

# Post

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# OUTLOOK DVD



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*Blink Digital provides creative, technical and project management support for studios, television networks, producers and brand managers who are looking to produce digital content for DVD, VOD, broadband and iMobile.*

**STRENGTHS:** "The launch of Blu-Ray and HD-DVD promises to drive the DVD market over the short term and, we think, bring renewed strength to DVD sales. The audio and video quality of these new formats is far superior to SD DVD and we think many consumers will find they greatly enrich their home theater experience.

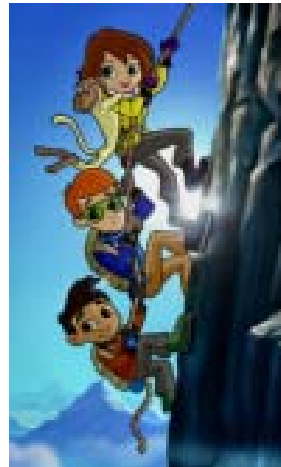
"The development of Java applets for both new formats also poses interesting possibilities as it facilitates the development of new types of DVD content. I'm anxious to see the imaginative ways producers find for applying this technology."

**WEAKNESSES:** "The DVD market is mature and much of the explosive growth may be behind us. This is, in part, reflected in the downward price pressure that you see at the retail level. The increasing demand to hold the line on costs creates challenges for companies involved in DVD production at all levels."

**OPPORTUNITIES:** "The fact that DVD has penetrated 90-percent of American households (and a rapidly growing percentage of households in international markets) creates huge, and largely untapped opportunities, particularly for advertisers. DVD offers an ideal and relatively inexpensive

platform for advertisers to create rich media experiences that consumers find very appealing.

"Moving forward, we see tremendous opportunities in the interactive features incorporated into Blu-Ray and HD-DVD. It could redefine the home theater experience. Although video-on-demand is encroaching on the DVD market, we



To accommodate multiple storylines in Choose Your Own Adventure, a DVD based on the book series, Blink came up with an authoring structure that uses the disc's menu system to allow viewers to make plot choices.

believe that forward-thinking companies will be able to reapply their DVD skill-set to VOD and interactive gaming."

**THREATS:** "DVD is facing challenges on several fronts. The threats are chiefly related to its status as a mature market and the emergence of video-on-demand as a serious competitor. Additionally, it is uncertain how quickly consumers will accept Blu-Ray and HD-DVD and how willing they will be to upgrade their current home entertainment libraries to the new formats."

**OUTLOOK '07:** "While recognizing the challenges, we remain very confident about the future of DVD. The almost universal penetration of DVD shows that consumers like it as an entertainment medium and have a large investment in its future. The advent of Blu-Ray and HD-DVD also show that DVD still has great potential to evolve and improve."