

## BW BUSINESSWORLD

### Battle Of The Box Office

Many cinema lovers in India made a beeline to see the much-awaited Avengers: Age of Ultron. But how many of them know that it was a pleasure that most of their country cousins were deprived of? For, the second-highest grossing Hollywood movie in India this year so far — the top spot goes to Furious 7 — was released only in multiplexes and select theatres in major cities and big centres; to be specific, only those running on digital-cinema (d-cinema) technology.

Avengers is not an isolated case; for Hollywood films releasing in India now, it has become the norm to show exclusively in d-cinema-equipped theatres and this applies to their dubbed versions as well. D-cinema technology was created by Digital Cinema Initiatives (DCI), a joint venture of the major Hollywood studios — Disney, 20th Century Fox, Paramount Pictures, Sony Pictures, Universal Pictures and Warner Brothers. And all these big muscle studios release their films only in DCI-approved or d-cinema-equipped theatres.

A homegrown solution to d-cinema, electronic cinema technology, or e-cinema, has been adopted by many developing countries as it is two to three times cheaper than its sleeker, albeit costlier option. While d-cinema and e-cinema are both part of the digital (as opposed to analogue) universe, the former is far more expensive as it is a proprietary technology of the DCI.

For those who have just logged in, the old, celluloid prints that were physically ferried to cinema halls have disappeared from India's 12,000 screens in recent years. Instead, the digital file of the film is downloaded by satellite or other means to those cinema theatres that have paid for it. "As d-cinema is a superior technology we don't mind paying a premium for it," says Devang Sampat, business head (strategy) of multiplex chain Cinepolis. "We plan to scale up from 193 screens to 400 by 2017, with all of them on d-cinema systems."

For those who have just logged in, the old, celluloid prints that were physically ferried to cinema halls have disappeared from India's 12,000 screens in recent years. Instead, the digital file of the film is downloaded by satellite or other means to those cinema theatres that have paid for it. "As d-cinema is a superior technology we don't mind paying a premium for it," says Devang Sampat, business head (strategy) of multiplex chain Cinepolis. "We plan to scale up from 193 screens to 400 by 2017, with all of them on d-cinema systems."

Gautam Dutta, CEO of PVR, the country's largest multiplex chain with 471 screens across 106 properties in 44 cities, concurs with this view. "All PVR cinemas run on d-cinema technology as we believe in providing a quality and premium movie-watching experience to our patrons," he says. "Also, distribution of d-cinema is simpler, faster, cheaper and piracy can be better controlled."

However, not everyone buys the latter argument. "Both d-cinema and e-cinema technologies are encrypted, so there is no question of piracy in e-cinema," says Vineeta Dwivedi, CEO of KSS Digital Cinema, which has a network of 300 e-cinema screens in India.

#### Tussle For Access

But the debate is not limited to discussing the superiority of one format over the other — it is a very real tussle, and can turn ugly too. In March, Mumbai-based KSS accused DCI-member studios of cartelisation, and demanded access to the dubbed versions of Hollywood films to cater to audiences in smaller centres. Through legal recourse and, later, by business arrangement, KSS secured the digital distribution rights of Furious 7, but failed to make a similar case for Avengers, for which the legal process is still on.

"The dubbed version of Furious 7 was, perhaps, the first Hollywood film distributed by a DCI member that went on our network of around 300 e-cinemas," says KSS's Dwivedi. "When Avengers was released in April, Disney declined us the

rights for its dubbed version. It becomes difficult for us to explain to theatre owners and exhibitors why we can provide them one film and not the other.” Emails to DCI-member studios remained unanswered.

### **Who Will Prevail?**

Will d-cinema surpass e-cinema one day? No, say cinema distribution companies UFO Moviez and Real Media Network, among the bigger players which operate in both formats. “India is a diverse market,” says Kapil Agarwal, joint MD of UFO Moviez, India’s largest digital film distribution company. “Back in 2005 when we started, the objective was to convert all analogue film theatres to digital screens. Now more than 7,200 digital screens are running on e-cinema. We are perhaps the only country that does not depend on Hollywood films for survival.”

