



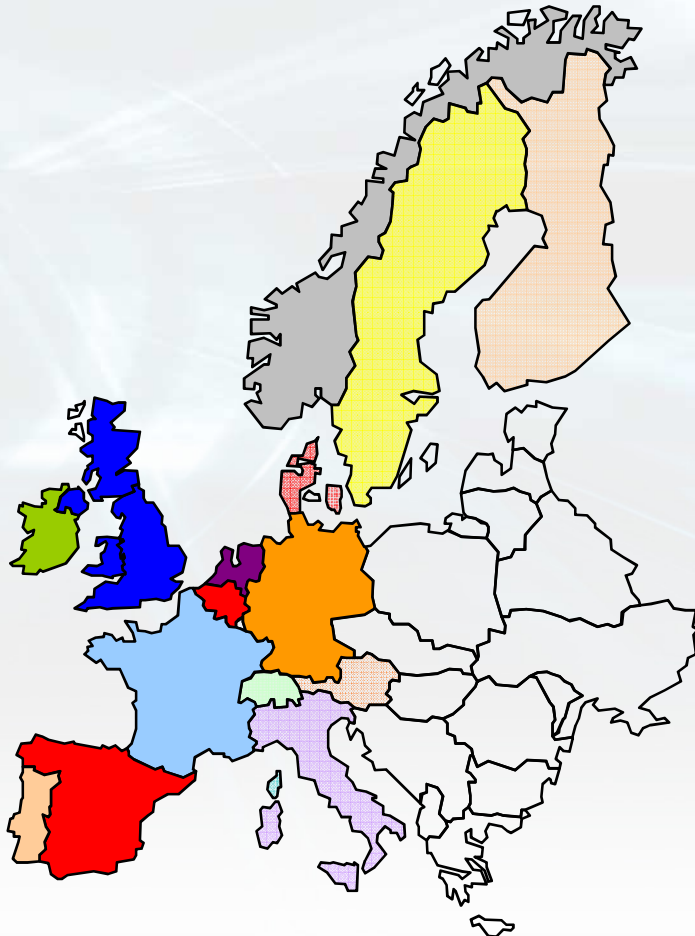
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Media Salles - Digital Cinema Training

London, Thursday 26th 2009

Gwendal Auffret



- 240 screens installed and maintained in the UK
- CGR rolling-out in France under VPF model (220 screens installed on 400)
- ABC signed for 70 screens in the Netherlands
- 12 screens trial in Norway (NDA), 26 in Spain (Yelmo, Zaragosa Urbana), selected by Odeon (800 screens) for its digital test, 5 screens in Denmark (Nordiskfilm)
- + than 500 films encoded and 8000 prints delivered to screens
- Already 5 US studios under long term contract – negotiations under way with Warner and local distributors
- Short term Agreements with local distributors

UK FILM COUNCIL



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→ 1 - SOME FEEDBACK ON THE CGR DEPLOYMENT

- First VPF based deployment in Europe
- Installation of full complexes: roll-out fits the booking practice
 - Maintain flexibility of booking and auditorium capacity optimization
 - Allow digital films to be booked on the long term
 - Allow distributors to really generate savings
 - ...and therefore to reinvest a portion of these savings via VPF
- Show and pre-show has to go digital
- Whenever possible, we keep 35mm projectors (for the moment)
- A centralized management of each site based on:
 - Theatre Management System (TMS)
 - Central storage and library management system (LMS)
 - Network infrastructure allowing for the transfer of large data streams
 - Satellite dish
 - Access point for any digital delivery of content (satellite, ADSL)

- November 2007: signature of an agreement between CGR and AAM
- November- December 2007: installation of 8 pilot screens on 8 sites
- January – March 2008: preparation of projection booth by CGR
- April 2008: Pilot installation of the La Rochelle complex (12 screens)
- April – May 2008 : Technical tests and validation of on site infrastructure
- May – July 2008: Extension to 103 screens on 12 sites. 70% of the screens per site.
- May – September 2008 : “Live” test phase on the site equipped.
- October 2008 – May 2009: completion of CGR roll-out (220 already installed)

