

**DOCUMENTATION COMMISSION
REPORT
TO THE EXECUTIVE COMMITTEE**

LOS ANGELES, APRIL 1995

1. MEMBERSHIP

1a. The members of the commission are René Beauclair, Cinémathèque Québécoise; Susan Dalton, National Center for Film and Video Preservation at the American Film Institute; Nancy Goldman, Pacific Film Archive; Ronald S. Magliozzi, Museum of Modern Art Dept of Film and Video; Michael Moulds, International Index to Film and TV Periodicals; Teresa Toledo, Filmoteca Espanola.

1b. We thank the Executive for confirming Susan Dalton as a full member of the commission.

2. COMMISSION MEETING

April 16 -19, 1995 at the Pacific Film Archive, Berkeley, CA. Major points for discussion will be our FIAF 1995 Workshop and future plans for the CD-ROM.

3. L.A. CONGRESS/WORKSHOP

3a. We expect to have a site available for the demonstration of the CD-ROM. Thanks to the cooperation of the congress planners.

3b. Preparation for our participation in the "Internet De-briefing" workshop on April 29th has included correspondence from Harriet Harrison and will be preceded by an Internet demonstration planned for our Berkeley commission meeting.

4. HANDBOOK FOR FILM ARCHIVES

No activity on this project. Subject for discussion during Berkeley meeting.

5. INTERNATIONAL INDEX TO FILM AND TV PERIODICALS

See Michael Moulds' report.

6. INTERNATIONAL FILMARCHIVE CD-ROM.

6a. As reported to the EC in Tunis, the CD-ROM continues to be the focus of the Commission's work. I do not wish to repeat the detailed description of the process which I offered in the Tunis report. Sales have progressed steadily, approaching 70, and our

most important review to date was positive (see addendum A: VARIETY, 6 Feb 1995). I will simply summarize the work on each database with an estimate of the hours invested by commission members and associates:

6b. PERIODICAL INDEXING (PIP-Michael Moulds): For the Spring 1995 edition (4th issue), indexing has been updated through 1995 and added retrospectively to 1982 for film and 1979 for tv.

Two and one-half persons for approximately 1,900 hours (this figure does not include the work of indexing itself or the work of the Open University staff.)

6c. BIBLIOGRAPHY OF FIAF MEMBERS' PUBLICATIONS (René Beauclair with the assistance of Nancy Goldman): René will deliver the french draft of the 1994 edition to Nancy in Berkeley. Nancy will prepare the english translation for the Fall 1995 issue.

One and one-half persons for approximately 130 hours.

6d. DIRECTORY OF FILM AND TV DOCUMENTATION COLLECTIONS (Nancy Goldman): The Spring 1995 edition has added records for Brigham Young University (C.B. DeMille, Hawks, Max Steiner, etc); Indiana University Lilly Library (Orson Welles, etc.) and Wesleyan Cinema Archive (Capra, Eastwood, etc). This is in addition to updating and data conversion.

One person for approximately 60 hours.

6e. LATIN AMERICAN BIBLIOGRAPHY (Teresa Toledo): We will be receiving a draft of the database on disc and in hard copy in Los Angeles.

One person for approximately 2,000 hours.

6f. TREASURES FROM THE FILM ARCHIVE: HOLDINGS OF SILENT FILMS IN FIAF ARCHIVES (Susan Dalton): The Spring 1995 CD-ROM edition has substantially increased the number of records offered in the published volume (Scarecrow, 1988). Twenty-five archives cooperated in the process of adding and updating records. In addition to Susan's AFI staff, Ron spent a week in Washington, DC editing data, as well as serving as a consultant on editorial matters.

Two full-time and two part-time persons for approximately 3,000 hours.

6g. NLIGHTN: no substantive progress in the negotiations to put periodical indexing only on-line through this private company. See Tunis report for details of original proposal.

6h. OTHER DATABASES: Despite suggestions from a number of quarters and our inquires regarding databases from other commissions for the CD-ROM, no one has come forward with new data.

6i. FUTURE PLANS: I hope to have more precise recommendations for the future of the CD-ROM project after our commission meeting in Berkeley. It has always been my belief that we needed five years to get the project running, build our basic databases and establish a sales record. 1995 is the third year of the CD-ROM project, and we are generally satisfied with developments on all three fronts, especially in light of CD-ROM sales statistics (see addendum B, WALL STREET JOURNAL, 1 March 1995). In a way however, we have built a "house of cards" and to insure the permanency of the CD-ROM we will need to

- stabilize finances, either through a sales base of 175 subscriptions or through a fixed subsidy;
- standardize information gathering procedures;
- centralize databases, logically with the PIP. This may involve increased staffing;
- clarify the status of the CD-ROM project within the commission structure of FIAF;
- and so forth.

