

The DVD Series

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In this issue: Blue - How Long Is the DVD Bridge? The Bargaining Table and Whose Content....Really
<http://www.bityard.com/article.php?sid=799#Adds>

We know people are waiting for the next great thing in storage and too many people have been convinced that: a) it's blue ray; b) it will be here shortly and c) it's going to give you huge/cheap/high-quality video storage.

Remember...spin is a good thing!!!

Blue ray technology (either BD or HD) is good. It will give you storage capacity of 25GB single layer, 50GB double layer. Folks in Japan and other areas of the Pacific Basin have been buying BD recorders for about two years and have not only paid dearly for the hardware but also the cartridge discs.

Just don't visit blu-raydisc.com for a listing of units you can buy anywhere else.

Lots of folks say that the two technology approach camps are holding things up from getting burners, recorders and media to the market and making it hugely successful. But that runs counter to logic since the organizations are working real hard to see how they can make the units - profitably - for sale under \$1,000 and to make media that is priced under \$35 per disc.

The word that Sony and Toshiba are now in discussions to develop one standard has been heralded as the definitive breakthrough and we can expect a new solution shortly. Of course they want a single standard as long as it incorporates their royalty-producing technology.

While all of those with vested interests have joined in the discussions, Matsushita (better known as Panasonic) has said they'll let the key parties hammer out the details. Of course Nakamura-San the company's president was quick to add ...We cannot compromise on the point of the 0.1 mm [cover layer].

Want to guess whose technology revenue stream that is?

Compromise Is Really Hard

Everyone - Studios, hardware folks, software developers, media producers and retailers - wants a compromise. It just makes good business sense.

Hollywood wants to cut its piracy losses. New disc technology will mean people will have to throw out existing players and recorders. Obviously the technology revenue stream is a lot more than an accounting rounding error.

By upgrading DVDs with HiDef content and interactive features it's something they all hope you just gotta have!

Engineers on both sides of the aisle have spent years on their formats and compromising their technical children will be a hard pill to swallow. Each side has convinced him/herself that they are the best solution. The two formats' discs are made very differently. HD DVDs put the data layer in the middle. Blu-ray discs store data close to the surface and add a thin protective coating on the top.

A true compromise will send the engineers would be sent back to the drawing board. It will add years to the timetable.

Merging the formats will mean one side's format is adopted, with a few compensating bones thrown in to satisfy the losers. That will require a helluva sales/spin job!!!

Common logic says that with the manufacturers and content owners involved it will take four to six months to hammer out the details of the compromise. Then they have to develop, verify, test and fine-tune the specs. Then the firms have to develop the prototype hardware, firmware and media so we're really looking at 2008 before we see serious new products at retail.

That's making IDC's projections that Blue technology will only have about 1% of the DVD burner sales by 2010 look dramatically optimistic...

Oh Yeah...Security

Lest you forget there is one little item that also needs to be solved - content protection. The approach that currently has broadcasters' and content owners' blessing is the Advanced Access Content System (AACS). This is designed to control digital rights on downloading movies, burning them to DVDs, sharing them at home or using them in your portable/car video players. HiDef content won't be delivered until this protection has been hammered out. And you can be certain that the music industry is working on a similar solution to get the horse back in the barn.

But HiDef can be stored on today's DVD media especially the 8.5GB DL media (double or dual layer, +/- respectively). Especially if you are using DivX or MPEG-4 (H.264 can put a complete HiDef on a single layer disc). You may have to get a new DVD player but even with combination codecs they would cost almost nothing.

Analysts at Semico, a market research firm, say recorders are going to grow from 22.8 million this year to 86.9 million by 2009. There's very little profit in these units which is why people are increasing their purchases with Europe, Japan and the U.S. with an average of about 70% plus of the total purchases annually.

Of course Blue units don't make a lot of sense if all of the movies you rent/buy are in today's standard. Playing them on your HD TV after watching your TV shows in HiDef is a little brutal unless you have an upconverter like ADS Tech's HD UpConverter. The \$500 box (and there are others) converts standard interlaced video and standard definition television signals into HDTV, progressive-scan resolutions.

And there are a lot of DVD movies to choose from according to the Digital Entertainment Group (DEG). They note that the total number of DVD discs shipped since the launch of the format to more than 4.3 billion discs and that there are now more than 43,000 DVD titles available today.