- **Master:**
 - Ordered by producer
 - Created by the post house in charge of post production or by digital lab (ex: AAM)

- **Digital Print (DCP) : ordered by distributor. Delivery options are:**
 - Physical medium (most of current delivery):
 - Creation by digital lab
 - Delivered on site by transporter
 - Electronic delivery (ADSL or Satellite):
 - AAM and its partner Arqiva provides an satellite delivery system on each site
 - The infrastructure is open to any mean of electronic delivery
 - Ex: « Entre les murs » ("The classroom") has been delivered by satellite to Bordeaux by AAM et Arqiva
 - The content delivered arrives directly on the central library
 - It is then uploaded to the screens by local network delivery

- **Keys (KDM) :**
 - Ordered by the distributor
 - Generated by the digital lab for each digital screen in the complex
 - Sent by the lab or the distributor to a specific e-mail address : kdm@cgrcinemas.fr
 - Then automatically transferred to the servers in each complex targeted by the release
 - Tracked by a KDM validity tracing solution allowing the buyer to manage the key orderings to the distributors

- Retrofit of projection booth and auditorium
 - AC/ventilation
 - Porthole
 - Electricity
 - Sound system
 - Sometimes screen
- Validation of a technical architecture optimizing the management of a fully digital complex
 - Stream of advertising playlists
 - Storage space for 3D
- Operational management of ordering and delivery, coordination of suppliers and installation teams, validation and test
- Training of operators and cinema management:
 - Training for all staff at installation
 - Continued training and update of documentation based on feedback from the field
- Management of KDMs on a large number of screens
- Efficient hotline and maintenance ticket management
- Manage of 3D glasses / Shortage of 3D glasses

- From May 2008 to december 2009 :
 - Digital screenings represents more than 40% of all screenings in the auditoriums equipped of 35mm and digital
 - 32 different digital releases among which 7 en 3D (The Robinsons, Beowulf, Nightmare before Christmas, U23D, Hannah Montana, Journey to the centre of the earth, Fly Me to the moon)
- 100% of the films released by the long term participating distributors have been made available in digital
- Other distributors having released in digital : Metropolitan Filmexport, Haut et Court, MK2, Europacorp, Wild Bunch
- Long term agreements in preparation with French distributors
- VPF revenue in line with Arts Alliance Media's forecast

→ **99,99% uptime (client considers it more reliable than 35mm)**

→ Problems encountered concerning the equipment and solution applied:

Problem	Solution	Screening lost (yes/no)
Feb. 29 not managed by server	Mise à jour logicielle à distance réalisée par AAM/CDS	No
Defaulting HDSDI cable	Replaced by installator before the screening	No
RAID rebuilt on server	Done remotely by AAM/local installator	No
One defaulting TI light engine	Change of auditorium, light engine sent back and replaced under warranty agreement by local installator	No
One defaulting server	Server sent back and replaced by local installator	No

→ Problems encountered but not linked to equipment

Problem	Solution	Screening lost (yes/no)
Non standard content or KDM prepared by the lab	New content or KDM sent back by lab	No 95% of the time Some premiere screens lost due to incorrect content encoding and lack of time to resend
Lack of AC/ventilation creates high temperature and projector goes in idle mode	Cooling of projection booth before starting again. Then installation of better ventilation	Some screenings interrupted and started back
Wrong use of the equipment by the operator	Complementary training on the phone by AAM/local installator	Some screenings interrupted or delayed and started back
Installation of a projector too close to the whole created problem with lens extender automatic	Manual management of lens extender for some screenings and then small work on the projection booth to create more space	No

→ 1,8 calls to the hotline per complex and per month. The vast majority of issues are managed remotely.

