

## Hollywood Divided Over Movie Streaming Servi

By BROOKS BARNES MARCH 30, 2016



Sean Parker, a technology investor, is backing the Screening Room start-up. Michael Tran/FilmMagic

LOS ANGELES — Tech entrepreneurs are always rolling into Hollywood with new services that are supposed to modernize the movie business. If only the dusty, old, dimwitted studios and theater companies would stop dragging their feet and sign up, all of the entertainment industry's problems would be solved.

Hollywood inevitably picks these business people up by the tail and flings them over the fence.

A version of that seems to be what happened last week to Sean Parker, the technology investor, and Prem Akkaraju, a former music executive. The pair could still prevail — their start-up, the Screening Room, would bring mass-appeal movies to homes at the same moment they arrive in theaters — but most studios, exhibitors and some major directors are already pronouncing the effort dead on arrival.

The Screening Room, which Variety thrust into the spotlight in an exclusive report on March 9, wants consumers to pay \$150 for a living-room device (yes, another one) that can be used to rent mass-appeal movies (for \$50 each, for 48 hours) on the same day they arrive in theaters. Mr. Parker and Mr. Akkaraju would first need studios to agree to provide the movies, however.

This is very controversial in show business. If consumers could immediately see new big-budget movies at home, theater owners worry, why would large numbers of people haul their families to a multiplex and, more important, spend a fortune on concessions?

Studios, eager to make their enormously expensive marketing campaigns do two things at once — advertise films in theaters and in the home — are more willing. But they worry about cannibalizing a still-huge DVD business and making the theater owners mad.

Piracy is also a concern, especially when the idea comes from a co-founder of Napster, Mr. Parker's early claim to fame. So far, every effort to speed home delivery of new mainstream movies has been a debacle,

with one camp or the other putting up fierce resistance. (There was [a](#) DirecTV experiment in 2011, a Comcast initiative later that year and a Paramount Pictures effort a few months ago, among others.)

Mr. Parker and Mr. Akkaraju, who declined to comment, are trying to coax studios and exhibitors to the table by offering both sides a big cut of any revenue. And they have one major exhibitor in their corner: AMC Entertainment, the second-largest movie company in North America behind Regal Entertainment.

In an additional shove to reluctant studio and theater executives, Mr. Parker and Mr. Akkaraju got a group of star directors to do some public bidding after Variety lifted the veil. The likes of Peter Jackson, J. J. Abrams and Ron Howard gave interviews or released statements of support. “It would seem momentum is growing,” the trade news site Deadline wrote last Monday. Or not.

By the end of the week, Hollywood’s gears had started to grind aggressively against the Screening Room. Christopher Nolan, James Cameron and Brett Ratner publicly voiced strong opposition. Regal signaled fierce resistance. The National Association of Theater Owners put out a chilly statement. The Art House Convergence, representing 600 cinema owners, said, “We seriously question the economics of the proposed revenue-sharing model.”

On Friday, two European groups, the International Union of Cinemas and the U.K. Cinema Association, condemned the Screening Room.

Not interested: Warner Bros., with a movie slate partly funded by Mr. Ratner’s company, and Walt Disney Studios, home to Pixar, Marvel and Lucasfilm. Universal, Sony, Paramount and 20th Century Fox? All lukewarm or less.

Moviedom can be maddeningly slow and conservative in a business sense, but those trying to speed change often seem to make the same miscalculation.

They think Hollywood resists change because it’s afraid or has its head in the sand, or both. There is some of that, sure. But the main reason for the reluctance is that Hollywood is smart.

Studios and theater owners know that movies will be distributed differently in the future. People will be able to watch movies in their living rooms much sooner than they can now.

But initiatives like the Screening Room are asking these old-line companies to risk an enormous pot of money — \$11.7 billion in North American ticket sales last year, a 7.4 percent increase from the previous year, not to mention concessions and DVDs — to be more cutting edge.

The tech disrupters would clearly gain. But the old-fashioned communal theater experience remains extremely powerful, both culturally — Would “Star Wars” be “Star Wars” without the midnight lines at the multiplex? — and as a business.

And with that kind of money at stake, Hollywood is more than happy to continue looking stodgy.

[http://www.nytimes.com/2016/03/21/business/media/hollywood-divided-over-movie-streaming-service.html?ref=business&\\_r=0](http://www.nytimes.com/2016/03/21/business/media/hollywood-divided-over-movie-streaming-service.html?ref=business&_r=0)