

FRANCE TELECOM

&

DIGITAL CINEMA

ShowEast

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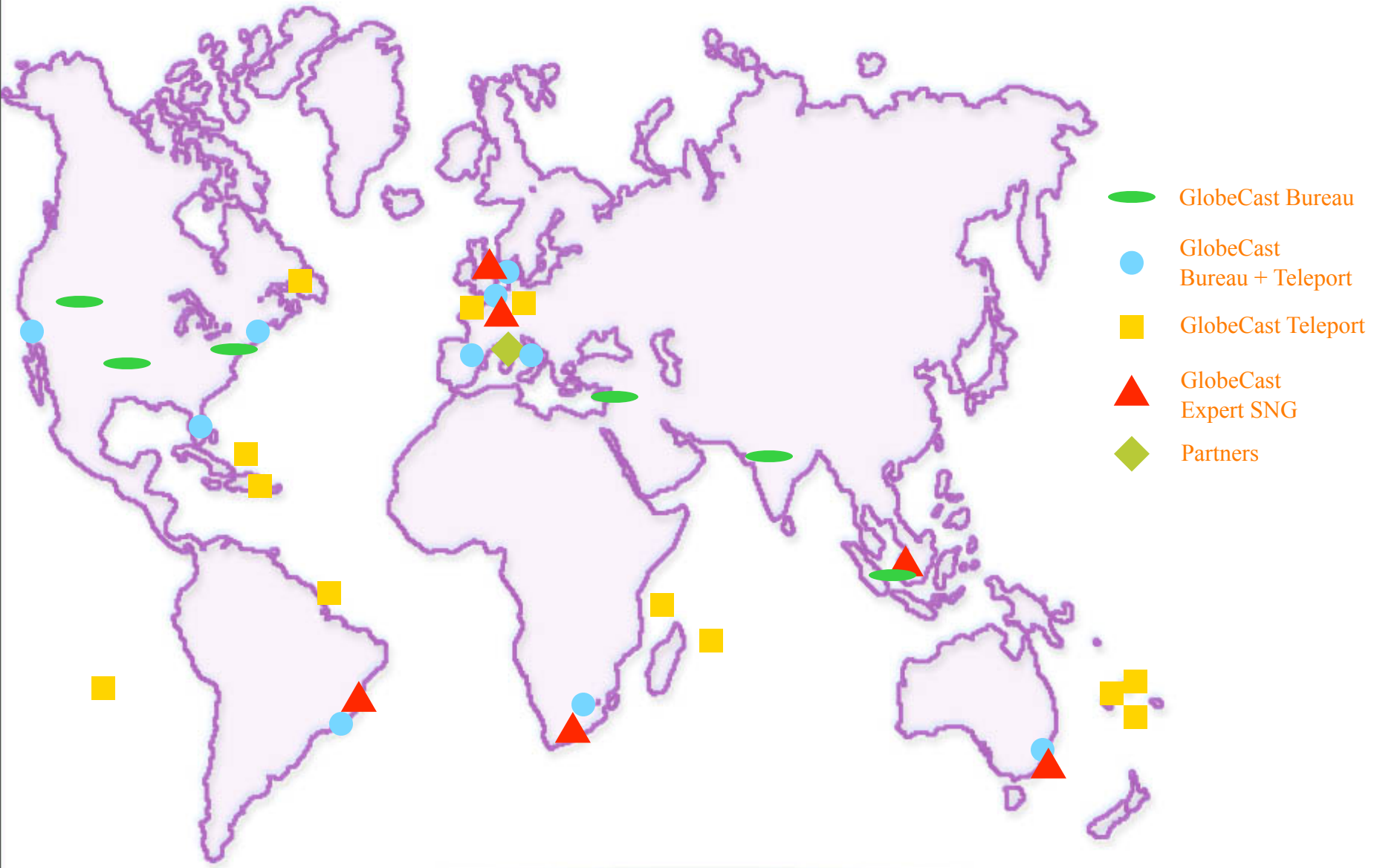
 **GlobeCast** is part of the B to B division of France Telecom



