



PLUS

HOMEVID LEADER REPORT



THE NAVIGATORS:
Industry's top execs steer
the homevid biz through
changing times.
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DECIDERS WANTED: Clockwise from top left, Paramount's Kelley Avery, Best Buy's Gary Arnold, indie film producer Jeff Clanagan and Sony's David Bishop are among those charged with making the tough decisions as the homevid biz faces a volatile period in terms of both content and technology.

TWO FRONT WAR

Homevid toppers face twin challenges of
tumultuous tech times and flattening DVD revenues

These days, change comes hard and fast for homevid execs, who just buried the 30-year-old VHS format and fully understand that there ain't no way DVD is going to last three decades.

Happily for homevid denizens, it's not like their "traditional" distribution methodology is cratering. The DVD, which hasn't even reached its 10th birthday, generated \$14.7 billion for them during the first three quarters of 2006. That's a pace roughly on par with '05, and one that could pick up in an ongoing fourth quarter that features the disc releases of summer hits like "Pirates of the Caribbean: Dead Man's Chest," "Talladega Nights" and "X-Men: The Last Stand." A number of suppliers, meanwhile, are touting 20% to 30% upticks in their catalog revenue.

Still, as it is in just about every other media sector right now, leaders of the home entertainment business find themselves with a bunch of tough decisions to make all at once.

Everyone in the business right now is either psyched or freaked, depending on their perspective, about the impending proliferation of digital distribution, which seems less and less like crazy talk every time Apple, CinemaNow or ClickStar issues a press release.

And as if figuring out a future without discs or tapes isn't difficult enough, most homevid execs find themselves in the middle of the deep Blu sea when it comes to hi-def DVD.

So far, the studios have committed only a handful of titles and promotional dollars to HD DVD and Blu-ray. But as the erstwhile "format war" continues to fizzle into a simmering border skirmish, homevid toppers need to start making real dollar-changing decisions: cut and run, stay the course, or send in a lot more troops.

Indeed, this is as hard a time as any to be a leader of homevid industry. In the following pages, *Daily Variety* profiles the key individuals who are giving it a go.

— Daniel Frankel