

The New Media Census /

October 2012

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For: New Media Manitoba



With the support of:
Western Economic
Diversification Canada

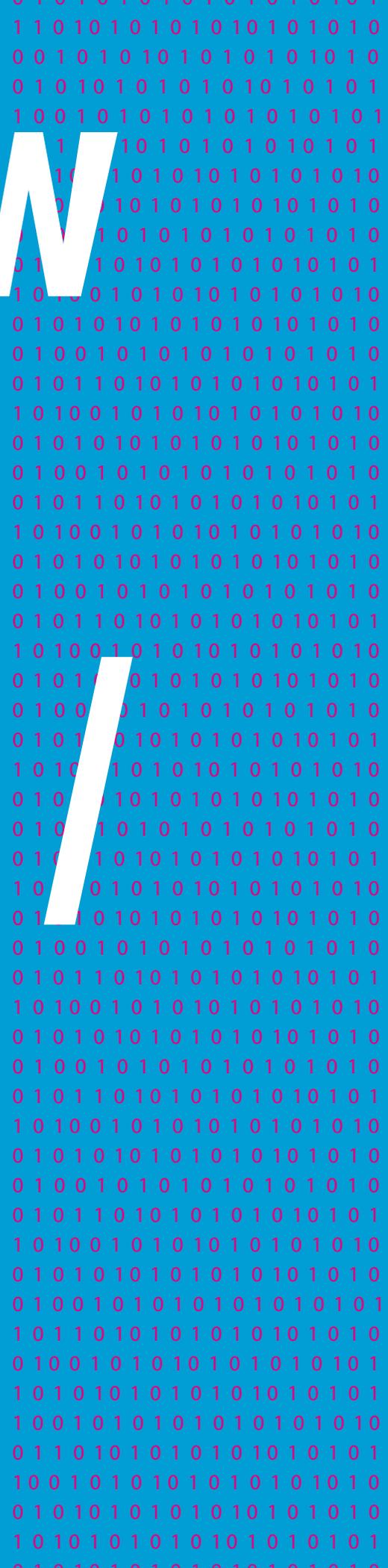


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Executive Summary /

Manitoba is home to a vibrant, innovative and entrepreneurial new media industry. At a time of unprecedented global growth, the new media industry presents a powerful opportunity for Manitoba's economy.

Governments and the private sector internationally have begun to recognize the economic importance and growth potential of the new media industry. Though still nascent, the opportunity for smaller markets such as Manitoba to develop into major new media industry clusters that are home to leading businesses has never been more real.

In order to meet these major global opportunities, the new media industry in Manitoba requires a clear strategy that will help it to harness its strengths and safeguard against its weaknesses. In turn, such a strategy requires a clear understanding of the size and nature of Manitoba's new media industry. This report both provides that information, and also suggests a strategy for new media success.

Background and Methodology

In November 2011 New Media Manitoba commissioned Nordicity to conduct the first-ever study of its kind for the new media industry in Manitoba. This study encompasses three major initiatives:

- 1. Industry Profile** – A profile of the new media industry in Manitoba determining its size, make-up and orientation.
- 2. Economic Impact Analysis** – An economic impact assessment estimating the impact the new media industry in Manitoba has on the economy.

- 3. Strategies for Success** – A series of strategic actions recommended for NMM to undertake in order to enable the continued growth, sustainability and economic contribution of the new media industry in Manitoba.

The methodology of the study consisted of three principal phases: data collection, economic impact analysis, and recommendations development.

The data collection phase comprised an online survey to gather quantitative data on the industry, a series of interviews with key industry stakeholders to collect qualitative data, and secondary desk-based research to support the strategic directions for Manitoba's new media industry.

The survey gathered 233 viable responses among companies and freelancers, while 22 interviews were conducted with key stakeholders (17 companies, three educational institutions and one government stakeholder).¹

Because there is no preexisting count of new media firms or revenue in Manitoba, no "gross up" methodology was applied and all data presented in this report should be treated as initial census data. As a result, the data and figures contained in this report almost certainly understate the actual size of the new media industry in Manitoba. However, because the figures are based on actual company responses (and not extrapolations from those responses), Nordicity asserts that, in this instance, the survey data is significantly more reliable and defensible than if a "gross up" methodology was applied.

¹ The breakdown of interviewees do not sum due to two interviewees originating from one educational institution.

The economic impact analysis phase comprised data analysis, data calculations and economic impact modeling in collaboration with the Manitoba Bureau of Statistics (MBS). Nordicity determined the profit levels, expenditures and labour spend of the new media industry in Manitoba using data collected from the online survey. Using the MBS input-output model of the Manitoba economy, Nordicity and MBS determined the economic impact of the new media industry in Manitoba.

The 'Strategies for Success' development, or recommendations, consisted of evaluation of the Census data and resulting economic impact analysis and strategic workshops held with NMM. Nordicity conducted secondary research on 37 industry associations and public agencies to determine the relevance of the recommendations for implementation in Manitoba. In consultation with NMM, Nordicity developed a series of refined recommendations for implementation by NMM.

The new media industry presents a powerful opportunity for Manitoba's economy.

Industry Profile

The new media industry in Manitoba is comprised of new media companies and new media freelancers. The results for company and freelancer responses are presented separately.

Companies

The Manitoba New Media Census defines a "new media company" as **any company that generates**

50% (or more) of their annual revenue from a new media product and/or service.

- The vast majority of new media respondent companies are Manitoba-controlled (94%), while 4% are Canadian-controlled from outside of Manitoba and only 2% are non-Canadian-controlled.
- On average, new media companies in Manitoba are 7.0 years old, meaning that businesses tend to be legitimately stable.
- Web Design and Web Application Development is the most prominent primary activity for the majority (43%) of new media companies in Manitoba.
- Game Development (12%) and Advertising and Promotional Content Development and Publishing (11%) are the second and third most prominent primary activities for new media companies in Manitoba.
- In terms of secondary business activities, new media companies in Manitoba are principally active in Mobile Application Development, Advertising and Promotional Content, and Social Media Marketing.

Company Output

- In the fiscal year ending in 2011, new media companies in Manitoba produced an **average of 23.6 new media projects per company**. Approximately half of these projects were service projects (54%), while the other half of projects were content-owned projects (44%) where the content (Intellectual Property) was owned by the new media Company. The remaining 2% were identified as "Other."²

- The service-based projects were more common in the Social Media Marketing, Digital Content Publishing and Transmedia Development sub-sectors, while content-owned projects were most common in PC/Mac Software Development and Computer Animation.

Company Revenue

- The new media industry in Manitoba (as captured by the survey) generated **\$38.8 million** in the fiscal year ending in 2011.³ The vast majority of this revenue was generated by a small number of larger businesses. Meanwhile, most respondent companies generated less than \$100,000 in their most recent fiscal year.
- The majority of new media company revenue is service-based (58%), while original content still makes a significant contribution to industry revenue (35%).
- The majority of new media company revenue is derived from other businesses (60%), while consumers represent a smaller but contributing share of revenue (27%).
- New media companies conduct relatively little business outside of Manitoba, with an average of 53.9% of a company's revenue

² In some cases, a company may develop both service projects and content-owned projects as part of their business model. While this ensures cash flow, and satisfies revenue needs and continued R&D, it also enables the company to retain its corporate culture and creative ethos.

³ This is a conservative estimate. Based on responses collected by the New Media Manitoba Census survey, the revenue total does not reflect the firms that weren't captured in the online survey.

coming from within Manitoba. The US is the only major revenue market outside of Manitoba, accounting for 19.1% of an average company's revenue.

Company Expenditures

- The new media industry in Manitoba spent **\$33.6 million** in the fiscal year ending in 2011. Of this total, 46% of expenditures were on labour (i.e., wages, salaries and employee benefits). Meanwhile, outsourcing accounted for 18% of expenditures. The next major expenditure was overhead, at 11%, with little expectation of this figure changing due to a reluctance by many new media companies to invest in physical workspace.

Company Capital

- The majority (76%) of initial financing for new companies is "self-funding," including the entrepreneur's personal wealth and contributions from friends and family (where no equity stake is taken).
- While there is a perceived lack of access to capital in Manitoba, interviews revealed that many entrepreneurs are averse to external financing and prefer to self-finance or bootstrap their businesses.
- A majority of on-going capital is derived from retained earnings (51%), followed distantly by additional self-funding (36%). However, despite the perceived low level of demand for external financing, interviews revealed that Manitoba new media businesses would not know how to access it even if they were in a position to do so.

Public Support

- A small number of new media companies in Manitoba access public support to finance their businesses. Among those that do, NRC-IRAP is the most frequently accessed public support, according to survey findings, with 12.5% of respondents having previously accessed it.

The new media industry in Manitoba generated \$38.8 million in 2011.

- Interviews revealed that the low level of participation in these programs is due to a combination of a lack of program awareness, complex guidelines and unachievable eligibility requirements.
- Similarly, very few new media companies in Manitoba access public tax credits to offset their business costs. The Scientific Research and Experimental Design (SR&ED) tax credit is the most widely accessed, according to survey findings, with 16.7% of companies having previously accessed it.
- Again, interviews revealed that the low levels of tax credit uptake are due in part to a number of factors, including the lack of tax credit outreach and marketing, and the complex eligibility requirements, application process and reporting requirements.

Talent, Employment and Education

- According to the survey results, the new media industry in Manitoba directly

supported **436 full time and 126 part-time employees** in the fiscal year ending in 2011.⁴

- The average salary across all positions in the new media industry in Manitoba was **\$44,419** for the fiscal year ending in 2011.
- There is a higher rate of turnover at junior and intermediate levels for all types of positions in Manitoba's new media industry. Meanwhile, the talent availability in Manitoba's new media industry remains stable, as most positions are relatively easy to fill; with the exception of Senior Creative, Senior Technical and Intermediate Technical roles.
- The average new media employee in Manitoba is **32.4 years old**.
- The majority of new media employees in Manitoba have some manner of post-secondary degree or diploma. Approximately 92% of employees have a higher level of education than a High School diploma (or equivalent).
- Red River College and Assiniboine College are respected for their curriculum in design and could complement these strengths with more rigorous technical elements. The University of Manitoba is recognized by the industry for its computer science department and could complement this strength with a more rigorous design component.
- Despite these academic institutions, the industry's level of satisfaction with new

⁴ As with the revenue estimate presented in Section 2.2.3, these employment figures only reflect those companies that responded to the New Media Census survey – and have not been "grossed-up" to reflect those firms that did not complete a questionnaire.

graduates in Manitoba is relatively low. New hires in Manitoba typically require one or two years of on-the-job training in order to reach industry standards.

- Indeed, the new media industry in Manitoba seeks increased attention towards business skills including finance, sales and marketing. Meanwhile, a more generalist approach to education could help future-proof the workforce, and make them more adaptable to new and changing industry trends.
- Almost all (88.9%) new employees in Manitoba's new media companies are hired from within the province, with a limited amount of recruitment occurring nationally or internationally.

Outsourcing

- Outsourcing is an important activity in Manitoba's new media industry, as the second largest type of expenditure (accounting for 18% of company expenditures). The primary reason, given by 57% of surveyed companies for this is "insufficient capacity in the home company", followed by "lower cost of labour" (16%) and "other" (16%).

Future Outlook

- The future of the new media industry in Manitoba looks very positive, with the majority of survey respondents indicating a projected growth rate of more than 15%. Companies expect this growth to come largely from mobile media, followed by social media.
- While Manitoba is the most important market for many local new media businesses today, the limited domestic market is seen as a

major barrier to growth. As such, the US is the primary market targeted by companies for growth potential.

- The greatest barriers to growth cited by new media companies in Manitoba are:
 - Supply of skilled labour;
 - Availability of affordable capital;
 - Presence of management experience; and
 - Sufficient marketing and sales expertise.

Freelancers

- The primary activities undertaken by freelancers in Manitoba are "Web Design and Web Application Development" (30%), "Advertising and Promotional Content Development and Publishing" (12%), "Social Media Marketing" (8%) and "Other" (26%).
- New media industry freelancers earned a **mean average of \$14,574** from new media activities in 2011.⁵
- Freelancers in Manitoba's new media industry have an average of **4.7 years of experience**. On average, freelancers complete **20.1 projects per year**, the majority of which (79.1%) originate in Manitoba. The US is the second most important market for freelancers, comprising an average of 9.7% of freelance contracts.
- The most common area of growth anticipated by freelancers is in Mobile Application Design (30%), followed closely by Web and Web App

⁵ The **median** average revenue is \$8000 per year. Again, it should be noted that financial data was only available for a minority of freelance respondents.

Design (26%) and Social Marketing (23%). Given the reliance that freelancers have on local businesses for work, the majority of freelancers (64%) expect that new contracts will continue to originate from Manitoba in the future.

The primary activities undertaken by freelancers in Manitoba are "Web Design and Web Application Development".

Economic Impact Analysis

- **Please note:** this economic impact analysis reflects only those companies and freelancers that responded to the New Media Census survey. As such, the figures presented here most likely under-represent the economic contribution of the new media industry in Manitoba.

GDP Impact

- The **total GDP contribution** (at market prices) attributable to Manitoba's new media industry was **estimated at \$36.8 million** in 2011.⁶
- Put another way, **for each \$1.00 of total new media expenditures, the impact to Manitoba GDP is estimated at \$0.94**. In other words, 94% of new media industry expenditures remain within Manitoba's economy.

⁶ GDP at Market Price is the total value of goods and services produced in the Manitoba economy.

- Upon comparison with other key Manitoba industries, new media generates a similar amount of economic impact per \$1.00 spent in Manitoba to that of the mining industry, and has a greater relative impact than either construction or crop-based agriculture.

Labour and Employment

- The new media industry in Manitoba supports an estimated **680 FTEs**, of which 433 are direct new media jobs (i.e., person-years), and 246 are spin-off jobs.
- The new media industry's total impact on Manitoba labour income (or the industry's employment impact) is estimated at **\$28.5 million**.
- Put another way, for each **\$1.00 of new media operational expenditures, the impact to Manitoba labour income is estimated at \$0.73**. In other words, 73% of new media industry expenditures become income for Manitoba residents.
- For each **\$1 million** of new media operational expenditures, the industry created **17.4 person-years** of employment in 2011.
- Compared to the relative job creation power of other key Manitoba industries (i.e. including construction, finance, insurance and real estate, mining and crop-based agriculture), new media exceeds the performance of each on a per \$1 million basis.

Fiscal Impact

- The new media industry and associated spin-off activities have resulted in an estimated **\$12.4 million** in total taxes collected in

Manitoba. This figure includes **\$5.1 million** in Manitoba provincial taxes, **\$1.4 million** in local-level taxes and \$5.9 million in federal taxes.

- **For each \$1.00 of total new media expenditures, an estimated \$0.32 of total taxes is collected in Manitoba.**

Strategies for Success: Recommendations

- A series of strategic actions were developed as recommendations for NMM to implement in order to support the continued growth of Manitoba's new media industry. These recommendations were then divided into two groups: priorities for immediate action, and recommended actions to be undertaken when resources allow, and can be summarized as follows:

Priorities for Immediate Action:

- **Increase mentorship support with digital media companies in Manitoba** – to contribute to supporting job growth.
- **Become a 'sales agent' for Manitoba new media business** – to increase the volume of production and development, enhance the visibility of NMM as a central industry hub and improve the visibility of Manitoba companies and freelancers by in- and out-of-province clients.
- **Establish a Shared Space** – to ensure that new media workers have a place to collaborate on work and entrepreneurial activities, and to mentor students in advanced digital media innovation.

Recommended Actions:

- **Continue to develop app and game development expertise in Canada and North America** – to showcase artistic and creative excellence and business utility, and to promote domestic partnerships.
- **Develop internal marketing materials for Manitoba's new media industry** – to increase consistency regarding how the industry is portrayed, and to improve the reach of marketing efforts for individual companies and the industry as a whole.
- **Create a strong brand for the new media industry in Manitoba** – to increase talent retention, promote entrepreneurship and improve coordination with other creative industries in Manitoba.
- **Establish an 'Intellectual Property Development Fund'** – to improve access to project capital and increase internally developed IP, leading to stronger company balance sheets.
- **Establish a specialized 'New Media Venture Forum'** – to improve awareness of the new media industry by local and national investors and improve the business skills, investor-readiness and access to financial capital of Manitoba's new media companies.
- **Publish a living profile with data tracking capabilities** – to improve the ability of NMM to understand the industry as it evolves.

This report, equipped with the industry profile, impact and strategy, will help Manitoba leverage its indigenous creative and technological strengths to continue its projection towards national and international competitiveness, ultimately resulting in sustainable economic growth.

