



Digitala Hus

Folkets Hus och Parker

Folkets Hus och Parker (FHP)

Sweden's biggest cinema operator

- 250 Outdoor amusement parks
- 700 community houses (meetings, theatre, concerts, dance, dining)
- 250 cinemas
- Single screens
- Capacity: 53,958 seats
- Many located in small towns
- Not enough 35mm prints
- Only 3% of the revenue in Sweden



Cinema visits in Sweden

Majority of visits in 22 big cities

80% of the visits by 40% of the population

New, broad film repertoire exclusive to major cities

Big, unexploited potential in the rest of the country



The cinema

The same technology since 1895

Projector

35mm film

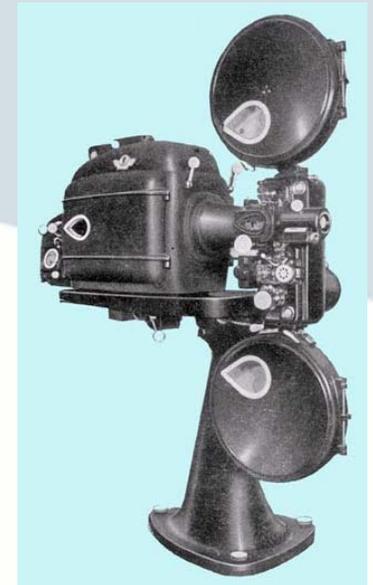
Film screen

Sound (1928)

The production is digitized

Shooting, editing, effects,
lighting, digital master

Going from digital master to 35mm print
unnecessary



What is digital cinema?

Digital projector

High quality, bright light, contrast, colours

Film server

Powerful computer with high capacity.

The film is delivered on mini hard disk

The film is downloaded into the server

4-6 films stored simultaneously

Encryption and security

Other sources

Easy to use other digital sources:

Satellite, broadband, DVD, VHS, PC,

TV, DV-cam, Video- and computer games



Film problems in small towns

Films are to be consumed when fresh

Too few, expensive 35mm prints means out of date repertoire in smaller towns

Screenings 6-8 weeks after initial release

Worn, scratched prints

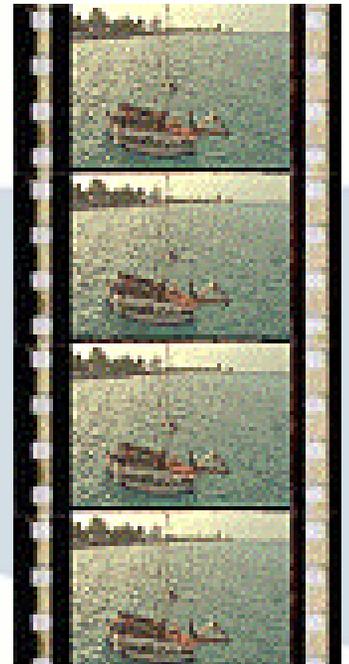
Expensive transportation

Decreased interest from audience:

Forced to travel to the cities

Internet piracy – filesharing (huge broadband capacity)

Wait for the DVD release



Advantage: digital distribution

Low manufacturing cost

Better quality than 35mm

Always pristine quality, no deterioration

Enables opening on day-and-date with big cities

Take advantage of "media buzz"

The film is kept in the server

Protection against piracy

Broadened repertoire

Low transportation costs



Digital Houses

Europe's first digital
cinema circuit

Installation August 2002

7 cinemas (2004: 9)

200 - 450 seats per venue

5,000 seats (2004)



Digital cinema development

XDC - European rental solution

Projector, server, installation, service, training

Three packages, depending on the size of the screen and venue: 500, 900, 1,000 Euro/month

Scaleable solution: 1.4K or 2K depending on screen size

Minimum rental: 1 year

Installations were started in June 2005.
First 50 installations finished April 2006.



