

Industry News

BD/HD DVD combo head on its way

EETimes reports that Ricoh is to launch a new component element that will lead the way to combined BD/HD DVD drives.

The unit is a 3.5-mm diameter, 1-mm thick round diffraction plate with concentric grooves on both sides which function as a diffraction grating. With this diffraction plate placed between lasers and the objective lens, the light beam can be adjusted to an optimum incident ray relative to the objective lens so that light focuses either at the 0.1 mm position of the Blu-ray Disc layer or the 0.6 mm position for HD DVD. Multifunction players and recorders will be able to identify which format disc is loaded and adjust the diffraction grating accordingly. Ricoh expects to start shipping to OEMs primarily in the player market later this year, creating the possibility of combo units hitting the market in early Q1 or Q2 2007. Potentially this could have a profound effect on the format battle between the two formats, as consumers would be able to play discs in either format. In the meantime there are reports that Toshiba president Atsutoshi Nishida is still placing hopes on an agreement for a unified format, saying at recent shareholder's meeting, "We have not given up on a unified format. We would like to seek ways for unifying the standards if opportunities arise." ■

Sony DADC acquires Deluxe's UK DVD manufacturing operation

Sony DADC has moved into manufacturing in the UK market by acquiring the Deluxe Southwater manufacturing site and its Enfield Supply Chain Management and Distribution center.

Its original owner, the UK Rank organization, had been trying to sell its Deluxe CD and DVD operation complete as the mother company concentrates on the gaming market. With no takers, Rank started negotiating for Deluxe's separate business units and Sony DADC has decided to expand its operation to more directly address the strong UK market.

"The new facilities are important for us in improving and expanding our product and services portfolio for the entertainment industry in the UK," says Dieter Daum, President Sony Disc and Digital Solutions (pictured). "Merging these facilities with the Sony DADC network will further enable us to offer enhanced supply chain options like finishing-on-demand, fast replenishment and Direct to Retail shipments."

Operating under the name Sony DADC UK, new managing Director, Chris Reiser has already opened doors for business.

"Establishing a manufacturing presence and a distribution center in the United Kingdom by continuing these Deluxe operations and making them part of the Sony DADC network is fundamental to getting closer to our UK customers and offering complete supply chain solutions to the largest entertainment market in Europe," he says.

Having effectively written the disc making operation off its books, Rank closed the deal with Sony DADC for a payment of £5.9 million.

Sony DADC Europe now comprises three replication facilities, four distribution facilities, sales

offices in Paris and London, and over 20 representatives covering the whole of Europe. Whilst Rank are continuing to look for buyers for the remaining parts of the Deluxe operation, its Blackburn CD manufacturing plant continues to operate fully, and its annual 250 million disc capacity remains busy confirms the MD of CD operations there, Andrew Lloyd-Jones. ■



Cinram's founder, Isidore Philosophie, retires

Isidore Philosophie, the co-founder, Chief Executive Officer and a Director of Cinram International Inc. has retired from the international media manufacturing operation based in Canada.

"After 50 years of hard work and dedication, I have decided, at age 68, that it is time for me to step down and devote more time to my family," said Philosophie in his resignation letter.

"I am extremely proud of what we have accomplished at Cinram and have very mixed feelings about my decision, but I know that I am leaving the company on a very solid footing for future growth, with a

dynamic team of managers and employees.

I wish to offer my special thanks to our customers, investors, directors and especially our employees, for their loyalty and support during the years." Philosophie and Samuel Sokoloff founded Cinram in Canada in 1969 as a contract manufacturer of prerecorded eight-track cartridges and cassettes. It move into



the US market in 1990 buying the tape duplicator PRC Tape and then into Europe in 1995 when it acquired Duplication France and Video Pouce.

Cinram now says it is the world's largest independent provider of pre-recorded multimedia products with an annual capacity of 1.77 billion DVDs and a client list that includes Warner Home Video, Warner Music, New Line, Twentieth Century Fox, MGM, Artisan Entertainment/Lions Gate, Alliance Atlantis and EMI.

Philosophie's replacement as CEO is David Rubenstein, who was the President and Chief Operating Officer of Cinram, and Philosophie will continue to work as a consultant with the company he created. ■

Industry News

Imation's first decade

It is already ten years since Imation was created as a media manufacturing spin-off from 3M.

On July 1, Imation celebrated its first decade of operation. The company has successfully established its own branding in the market and continues to grow its business in the removable media market.

The recent acquisition of Memorex strengthened its position in the consumer market while a whole array of tape cartridge, optical disc and more recently, hard disk systems, address the commercial and professional storage and archive markets.

This year's highlights have been the acquisition of Memorex, the move into Blu-ray and HD DVD production and the development of the Odyssey removable hard disk drive technology.