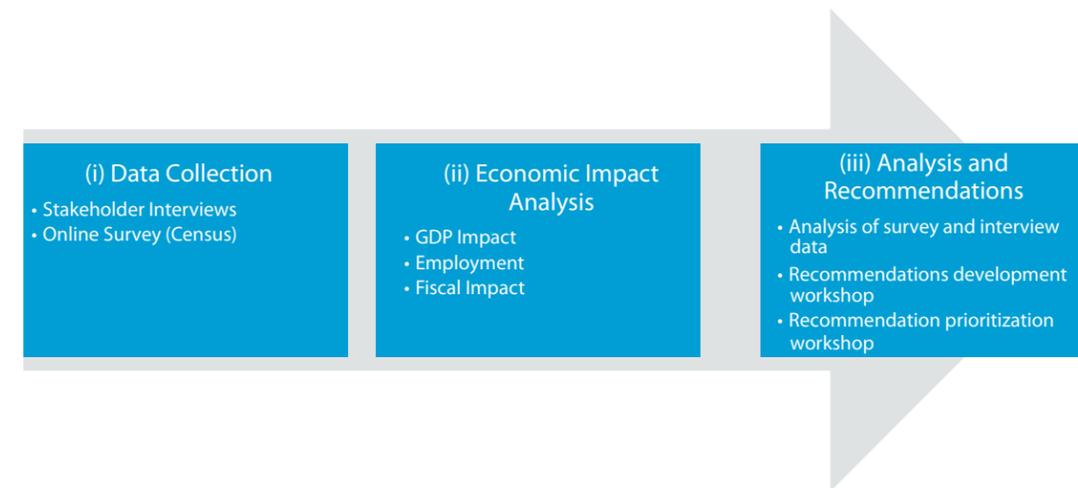
1. Introduction /

1.1 Mandate

For some time, anecdotal evidence has suggested that Manitoba is home to a small, yet vibrant new media industry. However, while successes like the Seumas McNally award-winning game *Aquaria* and the Gemini Award-nominated and Canadian New Media Award-winning transmedia production *One Ocean Interactive* have hinted at the potential of the industry, there has not been any dependable data on the industry, its size, or its impact on Manitoba's economy. More importantly, without reliable data on the new media industry in Manitoba, organizations like New Media Manitoba (NMM) have been

hampered in their efforts to support the industry's continued growth. With solid, defensible data, NMM would be able to advocate more authoritatively on behalf of their industry, while honing their programming to the specific needs of the industry.

For the above reasons, New Media Manitoba has asked Nordicity to conduct a study of the new media industry in Manitoba, to determine the size and orientation of the industry, to estimate its impact on the provincial economy, and — based on the information collected — to craft a series of recommendations to stimulate the industry's growth.



1.2 Methodology

The present study comprises three principal phases: (i) data collection, (ii) economic impact analysis, and (iii) recommendations development. The illustration above presents a basic graphical overview of this process.

1.2.1 Data Collection

As this study was the first to account for the new media industry in Manitoba, significant primary data collection was required. To that end, Nordicity designed and administered an online survey and engaged in a series of interviews with key industry practitioners.

Online Survey

The principal purpose of this data collection tool was to gather quantitative data on the industry, such as annual revenue and expenditure figures. The online survey was developed using the Canadian-based *Fluidsurveys*, and was distributed via an open URL (link) to Manitoba's new media industry. The survey engagement

period ranged from December 2011 through early March 2012.⁷ The questionnaire itself followed a skip-logic to streamline the input process, and was designed for two principal audiences: new media companies and new media freelancers. Each of these audiences followed a separate track through the questionnaire with questions tailored for each. A third group, so-called "new media entities" or firms that generate a minority of revenue from new media, were also included in the survey. A copy of the survey questionnaire can be found in Appendix B.1.

The total number of survey responses analyzed was 233. At the conclusion of the survey period, 173 completed responses (68 new media companies, 15 new media entities and 92 freelancers) were collected. A further 35 company and 25 freelancer incomplete survey responses were included in the subsequent analysis as they each contained some usable data (i.e. reliable responses to key questions). As this survey was treated as a census — and there is no preexisting

⁷ A more qualitative, contextual view of the industry was, in turn, gathered through the interviews (see below).



Tactica Interactive

Year Founded: 2003
 Number of Employees: 13
 Sub-Sectors: Web Design and Development, Transmedia Development, and Promotional Content Development and Publishing

The new media industry in Manitoba is poised to make a seismic leap forward with unprecedented success. Leading this wave of successes are companies such as Tactica. Based in Winnipeg, Manitoba, Tactica collaborates with businesses, brands, producers and broadcasters to develop interactive content. They leverage their skills in storytelling and digital media to extend this content across multiple platforms: websites, interactive games, mobile applications and social media.

An exciting example of the kind of transmedia projects that Tactica has worked on is the *One Ocean Interactive* website, designed to raise ocean awareness. In partnership with *The Nature of Things* and *Complex Games*, this website leverages powerful interactive platforms including Google Earth, the Unity 3D game engine, and integration with social media sites including Facebook, Twitter, YouTube, and Flickr. This powerful web experience garnered Tactica, as well as its partners, a nomination for a 2010 Gemini in best cross-platform non-fiction project, as well as a New Media Award.

count of new media firms or revenue in Manitoba — it is not possible to accurately determine the degree to which these survey results cover the industry. As such, no “gross up” methodology was applied and all data presented in this report should be treated as initial census data. As a result, the data and figures contained in this report almost certainly understate the actual size of the new media industry in Manitoba. That said, because the figures are based on actual company responses (and not extrapolations from those responses), the survey data is, in Nordicity’s view, reliable and defensible.

Interviews

In addition to the online survey, Nordicity conducted a series of 22 interviews with key stakeholders in Manitoba’s new media industry. Whereas the focus of the online survey was to collect quantitative data on the new media industry, the interviews were geared to discussion of qualitative issues and strategic directions for Manitoba’s new media industry.

Interviewees consisted of 17 companies, three educational institutions, and one government stakeholder.² Interviewees were selected to obtain as much of an accurate, representative reflection of Manitoba’s new media industry as possible. As such, Nordicity interviewed a balance of smaller firms, freelancers and larger firms, while speaking to as many different types of new media company as possible (e.g. web design, games, digital agency, etc.). Each interview was conducted using a tailored interview guide and then stored in a central online database for subsequent analysis. This analysis was conducted using a

version of thematic analysis (i.e. organizing the information into prevailing themes) to arrive at a series of overarching conclusions. Interviews were also used to identify specific anecdotal evidence to support and/or contextualize survey data.

1.2.2 Economic Impact Analysis

Using data collected by the online survey (i.e. the Census), Nordicity worked with the Manitoba Bureau of Statistics (MBS) to undertake an economic impact analysis. To do so, Nordicity first calculated the top-line revenue generated by the new media industry in Manitoba by summing the mid-point of all the revenue ranges provided by survey respondents (e.g. \$100,000 to \$249,999). This calculation was made for both sole-proprietors/partnerships and for corporations. Nordicity then performed the same calculations with respect to respondents’ expenditures. Using these two sets of figures, Nordicity was able to impute the profit implied by the survey data. Additionally, Nordicity calculated expenditures made by the new media industry (including labour expenditures) in Manitoba by apportioning expenditures according to the expense category breakdowns provided by respondents. Finally, profit levels (for sole-proprietorships/partnerships and corporations), expenditures (broken down into industry classifications), and labour spending were entered into the MBS input-output model of the Manitoba economy. The contents of Section 3.1 of this report reflect the results of the subsequent MBS analysis.

1.2.3 Recommendations Development

In March of 2012, Nordicity met with NMM to present a selection of findings from the Census and resulting economic impact analysis. The purpose of this Strategic Workshop was to collaboratively devise a set of actionable, measureable recommendations to support the growth of the new media industry in Manitoba. As such, Nordicity facilitated a one-day meeting with all NMM staff members. Through a variety of exercises (the result of which are presented in Section 4.1), Nordicity and NMM selected eight recommendations for further development. Nordicity then conducted secondary research, by reviewing program offerings of some 37 industry associations and public agencies, to ascertain whether similar approaches had been taken in other jurisdictions and/or industries. With this research in hand, Nordicity expanded upon the notional recommendations derived from the Strategic Workshop.

In May of 2012, Nordicity met again with NMM to further refine the recommendations in light of NMM practical realities (e.g. staffing, costs, internal expertise/capacity). The refinement was intended to ensure that all final recommendations (as presented in this document) can be practically implemented by NMM, and serve to further NMM’s organizational goals and funder obligations.

1.3 Document Map

The following document is comprised of three principal sections, according to the mandate and methodology described above. First, the document presents data on the new media industry in Manitoba, as gleaned from the online survey and interview process. The second major section of the report presents the economic impact analysis that was conducted using the survey data. Finally, the third part of this report details the recommendations developed as a means to facilitate the continued growth of Manitoba’s new media industry. At the end of the report, a series of appendices provide further detail on the survey and interview materials.

² Two interviews were conducted with one of the educational institutions.

2. New Media in Manitoba: An Industry Profile /

The following section outlines the size and shape of Manitoba’s new media industry. It incorporates both data gathered via the online survey and information gleaned from industry interviews. Furthermore, the Industry Profile section deals separately with companies operating in Manitoba, and with the community of freelancers that makes up a significant portion of Manitoba’s new media industry.

2.1 Industry Classification

The industry in 2008

Before a profile of the new media industry in Manitoba could occur, Nordicity, with input from NMM, had to define exactly what that industry is. To that end, Nordicity and NMM opted to use the industry classification scheme devised by the Canadian Interactive Alliance (CIAIC) as portrayed in their 2008 Canadian Interactive Industry Profile (2008 CIIP) as a starting point. This classification scheme separated the new media industry into creators of content, and those firms that “enabled” the content to be created. The following table outlines the classification scheme used in the 2008 CIIP.

Creators	Enablers
Entertainment/Arts	Software Developers
Game Design and Development	Software Design and Development
Interactive Narrative	Digital Compression Software (Audio & Video)
Original Art-based Interactive	Java-Type or ‘Write Once, Run Anywhere’ Applications
Cross-Platform Entertainment	Distributors
Education/Training	Software Publishers
Simulations and Interactive Training	Game Publishers
Curriculum-based Interactive Education	Portals/Aggregators
Marketing	Service Providers
Advertising and Promotional Content	Animation
Branded Entertainment	Graphics Rendering
Product Extensions	Motion Capture & Scanning
Information/Social	Content Management Systems
Social Networking	Web Design and Development
Mash-Up Engines	
Interactive Social Services	
Interactive Information Services	

Table 1 - 2008 Canadian Interactive Industry Profile Industry Classification

A revised industry classification

Given the changes in the new media industry since 2008, Nordicity opted to remove the distinction between creator and enabler companies. In the updated classification system, Nordicity focused on having companies identify new media activities regardless of their

relationship to content. In coordination with NMM, Nordicity also updated the 2008 CIIP list of activities to reflect the latest areas of new media activity. The final list of new media activities, as presented in the Census survey questionnaire, is as follows:

New Media Activity	Description
Game Development	Companies that make and/or publish games for people to play on a digital platform (e.g., consoles, PC, mobile). This category includes companies that make games of any sort (e.g., branded games).
Mobile Application Development	Companies that make mobile applications (that are not games) for consumption on mobile devices.
Educational Software Development	Companies that make educational software (a.k.a. serious games or e-learning) for any digital platform.
Social Networking	Companies that create software (regardless of its platform) that is expressly designed to link users to each other for the purposes of sharing personal or professional information. This software includes Web 2.0/3.0 widgets and applications.
PC/Mac Software Development	Companies that make software (not covered by any of the above categories) for use on a PC or Mac (or similar) operating system.
Linear Digital Media	Companies that make content that is linear (non-interactive) in nature, but that is created for and delivered via digital means (e.g., online or mobile platforms).

Table 2 - Revised New Media Classifications

Table 2 - Revised New Media Classifications (continued)

New Media Activity	Description
Transmedia Development	Companies that produce interactive content that is linked to content produced for another medium (e.g., a broadcast TV show). This content (which is also referred to as cross-media) may be a game or mobile application.
Advertising and Promotional Content Development and Publishing	Companies that create interactive content that is used in advertising or promotions. This content may be a game or mobile application.
IPTV	Companies that create, enable and/or deliver interactive content directly to television sets.
Digital Compression Technologies	Companies that create algorithms and/or protocols to make video and/or audio content smaller.
Web Design and Web Application Development	Companies whose primary business is making websites, and/or the content management/ e-commerce systems that make them run. This category may also include those companies that make web-based applications and/or Software As A Service (SaaS) applications.
Computer Animation	Companies that create (linear) computer animation for games, film, television and/or applications.
Visual Effects	Companies that create (linear) visual effects for games, film, television and/or applications.
Interactive Art	Companies that create interactive art projects, exhibits and/or installations.
Social Media Marketing	Companies that use social media to help other organizations achieve strategic and/or commercial goals.

Additionally, each of these new media activity categories is comprised of a number of minor activity categories. For example, “games development” respondents could select between the following minor categories:

- AAA Console Games
- AAA PC Games
- Social Games (e.g. for Facebook)
- Mobile OS Games
- Casual Games (e.g. Flash games)
- Branded Games
- Digital Download Games (Console and PC)
- Games Publishing/Distribution (any platform)
- Games Analytics and/or Testing
- Game Portal
- Middleware (e.g. sound engines)
- Other, please specify:

A complete list of minor categories can be found in Appendix A.1.

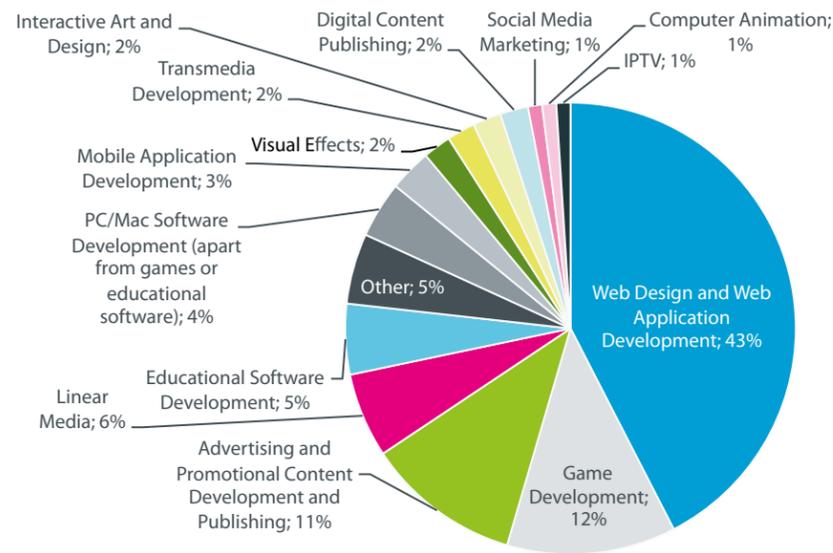
2.2 New Media Companies

This sub-section outlines the portion of the new media industry in Manitoba that is comprised of operating companies. To that end, the study has defined a “new media company” as any company that generates 50% (or more) of their annual revenue from a new media product and/or service. A list of such new media products and/or services can be found in Appendix A.

2.2.1 The Companies

As a first step to understanding the industry, it is important to understand what the companies do, and how they are structured. For the following figures, the total number of companies that describe themselves as media companies, in the sense defined above, is 100. In Manitoba, new media companies are, on average, 7.0 years old, meaning that businesses tend to be quite stable.

Figure 1 – Company Primary Activity (% of Respondents)



Given that many new media companies produce more than one kind of new media product, respondents were asked to identify all the types of new media products that they create. As the above chart indicates, the plurality of new media companies in Manitoba responded that they engage in Web Design and Web Application Development (43%). While these represent the majority of new media activities in 2011, interviewees suggested that many companies are diversifying their products and services across multiple platforms such as mobile and social media. A small but growing number of companies, ranging from full-service agencies to independent

app developers, responded that they engage in Game Development (12%), or Advertising and Promotional Content Development and Publishing (11%).

New media companies were also asked to indicate in which other new media activities they are active (i.e., generating revenue). As the following figure illustrates, other than their primary activity, new media companies in Manitoba are principally active in Mobile Application Development, Advertising and Promotional Content, and Social Media Marketing.

Web Design Companies (n=100)

The following chart illustrates the types of web design activities present in Manitoba (by number of respondents).