- CGR buys directly from distributors just like in 35mm
 - No influence of the VPF on booking practice for distributors under contract with AAM
 - Shorter term agreements found very easily with local distributors who wanted to show a movie in digital – after a test, most of them want to sign a longer term contract

- Films who have a potential to be kept for a long time are maintained on the screen longer than in 35mm
 - No physical constraints linked to the print staying in a complex
 - No loss of quality

- New perspectives for pre-show content
 - 3D, Interactivity, good impact on brands of the « digital cinema quality » added value

- Very positive results of 3D

- Release on CGR cinemas : 30 prints
 - 18 prints in 35mm
 - 12 digital prints in 3D

- Result:
 - 180 000 admissions on the film
 - Among which 118 000 admissions in digital 3D
 - 40% of prints => 66% of admissions
 - **9835 admissions per print in digital 3D**
 - 3445 admissions per print in 35mm

- Digital 3D prints have been projected en 14 weeks whereas 35mm had been stopped after 4 weeks

→ 2 – WHAT IS AAM'S PROPOSAL OF SERVICE TO EXHIBITORS?

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Participating Distributor

Participating exhibitor

Financing of equipment

% of releases available in digital

% of screens digitized in each complex

Quality, interoperability & security: DCI (JPEG2000, 2K/4K, AES 128)

Film provided in digital if it is booked on a digital screen

Film projected in digital if it is booked on a digital screen and delivered in digital

A managed transition taking in account the constraints of exhibitors and distributors

Payment of VPF at each release

Payment of contribution to cost recoupment

Reliability and cost management

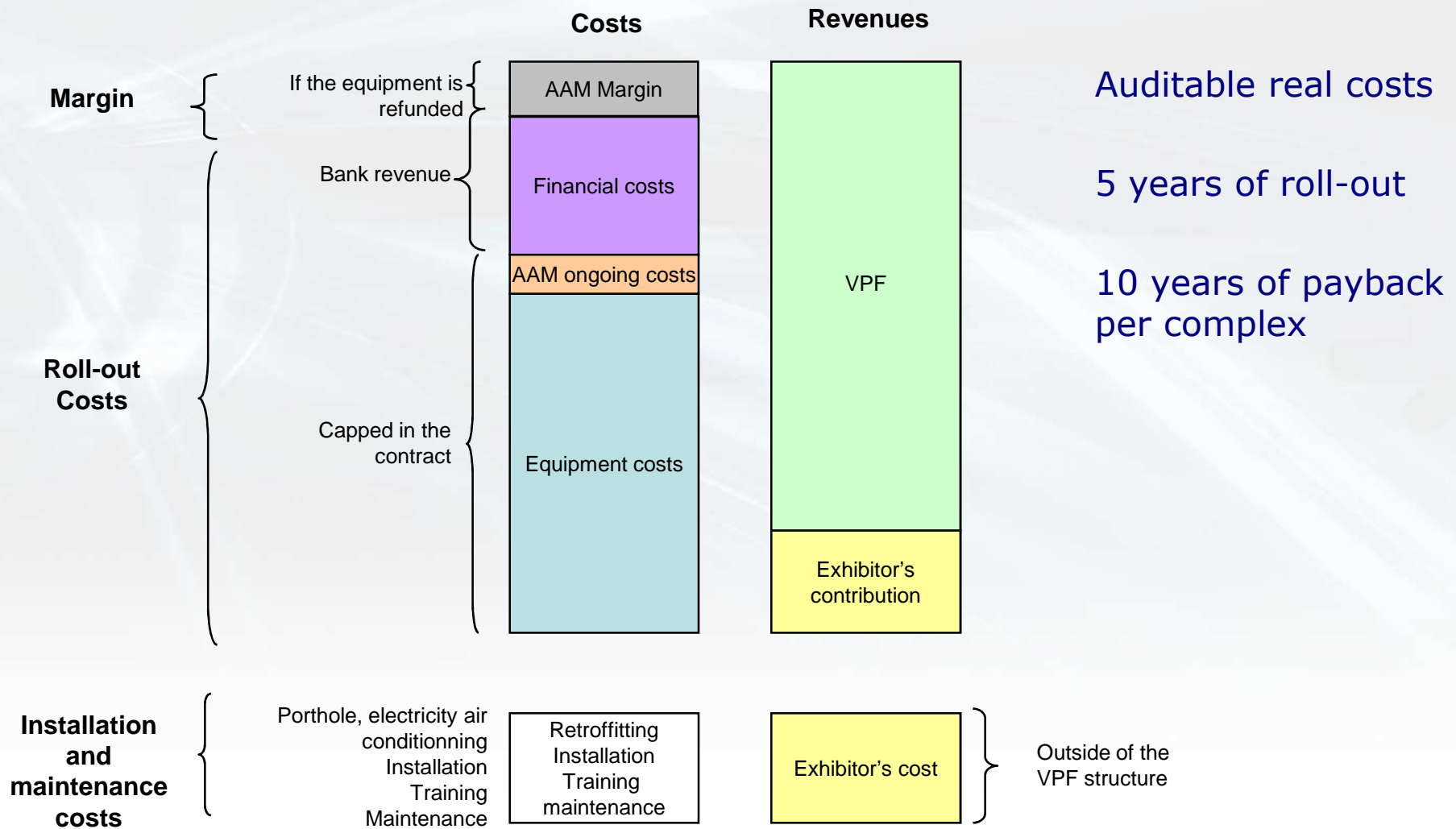
No commitment to AAM regarding lab work (master, prints and keys)

