

**THE INDEPENDENT FILM DISTRIBUTORS' LICENSING CONSORTIUM
DIGITAL DELIVERY OF VIDEO SURVEY**

**CONCLUSIONS & RECOMMENDATIONS
FOR DIRECTORS, PRODUCERS, AND FUNDERS
July 17, 2007**

Several months ago Bullfrog Films, California Newsreel, First Run/ Icarus Films, and Women Make Movies announced the formation of the Independent Film Distributors' Licensing Consortium (IFDLC).

An outgrowth of our collaboration on Docuseek www.DocuSeek.com the IFDLC was established with the objective of constructing a common approach and mechanism for the licensing and delivery of digital content to educational and non-theatrical institutions, such as school, colleges, universities, and public libraries.

The IFDLC's first step has been to conduct a survey of our customers on key issues relating to digital licensing, delivery, and usage. In addition to the actual survey, which may be found elsewhere on the DocuSeek site, we have also drawn up these conclusions and recommendations based on the survey results and conversations with various internet content providers, which have specific reference to our other set of partners - the producers, distributors and funders of the media we distribute.

Conclusions & Recommendations

The IFDLC survey was designed to help independent distributors and producers measure the present extent and patterns of digital delivery in educational institutions, the overwhelming market for independent media.

The survey contains a deliberate bias towards the larger and better-funded universities, colleges and K-12 regional media centers, because, we reasoned, these had the most developed digital media infrastructures and the most sophisticated long-term strategies for their growth. As a result, the survey may not reflect as well the use of digital media in smaller colleges, individual schools or public libraries nor does it even attempt to analyze the growing, but difficult to calculate, consumer market for internet delivered digital content.

The following points offered by way of a conclusion to the survey results do not attempt to summarize the survey so much as to interpret it. They compare its results with current proposals for digital media delivery and try to extrapolate directions for developing the Consortium's delivery models, so that they will be ones specifically designed to meet the needs of educational institutions and other users, as well as independent distributors and producers.

1. The most striking result to emerge from the survey was that most respondents appear as confused and uncertain about the consequences of the “digital revolution” for their institutions as distributors and producers. Few statistically significant trends emerged, even on such key issues as licensing structures, downloading versus streaming and delivery from remote or local servers. “Considering this” was probably the most frequent response.
2. A “wait and see” approach, moving forward cautiously, would seem the prudent path in the present highly volatile and unpredictable environment. Clearly, most media librarians remain undecided about how to implement digital media. Like us, they are still investigating what delivery and licensing systems will work best for them. Therefore we should probably not anticipate any dramatic change or explosive growth in on-campus digital use in the next few years; in fact, respondents reported they intended to increase their budget for licensed digital content by only 3% this year. We can develop our own systems in dialogue with them and help shape the emergence of a consensus.
3. The most surprising survey response may have been how educational institutions obtained licensed digital content. Most still preferred to purchase either DVDs which they digitized and loaded onto their local server or digital disks (in a variety of formats) prepared by the distributor. And they expected to do so for the foreseeable future. There was little demand to download digital content directly from distributor’s own servers.
4. The good news here is that independent distributors and producers do not need to feel pressure to embrace inappropriate, poorly conceived schemes just to secure immediate internet distribution. We have time, not to do nothing, but to research and develop models for digital delivery which will most effectively serve our collections, our customers and independent producers.
5. If not from our customers, where is the present sense of urgency to get our content onto the internet coming from? The most plausible answer is the desperation for content from new for profit and not for profit internet entrepreneurs. These start-ups have invested heavily in hardware and software based on the assumption that they can download massive amounts of educational content. But without high quality content, there will be no income to pay for their investments, their own salaries and the boom-time profits trumpeted for the internet. In reality, there is a plethora of unused server space out there and it is expanding all the time; that means that the prices charged for this space can only fall over time. This is characteristic of most new information technologies, where hardware capability initially outstrips the available software, in this case, media titles.
6. These “content aggregators” usually have no experience in educational distribution. They do not realize that the most useful and remunerative educational media is

already under contract to existing distributors. All these understand that internet delivery could well render DVDs obsolete within five years and, not surprisingly, are developing their own, less frenzied plans for this transition. They see no need for more middlemen. Therefore one cannot help but be skeptical of the quality of the vast media data bases these “content aggregators” need to attract and hence of the long-term viability of their businesses.