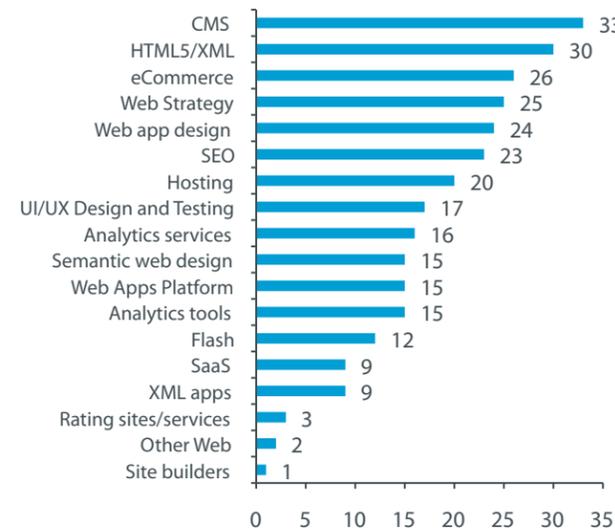
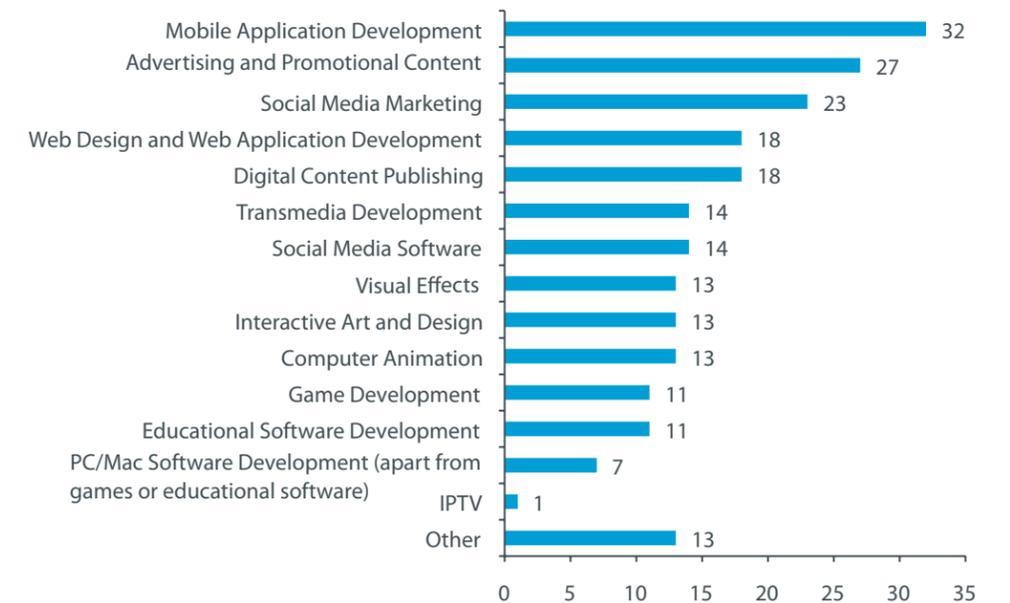


Figure 2 - Company Additional Activity (n=100)



Given the significant activity observed in Mobile Application Development and Advertising and Promotional Content, it is informative to examine

which types of new media companies are engaged in these activities.

Figure 3 - Company Primary Activity (of those companies listing Mobile Application Development as an additional activity)

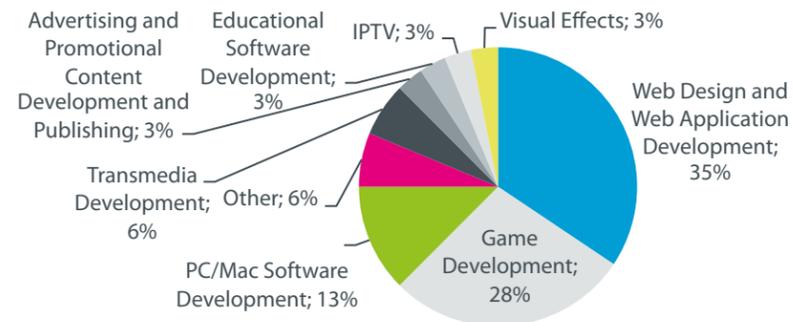


Figure 4 - Company Primary Activity (of those companies indicating Advertising Content as an additional activity)

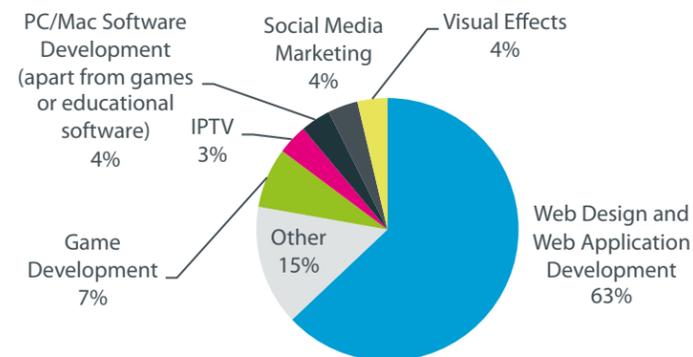


Figure 5 - Type of Company (% of respondents)

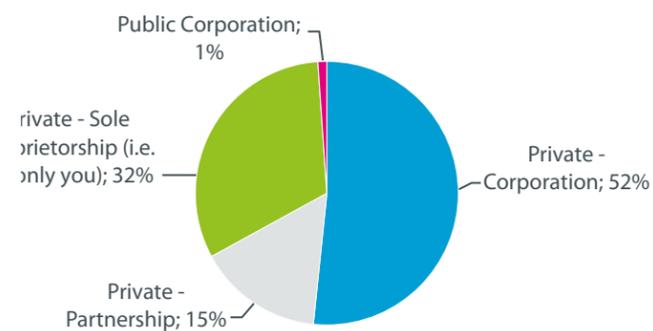
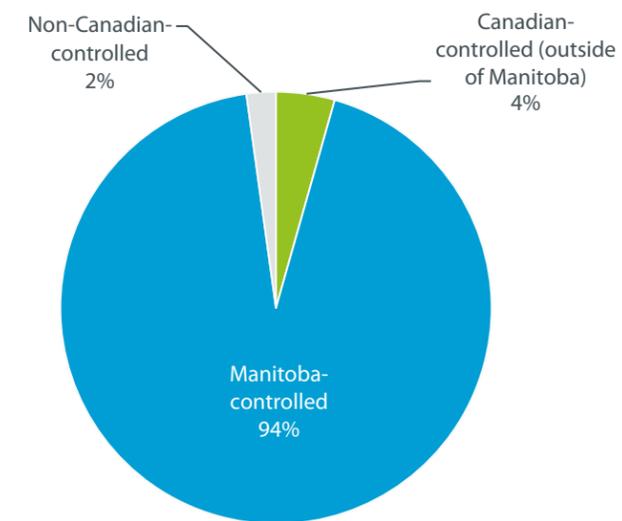


Figure 5 indicates that while Sole Proprietorships (32%) and Private Partnerships (15%) represent a significant portion of the industry, more than half of respondent companies indicated that they have incorporated. Regardless of the type of company, the vast majority (94%) of respondent companies are Manitoba-controlled companies. The new media industry continues to evolve and innovate, as some traditional Manitoba film and television production companies and digital media agencies have evolved to encompass or migrate towards new media production.

Meanwhile, some new media companies have enjoyed collaborative relationships with traditional film and television companies without any formal partnership. As uncovered through interviews, the lack of a formalized collaborative relationship, however, has resulted in supply chain difficulties between parties, as roles, responsibilities and rights became unclear. Interviewees suggested that new industry supports could help structure more effectively designed collaborative agreements between partners.

Figure 6 - Company Control (% of respondents)



Industry Consolidation

At least two of Manitoba's larger full-service media agencies have emerged from mergers between digital media agencies and traditional media agencies – a development characterized by the emergence of larger local full-service agencies.

In early 2012, a merger between three Manitoba agencies, Clark + Huot (a strategic branding agency), Cocoon Branding (an advertising agency) and Velocity Branding/Spacecadet Design (an interactive agency), resulted in the formation of ClarkHuot/Cocoon, an integrated brand development and digital services agency.

Two years earlier, in 2010, ThinkShift arose out of a merger between interactive media agency Mars Hill Group and traditional media agency BCG Communications, creating a full-service marketing and communications agency across all media.

In both cases, by combining their collective expertise in traditional and new media, these mergers demonstrate the potential for industry convergence. While we observe that the need for such partnerships has arisen from the emerging importance of digital media in communications, forming these strategic partnerships has provided additional benefits such as:

- the capacity to deliver full-service agency offerings;
- a reduction of competition;
- the ability for each division to focus on specializing in their craft; and
- a reduction of administrative and R&D costs while alleviating any traditional and new media overlap functions.

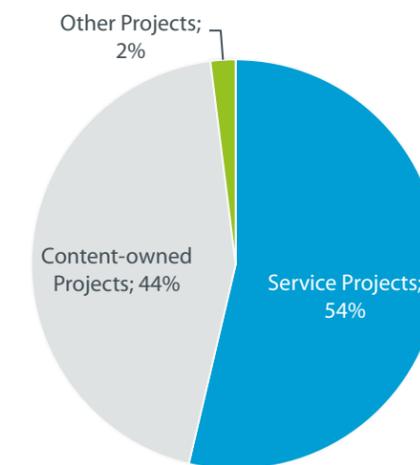
Some interviewee respondents have compared the agency model of today with the digital disruption of the music industry over the last decade, and recognize the need to expand their services and business models to encompass various forms of new media. However, several interviewees felt that Manitoba's new media businesses were in fact specializing, and that these trends will continue until the 'one-stop-shop' media agency ceases to exist.

2.2.2 Company Output

An important indicator of the productivity of a new media company is the very products (and services) that it creates. In the fiscal year ending in 2011, Manitoba-based new media companies produced an average of 23.6 new media projects per company. As the following figure illustrates, there was a roughly equal split between service projects (54%) and projects where the content

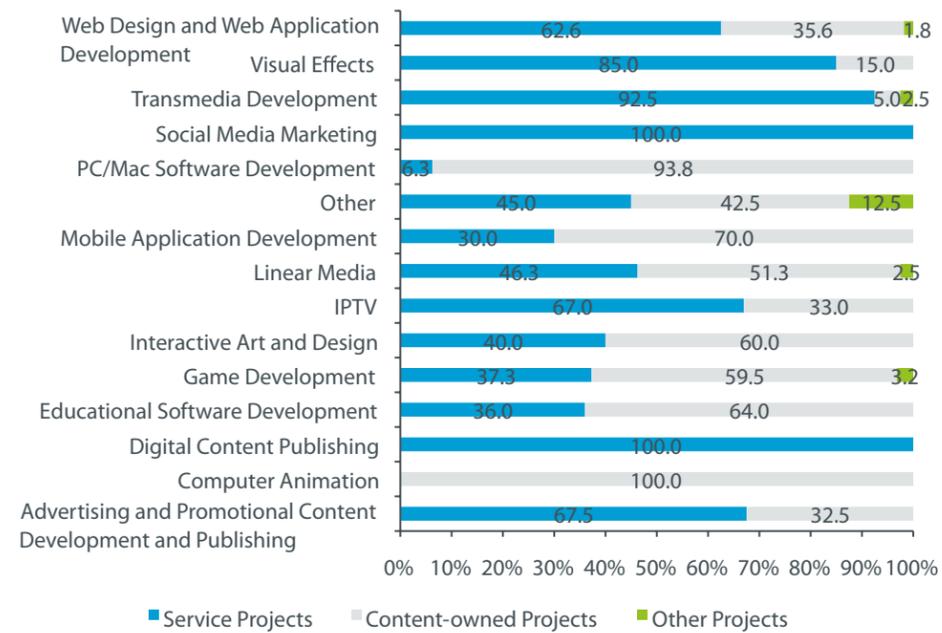
(Intellectual Property) was owned by the new media company. Interviews revealed that, in some cases, a company would develop both service projects and content-owned projects as part of their business model to ensure cash flow and satisfy revenue needs, continued R&D and to retain the company's corporate culture or creative ethos.

Figure 7 - Type of Projects by IP Ownership



While there is a marginal skew of the overall percentage of projects towards the service-based, the split varies widely between industry sub-sectors, as represented in the following chart:

Figure 8 - Type of Project by IP Ownership per Primary Company Activity (% of total all projects)



As the above chart indicates, while many new media sub-sectors mirror the split of the overall industry, some (e.g., Social Media Marketing, Digital Content Publishing, and Transmedia Development) are entirely or nearly entirely

service-based. At the same time, others (e.g., PC/Mac Software Development and Computer Animation) are almost or exclusively based on content-owned projects.

2.2.3 Company Revenue

Revenues are among the most important aspects of the measurement of an industry. With that in mind, the survey results indicate that new media firms in Manitoba generated \$38.8 million in the fiscal year ending in 2011. It should be noted that this revenue estimate is quite conservative, and is based on the responses collected by the New Media Census survey. Firms not captured by the

survey are not reflected in this revenue total – or in the economic impact analysis based upon this estimate.

As the following figure illustrates, most of that revenue was generated by a small number of larger businesses, while the majority of respondent companies generated less than \$100,000 in their most recent fiscal year.

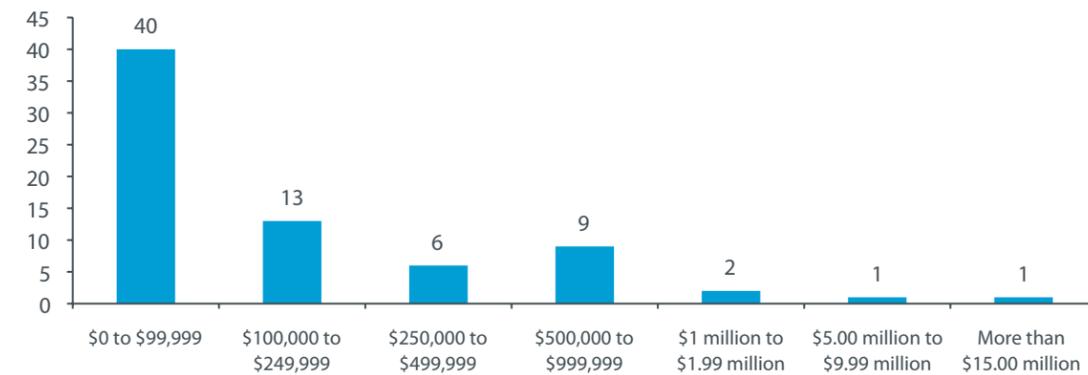
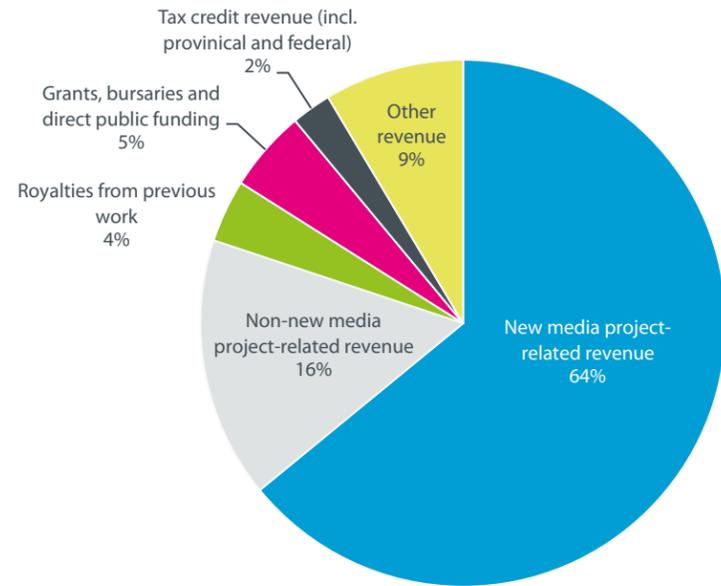


Figure 9 - Company Revenue Categories (# of respondents, n = 72)

Using the revenue categories depicted above, the median average revenue per new media company was **\$50,000**, while the mean average was \$538,542.

In terms of the source of this revenue, the following figure shows that the majority of companies' income is derived from their new media projects.

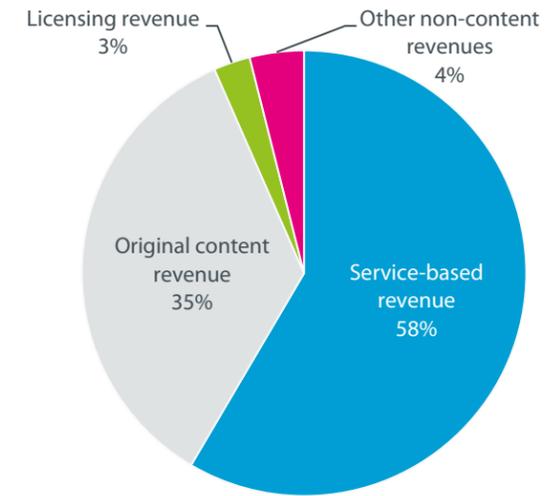
Figure 10 - Company Revenue (as a % of total company revenue)



Delving somewhat deeper into the project-related revenue (see Figure 11, opposite), it is apparent that while service-based projects seem to generate the majority (58%) of revenue for the typical new media company, original content does contribute significantly (35%). Interviews conducted with new media business owners suggest that the higher percentage of non-new media project-related revenue (16%) relative to other (9%), grants, bursaries and direct

public funding (5%), royalties from previous work (4%) and tax credit revenue (2%), may be due to the agency trend of traditional and new media company mergers in Manitoba. In such an instance, current activities in branding, print and PR were previously delivered by companies operating outside of the new media domain, but may now be accounted for in the current new media census.