Although we are only halfway through our five-year shakedown period, these are issues which we have already begun to consider.

Ron Magliozzi
Documentation Commission President
Film Study Center
Museum of Modern Art, New York
22 March 1995

VARIETY

VARIETY
6 FEBRUARY 1995

MULTIMEDIA REVIEWS

INTERNATIONAL
FILMARCHIVE CD-ROMIntl. Federation of Film Archives; \$450;
Windows

A useful, time-saving tool for film scholars and historians, "International FilmArchive CD-ROM," published by the London-based Intl. Federation of Film Archives, is a noble effort to compile film databases. Upgraded every six months, it's clearly a work-in-progress and the new version offers an international index to film and TV periodicals from 1983 to September 1994, a thesaurus guide to them and a list of all film periodicals indexed from 1972-1994.

The disc also contains specific FIAF databases, with a complete list of members, a bibliography of all their publications from 1966-1993 and the addition of two new features: the directory of film and TV documentation collections and the "Treasures From the Film Archives" — FIAF members' silent film holdings.

The international periodical index covers topics under sections of general subjects, individual films, biography, directors, authors, periodicals and full text search.

On the upside, the material covered is diverse. Items range from "Abortions in Film" to "Zoetrope Studios" and the individual films section purports to include every film that has been reviewed or written about.

The downside is that the catalog — though extensive within its own terms — represents virtually nothing written before the late '70s and is hampered by a cross-reference system that could be made more comprehensive.

With any luck, these shortcomings will be addressed. A full downloading facility has already been promised for future FIAF discs.

The disc's most outstanding feature is the "Treasures From the Film Archives," offering specific location of silent movie prints. It does not however, indicate their condition, completeness or availability. The inaugural test run of this particular database includes 1,000 entries "for the purpose of allowing users to comment on form and accuracy."

—Emma Webster



LOOK IT UP

"International FilmArchive" offers reference material for cinema researchers.

Slipped Disks

Multimedia's Hype Hides Virtual Reality: An Industry Shakeout

Despite CD-ROMs' Boom, Few Titles Are Big Hits; Many Makers Founder

How a Firm Lost 'Tommy'

By DON CLARK

Staff Reporter of THE WALL STREET JOURNAL
A year ago, RoundBook Publishing Group Inc. was a symbol for a hot young industry. The start-up company's deal to produce a multimedia-software version of the rock opera "Tommy" inspired a wave of favorable publicity.

By Christmas, however, RoundBook had stopped paying its 10 employees and closed its sole office in Scotts Valley, Calif. Working from their homes, company executives continued a struggle for survival that had taken them to Moscow, to Microsoft Corp. and, finally, to the government of Puerto Rico. By early February, a \$5 million funding package that could save the closely held company hung on one faxed message from a key partner.

"We went virtual," says Mark Lediard, a RoundBook senior vice president, borrowing industry slang for existing in cyberspace rather than reality.

Other small multimedia concerns also are poised to dematerialize, victims of a fundamental misalignment between the profit potential of an immature industry and its risks and costs. The number that have died outright is hard to estimate, because so many operate out of apartments, lofts and garages and don't divulge information about their finances.

Long Shelf Life

But anecdotal evidence and surveys give a compelling picture of an industry headed for consolidation. Gistics Inc., a consulting firm in Larkspur, Calif., last year found that 96% of the 912 multimedia-software developers it surveyed were unprofitable. For every hit game, scores of products languish on store shelves.

PC Data Inc., a Reston, Va., firm, says the number of CD-ROM titles it tracks exploded to 2,057 by December 1994 from 197 in January 1993. But its surveys of retailers found that nearly 20% of those titles sold 10 copies each or less in December; 90 sold only one copy. Many companies can't even get on the shelf. Despite the surging number of titles, most software-sellers stock only 300 to 500.

"There are more people pursuing this opportunity than can be sustained," says William Gates, Microsoft's chairman and chief executive officer. Adds Vahe Guzel, president of San Diego CD-ROM pioneer Educorp: "1995 is the year of the shakeout."

Millennial Angst

The angst at many multimedia concerns stands in sharp contrast to the relentless hype about the industry. For example, Eidolon Inc., a 14-employee start-up in the New York borough of the Bronx, was featured in a May 1994 Business Week cover story on "Digital Pioneers." But its Millennium Auction program didn't take off; one insider says most of its work force was laid off at the end of December, though Chief Financial Officer Barry Kalayjian says only a few people lost their jobs.

