360° Creative Cluster Development

Presentation to Creative Clusters Conference Glasgow, U.K.

November 2008

Before we begin…

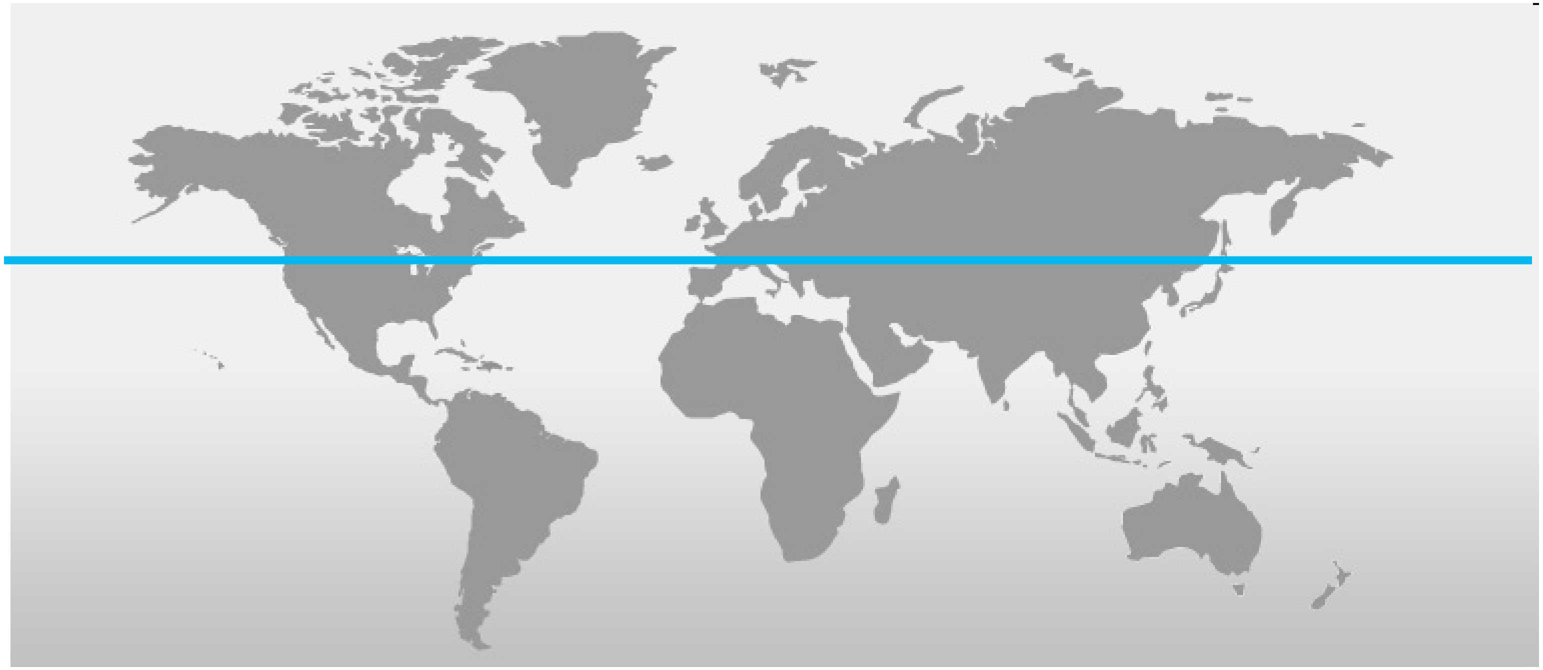
a few

definitions

Who – and what – is Nordicity

Nor·dic·i·ty. ***[****Nawr***-dis-***i-tee***]***

Degree of northerness. Concept developed by Canadian geographer Louis-Edmond Hamelin in 1960s. Countries with similar degrees of northerness share a common set of values.



And countries to the south… stand to learn from our hard learned lessons further north!

