



CFTPA

*Representing television, film
and interactive production in Canada*

ACPFT

*Porte-parole de l'industrie de la production télévisuelle,
cinématographique et interactive au Canada*



Alliance numériQC
réseau de l'industrie
numérique du Québec

New
Media
Business
Alliance



NEW MEDIA FUNDING

A presentation to the
Canadian Culture Online National
Advisory Board



Montréal
September 18, 2003



CFTPA

*Representing television, film
and interactive production in Canada*

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*Porte-parole de l'industrie de la production télévisuelle,
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CFTPA is a non-profit trade association representing almost 400 Canadian production companies involved in television, film, and interactive media



Alliance numériQC
réseau de l'industrie
numérique du Québec

Alliance NumériQC

Quebec's digital industry network

The gateway for establishing partnerships and business networks within the Quebec multimedia and digital content industry.

Our mission:

To support and accelerate the growth and competitiveness of this industry in recognition of all its stakeholders

New
Media
Business
Alliance



The New Media Business Alliance represents Canadian companies involved in the production of original interactive digital media content for consumer audiences across several platforms



New Media BC is
the association
devoted to
promoting and
connecting BC's
thriving digital
media companies

Objective:

Make great content
for Canadians by Canadians

What is a producer?

The screenshot shows the Sarbakan Entertainment NOW website. At the top left is the Sarbakan logo, a stylized 'S' with a red and yellow swirl. The main header features the text 'entertainment NOW' in a red, digital font. Below the header is a navigation bar with a 'Sarbakan' button. On the left side, there is a vertical menu with links: 'The Company', 'Services', 'Partners', 'Contacts', and 'Behind the scenes'. The central content area contains a text box describing Sarbakan's mission and core business, followed by a list of three key activities. To the right of the text is a video player showing a scene from the animated series 'Arcane', with the title 'Arcane' and the email 'webmaster@sarbakan.com' displayed below it. At the bottom of the page, there is a 'Products' section with a row of small thumbnail images representing various animated characters and scenes.

Sarbakan

Sarbakan is a corporation dedicated to the development of entertainment content for the international market. Its core business consists of:

- ▶ Creation of original intellectual property,
- ▶ Development and marketing of interactive fiction series based on the company's intellectual property for distribution over the Internet,
- ▶ Leveraging this intellectual property on a variety of traditional and interactive media, as well as ancillary markets.

Arcane

webmaster@sarbakan.com

Products



The producer drives and oversees all projects:

- ☑ Develops project from start to finish
- ☑ Engages all creative and technical talent
- ☑ Secures financing
- ☑ Negotiates distribution
- ☑ **Assumes all risk**

Producers as content creators...