Industry News

More download-to-own

NBC Universal is rolling out more download-to-own (DTO) activity by launching a new service in with TF1 Video in France.

This adds to the service it launched in the UK with AOL and online rental firm LoveFilm. The service launched on July 6 with an initial selection of 40 Universal titles. Titles priced between €9.99 and €19.99 can be downloaded to PCs and portable devices, with a DVD copy mailed by post.

New additions will be released online day-date with the DVD, starting with *King Kong*. "DTO represents a spectacular development in digital offerings," commented Pierre Brossard, CEO of TF1 Video. ■

Industry News

DVDA UK chapter expands

The DVD Association, a long established organization that primarily services the DVD and multimedia authoring community is working again to build up its UK presence.

The new team now heading up the UK chapter consists of The Pavement's Andy Evans and Newmérique's Bob Auger, Rob Pinniger of Abbey Road Studios and Chris Skarratt from the Picture Production Company.

Will Timbers of Pink Pigeon, who will take on the task of formalizing the administrative side of the DVDA in the UK. ■

Industry News

Limited shelf space slows DVD release schedules

The DVD Release Report says that although the number of active DVD titles on the US market, is expected to exceed 60,000 by the end of the year, the number of titles being release has slowed down considerably.

In the first half of 2006 the number of titles reaching stores was 5,758, down over 9% from the 6,392 released over the same period last year. Report editor editor Ralph Tribbey believes that limited retail shelf space is causing content owners to concentrate on fewer, but stronger titles.

"The DVD space crunch at retail has put the

breaks on single-disc public-domain releases...., forced the TV-DVD release sector to 'slim down' and pushed suppliers to rethink dumping marginal new-to-DVD titles into the market," he says.

The worst hit are TV show releases, which are down by 26.6%, whilst the number of music DVD release went up by over 15% as did DVDS of new (post 1997) movie titles. ■



Entertainment Supply Chain Academy: a steep learning curve

The Entertainment Supply Chain Academy, the result of a co-operation between MEDIA-TECH and the Digital Entertainment Group (DEG), proved to be a successful way of introducing the often complex world of Supply Chain techniques to everyone involved in the creation, manufacturing, distribution and sale of entertainment media.

The SC industry has developed quickly in a number of markets, with its own concepts and jargon, reports *Larry Jaffee* for e.news.

The driving force for building a stronger understanding of supply chain management is to get everyone involved in the entertainment media market to understand each other's needs and capabilities.

At the most basic level it is about collaboration, says *Bryan Ekus*, the Association's Managing Director. "We need to have deep collaborative relationships between the studios, repli-

cators, and retailers - it is supply chain management that links them all."



53% of the total market, reported *Alison Casey* (pictured), business director of Understanding & Solutions, at the Academy. Casey painted a bullish picture for the DVD industry through 2010, at which time U&S forecasts that only 10% of movies would be delivered via the Internet. "Physical media will still be dominating in 2010,"

Getting the supply chain working smoothly has become critical to meet the instant demand for product by the consumer.

The top three U.S. retailers of packaged media products—Wal-Mart, Target and Best Buy—represent

she forecasted. Currently studios rely on two-thirds of their total revenues from home video, which is why DVD in particular is not going away any time soon, noted the analyst.

Contracting theatrical windows (i.e., time between leaving movie theaters and hitting DVD) domestically and internationally (aimed to stem overseas piracy) is putting pressure on a more efficient supply chain, Casey said.

The average new release DVD achieves 5% of its total sales in the first week and the next 30% within the next three-week period.

"It's vital not to miss that first-week selling window," Casey said.

The remaining 20% of units on average are sold over the lifetime of the release, and effectively becomes catalog. "The real challenge is to keep those titles stocked," she explained.

According to U&S research, returns in 2006 are running 20-25% and a few releases hit 60% (she wouldn't divulge the titles), suggesting that the industry has a long way to go in terms of better forecasting. ■

Association News

Xiris Ident code update

Higher read rates and read rate accuracy justified a major replicator's decision to upgrade their print ident code system with Xiris's ID-2500 Ident Code Verification system.

Xiris says that its newly installed ident code system is able to correctly read 99.9% of the discs, compared to the 94-96% that the original installation was running at. The savings achieved with the approximately 5% increase in read rates and reduction of falsely rejected discs was enough to justify the cost of the replacement Ident Code systems and achieve a payback in less than 12 months, says Xiris. ■

Correction

Claire Backshall is of course with *dr.schwab*, and not *Dr Schenk* as stated in the June 12 e.news. Apologies to all concerned. ■

Association's ESCA News

IBM's Berman sees Blu-Ray/HD DVD co-existence

A leading entertainment media business forecaster predicted at the Entertainment Supply Chain Academy that both next-generation DVD formats will be successful.