What is a cluster… and why we need to use the term with care

Clust·er [***kluhs-****ter]*

Number of things of the same kind, growing or held together

1. A geographical cluster

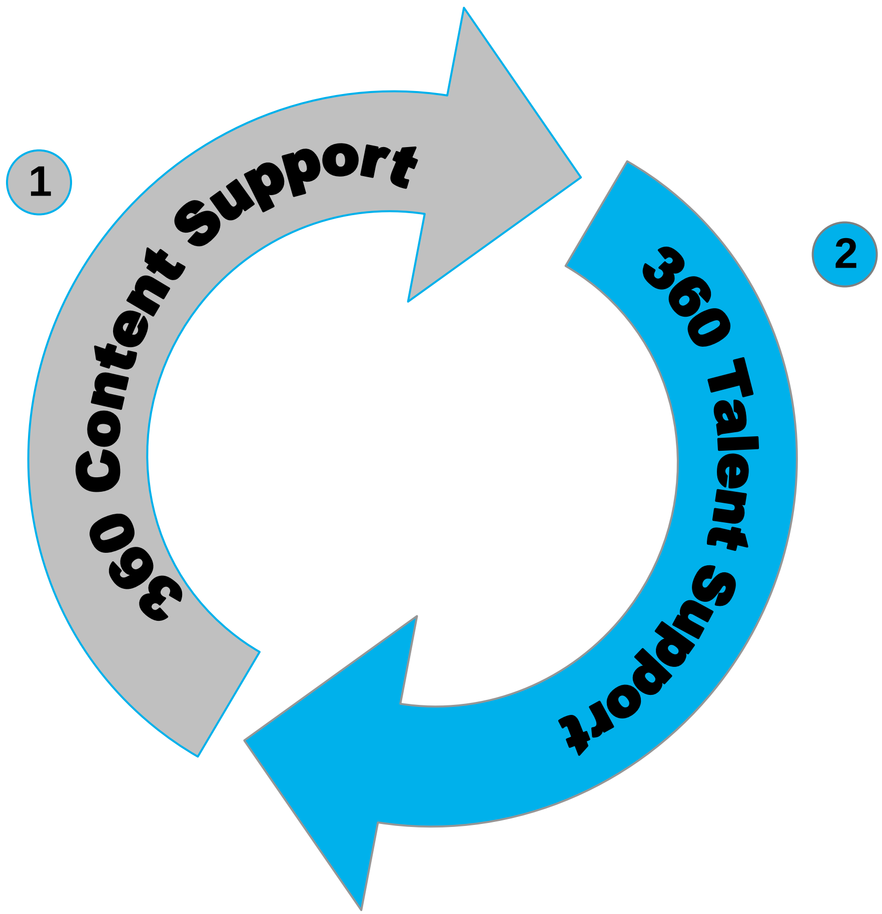
2. A horizontal 'convergent' cluster

360 policy encompasses two different aspects

360 [three-**siks-**tee]

Applying to all creative industries equally. Emphasizing the interoperability of content. Recognizing the increasingly overlapping skills of creative industry workers.

Broadcasting and production support mechanisms which are tailored to support the demand and supply of 360 content



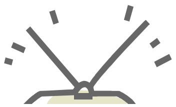
Public infrastructure designed to grow a convergent creative cluster of talent, to feed the pipeline created by (1)

And finally.. how do we define Canada and its creative industries? An uphill battle. Or a southward one.

e.g. broadcasting

About 11 million TV households, next to a market of 110 million US TV households[1]

87% pay to watch TV via a subscription (in Canada) – only 13% still use rabbit ears[2]



There are 685 TV services broadcasting in Canada, Only 178 are non-Canadian…and only 48% watch Canadian programming (including news!)

The public broadcaster enjoys a 8% share… on a good day

1Source: 2005 figures from Communications Monitoring Report 2008 (CRTC) and OECD Communications Outlook 2007

2Source: 2005 figures from “How Many Canadians Subscribe to Ca or Satellite TV? Cable TV/DTH Subscriber Estimates, Profile of Nor Subscribers and Special Survey Results” (CRTC 2006)

If in Canada we were to redesign our support mechanisms

tabula rasa

they would carry the same principles, they'd

be just a bit simpler

In a recent study for the Scottish Broadcasting Commission, Nordicity identified five mechanisms for broadcasting and production support

1 **quotas for private broadcasters**

2 **public broadcasters**

3 **production subsidy funds**

4 **multichannel platform regulation**

5 **tax credits**

Closed system* with 'quid pro quos'

PSB

Production incentives

**Primarily the Canadian system. Other countries offer only benefits like free spectrum, and not a closed system.*

Canada's application of these mechanisms has resulted in a complex system focused on direct support of both demand and supply…

A closed system for private broadcasters, with quid-pro-'quotas'

- **Satellite/cable systems are Canadian; U.S. systems are not licensed.**
- **Protected from US multichannel service providers, Canadian systems carry Canadian content quotas.**

A public broadcaster

- **One Canadian public broadcaster (CBC) operates across the country; 7-8% share in English Canada; ~30% in Quebec.**
- **Separately, each province has an educational public broadcaster.**

Production incentives for public and private broadcasters

- **Tax credits are offered at a national level, and in each province for both new media as well as television (and other industries);**
- **Production subsidies, from a variety of sources including nationally the Canadian Television Fund, and provincially from film agencies.**

The system has resulted in a number of benefits, including…

% of production costs paid to a producer are less in Canada, easing the pain of a small market (for the broadcaster!)