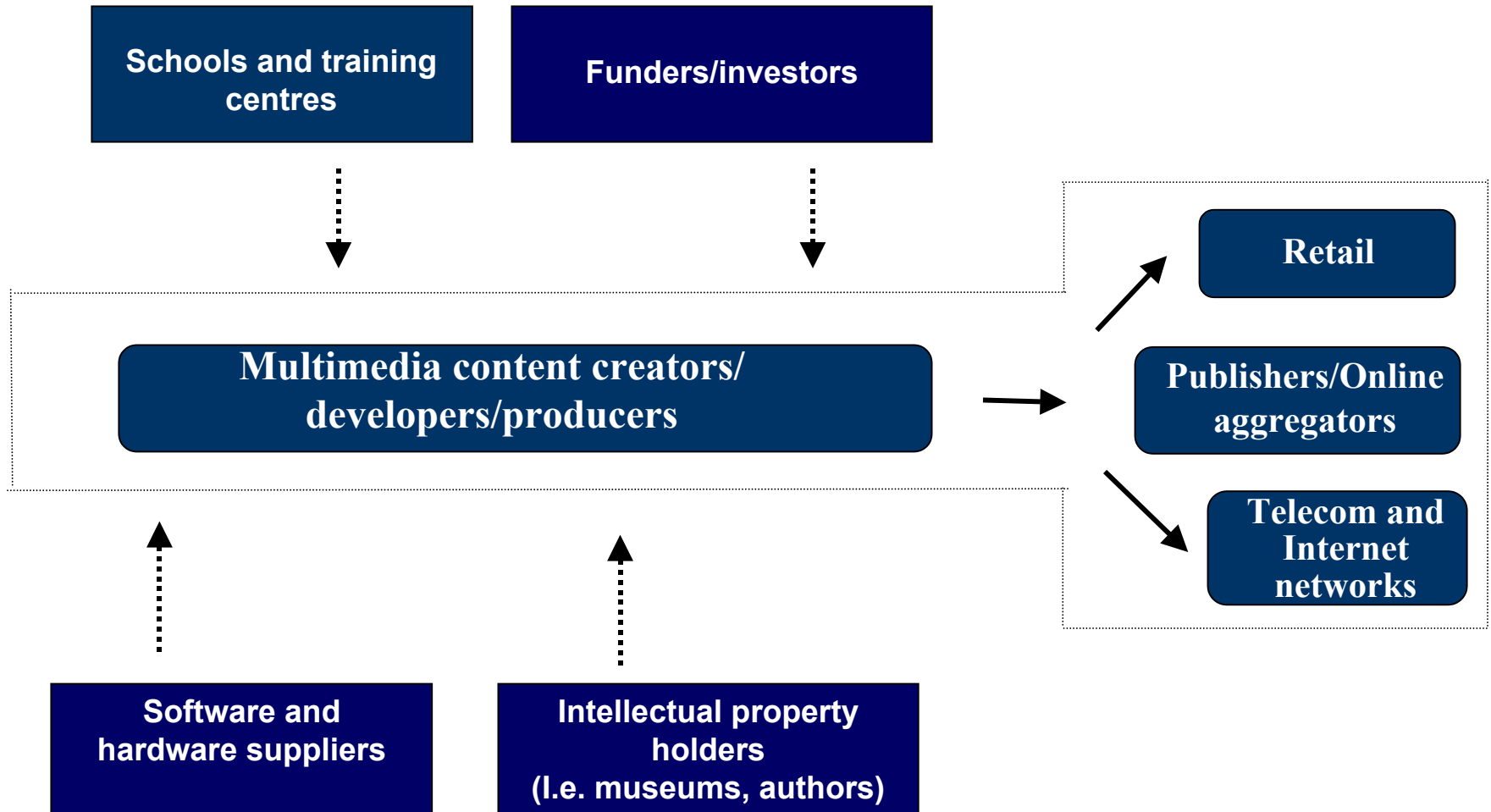
- use their passion and creative vision to constantly push the online world forward
- are constantly looking for new technology
- are constantly looking for new opportunities
- are constantly looking for new partners and financing opportunities
- take creative and financial risks



The producer's expertise lies in understanding what the audience wants, making the story interesting, and pulling together all of the other pieces essential to making an idea a reality.



“New Media Chain”



Why are producers the only way to get Canadian content to Canadian audiences?

The screenshot shows a website with a grid background. At the top left is a circular logo with the text "THE TRUTH IS RIGHT HERE!" around the perimeter and "UFO ALERT" in the center. To the right of the logo is the question "Are You Searching for the Truth?". Further right is a "UFO ALERT CODE" box with "HIGH" in large letters and "HIGH RISK OF ALIEN ACTIVITY" below it. Below the logo is a vertical navigation menu with items: "UFO Alert Level", "The Truth About Aliens", "Have You Been Abducted?", "Help for Abductees", "How to Prevent/Invite Abduction", and "Investigation File: The Blundell Family". Below the menu are two promotional boxes: one for "INQUISITOR" with the text "PROBING STORIES! SHOCKING PICS!" and another for "PARANORMAL CANADA" with the text "STRANGE BUT TRUE!". The main content area has a blue header that says "THE TRUTH IS RIGHT HERE!". Below this is the section "Truth? What truth?" with a paragraph of text. To the right of this text is a photo of a man, with a caption below it: "Read eminent UFOlogist Carter Treehorn's gripping report on a recent abduction case in our exclusive UFO Alert Investigation File." Below the main text is another paragraph starting "The truth about the alien presence on Earth needs to be told." followed by "UFO Alert Resources" and another paragraph. At the bottom of the main content area is a paragraph starting "The site also offers various resources for those who know they've had an alien encounter..." To the right of this paragraph is a photo of a white alien head.

UFO ALERT

Are You Searching for the Truth?

