

Kodak -- and film -- saying goodbye to the Oscars

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Things start to take shape at the red carpet arrivals area outside the Kodak Theatre in preparation for the 84th Academy Awards in Los Angeles on Friday, Feb. 24, 2012. There's a melancholy backstory behind the 84th annual Academy Awards. One way or the other, this will likely be the last year the ceremony is held at the Kodak Theatre. (AP Photo/Amy Sancetta)

(AP) -- Each year at the Oscars ceremony, Hollywood says goodbye to stars and filmmakers who've died. This year, the award show will bid adieu to the Kodak Theatre.

Just a decade ago, the glamorous 3,300-seat venue was touted as the Oscars' first permanent home, but the 131-year-old [Eastman Kodak Co.](#) has forfeited its sponsorship of the venue as it struggles with bankruptcy.

The move symbolizes Kodak's fading star power in Hollywood. Although seven of the nine "Best Picture" nominees were shot on Kodak

film, the industry's increasing use of digital editing and projection has ravaged the company's printing business.

About half of the world's commercial screens now show movies from [digital projectors](#), and by some estimates, film reels will soon be a thing of the past.

"35-millimeter is coming to the end of its life," said David Hancock, head of film and cinema for research firm IHS Screen Digest. "In four years' time there will be no film printing business."

Kodak film has long been a favorite of cinematographers. But more and more movies are shot using digital cameras, and the notion of a "cutting-room floor" littered with celluloid scraps has given way to studios with computerized tools such as Avid Technology Inc.'s Avid DS and Apple Inc.'s Final Cut Pro.

At their peak, motion pictures accounted for more than 12 billion feet of film processing each year, enough to reach the moon and back five times, according to IHS. This year, IHS predicts film processing will shrink to about 4 billion feet as an increasing number of theaters receive their "[films](#)" by satellite or via hard drives delivered by courier.

"We no longer ship (film) to most theaters," Philippe Dauman, chief executive of [Paramount Pictures](#) owner [Viacom Inc.](#), told a conference last month. "We have helped them implement [digital distribution](#) so we don't have to make so many prints."

The billions of dollars that major studios save on film - and its costly ingredient, silver - has resulted in revenue declines for the Kodak division that once accounted for the vast majority of the company's overall revenue.

In the first half of 2011, revenue from the division that makes motion picture stock film was \$763 million, about half the \$1.57 billion it posted in the same period in 2008.

Film printing volume was crucial to Kodak. Although it takes about 1 million feet to shoot a feature film, studios need about 100 million feet to print enough copies for the widest of North American releases.

Kodak sees its future in commercial imaging devices and printing. Still, the motion picture business is significant, accounting for somewhere under a quarter of its revenues. The company filed for Chapter 11 bankruptcy in January with \$6.7 billion in debt.

Kodak is unable to afford the marketing boost the Oscars once gave it.

Last week, a bankruptcy court judge approved its early exit from a 20-year naming rights deal it signed with Kodak Theatre owner CIM Group in 1999. As a result, Kodak won't have to pay the \$3.6 million annual naming fee.

The Kodak Theatre, which was custom-built for the awards show and first played host to the ceremony in 2002, will be described to millions of viewers on Sunday simply as the "Hollywood & Highland Center."

The judge's decision came too late to remove the signs outside, which may cast a sense of gloom over an industry already rocked by technological change.

"I think everyone looks at Kodak's name coming off the theater with a degree of sadness mixed with respect," said Chris McGurk, chief executive of Cinedigm Digital Cinema Corp., which installs digital projectors for thousands of movie screens and is getting into the business of putting live video feeds into theaters. "It's just that the tide has

shifted. The digital rollout is moving great guns. It's unfortunate that the great companies that helped build the film business can't all be part of it going forward."

The Academy of Motion Pictures Arts and Sciences, which declined to comment for this story, is reportedly considering a move to a different venue.

The Academy won't suffer financially from the unpaid fee, since it doesn't have a direct relationship with Kodak and most of its \$100 million annual budget comes from licensing the Oscar ceremony's broadcast, according to Moody's Investors Service. The Academy leases the space from CIM Group.

It's not as if Kodak didn't see the digital future coming. Last October, Kodak licensed its patented laser projection technology to Imax Corp. to allow digital projectors to work in domes and other huge theaters that were once reserved for film.

Even if its name is gone from the Oscars, Kodak will still be a part of filmmaking, as long as Academy voters continue to pick movies with that rich, grainy "film look." Kodak stock film was used to shoot Oscar-nominated movies such as "War Horse," "The Tree of Life," and "The Help," even though the captured images were converted for digital editing and delivery.

Mark Graziano, senior vice president of post-production at "War Horse" maker DreamWorks Studios, said the end of the sponsorship serves as a reminder of the "lost art" of film production, and of the workers who once had titles like "negative cutter." It used to take two weeks, for example, just to prepare a rough cut for studio executives to view in screening rooms. The process is nearly instantaneous now.

"It makes you nostalgic for the days when we only worked with 35-millimeter film," Graziano said, noting that film still has a place at many studios. "You look at many filmmakers that swear by film capture, their movies always look gorgeous. It's hard to turn your back on that."

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