

Colonial Physical World

PURCHASING CO-OP



Issue: 4Q15

DVD Patent Agreements Update

As we reported in the last newsletter, the patent agreements for DVDs are facing new levels of maturation. The picture is a bit clearer, thanks to a negotiation last month completed by Colonial board member Frank Hartwig, on behalf of the Media-Tech Association, of which he serves as chairman.

"The main message of the new royalty agreement with the DVD6C (see charts page 7) is the patents for Europe are valid until May 13, 2017, and the US patents are valid until June 3, 2020," reports Hartwig, who's also CEO of major German replicator CDA GmbH.

"Compared to the first proposal by the DVD6C, there is a small improvement, but not significant," Hartwig admits. Unfortunately, he does not see any further negotiations being possible.

As for the One Red licensing group, Hartwig says there's no news to report. Individual licensee agreements should be reviewed, but it appears they'll expire next summer (August 2016) and should be cancelled within the 45-day notice period as stated within the One-Red Licensing agreement.

Meanwhile, there are additional developments from MPEG LA

MPEG LA recently announced that from January 1, 2016 forward, replicators and duplicators of MPEG-2 Packaged Medium (e.g., MPEG-2 video on DVD and Blu-ray discs) in full compliance with the MPEG-2 Patent Portfolio License through 2015 will be deemed to have paid-up coverage without additional royalty after December 31, 2015, so long as the Enterprise inclusive of applicable affiliates, if any, with which a MPEG-2 Packaged Medium replicator or duplicator is affiliated continue in full compliance with the MPEG-2 Patent Portfolio License.

Any questions about MPEG LA's MPEG-2 License should be directed to Tom O'Reilly at telephone: +1-303-200-1710; or email:

toreilly@mpegla.com

Colonial 2016 Annual Meeting: Nashville

The Colonial board met in Newport Beach, Calif., on Oct. 14-16, 2015.

Among the items discussed was the location and timing of our annual meeting next year, and it's been decided Nashville, Tenn., for a April / May timeframe. Stay tuned for the exact dates and venue.

While in southern California, the Colonial board took a factory tour of member CD Video in Santa Ana, Calif. CD Video (www.cdvideomfg.com) has undergone a huge expansion, and now offers Blu-ray mastering.



L-R Pat Reagan (VSG), Michael Hosp (kdg Austria), Bryan Ekus (Colonial), Connie Comeau (ADS Group), Steve Sheldon (Rainbo Records), Carmen Janusewski (CD Video) and Charles Schredder (CD Video).

The board of Colonial Purchasing would like to again extend our special thanks and appreciation to CD Video Manufacturing for their kind hospitality in hosting this event.

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New Biz Idea for Media Manufacturers

Here's one way you might want to think about sustaining the lifeblood of physical media in your local markets: *Join forces with local record and music instrument stores to form labels that will release on the physical media formats of their choice albums of musicians in your communities.*

Talented kids in school and basement/garage bands, dads practicing in their basements hoping to recapture their youth, etc. exist everywhere. What better way for them to show off their talent and sell their music to fans at gigs? And it's a way for Colonial members to drum up new disc business that would otherwise not be found. Local newspapers, radio and television might very well cover such new releases.

Any way you look at it, vertical integration these days makes a lot of sense for manufacturers, instead of merely being a service provider. Please let us know if you're trying the idea: bryan@colonialpurchasing.com

Unique USB Designs

For those of you duplicating USB media, consider the creative approach taken by Bleecker Street Entertainment, which has presented high quality live MP3 recordings of such leading acts as Kiss, Elton John, Simply Red, Mark Knopfler, Alice Cooper, Madness, Yes, Foreigner, Todd Rundgren, Iggy Pop & The Stooges, Simple Minds, and Scorpions.



Each artist receives a unique design. I learned of the product at a Knopfler concert in mid-October. His USB is formed in the shape of a guitar (see photo).

The company's sound engineers record every live show from the beginning to the end with best quality multi-track audio technology. The USBs retail for

about \$15 or \$30, with orders fulfilled through the website at <http://www.bleecker-street-shop.com/> or sometimes right after the concert. More than 2,000 live recordings around the world have been recorded and distributed this way, giving fans the opportunity to take home their live experiences and to re-live it once again with a desirable collector's item. — Larry Jaffee



For your calendar:

Storage Visions, Jan. 4-5, 2016

Colonial members are being offered a \$100 discount for early registration to the Storage Visions Conference, January 4 & 5, 2016 at the Luxor Hotel in Las Vegas. The conference theme is: Storage for the Next 5,000 Years (inspired by the Egyptian motifs at the Luxor Hotel). Topics include long-term content protection and archiving and using cloud services.