UFO ALERT CODE
HIGH
HIGH RISK OF ALIEN ACTIVITY

THE TRUTH IS RIGHT HERE!

Truth? What truth?
The undeniable truth behind human history is that we have never been alone here on Earth. The evidence exists that since the earliest times, aliens from another world (or worlds) have been visiting us. It exists in the ancient monuments, the old stories and myths, and (some claim) in our very DNA.

What cannot be denied is that today alien activity on Earth is on the rise. Now more than ever before, aliens are visiting earth and making contact with ordinary people. People like you and me.

The truth about the alien presence on Earth needs to be told. That is why this site was created.

UFO Alert Resources
The main feature of this site is the UFO Security Advisory System with its exclusive UFO Alert Level. This is a five-step scale that measures the current degree of alien activity to provide an up-to-the-minute threat analysis.

Visitors are advised to return at least daily to check on the current UFO Alert Level, and take action as necessary.

The site also offers various resources for those who know they've had an alien encounter, suspect they may have had one, or would like to avoid having one in the future or would like to have one sometime down the road. It is your one-stop resource for hate with all your alien

Read eminent UFOlogist Carter Treehorn's gripping report on a recent abduction case in our exclusive UFO Alert Investigation File.

INQUISITOR
PROBING STORIES!
SHOCKING PICS!

STRANGE BUT TRUE!
PARANORMAL CANADA

Producers are content creators.

They provide the foundation for creating high quality Canadian content that is relevant to Canadian audiences online

Four friends sworn to a lifetime of friendship attempt to maintain their friendship while struggling to survive their first year of college and trying to remember why they were friends in the first place.

underGRADS

enter

Undergrads Online was produced with the participation of:
Decode Entertainment Inc.
Bell Broadcast and New Media Fund
MTV

Knowing your audience

The Canadian public is our audience and we are keenly aware of them. It is our job to make content relevant to them.



Our success or failure is dependant on attracting audiences.

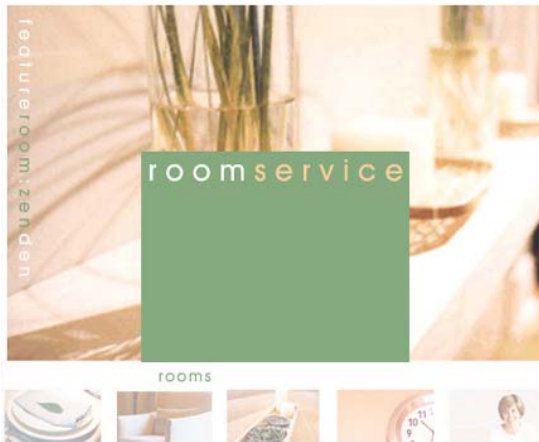
Producers know their audience because:

- They attend markets and conferences
- They research and understand demographics, niche audiences, and how to reach them
- They constantly research cultural shifts and trends



Producers know their audience because:

- They are keenly aware of audience numbers and how to grow audiences
- They analyze trends in online usage



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Producers know what the Canadian public enjoys and what alienates them

Leveraging other resources

Producers can leverage a variety of public and private resources to leverage the CCOP's investment to provide the greatest quality of content, audience levels and to meet the CCOP's mandate.



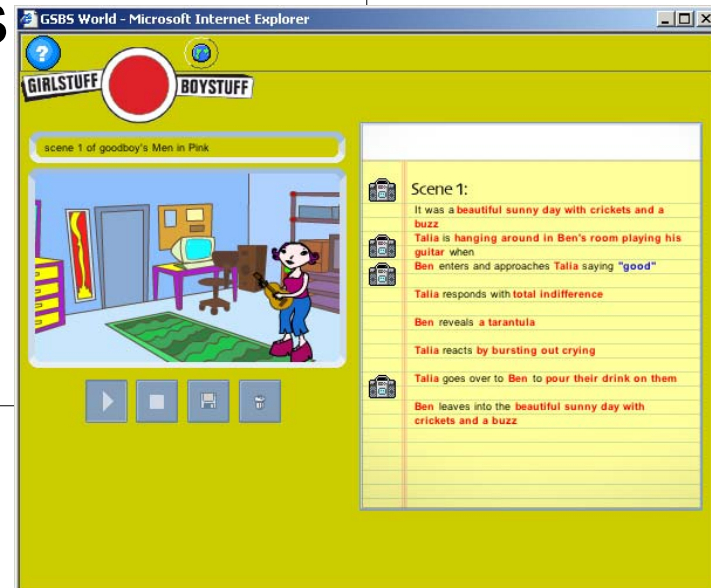
What other resources and relationships do producers bring to the table?