BBC *~95-100%*

CBC *~25%*

Production funds like the "Bell Broadcast and New Media Fund" have driven innovation which have begun to position local firms well internationally

Bell Fund — Bell Broadcast and New Media Fund

xenophile media

→

SHOWCASE

→

→

Disney ★ abc INTERNATIONAL TELEVISION

The disadvantages? Private broadcasters aren't well positioned for a multi-platform world

Broadcaster's business models are based on re-packaging U.S. content…

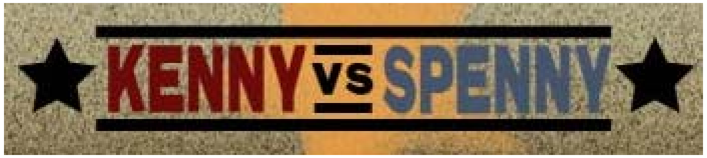
Nordicity Study of 360 Performance of Canadian broadcasters vs. US*

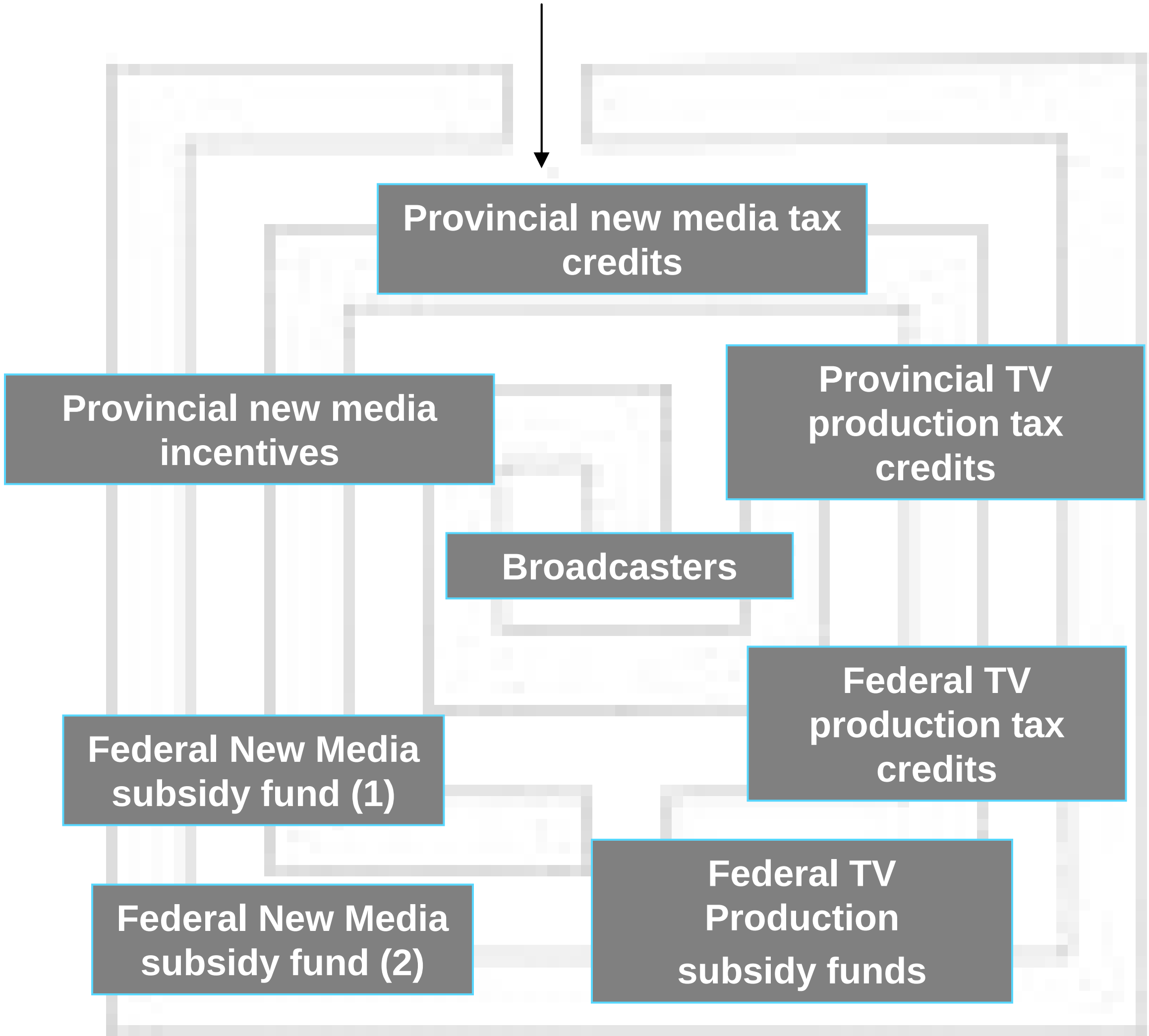
When online U.S. rights can't be secured, what happens?

