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BROADCASTING AND PRODUCTION IN INDIA

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BROADCASTING
CASTING IT RIGHT

EVENTS
NAB SHOW 2019
PREVIEW

**DISTANCE
NO BAR**

RAJESH MISHRA, CEO, UFO MOVIEZ INDIA LIMITED, ON HOW THE COMPANY REVOLUTIONISED THE DIGITAL CINEMA DISTRIBUTION NETWORK IN INDIA USING SATELLITE CONNECTIVITY

COVER STORY

DISTANCE NO BAR

Rajesh Mishra, CEO, UFO
Moviez India Limited, on how the
company revolutionised the digital
cinema distribution network in
India using satellite connectivity

BY ANISHA GAKHAR



COVER STORY



FO Moviez India Ltd. is one of India's largest digital cinema distribution network, and in-cinema advertising platform. UFO operates India's largest satellite-based, digital cinema distribution network. It associates itself with names like PVR cinemas, INOX, Cinapolis, Movietime amongst other brands. It was set up in the year 2005. Rajesh Mishra, CEO, UFO Moviez India Ltd, has been spearheading the daily operations and management of the company, since its inception. When asked about when he joined the company, he joked, "I'm one of the founding employees, if I may say!" He has led the company to ace the Indian cinema distribution market, with the help of his dedication and forward-thinking attitude. Every initiative UFO has taken towards making a positive change in the cinema industry, has been lined by thoughtfulness and the determination to bring about a change.

UFO's digitisation and delivery model has been fundamental in instigating the swift digitisation of Indian cinemas, in turn facilitating same-day releases of movies across the length and breadth of the country. This has tremendously helped movie producers and exhibitors, by reducing distribution costs for them, widening their network, catalysing efficient and timely delivery of

content, and most importantly – almost eradicating piracy through encryption and other security measures. All of this, without any compromise on the quality.

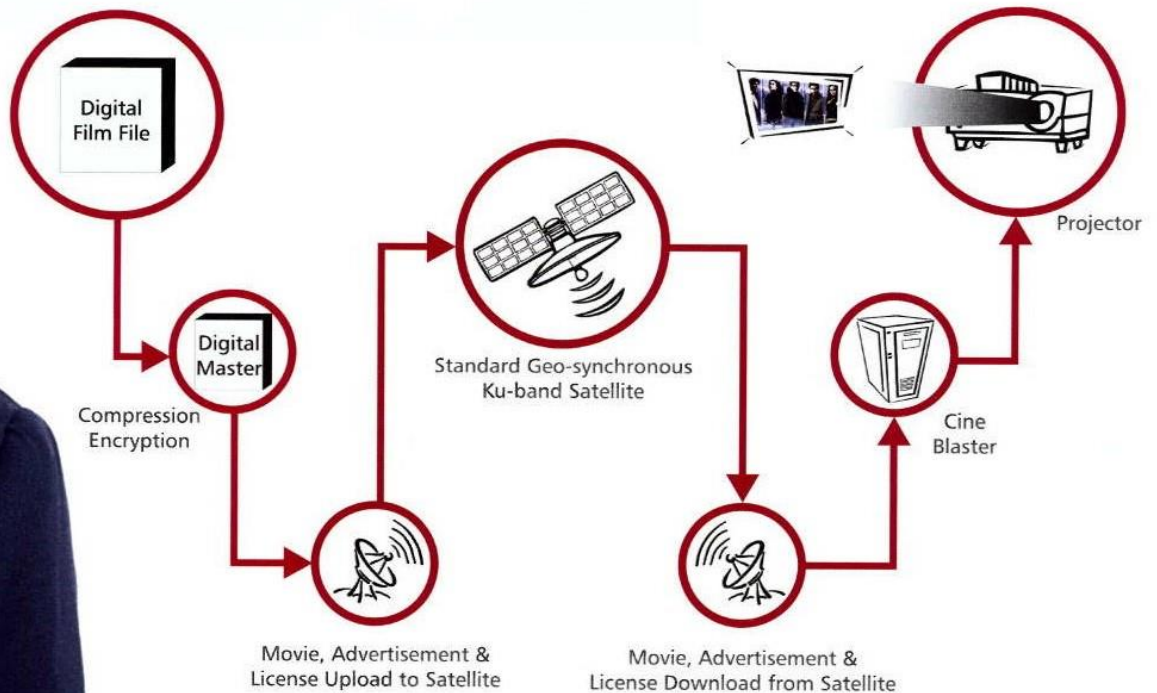
Over the years, UFO has released over 14,500 films in 22 languages, on its UFO M4-Platform and Digital Cinema Initiatives (DCI) network. It has conducted over 30 million shows across 5289 screens, pan India. UFO's in-cinema advertising platform has given long-term advertising rights and licenses to 3738 screens, with an aggregate seating capacity of approximately 1.63 million viewers and a reach of 1291 cities and towns across India.