DEG notes that since their launch, more than 135 million DVD players, including set-top and portable DVD players, DVD recorders, home-theater-in-a-Box systems, TV/DVD and DVD/VCR combination players, have sold. They estimate that the number of DVD households in the U.S. is 73 million and that about 46 percent of DVD owners have more than one player.

But if you want HiDef movies in HiDef, don't worry. While Panasonic agrees that a compromise Blue-ray solution is best, they have begun BD-ROM pilot production down in Hollywood. Of course they will need titles and you will need a BD player but that's a small problem...

Content Control

We'll admit right off the bat; we have never ripped a music CD. If we wanted a second copy - for the office or car - we bought one. Just seemed to be a lot easier even though there are some excellent hardware/software products available that will let you convert your old music to disc or put together music lists and burn them to CD.

While we're at it, we've never copied a movie even though there are solutions to let you do it almost flawlessly.

With that said the RIAA and MPAA lawyers can start looking elsewhere for people to sue.

While the record industry recently saw an uptick in CD sales (the first in a couple of years) they are determined to press their lawsuits at every turn. They may have taken on more than they bargained for with Carnegie Mellon University when they claimed their high-speed Inet2 was a license for students to steal music.

Professor Roger Dannenberg responded by saying that the claim was as one-sided and illogical as the organization. He noted he has musician friends who cannot get paid the royalties due them by RIAA members.

At the same time there are thousands - if not hundreds of thousands - of musicians who can't get their creative work heard by the consuming public. These folks have found a great way of reaching the music loving public by online sites like artistserver.com and other free and minimal fee posting sites.

But if the RIAA's sales had been damaged by music pilfering as they assert, you have to wonder why so many radio stations are changing their formats. An article in a recent issue of The New York Times recently reported that in recent months stations across the country in big media markets have switched formats in an effort to retain listeners.

Music is a long way from a fading art form if you visit events like the Coachella Valley Music Festival, Bonnaroo Music Festival, Austin Arts Festival, Monterey Blues Festival and the hundreds of local and regional music events held around the country and around the world. Some encourage/condone capturing the music. Others sell their DIY CDs at a very low price.

Content protection seems to be designed to protect the machine, not the individuals.

The Polished Approach

On the other hand the MPAA has taken their case to the Supreme Court and Congress where their financial muscle does more good. They've had mixed success in this professional approach.

They did stumble occasionally because at the Grokster trial. An MGM spokesperson admitted that ripping movies for personal backups could be legal. However, the movie industry has claimed all along that any and all copying of DVDs is illegal.

When asked the spokesperson said that at the time the iPod was invented, it was clear that there were many perfectly lawful uses for it, such as ripping one's own CD and storing it in the iPod. Oooppss! Now they won't be able to challenge ripping again under the doctrine of judicial estoppel.

France has said that adding an anti-copying mechanism violates the consumer's rights to have and make a private copy. While they pressed forward in the U.S., they didn't count on the Bible belt's push for clean visual air.

With the Family Entertainment and Copyright Act of 2005 (has a nice friendly ring doesn't it?) they got the content protection law they wanted. But those sneaky guys on The Hill snuck wording that would in effect terminate a lawsuit that film directors and Hollywood studios brought against ClearPlay whose electronic filters let viewers skip over violent, suggestive or profane sections of DVDs.

The Electronic Freedom Foundation (EFF) got a lot of support from red state voters when they said, Once you have the DVD in your living room, it's nobody's business how you choose to watch it.

Boy...you know that had to hurt!

But don't start cheering.

Remember...the FCC's broadcast flag may have been recently ruled illegal by the Supreme Court but the NAB and MPAA will now head to the Hill for assistance. We're not certain if one Supreme Court beats a full house but you can bet all the cards haven't been played.

Just remember those immortal words of the NAB Chairman, Without a broadcast flag, consumers may lose access to the very best programming offered on local television.

Translation: If we don't get our way, we'll pick up our chips and go home. Then what will you watch? Of course why would they bother to create the very best programming if they will be the only ones viewing it?

Talk about self-adulation!!!!

Don't worry...it isn't over till the fat Congressman sings.

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