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# The UFO Has Landed

Technology has not only altered the cinema viewing experience; it has forever changed the fortunes of the Indian film industry



**I**'m a firm believer in the power of technology innovation. Prior to launching UFO Moviez, I was the key person behind the modernisation of the Zee Group and initiated their forays into the hugely successful online gaming venture Playwin, being the first to sense windows of opportunity to leverage technology for growth in business.

In terms of content volume, the Indian film industry is the largest in the world and produces more than 1,300 films annually. In 2011, an estimated 3.3 billion movie tickets were sold in India. This is the highest number of tickets sold in the world and yet, India has a screen density of only 12 screens per million compared to 117 screens per million in the United States. Also, prior to digitisation, the Indian film industry was plagued by piracy, lack of transparency, leakage of revenue and opportunities lost in terms of exploitation of the theatrical rights of films.

So what was the problem? The full-length feature film has always been a highly perishable commodity as far as theatrical collections are concerned. With the exception of about 10 per cent of 'hit' films, the rest have an average life span of 6-14 days in any given cinema. Hence it is essential that theatrical collections are maximised in this short span, which is only possible if the film is simultaneously released in an optimum number of cinemas.

Till 2005, to exhibit a film in a cinema, the producer/distributor had to provide a print (reel) of the movie, which cost ₹ 50,000 to ₹ 60,000 per print. Hence the producer/distributor, depending on budgets, would make a specific number of prints to send to cinemas and would maximise revenues by ensuring that such prints were sent to the 'most profitable centers' in the metros first.

After that, the reel would be passed on to cinemas in Tier 2 and Tier 3 cities/towns. By this time, the print would have suffered in quality and also fallen victim to piracy. Also, the audience in Tier 2 and Tier 3 cities needed to wait weeks for the prints to trickle into the

local cinemas. As a result, cinemas suffered loss of business. In addition, the exhibition and distribution sector were highly disorganised and there was a need to consolidate the market and increase the distribution spread to efficiently maximise revenues.

UFO Moviez envisioned seamless distribution of films via satellite from day one – creating a technology-driven platform business where all players in the value chain come together, do business and are profitable. This was difficult to accomplish, especially since this particular deployment of technology – delivering films via satellite to cinemas – was a global first. From earning the trust of the film industry, to sourcing content, to convincing cinema halls across the country to use this brand new technology, Team UFO had to overcome many challenges. But the only way to achieve this was through satellite delivery of digital cinema and this was possible with UFO's use of MPEG4 technology.

UFO's success lies largely in its introduction of unique business offerings to the industry such as the Pay Per Show business model, which helps maximise profits to both distributors and exhibitors. UFO's innovative solutions have helped the industry conduct business in a more efficient way, where cinemas and distributors now reach out to each other digitally for the purpose of delivery and playback of films.

Just six years ago, blockbusters reached barely 500 cinemas, while low-budget films found it tough to secure a release in even 100-plus cinemas across India. Today, a blockbuster release can easily reach 3,000 cinemas across India, a win-win solution to the entire ecosystem.

Territory distribution prices have as much as tripled in certain regions vis-à-vis pre-UFO days. Also, regional language cinema, which was badly affected by the lack of outreach to the audience and spiraling print costs, is now revived. Small-budget, niche cinema has also benefited immensely, the latest case being *Paan Singh Tomar*, a 100 per cent digital release that actually witnessed a

week-on-week increase in the number of screening cinemas, a hitherto unheard of phenomenon. In its third week, the film was screening in 310 cinemas versus its opening figure of 135.

UFO's recent acquisition of a controlling stake in Scrabble Entertainment has helped it to better consolidate its offerings, and it now provides an integrated offering covering both DCI as well as non-DCI systems. At 3,000 screens, more than 4,700 films released and over 11.5 million shows to date. The next big thrust areas for UFO include 3D and in-cinema advertising solutions.

UFO is also constantly endeavouring to offer the best in technology solutions to its customers, the latest case being the installation of UFO-Dolby co-branded processors in UFO digital cinemas across the country, which has helped transform the audio experience for scores of audience. And last, but certainly not the least, UFO's Digital Cinema systems is helping to bring about estimated power savings of 21,000 megawatts per year across its 3,000 screens as of today (assuming 100 per cent capacity utilisation and in comparison with the erstwhile analog projectors). And this is in addition to saving 1 million kg of polyester waste from film reels.

The Indian exhibition industry is rapidly moving towards 100 per cent digitalisation. Revenues of films are set to increase and with the commercial cycle of a film decreasing, there will be an increase in the number of films being made, with more and more independent producers launching films for niche and regional markets. We are in a true sense witnessing the democratisation of the production, distribution and exhibition sectors. Riding on the digital wave, the number of screens is set to increase but the per-screen seating capacity will keep coming down to enable better facilities.

UFOrians are honoured and proud to be part of a fast-growing, innovative company, which has changed the fortunes of the film industry.