



An out of this world experience

29 Oct, 2007, 0034 hrs IST, Vikas Kumar, TNN

Speaking to Raaja Kanwar about the transformation cinema technology today makes one believe a reel revolution is underway. Only that the 'reel' bit is now becoming redundant. Because not only is he taking more movies digital — he was not the first to do so — importantly, his company UFO Moviez is helping eliminate the physical journey that even movies in digitised form have to endure before they come alive on a screen near you.

So far, digital distribution meant transporting the hard disk that carries the movie and downloading it on to the exhibitor's server. Now Kanwar's company does this over the Internet thereby cutting down transportation time. UFO Moviez, the digital content distribution company that Kanwar's Apollo group owns, sources the technology from DG2L, based on the MPEG4 compression format. Says Kanwar, "Our compression technology is unique in the world.

When decompressed the movie still retains its high definition quality." The entire kit costing Rs 15 lakhs, which includes a projector, a server and a satellite dish, is installed for free at the theatre. The exhibitor pays Rs 500 per show as service fees for accessing the movie, and Rs 25,000 as security deposit for a smart card, which enables him to download movies through electronic requisitions made to UFO's central server.

Before a movie is released, the print is digitised and encrypted on a server, under tight security. This encryption, says Kanwar, is higher at 192-bit, compared to the 124-bit encryption used for online banking transactions. The print is then returned to the producer. The producer instructs UFO about which theatres to release the movie on Thursday night, and based on this, UFO begins transmitting the encrypted and compressed file to the theatres. Normally, downloading a Hindi movie takes around two and a half hours.

This has benefitted audiences and producers alike. For movie-goers in small towns, digital movies have transformed the in-theatre experience. From putting up with worn-out and scratchy prints that reached months after their big city release, to clear as new digital prints, being released on the same day as the big centres, cinema is getting a fresh lease of life across small town India.

And producers, distributors and exhibitors are all discovering better returns in the new value chain compared to the traditional one. "Typically for a physical film print, the producer spends Rs 60,000 per print plus Rs 10,000 on logistics. A Christie's projector comes for Rs 60 lakhs. But ours is practically a no-risk model," says Kanwar.

The exhibitor is also able to schedule different movies during the day, and has the flexibility to switch to another movie if audience response to one movie is poor. "This way the

exhibitor's 'single plex' becomes a multiplex. He's also able to bring different audience demographics to his theatre," says Kanwar.

Seeing better realisations, exhibitors are now sprucing up facilities in their theatres, like seats, fittings, toilets, and even audio systems. With shorter shelf lives of movies — from something like two to three months earlier, now the first weekend between Friday and Sunday can make or break the producer's fortunes — digital on-demand distribution makes more sense. "Now people with idle property are also looking at this. We have young entrepreneurs coming and saying they want to start a multiplex," says Kanwar.

Currently, UFO Moviez has 900 screens in India and abroad, with 80 screens being added every month. Outside India it's present in countries like Mauritius, Sri Lanka, Nepal, Malaysia and Hong Kong. "We hope to have 2,000 screens in a year's time," says Kanwar. And though digital cinema started as a small town experiment, Kanwar says he's now getting calls from 'A centres' (larger cities and metros) as well.

The company is now looking at additional revenue models such as experiential marketing opportunities. "Brands could get, say, 10 minutes of advertising before the movie and during the interval, and a 100 sq ft of space in the lobby to promote their product through trials." With this format, the benefit is that ads are patched with the movies, so the exhibitor cannot skip them.

Having seeded the Indian market, the company is now training its guns on NRI strong markets such as South Africa. Early this year UK-based private equity firm 3i invested Rs 100 crore in UFO Moviez and more funding is one the cards, says Kanwar, "We are in the process of raising Rs 110 crore and are in talks with private equity players. We are in the final stages of concluding this deal."