View the full conference agenda at: <http://www.storagevisions.com/2016Agenda.htm>

Member News

VSG Expands in Nashville

Colonial member VSG, Inc., headquartered in St. Louis, Mo., has expanded its reach in the key country music market of Nashville by acquiring in early September 10-year old firm Music City Replication, reports VSG president Patrick Reagan.

A full service media manufacturing and interactive programming company, VSG provides not only CD and DVD replication but also digital downloads, video editing, DVD authoring, website development, interactive CD/web programming, database programming, as well as CD/DVD/USB Drive Duplication. Its Nashville operation (<http://www.vsgnashville.com>) is located at 1033 Elm Hill Pike, Nashville, TN 37210 and 615-248-1010 (phone).



VSG NASHVILLE

Industry News

Then There Were Two, Technicolor to Acquire Cinram

Among the large replicators pressing major movie studio DVDs and major record label CDs, the last companies standing appear to be Sony DADC and Technicolor.

The latter announced its plan to acquire Cinram's North American optical disc manufacturing and distribution assets.

In a Nov. 2 press release, Technicolor stated the resulting expanded operational platform for DVD and Blu-ray replication and distribution could also serve to support other new customer additions in North America, in a manner consistent with the Paris, France-based company's strategy of

optimizing the operating leverage of its packaged media products activities.

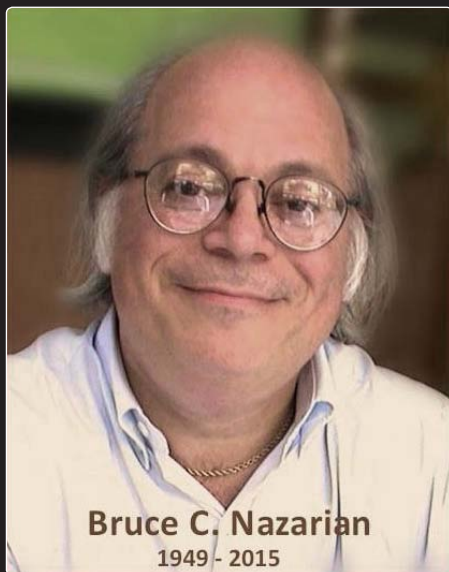
The purchase agreement with Cinram Group, Inc. is subject to obtaining certain consents as well as other customary closing conditions. The transfer of the contracts and assets to Technicolor could occur as early as November 2015.

The customer contracts, if concluded, would add in excess of €190 million in

annualized revenues to Technicolor's Entertainment Services segment. This would have no impact on the Group's Adjusted EBITDA and Free Cash Flow objectives for 2015. The purchase price for the Cinram assets, net of working capital adjustments, is expected to be in the range of €35 million to €40 million, at current exchange rates, and would be entirely funded out of available cash.

Tribute: Bruce Nazarian

DVD pioneer Bruce Nazarian, a tech-savvy musician, audio engineer/producer and friend to media manufacturing, passed away Oct. 8 of a heart attack while editing music at his computer.



Bruce was known for his affable personality and willingness to help come up with solutions to whatever problems that were presented. Several times I asked him to moderate or put together panel sessions for the annual DVD Entertainment conference in Hollywood or later Media-Tech events, and he always obliged.

A widely published author of books and magazine articles and active in industry organizations, Nazarian served as president of the International Digital Media Alliance, formerly known as the DVD Association. Check out his website: <http://www.thedigital-guy.com/>.

A native of Detroit, Bruce played and toured with the 1970s band Brownsville Station, and recorded on three of its albums, among his numerous music credits, including recording chart-topper Anita Baker in the late 1980s.

He always poked fun at his short stature, and in fact, called one of his companies Gnome Digital.

Bruce Nazarian will be missed by anyone who had the good fortune to cross paths with him.

—Larry Jaffee

MEDIA-TECH Elects New Board, Plans Future

At the MEDIA-TECH Association board meeting in Hannover, Germany, on Sept. 22-23, it elected new board members, following its annual members assembly on Sept. 21. During the meeting the participants discussed changes in the media landscape and the best way to shape the MEDIA-TECH for the future. The board also scheduled the organization's next annual meeting for June 13-14, 2016 in Hamburg.

