Digital Cinema Progress?

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Are We There Yet?

- **X-Men 2:** 1st weekend US box office in May 2003 was $85M
- **X-Men 3:** 1st weekend US box office in May 2006 was $120M

- **Question #1:** X-Men 3 was booked on 51 less screens than X-Men 2. How did US exhibitors bring in a 50% increase in box office?
- **Question #2:** Could this increase in box office have been achieved with 100% digital cinema systems?
If you believe the press...

Duo project digital cinema effort
AccessIT, Christie Digital Systems pact on projectors

By BEN FRITZ

Digital cinema companies AccessIT and Christie Digital Systems have set up a venture to fund the rollout of digital projectors in the nation's theaters.

StUDIO and exhibitor partners have not yet been secured, and more funding will be required.

AccessIT has set up subsidiary ChristieUX to administer the plan, which calls for 200 digital cinema systems utilizing AccessIT servers and Christie projectors to be rolled out by the end of this year.

Company claims to have solid deal points with several studios and an ability to "milk print fees and license digital content rights for substantial returns."

FOR IMMEDIATE RELEASE

Rave Motion Pictures Commits $445M
As Digital Cinema Roll

MORRISTOWN, N.J., July 5, 2006 — Access Integra today announced that Rave Motion Pictures ("Rave") and most prominent independent exhibitors in the company's owned subsidiary of AccessIT, for the initial install later this year. Currently has 23 multiplexes in nine states with plans for expansion. Has operations in Illinois, Indiana, Ohio, Texas, Arkanas, part of its 2006 expansion, it will add two additional exhibition company to contract with AccessIT for its new total number of screens for the Christie/AIX deployment.

Dayton Daily News

Cinema de Luxe 14 leading way in U.S. with new digital projectors

By Dee Lason
Staff Writer

BEAVERCREEK — The new Cinema de Luxe 14 at The Greene boasts seven digital projectors, the most to date at any Ohio movie theater.
What the press hasn’t noticed...

Digital Cinema Sales Curve

Screen Count


Carmike
Technology Adoption Curve

From Geoffrey Moore's *Crossing the Chasm*
Technology Adoption Curve

From Geoffrey Moore’s Crossing the Chasm
D-Cinema Adoption

Mainstream Market

- Innovators
- Early Adopters
- Early Majority
- Late Majority
- Laggards

- Pre-DCI
- DCI Spec Released

Today
What does the Mainstream Market say?

• “More attention has been paid to the technology than the business model.”
• “The technology is too expensive.”
• “The technology doesn’t match the operational capability of film.”
• “There is no certification – we have no guarantees when we buy-in.”
• “The lowest cost system solution is not being offered on the market.”
Should the market be confident?

From DCI’s Digital Cinema System Specification v1.0, page ii:

“Each DCI member company shall decide independently the extent to which it will utilize, or require adherence to, these specifications.”

Other issues:

DCI’s full security system – and the potential business issues that may accompany it – remains untested.
What do Mainstream Exhibitors want?

- Fast movement of shows
- Automated loading of content and keys
- Integration with booking and point-of-sale systems
- Lowest cost system solution

With the exception of lack of certification, factors that can be solved with technology are driving business issues.
Who leads the Early Majority market?

Kodak snaps up loop deal
Application will manage ads, ticket sales from one interface

Cineplex part of NCM digital plan
National CineMedia announced Thursday an exclusive agreement with Cineplex Entertainment, Canada's largest exhibition company, to be included in its digital-cinema initiative.

NCM, the digital venture of AMC Entertainment, cineplex USA and Regal Entertainment Group, is developing a digital-cinema system design and acquisition program to bring down the costs of the systems with volume purchasing and shorten the time needed for installation. The program is being created to address the technical requirements of exhibitors and to create efficiencies in the implementation of the system. Cineplex said it is entering the association to investigate implementation of digital cinema in its theaters across Canada.
NCM leads the Early Majority market

- Owned by Regal, AMC, & Cinemark

- ~14,500 screens

- With Cineplex deal, ~15,750 screens

- Will seek new features and a lower price point
Don’t forget the Late Majority...
In Review

- Success in selling to Early Adopters does not guarantee success in selling to the Mainstream market.

- Digital cinema manufacturers have yet another round of design to go to insure that exhibitors are getting the features they want, and the lowest cost system solution.

- Business issues remain to be solved before market confidence improves.

- When will digital cinema succeed in attracting the mainstream market? NCM says 2008.
Thank you.

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