Harsh Rohatgi, president (digital cinema) at Real Media puts a different slant on the matter. “DCI-imposed standards are benchmarks adopted by big Hollywood studios for exhibition of their films,” he says. “There is nothing wrong with that. The decision of a theatre or exhibitor to install a DCI-certified projection system is a business decision and one driven purely by returns on that investment.” Real Media has about 650 d-cinema theatres.

However, KSS and other smaller digital players are demanding access to at least dubbed Hollywood films till investments in d-cinema technology are made. What they cannot ignore is five years ago, d-cinema theatres commanded less than 5 per cent of the digital cinema universe; today, they have a 23 per cent share, and this is expected to jump to 30-35 per cent in the next 2-3 years.

### **The Digital Challenge**

In India, around 23 per cent of about 9,400 digital cinema theatres run on the d-cinema format; the rest are all on e-cinema. But d-cinema’s share is expected to rise to 30 per cent and beyond as there are no more analogue theatres left for digital makeover. “With more investments, we prefer to install either a mix of d-cinema and e-cinema systems or get only d-cinema equipment,” says a theatre operator in Bhopal. Compounding the problem is the fact that about 3,000 theatres — mostly single-screen ones — have closed down in the past decade or so. Of the 12,000 single-screen theatres that existed before the multiplex revolution of the late 1990s, around 9,500 are in business, of which barring 100 or so, all have adopted digital cinema. These screens are either new, or ones that have been converted by their owners to accommodate new technologies. The rest are either shut or are in the process of converting their single screens to digital cinema, say film distributors.

What’s roiling up the waters further is the steady rise in the number of Hollywood releases in India. Compared to 20-25 films that hit the theatres here in 2009-10, now more than 60 play in cinema houses in a year. The number is expected to climb to 100 in two-three years. Also, revenues from Hollywood films in multiplexes have soared from 5 per cent in 2006 to 21 per cent now and may cross 30 per cent in the next couple of years.

So which format will prevail? Or will they co-exist? Experts are divided on the question. “Growth will come from new screens in smaller towns,” says Agarwal of UFO Moviez. “These won’t be the multiplexes but two-screen theatres because we have four to five models within e-cinema and five-six models within d-cinema. Not everyone wants bigger investments. The share of d-cinema may marginally rise to 27-28 per cent while e-cinema will continue to dominate.”

Cinepolis’ s Sampat believes that if you invest in a superior technology, the returns will be more. “We will be on d-cinema in all our current and future screens,” he says. “While there may be more e-cinema screens, a majority of our collections come from d-cinema screens.”

Taking into account the current dominance of e-cinema theatres and, buoyed by the commercial success of Furious 7 due to wider distribution, sources say the next big summer release Jurassic World might open in both e-cinema and d-cinema formats.

This points to the snooty Hollywood distribution companies falling in line with small-town Indian reality.

### **Decoding the Divide**

**Digital Cinema:** Resolutions in digital cinema is represented by horizontal pixel count of 2K or 4 K (2.2 megapixels or 8.8 megapixels). It reaches theatres as digital files or digital cinema package (DCP), usually 90 GB to 300 GB of data delivered via satellite/fibre-optic broadband. DCP, an encrypted file, gets copied to internal hard-drives of the server. Decryption keys are separate and time-limited.

**D-cinema:** Adopted in North America. DCI standard requires 2K or 4K resolution projectors; defined minimum contrast ratio, precise brightness level, calibrated minimum colour gamut. Projectors, servers conform to DCI specification. Anti-piracy devices protect copyright. Multiplex chains run mostly on d-cinema. Theatres pay Rs 8,000-40,000 per month on investments of Rs 15-50 lakh.

**Criticism:** Expensive, long recovery horizon, consumes more electricity, not fit for smaller centres.

**E-cinema:** Adopted in India, Brazil, China. It typically uses 3-chip DLP projectors that produce better quality than 35mm film. Servers are either DCI compliant or MPEG MXF Interop format in order to adopt both standards. Projection systems utilise 1080p resolution (rather than d-cinema's 2K requirement). Colour points also are not as per DCI specifications. Most Indian theatres run on e-cinema.

**Criticism:** Low in quality, fit only for smaller centres (Rs 8-15 lakh investments per theatre; 4-5 years recovery period), long-term, fixed fee deals where theatre pay Rs 3,000-17,000 per month.