Among the board moves, Bryan Ekus, President of Colonial Purchasing Group LLC, was elected to the MEDIA-TECH Board of Directors in an effort to increase the internationality of the association. Bryan Ekus is also one of the original founding MEDIA-TECH members.

Advisory Board

Beside Donald Schaffer, Bernhard Krause, General Manager of the communications agency MetaCom was newly elected to the Advisory Board of the MEDIA-TECH Association.

Sven Deutschmann, Executive CEO arvato Replication – arvato Entertainment Europe, Gütersloh, Germany, was confirmed as member of the Advisory Board.

For additional information about the Media-Tech meeting:
<http://www.media-tech.net/enews/enews-132015.html>



Bryan Ekus



Mrs. Sylvia Hitzel



John Fitzgerald



Donald Schaffer



Sven Deutschmann



Bernhard Krause



MEDIA-TECH Conference Europe, June 14, 2016

The MEDIA-TECH Conference Europe will take place on June 14, 2016 at the Mövenpick Hotel in Hamburg. The MEDIA-TECH Association is welcoming the Media & Storage Industry.

MEDIA-TECH Association e.V.
 P.O. Box 1104
 D-63793 Kahl/Main
 Germany
 Registration Number:
 VR 12226 in Frankfurt
 VAT ID no.:
 DE 813453338

The MEDIA-TECH Conference Europe 2016 will feature packaged & digital media markets and will provide deep market information including a look at future business models. The event will discuss all aspects of optical disc to redefine the link between physical and digital media.

For more information on the event visit:

<https://www.media-tech.net/europe16-hamburg.html>

2015 MEDIA-TECH Golf Cup

This years` MEDIA-TECH Golf Cup again was a very successful event, an nice gathering of optical media executives and professionals in a relaxed atmosphere that facilitates networking.

Congratulations to all winners of the 2015 Golf Cup at the Golf Park Steinhuder Meer in September 2015:

- 1st** Alexander Welzhofer, 49 Points
- 2nd** Frank Hartwig, 46 Points
- 3rd** Donald Schaffer, 45 Points
- Longest Drive Men: Karsten Greite
- Longest Drive Women: Irina Krause



Members helping members

Colonial's program of members assisting members in need of extra parts or materials on hand recently provided The ADS Group, explains Greg Schoener, its VP of Quality & Technology.

"A critical part broke on our Heino sleever; critical in the sense that it was both necessary for the proper function of the machine and because it was not a part we routinely carried in our spare parts inventory," Greg explains.

"We exhausted all our makeshift ideas in an attempt to make the machine operational – without success. In addition, obtaining the part from the OEM was a grim prospect; they were quoting a two-week lead for the part. It was a real problem for us. We reached out to other Colonial Co-op members,

detailing our predicament and what we needed. In the end, we borrowed the required part for an interim period from someone outside the Co-op, making us operational again."

"That is not the end of the story," explains Greg. *"Subsequent to reaching out to other Co-op members, we were contacted by a company interested in selling a used sleever of the same make although a different model. The price and circumstances were favorable; so we made the purchase. The machine is now installed in our facility. Having*

alternative solutions outside our business when we encounter difficulties is extremely invaluable. We really appreciate the ability and willingness of other members to lend assistance and expertise."

ADS - Heino Ilsemann TCD-3 part

Greg Schoener
VP Quality & Technology
763-449-5540
Greg@theadsgroup.com

Classified / For Sale

Wanted:

Megapack Cases by Amaray

- Qty 50,000 each
- 12/18 Disc Amaray MegaPack Clear DVD Case (50mm spine)
- 18/24 Disc Amaray MegaPack Clear DVD Case (63mm spine)

Contact: **Maureen Gray, C.P.M., CPS**
Technicolor
+1 (805) 445-4306

Available:

Hanky Offset Printer with ID Check

- Call for price
- Ex-works, Santa Ana, CA
- Model HS-420F
- Serial Number 93-12255
- Mfg Date: 2004-10
- Voltage 480/60

Contact: **Charles Schredder**
CD Video Manufacturing
+1 714-803-0444

Available:

Guann Yinn 5 Color Screen Printer

- Qty 2
- 10K USD each - Ex-works, Santa Ana, CA

Contact: **Charles Schredder**
CD Video Manufacturing
+1 714-803-0444

Wanted:

GIMA or Ilsemann DVD packaging machine that will insert 2 DVD's into a DVD Packaging, along with cover sheet.