**A global leader
in professional
broadcasting
and File delivery
via satellite**



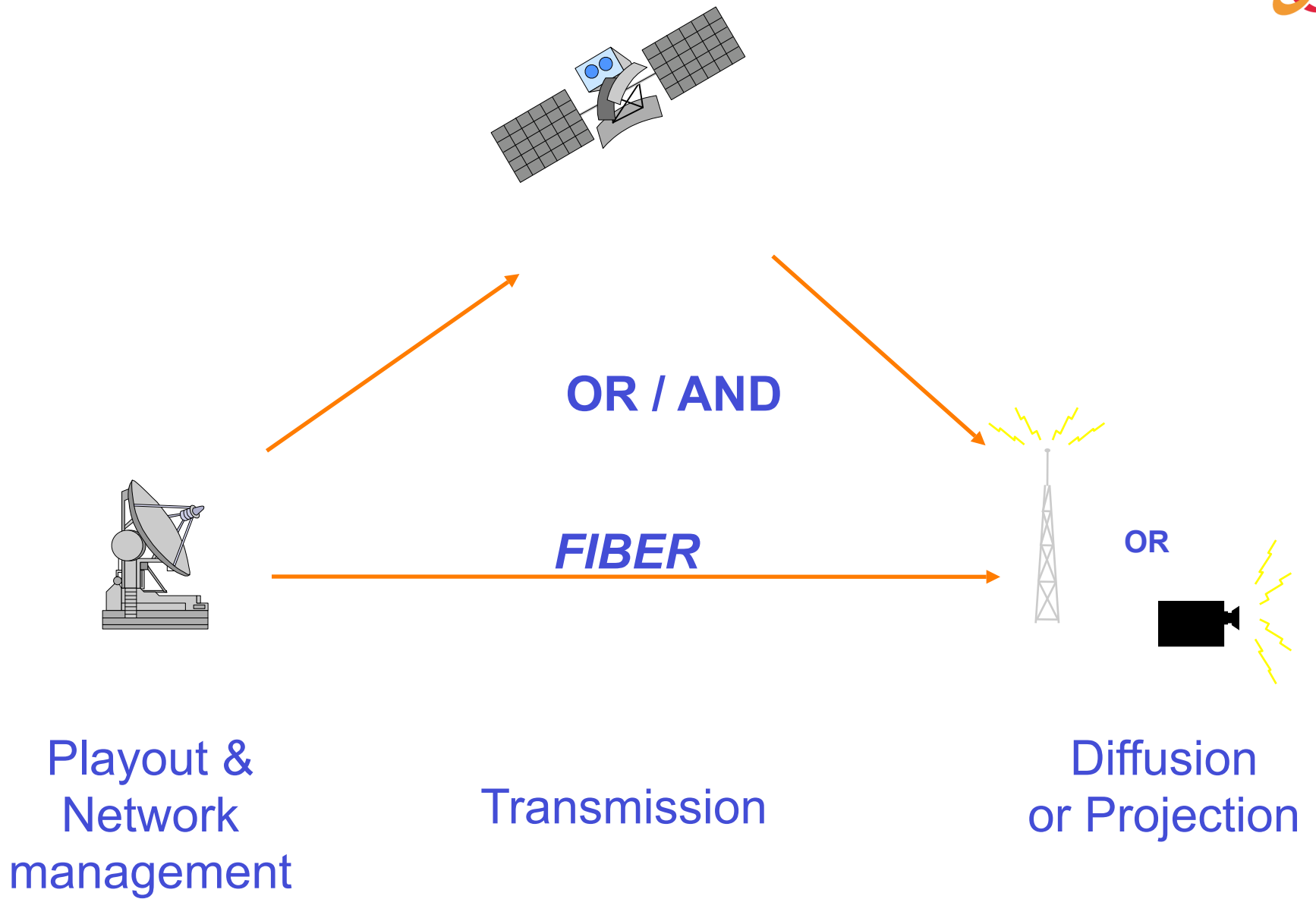
Worldwide coverage & presence



We are a worldwide company that includes huge activities in Broadcast Services.

But why being involved in Cinema ?

- ➔ Because the Digital Cinema transmission chain has many analogies (but also some differences) with the Professional Broadcast Services Business, and because it happens that we are already present in the Cinema Business (Madrid Film).



BUT DIFFERENCES

TV:
content)

- Operators (Exhibitors) Pay for the transmission (transport of content)
- Multiple operators in the same site

Cinema:

- Editors (Distributors) Pay for the transmission (the prints)
- At least one site (theatres) per operator in a given area (town)

Therefore, the major potential interested party are the distributors because they will make important savings on the costs of the prints, but exhibitors and others such as advertisers will make more profits.