Video Access Type	Occurrence[1]		
	Canada Broadcasters		U.S. Broadcasters
	Can. Shows	U.S. Shows	U.S. Shows
Dedicated video player, opened in a new browser	39%	21%	63%
Video player embedded in the web page	44%	24%	30%
No broadband video	**17%**	**55%**	**7%**
Total	**100%**	**100%**	**100%**

Study of Broadband Exhibition of Television Programming in Canada and the U.S. , for Bell Express Vu, 2007.

… and producers face a labyrinthine support system if they want to go 360





But *tabula rasa,* we would likely start with the same principles …

1 **Operate a 'closed' system for broadcasters**

2 **Support for a public broadcaster**

3 **Production incentives to support private and public broadcasters**

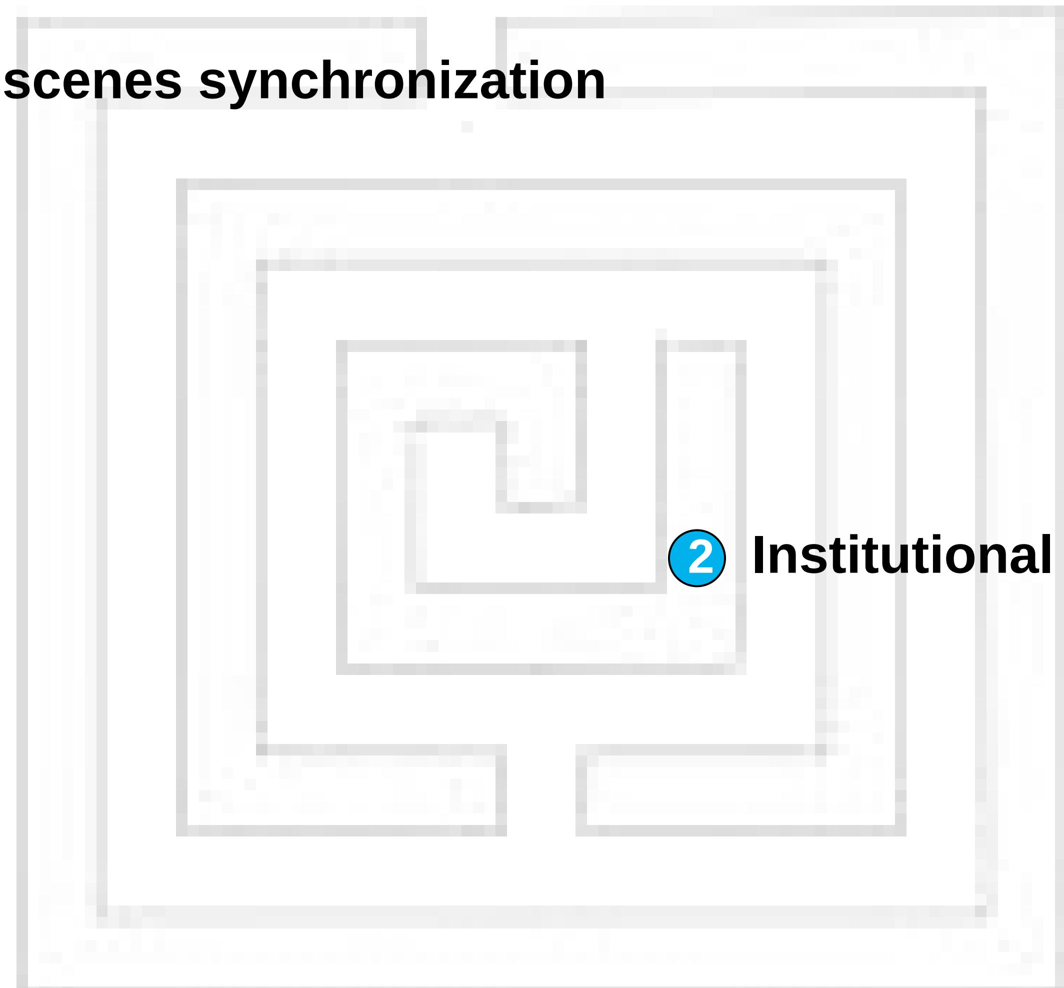
…but the ‘closed system’ would take new technology realities into consideration and egads, possibly involve broadcaster collaboration

