



Digital & 3D top the agenda at PEVE Home Entertainment Conference

London 19th March 2010: More than 320 delegates at this year's PEVE Digital Entertainment conference listened and discussed the hot topics of the day – digital distribution and 3D. In a combination of keynote sessions and panel debates, senior figures from the home entertainment industry shared their views and experiences. Key highlights of the event included:

Opening keynote speaker **Jim Wuthrich, President International Home Video & Digital, Warner Bros. Home Entertainment**, said that the transition from physical to digital offers an opportunity to build a new and stronger industry for everyone. Warner is taking a holistic approach for its digital and physical distribution of films which are largely being released day-and-date across Blu-ray Disc, DVD and digital (VOD and EST). Wuthrich urged other studios to follow Warner's lead in day-and-date strategy as it will provide more flexibility for consumers.

Dan Cryan, Head of Broadband, Screen Digest, gave an overview of online video distribution business illustrating its current fragmented, complex and diverse nature. Cryan explained that although there is an increasing crowding of services that provide online content, iTunes, Xbox and Sony are winning the major share of revenues. He argued that having an effective strategy is the key for operating in the very competitive digital market.

John McMahon, Managing Director Europe, Sony Pictures Home Entertainment stated that the home entertainment industry had performed quite satisfactorily in the recession relative to other sectors. Digital means there are more entertainment content choices than

ever before and more purchasing options. This presents a paradox of too much choice to the viewer. The industry must simplify both its offering, and its terminology. Sony's approach is to identify and target consumer groups by their needs and above all, improve the entertainment experience. Echoing sentiments expressed on the panel sessions, McMahon said the industry must address the issue of interoperability - one solution could be DECE (Digital Entertainment Content Ecosystem).

Helen Davis Jayalath, Head of Video, Screen Digest examined the outlook for packaged media. With Blu-ray Disc (BD) software sales trailing DVD sales, Davis Jayalath used the Screen Digest forecasting model to 2014 to stress the importance of retaining the price premium for BD. Screen Digest believes that BD will not compensate for DVD decline but growth in other sectors, such as VOD, means that total home entertainment spend will rise.

Bob Mayson, MD Europe, RealD said 3D in the cinema generates three to four times box office spend per screen and two and a half times the attendance. The challenge is in producing good 3D content, and that is what will drive the format. There are more live action 3D titles (on studio release slates today), but it is sport that will drive 3D in the home.

Tom Morrod, Head of TV Technology at Screen Digest pointed to 3D hardware shortly to be released with reasonable price points. Affordability combined with agreed industry standards means major markets will enjoy significant home 3D penetration in five years time. "With the current roll-out of 3D technology in the living room, 25% of households in established markets will have at least one 3D television in the home by the end of 2014." Morrod moderated a panel on 3D, asking panellists drawn from BSkyB, Sony, Toshiba and Big Picture if 3D could be the 'killer app' that BD has been waiting for. **Gerry O'Sullivan of BSkyB** warned that the industry could "kill it if we get too greedy".

Ben Keen, Chief Analyst, Screen Digest, used Disney's Alice in Wonderland as a case study of how windows between theatrical and video release are changing. As the windows have come down, box office spending has increased. Getting the pricing and windows on each form of delivery right is now critical to financial success. Keen concluded that when it comes to digital windows each studio has their own strategy.

The final keynote speaker for the 18th annual PEVE conference was **Chris Reiser, Executive Vice President, Sony DADC**. Echoing comments made by the first speaker of the event, Reiser said the industry needs to think less about competing with each other and more in terms of how it can grow as a whole. He warned players not to ignore emerging markets which are more sophisticated than delegates might realise - particularly in India.

The consumer panel returned to PEVE in 2010 and was universally considered to be 'riveting' watching. Six people took to the stage chosen to represent six different types of home entertainment consumers –the BD enthusiast, the DVD loyalist, the legal downloader, the illegal P2P downloader and the movie renter. The panel discussion produced fascinating and diverse insights into the ownership of physical media, into hardware ownership and how they find out about film titles to watch. 3D was the only topic that generated agreement: everyone was excited about the format and regarded it as a true innovation.

Allan Hardy, Managing Director of Screen Digest said: "Our 18th PEVE conference was an outstanding success. We were delighted to welcome 320 delegates to the two day event, and provide them with stimulating keynote presentations and thought-provoking panel debates from the movers and shakers in the industry."

More about PEVE 2010 can be found at the PEVE website:

<http://www.peve.screendigest.com/>

The Twitter debate that took place throughout PEVE can be viewed here:

<http://twitter.com/peve2010/>

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