

Differences between the US and Europe

- **United States:**

- 6 major studios largely dominate the market.
- Business model:
 - Virtual Print Fees (savings on prints are invested on equipment)
 - Christie AIX
 - Technicolor

- **Europe:**

- The distribution sector is more fragmented.
- Smaller scale economies (releases country by country)
- Business models:
 - Leasing and print fees (XDC)
 - Public funding (UKFC)
 - Own investment by exhibitors

Who enters the digital distribution business ?

- **New companies in the cinema business:**

- XDC
- Access It
- Arts Alliance Media

- **Laboratories:**

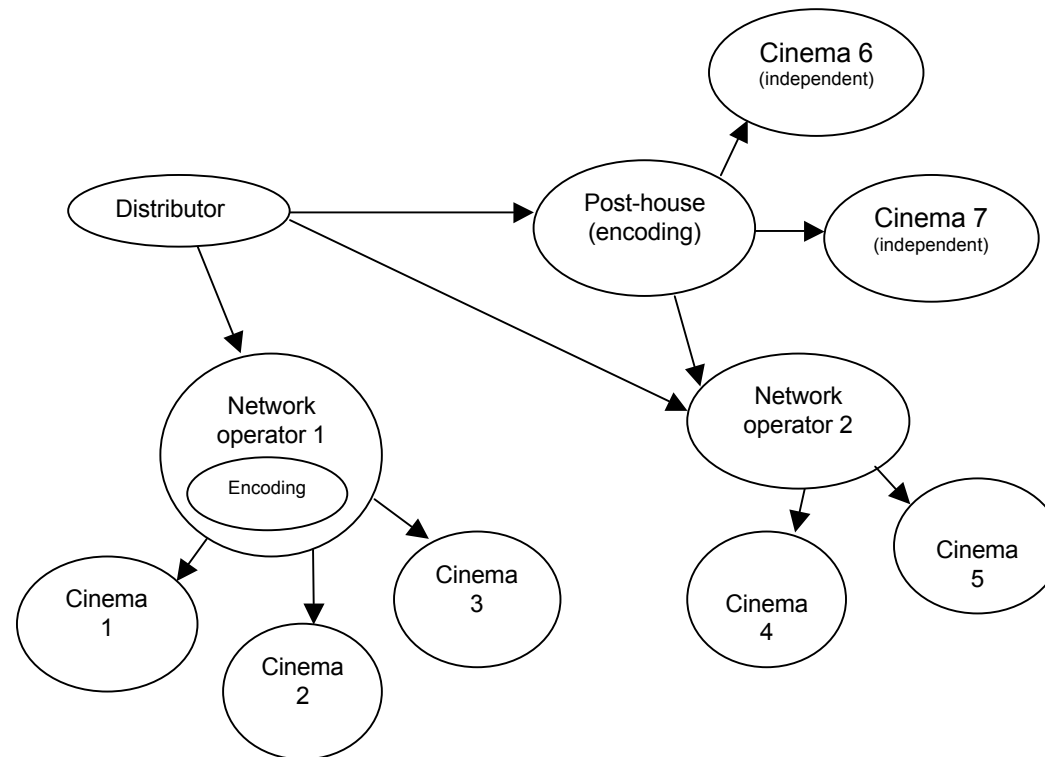
- Éclair Digital Cinema
- Technicolor Digital Cinema
- Deluxe

- **Manufacturers:**

- Christie
- Dolby
- Kodak

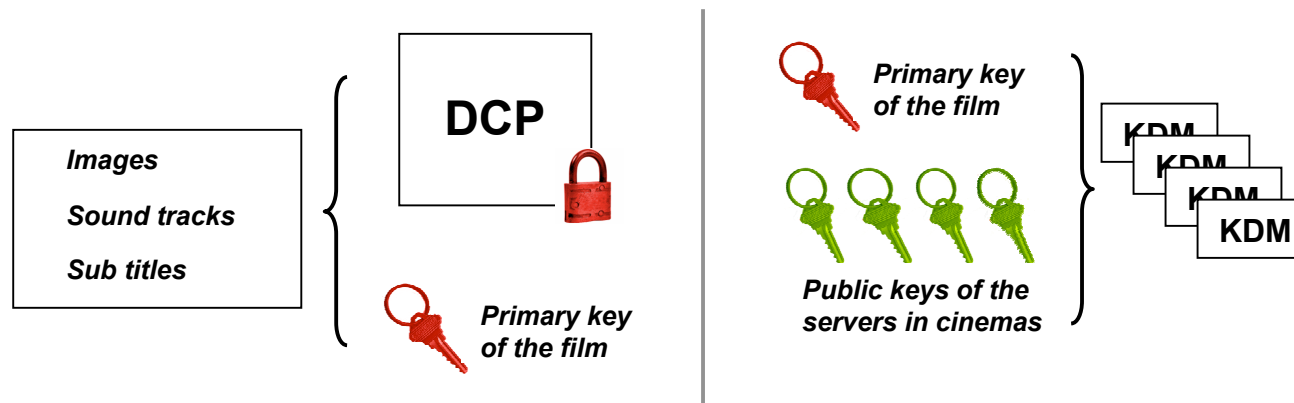
All are interested in being service providers more than manufacturers.

Consequences for distributors



Key management

- For security reasons, the digital print is encrypted.
- Anyone can have access to the file, but to read it, a key is required.
- To generate this key, two elements are necessary:
 - The primary key of the film (random generation)
 - The public key of the server located in the cinema where the film is programmed
- Each key is valid for one screen and for a certain period of time.
- The key is incorporated in a Key Delivery Message sent to the exhibitor.
- Distribution logistics moves from print delivery to key management.



What about independent distribution?

- **It's important for independent distributors to play an active role in the establishment of business models for digital cinema in Europe.**
- **They must keep their hands free on the programming of cinemas.**
- **American studios have committed to provide all their films in digital by the end of 2006. Independent distributors must also provide their films in digital in order to avoid a two-speed cinema.**
- **Regulations are necessary from public bodies. What could be the roles of MEDIA and the CNC?**

Thank you for your attention

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Meeting of experts about independent distribution in Europe
June 23rd 2006 - Brussels