THE BIRTH OF SATELLITE CONNECTIVITY

"Before the advent of digitisation of cinema in India, all cinemas were equipped with analog projectors. These required polyester prints called jumbo reels, to be looped into the projector and then played out. This process was the most expensive part of the entire distribution process," explained Mishra.

Distributors back then had many challenging factors, which inhibited and complicated the process. Their wish-list included releasing a movie across the stipulated number of screens, along with covering maximum number of screens on the first day itself. Back then, a single print would cost around INR 60,000. The

UFO-M4 Platform Movie Delivery Process



▲ UFO-M4 platform movie delivery process

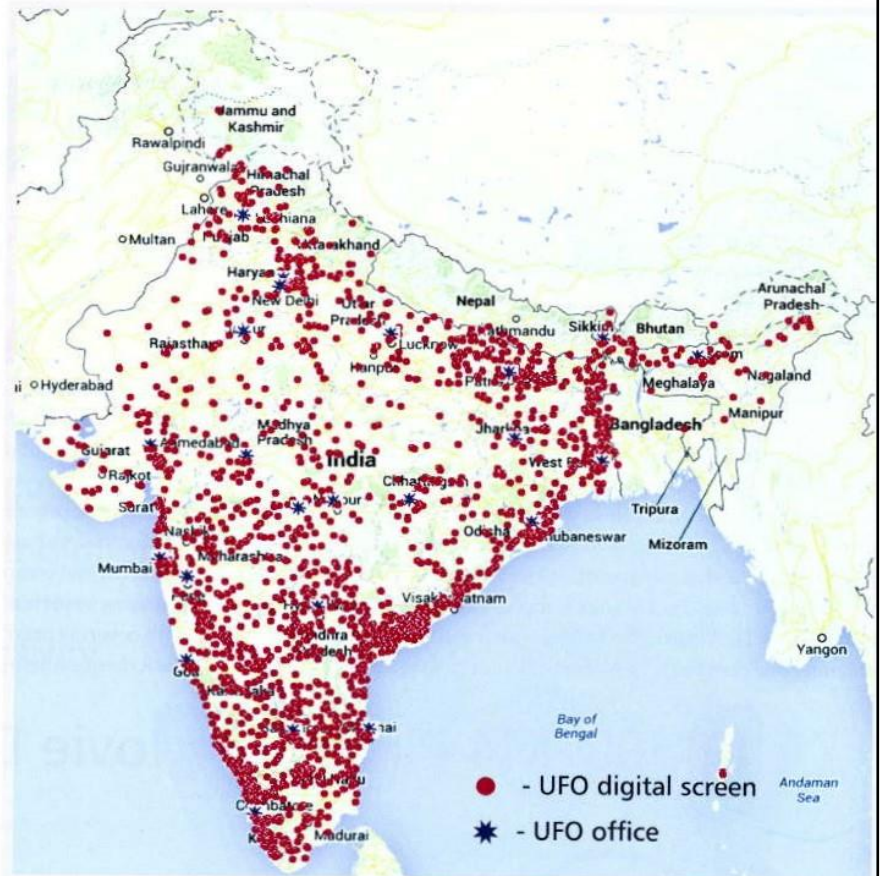
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exorbitant costs posed to be a limiting factor for most distributors.