Models could include

freesat

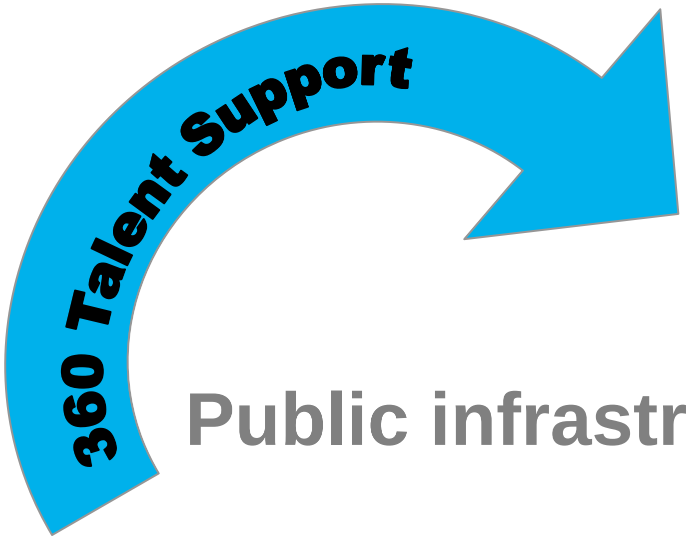
+ iPlayer

… and the complexity of funds and organizations must be simplified to reduce the burden on the producer, and even the taxpayer



1. **Behind the scenes synchronization**

2. **Institutional Consolidation**



Public infrastructure support should focus on

creative industry
building blocks

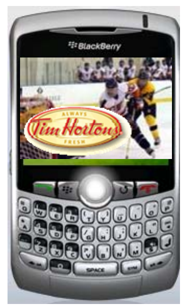
and not on

the platform of the moment

Nordicity recently conducted a study which identified five areas of opportunity for Toronto’s ‘screen-based’ creative industries…

For CONCERT, a consortium dedicated to accelerating innovation in the creative industries in the GTA, Nordicity identified the following areas of opportunity based on existing strengths and market opportunities

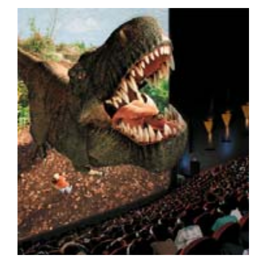
Internet Applications



Mobile Content

Digital Games

Animation and Vfx



Digital Cinema and TV

Nordicity delved into these sectors, and further identified opportunity in 9 ‘cross cutting’ industry segments

Next Gen	Mobile and Wireless	Games	Animation and digital visual effects	Digital cinema and digital tv

Mobile content, including Internet apps and games

Online entertainment– interactive narrative

Online entertainment– niche channels

New casual/serious games

Alternative realities

Middleware (including gameware)

Wireless handset manufacturing

Audio visual hardware manufacturing

Digital production services

And noted at least 6 areas of opportunity shared two things in common….

