. The club is the perfect manifestation of the West Coast entertainment industry's executive culture, in which somehow everybody seems to be working all the time and nobody seems to be working, ever. The actress Elizabeth Banks strolls nearby through a rooftop garden lined with California olive trees. A waiter arrives with a plate of warm tomatoes rolling on a bed of a sweet cheese. Silverman shares an anecdote about selling his previous L.A. home to the actor Jake Gyllenhaal, remarks on the water-sucking properties of eucalyptus trees, and tells a story about how some guy in the men's room just pitched him a horrendous-

sounding idea for a reality show. When the waiter passes by, he orders another Arnold Palmer.

After he scoots off from his table in a few hours Silverman will be enjoying courtside seats at the Los Angeles Lakers game-one of his content partners, the comedian Will Arnett, plops down to sirig his praises. In the summer of 2010, Arnett and the actor Jason Bateman formed a production company called DumbDumb under the Electus umbrella to create short comedy videos for the Internet in close partnership with brands. Arnett says he wanted a way to create comedy for profit without meddlesome network middlemen. Or, more precisely, with Silverman, whom he "inherently trusts," as his middle man. So far it's been hit or miss. "Some brands still want their product to be the hero, and that's their right," says Arnett. "Then there are some brands that are much more forgiving. We barely have to mention the brand at all."

DumbDumb's first brand-inspired Internet video was done for Wrigley, which at the time was rolling out a campaign about how its Orbit gum brand cleans up dirty situations. Arnett recalls his first idea: "What if there's a guy who is going to identify a dead body? And what if he's going to have sex with the body?" The idea did not go over well. "You get a little push back," says Arnett.

DumbDumb ended up making two Wrigley videos-essentially long commercials. According to Electus, they have been viewed 2.6 million times on CollegeHumor's website and YouTube-not an insignificant number but hardly enough to cause a stampede at the checkout line or finance anyone's early retirement. Dumb-

Dumb has since made another video for Old Navy, and Arnett says they are working on some ideas with the Canadian telecommunications company RIM. "You need to figure out new ways of getting eyeballs on the branding," he says. Other Electus producers have also created sponsored Web content for the beverage brand SoBe, owned by PepsiCo, as well as for Yahoo, MySpace, Facebook, and AOL.

Since launching, Electus has formed roughly a dozen partnerships with small production companies such as DumbDumb. Electus COO Drew Buckley explains that the company typically hands over a pile of cash that new partners can use to pay themselves salaries and hire staff. Whatever revenue eventually comes in goes first to pay back Electus (and ultimately, IAC). Post-recoupment, the producers and Electus enter into a long-term revenue split. "We're saying, 'Hey, we believe in you guys and your company,'" says Buckley. "And we get some skin in the game with them right away."

The producer-partners typically fall into two categories: celebrities who want to dabble on the Web (Arnett and Bateman; Vanessa Williams; Ryan Seacrest) and former TV salarymen hungry to own a piece of a hit series. In January, for example, Tony DiSanto and Liz Gateley, two top MTV executives, announced that they were leaving the network and joining the Electus constellation.

While Electus has successfully created sponsored programs for the Internet, only one of its brand-led TV series has made it onto television. In the fall of 2010, Centric, a spinoff channel of Black Entertainment Television, aired eight episodes of *Master of the Mix*, a DJ competition reality

THE SILVERMAN CANON

PRE-NBC HITS



Local versions of NBC's *The Biggest Loser* have aired in more than 20 countries



In 2005, Silverman imported the British sitcom *The Office*. It's now in its seventh season on NBC



Ugly Betty, based on a Colombian soap opera, ran for four seasons on ABC

POST-NBC VENTURES



Sprite sponsored Electus's *Jerk All-Stars*, a Web series for MySpace inspired by a new L.A. dance craze



DumbDumb's Bateman lends comedic chops and celebrity saliva to an Orbit gum ad



Bartender Alex slings Smirnoff cocktails again and again in Electus's DJ reality show *Master of the Mix*

A Smirnoff rep gave feedback on everything from casting to editing, and the company had final sign-off

show that Electus co-produced with GTM, an Atlanta-based marketing agency. The show was financed by the London-based liquor giant Diageo, owner of Smirnoff. In the series, seven DJs compete to become a Smirnoff-sponsored DJ, who will spin at company-promoted events around the world and get a limited-edition Smirnoff bottle designed in his or her honor.

Smirnoff is everywhere on *Master of the Mix*, and it doesn't exactly blend into the narrative. In the first episode, the contestants move into a house in Hollywood where they meet a curvaceous mixologist who works behind a Smirnoff-stocked bar. She routinely pours Smirnoff cocktails and engages in Smirnoff-inspired dialogue. Even with all that product presence, *Master of the Mix* still has plenty of commercial breaks. The sponsorship, in other words, doesn't replace the traditional business model, it just loads the series down with additional advertising.