“This problem led to the arrival of a consensus on a sweet-spot. A low-budget film was decided to be released in 20-50 cinemas, and a high-budget one in around 500 cinemas. At that time, had there been any distributor adventurous enough to release a film in a large number of screens after spending all that money, he’d have to be sure that the movie performs well,” explained Mishra.

Even if a movie performed well, the distributors lost out on the revenues due to piracy. If a movie didn’t manage to garner audience-attention, there would again be a loss on revenues due to negative word-of-mouth. This was a vicious circle. This is how digitisation was born.

“We developed a technology which allowed distributors to make a digital copy of the movie. This copy resembles any other computer file. We started distributing this file to all cinemas of the country, using satellite technology. The first film we ever delivered was through a satellite,” said Mishra. This helped reduce costs considerably, since there were no physical reels involved. The only cost incurred was that of encoding and processing the digital



▲ UFO screen placement on the Indian map



▲ UFO’s server room

file. The cinema of course, had to invest in the new server and projectors; but this was just a one-time investment. “The cost of a print slashed to around one sixth of the prior cost. This also led distributors to expand their footprint!” exclaimed Mishra.

Mishra also stated that there was apprehension in the minds of the customers, as to whether this new technology is here to stay and if UFO was trust-worthy. “We were thinking fresh; we wanted to build an eco-system for the distribution industry. The complete responsibility of integration, back-end and front-end was undertaken by us. And we were ready to invest in it ourselves, without burdening anyone,” narrated Mishra. “We had to evolve our business model to suit their needs. Their apprehension was understandable. We started giving out our equipment on a rental basis,” he remembered. This was not

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the last of his worries, though. Since many movies were still being made for analog projectors, the equipment was not being used throughout the month. UFO then accommodated the need for customisation by introducing a very nominal use-based pricing. "The onus of providing the movie and the investment shifted to us. But we wanted them to imbibe this technology, so we did everything to make it comfortable for them. We had to tackle multiple things at multiple places," noted Mishra.

THE TECHNOLOGY

There are two kinds of satellite connectivity systems which can be set up for distribution needs. The Digital Cinema Initiatives (DCI) system was mandated worldwide, as

a standard protocol to be adhered to, for release of movies.

The other system is a proprietary encryption technology developed by UFO, with an aim to reduce the cost associated with the DCI system. Currently, UFO boasts of around 3800 non-DCI screens, and 1400 DCI ones. Till the year 2011, UFO was a deployer of only non-DCI systems. "The file size in a DCI system is quite large as compared to a non-DCI system, and hence is not a viable option for delivery through satellite. It requires a large bandwidth to transmit a file. It becomes virtually impossible to release 25-30 films a week using DCI equipment," explained Mishra.

Mishra vouched for a non-DCI system to be more reliable as compared to a DCI

system. He attributed this to the capability and flexibility it provides – multicasting and multi-transmission. With a single download, the file can be transferred to the VSAT receiver, which then stores it on the server. To further optimise the model, UFO designed the servers in a way to enable one to download and play the film simultaneously. A DCI system doesn't allow this flexibility, stated Mishra.

"India is a vast country. It is almost impossible to release movies in varied languages in a single day, without the help of a satellite. It allowed us to grow very fast at reduced costs and a high up-time. The ability to deliver to multiple cinemas at the same time across boundaries was a huge advantage," said Mishra. UFO has set up cinemas in remote locations like Andaman & Nicobar, Rinchen in Leh, amongst others. This has helped the movies reach audience in far-off locations, thus helping wipe out the disparity and inaccessibility that once haunted remote villages.

Hughes communications has been providing VSATs to UFO since the start of the latter's journey. They have partnered to provide VSATs, satellite uplink facility and bandwidth to UFO for its operational needs over the years. "Our DCI projectors come from Christie, and non-DCI ones from Panasonic. All our servers are provided by Dolby. These have been our primary partnerships," added Mishra.

TRACTION ALONG WITH CREDIBILITY

A satellite delivers round the clock. It allows for multiple downloads, permutations and combinations. UFO also provides licenses to distributors. For example, if a distributor has a license for ten shows for a particular movie, he will not be able to play it the eleventh time. This has helped evaporate the exploitation of cinema, along with providing distributors full control of their data.