"I see a world that is fragmented. There's too much product variety," said the ESCA's Day Two luncheon keynote speaker *Dr. Saul Berman*, Partner, Global and Americas Business Strategy leader, IBM Business Consulting Services.

Dr. Berman said he "can see a marketplace that all three can co-exist. I think where we'll be is good (current DVD), better (HD DVD) and best (Blu-ray)."

He urged media companies to "take some risks. If you don't take them somebody else will."

The consultant also advised media companies and content owners, "don't stand in the way of what consumers want"—which increasingly is to do their own programming.

Dr. Berman noted that IBM's study of the original, unauthorized Napster file-sharing service showed that while a third of the users were clearly trying to get free music, another third used it because they couldn't find what they wanted elsewhere, and another third wanted to put the music in the

order they choose.

Consumers are demonstrating that desire with television as well, he noted. ■



Association's ESCA News

SC Council's guidelines

The Supply Chain Council (SCC) provides guidelines for various industries to determine if they are optimizing their potential efficiencies.

Representing the SCC, Theodore Garcia, engagement director of consulting firm Capgemini, explained that the council has resources applicable to the packaged media industry, including its Supply Chain Operations Reference (SCOR) methodology. All industries share the basic processes of Plan, Buy, Make, Deliver and Return.

"The supply chain is seen as critical component of the overall enterprise," Garcia said.

He noted that packaged media has unique characteristics. "Pre-production delays can cause problems." ■

Association News

InPhase tests Datarius

The holographic storage developers, InPhase has signed a joint agreement with DaTarius.

DaTarius will become their sole sales, service, and support provider for a range of holographic media test equipment and will co-develop future holographic test systems. Holograph specific measurement parameters include optical flatness, dynamic range, sensitivity, read-after-write properties, and shrinkage. The first generation InPhase Tapestry products are its 300 gigabyte WORM drive and media with a 20Mb/s transfer rate and the first professional systems are planned later this year. The company expects to introduce 800 GB drives and media in 2008, and 1.6 terabyte drive and media in 2010. ■



Instant sales data keeps product flowing

Movie studios are getting sales data on new DVD releases within hours of them being available for sale, concurred a panel of home video executives at the Entertainment Supply Chain Academy.

"We got here in a short period of time," said John Quinn, Warner Home Video executive vice president, of supply chain sophistication (pictured), going from a VHS rental model to a DVD sell-through model. "That affected the profitability of the studios," Quinn noted, thus requiring immediate information—"first day on an hourly basis"—on sales performance.

Walt Engler, Sony Pictures Home Entertainment senior vice president of operations, agreed and noted that it is common to re-forecast on a title basis within hours. He added that Sony's current "state-of-the-art VMI (vendor-managed inventory) system will carry us through the next four, five to six years."

Sometimes a studio's forecast is off for a particular title, and it becomes a pleasant surprise that

requires a quick response, noted Steve Dahl, Buena Vista Home Entertainment senior vice president, speaking about the studio's DVD hit, *High School Musical*.



The studio underestimated the potential for the title, which needed to be completely replenished on shelves within a day of its release and additional discs were manufactured the following day.

"You must be nimble, you must adapt to opportunities in the marketplace," Dahl said.

Sony's Engler noted that his studio releases 400-500 SKUs (stock-keeping units), and multiple versions of the same title (full screen, widescreen, special edition, etc.) complicates what goes on at retail. "There's only a certain amount of real estate available," he said. ■

Association's ESCA News

Planning and contingency plans work for Xbox 360 launch

The importance of collaboration among suppliers, service providers and retailers was a continuing theme at ESCA.

ESCA's videogame panel focused on the recent collaborative partnership among Microsoft, Technicolor and cfm on the supply chain management of Xbox 360 consoles and game software.

"We sat down with Technicolor 12 to 18 months before the launch for what we needed to do," said

Ken Lewis, Microsoft director of logistics. Elaine Singleton, Technicolor's vice president of North American supply chain, pointed out that much emphasis was placed on accurate forecasting, but there had contingency plans in case problems developed, such as making sure that stores had adequate store space. "We're not going to get it [always] right. We might get it (forecast) right in the aggregate but not at the sellpoint (launch). ■

Upcoming Events

China Replication Expo 2006

September 13 - 15, Shanghai Everbright Convention & Exhibition Center, China

MEDIA-TECH Showcase & Conference 2006

October 10 - 11, Long Beach Convention Center, USA

MEDIA-TECH Expo 2007

May 15 - 17, Long Beach Convention Center, USA

e.news

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