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MEDIA ALERT - BiBC (British Internet Broadcasting Company)

Warner brothers to use controversial technology for legal film downloads

STORY: Warner Brothers is to follow in the footsteps of a string of big name announcements including Universal Studios and is to start selling film downloads via the Internet. They'll use the very technology once blamed for helping people swap illegal copies.

BiBC Comment: It looks like the kickback from the audio desert left by Apple is starting to take effect as the majors attempt to create a pricing structure themselves rather than being 'driven' by the likes of Apple. Warner appears to be hedging its bets though and will probably have to make a decision whether it will go for a direct model or go through 3rd party retailers to sell the products.

Whilst download is almost certainly the distribution channel in the future, at present and in the crossover period there is real collision between retailers of the physical Warner product on DVD and the digital market.

Paul Hague, managing director at BiBC comments: "This crossover of physical and digital products is an issue that Warner will have to address in either margins created or channels to distribute through. Rightly retailers may well start questioning whether Warner and the other studios are leaving them for dead in the digital age to grab a large piece of the pie and I can see retailers looking to really squeeze the studio retail margins as they become a competitor not a customer.

"Maybe there will emerge a half way house where the retailers will still distribute physical products but will use digital channels, with P2P as an accepted form. The move to embrace P2P shows just how far the digital industry has come. They've finally realised that P2P technology will inevitably be used; so making it legal and responsible is the best way forward."

P2P technology has been widely held responsible for pirating within the audio industry. People were able to share files because there was no digital rights management (DRM) coding incorporated into the product. There is no problem with the P2P technology itself, it is when a file has no DRM coding that it's left vulnerable.

Last year BiBC set up the first digitally rights managed P2P network for video content sharing, combating issues around illegal file sharing and showing how the technology can be used with no risk to content owners. BiBC 's solution, which includes the set up of a "content factory", addresses issues with file sharing by regulating the distribution of media on the internet and preventing copyright theft. Only content passed through its content factory where the DRM is applied, will be made available on the network.

BiBC developed and launched the UK's first premium video content download to own site; www.boxoffice365.com, which made video downloads a reality for consumers and content owners alike. BiBC also have a B2B offering allowing companies to brand a version of the boxoffice365.com site as their own. BiBC's work has alleviated

the fears of content owners, which has led to Universal Music, EMI, ITN, V2, Sanctuary Group and Laughing Stock signing deals with the company.

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Editors' Notes

About BiBC

The British Internet Broadcasting Company, BiBC, is a privately owned company, founded in 2000. BiBC is pioneering the use of the web as a multimedia distribution platform through BoxOffice365.com - the first managed service offering that enables secure on-line distribution of video content, increasing revenue and reducing costs. BiBC allows content and brand owners to outsource the creation, distribution and payment for digital content over the web.

For further information, please contact:

Cheryl Wanless / Kerry Hallard / Rafi Cooper

Buffalo Communications

+44 20 7292 8680

bibc@buffalo.co.uk