Contact: **Bryan Ekus**
Colonial Purchasing
+1 407 733 1901

Wanted:

DVD-Tester(s) - i.e. DaTARIUS equipment

Contact: **Mathias Kirschner**
kdg mediatech GmbH
++43 676 824 55 372

Available:

BD cases - Total 641,000 units We are motivated to sell as bulk, per pallet or truckload!

Prices ex-works, Mexico City, Mexico and All Serious Offers would be considered.

- Viva Elite double BD case Qty: 126,840 pc
- Vortex single 3D Clear Qty: 6,734 pc
- Vortex auto BD Case Latch Qty: 124,510 pc
- Alternate auto BD Case Qty: 326,089 pc
- Vortex 3 disc auto BD case Qty: 15,736 pc
- Vortex 4 disc auto BD case Qty: 30,680 pc
- Vortex 5 disc auto BD case Qty: 4,323 pc
- Vortex 6 disc auto BD case Qty: 4,354 pc
- Vortex 7 disc auto BD case Qty: 1,942 pc

Contact: **Marissa Santana**
AD Optical Disc de Mexico
+52 33 3624 2222

Let's Get Physical

By Larry Jaffee

All Things Must Pass: The Rise and Fall of Tower Records, a full-length documentary currently premiering around the US (www.towerrecordsmovie.com), is a love letter to the dynamic physical media industry that represented our industry's best times.

From its small beginnings in 1960 as a record shop growing out of his dad's Sacramento drugstore to national and global expansion, Tower Records was the invention of a retail visionary, Russ Solomon, whose aim was to present consumers with the deepest offerings on hand at its superstores, which have all but disappeared in the past decade.

Directed by the son of actor Tom Hanks, the film chronicles the chain's tremendous growth and Solomon's hands-off management style, allowing employees to party hard as long as they came to work. Former employees interviewed include Dave Grohl (Nirvana and the Foo Fighters), while Elton John explains how he used to have the Hollywood, California store open early so he could enjoy private buying sessions on Tuesday mornings.

The film also interviews Mike Farrace, my former editor at *Pulse!*, the chain's terrific free magazine. I received chills when the covers of two of the issues with my articles showed up on the big screen.

At its peak, Tower generated more than \$1 billion in annual revenue with nearly 200 stores in 21 states and numerous franchises internationally.

For music lovers like me, the downtown Tower store was mecca. I relished the late nights (they'd close at midnight) that I'd peruse the CD and LP bins and get educated on my latest genre/artist obsession in reggae and jazz. It was Amazon before Amazon, and you could touch and even ask clerks to sometimes play albums if they had an open copy. It was where I bought my first CD in November 1985, thinking I was buying the misprinted vinyl boxed set of the then new *Biograph* by Bob Dylan.

Solomon championed the advent of the CD, and he also tried to merchandise whatever new media format was new.



Besides the 2006 closing of Tower's other huge location near Lincoln Center, Virgin last year liquidated two Megastores (14th Street and Times Square). HMV was the first to flee its American beachhead in 2004, closing three large outlets after four years of not turning a profit.

The digital music revolution isn't the sole reason for the disappearance of Tower and the other behemoth retailers; greedy major labels keeping CD prices too high, killing the single, coupled with undercutting mass merchants selling releases as loss leaders, probably contributed more to its demise than the birth of Napster, file-sharing and today's streaming.

All Things Must Pass, named after George Harrison's song played on the soundtrack, laments a bygone era of the big superstores.

The Tower name lives on Japan, where physical media still thrives. The most touching scenes are of Solomon walking through a current Japanese store.