David Tapscott, a brand director for Smirnoff, says a Smirnoff representative sat in on every minute of every taping, and gave notes and feedback throughout the development, casting, shooting, and editing of the show. Most crucially, according to Tapscott, Smirnoff owned final sign-off. If they didn't like something—say, the language a character used—they could cut it. That level of control, says Tapscott, is the "magic" of the Electus model "vs. an integration opportunity where you sit and pray that the producers represent your brand the way you want it to be."

A Nielsen representative says the first eight episodes of *Master of the Mix* failed to meet the company's "minimum reporting standards" and thus could not provide ratings. Translation: Not many people watched. Which is apparently O.K. with Smirnoff. Tapscott says the brand is moving forward on a second season. "We want the show to rate well," says Tapscott. "But at the end of the day, we want people to love Smirnoff more than when they started watching the show."

Despite the proliferation of content online, the big money for producers is

still in TV—and Electus's most innovative TV project, *Pedro & Maria*, remains in limbo. David Janollari, who recently took over MTV's programming duties after the executives who bought *Pedro & Maria*, DiSanto and Gateley, left to work for Silverman, says, "We're still working on the script and are in the process of getting it to where we can evaluate whether it's the right show for us to make." According to Leslie Cafferty, an Electus spokesperson, the *Pedro & Maria* producers, which include Procter & Gamble, have a script in hand and are evaluating the landscape, making sure they have the right distributor.

None of this surprises industry veterans. Conversations with five television executives in Los Angeles and New York reveal skepticism that Electus can pull off brand-inspired TV series on major networks.

People in the business describe it as a tempting idea in theory that's difficult to make work in practice. Lauren Zalaznick, the NBC Universal president of women and lifestyle entertainment networks, and a pioneer in the use of product placement, says that ultimately networks will go with the best concepts, regardless of how they are financed. "Anytime someone brings a great idea with value, you look at the idea first and figure out the deal later," says Zalaznick. "I don't think you can create a sponsor-only relationship without that idea as the centerpiece." Peter Tortorici, chief executive officer of GroupM Entertainment, says it's much easier to get brand-based programming onto the Web than on TV. "The Internet is an open distribution platform," he says. "On the TV side, it's still a narrow pipeline. Broadcasters aren't going to put something on the air simply because it's sponsored—they're only going to put it on the air if they really believe it's going to get ratings."

Silverman conceived of Electus during the recession, at a time when global ad spending on TV had dropped from \$164 billion in 2008 to \$148 billion in 2009, according to a study from PricewaterhouseCoopers. It has since bounced back to a forecasted \$161 billion in 2011—and so too, presumably, have all the old reasons for preventing brands from co-producing and overseeing final editing of shows. Silverman is willing to concede that TV has not yet reached a moment of forced adaptation. "It doesn't really happen in the most robust economies," he says. "It happens in transitioning economies." He adds that he still

believes the decline of the 30-second commercial is coming, and that Electus will be well-positioned when it happens. "The penetration of DVRs is just going to increase," says Silverman.

Until that moment arrives, Silverman says he is happy to sell networks traditionally financed shows with no brands attached to them. In the spring, VH1 will begin airing a reality series called *Mob Wives*, about four women coping with life after their husbands or fathers go to jail for Mob-related bad behavior. "We're not looking to have *Mob Wives* underwritten by AT&T," says Silverman. "We're letting the networks go through their process. The networks know that if they refer a brand to us, we'll do a great job in the partnership."

For his part, Barry Diller says Electus's first year exceeded his expectations, although he won't share revenue numbers. He doesn't know when his investment in Electus will reach break-even, but says it's using less capital than he anticipated. "People don't realize that Ben is actually a good businessman, because they think he is such a dervish of ideas that he doesn't get business," says Diller. "Electus is much farther ahead financially than we thought it would be at this stage."

In Silverman's office, the late afternoon sunshine is slanting through the windows, lighting up a Dwight Schrute bobble-head doll and a Heineken-branded mini-fridge. Silverman says he has projects in pre-pilot stage of development with CBS, HBO, and Starz. None of them are sponsor-driven.

He is feeling momentarily gung-ho about the possibility of a remake of *Oxford Blues*, a 1980s film starring Rob Lowe as an American teenager whose quest for love takes him to the University of Oxford, where he joins the crew team. Some combination of rowing, aristocratic British teenagers, and inspirational coxswains dovetails with Silverman's sense of the Zeitgeist. "I've been thinking a lot recently about how to capture the Prince William thing," he says.

Back in the summer of 2009, Silverman commissioned his sister, Sarah, a graphic artist, to design the logo for his TV and Internet business with its vaguely Roman sounding name. She came up with a crimson silhouette of a chariot racer, riding high with reins in each hand, astride two charging horses.

"You're speeding into the future," says Silverman, "but you've got to hang on, because it's a choppy ride." ©