

## Comin' at Ya

### *StereoVision jumps into 3-D with low-budget movies*

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Doug Schwartz has bet his career that 3-D movies will make a comeback in theaters around the country.

Schwartz, who made a name for himself as co-creator of TV's "Baywatch," is now chief production officer at Van Nuys-based StereoVision Entertainment Inc. and plans to produce 3-D films with budgets below \$20 million. Last month, StereoVision signed a deal with Capitol Films to distribute its first three titles, starting with a piranha movie that is scheduled to shoot in Puerto Rico later this year, dependent upon the wrapping of the writers' strike.

Behind StereoVision's strategy is the sudden desire of theater owners to provide audiences with a three-dimensional experience. Consumers can't get 3-D at home, and it seems they'll pay a premium – about \$2 extra per ticket – to see a movie in 3-D.

So far, Real D, a Beverly Hills company partly financed by Roy Disney, has converted about 1,100 theaters in the U.S. to 3-D, and by 2010 as many as 10,000 sites will have the technology.

Hollywood has responded by producing 3-D blockbusters, including Paramount's "Beowulf," which earned about \$80 million in the format. But the studios can't churn out enough spectacles to fill the 3-D theaters year round, giving StereoVision a chance at some screen time. "You have these big holes in the calendar where the theaters are not showing 3-D movies," said Schwartz. "We are the only company exclusively devoted to the production and distribution of 3-D feature films."

Besides the piranha movie, StereoVision has plans for a 3-D kung fu comedy and a sexy swashbuckling pirate film called "Booty." According to Schwartz, the cost to make a 3-D movie runs about 20 percent higher than a regular film.

"The timing is perfect to exploit StereoVision's theatrical 3-D movie model," said Capitol Films Chairman David Bergstein. "There's going to be an exponentially growing demand for theatrical 3-D movie content, and we're happy to work with StereoVision towards their becoming a leading supplier of that content."

But Marty Shindler, a film distribution consultant in Encino, expects that as the 3-D market grows, plenty of competitors will move into the space. "Production companies can already see that the box office for 3-D has been two-and-a-half to three times what 2-D movies earn on a per-screen basis," he said. "Only in the last year or so have we seen a more regular flow of product, but that will improve as people get used to 3-D."

Also, while the shift to 3-D benefits theater owners, it presents challenges for independent producers who derive the bulk of their profits from television and DVD distribution, which lack 3-D capability.

StereoVision plans to release its titles in standard 2-D format on DVD and hope the name recognition carries over. The company is developing 3-D video games based on its titles.

StereoVision shares trade over the counter.