Toshiba Wins Support for HD DVD from 4 Film Studios

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TOKYO -- Toshiba Corp. on Monday said it had won support for the HD DVD optical disc standard from four Hollywood studios, advancing its cause in the battle for the next-generation DVD.

Toshiba, with NEC Corp. and Sanyo Electric Co. Ltd., is promoting a next-generation DVD technology called HD DVD. Sony Corp. and several other giants of the electronics, computer and movie industries have developed a competing standard dubbed Blu-ray.

The studio endorsement is a setback for the Blu-ray group, but representatives said its fight to become the standard technology was far from over. Officials from the studios that backed Toshiba said they would continue working with Blu-ray.

At stake is the pole position in the $10 billion-a-year DVD player and recorder market, and a PC drive market of similar size. The winner could license its technology, meaning that billions of dollars in royalty income is also up for grabs.

Toshiba, Japan's second-largest electronics maker, expects its HD DVD-related sales to grow to 300 billion yen ($2.92 billion) by 2010 from an estimated 5 billion yen in 2005.

Both HD DVD and Blu-ray technologies use blue lasers that allow discs to store more data for the clearer and sharper pictures of high-definition movies and television.

The four Hollywood studios are Warner Bros. Studios and sister company, New Line Cinema, Paramount Pictures, and Universal Pictures. Support from U.S. film studios is vital in the format battle, just as it was when the VHS standard prevailed over Sony's Betamax two decades ago.

"We've done extensive research on Blu-ray and HD DVD, and we concluded finally that HD DVD had several major advantages including in durability, reliability and manufacturing," said Marsha King, general manager of Warner Home Video.

BATTLE FAR FROM OVER

Warner Bros. and New Line are units of Time Warner Inc., Universal Pictures is a unit of NBC Universal, which is 80 percent owned by General Electric Co. and 20 percent by France's Vivendi Universal, and Paramount Pictures is a unit of Viacom Inc.

They represent about 45 percent of Hollywood's prepackaged DVD sales in the United States, Toshiba said.
The studios expect to release movies on HD DVD in time for the planned launch of HD DVD players in fourth quarter 2005, but officials said they had not yet determined how many titles or the mix of new releases to older films in film libraries.

"We think this carries a great impact," Toshiba Corporate Senior Vice President Yoshihide Fujii told a news conference.

"There is a strong desire in Hollywood for a single format. Support from studios whose DVD sales account for nearly half of the market means, in our view, Hollywood has started moving toward the single format (HD DVD)."

Warner's King agreed that Warner would have preferred the competing technology providers decide on a single format, as they did with first-wave DVD standards in the mid 1990s.

Universal Pictures President Rick Finkelstein said a big reason it backed Toshiba now was that the manufacturing costs were proven whereas questions remained with Blu-ray.

"The other difference, really, is just timing. Toshiba's HD DVD is ready to go." he said.

But like Warner Bros. and Paramount, Finkelstein said Universal would continue working with the Blu-ray group. Even Toshiba said it was too early to declare victory over the Blu-ray camp, whose members include Dell Inc., Samsung Electronics Co. Ltd., Philips Electronics NV, and Matsushita Electric Industrial Co. Ltd., maker of Panasonic brand products.

Blu-ray has the support of major studios such as Sony Pictures and the tacit backing of Metro-Goldwyn-Mayer Inc., recently acquired by a Sony-led consortium.

It is also counting on Fox Entertainment Group Inc.'s Twentieth Century Fox, which recently joined the Blu-ray Disc Association board, but a Fox spokesman said that studio was still evaluating both formats and had not committed to either. (Additional reporting by Lucas van Grinsven in Amsterdam and Bob Tourtellotte in Los Angeles)