Swedish digital cinemas 2006

59 digital screens

12,636 seats

Run by:

FHP

Våra Gårdar (the temperance movement)

Bygdegårdarna (local community cinemas)

Independent exhibitors/associations

More cinemas are signing contracts



Digital premieres

68 feature film premieres on day-and-date with major cities.

Mainly domestic titles

(Swedish films have a 25% market share)

Largest number of digital films worldwide

Film supplied by

20th Century Fox, Columbia TriStar, Buena Vista, UIP, Svensk Filmindustri, Sandrew Metronome, Sonet Film, Scanbox, Swedish Film Institute, NonStop Entertainment, Triangelfilm, Folkets Bio, Noble Entertainment



Increased revenue

Thanks to digital premieres of new films, Digital Houses can increase revenue by as much as 25-30%



Digital cinema - new possibilities

- **Broadened repertoire**
Art films, international films, documentaries, classics, short films, regionally produced films. films by young film makers (film schools)
- **Aid for the disabled**
(subtitling/interpretation for hearing impaired/blind)
- **Integration**
(subtitling, minority languages)
- **Digital advertising**
(national, local)



HD-DVD

During 2006 HD-DVD/Blu-Ray DVD are introduced

10 times better resolution than DVD

Excellent cinema quality at low cost per DVD

Copy protected

PlayStation 3 released in November 2006
with Blu-Ray-DVD player

Useful for film clubs, school screenings, etc.



Alternative content

Very few big events reach the small town or suburb.
Digital projection means new opportunities

- Live concerts
- Theatre
- Musicals
- Opera
- Sports events

O2 PRESENTS FOR ONE NIGHT ONLY
LIVE BY SATELLITE FROM LONDON, DAVID BOWIE
PERFORMING SONGS FROM HIS NEW ALBUM **REALITY**
SEPTEMBER 8TH 2003. TICKETS AVAILABLE NOW
CHECK BOX OFFICE FOR DETAILS

TEXT AND WIN
A CHANCE TO SEE
DAVID BOWIE LIVE IN LONDON!
SIMPLY TEXT BOWIE TO 81145

NEW ALBUM 'REALITY'
OUT 15-09-03

O2 THE BRITISH COUNCIL SKY TV

Alternative content: HDTV

**High resolution TV format, in 5.1 surround sound.
Excellent for digital cinemas.**

Live events

David Bowie, Robbie Williams, Aïda,
New Year's Concert, Jean-Michel Jarre,
Euro 2004 – football championships,
Olympic Games 2006, World Cup Football 2006

Pre-recorded events

Smokey Joe's Café, Jekyll & Hyde,
Putting It Together, Les Misérables,
Toto, Elton John



Interactive events

Interactivity through satellite/broadband is under development

Communication between places within Sweden and internationally.

- **Conferences**
- **Debates**
- **Lectures**
- **Interactive long-distance training**
- **Q&A's with directors, authors, politicians, etc**



Video games/computer games

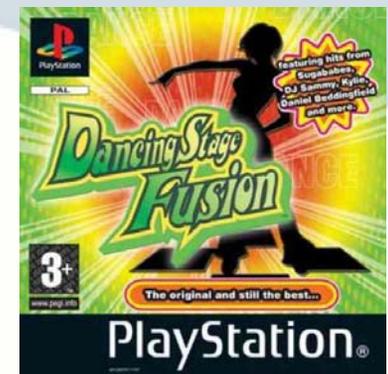
Video games

X-Box 360, PlayStation 3 in HDTV quality

New, "active games": dance mat, SingStar, EyeToy, Donkey Konga, Buzz...

Games connected to events: football, karaoke...

Online-function: tournaments between countries.



Packaging and marketing

**New ways of thinking are required,
both for film screenings and for alternative content.**

Cinema-going has to be an event out of the ordinary,
to be able to draw an audience, because of fierce
competition from other media.



DCI specifications

DCI is a lobby organization formed by seven (powerful) Hollywood studios.

DCI is *not* a ratified international standardisation committee.