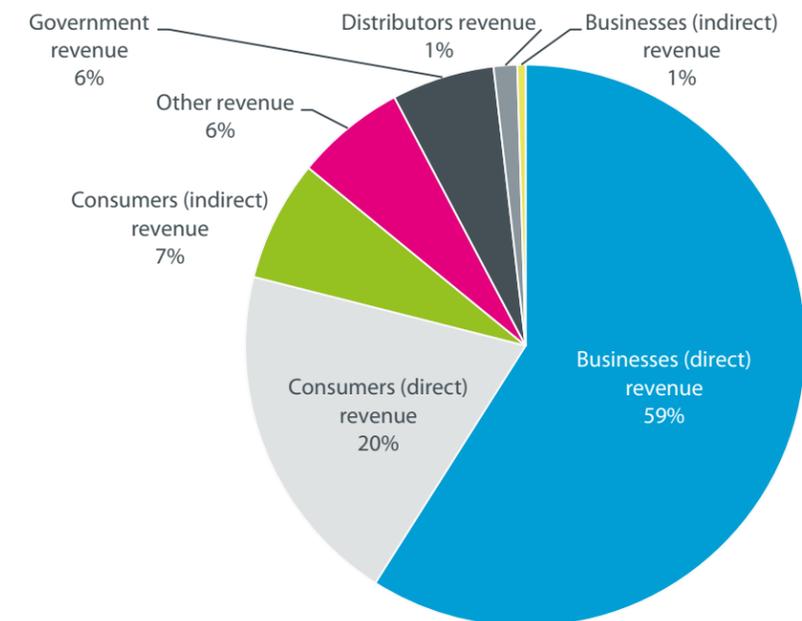
Figure 11 - Company Revenue by Type of Project (as a % of a company's revenue)



Finally, it is instructive to examine new media companies' revenue in terms of the companies' clientele. In this way, revenue can be examined

in terms of both the nature and also the location of the clients, as is shown in the following two figures.

Figure 12 - Company Revenue by Customer Type (% of a company's revenue)





co.element

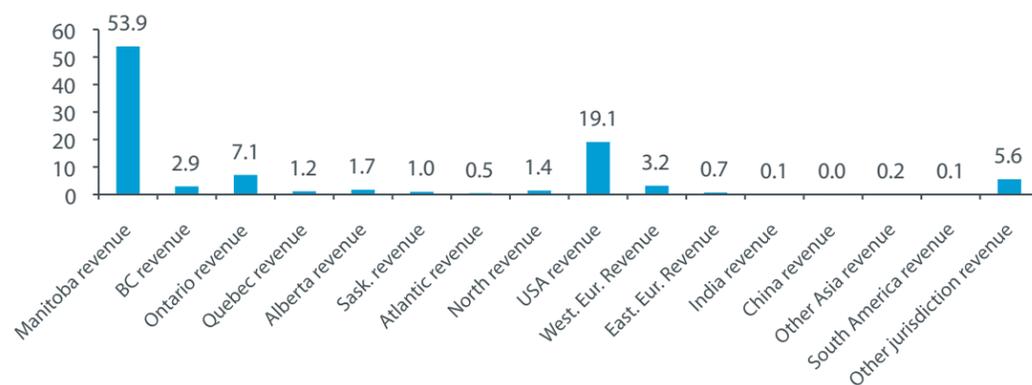
Year Founded: 2005
 Number of Employees: 5
 Sub-Sectors: Advertising and Promotional Content Development and Publishing

As our industry matures the work that is being done in Manitoba is being sought after by clients from all over the world. Coelement is an example of a Manitoba new media company that has trailblazed new markets with their creative and innovative work.

Coelement is an integrated design and transmedia company which emerged from Elemental Motion Media, founded by Simon Burgess and Adam Duguay in 2005. Originally, they operated as a hybrid - part agency, part production company, part design firm and part web shop. They partnered with advertising agencies; providing television advertising, creative support, production services and website development.

More recently, they have developed partnerships in the United States, and worked on web-based campaigns for companies like McDonalds, Schwinn Bicycles, HelloWallet and Boeing. Strategy, editorial, and content for social media are an increasingly important part of their repertoire, leading to a more integrated, strategic approach. By having a significant impact on such big name clients in the US market, they have provided some additional profile to Manitoba which should help other companies who may be looking to access this much sought-after market.

Figure 13 - Company Revenue by Jurisdiction (% of a company's revenue, n=86)



The above two figures show that Manitoba-based new media companies make their revenue primarily from products and services sold to other businesses (60%) that are based in Manitoba (53.9%). By the same token, respondent companies generate somewhat less revenue from consumers (27%) and conduct relatively little business outside of Manitoba, other than

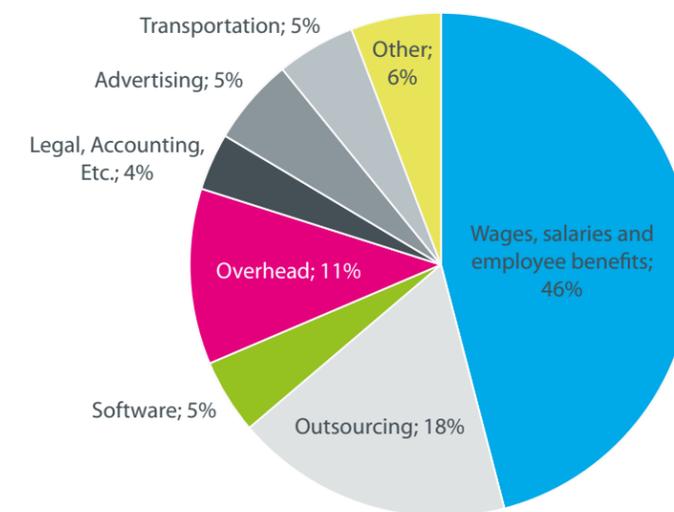
the 19.1% of revenue derived from the USA. Interviewees cited that much of the revenue from the USA is derived from markets with existing cultural and commercial links to Manitoba such as Minnesota, or through one-off relationships with specific companies in states such as Arizona and Washington.

2.2.4 Company Expenditures

In building the image of an industry, an understanding of a typical company's expenditure profile is a crucial step. To that end, the survey

results indicated that the industry expended a total of **\$33.6 million** in the fiscal year ending in 2011. The following figure illustrates a weighted breakdown of these expenditures.

Figure 14 - Expenditures by Category (% of total industry expenditures)



It is clear that labour (i.e., wages, salaries and employee benefits) represents the largest single category (46%) of expenditures in Manitoba's new media industry. Meanwhile, outsourcing accounted for 18% of expenditures, a trend

identified by interviewees as in its infancy. Interviews revealed that outsourcing may have the potential to help the industry adapt to labour shortages in order to sustain continued growth.

While some emerging new media companies are optimistic about growth, they remain hesitant to invest in physical office- or work-space, due largely to an aversion to mounting overhead costs (currently at 11%) and in recognition of an evolving workforce that increasingly entails remote working, outsourcing and casual staff or freelance workers. This changing work pattern is shifting companies' needs away from dedicated workspaces and towards remote, shared or flexible workspaces. Supported by digital technologies enabling seamless remote working, such flexible organizational structures have promoted new forms of innovation and collaboration, and paved the path for new forms of workflow.

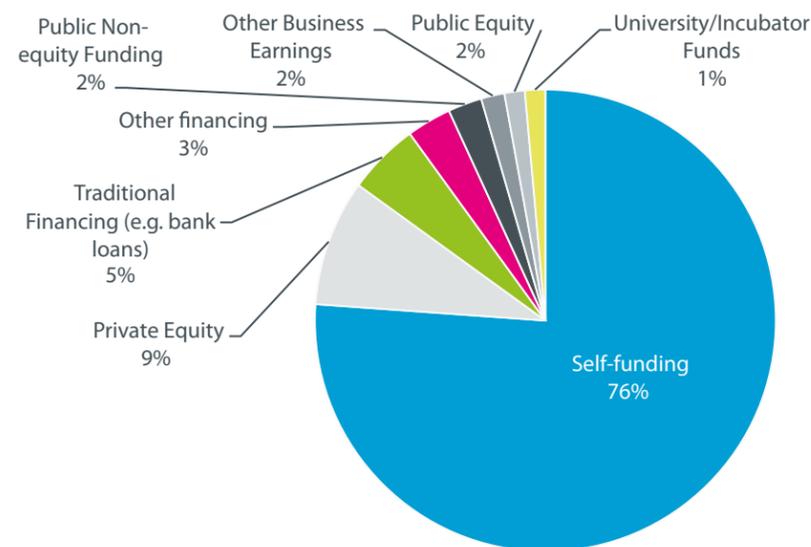
Meanwhile, physical workspace remains important to many business leaders and their staff, providing a physical hub and centralized meeting place. The business location is a critical factor, according to interviewees, for its accessibility to clients, staff, freelancers and collaborators. In Winnipeg, the Exchange District forms the heart of Manitoba's new media industry, where firms tend to congregate for business, meetings, networking and entertainment. As such, a small number of companies have begun positioning their Exchange District real estate as an industry hub and central meeting point.

2.2.5 Company Capital

Another way to better understand the companies that make up Manitoba's new media industry is to examine how those companies were originally

capitalized, and how they continue to finance their on-going operations. The following two figures illustrate these points:

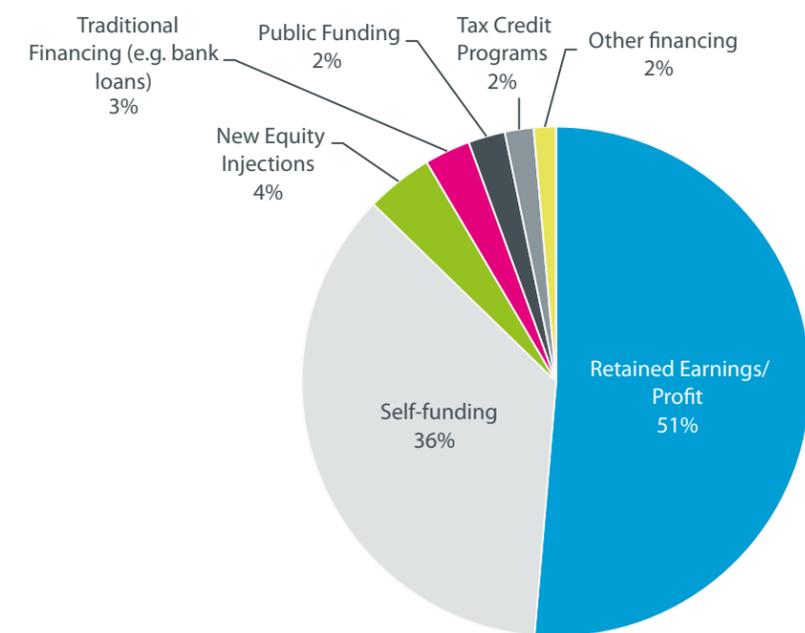
Figure 15 - Company Initial Capitalization (% of a typical company)



As the opposite chart shows, the clear majority (76%) of initial financing for new companies is "self-funding", which can range from the owner's personal wealth to contributions from friends and family (where no equity stake is taken). While a lack of access to finance was consistently reported

by interviewees as a constraint on industry growth, many Manitoba entrepreneurs explicitly chose not to pursue external financing in favour of self-funding and bootstrapping (i.e., financing without external help).

Figure 16 - Company On-going Capitalization (% of a typical company)



As companies mature, their on-going capital tends to be mostly (51%) provided by retained earnings (from previous projects). At the same time, 36% of a typical company's on-going capital is provided by additional self-funding. However, several interviewees stated that, despite not seeking external financing due to the risks and creative constraints involved, they would not know where to find it, either within or outside of Manitoba, should they need it.

2.2.6 Public Support

Of course, part of many company financing plans is public support. However, survey data suggests that few new media companies are accessing such support. Indeed, as shown in the chart below, while NRC-IRAP support is the most popular, only 9 of 72 survey respondents (12.5%) had previously accessed it.



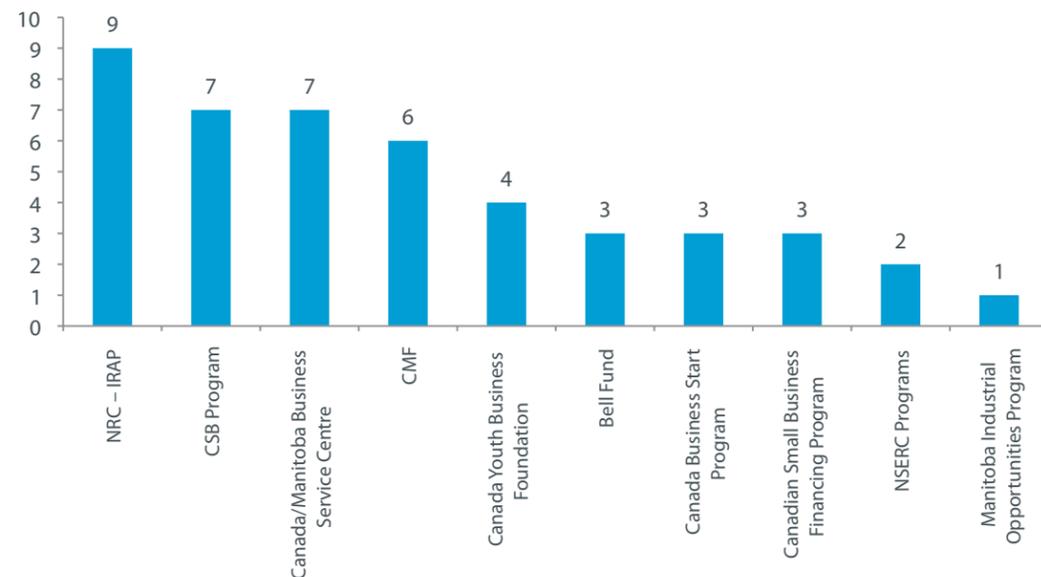
Complex Games

Year Founded: 2002
 Number of Employees: 23
 Sub-Sectors: Games Development

Complex Games was founded in 2002 by Noah Decter-Jackson and Adrian Cheater. Since opening its doors, it has grown from a small independent game development studio to a fully capable interactive design firm. Complex Games handles a wide variety of projects: iPhone development, game development and 3D visuals, to name a few. Their projects are award-winning, and have garnered a reputation for producing the highest quality of work. Growing a small business from 2 to 18 employees is a challenging endeavor, particularly financially. Being able to access funding from various avenues is necessary to grow any business.

Complex games has been a success story, having been able to diversify their funding with an award for \$480,000 in funding from the selective Canada Media Fund (CMF) Experimental Stream. This money will be used to develop a mobile video game title; "Iron Skies." The CMF's Experimental Stream provides cost-shared investment for select Canadian interactive projects that demonstrate innovation and commercialization potential within the marketplace. Traditionally, Manitoba has been under-represented in CMF applications but the significant growth this industry is experiencing has made funders stand up and take notice of the great work that Complex Games and other local companies are doing.

Figure 17 - Funding Program Access (# of respondents, total =72)



It is clear to local industry and potential investors that the government of Manitoba has an interest in having the new media industry succeed. Indeed, the public support of the new media industry in Manitoba is consistently deemed a unique industry advantage for the province. Interviewees noted both the financial and intangible benefits of government support for the industry. Public support signifies recognition of the industry's importance, demonstrates to young people the validity of a meaningful career in new media and fosters a sense of pride and confidence in the sector.

Public supports in Manitoba, and indeed Canada, can continue improving their response to industry needs. Many interviewees, including the more established businesses with prior experience, found the existing public support programs to be daunting, confusing and inaccessible. In some cases, interviewees have hired external consultants to navigate the support system, albeit with limited success.

Some interview respondents noted that industry supports, and IRAP in particular, tend to be exceedingly technology focused, and such limitations are restrictive and inflexible. The problem becomes increasingly acute for

companies relying upon human capital, rather than specific technologies, which are deemed the "company's most valuable asset." Service companies in particular felt that, because of technology's insatiable appetite for innovation, concept-based supports, rather than technology-based supports, will afford businesses the flexibility and longevity required by companies in the knowledge economy.

