Digital Screen Network

A case study in the strategic use of digital cinema technology from the UK Film Council

Presentation to Media Salles Digitraining Plus. Kuurne, April 2005

Some current issues in D-Cinema

- Technical standards and DCI compatibility
- 2k Vs 4k
- D-Cinema Vs E-Cinema
- On screen quality and appearance
- Interoperability
- Cost and who pays
- Who saves and who gains
- Security and piracy
- Why has it taken so long, etc. etc.

An alternative set of questions

Given that D-Cinema is available now, how, if at all, can it…

- solve a series of strategic issues
- be of immediate value to certain market sectors
- help achieve certain objectives
- gain a march on Hollywood, mainstream roll-out
- be affordable

Some UK strategic issues for the specialised sector

- Specialised film only represents approx. 6% of all box office
- UK market is wholly polarised e.g. top 100 films produce 95% of all box office. 250 films produce the rest (5%!!)
- Approx. 7% only of all UK screens exhibit specialised films on any regular basis
- Provision is geographically uneven and in general restricted to major cities
- Audience choice in most cases is thus diminished, and opportunities for developing new audiences very remote

Why is this?

Reasons include:

- Existing limited success of specialised film
- Limited access and audience opportunity
- Market perception of audience appetite
- High costs and low returns for the theatrical distributor
- Some inflexibility in business models e.g. programming and dating
- All above exist within the 35mm paradigm

How can digital cinema help?

- Potentially lowers the barriers to entry via lower ‘print’ costs
- Increases the opportunities for more cinemas to book when films are at their ‘hottest’
- Audiences then have significantly greater access
- Lower ‘per copy’ costs can encourage innovation in business models via more flexible booking and dating models
- The print does not have to be returned or moved to another cinema
- Programming can be more responsive to audience needs and demand

UK Film Council strategy

- Select the best, and most appropriate, technology (e.g. 2k, DCI etc.)
- Equip 150 cinemas and 250 screens with the digital technology with public funds
- Ensure geographical equality and good cinema typology
- Cinemas commit to a certain %age of specialised playing time
- Ensure a ‘pipeline’ in place for distribution to get their digitised content to cinemas

UK Film Council strategy cont..

- Enthuse the post production market to set affordable prices for front end scanning etc. (where needed)
- Work closely with distribution to ensure optimal supply and support
- Encourage the development of innovative booking, programming and marketing strategies
- Ensure maximum audience awareness via major media partners and other communication channels and strategies i.e. a third level of communication over and above that already done by distribution and exhibition

Procurement strategy

- Under EU rules (Restricted procedure; supplies)
- Invite suppliers and manufacturers to tender in consortia i.e. one contractor responsible for everything
- Process open, transparent, fair to all
- Select on the basis of best value for money (not necessarily the cheapest tender)
- 3-way contract;
  - consortium/UKFC
  - Consortium/cinema
  - UKFC/cinema

Cinema application and assessment strategy

- Almost 300 cinemas have applied for 350+ screens. Availability is approx. 150 cinemas and 240 screens
- Assessment is via
  - Geographical location
  - Existing local provision (adequate/inadequate)
  - Programming commitment (over 2003 baseline)
  - Marketing commitments
  - Other proposed uses of the equipment (e.g. social, educational and cultural)

Timelines

- Send contracts to selected cinemas May 2005
- Finalise roll-out strategy May/June 2005
- Pre installation inspections commence June 2005
- First phase of installations (50 screens) commences Aug 2005, finalised Dec 2005
- Balance of network installed by end 2006

Essential elements for success

- Best technology
- Cinemas, geography and type
- Product
- Marketing and communication
- AUDIENCES!!!!!!!
- Firsts 4 are/will be in place…

Audiences not Digital

- Overall strategy is driven by audiences rather than technology ‘per se’
- Digital is a tool to help achieve our objectives in audience and market sector development
- Digital is the means, not the end
- The strategy is Audiences not Digital!!!