Consequently, although the technical delivery chains have strong similarities, the business model for establishing the related services will be substantially different.



WHAT ROLE SHOULD FRANCE TELECOM PLAY ?

We are in the business of electronic transport and services for radio and TV transmitters, offering a complete service for broadcasters.

We plan therefore to offer a full range of services for the cinema industry based on our experience of electronic transport of content and network management.



WHAT ARE WE DOING ?

- ① **Have made an experimental platform to demonstrate our know-how**
- ② **Identify which services we will offer**
- ③ **Work on business models**



① HAVE MADE AN EXPERIMENTAL PLATFORM

- ➔ To contribute the large understanding of the benefits of digital cinema in general and electronic delivery by satellite (and fibers ?) in particular. It is important to stress the interest of satellite because the cost of transmission is divided by the number of theaters, while, in the case of a physical medium, it is multiplied by it !

N.B.: We made it in partnership with the CST (French Technical Superior Committee for Cinema and Audiovisual facilities)



① HAVE MADE AN EXPERIMENTAL PLATFORM

- ➔ To contribute to make sure that standardization will move towards proper and realistic achievements.
- ➔ To make demonstrations of our know-how :
 - ✓ FNCF (French NATO) - September 2000
 - ✓ PATHE - Spring 2001
 - ✓ ODEON Leceister Square - October 4th 2001
 - ✓ Biarritz - October 5th 2001
 - ✓ Paris - october 29th 2001 : whole movie



② TO IDENTIFY WHICH SERVICES WE WILL OFFER

➔ Network management :

- ✓ Which content, to deliver where, with which associated rights for use and status of content of local servers.
- ✓ Monitoring of proper delivery and use made of them.
- ✓ Reporting to the right owners (distributors, screen advertisers,...).

➔ Transport of contents (movies, advertising, trailers, live events,...).

➔ Possible other services: maintenance... for theater installations (depending on the country considered).

