



INDUSTRY ANALYSIS

Movie Industry

Do you remember the original *Star Wars* movies or movies such as *King Kong* (1976) or *Godzilla* (1954)? Compare these to recent box office hits such as the *Lord of the Rings* Trilogy (2001–2003), *Rise of the Planet of the Apes* (2011), *Avatar* (2009), *The Hobbit* (2012–2014) and *Transformers: Age of Extinction* (2014), or animated movies such as *Ice Age* (2002–2012), *Despicable Me* (2010–2013), and *Frozen* (2013). The tremendous increase in computing power has enabled film studios such as Dreamworks and Universal Studios or special effects studios such as Weta Digital and Pixar to create animations and special effects of hitherto unimaginable quality using specialized powerful software and hardware for computer-generated imagery (CGI, also known as computer graphics).

As for major studios, rapidly evolving digital technology (specifically, recording hardware and sophisticated yet easy-to-use digital editing software) has opened vast opportunities for independent filmmakers who are producing studio-quality films without having to rely on expensive lighting, film development, and postproduction facilities. Thus, people who could never afford all the necessary equipment can now produce movies digitally. Further, digital cameras and projectors and advances in software have made the transition from celluloid to digital more attainable for filmmakers who until recently used traditional technology. In fact, over 30 percent of the submissions to the Sundance Film Festival (the primary film festival for independent movies, comparable to festivals in Cannes or Berlin for mainstream movies) are now in digital format.

The impact of technology on the movie industry does not stop with movie production. Many movie theaters across the

world have shifted to digital projection technologies, reducing the need for duplicating and shipping large reels of film, reducing distribution costs by up to 90 percent, while speeding up the time from the studio to the theater. Rather than shipping reels of film (that are susceptible to out-of-focus projection, scratches, or “pops”), the movies are stored on central servers, from which they are accessed and downloaded via the Internet by individual theaters. Theater owners can much more swiftly react to fluctuating demand and easily show movies on more than one screen in case of high demand. Clearly, the use of information systems has tremendously changed the movie industry.

Questions

1. Can digital technologies help movie theaters compete with the increasing trend toward more sophisticated home theaters? If so, how?
2. What are the ethical issues associated with special effects becoming more and more realistic with the help of digital technologies?
3. From the perspective of movie studios and theaters, list the pros and cons of using digital distribution technologies.

Based on:

Jardin, X. (2005, July 28). Hollywood plots end of film reels. *Wired*. Retrieved May 17, 2014, <http://archive.wired.com/entertainment/music/news/2005/07/68332>.

Meyers, M. (2006, January 18). Tech plays supporting role at Sundance festival. *CNET News.com*. Retrieved May 17, 2014, from http://news.cnet.com/Tech-plays-supporting-role-at-Sundance-festival/2100-1025_3-6028354.html.

Key Points Review

1. **Describe how changes in businesses' competitive landscape influence changing IS infrastructure needs.** Organizations are facing continuously changing business environments, and quickly adapting to a constantly changing competitive environment necessitates that businesses are increasingly flexible and agile. Modern organizations use various applications and databases to support their business processes; these applications and databases rely on a solid underlying IS infrastructure, consisting of hardware, system software, storage, networking, and data.
2. **Describe the essential components of an organization's IS infrastructure.** Organizations use various types of IS hardware to meet their diverse computing needs. The most prominent type of system

software, the operating system, coordinates the interaction between hardware devices, peripherals, application software, and users. Further, organizations need to store massive amounts of data for operational, backup, and archival purposes. Networking is one of the reasons why information systems have become so powerful and important to modern organizations. Finally, organizations use data centers to house the different infrastructure components, so as to ensure security and availability.

3. **Discuss managerial issues associated with managing an organization's IS infrastructure.** Radical advances in information technology have opened many opportunities for organizations but have also brought about challenges. Advances in hardware have