1 Core building blocks

content narrative

design *software*

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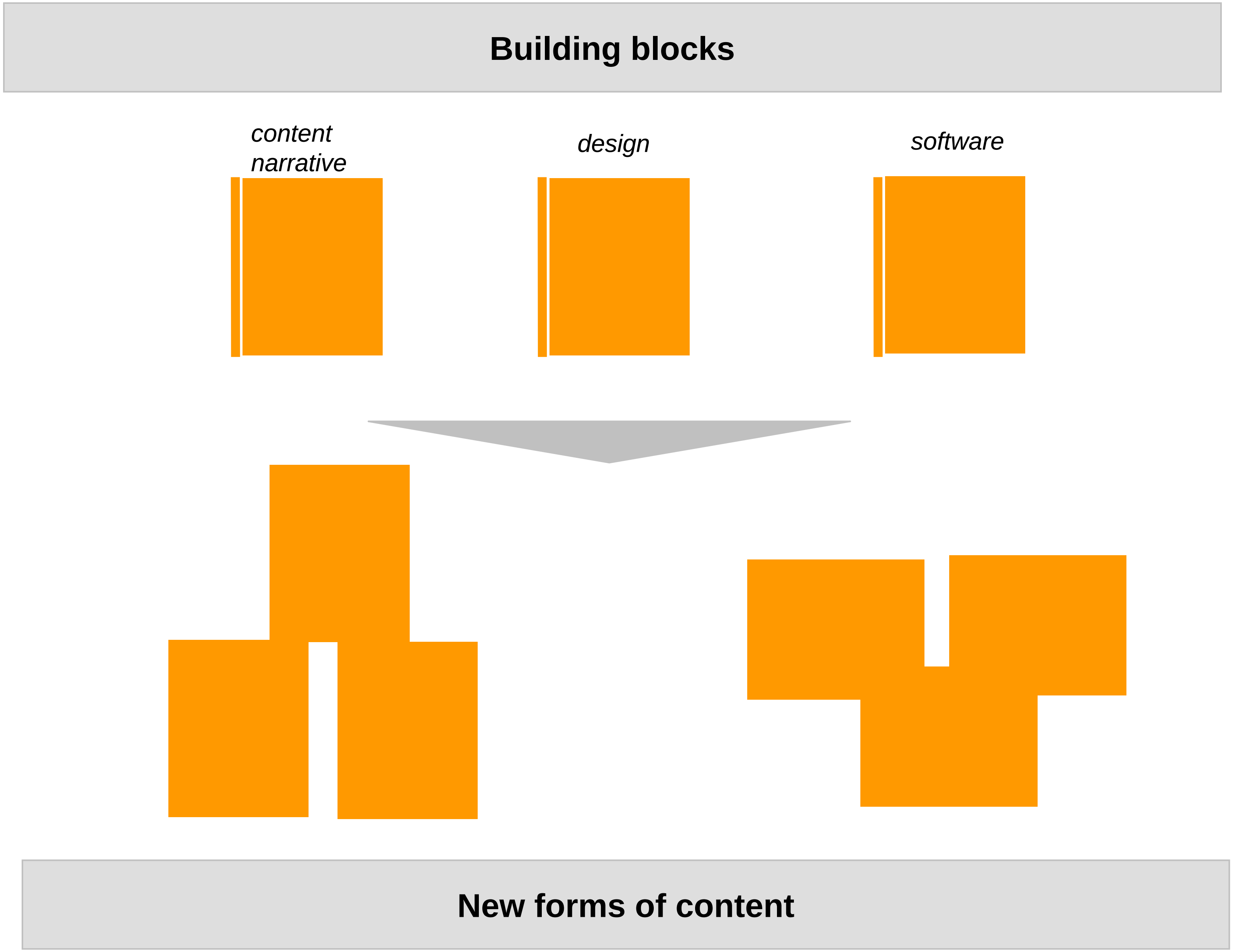
2 Uncertain future

CONCERT Strategy Framework, 2008

Therefore, skills infrastructure should focus on the core building blocks, supporting the construction of future, unknown, forms of content



Fine in theory… but how do you ensure that these skills ‘converge’ to develop new forms of 360 content?

Nordicity has identified 2 forms of convergence which can serve to accomplish this…

1 FORMAL

Ontario
Ontario Media Development Corporation

ENTERTAINMENT AND CREATIVE CLUSTER PARTNERSHIPS FUND

Application Form

Section A – Overview

Reminder: Applicants must be Pre-Qualified to submit an application.

Pre-Qualification Deadline: Friday, June 13, 2008 at 5:00 p.m.

Application deadline: Friday, June 27, 2008 at 5:00 p.m.

Please be sure to reference the Program Guideline Package when completing the Applicati

VELOCITY
mobile + media incubator

2 INFORMAL

… and then how do you ensure that this content achieves success? Encircle it with 8 key forms of support

A framework for product Innovation

Private investment mechanisms

Co-ordinated public intervention

Core skills infrastructure

CONTENT

Firm-level networks

Strong anchor companies

Channels for international content distribution and marketing

For more information

Corporate Strategy and Policy for the Creative and Technology Industries

www.nordicity.com

UK, Canada and International: Twills@nordicity.com