"About 50 articles were written about us," Mr. Kalayjian says. "It didn't translate into the bottom line."

Even established companies have cut back or shifted focus. Compton's NewMedia Inc., a unit of Tribune Co. in Carlsbad, Calif., last month said it would lay off 30% of its work force and slash the CD-ROM titles it sells to 60 from 328. Apple Computer Inc. in December quietly sold off its small business in CD-ROM entertainment titles.

There is no doubt some companies will make money from multimedia. Using CD-ROM disks, which resemble compact disks used for music recordings, software programmers can mix and match text, audio and video in a new art form. Some recent creations have become huge hits, such as the bloody adventure game "Doom," created by Id Software, of Mesquite, Texas, or Microsoft's Encarta encyclopedia. Unit sales of CD-ROM programs surged to 54 million world-wide in 1994, from 17.9 million the year before, according to InfoTech, a Woodstock, Vt., research firm. The number of CD-ROM players tripled in North America last year to 15.9 million and should hit 28 million in 1995, says Dataquest Inc., a San Jose, Calif., market-research firm.

Hardware Headaches

But close to half of CD-ROM shipments come from bundling titles with new computers or drives, for a few dollars or less per copy to the publisher. Consumers gripe that many titles don't work, because personal computers don't have the right accessory hardware or software. Moreover, for every high-quality hit such as Broderbund Inc.'s "Myst," scores of other CD-ROM titles are written off as "shovelware" — assemblages of text and images with scant entertainment or educational value. Overcoming these technical and artistic hurdles is crucial but not sufficient for success; companies must become equally adept at marketing and merchandising.

The more-lasting problem, however, is an unsupportable glut of CD-ROM developers, now variously counted at between 600 and 1,700. Thinly funded start-ups face a deadly squeeze: The cost of producing a CD-ROM is too high, and a title's chances

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ADDENDUM B

WALL STREET JOURNAL
1 MARCH 1995

ALTHOUGH THIS ARTICLE DOES NOT DISCUSS BIBLIOGRAPHIC CD-ROMS SUCH AS OURS, IT REPORTS EFFECTIVELY ON CURRENT CONDITIONS IN THE MARKETPLACE.

Slipped Disks: Industry Shakeout Unfolds in World of Multimedia

Continued From First Page

of becoming a profit-producing hit are too slim.

An average program costs \$383,000 to produce, according to a Gistics survey. Assuming \$20 in wholesale revenue for each disk sold, a publisher needs to sell about 19,000 copies to break even. Most fall short. A game with live actors can cost \$1 million to \$3 million.

Many developers are also blindsided by distribution costs, including fees for shelf space and product returns, which can run as high as 30%.

Ebook Inc., a CD-ROM pioneer that once had 40 products and 25 employees, laid them all off and ran out of cash by last summer. New owners now operate the company out of a Victorian house in San Francisco with 12 workers and an unlisted phone number. Arnowitz Studios, another longtime CD-ROM maker in Sausalito, Calif., was so stunned by disappointing Christmas sales that it laid off 10% of its work force and decided to stop publishing multimedia titles independently, says Burt Arnowitz, its chief executive officer.

Distress Calls

In many ways, CD-ROM developers are learning lessons common to the movie, record and publishing industries. In those businesses, creative types long ago started working for studios or publishing houses that had the financial resources and distribution power to stay in business year in and year out.

As the shakeout looms, scores of tiny firms are looking for help from larger players. Microsoft and San Francisco-based StarPress Multimedia Inc. both report an upsurge in distress calls from smaller companies since Christmas. "Of the 30 meetings we had in the last week, 20 of them were people who were unhappy with their distribution relationships or were trying to figure out how to survive," says Ronald Posner, StarPress's chief executive officer.

But studio arrangements limit a developer's artistic control and share of revenues. Distributors typically get 50% of sales, Mr. Posner estimates, with publishers getting 20% to 30% and developers 15% to 20%. So, many multimedia producers are left wavering between insol-

vency and distasteful rescue schemes.

RoundBook is a cliffhanger case study. The company was formed in March 1993 by Greg Smith and Francis M. Juliano, former Sony Corp. executives who had an unusually strong track record in the young CD-ROM business.

From the start, RoundBook showed a knack for deal making. RoundBook won rights to reproduce art slides from Russia's most prestigious museums, beating out a company owned by Microsoft's Mr. Gates.

But "Tommy" was RoundBook's ticket to fame. The company outmaneuvered competitors to get the deal from composer Pete Townshend and Kardana Productions Inc., a Manhattan firm that co-produced a Broadway musical of the Who's rock opera. The CD-ROM version was expected to be shipped last fall, blending concert footage, clips from a "Tommy" film and 25 years of Who photos, documents and memorabilia. Mr. Townshend even put in \$30,000 of his own money for a 3% stake in RoundBook.