It appears that Manitoba new media companies also experience a lack of access to tax credits, as depicted in Figure 18, below. Interviewees attribute the low usage of tax credits to the strict eligibility criteria, the complex application process and related costs. To circumnavigate these constraints, or to fast-track the application process of tax credits such as the SR&ED, in some cases Manitoba companies have co-produced projects with experienced firms that have already been through the funding process. In some instances, these relationships have developed with co-production firms outside of the province, and resulted in additional business collaborations. However, in other instances, these relationships equate to a grant writing arrangement, which does not add value to the supported initiative.

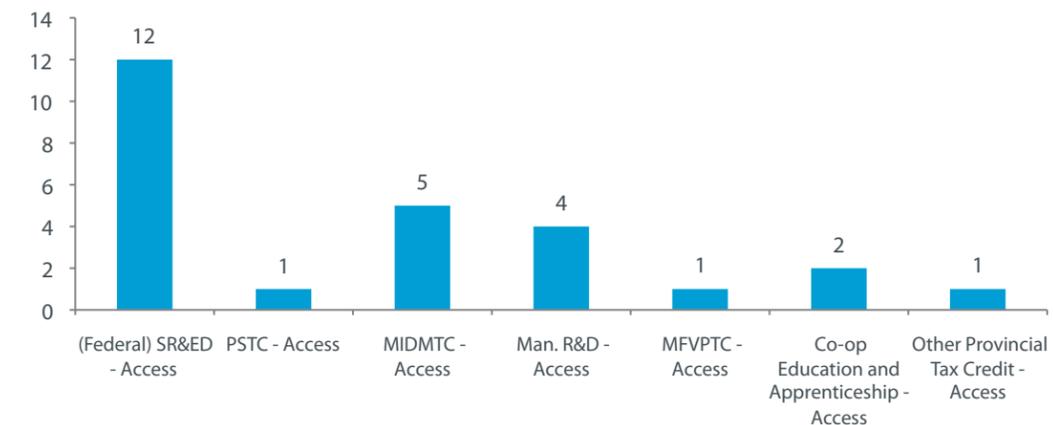


Figure 18 - Tax Credit Access (# of respondents, n=72)

Again, while the federal Scientific Research and Experimental Design (SR&ED) tax credit was the most widely accessed, only 12 of 72 respondents (16.7%) have made use of it. Indeed, while the survey questionnaire did include some questions on the utility of tax credits, too few respondents had access to the credits to render the responses reliable.

New Media Manitoba has led effective promotion and training initiatives to make the new media industry aware of government programs, and help them understand and navigate the support system. One interviewee directly attributed New Media Manitoba with alerting them to the SR&ED tax credit program, and demystifying the support through the NMM workshops and newsletters. Since attending the NMM workshop on the SR&ED, at least one company interviewed has accessed the SR&ED twice, with the expectation of accessing it again in future. New media companies have accredited the SR&ED with enhancing their service offerings, particularly through the recruitment of specialized staff.

Some interviewees noted that the SR&ED is a difficult tax credit to access due to a lack of outreach, marketing and the complexity of the guidelines and reporting requirements. In order to alleviate some of the SR&ED's administrative burden, one interviewee had partnered with another firm from outside of Manitoba who had significant SR&ED experience. This arrangement significantly reduced the amount of time the Manitoba new media company would have had

to otherwise spend on learning and navigating the SR&ED administrative process. Several interviewees noted the complexity of the SR&ED guidelines and eligibility requirements as the primary reasons they had not accessed the support, demonstrating a need for further SR&ED outreach and engagement with the new media industry.

Beyond the SR&ED, MIDMTC and Manitoba R&D tax credits, many of the public supports go unnoticed or un-accessed by local companies due to their lack of awareness and the difficulty in navigating the complex eligibility requirements and application process. In many cases, the highly administrative nature of the public programs and, in some cases, the eligibility requirements form a barrier to entry for new and small businesses. Even the more established businesses find the industry support environment a challenge to navigate, despite their familiarity with the system. The application and adjudication feedback process, however, has also been recognized for its benefits by some interviewees, as initiating or supporting their internal business strategies.

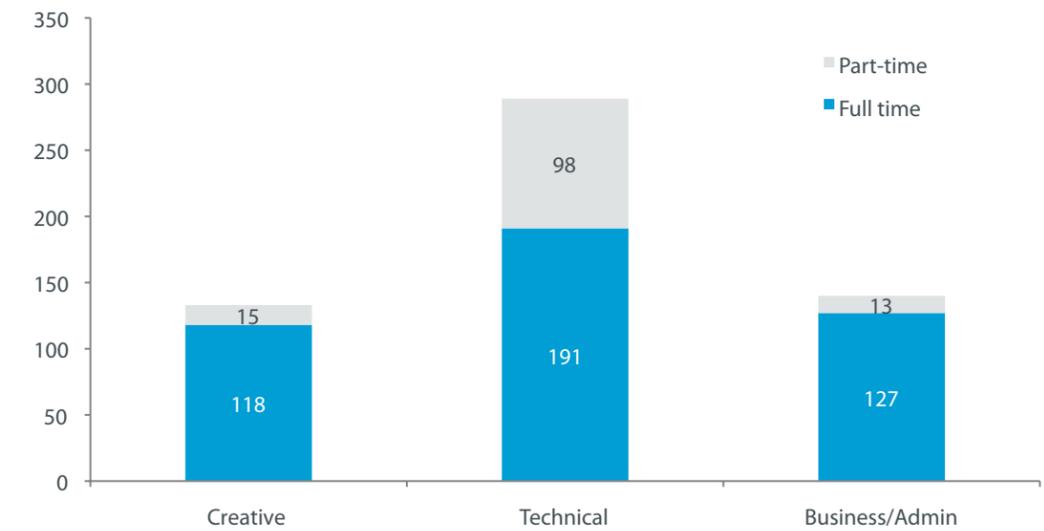
By far, New Media Manitoba's outreach and educational initiatives have been reported by interviewees to be the most valuable means of shedding light on the numerous public supports available.

2.2.7 Talent, Employment and Education

As shown above, the largest portion of a new media company's expenditure profile is labour costs. As such, better understanding of this

employment will provide a clearer picture of the industry as a whole. The following figure illustrates employment in terms of creative, technical and business/administrative role:

Figure 19 - Employment by Field (# of employees)

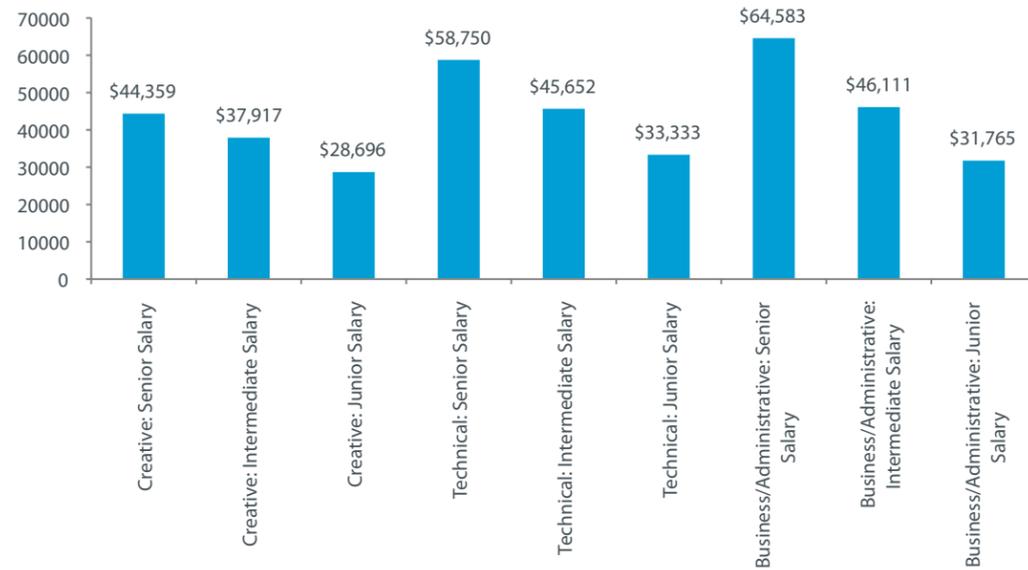


In total, respondents indicated that the new media industry in Manitoba supports **436 full time and 126 part-time employees**.⁹ When asked to report on the average salary levels for

creative, technical and business/administrative positions (at junior, intermediate and senior levels), respondents provided the following information:

⁹ As with the revenue estimate presented in Section 2.2.3, these employment figures only reflect those companies that responded to the New Media Census survey – and have not been “grossed-up” to reflect those firms that did not complete a questionnaire.

Figure 20 - Average Salary by Job type and Seniority

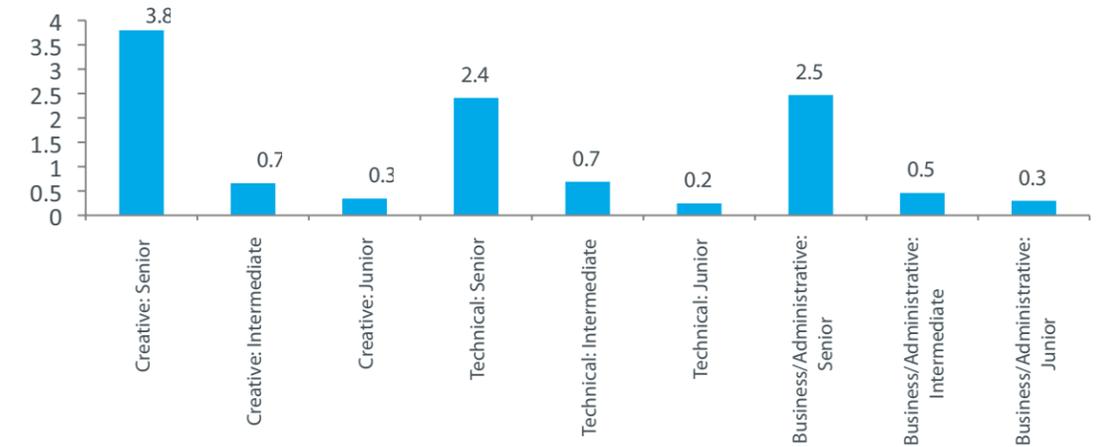


As the above chart illustrates, average salaries at all levels of seniority are lowest in creative positions, while more senior business/administrative positions earn the highest average salary. That said, all average salaries are less than \$65,000. Similarly, interviewees noted a greater demand for producer, business and sales skills in the new media sector. Overall, the average salary across all positions was \$44,419 for the fiscal year ending in 2011.

Furthermore, as one might expect, the more senior employees have remained with their companies for the longest period of time, and

were deemed the most valuable by several interviewees. Conversely, as the following figure indicates, there appears to be a higher rate of turnover at junior and intermediate levels in all types of position, and interviewees recognized a need to attract and invest in new talent. However, the risk-averse nature of Manitoba businesses has been indicated by interviewees as one of the reasons employers are hesitant to invest in new graduates without prior work experience, creating a bottleneck of the labour supply at the entry level.

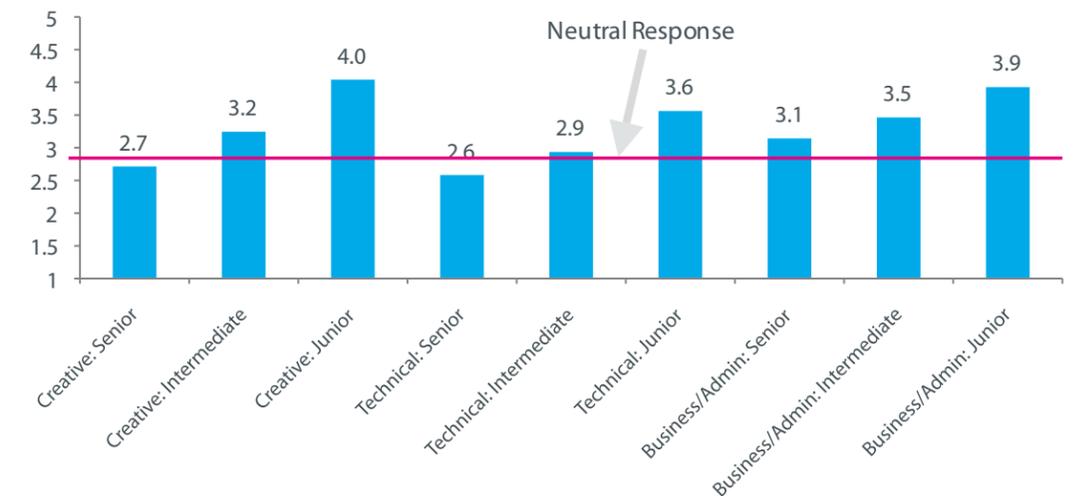
Figure 21 - Employee Time with Company (in years)



Given this turnover, one might wonder how easy it is to hire new employees.¹⁰

As the following chart illustrates, most positions are relatively easy to fill:

Figure 22 - Talent Availability (on a 1-5 scale)



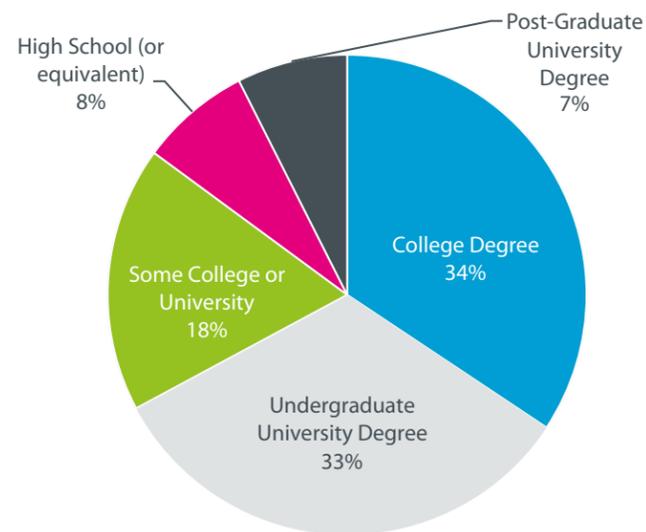
¹⁰ This chart is based on a scale of 1 to 5, where 1 represents positions that are "Not at All Available" and 5 represents "Always Available," with a score of 3 as the midpoint ("Sometimes Available"). Any position with an average score above 3 can be considered as "available most of the time," while those positions achieving a score of less than 3 can be considered as "not available most of the time."

Indeed, it seems that only Senior Creative, Senior Technical and Intermediate Technical roles are difficult to fill most of the time, having achieved a talent availability score of less than 3.0. One interviewee noted the healthy supply of traditional software developers for Microsoft and .NET relative to the shortage of back-end iOS and Coco developers. For smaller companies, which is reflective of the majority of Manitoba's new media industry, generalist skills are deemed

most important. Meanwhile, interviewees felt that the larger a company is, the greater the need for specialization.

But what of the employees themselves? On average a new media employee is 32.4 years old and, as the following chart shows, most likely holds some manner of post-secondary degree/ diploma.

Figure 23 - Average Level of Education

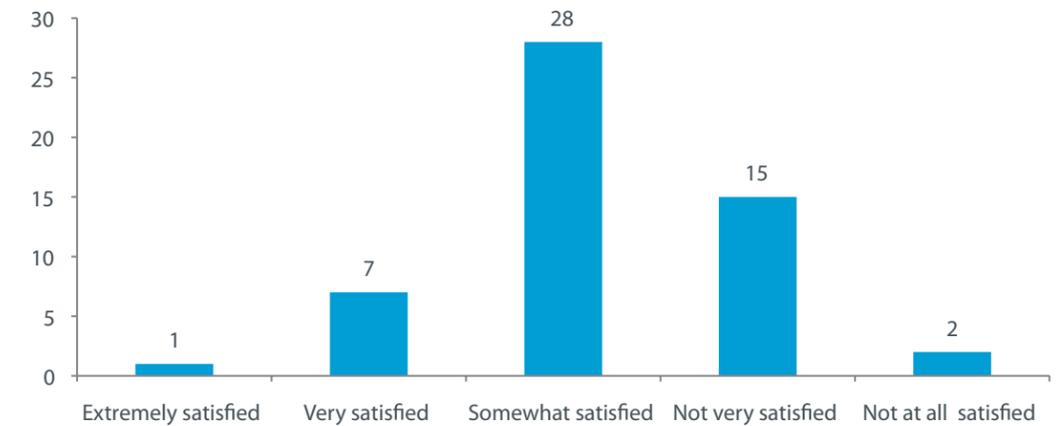


While new media workers in Manitoba may be educated, there remains an open question regarding the applicability of that education to meeting the needs of new media employers. In fact, despite the value placed on university- and college-educated workers, interviewees recognized that work experience tends to be a better training platform than educational institutions. Many Manitoba new media companies hire new staff based on proven capabilities and track record over educational standing alone.