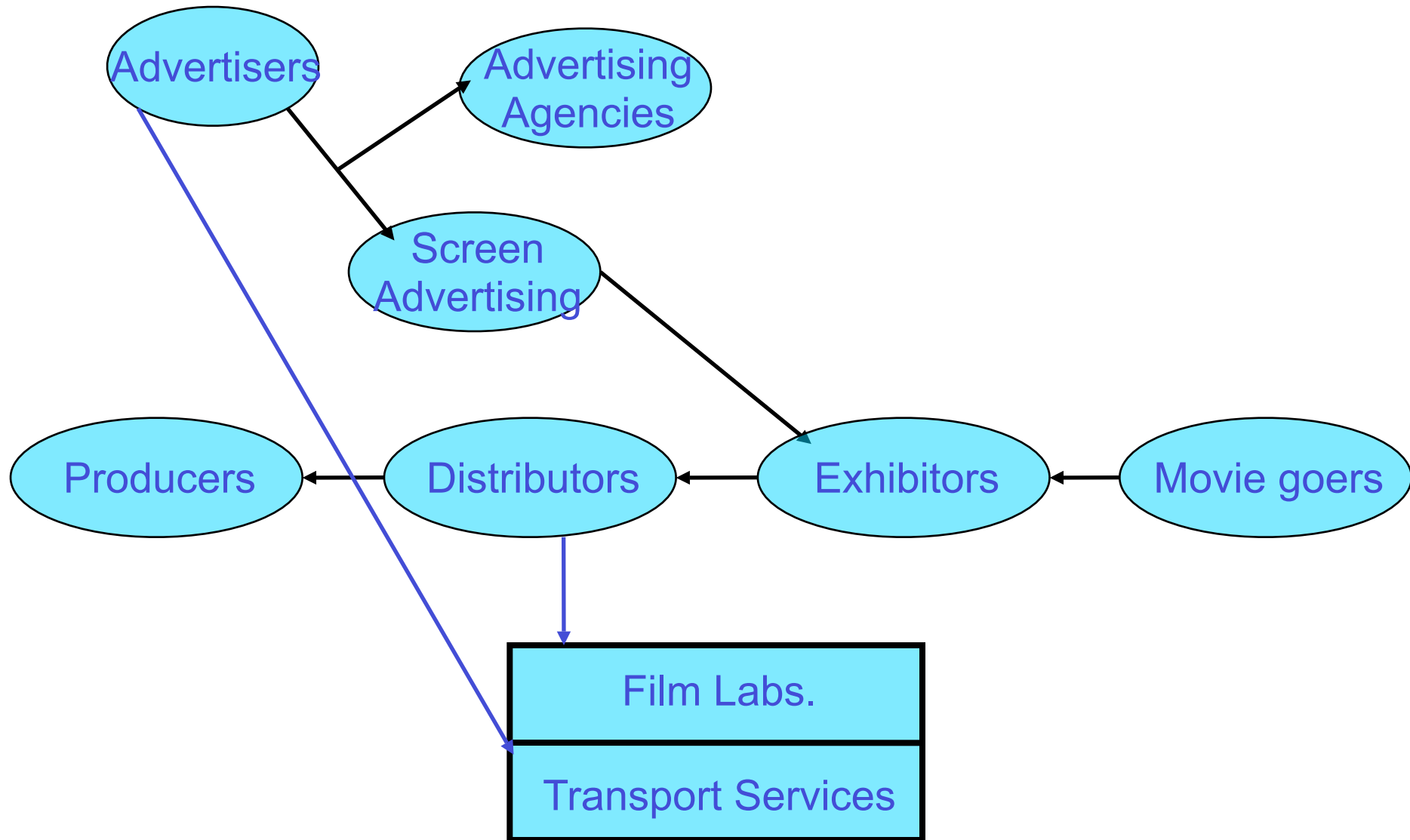


③ WORK ON BUSINESS MODELS

- ➔ To identify who could be our future customers and potential partners

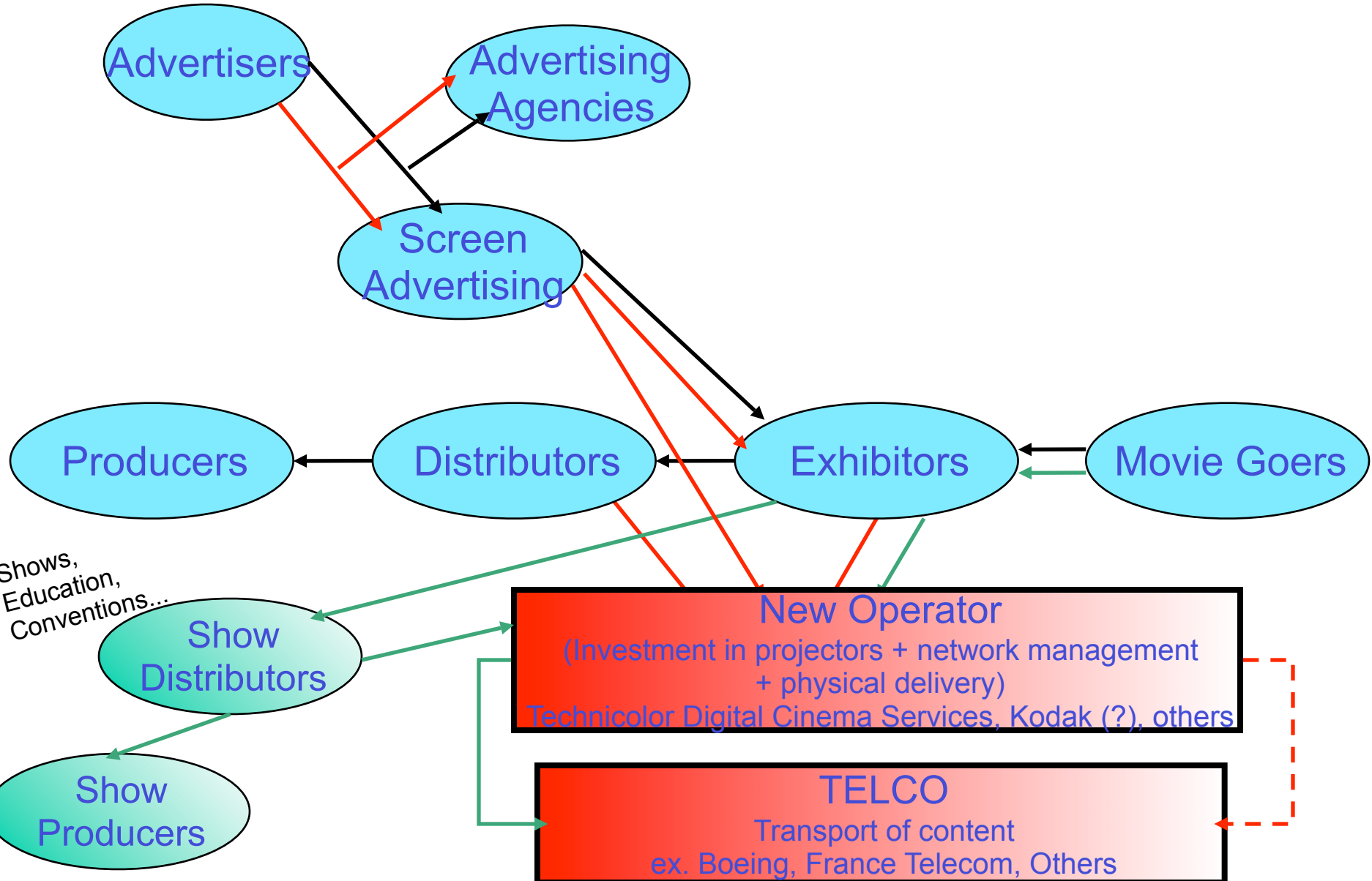


BUSINESS MODEL: PRESENT SITUATION



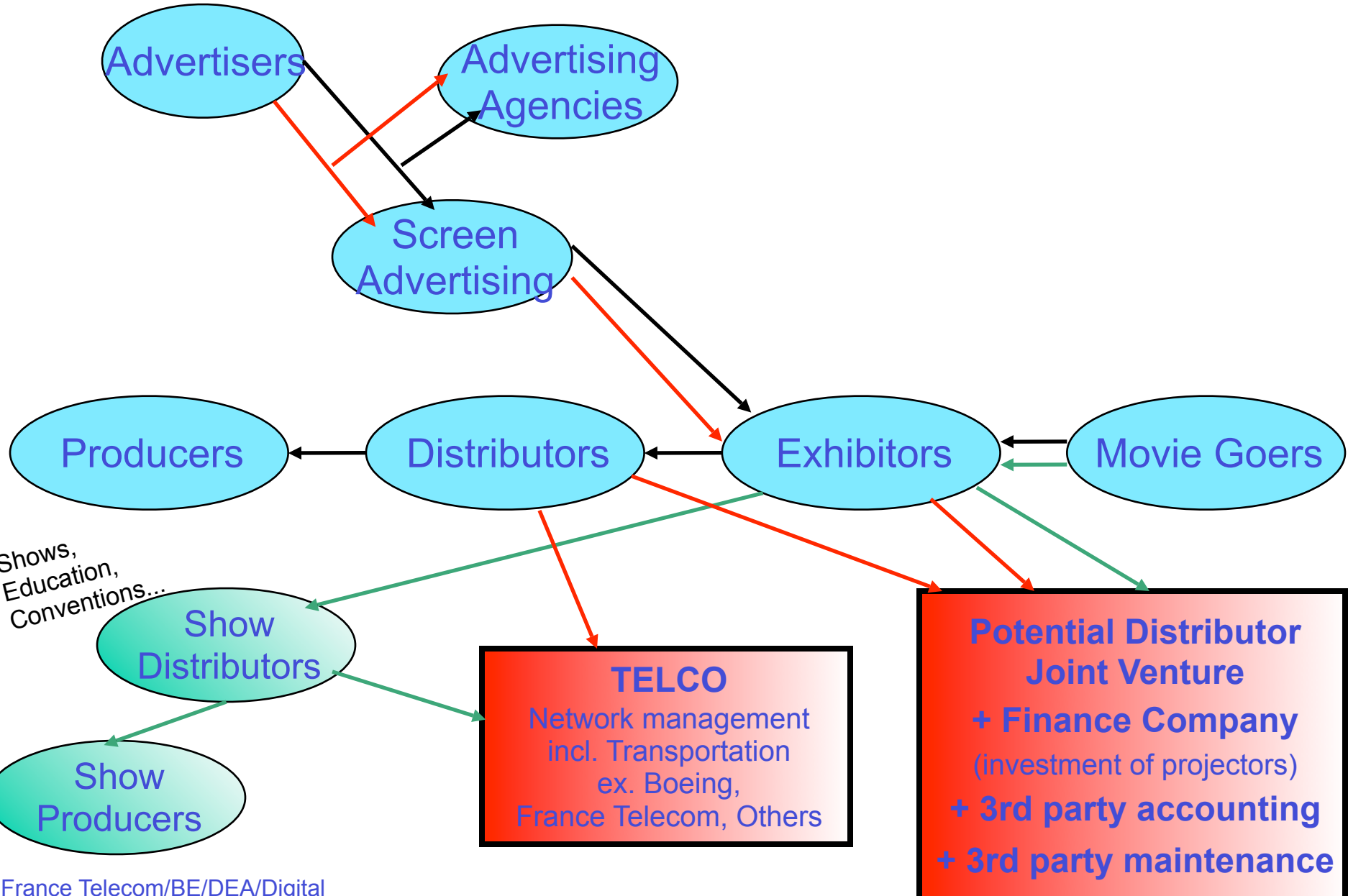