Deals Fall Through

The company worked up impressive prototypes for "Tommy" and the Russian art disk. But cash problems loomed. A distribution deal with Compton's NewMedia, once valued at \$18 million, fell apart; RoundBook received only \$275,000 in advance payments. By last summer, RoundBook was close to burning through the \$1 million invested by friends and family members, and needed much more to complete the two key titles.

RoundBook executives auditioned for more than 30 venture-capital firms. But the music business didn't fit the venture firms' formulas for evaluating start-ups, just as it would have been difficult to measure whether "I Love Lucy" would be a hit, RoundBook's Mr. Lediard says.

"Let's say they do the best job in the world with 'Tommy,'" says Larry Orr, a general partner in Trinity Ventures, a San Mateo, Calif., firm that looked at RoundBook and decided to pass. "There is a fear that that is a one-time success."

Venture capitalists preached that RoundBook should tighten its focus to music and art, dispensing with a series of computer-education products. Other potential investors later said the opposite,

arguing that RoundBook needed more titles to build sales and brand identity. Meanwhile, the company was coming close to going out of business, but in a very focused way, as Mr. Lediard quipped in a letter to one investor.

Providing a temporary lifeline, a venture firm lent the company \$455,000 in September. Technology Partners, based in Belvedere, Calif., installed a more seasoned chief executive officer to head RoundBook and helped search for other venture capitalists.

"I'm used to fast 'noes' and slow 'yeses,'" says Bartley Rhodes, the former publishing executive who became chief executive. "This was a case where we got a lot of slow noes."

Flight to Redmond

Assuming those investors would come through, RoundBook didn't pursue Microsoft and other companies that seemed interested. By December, with Kardana talking about withdrawing "Tommy," RoundBook reversed course and flew executives to Redmond, Wash., telling Microsoft that it needed \$2 million in about two weeks.

"We were very interested," says Frank Schott, general manager of business development in Microsoft's consumer division. "These guys were very sharp people. They are exactly the kind we like to do partnerships with."

But two weeks wasn't enough time, Mr. Schott says. He did offer to distribute RoundBook's Russian art disk; Mr. Lediard values that offer at \$200,000, a fraction of what Mr. Gates's company once offered for the same art rights. RoundBook declined.

On Dec. 22, just before RoundBook closed its doors, potential help arrived from an unlikely source, the Economic Development Administration of Puerto Rico.

The commonwealth wanted to invest in high-tech companies that would create jobs there. In January, RoundBook's Messrs. Smith and Rhodes toured the island, talking with government economists, bankers and university professors. The company was willing to set up some

Puerto Rican operations, including telephone customer support.

On Feb. 2, Puerto Rican banks and venture capitalists pledged \$3 million. The transaction, which was based on Technology Partners' earlier pledge of \$1.5 million, was contingent upon RoundBook finding an additional \$500,000 from U.S. investors.

Only one hurdle remained. Kardana and the Who's Mr. Townshend were impatient with RoundBook's missed deadlines and seemingly endless search for money. RoundBook made an updated pitch to continue the partnership, based on closing the Puerto Rican deal on March 9.

John Hart, Kardana's president, believed that date was too late to hit the 1995 Christmas season with the disk. At 5:38 p.m. on Feb. 3, he sent the fatal fax: Roundbook had lost "Tommy."

"I'm sorry for RoundBook," Mr. Hart says. "But we gave them every shot, and time well beyond what we certainly would have expected." Three days later, Mr. Smith asked his lawyer to begin preparing Chapter 7 bankruptcy proceedings.

'Dreams Die Hard'

RoundBook made plenty of mistakes. Mr. Smith turned down \$2.1 million from a venture capital firm in 1993, because the per-share price offered seemed too low. Overhead was high; where start-up founders typically scrape by on promises of stock to employees, RoundBook gave \$50,000 salaries to some people who were used to regular paychecks at Sony, Mr. Smith says. For its "Tommy" gala at the Consumer Electronics Show in 1994, RoundBook paid \$50,000 for a satellite hookup so Mr. Townshend wouldn't have to fly to Las Vegas.

"I can say of a lot of things that I should have done this or that," says Mr. Smith. "Dreams die hard."

As does the industry hype. Though "Tommy" was never shipped, a consumer survey by one accounting firm found that the well-publicized product was nevertheless considered one of the best CD-ROM products by 3% of those surveyed.

"Maybe this will make a funny book," Mr. Lediard says.