As interviewees noted that new graduates tended to be young and lack sufficient professional workplace skills, employers would therefore prefer to hire graduates with prior work or internship experience. In fact, several industry leaders suggested that the most sought after employees were graduates from a developer, design or computer science background that had a minimum of 2-5 years of experience in the industry.

To that end, the following chart depicts a middling level of satisfaction with new graduates.

Figure 24 - Level of Satisfaction with Graduates (# of respondents)



A majority of survey respondents are only somewhat satisfied with the quality of recent college and university graduates, and the number of industry members who are not very satisfied, or not satisfied at all, outweigh those who are very satisfied or extremely satisfied.

Interviews revealed that a common view among employers that new-hire graduates require one or two years of on-the-job training in order to be brought up to industry standards. While great strides have been made by colleges and universities to replicate the 'real world' new media environment, many in the industry felt that curricula could entail more cross-disciplinary project-based assignments. Making assignments in the form of group projects where students take on the roles of producer, developer and designer was strongly encouraged by interviewees. Such a collaborative project approach, it was felt, would better replicate the working environment. It would also function as a showcase of new talent that could be used for industry recruitment, in addition to a means of recognizing and celebrating local talent.

In general, industry members have claimed that both of Manitoba's leading colleges, Red River College and Assiniboine College, are respected for their curriculum in design, and could complement these strengths with more rigorous technical elements. Conversely, Manitoba's leading university, the University of Manitoba, is recognized by industry for its computer science department, which could be improved upon by implementing a stronger design component. Meanwhile, common sentiment amongst interviewees was that a more generalist approach to curricula would help future-proof their training. In addition, increased attention towards business, sales and marketing skills were deemed areas for potential improvement.

Both the colleges and universities have made concerted efforts to reach out to segments of the new media industry, and have ambitions to further develop these relationships. While the University of Winnipeg and the Université de Saint-Boniface were largely off the industry's radar, the local career colleges, such as Herzing College Winnipeg and Robertson College, were deemed wholly insufficient for the new media industry.

Finally, almost all (88.9%) of new employees in new media companies in Manitoba are hired from within the province, with a limited amount of recruitment taking place nationally or internationally. That said, interviewees suggested that local companies see tremendous value in recruiting staff with a foreign or global background, and often promote their international experience and outside skills as a value-added. Employers also noted the intangible benefits associated with having a diverse workforce, such as new approaches to product development, processes, problem solving, and a more egalitarian and cohesive working dynamic.

While a small portion of companies interviewed recruit new employees from outside of Manitoba, local companies are much more likely to hire newly arrived Manitobans already living in the province. Several companies have acquired senior-level staff originally from Europe, Asia and the US in this way. Meanwhile, interviewees suggested the principal method of recruitment is done through the local new media community, colleges and universities, and through online applications such as LinkedIn.

2.2.8 Outsourcing

A related aspect to employment is outsourcing. To that end, 41% of respondent firms indicated that they outsource some activities to other firms. Indeed, as Figure 14 shows (see Section 2.2.4), outsourced work accounts for 18% of new media company expenditures, making it the second largest type of expenditure.

Many new media firms within Manitoba reported in interviews that they maintain strong, albeit informal business relationships, where collaboration and outsourcing are a regular practice. Such arrangements enable businesses to scale-up and scale-down their operating capacity without bearing the cost and risk of maintaining salaried employees. With the advancement of telecommunications, outsourcing is increasingly becoming an opportunity for Manitoba to expand the reach of its skilled labour base. Overwhelmingly, as depicted in the following chart, firms are outsourcing work to other Manitoba-based firms.

As for the reason to outsource work, respondents indicated that the majority (57%) of outsourcing decisions were made due to insufficient capacity in the home company. In order to fulfill staffing and skills requirements for projects, a number of local firms interviewed found outsourcing to be the best option. Companies have developed ongoing outsourcing relationships with development firms as far afield as Ukraine and Jordan through word-of-mouth and informal networking, as opposed to strategically planned and targeted meetings. In these instances, local firms can acquire highly demanded skills on an ad hoc basis without the difficulty and costs involved in retaining permanent staff. In many cases, outsourcing not only provides more competitive labour rates, but also the support of an entire company as opposed to one sub-contracted developer.

Figure 25 - Location of Outsourced Work (# of respondents)

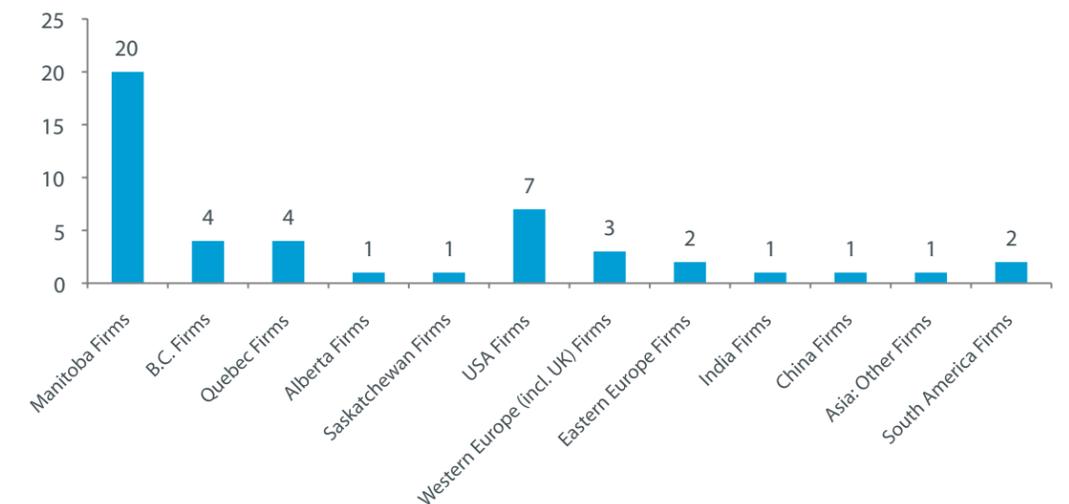
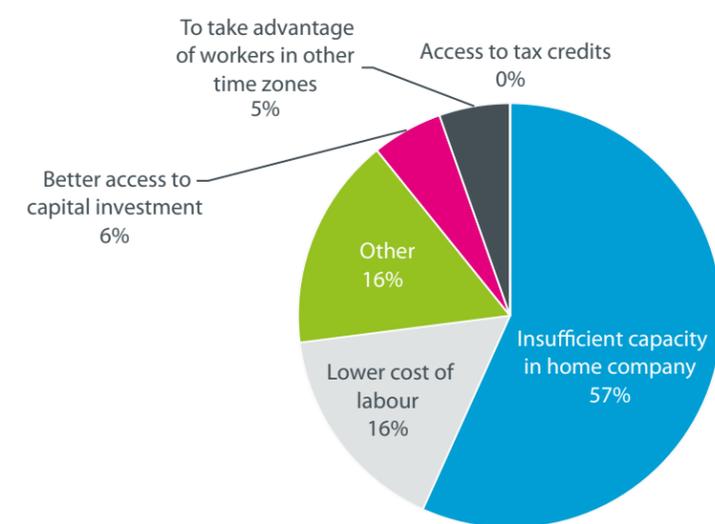


Figure 26 - Outsourcing Rationale (% of respondents)

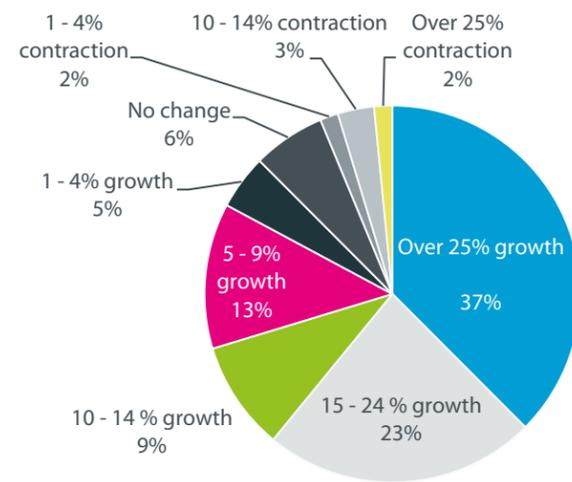


2.2.9 Future Outlook

The future is bright for new media and it appears that the companies operating in Manitoba agree. As the following chart demonstrates, the majority of respondents indicated a projected growth rate

of more than 15%. Indeed, the average expected rate of growth among all respondents was 16.4% for corporations (public and private) and 10.51% for sole proprietorships and partnerships.

Figure 27 - Company Growth Projections (% of respondents)

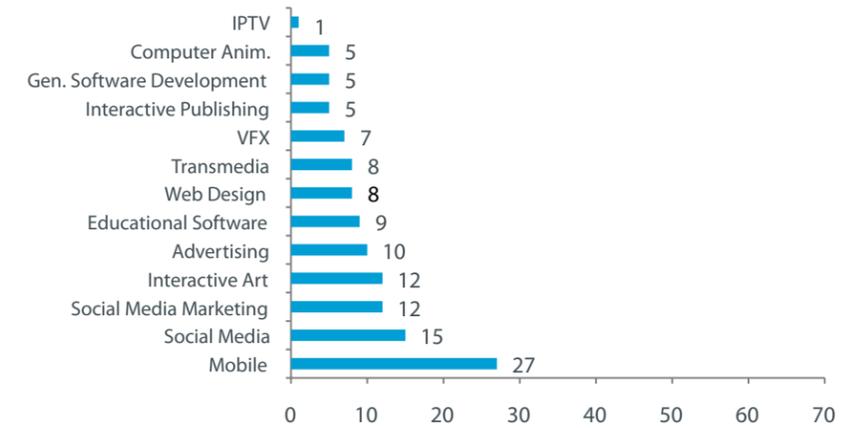


Largely, companies see this growth coming from mobile, and to a lesser extent social media, as shown in the following figures. As illustrated by Figure 28, mobile development is already the most common additional new media activity. Meanwhile, 14 respondents identified social media as an additional new media activity. As such, it appears that while these growth areas are not yet the primary activities of many new media companies in Manitoba, they are already becoming more common.

In fact, mobile media seems to be consistently viewed as a priority market for Manitoba,

with a number of interviewees indicating that development for the iOS platform had generated the most attention in the province, and is being supported by New Media Manitoba. Indeed, interviews affirmed tremendous growth opportunities in mobile, social media and interactive web development. In addition, agencies have noted the tremendous opportunity for advertising in cross-platform content, and are seeking ways to develop and monetize this high-growth market given the nascence of marketing and branding in this terrain.

Figure 28 - New Product Areas (# of respondents, n= 59)



Furthermore, respondent companies indicated that they sought to grow primarily in the USA and within Manitoba – mirroring their current sources of revenue. Many new media companies in Manitoba derive their work through word of mouth, which is reflected in the concentration

of their client base within Manitoba. According to interviewees, the agency market is growing in Manitoba, primarily through new businesses entering the market and established businesses recognizing the need for digital media goods and services.

Manitoba Companies at Conferences

Manitoba new media companies are active in the key national and international conference circuit – a given requirement for most small businesses in the province due to the limited market size in Manitoba. Establishing business outside of Manitoba is critical across industries given the province’s relative physical distance from other cultural and economic centres in Canada and internationally.

In general, some Manitoba companies have lacked strategic direction behind their conference initiatives, and in some cases may not have realized their full potential. However, new media companies in Manitoba have demonstrated an appetite to refine their approach to attending industry events, as a result, in part, of NMM’s training initiatives.

Many Manitoba companies tend to view conferences not only as an opportunity for business development, sales and marketing, but also as an opportunity for professional development and even as a reward or ancillary benefit for high-performing staff. In some cases, the primary advantage gained by attending industry conferences and seminars is in remaining current on market trends and developments in order to remain competitive and grow their business locally.

The annual Games Developers Conference (GDC) in San Francisco, CA, and annual South by Southwest (SXSW) music, film and interactive conference in Austin, TX are amongst the most important conferences for the majority of Manitoba’s new media businesses. Manitoba companies cite these two annual events as critical for their ability to identify cutting edge trends, market intelligence and ‘unofficial training’. For many businesses, business development, sales and marketing form secondary functions of conference attendance.

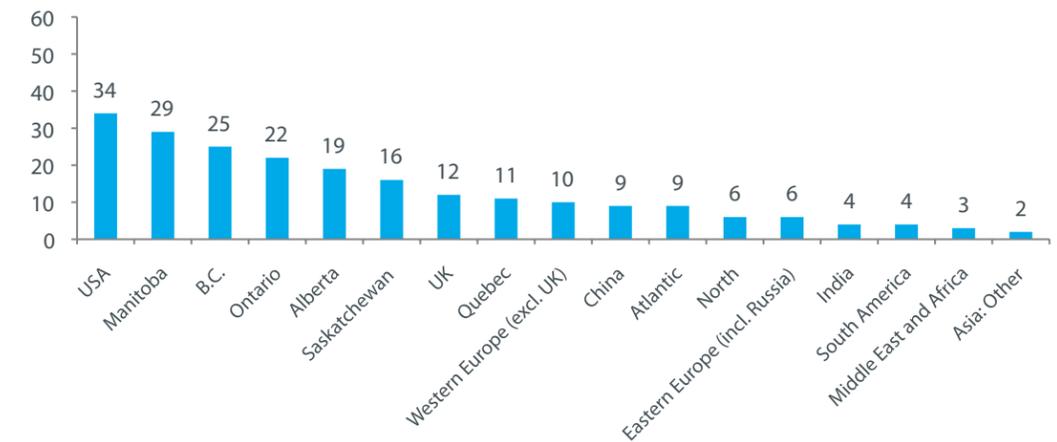
Companies regularly send staff to New Media Manitoba’s bite-sized training events. Deemed by the industry as very high quality events, new media businesses typically benefit by developing and enhancing specific skills for their companies.

The US and UK markets, although largely untapped by Manitoba’s new media industry, are deemed by interviewees as those with the greatest likelihood of success. This reaction is due to the shared cultural traits that contribute to success in content-based industries, in addition to the existing commercial relationships between these markets and subsequent word-of-mouth business.

Cultural differences pose a significant challenge for many Canadian new media companies seeking to expand into foreign markets, particularly those in Asia, Asia, and China in particular, have

been indicated as the markets with the greatest opportunities by interviewees. However, they are also the markets that require the greatest level of risk and effort, given cultural complexities and differences. Many companies often have little to no understanding of foreign markets and, while they are seen as major business opportunities, the rationale and business case remains murky. Manitoba companies have launched products in untested, foreign markets in the past, and received very little interest, due largely to the cultural and aesthetic differences, despite being translated into local languages.

Figure 29 - Growth Jurisdictions (# of respondents, n=59)



Finally, when asked what barriers stood in the way of their growth, companies indicated the greatest hurdles to be:

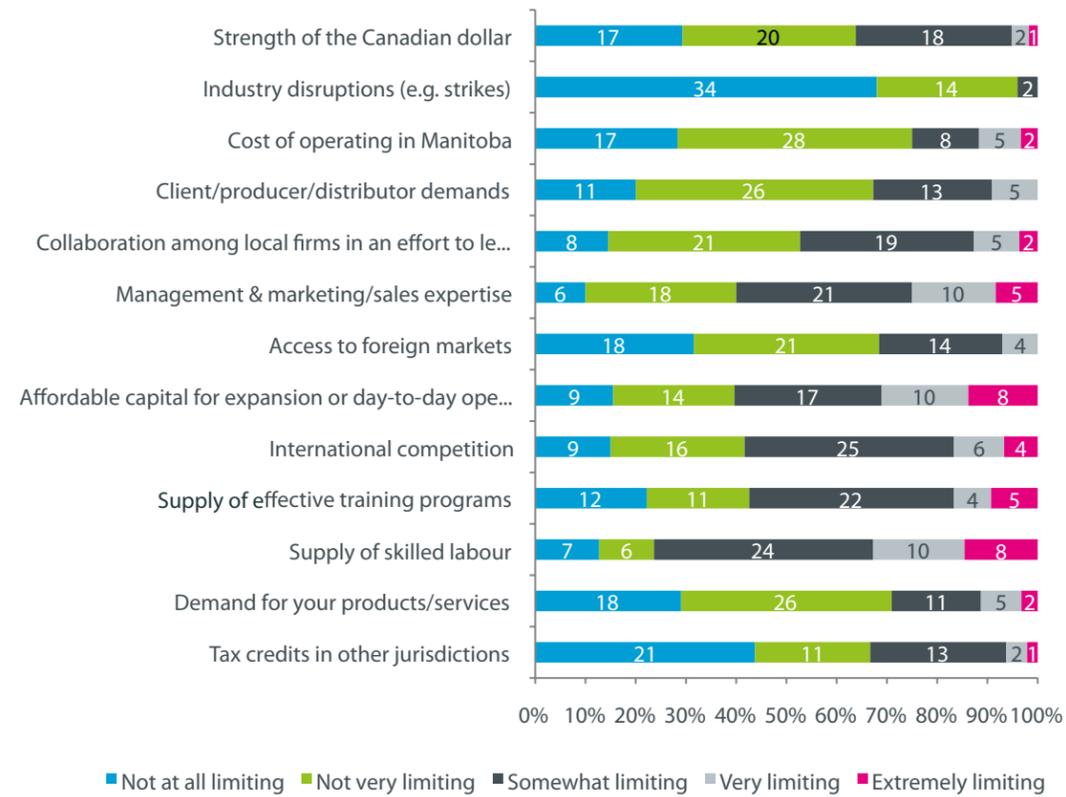
- Supply of skilled labour;
- Availability of affordable capital;
- Presence of management experience; and
- Sufficient marketing and sales expertise.

