

Indian Film Industry: Vision 2010

As is the rule, change was the only constant thing in Indian film industry till 2005, barring the manner in which films were distributed and exhibited in the last 100-odd years. Physical prints are being printed in the laboratories and physically sent by surface/ air transport to theatres all across India. The approximately Rs. 60,000/- cost of a print decided the distribution pattern - how many theatres and how many circuits the film will be released in. A large number of prints could lead to excess prints from the second week onwards if the film does not do well at the box office. And a small number of prints sometimes results in under exploitation of an otherwise good commercial film. The quest for cost optimization continues.

Year 2005 saw the entry of digital cinema operators who, within a short span of time, have converted a large number of cinemas to the digital format. This digital revolution is slowly and steadily changing the face of Indian Cinema. The impact of this digital revolution will positively affect many areas, such as:

I. COMMERCIAL EXPLOITATION OF FILMS

Film Distribution and Exhibition

Today, with the advent of digital cinema, films are being released in the digital format. Technology is making it possible to digitize the film and then deliver the same via satellite in a seamless manner to hundred of theatres across India totally eliminating human intervention, cost of prints and logistic delays. Not only is the distribution fast, but also economical since digital prints never deteriorate in quality and come at a fraction of the cost of an optical print. This is prompting producers and distributors to go for wider releases and cover more areas in the first round of commercial exploitation - thus increasing revenues for themselves and providing quality first day first show entertainment to viewers.

Transparency

Digital distribution and exhibition affords audit trails, which provide detailed logs for effective digital rights management. In the earlier scenario, once the print left the hands of the producers, he had no control over where the print went and how it was exploited. With digital distribution and exhibition and smart card based licensing mechanisms, the producers can now keep track of all their films and monitor their content in a more effective manner. This helps in bringing in more transparency in dealings in the industry. Technology will also allow facilities such as online ticketing, people counting technology to track ticket sales and online on the hour reporting to producers and distributors.

Piracy

Piracy is the single-most largest cause for revenue leakage in the Indian Film Industry, accounting for losses

of approximately 40 per cent of the total revenues, totaling to more than Rs. 2500 crores. Piracy is largely a function of the gap in the demand and supply equation. Films promoted heavily on television reach out to viewers all across India whereas in the earlier scenario, the releases were limited largely to the main cities in the first week. Smaller towns would get to see the film after nearly 8 to 10 weeks of release, during which time people would see the film on pirated VCDs/DVDs. Now, with digital cinema catering to even the smaller towns on first-day-first-show basis, the revenues, which were earlier lost to the pirates are now coming back into the system. Thus film pirates will be the biggest loser in the digital scenario.

Exploitation Cycles

Currently, a film has an exploitation cycle of 8 to 10 months, with bigger films being exploited for around two to three years. This is in a scenario where films are released with 300 to 400 prints. But with the arrival of digital cinema, films are getting a wider release and by 2010, films will be releasing in more than 1500 centers simultaneously across India. This will lead to a collapse in the exploitation cycle. The distributor will be able to complete his exploitation cycle in a period of two to three weeks, thus giving him better returns on his investment. This will also spur the production of films, since the entire cycle will be stepped up.

New business models will emerge

Elimination of print costs has thrown up newer business models. Theatres will migrate to per show models of film exhibition. Smaller centers which do not have the capacity to run a movie four shows a day will book movies for 7 or 14 shows a week. For the rest of the shows, they can book another film thus optimizing their theatre's revenues. This is supported by the fact that the same server can store 12 to 15 films in high definition at any point of time. Thus will emerge the per show business model, and single screens will soon become "soloplexes" in their own right by showing multiple movies as in the multiplexes.

II. FILM PRODUCTION AND CONTENT

Digital Production

Today, films are shot on 35mm negatives. These negatives are developed and printed and then released to cinemas. Negatives being a one-time use medium are largely very expensive to use since the negatives exposed once cannot be re-used. Also the cost of the negatives and the subsequent conversion to the post-production process is quite high. People will slowly and steadily migrate towards shooting in the digital format. The newer generation of



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Essentially, integration of around 2500 cinemas under the digital platform will provide advertisers a unique opportunity to attract captive audiences on the large screen in an extremely cost effective manner.