Recommended Reading:

Surprise! Consumers Still Covet Discs, Blu-ray Players – Home Media Magazine (article)

<http://www.homemediamagazine.com/research/surprise-consumers-still-covet-discs-blu-ray-players-36937>

Movie studios are still fighting the death of the DVD – Digiday (article)

<http://digiday.com/platforms/movie-studios-still-fighting-death-dvd/>

Blu-ray at 10: The Flexibility Factor – Home Media Magazine (article)

<http://www.homemediamagazine.com/high-def/blu-ray-10-flexibility-factor>

Central Florida's remaining video-rental stores try to hang on – Orlando Sentinel (article)

<http://www.orlandosentinel.com/business/os-central-florida-last-video-stores-20151002-story.html#>

The Last Audiocassette Factory – Bloomberg (video)

<http://www.bloomberg.com/news/videos/2015-09-01/the-last-audio-cassette-factory>

Cassette Revival Makes NBC Nightly News – Pitchfork (article)

<http://m.pitchfork.com/news/61491-cassette-revival-makes-nbc-nightly-news/>

Local record stores say cassettes are making a comeback (article)

<http://thelantern.com/2015/10/local-record-stores-say-cassettes-are-making-a-comeback/>

Vinyl Comeback – VRTX (audio)

<http://www.vrtxmag.com/media/photo/behind-the-scenes-at-oregons-source-for-vinyl-cascade-record-pressing/>

Vinyl LP Frenzy Brings Record-Pressing Machines Back to Life – New York Times (article)

http://www.nytimes.com/2015/09/15/business/media/a-vinyl-lp-frenzy-brings-record-pressing-machines-back-to-life.html?_r=0

Have We Reached Peak Vinyl? – Stereogum (article)

<http://www.stereogum.com/featured/have-we-reached-peak-vinyl/>

Colonial Purchasing Co-op Contact Info

Phone: +1 747-777-2081

Email: bryan@colonialpurchasing.com

Web: www.colonialpurchasing.com

DVD6C Expiration Chart

October 23, 2015

Expiry Date of the last "DVD-ROM Discs"		
Manufactured in <u>Germany</u>		
Code	Sold country	Last date of reporting
EUR	Albania	2016/12/12
USA	Argentina	2016/12/12
EUR	Austria	2016/12/12
ASI	Australia	2016/12/12
EUR	Belgium	2016/12/12
EUR	Bulgaria	2016/12/12
ASI	Brunei	2016/12/12
USA	Brazil	2016/12/12
USA	Canada	2016/12/12
EUR	Switzerland	2016/12/12
USA	Chile	2016/12/12
CHN	China	2016/12/19
ASI	Cyprus	2016/12/12
EUR	The Czech	2016/12/12
EUR	Germany	2016/12/12
EUR	Denmark	2016/12/12
EUR	Estonia	2016/12/12
EUR	Spain	2016/12/12
EUR	Finland	2016/12/12
EUR	France	2016/12/12
EUR	U.K.	2016/12/12
EUR	Greece	2016/12/12
HGK	H.K.	2016/12/12
EUR	Hungary	2016/12/12
ASI	Indonesia	2016/12/12
EUR	Ireland	2016/12/12
ASI	Israel	2016/12/12
ASI	India	2016/12/12
ASI	Iran	2016/12/12
EUR	Italy	2016/12/12
JPN	Japan	2017/05/30
ASI	Korea	2016/12/12
EUR	Liechtenstein	2016/12/12
EUR	Lithuania	2016/12/12
EUR	Luxemburg	2016/12/12
EUR	Latvia	2016/12/12
EUR	Monaco	2016/12/12
EUR	Makedonia	2016/12/12
CHN	Macao	2016/12/12
USA	Mexico	2016/12/12
ASI	Malaysia	2023/11/28
EUR	Holland	2016/12/12
EUR	Norway	2016/12/12
ASI	Newzealand	2016/12/12
ASI	Philippine	2022/07/22
EUR	Poland	2016/12/12
USA	Puerto Rico	2016/12/12
EUR	Portugal	2016/12/12
EUR	Rumania	2016/12/12
EUR	Russia	2016/12/12
ASI	Saudi Arabia	2016/12/12
EUR	Sweden	2016/12/12
ASI	Singapore	2016/12/12
EUR	Slovenia	2016/12/12
EUR	Slovakia	2016/12/12
ASI	Thailand	2016/12/12
ASI	East Timor	2016/12/12
ASI	Turkey	2016/12/12
ASI	Taiwan	2016/12/12
USA	U.S.A.	2017/10/10
USA	Venezuela	2016/12/12
ASI	Vietnam	2018/05/19
EUR	South Africa	2016/12/12