According to interviewees, recruitment in Manitoba is challenging. As a result, some firms frequently rely upon under-qualified staff, and as a consequence, risk compromising the quality of the work and valuable company resources. At the time of interviews, one company had been recruiting for a design position for seven months, and another for a digital marketing

position for four months. Out of a need to recruit skilled labour from outside of Manitoba, some companies desire to expand globally. However, companies are uncertain of how to do this, and require business planning support to develop medium-term strategic plans.

In addition, interviewees noted Manitoba’s limited domestic market as a barrier to growth. A shortage of large clients and corporate head offices within the province means that many companies will need to become export-ready and look beyond the province in order to sustain growth. For Manitoba companies that are not export-ready, a glass ceiling effect seems to limit media and advertising budgets coming from within the province to a maximum of roughly \$1 million.

Figure 30 - Factors Limiting Growth (# of respondents)



2.3 Freelancers

An important component of the new media industry in Manitoba is the community of freelancers. The Census exercise gathered responses from a total of 92 freelancers. Initial anecdotal evidence suggested that freelance activity is quite common to the new media industry in Manitoba. Given that such freelance activity is not captured by examining new media companies – to whom freelancers are an expense – it was determined that the new media freelance community warranted a sub-section of its own if the subsequent analysis is to accurately reflect

Manitoba's new media industry. The Freelance Activity sub-section expands upon the nature of that community.

2.3.1 Freelance Activity

As the following chart indicates, new media freelancers in Manitoba are engaged in a wide variety of activities (including a significant number that did not list themselves in one of the 12 new media categories provided).



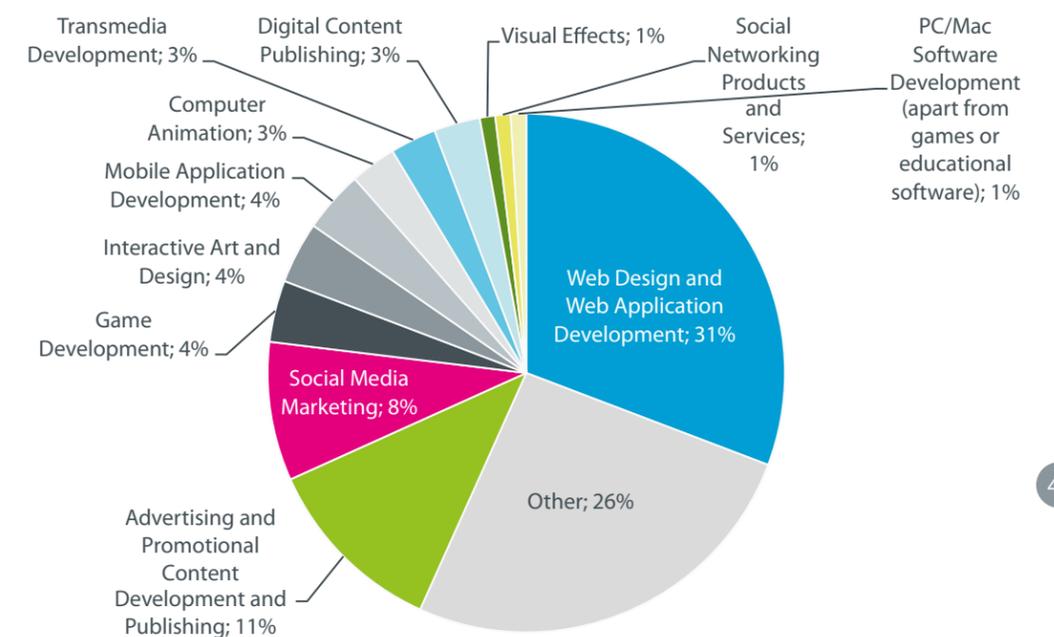
Secret Handshake

Year Founded: 2010
 Number of Employees: 2
 Number of Participants: >630
 Sub-Sectors: All

Being a freelancer and working from home can be a rewarding and sometimes isolating experience. While remote working has many benefits, working at home and not having a water cooler around which to exchange ideas and news, can be a difficult hurdle for any freelancer.

As Manitoba is home to such a large and vibrant freelancer community, Leanne Schmidt and Christopher Lobay, in 2010, co-founded a monthly 'meetup' for Manitoba's creative freelancers to come together. At Secret Handshake people can come together to make new business connections, share new knowledge and even help each other out with work. Secret Handshake has over 630 'creatives' who regularly attend, and by 2012 have had 33 successful meetings to date. The success of Secret Handshake underscores the drive to collaborate with other individuals across projects, and even disciplines that characterizes the uniqueness of the Manitoba market. By all accounts, it is also a great deal of fun.

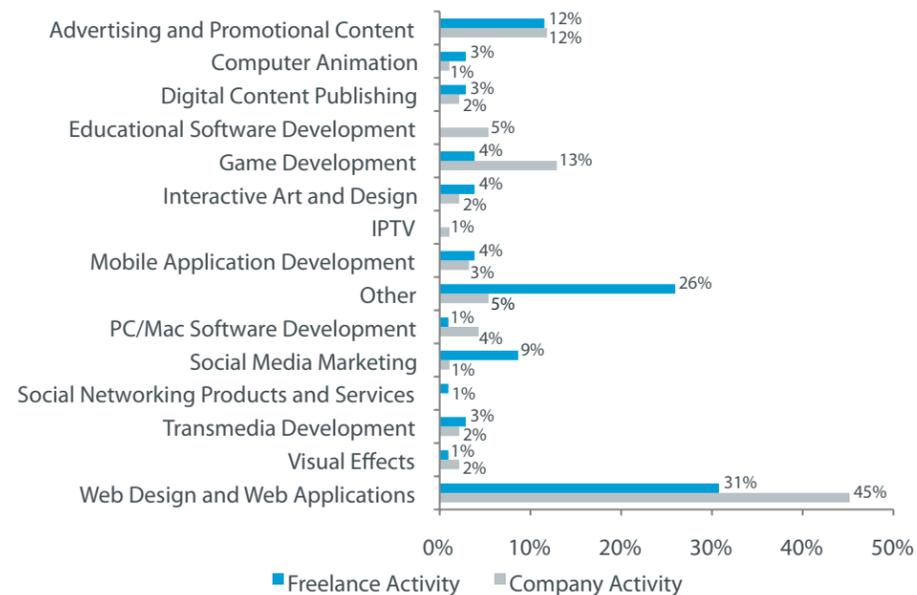
Figure 31 – Freelance Primary Activity (% of respondents)



Beyond the “Other” category,¹¹ the top areas of freelance activity are “Web Design and Web Application Development” (30%) and “Advertising and Promotional Content Development and Publishing” (12%) – which mirrors the distribution of Manitoba new media companies. Interestingly,

freelancers are more engaged than companies in social media marketing activities. Further similarities and differences between company and freelancer activity are displayed in the following figure:

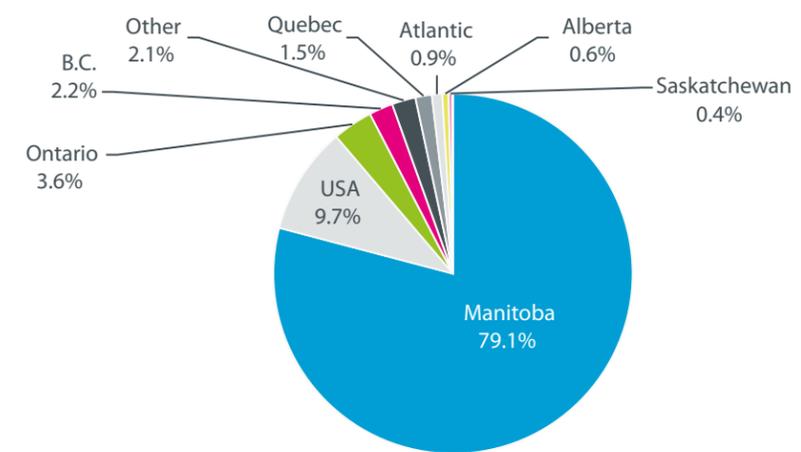
Figure 32 - Freelance vs. Company Activity (% of respondents)



On average, a freelancer in Manitoba has **4.7 years of experience** and completes an average of **19.8 projects per year**. Delving somewhat deeper into these projects, freelance respondents

indicated that the clear majority (79.1%) of freelance contracts originated in Manitoba (as depicted in the figure opposite).

Figure 33 - Source of Freelance Contracts



Of the 60 freelance respondents to the revenue question, 22 were able to provide information relating to the revenue they generated from new media projects in 2011. The total sum earned that year was **\$306,045**, or a **mean average of \$14,574** per year.¹² Given that the average freelancer is engaged in an average of 19.8 projects per year, the **mean average freelance payment per project in 2011 was \$736 for 2011**. While this figure may seem low, it should be noted that the length of an average freelance project was not included in the survey. As such, a freelance project may include those projects lasting as little as one day or one week.

Interviewee companies have noted the cost of freelancers in Manitoba to be high, pointing to the shortage of skilled labour in the province. Interviews revealed the additional time and cost required with project ‘hand-over’ to a freelancer. In order to keep costs low, companies tend to reserve their freelance hiring to small, contained

and quickly executable jobs, such as design and copywriting. While several interviewees from smaller companies rely on freelancers regularly in order to reduce operating costs and keep their businesses lean, a number of larger companies avoid hiring freelancers altogether in favour of keeping all project work “in-house”. Meanwhile, several new media companies hire freelancers from outside of Manitoba, and indeed from outside of Canada.

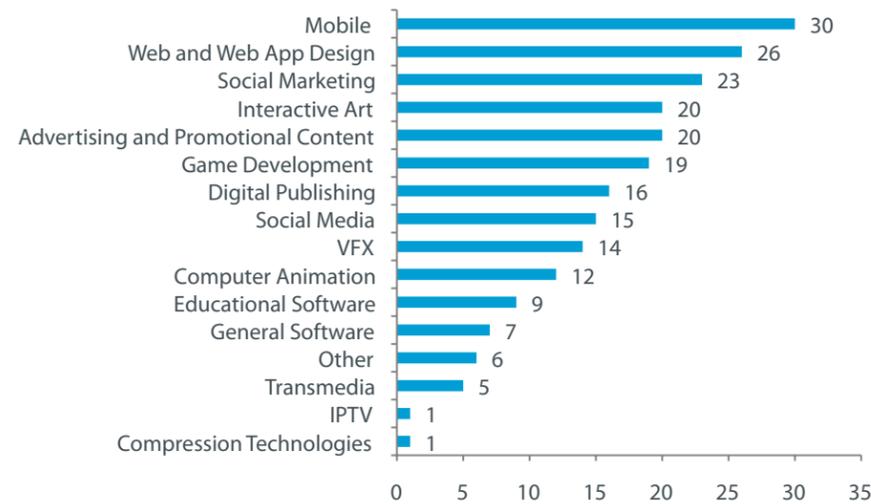
2.3.2 Freelance Future Outlook

Much like new media companies, freelancers in Manitoba are looking to several areas for growth in the future. Similar to their company counterparts, the most common area of growth is in mobile application design, as depicted in the following figure.

11 In this instance, the “Other” category is mainly comprised of illustrators, writers, photographers, students and educators.

12 The **median** average revenue is \$8000 per year. Again, it should be noted that financial data was only available for a minority of freelance respondents.

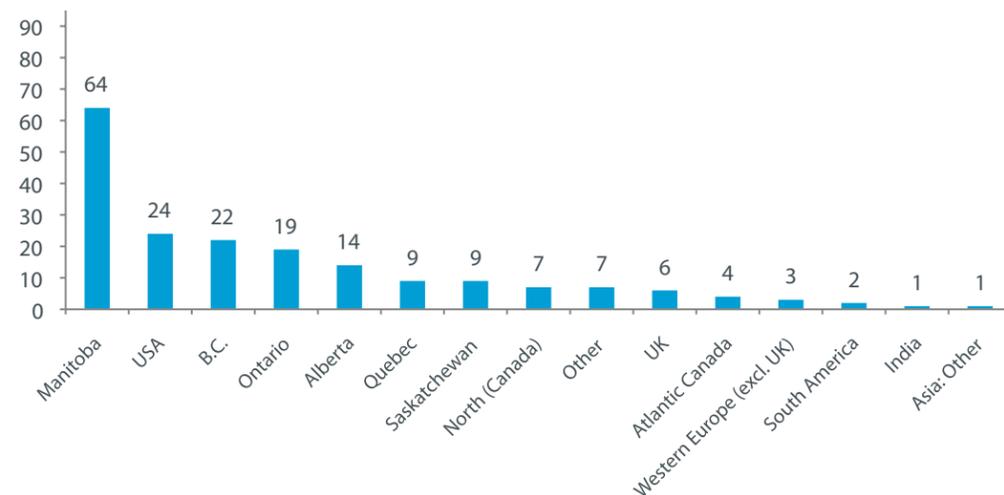
Figure 34 - Freelancer Areas of Future Growth (# of respondents)



Interestingly, new media freelancers in Manitoba expect more growth in Web and Web Application Design, Social Media Marketing, and Interactive Art than companies do. Given the reliance that freelancers have on local Manitoba business for contract work, such freelancers expect that new

contracts will continue to originate from their home province. Indeed, as the following figure illustrates, Manitoba is by far the jurisdiction from which freelancers expect most new contracts to originate.

Figure 35 - Freelancer Jurisdictions of Future Growth (# of respondents, n= 92)



2.4 Summary of Key Findings

- This sub-section provides a summary of the most salient points drawn from the preceding industry profile.
- While Web Design (43%), Game Development (12%) and Advertising and Promotional Content Development (11%) are the most common primary activities among new media companies, many are also engaged in Mobile Development (35%) and/or Advertising Content Development (34%).
- While 44% of new media projects created in Manitoba are based on content owned by a Manitoba company, such projects account for only 35% of company revenue.
- A highly conservative estimate suggests that Manitoba's new media industry generated \$38.8 million in the fiscal year ending in 2011. In the same year, companies expended \$33.6 million to run their companies.
- 55% of all new media companies (responding to the survey) generated less than \$100,000 in 2011, suggesting that the industry is dominated by small firms.
- Most of the revenue (53.9%) generated by the new media industry in Manitoba comes from Manitoba-based clients. Meanwhile, 59% of the revenue generated is from direct sales of new media products and services to businesses (rather than to consumers).
- Few respondents access public support programs and/or tax credits; citing lack of awareness, inaccessible programs and stringent eligibility criteria as factors dissuading their use.
- Over three quarters (75%) of initial capital, and over one third (36%) of on-going company capital, is from self-funding sources, suggesting a dearth of private investment in Manitoba new media companies.

- New media companies surveyed directly employed 436 full time and 126 part time employees in 2011. While most staffing needs seem to have been met, senior creative and intermediate talent appears to be in short supply.
- The average new media employee is 32.4 years old and has a post-secondary degree.
- 41% of surveyed firms indicated that they outsource some work to other firms, principally to other firms within Manitoba. The most common reason for outsourcing is insufficient capacity in the home company.
- Most companies predict that they will grow by more than 15% over the next two years, with the most common areas of predicted growth being in Mobile Development and (to a lesser extent) social media.
- Companies reported that the most significant obstacles to growth are (i) small domestic market, (ii) supply of skilled labour, (iii) lack of affordable capital, and (iv) lack of appropriate management, marketing and sales expertise.
- Freelancers in Manitoba's new media industry are primarily engaged in Web Design (30%) and Advertising Content Development (12%). However, a sizeable minority of freelancers (26%) provide ancillary services to the new media industry (e.g., photography, writing, illustration, etc.).
- New media freelancers complete an average of 19.8 projects per year, at an average rate of \$736 per project.
- The vast majority (79.1%) of freelance work done in Manitoba is for other Manitoba firms.
- Similarly to new media companies, the most common area of projected growth for freelancers in Manitoba is Mobile Development.

