

EUROPEAN DISUNION

Digital Rollout Presents a Challenge Overseas

by Annlee Ellingson

If a general consensus emerged out of ShoWest earlier this spring, it's that digital cinema is, finally, happening. Deployment initiatives such as those being implemented and proposed by Christie/AIX, which has already outfitted about 400 screens to date, and Technicolor Digital Cinema, which is moving more cautiously with thorough testing and beta-test phases, are installing d-cinema equipment in commercial theatres at an accelerating rate.

As the industry gathers in Amsterdam for Cinema Expo, however, the picture of the digital cinema rollout in Europe is much different. On a continent comprised of several dozen countries, each managed independently by autonomous governments, the market is markedly fractured, with varied needs with regard to quality levels, a diverse range of exhibitors, and a mix of private and government financing initiatives with disparate goals. At NAB (see complete coverage in our June Digital Cinema issue), Peter Wilson, chair of the technical module for the European Digital Cinema Forum, attempted to clarify some of these issues and prepare d-cinema vendors for the European environment.

Illustrating how difficult coming to a consensus can be, even digital cinema terminology is up for debate among various European entities. "We've agonized about what's digital cinema, and we've agonized about what we should call the rest," Wilson said during his candid NAB presentation. "Because the European Commission calls it e-cinema, we thought we'd keep that. It's a lot more difficult to change their minds than to do anything else." So, while "d-cinema" refers in Europe to high-quality, secure technology that will replace 35mm film in large, first-run venues, "e-cinema" is the term that's been adopted to encompass everything else—what in the United States has come to be called "Other Digital Stuff."

These differentiations are important because there are four levels of presentation for digital content—4K, 2K, high-definition (HD) and standard definition (SD)—that the European cinema industry is "in the process of describing and standardizing," Wilson said. These dis-

tinctions are important for both content providers and exhibitors.

Whereas it's perhaps more typical to have manufacturers drive technological transitions, here it is the producers of product who are eager to get their material into theatres, often via HD. "We need to work on interoperability so [exhibitors] can take e-cinema or level-three [HD] programming but actually distribute it on a d-cinema chain," Wilson said. "When building systems, HDTV needs to be incorporated alongside movies. No venue can afford separate systems for different products."

Moreover, Europe differs from the U.S. in that it is home to more than just mainstream multiplexes. "We have a lot of other exhibitors, quite a few [of which] are politically backed by the various European governments," Wilson said. "We have diverse venues, diverse content, diverse business structures, and we have a lot of what you would call alternative content."

Because distribution and exhibition is such a patchwork in Europe, there are several barriers that stateside have been or are on their way to being overcome. Content is limited, and so there's been no critical mass to encourage the transition. So far there's been little by way of a global and balanced business model. And the technology is extremely expensive to install and operate.

It's not clear that the Virtual Print Fee (VPF) model that has been adopted in the U.S.—in which studios pay to utilize d-cinema equipment installed by a third-party financier—would be viable in the diverse European market. "We hope it will," Wilson said. "But European exhibition and distribution is very, very specified. There are many, many distributors and exhibitors."

But similar to the VPF business plan is the third-party funding model employed by XDC, where the private company funds the rollout of digital cinema from its own coffers, contributions from exhibitors, and services and logistics fees gathered from distributors. In addition, some digital networks are being financed via government-backed

initiatives to promote local and other specialized product. (See page 30 for more detail on XDC's, the U.K. Film Council's and others' rollout initiatives.)

Perhaps even more pressing than the financing of digital cinema deployment in Europe is the question of compliance, which in Wilson's PowerPoint presentation started with a particularly large capital C because, he said, "We don't like that word. Part of why we don't like that word is [that] coming from Europe we have specifications for things like how bent of an arm it would be, how big that arm should be, what color arm it should be. So the last thing we really want in digital cinema is having some excess bureaucracy controlling our lives."

Although interoperability and security are clearly vital to the success of the technological transition, Wilson is emphatic that such compliance issues should not be achieved with "a big stick." "Who would pay for the big stick anyway?" he quipped. "Who would have the legal powers to wield the big stick? And who would be the SMPTE [Society of Motion Picture and Television Engineers] DC[-28 committee's] international authority? Should it be ISO [International Organization for Standardization]? Should it be ITU [International Telecommunications Union]?"

Instead, Wilson favors the Digital Cinema Initiative's compliance test procedures that are currently going on at the German Fraunhofer Institute as well as manufacturer self-certification. Otherwise, he believes, movie theatres may find that they've invited Big Brother into their auditoriums.

"If you are an exhibitor and you go for the big stick and the big stick grows, what happens when they come and say you're two foot-lamberts low on screen brightness and shut you down? It's not good," Wilson said. "What we do need is interoperability and security, and what we'd like to do is find a way to make that happen in a nonthreatening and an invited way of cooperation. Let's be gentle."

For an overview of digital cinema deployment initiatives taking place in Europe, turn to page 30.