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Digital Cinema – The End of the Beginning

Only a lucky minority will be able to experience the latest (and final) Star Wars film – Revenge of the Sith – in its true digital glory. The process of upgrading cinema screens to digital has been far slower than George Lucas had hoped when he shot the first of the Star Wars prequels in digital back in 1997.

However, after years of hype and much talk of a revolution in the film industry, digital cinema is about to take off. Important announcements in the USA, UK and Ireland mark the beginning of a large-scale roll-out of digital projectors. Ireland has been the first country to announce that its entire screen base will be digitised – beginning March 2005, the €40m project will convert all of the country's 600 screens to digital.

The switch to digital has not happened overnight. In the six years since its launch (by the end of 2004), just 335 cinema screens world-wide had been equipped with high-end digital projectors. During the same period, only 173 films have been released in digital.

All this is set to change, and the first months of 2005 have already seen a raft of announcements of planned and actual deployments of movie quality digital projectors and networks that are set to mark the arrival of digital.

The Hollywood Studios have now agreed a common standard and the technology has reached a level that is acceptable to them. Investment plans will now be that much easier.

In many markets it is the independent and art-house film sector that is driving the switch to digital cinema. Digital technology is seen as a way to increase their presence on the global film stage. Lower production, distribution and exhibition costs are seen as lowering the costs to entry. Holding back the industry has been the concern, to the Hollywood Studios in particular, that the balance of power (status quo) might be upset – giving more power to the independents.

The UK is taking a different tack to Ireland and other markets – in using public funds with the intention of increasing the diversity of cinema programming. The UK film council, in an £11.5m project, will convert 250 of the UK's screens (about 7%) by the end of 2006. This project is intended to improve access for audiences to alternative and art-house films across the UK.

In Asia, Singapore is taking the place as Asia's digital cinema hub and 21 screens, or 15% of its screen base has already been converted to digital.

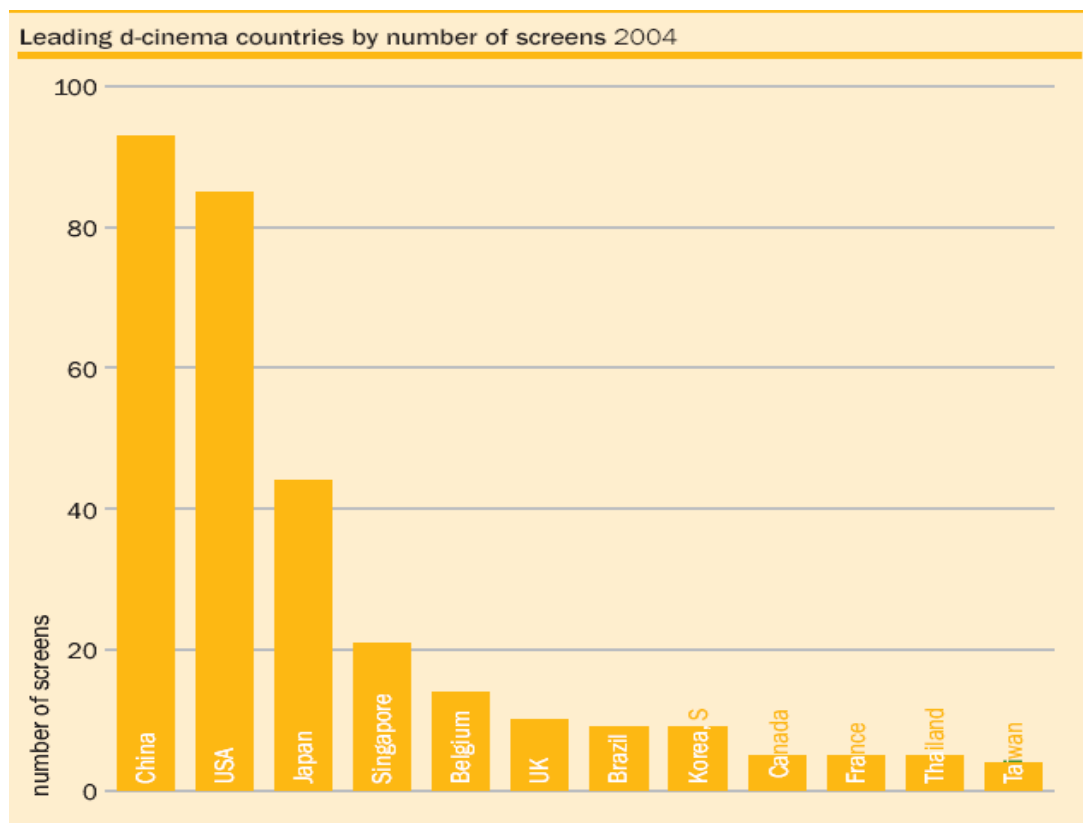
China is also forging ahead and has overtaken the US as the country with the most digital cinema installations – Screen Digest has identified 93 d-cinema screens.

Holding back the market worldwide has been the small number of films released in digital. There has been a chicken and egg scenario of exhibitors holding back due to the lack of digital film content and distributors holding back because of the lack of digital screens worldwide.

Hollywood leads the way in the number of digital films released – with Buena Vista and Warner the major proponents.

David Hancock, author of the article and Screen's Digest Senior Cinema Analyst comments: "The digital cinema market is now entering a deployment phase, with much of the debate of the past six years coming to fruition in products and services. The key players now have a chance to position themselves for the cinema market of the future.

It is striking that several territories are moving ahead on their own paths, not waiting for the main industry drivers: the US studios. However, as many of these pioneering systems are low-to mid range, high-end deployments will not begin in earnest until the studios themselves enter the global fray. Digital distribution and exhibition is about to replace the multiplex as the next battle ground for the re-generation of cinema economics."



Source: Screen Digest

Editors' Notes

The data, forecasts and analysis contained in this press release are taken from a feature in the April edition of the Screen Digest Newsletter.

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