- Relationships with broadcasters (e.g. CTV, Corus, CBC, TVA, SRC)
- Relationships with online aggregators (e.g. AOL Canada, Sympatico)
- Access to private funds (e.g. Bell Fund, Shaw, Rogers)

What other resources and relationships do producers bring to the table?

- Access to other public funds/incentives (e.g. Provincial equity, tax credits)
- Access to technological partners e.g. Bell ExpressVu, Silicone Graphics)
- Access to international markets (e.g. MIP, milia, ECTS, E³)
- Access to private financing and investment



Links to all elements of the system

The content creator takes an idea, story, and image and ushers a project through to completion and delivery to an audience

Successful production requires connecting appropriate partners.

Juno Beach Interactive Centre ⌕ Back to Main Page

European Theatre

LEGEND

- Axis Allied Countries
- Axis Occupied Areas
- Allied Countries
- Liberated Areas
- Battle of Britain

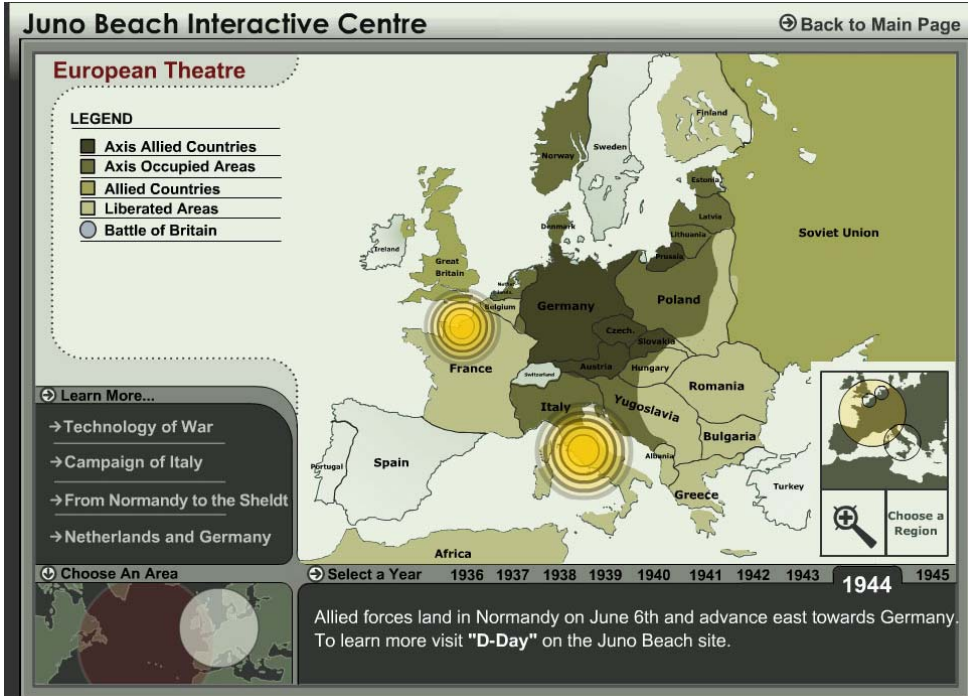
→ Learn More...

- Technology of War
- Campaign of Italy
- From Normandy to the Sheldt
- Netherlands and Germany

⌕ Choose An Area

Select a Year 1936 1937 1938 1939 1940 1941 1942 1943 **1944** 1945

Allied forces land in Normandy on June 6th and advance east towards Germany. To learn more visit "**D-Day**" on the Juno Beach site.

An interactive map of Europe during World War II. The map is color-coded according to the legend: dark green for Axis Allied Countries (Germany, Italy, Japan), light green for Axis Occupied Areas, yellow for Allied Countries, and light yellow for Liberated Areas. A blue circle indicates the Battle of Britain. The map includes labels for various countries and regions such as Great Britain, France, Germany, Italy, Poland, Czech Republic, Slovakia, Austria, Hungary, Romania, Bulgaria, Yugoslavia, Greece, Turkey, Spain, Portugal, Norway, Sweden, Finland, Estonia, Latvia, Lithuania, and the Soviet Union. A navigation panel on the left offers links to learn more about various campaigns and technologies. A year selector at the bottom allows users to view the map for different years from 1936 to 1945, with 1944 selected. A text box at the bottom provides context for the D-Day landings in 1944.

