

Indian Bid for MGM Is a Safe Move for Hollywood

No Big Shake-Up In a Bid for MGM

One of India's top film producers, Sahara India Pariwar, is interested in Metro-Goldwyn-Mayer, James Bond's Hollywood studio. That may sound groundbreaking, but a purchase of MGM by the Indian conglomerate would probably provoke only relief in Tinseltown because it would not upset the industry's status quo. A more radical buyout could be something [Google's YouTube](#) unit might be capable of, if it dares.

Sahara India Pariwar, India's biggest film production company, which also operates multiplex cinemas, understands the prevailing Hollywood business model. Films are released first in theaters and then eventually appear on DVD and Blu-ray, on pay television, and on the Internet. The basic idea is that customers pay extra to see movies sooner, especially during the theatrical "window."

That model, though, could be ripe for a shake-up amid the rise of Web-based video, led by YouTube, [Hulu](#), [Netflix](#) and [Apple](#) iTunes. YouTube aside, these emerging channels have collaborated with content producers and have little interest in upsetting the industry. Hulu, for instance, is owned by three television networks. Netflix and iTunes have struck deals with producers to distribute their content, after a delay, to paying customers.

YouTube is a little different, and it's the big player of the bunch. Four years after Google paid \$1.6 billion for the business, people are watching two billion videos a day on the Web site. Yet the division is still a money loser though it is on the verge of making a profit. That's because those videos mostly aren't the kind that people pay for or advertisers crave. Long term, it's hard to see how YouTube can turn its scale into cash without far greater access to original programming than it has currently planned.

Experiments in paid content and live streaming represent one type of response from YouTube. But it's another possibility that particularly alarms some in Hollywood. With \$30 billion of cash, Google could easily make an offer that MGM's creditors couldn't refuse. Owning MGM would allow YouTube to vault ahead of its rivals by bypassing the theatrical window. Maybe the next Bond film could even be released on the Web — whereby advertising revenue would supplant box office sales — just in time for the 50th anniversary of the franchise in 2012. All that may sound like a stretch, but Google has already done plenty to disrupt media industry conventions. Hollywood may thank Bollywood for delaying another shock.

than they haul away.

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