



Tugg and Qube Wire tackle Cinema On Demand

Tugg Background

In 2011, Nicolas Gonda and Pablo Gonzalez teamed up to create a new service designed to infuse technology into the film distribution process in a way that would empower filmmakers and film aficionados alike. Together they launched Tugg, a platform that allows filmmakers, content owners, promoters and moviegoers, to program films to play in movie theatres and community venues throughout the United States. By crowdsourcing the booking and promotion of film screenings, Tugg has developed the Cinema on Demand model to bridge the gap between filmmakers and audiences. The platform proved so successful that in its second year Tugg helped content owners distribute 128 films theatrically.



Tugg has the ability to book movie into over 85% of commercial movie theatre screens in the US – this includes both the largest circuits and independent art house theatres. One noteworthy aspect of the Tugg platform is that it also provides access to venues that potentially wouldn't ordinarily play a film, like churches, museums and libraries. While some of its users view the platform as a ticketing engine with booking capabilities, Tugg considers itself to be a powerful marketing tool with an innovative approach to effectively engage audiences in a film's marketing campaign.

Whether a filmmaker, moviegoer, or a cinema operator, Tugg's users can create their own film screening through the Tugg website. Users just select the movie and then pick a date, a time and a location. Once confirmed, the user promotes the screening to both online networks and offline communities. Since its launch, the platform has been used to program screenings and events throughout all 50 states. Now, Tugg's library contains more than 2,000 titles.



The Challenge



The Cinema on Demand model that Tugg has pioneered required the company to develop a robust consumer facing platform. Once a Tugg user creates an event in the platform, it appears in the company's theatre booking system which cinemas and venue operators can view and confirm various aspects of the event such as capacity and costs. However, before a Tugg event is officially booked into a venue, it must first meet or surpass certain sales thresholds. In other words, if enough tickets are sold for a proposed screening, then it will be booked.

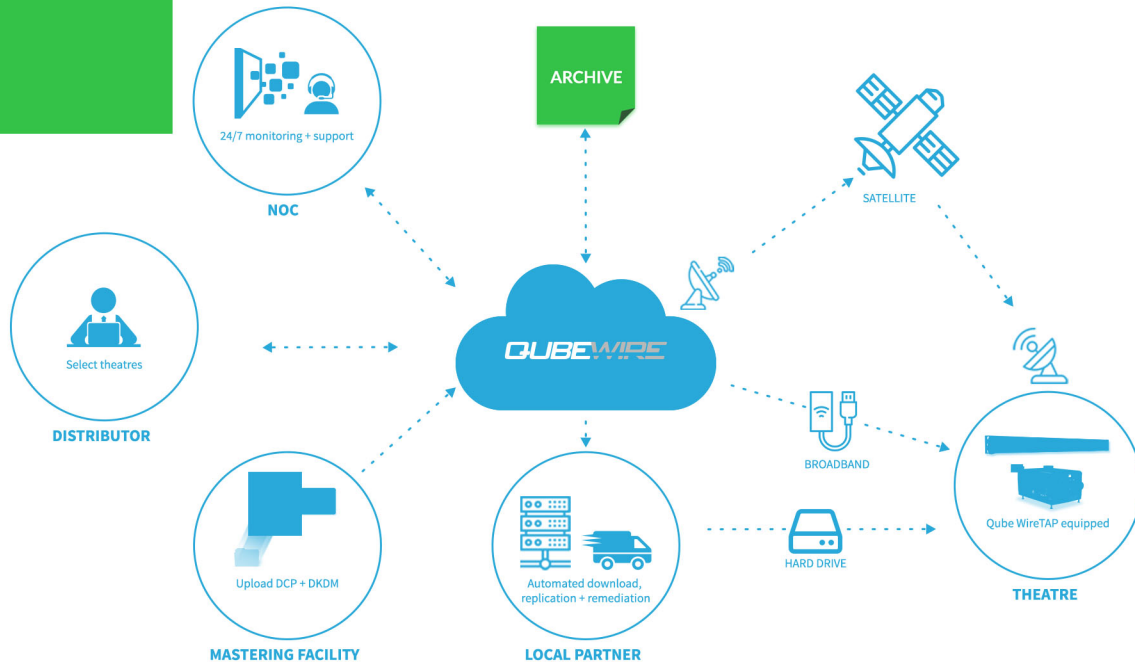
While this may ensure that every Tugg screening and event is profitable, it also means their platform has to accommodate last minute confirmations of both one-off micro-screenings and multi-venue events programmed across a wide geographic footprint. With the right marketing capabilities, event promoters can wind up booking a single showing of a film on a single screen as easily as they can a special event to be shown at 350 theatres and 350 churches in 30 different states on three different nights.