Who are all of the partners?

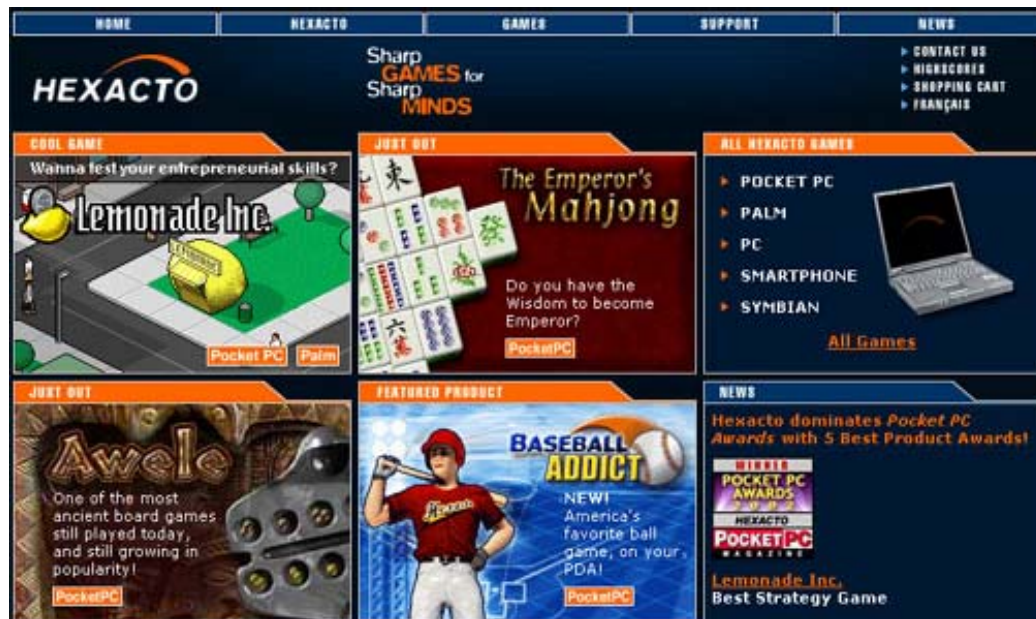
- Writers, musicians, artists
- Programmers, technology providers
- Museums, archives, private collections
- Funders, investors



Entrepreneurial spirit and creative vision

Content creators are entrepreneurs.

They rely on their passion, vision, and willingness to take risks to find new solutions to attract and cultivate audiences.



Independent Producers...

- Retain and control intellectual property rights
- Enable writers, musicians and artists to reach audiences
- Enable institutions to respond quickly to changes in technology and audience behaviors
- Strategically use technology to enable audience access and enjoyment of all types of content



Working with independent producers/ content creators is the best way for CCOP to fulfill its mandate of reaching the Canadian public with relevant, engaging content while leveraging maximum resources from external sources to provide the greatest impact and value for dollar invested.