UFO has played an important role in the significant reduction of piracy in Indian cinema. "The technology has chucked white collar piracy out of the window. The avenues from where movies could be pirated have reduced in number drastically. Technology



"BY USE OF SATELLITE CONNECTIVITY, WE SPARED OURSELVES THE HEADACHE OF PHYSICALLY DELIVERING PRINTS TO CINEMAS. WE CAN CONCENTRATE ON THE ACTUAL BUSINESS OF DOING BUSINESS!"

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▲ UFO's new initiative - NOVA Cinemaz screen at Nagpur, Maharashtra

can be misused, but we at UFO, strive to swipe piracy clean," stated Mishra. The company has configured dynamic fingerprint sensors in the servers, which can track the date, time and place of the instance when the movie was copied.

"When a movie is delivered, I can activate it within two minutes in any cinema across the country, sitting in my Mumbai office," said Mishra. Everything at UFO has become an automated and simplified process because of the use of satellites. "By use of satellite connectivity, we spared ourselves the headache of physically delivering prints to cinemas. We can concentrate on the actual business of doing business!" exclaimed Mishra.

LATEST VENTURES

NOVA Cinemaz is an asset-light franchisee model recently launched by UFO as a one stop solution for the local populace to set-up movie theatres in their respective areas through a standardised model, in terms of infrastructure and experience. Through this

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initiative, NOVA offers an infrastructural boost to the Indian film industry, an exciting opportunity to budding entrepreneurs who aspire to get into movie-exhibition services, and a better cinematic experience for the local cine-goers. "It requires around 60-90 permissions to start a cinema depending on the state, and irrespective of how old a brand is. It is a nightmare!" stated Mishra.

Another venture is - *Caravan Talkies*,

a movie-on-wheels concept, wherein sundowner, free-of-cost shows are played at villages for India's rural population situated in media-dark areas. This platform provides an opportunity for brands to reach out and engage with rural audiences via consumer activations in a fun and receptive environment. Currently, UFO is operating 114 caravan vans across 14 states. "Cinema should reach people irrespective of geographical challenges. Men used to travel to neighbouring towns to watch the favourite movies, while women and children were left at home. This initiative is our way of bridging that gap," beamed Mishra.

FUTURE PROJECTION

UFO will continue to use satellites for all future projects, over the years to come. According to Mishra, the increased use of satellites will reasonably curb the high price of bandwidth. "I wish the cost of bandwidth was lower than it is now. If it happens, it could open up the options of transmitting

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heavy DCI files through satellites," he added.

UFO believes in value-creation, not value-shifting. "Cinema advertising never caught up in our country due to the micro-level fragmentation involved at every step. It is actually the best form of advertising," affirmed Mishra. UFO gets nominal revenue from its rental business, but that just covers the maintenance of equipment. Another source is the print charge from distributors, which covers the subsidisation costs. A large chunk of their profit is from advertising. "We envisaged this source of revenue from the beginning. Mind you, nobody advertised in cinemas in earlier times. We thought of changing that. We provided them the equipment for free, in exchange for advertising rights. Effectively, I wasn't charging them an 'x' amount. I created a source to earn the 'x' amount by myself and keep 75 percent of it. This is called value-creation," explained Mishra.

Indian cinema is a highly regulated industry, which leads to the control on the availability and usage of bandwidth. The



▲ UFO's internal theatre

journey hasn't been easy, for Mishra. From initial teething problems like government licenses to permissions, there were hurdles all along the path. "Ours is a cut-to-cut business, with the dynamics changing by the day. We have to accommodate last-minute changes, censor cuts and edits," said Mishra. But today, the satellite technology is an accepted norm, with UFO being the only

provider delivering to almost all multiplex brands across India. "We kept pushing it, because we believed in the technology. We made people realise and cognise the concept. Our learning curve has been enriching, and we are adding value to our services every day. The satellite has been an enabler for us, on which the backbone of our company rests!" concluded Mishra. ■