October 23, 2015

Expiry Date of the last "DVD-Video Discs"		
Manufactured in <u>Germany</u>		
Code	Sold country	Last date of reporting
EUR	Albania	2017/05/13
USA	Argentina	2017/05/13
EUR	Austria	2017/05/13
ASI	Australia	2017/05/13
EUR	Belgium	2017/05/13
EUR	Bulgaria	2017/05/13
ASI	Brunei	2017/05/13
USA	Brazil	2021/05/17
USA	Canada	2017/05/13
EUR	Switzerland	2017/05/13
USA	Chile	2017/05/13
CHN	China	2017/05/13
ASI	Cyprus	2017/05/13
EUR	The Czech	2017/05/13
EUR	Germany	2017/05/13
EUR	Denmark	2017/05/13
EUR	Estonia	2017/05/13
EUR	Spain	2017/05/13
EUR	Finland	2017/05/13
EUR	France	2017/05/13
EUR	U.K.	2017/05/13
EUR	Greece	2017/05/13
HGK	H.K.	2017/05/13
EUR	Hungary	2017/05/13
ASI	Indonesia	2017/05/13
EUR	Ireland	2017/05/13
ASI	Israel	2017/05/13
ASI	India	2017/05/13
ASI	Iran	2017/05/13
EUR	Italy	2017/05/13
JPN	Japan	2018/06/09
ASI	Korea	2018/10/14
EUR	Liechtenstein	2017/05/13
EUR	Lithuania	2017/05/13
EUR	Luxemburg	2017/05/13
EUR	Latvia	2017/05/13
EUR	Monaco	2017/05/13
EUR	Makedonia	2017/05/13
CHN	Macao	2017/05/13
USA	Mexico	2018/10/14
ASI	Malaysia	2023/11/28
EUR	Holland	2017/05/13
EUR	Norway	2017/05/13
ASI	Newzealand	2017/05/13
ASI	Philippine	2024/10/11
EUR	Poland	2017/05/13
USA	Puerto Rico	2017/05/13
EUR	Portugal	2017/05/13
EUR	Rumania	2017/05/13
EUR	Russia	2017/05/13
ASI	Saudi Arabia	2017/05/13
EUR	Sweden	2017/05/13
ASI	Singapore	2017/05/13
EUR	Slovenia	2017/05/13
EUR	Slovakia	2017/05/13
ASI	Thailand	2017/05/13
ASI	East Timor	2017/05/13
ASI	Turkey	2017/05/13
ASI	Taiwan	2018/10/14
USA	U.S.A.	2020/06/03
USA	Venezuela	2017/05/13
ASI	Vietnam	2018/05/19
EUR	South Africa	2017/05/13

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Symcon
www.processtechgroup.net

Copper Sponsor



SINGULUS TECHNOLOGIES
www.singulus.com

General Sponsors



MEDIA-TECH Association
www.media-tech.net



MESA Alliance
www.mesalliance.org

Member Directory



ADO Mexico
www.aod-mexico.com



Alpha Authoring & Mastering Services Inc.
www.g3mastering.com



Audiobec Recording
www.audiobec.com



Blue Media Supply, Inc.
www.bluemediasupply.com



CD Video Manufacturing, Inc.
www.cdvideomfg.com



CDA GmbH
www.cda.de



CDA Inc. (Formerly OEM)
www.cda.us



CDI Media, Inc.
www.cdimedia.com



Cine Magnetics
www.cinemagnetics.com



Disc Makers
www.discmakers.com



Duplium
www.duplium.com



Great Lakes Media Technology, Inc.
www.glmt.com



ISODISC
www.isodisc.com



kdg mediatech GmbH
www.kdg-mt.com



Media Industries – kdg France
www.kdgflash.com



MEDIA-TECH Association
www.media-tech.net



Music City Replication
www.newlifedigitalmedia.com



OK-Medien Service GmbH & Co. KG
www.okmedia.com



Optical Disc Solutions srl
www.ods-bs.ro



Promese Netherlands BV
www.promese.eu



Rainbo Records
www.rainborecords.com



RSB iMEDIA
www.rsbiimedia.com



SNAdisc
www.snadisc.com



SONY DADC
www.sonydadc.com



Spinergy
www.spinergymedia.com



Technicolor
www.technicolor.com



The ADS Group
www.theadsgroup.com



TSI CD Manufacturing



VDC Group
www.vdcgroup.com



Video Services Group, Inc.
www.vsginc.net



WTSmedia
www.wtsmedia.com