No commitment to AAM regarding film booking

- 10 year warranty
- Training
- Maintenance and support

Transparency

- Certificates are public
- Reporting on deployment
- Reporting on cost recoupment



- Per screen:
 - 2K DCI compliant Projector able to perform 3D (Christie, Barco or NEC)
 - JPEG2000 DCI compliant server able to play 3D and 4K DCPs (Doremi, Dolby on demand)
 - Booth automation Interface providing for combined management of the 35 mm and digital projectors
 - Switches and cables for each screen

- Per site:
 - Central rack with centralised library and storage system for each site + UPS
 - "Theatre Management System" or TMS software for each site
 - Gateway to AAM's Network Operating Centre (NOC) per site
 - Network equipment such as routers or switches required for the site.
 - Satellite Dish

- 10 years warranty on all parts the projectors and servers

- Not included:
 - Consumables : lamps, fans, mirrors, cooling liquid...
 - Technical audit of projection booths (to be performed by AAM and/or local service provider)
 - Necessary adaptations of projection booth (ventilation, electricity, porthole, etc).
 - Installation (under supervision of AAM but to be seen with local service provider)
 - Cables between central rack and screen (to be quoted with the installation)
 - 3D stereoscopic rendering system

- Training provided by AAM and/or local service provider
 - Projectionnists
 - Cinema directors
 - Cinema chain directors

- Maintenance and service:
 - Continue working with your usual service and maintenance partner if you wish to
 - Benefit from the experience and knowledge of AAM in terms of service for full complexes
 - Contract contains:
 - 24/7 Hotline service in local language
 - Access to constantly updated knowledge base and incident resolution base
 - Remote monitoring of your screens and alert management
 - Remote intervention in case of problem
 - Spare parts and spare part management
 - One preventative maintenance visit per year per screen
 - On site interventions have to be paid to local service provider (manpower, travel, consumables).
 - On-site intervention-included program possible. Fee to be negotiated

- Exhibitor is free to choose the equipment in a list recommended by the selected AAM and the local service provider
- Exhibitor is free to work with any advertising agency they want.
- Exhibitor is free to book feature films from any distributor in digital
 - You are not forced to book movies from participating distributors
 - If you book a movie from a participating distributor on a digital screen, you project it digitally
 - If you project digitally a movie from a non participating distributor, the distributor has to contribute the cost recoupment by paying a “spot price” VPF. This spot price is set in the contract.
- Exhibitor is free to show alternative content.
 - In order to protect AAM’s investment in case alternative content would replace a significant portion of film releases in the future, a very small contribution (corresponding to a VPF divided by the number of screenings that an average feature release would perform) is required for any use of the equipment, especially during “peak hours”.



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Thanks for listening

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