Keeping track of what content needed to be at which venue and when it needed to be delivered was one of Tugg's main challenges, especially given the number of titles the company was dealing with. Complicating matters is the timeframe under which distribution and shipment needed to occur. While some large-scale events are programmed weeks in advance, due to the crowdsourcing model Tugg enables, most screenings are confirmed and then booked at a theatre or venue only five days beforehand. Once confirmed, content must be replicated and shipped to a theatre with enough time in advance of the screening so it can be properly ingested into a venue's playback equipment.

Because of the elasticity of its distribution model, Tugg could not identify a cost-effective solutions provider that could meet their requirements. Satellite distribution was great at delivering to thousands of screens, but not just 10, and those that could do a limited distribution were unable to accommodate a larger distribution. In most instances Tugg was forced to fulfill all aspects of physical distribution in-house; from the electronic storage of film titles, to the replication of hard drives, to shipment of those drives to making certain the content arrived and can be played back properly.

The operational logistics of distributing content for its screenings and events were costly, time consuming, and onerous enough to prevent Tugg from expanding internationally.

The Solution



What Tugg needed was a partner that could cater to their flexible content service needs while meeting two critical requirements: low-cost and a wide distribution footprint. If outsourcing their content operations were too costly, the number of screenings Tugg could successfully promote would decline to a point where it could ultimately kill the business. While Tugg found a number of providers with reasonable pricing, they were restricted in their distribution by either geography or to theatre sites that had proprietary hardware installed.

With its Qube Wire solution, Qube Cinema was able to accommodate both Tugg's economic model and its broad distribution spread no matter how big or small the release. A hybrid solution that utilizes physical, electronic and satellite delivery, Qube Wire can distribute Tugg's content to both theatres with Qube's hardware installed as well as those outside of its own network.

It only took one week for Tugg to transition from their own internal logistics and distribution system to using Qube Wire. To begin, Tugg uploaded some of their more active titles to Qube Wire's cloud storage. Then Tugg's staff was able to use the Qube Wire web interface to secure the replication and distribution of content directly to a theatre in advance of a screening. Once the logistics team at Tugg placed an order, Qube Wire took over, replicating the content and distributing it, most often via hard drive. If a hard drive was damaged in transit, Qube Wire handled the situation without Tugg's intervention.

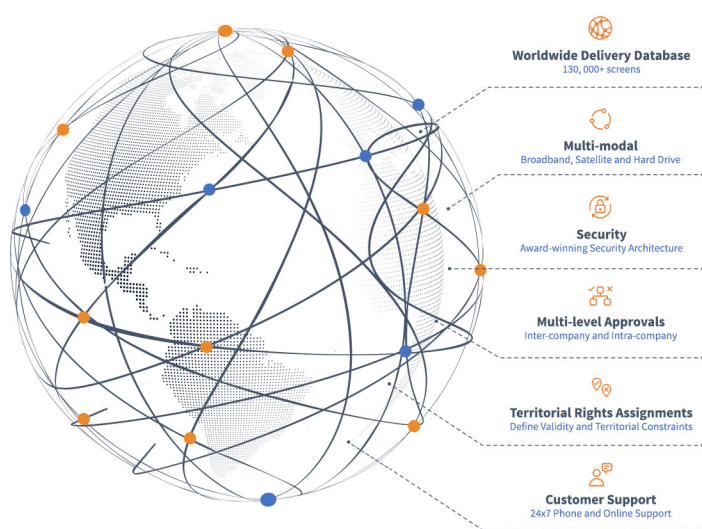
In the future, the Tugg platform will be integrated further into Qube Wire so the distribution ordering process will be automated. Until then, Tugg is submitting orders through Qube Wire's web interface. This is a fairly simple process of selecting one of the titles they have uploaded, choosing which theatres or venues where the title will play, and the date on which it needs to arrive.