7. Therefore none of these can ever become a hegemonic source or search engine to which educators will automatically turn for their media needs. Any supposed advantages of centralization of content seem especially superfluous in the educational and advocacy markets, where independent work is most widely used. These experienced media users are already highly segmented, with well-established, efficient print and internet networks; they are not blindly searching for generic content but only the most scholarly, best-reviewed, intellectually provocative work in their field.
8. These internet entrepreneurs have fallen prey to one of the oldest, most discredited fallacies in the communications business: that increased access automatically results in increased audience. We need only remember the extravagant, now risible, claims of media gurus during the last major technological change, the shift from 16mm to videocassette and DVD. They also predicted that cheap, widely accessible video technology would create a mass market for experimental and social change media in living rooms across America. Those of us working by choice outside the mainstream do not expect a mass market; our mission is precisely to expand audiences for diverse, innovative perspectives which do not yet appeal to a the mass market.
9. The survey revealed that many respondents recognize the inevitability of a more precisely defined licensing of digital content than the old DVD paradigm. Digital content is obviously more widely and easily accessible than DVDs, can be delivered over greater distances and can be adapted to a variety of new multi-media platforms. It is in the interest of independent producers and distributors, we believe, to license not sell digital content and to offer a wider range of more tightly defined licensing options. Our long-term goal should be to move gradually toward “user-based” pricing, a more accurate correspondence between actual use and price. New DRM packaging and automatic server records are making this ideal more realistic. With the exponential growth of instructional media in recent years and the increased uses made possible by digital media, our product has become extremely undervalued in terms of the cost of per student viewing.
10. When asked what licensing options they preferred, most respondents favored multi-use, on-site 5 year licenses but others wanted to be able to license for just a single course for a term; the majority preferred streaming over local networks or the internet, but a few wanted 48 hour downloads. These widely differing responses (and the variety of models already in use for digital delivery) indicate that a number of factors can be considered in offering and pricing digital licensing options, including: number of full-time students and degree-granting status of an institution, length of the

license and its restrictions, whether content will be streamed and/or downloaded, with DRM packaging or without, where content may be used, in classrooms, library and/or on students' personal computers, whether it can be incorporated in on-line courses or be excerpted, whether it can be used for distance learning and multi-campus delivery. Licensing options should not be determined by choice of delivery technology, just the reverse.

11. Survey respondents were unambiguous about wanting as "transparent" an interface as possible between the end users (students) and content, regardless of where it was housed. In specific, they wanted students to be able to use only their password for logging onto the campus network, with no additional authentication such as tokens or special access codes to distributor's remote server. Registration of just a few computers to receive specific content would appear to offer as cumbersome an interface as existing DVDs. Most survey respondents wanted all workstations on their campus and accredited internet users to have access to content via either course software or the library's on-line catalog. A successful user-interface must allow for the integration of digital content as seamlessly as possible into an institution's existing instructional technology systems.

We think the most encouraging information to come out of this survey is that independent producers and distributors need not feel pressured into accepting rigid, often inappropriate third-party delivery systems. We have time to develop our own model or models based on sound research, our own decades of experience and the needs of our constituents.

The four companies which commissioned this survey have already undertaken a second phase which will evaluate existing models for the delivery and licensing of digital content – from on-line journals, to media archives, to Amazon, to Film Media Group's highly sophisticated curriculum-based system. The results of this survey will also be made available to the field.

These two reports, combined with broader discussion and information sharing within the field, should provide a sound basis for offering our customers a more or less standard licensing structure, employing compatible delivery software to support it. We will, of course, have to move forward on united or at least parallel fronts to have any impact on the standard(s) which ultimately become accepted in the educational media market.

In conclusion, digital delivery should not be feared but welcomed as offering new opportunities for independent production. The internet does not demand more centralization and homogenization. Instead, it is already allowing smaller distributors to design their own distinct portals accentuating their carefully cultivated collections and respected brands. At the same time we are using the internet to become closer partners with the communities we serve. Web-sites, list-serves, blogs, viral marketing and, of course, ubiquitous links and clips, enable us to reach our targeted audiences more economically, intensively and effectively. Digital content can actually be integrated

directly into the daily internet conversations through which a field or community defines and develops itself. In short, the shift to digital is no reason to panic but a chance to establish new delivery models and licensing standards which will both make independent producers' revenues more equitable and expand the social impact of their work.