

Coming soon: films on file

Paul Taylor

We are used to Friday night at the movies and DVD dinners at home. But are we ready for films to be beamed to our phones, PCs and iPods? After years of hesitation, video content creators including Hollywood studios seem to think the answer is yes, and they are finally embracing digital distribution. This will create services allowing consumers to watch films when and where they want. It also offers the film industry hope of new revenues, amid fears that traditional distribution models are in decline.

Tres Izzard, chief executive of MovieBeam, one of the companies pioneering new delivery models, says: "As digital devices continue to proliferate and consumers become increasingly tech-savvy, alternative distribution systems naturally gain importance and popularity."

These new subscription and fee-based services include broadband-based downloads and over-the-air distribution to devices such as televisions, personal computers, iPods and mobile phones. Broadband internet connections play an important role: downloading a feature-length film is practical for the first time.

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According to TeleGeography, a Washington-based consultancy, the number of broadband connections worldwide rose by 37 per cent last year to 221m at the end of 2005. That represents a huge potential market for legal film downloads a fact not lost on Hollywood studios anxious to reduce the risk of being hit, like the music industry, by an illegal market.

Copy protection and DRM (digital rights management) systems developed by Microsoft and others are also helping the distribution model. But more fundamentally, these new services reflect the dawning reality that consumers are rejecting the old "push" model of video content distribution, including broadcast television, in favour of personalised "pull" services.

Hollywood's attitude has also been shaped by the realisation that cinema-going and home DVD sales may be in decline. Cinema attendance in the US fell by 8 per cent last year. The studios have to find ways to reach young consumers who appear to be shifting their leisure time towards video games and online community websites such as News Corp's MySpace.

Despite backing for two new competing high-definition DVD formats Toshiba's HD DVD and Sony's Blu-ray Hollywood is also concerned about a slowdown in DVD sales after years of double-digit growth.

New film delivery systems such as the MovieBeam service backed by Walt Disney, Intel and Cisco Systems represent a hedge against these concerns.

In February, after several years of market trials, MovieBeam was launched into 29 US markets, representing almost half of US homes. Its target is the \$10bn US film rental market dominated by companies such as Blockbuster and Netflix. The service is built around a MovieBeam set-top box that costs \$200 and arrives holding 100 films that customers can rent for between \$2 and \$4 each. The box comes with its own remote control and antenna and is updated each week with up to 10 new films that are beamed or "datacast" via a digital signal carried over the broadcast television spectrum. Billing is handled over a telephone connection.

MovieBeam has secured content rights from most Hollywood studios. Disney will make its titles available to MovieBeam on the same date they are released on home video, instead of the 30-day delay usually imposed on other video-on-demand services. As Bob Iger, chief executive of Disney, said recently: "Consumers have come to expect entertainment content when, where and how they want it, and with its increased reach, enhanced technology and support from investors like Cisco and Intel, MovieBeam will create that convenience."

Other US-based companies pioneering these services and the associated hardware include Movielink, Akimbo, CinemaNow and Starz Entertainment's Vongo.

Some, like Movielink, are backed by the studios themselves, which see digital downloads as an opportunity to bypass cable and satellite operators and build a direct relationship with consumers.

Movielink, a joint venture launched in 2002 between Metro-Goldwyn-Mayer, Paramount Pictures, Sony Pictures Entertainment, Universal Studios and Warner Bros, allows users to "rent" or purchase film downloads.

"Rented" films cost from \$1 and can be watched as many times as the user likes within 24 hours, or stored for viewing for up to 30 days after checkout. Alternatively, for \$9 or more, users can "purchase" the film, burn it to a DVD and then play it back on a restricted number of PCs but not on ordinary DVD players.

Other services such as Akimbo and Vongo see themselves primarily as aggregators of video content and have negotiated separate deals with most of the Hollywood studios and other content creators.

California-based Akimbo touts its service as "the first fully functional marriage of TV and the internet", providing subscribers with access to content ranging from BBC programming to video blogs. Akimbo subscribers, who pay \$10 a month, can either use a dedicated set-top box that plugs into a broadband connection or access programming via a PC running Microsoft's Media Center.

Similarly, for \$10 a month, subscribers to Starz's Vongo service can download unlimited films and other video content to up to three PCs or portable devices.

Vongo will also be a "key feature" of the new Sony Connect video service due to be launched later this year. It is expected to deliver video and other content to the Playstation Portable device and the next generation Playstation 3.

Similar download services are appearing elsewhere. LoveFilm launched the first UK mass market film download service in December. Also in the UK, BSkyB has launched its "skybymovies" download service for Sky digital customers.

One factor spurring the launch of download services by "traditional" video content providers is the prospect of new competition from telecommunications carriers. Across Europe, the US and much of Asia, telecoms companies are investing heavily in fibre optic networks and next generation IP (internet protocol) technologies to deliver video content to their customers.

"In all major western European markets, incumbent telcos and competitors have launched or are in the process of launching IPTV services," says Charlie Davies, a senior analyst with Ovum, the UK-based telecoms consultancy.

In the US, both AT&T and Verizon Communications are investing billions of dollars in video-based networks capable of delivering video-on-demand and DVR (digital video recorder) style services in direct competition with the cable television giants.

AT&T's Homezone service, currently in trial, will provide access to both Akimbo and Movielink's programming. "It's a huge step for us," said Josh Goldman, Akimbo chief executive, when the deal was announced a few weeks ago. "Akimbo will be available to millions of consumers with no additional hardware needed beyond that which is supplied by their carrier."

No one is quite predicting that cinema or DVDs are close to extinction. But Hollywood is preparing for the download age to begin.

Now you are really free to please yourself

Consumers are now used to devices such as video recorders and hard-drive based digital video recorders that let them "time shift" and, in the case of DVRs, skip through commercials. Now a new group of products and services lets them "place shift" video programming, writes Paul Taylor.

These include Orb Network's software, which enables users to stream any video, audio or still images stored on a personal computer to any web-connected device, Sony's LocationFree TV and my favourite Sling Media's Slingbox. Launched in the UK yesterday, and already available in the US, the Slingbox enables access to any video source in home or office from almost any Windows PC with broadband internet access.

Setting up the Slingbox, which costs \$250 in the US, is simple. Users just connect the cable or satellite box, DVR or other video device into the Slingbox's input sockets, position a device called an IR blaster in front of the video source's infrared "eye" and connect the device to the home network with a standard Ethernet cable. Up to three devices can be connected to each Slingbox.

Once the Slingbox is set up, you install the wizard-driven SlingPlayer software on a PC connected to the network. The whole process took me less than 15 minutes.

Connecting to the Slingbox from a remote PC is also easy. Recently, Sling Media added mobile software letting users stream television programming to any web-enabled, Windows Mobile-powered handheld such as the Palm Treo 700w, the device I tried it with, or a mobile phone.

Fonte: Financial Times, USA, may 31 2006. Business Life, p. 7.