And though Qube Wire can easily distribute Key Delivery Messages (KDM), Tugg mostly handles independent films which are not encrypted. This means the Digital Cinema Packages (DCP) that Qube Wire creates and distributes for Tugg usually do not need KDMs to be sent for theatres to unlock playback.

The Results

Nine months after abandoning their internal logistics and distribution operations, Tugg has programmed over 600 screenings through Qube Wire for 24 different titles. For a company running as lean as Tugg does, handing over their entire logistical operation to a third party was not an easy decision. They wanted to make sure everything went smoothly when delegating a process as integral to their company as content distribution.

Tugg's adoption of Qube Wire and their continued use of the system has been trouble free according to Pablo Gonzalez, the company's co-founder and chief executive officer. "I can't think of a single major hiccup. They have more experience in film delivery logistics than we had," said Gonzalez in recounting the experience of making the switch. "They really brought a higher level of competence to something that we were doing internally very well, but at great pain."



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Operational tasks that used to easily take Tugg a week or longer to complete when acting as their own content service provider now takes minutes. In fact, the company no longer has a need for an internal hybrid distribution solution and as Gonzalez explains, can just "book screens through a portal, which is extremely easy to use compared to other solutions out there. We're able to reach any theatre that we want, not just in the country, but as we look at expanding Tugg internationally anywhere in the world as well. The beauty of Qube Wire is we can trust it's going to get done."

As Gonzalez suggests, Tugg now has the time and resources to dedicate toward growing their business and launching the platform in international territories without the liability and risk that would come from trying to undertake the logistical effort themselves. This would never be possible if Tugg were still handling the logistics of content delivery on their own. "It's the first time that we can think about international expansion in a way that is truly feasible and not just a huge headache for us," says Gonzalez.

To be sure, relinquishing control of operating their own distribution solution originally made Tugg nervous, but Qube Wire has enabled the company to shift their business into high gear. "Now that we have this solution provided by Qube we're able to go out there and just focus on what Tugg does," Gonzalez adds, "which is help filmmakers and theatres engage audiences and not have to worry so much about the logistical side of events, which is better taken care of by a company like Qube that has far better capabilities and a longstanding record of quality and innovation in the space."

About Us:

■ Qube Wire:

Qube Wire is a self-service, single-window system for global theatrical distribution. With a simple but comprehensive user interface, distributors can manage their digital cinema assets, assign territorial rights for their content and have their Digital Cinema Packages (DCPs) and keys (aka Key Delivery Messages or KDMs) delivered to movie theatres throughout the world. Additionally, theatres can manage their own digital cinema device details and access their Universal Inbox on the Qube Wire portal as well.

To sign up for the Qube Wire service, **visit www.qubewire.com**

■ Qube Cinema, Inc.:

Qube Cinema, Inc. is a provider of end-to-end digital cinema technology and solutions. The company draws on decades of experience in cinema and provides a seamless digital environment for exhibitors, filmmakers and post-production companies with DCI compliant products that are flexible, reliable and cost-effective.

For further information, **visit www.qubecinema.com**

■ Tugg Inc :

Tugg is a theatrical event platform that lets you bring the movies you want to your local theatre or community venue (such as schools, religious centres, libraries). Tugg sets up one-time film screenings across the US for films that may not have otherwise been able to make their way to the big screen.

For further information, **visit www.tugg.com**