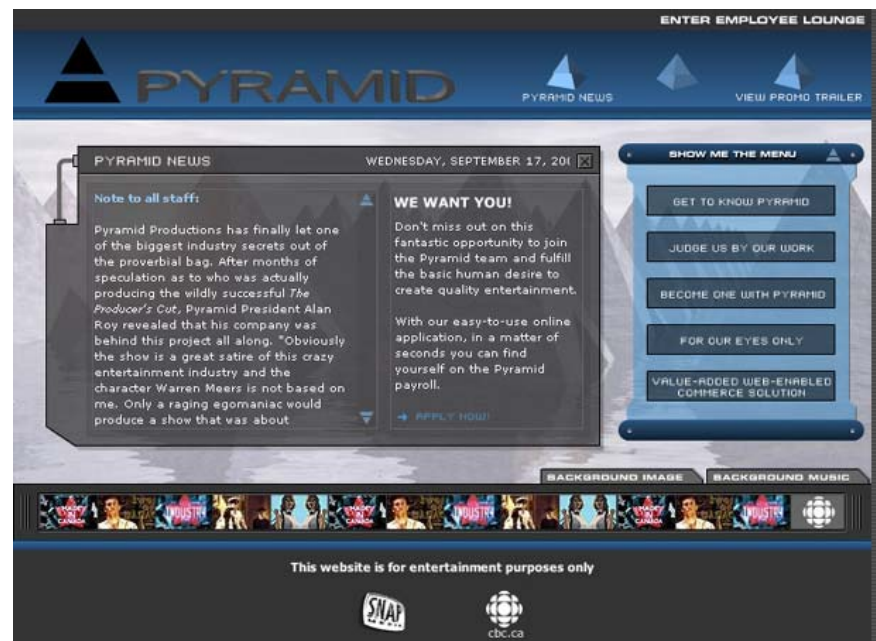


Why is the Canadian new media industry in a crisis?



No mass market

As in other cultural industries, Canada is currently lacking the critical mass to allow the new media industry to be self-sustaining



Unique Challenges

- Unlike other cultural industries, new media is not easily defined and is misunderstood
- Investors still “fear” anything related to new technologies, especially the internet
- This creates extra barriers not encountered by other cultural sectors
- Net result – projects are hard to finance

The image shows a screenshot of the Degrassi: The Next Generation website. The header features the show's logo and a "REGISTER NOW!" button with the text "DEGRASSI ENROLLMENT IS OPEN". Below the logo is a computer monitor displaying three young people, with the text "ONLINE STORIES" overlaid. To the right of the monitor is a "CURRENT MEMBERS + LOGIN NOW" button. Below this is a "DEGRASSI TV SCHEDULES" section with the text: "NEW TIME! Now on WEDNESDAYS at 8:30pm in Ontario, Quebec and BC 7:30pm in Manitoba and Saskatchewan and 9:30pm in Alberta and the Maritimes! So--CHECK LOCAL LISTINGS! Coming up on Degrassi Next Episode... Wednesday, September 17, 2003 Father Figure (Part II)". At the bottom left, there is a "What's New at Degrassi?" section with the text: "Degrassi Receives 8 Gemini Nominations Monday, September 15, 2003 -- Epitome Pictures is pleased to announce that Degrassi: The Next Generation Degrassi.tv can win a Gemini Award...with your help! Friday, August 29, 2003 -- Degrassi.tv can win a Gemini". At the bottom right, there is a "Degrassi BEHIND THE SCENES" section with the text: "The web's best resource for Degrassi, the Official Degrassi Behind the Scenes Site gives you an exclusive look at all the series, new and old."

Fractured Funding

The Canadian New Media producer must often rely upon a patchwork of different funding agencies, each with their own mandate, guidelines, proposal requirements and deadlines.

Some content projects have involved the participation of 8 or 9 distinct investors from federal, provincial and private funding agencies.



Blow to the Bell Fund

- The Bell Broadcast and New Media Fund is Canada's largest and most vital source of private capital for new media productions with a television component



Blow to the Bell Fund

On July 16, 2003, in a decision completely unrelated to the Bell Fund, the CRTC mandated the creation of a new fund for local TV programming that will draw resources away from the Bell Fund and reduce its resources by 40%
- effective immediately

Other fund cuts...

...decreased funds

- Canadian Independent Film and Video Fund (private sector fund with a new media component)
 - 15% cut in funding
 - Moratorium on new media financing for 2003



...disappearing funds

- Canada Telus New Media Learning Fund (CCOP fund)
 - \$5 million fund
 - No longer open to new applicants
 - Not likely to be renewed



...oversubscribed funds

(pretty much all of them)

- Canada New Media Fund (CCOP fund)
 - Oversubscribed by about 400% in terms of dollars
 - Success rate by number of applications extremely low (around 15%)
 - Recent CCOP National Advisory Board report recommends increased funding for content
 - Recommended timeline for increase is too slow
 - Incremental increases should begin NOW
 - Telefilm commissioned report by Omnia recommends \$35 million per year for this fund

