



DIGITAL DISTRIBUTION

Advertising Video-on-Demand (AVOD): When a film is licensed by a distributor/aggregator to a service that allows viewers to watch a movie for free, but with advertisements placed in. Payments are customarily rendered to the distributor from a 50/50 split of advertising revenue based on a complex formula of view counts and duration of time a viewer watches the film (Examples include Hulu, YouTube, Snag)

Cable Video-on-Demand (Cable VOD): A transactional method allowing cable subscribers to rent (and occasionally purchase) a film through their cable box (Charter, Cox, Comcast, Time Warner, etc.). Titles are typically priced similar to and released on the same day as internet-based services like iTunes. Titles are usually sourced by distributors to one of the main cable VOD technology/aggregation platforms (InDemand or Vubiquity) who in turn will sub-license to the individual cable providers.

Electronic sell-through (EST): A transactional method allowing viewers to purchase a film that they then own by paying a fee to download it through the internet (Amazon Digital, Google Play, iTunes, Playstation, VUDU, Xbox, YouTube, Zune, etc.). Also called **Download-to-own (DTO)**.

Internet Video-on-Demand / Transactional Video-On-Demand (IVOD / TVOD): A transactional method allowing viewers to rent a film through the internet (Amazon Instant Video, iTunes, Playstation, VUDU, Xbox, YouTube, Zune, etc.). Films are usually available to watch for 30 days upon the transaction, and viewing rights are terminated within 24-48 hours upon pressing "play". "TVOD" can also include/imply Cable VOD. Also called **Download-to-rent (DTR)**.

Pay Television: When a film is licensed for broadcast on a subscription-based television service (e.g., HBO, Showtime, Starz).

Satellite Video-on-Demand (Satellite VOD): A transactional method allowing satellite subscribers to rent a film through their TV (DISH, DIRECTV).

Subscription Video-On-Demand (SVOD): A method of distribution describing films that are licensed to an Internet-based subscription service that allows viewers who pay a monthly or yearly fee unlimited access to the movie. SVOD platforms typically pay a license fee to the distributor, with no other payments offered such as viewership, etc. SVOD today is practically equivalent in definition to Pay TV (Netflix, Fandor, Amazon Prime, etc.).

Windowing: A key part of a film's distribution strategy. The sequence and time frame that a film appears on each platform. Release windows create artificial scarcity by restricting distribution phases (Theatrical, DVD, Pay TV, etc.) to certain times. Respective windows can be long or short. Examples: Broadcast: TV Broadcast comes before Theatrical release. Day--and--date: Release on digital and other platforms is within 2 weeks of Theatrical release. Short window: Theatrical release comes first, with



release on other platforms delayed for at least 2 weeks but not more than 60 days.

Traditional window: Theatrical release comes first, with release on any other platform delayed for at least 60 days. Ultra VOD: Limited VOD release comes before Theatrical release.

THEATRICAL DISTRIBUTION AND DELIVERABLES

Booker: A person who is a liaison between the distributor (or filmmaker) and exhibitor, and works with the exhibitor to schedule film screenings at a theater. Filmmakers releasing on their own without a traditional theatrical distributor will hire bookers who either work on a fee-basis, a revenue-share basis, or both.

DCI: A consortium formed by the major Hollywood film studios ("the majors") in 2002 to develop a common digital cinema standard.

Digital Cinema Package (DCP): This is the standardized theatrical distribution format that has replaced 35mm film in nearly all cinemas worldwide. DCPs can be either encrypted (open access) or unencrypted (restricted access; KDM required for playback).

Domestic Box Office (DBO): Total money spent on tickets by moviegoers in the "domestic market", defined as the United States, Canada and territories.

Errors and Omissions (E&O) Insurance: Insurance required of producers by distributors to protect against claims that may result from the content of their production (libel, errors, etc.).

Four-walling: When a filmmaker or distributor rents theatrical space for a fee in exchange for all box office revenue. Fees vary depending on the time of day/week/year.

Key Delivery Message (KDM): A KDM is an XML file that delivers decryption information to a single playback server for a single encrypted DCP for a specific timeframe. A KDM is said to have expired once the end of the specified validity window is reached.

Rentals: The percentage of the theatrical gross that goes to the distributor after the split with the exhibitor. Rentals in aggregate are often less than 50% of the total reported box office.

Virtual Print Fees (VPF): A fee paid to the exhibitor by the distributor to subsidize digital cinema projection equipment and intended to replace the shipping fees that the distributor saves by not having to ship a print.

FINANCIAL / GENERAL



Distributor: A person or company that acquires certain exclusive rights to a film from the filmmaker and controls distribution (selling, licensing, or renting a film) to specified markets (theatrical, home video, TV, etc.), often working with either aggregators and exhibitors. A distributor may specialize in individual markets or serve all available markets. (A24, Kino Lorber, Lionsgate, Magnolia, etc.).

International Sales Agent: A person or company that acquires certain international rights and then re-licenses them to distributors on a territory by territory basis. (Visit Films, Celluloid Dreams, etc.).

Distribution Fee: The amount a distributor deducts from the incoming gross revenue for their services. This amount is specified as a percentage in the distribution/acquisition agreement and is often the first money that gets deducted from the total incoming gross.

Equity: Capital invested directly for the production of a film. Equity investors are usually the first recipients of any MG/advance payments and net profits, plus a percentage interest on top of that.

Gross Corridor: A percentage of Gross Revenue that is paid by the distributor to the licensor prior to the deduction of distribution fees, marketing costs, and other hard costs. Also called **First Dollar Gross**.

Gross Revenue: The total amount of audited revenue for a film that is received by a distributor through their deals with exhibition outlets (like theaters and digital platforms). As an example, if a pre-set split between a distributor and a digital outlet is 60/40 in favor of the distributor, and 1,000 people buy a film that retails for \$10, the distributor's Gross Revenue is \$6,000.

Markets: Geographical locations where a film is distributed.

Minimum Guarantee / Advance (MG): A cash advance payable to the licensor by the distributor in exchange for the exclusive rights to distribute a film over a set term in a given territory. MGs are usually payable upon 1. signature of the distribution agreement and/or 2. licensor's full delivery of the film to the distributor.

Net Revenue: Revenue that remains after a distributor deducts their distribution fee, MG, P&A, and other hard costs.

Net Profit: A percentage share of Net Revenue that is payable by the distributor to the licensor (whether the investor or the producer).

Prints and Advertising (P&A): 1. The largest components of direct costs that a distributor incurs to release a film in all markets. 2. The actual costs incurred by a distributor in producing the screening prints (the P) for a film, plus the actual costs incurred for advertising that film (the A), which usually also includes overhead on the advertising and other costs such as publicity and awards campaigns.



#ArtistServices

Pre-sale or Co--Production: Licensing distribution rights in a specific sales territory to a distributor, broadcaster, or co--producer before a film is completed.

Retention Percentage: The distributor's split of a film's total theatrical gross.

Soft Money: Financing for the production of a film that is not cash and comes in the form of tax credits, rebates, or incentives, government-backed loans, etc.

Waterfall: The contractual order of priority for the payment of Gross Revenue, Net Revenue, and Net Profits.

OTHER DISTRIBUTION

Non-theatrical: Includes licensing for Airlines/Cruises/Hotels and licensing for institutional screenings that are open only to members of an institution (Educational organizations/Military Bases/etc.).

Self--distribution platform: A platform that works directly with a filmmaker to host the film for public consumption (Vimeo, VHX, Gumroad, ect.).

Semi--theatrical: Includes short--term engagements that are open to the public (Touring/One--off screenings/Festivals).