Decisions based on the American market, but still imposed on the rest of the (very diverse) cinema world.

Expensive, complex, non-existent technology.

Postpones digital cinema development, effectively locking out small, independent cinemas.

DCI

Technology - server

EVS server G2

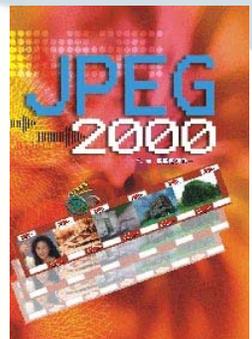
DCI demand: MXF

Implemented in the XDC servers, March 2006.

MPEG2 – trusted technology since many years.

DCI demand: JPEG2000 – new technology, unproven, no interoperability yet. No server is DCI compliant today.

JPEG2000 will be implemented in XDC servers.



Technology - projector

DCI demands a minimum of 2K (talks of 4K)

Swedish digital cinemas

4 2K projectors

55 1.4K projectors

Scaleability

1.4K projectors on smaller screens in smaller venues.

Quality equivalent to 2K projectors on bigger screens.

**35mm film resolution in cinemas =
less than 1K**



Quality/affordability/scaleability

Why not 2K today in Sweden?

Swedish rural cinemas:

- don't really need 2K (small screens and venues)
- have to rebuild 2K projectors to lower intensity
- can't afford 2K (2K twice as expensive as 1.4K)
- needs premieres day-and-date with major cities *now!*
- the audience in rural towns chooses other ways of watching films, excluding cinema-going.
- Massive small-town cinema death will ensue without digital cinemas and content.
- *If* 2K becomes affordable, cinemas will go for it.

Delivery of content

Distributors should

- Start delivering films digitally to more cinemas
- Make more money from digital releases
- Make more copies. Skip traditions like "biggest comes first" since digital copies are much cheaper than 35mm prints.
- Make better use of initial ad campaigns
- Stop worrying about piracy.
Digital distribution is already safe.



E-cinema or D-cinema?

Sweden runs digital cinemas

First-run cinemas screening major blockbusters day-and-date with big cities, in quality better than 35mm.

Audience numbers and revenue included in the official cinema-going statistics by the Swedish Film Institute and the Official Exhibitors' Control Board.

Sweden's digital cinemas eligible for subsidies, like "parallell copies", upgrade of sound, screen, etc, just like 35mm cinemas.

Digital cinema is about politics

not really a question of technology.

Demands and regulations come from industry entities who want to maintain control, or be gate-keepers.

Examples:

20th Century Fox demands DCI compliancy now (JPEG200, MXF). Why? The CEO is the chairman of DCI.

Sony Pictures are hinting at 4K as a minimum. Why? Sony manufactures the world's only 4K projector.

Etc...



Excluded on a European level

MEDIA Salles

excludes Sweden's 1.4K digital cinemas, as well as other 1.4K screens in Europe from the official statistics.

Europa Cinemas

excludes Sweden's 1.4K digital cinemas from digital cinema subsidies, as well as other 1.4 screens in Europe.

Other official EU bodies

also exclude 1.4 cinemas. Are they giving in to US demands for 2K, even if the market in Europe is very different to USA?

The Swedish Film Institute

The film agreement between industry and government

Technology neutral since Jan 1, 2006

Support can now be granted for both analogue and digital technology (prints, equipment, marketing)

The Swedish government

Unanimous parliament decision on digital cinema.
SFI investigates how to create a financial support for the rollout of digital cinema in Sweden, especially regarding rural areas.

To be presented August 15, 2006.



REGERINGEN

Digital cinema

It's a question of creating opportunities for experiencing film, entertainment, sports and culture for everyone, in the whole country.

A question of the survival for small town cinemas.

A question of democracy and freedom of choice.

**We need digital cinema to happen *now*,
otherwise the audience will turn to other media.**

rickard.gramfors@fhp.nu
Phone: 46-8-452 25 41



Digitala Hus

Folkets Hus och Parker