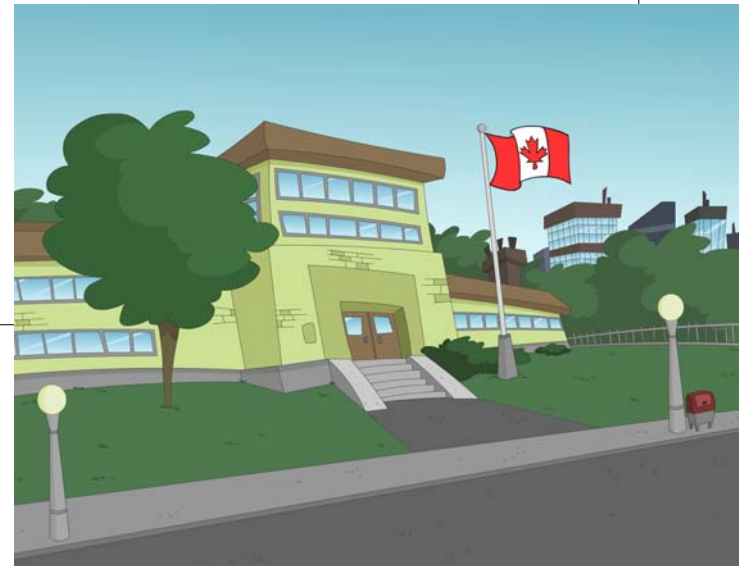
Other financing

- Tax credits
 - Vary from province to province (there is no federal tax credit)
 - Most are ineffective
 - Quebec tax credit is being reduced under new government



Other financing

- Financing mechanisms still finding their feet:
 - License fees from online and broadcaster portals
 - Online advertising
 - Sponsorship
 - Subscription
 - e-commerce
 - Distribution and publishing advances



Overall Picture is Bleak

- 2003 saw about a 20% decrease in project funding
- Content creators taking huge risks and deferring own fees in order to complete financing structures
- Fledgling content production companies are vulnerable in the face of even small cutbacks
- Growing demand and fewer resources means companies will fail

Online Canadian content in jeopardy

Unstable & Unpredictable funding



Unstable companies



Canadian new media industry in peril



Decreased Canadian presence in the online world

What does CCOP need to do?

Immediately begin incremental increases in funding to CNMF with the goal of the majority of funds going to new content production by 2006-2007

The image shows the homepage of 'The Organic Gardener' website. At the top, there is a banner for 'food' magazine with the text 'BACK TO FOODTV.CA' and a contest announcement: 'Dust off your fondest memories! ENTER the Growing Up Canadian Essay Contest' with a 'HISTORY' logo. The main header features a man holding a shovel and a rake, with the title 'The Organic Gardener' in a stylized font. Below the header are several circular icons representing different content areas: 'VIRTUAL GARDEN', 'SEASONAL WORKSHOP', 'RECIPE', 'VEGETABLE RESOURCE CENTER', 'FARM JOURNAL', 'ABOUT THE SHOW', and 'DOWNLOADS'. The main content area is divided into sections: 'SIGN UP FOR THE' (with a 'Bell Fund' logo), 'VIRTUAL GARDEN' (with a photo of a garden), 'SEASONAL WORKSHOP' (with a photo of a field), 'ABOUT THE SHOW' (with a photo of a man), 'VEGETABLE RESOURCE CENTER' (with a photo of vegetables), 'FARM JOURNAL' (with a photo of a field), and 'DOWNLOADS' (with a photo of a man). The footer contains the copyright notice '© 2007 Street Through New Foods'.

Why should CCOP maintain (increase!) funding to the Canada New Media Fund?

Although the mandate of CCOP is not industrial, the Canadian new media industry needs to be sustainable in order for the creation of original, domestic content to continue and expand.



What else can CCOP do?

Encourage the participation of Canadian independent new media production companies in other CCO program areas to ensure the best possible development and delivery to Canadian audiences



Final Thoughts

- Canada is a natural leader in the creation of content for local and global audiences
- We have the best connectivity (3rd highest hi-speed access in the world)
- We have a multi-lingual, multi-ethnic population and some of the best-educated and most talented creators, technologists, and entrepreneurs on the planet
- We have all of the resources but currently lack the necessary investments
- We need to ensure that in the years to come new media production continues to evolve and does not revert to fee-for-service writing and design

Ultimate Goal:



Make great content
for Canadians by Canadians

Canada's independent new media
producers are ideally positioned to
attain this goal.