DIGITAL CINEMA BUSINESS MODEL: SCENARIO N°1



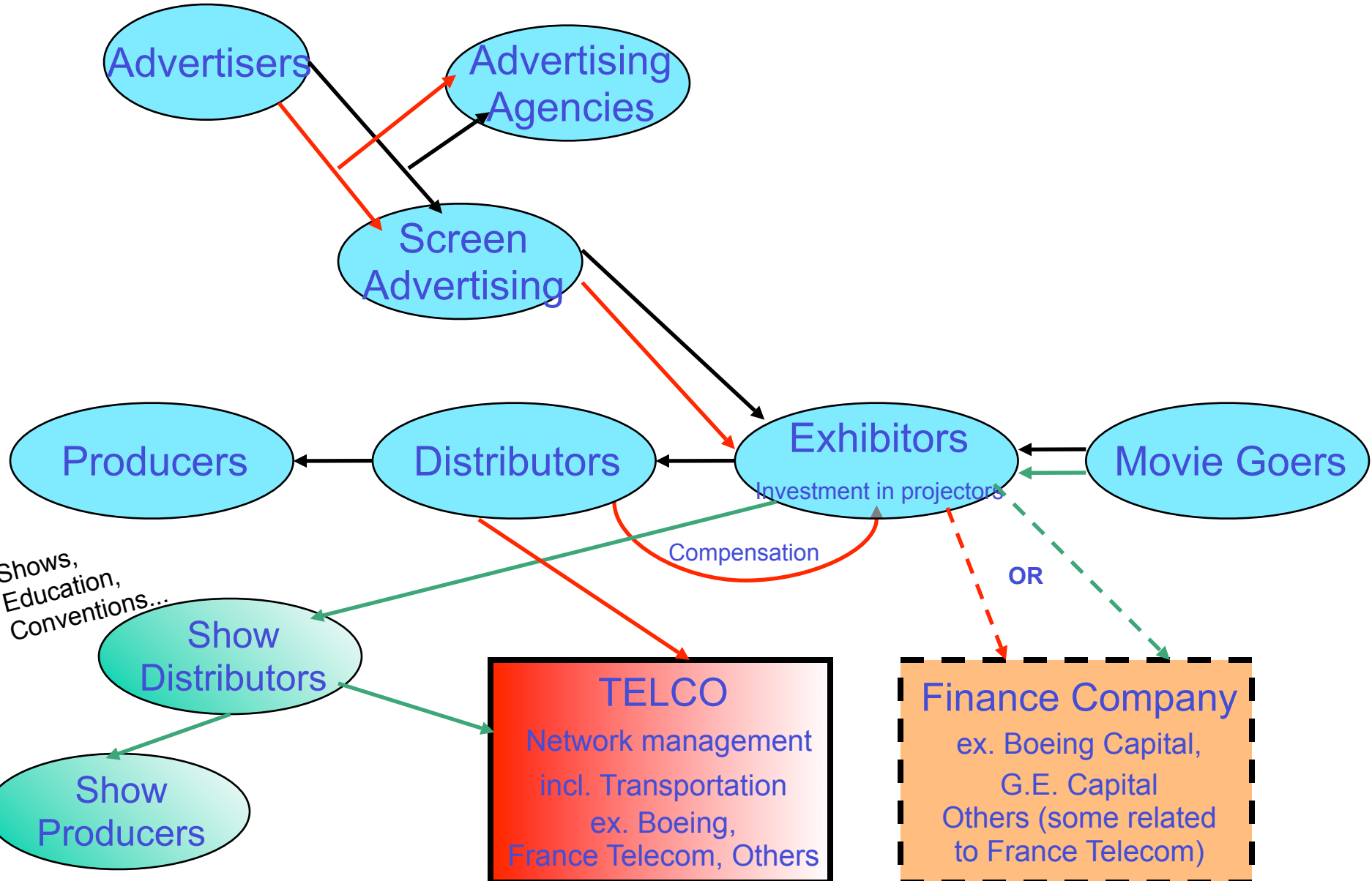


DIGITAL CINEMA BUSINESS MODEL: SCENARIO N° 2



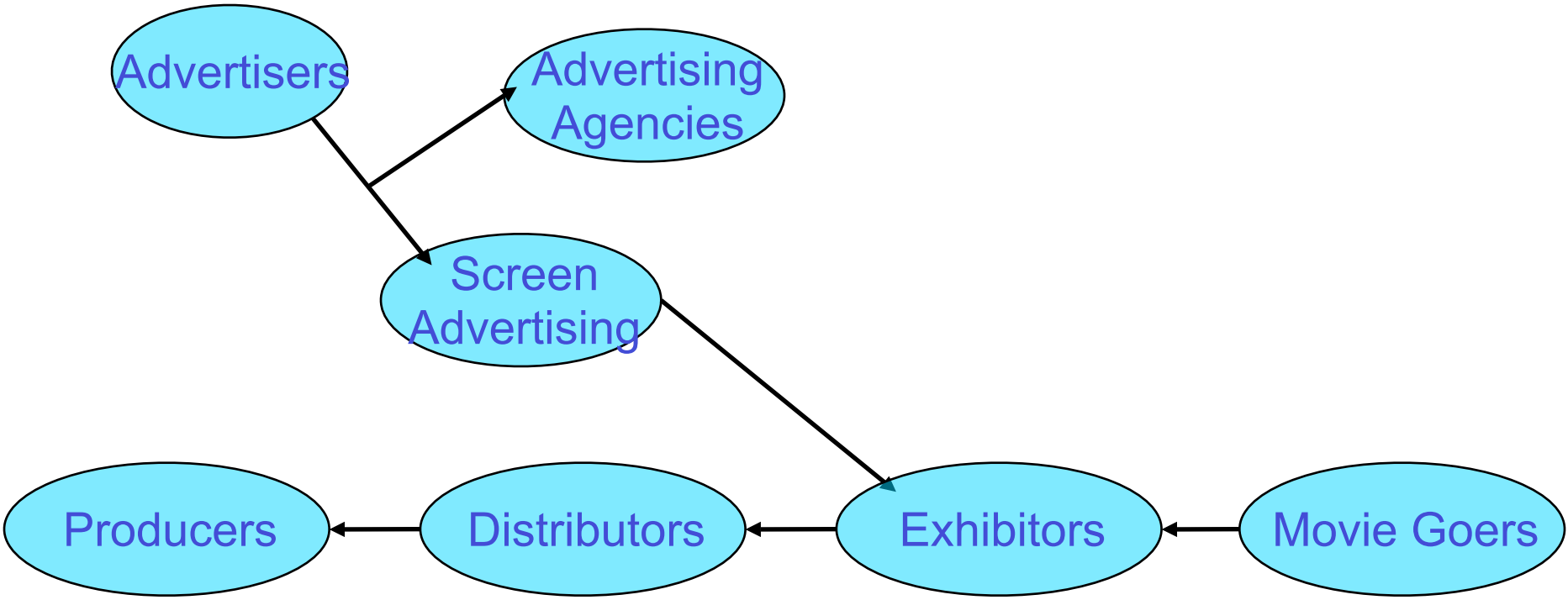


DIGITAL CINEMA BUSINESS MODEL: SCENARIO N° 3





BUSINESS MODEL: PERMANENT CORE SYSTEM





CONCLUSION

None of these digital cinema scenarios will change the roles of the producers, distributors and exhibitors.

We have proved that we are prepared to serve the cinema industry in a way consistent with the new millennium age, that is only to replace the spools and the trucks by servers and satellite transmission in order to decrease costs, give more flexibility, quality and security, help the cinema industry to get more revenues.



The End !