3. Economic Impact Analysis /

Based on the results of the online survey, Nordicity and the Manitoba Bureau of Statistics (MBS) conducted an economic analysis of the new media industry in Manitoba. It is important to recall that the results of this economic impact exercise only reflect the data provided by survey respondents, and so most likely understates the economic contribution of the new media industry in Manitoba. An economic impact analysis estimates the degree to which an industry, such as new media, contributes to a jurisdiction's economy. Generally speaking, industries contribute to the economy in three ways:

- **Gross Domestic Product (GDP):** An industry contributes to the economy directly, and through spin-off benefits. The direct contribution of the industry represents the wealth generated by an industry through the sales of goods and services. The spin-off benefits represent the sum of the indirect and induced impacts. The indirect impact refers to the increase in GDP and employment in the industries that supply inputs to the new

media industry, while the induced impact refers to the additional economic activity due to the re-spending of incremental household income in the Manitoba economy.

- **Employment:** An industry supports a given number of direct and spin-off jobs. In this case, direct jobs are those within companies that create new media products and services, while spin-off jobs are those in other industries that are sustained by the new media industry's expenditures (e.g., telecommunications costs).
- **Fiscal Impact:** An industry – and the entities that comprise it – pays taxes. The industry may also be the recipient of various public support and/or tax credit support measures. The fiscal impact is the net result of a calculation of this provincial revenue and expenditure.

This section outlines the results of the economic impact analysis of the new media industry in Manitoba. First, the section outlines the results of the economic impact analysis. In so doing, the section makes some comparisons to the new media industry in Saskatchewan – the only other jurisdiction in Canada to have completed a comparable analysis of its new media industry. Finally, the section provides a comparison of these results against other industries that are important to Manitoba's economy.

3.1 Analysis Results

3.1.1 GDP

For the purposes of calculating the economic impact, the total expenditure of the new media industry in Manitoba was estimated to be approximately \$39.1 million in 2011. Of that amount, it is estimated that roughly \$31.5 million (81%) is spent directly in Manitoba. Given the particular mix of goods and services used by the new media industry, the MBS Economic Impact Assessment Model estimates that of the industry's \$31.5 million in Manitoba expenditures, about \$2.8 million are imported goods and services (which are deducted from an industry's impact). The remaining \$28.7 million of direct demand is supplied by other Manitoba industries. In other words, the new media industry spent an estimated \$28.7 million in Manitoba on goods and services in 2011. This \$28.7 million (in direct expenditures) is the figure upon which much of the economic multiplying process is based.

Given \$28.7 million in expenditures by the new media industry, its direct suppliers (e.g., telecommunications firms) contribute an additional \$20.5 million in Manitoba-based spin-off expenditures to supply their services (e.g., to purchase cable). As a result, the estimated "Gross Manitoba Expenditures" of the new media industry (or its gross direct and spin-off benefit) in 2011 was \$49.2 million.

However, this gross monetary impact to the Manitoba economy contains some degree of double counting, as initial dollars are spent and re-spent within the economy. For example, a telecommunications company may have used the revenue generated by the new media industry to purchase material goods (i.e., cable). As such, any measurement of GDP must remove this double-counting effect, to present the unduplicated value-added or net monetary impact, to the economy.

Once this double counting is resolved, **the total GDP contribution** (at market prices)¹³ attributable to Manitoba's new media industry is **estimated at \$36.8 million**. Therefore, for **each \$1.00 of total new media expenditures, the impact to Manitoba GDP is estimated at \$0.94**. In other words, for every \$1.00 spent by the new media industry, \$0.94 is captured by Manitoba's economy.

A summary of this economic impact analysis is provided in the following table:

Economic Impact Terminology

Direct Impact – the increase in GDP and employment within the Manitoba music industry.

Indirect Impact – the increase in GDP and employment in the industries that supply inputs to the Manitoba music industry. The advertising industry and its supply of marketing and promotional services would be one example of an industry that supplies a key input to the Manitoba music industry.

Induced Impact – the additional economic activity due to the re-spending of incremental household income in the Manitoba economy.

¹³ GDP at Market Price is the total value of goods and services produced in the Manitoba economy.

Table 3 - Summary of Economic Impact Analysis

	Manitoba Impacts (in \$millions)	Expenditure Multiplier
Total Direct Expenditure (from Section 2.2.4)	39.1	1.00
(less out of province spending)	(7.6)	--
Total Expenditure in Manitoba	31.5	0.81
(less imports)	(2.8)	--
Direct Manitoba Supply	28.7	0.74
(plus spin-off expenditures)	20.5	--
Gross Expenditure	49.2	1.26
(less double-counted spending)	(12.4)	--
Total GDP Impact (at Market Price)	36.8	0.94

3.1.2 Labour and Employment

Of the total new media industry expenditures made in Manitoba (\$31.5million), the direct labour income accounted for approximately \$18.6 million, or 59% of all Manitoba-based expenditures. In turn, **this level of employment was found to support an estimated 433 direct full time job equivalent (FTEs).**

The total impact to Manitoba labour income resulting from new media operations in the province (i.e., the industry's employment impact) is estimated at \$28.5 million; comprising \$18.6 million in direct new media labour income plus \$9.9 million in additional Manitoba labour income. In total, **for each \$1.00 of new media operational expenditures, the impact to Manitoba labour income is estimated at \$0.73.** This income measure indicates that 73% of new media expenditures eventually end up in the

pockets of Manitoba residents, which is indicative of the industry's contribution to employment.

Total Manitoba employment associated with this level of labour income is estimated at **680 FTEs**, consisting of 433 direct new media jobs (i.e., person-years), plus an estimated 246 spin-off jobs. **For each \$1.0 million of new media operational expenditures, the total impact to Manitoba employment is estimated at 17.4 person-years.** This employment measure indicates the relative degree to which the new media industry adds to employment in Manitoba. The measure also makes it possible to compare the employment intensity of the new media industry to other industries in Manitoba.

A summary of the labour and employment analysis is provided in the following table:

	# of Jobs (i.e. person-years)	Employment per \$1 million
Project-related direct employment	433	11.1
Other direct employment	57	1.5
Spin-off employment	188	4.8
Total Employment	679	17.4

Table 4 - Summary of Employment Analysis

3.1.3 Fiscal Impact

Total taxes collected in Manitoba resulting from the Manitoba new media industry and associated spin-off activities (i.e., the industry's fiscal impact), are estimated at \$12.4 million. This includes \$5.1 million in Manitoba provincial taxes, \$1.4 million in local-level taxes in Manitoba and \$5.9 million in federal taxes collected in Manitoba. On a multiplier basis, **for each \$1.00 of total new media expenditures, total taxes collected in Manitoba are estimated at \$0.32.**

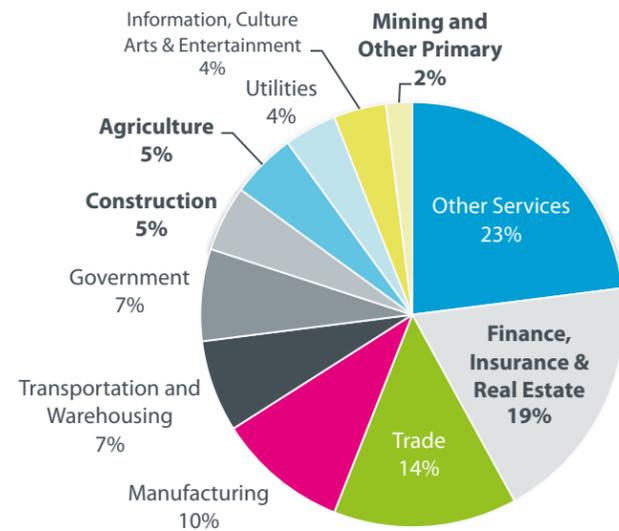
3.2 Comparison to Other Key Manitoba Industries

While the previous sub-section outlines the economic impact of the new media industry, a comparison with other key Manitoba industries will help provide context and meaning. Accordingly, this section compares new media's economic, employment and fiscal impact to other sectors of Manitoba's economy, using MBS' Manitoba Economic Multipliers 2004 publication.

This publication, the most recent of its kind, presents economic multipliers for the Manitoba economy based on Statistics Canada's Inter-Provincial Input-Output Tables for 1999.

To effect the comparison, Nordicity selected a number of comparator industries that are central to Manitoba's economy. According to MBS, the following figure depicts the breakdown of Manitoba's economy by sector:

Figure 36 - Manitoba's Economy by Industry¹⁴

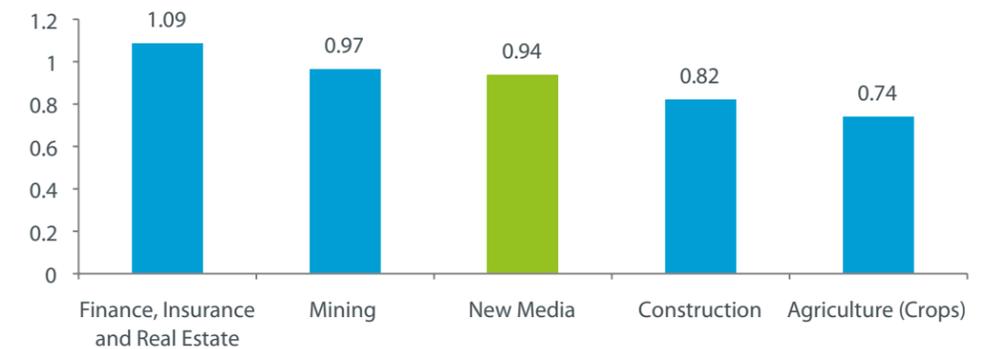


From these industries, Nordicity selected four (highlighted, above) for comparison that are directly represented in MBS's Economic Multipliers record.¹⁵ To ensure a like-to-like comparison, analysis was conducted on a 'per \$1' or 'per \$1 million' basis.

Upon comparison, and as illustrated by the following chart, new media generates a similar amount of economic impact per \$1 spent in

Manitoba as the Mining industry, but more than either construction or Agriculture. Interestingly, some new media companies maintain valuable client relationships with the construction and agriculture sectors, with one company attributing over half of their business to the agriculture market.

Figure 37 - Economic Impact by Industry per \$1 spent



The level of relative economic impact shown in the above figure indicates that roughly 6% of economic activity generated by new media firms exits the province – due to the purchase of goods and services from outside of the province. This level contrasts with the Finance, Insurance and Real Estate industry, which attracts \$0.09 per \$1.00 spent to the province. Meanwhile, new media contributes more (on a per dollar basis) to the provincial economy than either the construction or crop-based agriculture industries.

As depicted in section 2.2.4, labour expenditures make up a large portion of new media industry expenditures. Accordingly, the new media industry outperforms the four comparator industries in terms of labour income per \$1.00 spent. As the below chart illustrates, new media leads the four comparator jurisdictions in terms of labour spend by a considerable margin – meaning that it spends more per \$1.00 of expenditures on labour. However, this level of labour spending is expected in industries that do not often require significant capital expenditures (such as construction, mining or agricultural equipment).

New Media in Saskatchewan Compared

Total employment generated by the new media industry in Saskatchewan is estimated at 680 FTEs; roughly the same figure as in Manitoba. The labour spend in Saskatchewan is \$0.72 per \$1 of expenditures, which also closely reflects the situation in Manitoba.

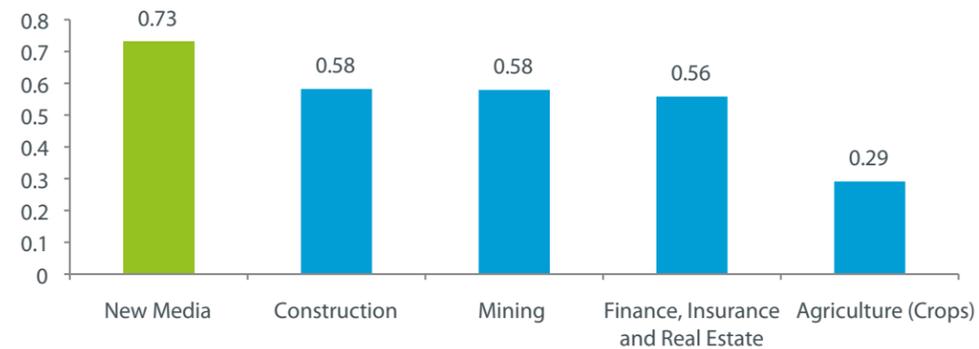
Meanwhile, for every \$1.00 of expenditures only \$0.78 remains in Saskatchewan, a figure that is 28% less than the relative impact of Manitoba's new media industry.

Saskatchewan Interactive Media Association,
Sector Study Final Report, October 2010

14 Source: MBS, May 2011, as displayed on: http://www.gov.mb.ca/ctt/invest/busfacts/economy/gdp_all.html

15 For example, "Manufacturing" is presented in the MSB Economic Multipliers document in a disaggregated form.

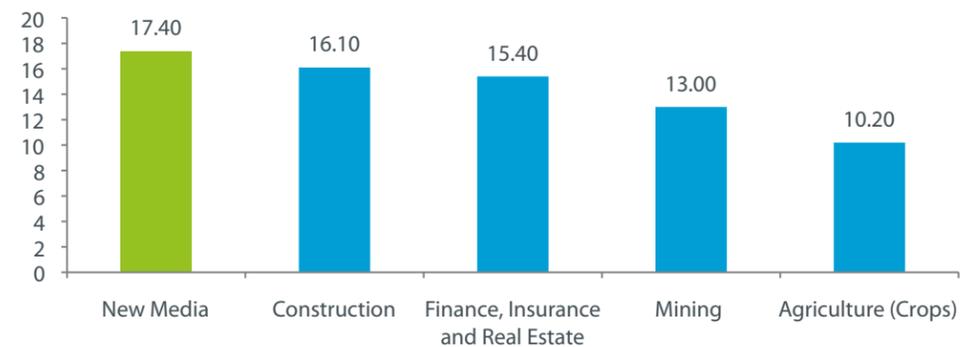
Figure 38 - Labour Income by Industry per \$1 Spent



Finally, Nordicity compares the relative job creation power of the new media industry. To do so, each industry was compared in terms of the number of jobs they create per \$1 million of economic activity. As the following chart depicts,

the 17.4 people that the new media employs per \$1 million of economic activity exceeds the performance of each of the four comparator industries.

Figure 39 - Employment by Industry per \$1 million



The strong performance in job creation may be attributable to a combination of a relatively high level of labour expenditures (as shown in Figure

38) and the relatively modest wages earned by new media industry workers (as depicted in section 2.2.7).

Summary of Economic Impact Findings

This section has outlined the impact of the new media industry on Manitoba's economy, and compared that impact – on a relative basis – to a select number of other Manitoba industries. In short, Manitoba's new media industry:

- Contributed **\$36.8 million** to the Manitoba's economy in 2011;
- Contributes **680 full time jobs** to the provincial economy;
- Pays **\$12.4 million** in provincial, local and federal taxes;
- On a per \$1 basis, **it has a greater impact on the provincial economy than either the construction or crop-based agriculture industries;**
- On a per \$1 basis, **it has a greater impact than the equivalent industry in Saskatchewan;**
- On a per \$1 basis, **it puts more money into the pockets of Manitoba workers than the finance, mining, construction or crop-based agriculture industries;** and,
- For every \$1 million in activity, **it employs more Manitobans than the finance, mining, construction or crop-based agriculture industries.**

4. Strategies for Success: Recommendations /

This final section presents those strategic actions that are recommended for NMM in order to support the continued growth of Manitoba's new media industry. Importantly, the recommendations presented in this section are targeted to NMM (as the principal agent of change), as opposed to industry, academic or government partners. First, this section outlines the results of the process used to develop recommendations. Second, it outlines the structure of the recommendations, as presented. Finally, it presents all of the recommendations that were developed, in two categories: priorities and recommended actions.

4.1 Recommendations Development

The recommendations resulting from the above data and analysis were developed collaboratively between Nordicity and NMM (see Section 1.2.3). In doing so, Nordicity first identified key industry strengths and weaknesses from the Industry Profile for recommendations to build upon or address. The strengths were then refined to identify Manitoba's unique selling points (i.e. competitive advantage). Recommendations were then developed to maximize advantages (and to address weaknesses).

4.1.1 Industry Strengths and Weaknesses

Based upon the data gathered by the Industry Profile, Nordicity (in collaboration with NMM) undertook to identify the relative strengths and weaknesses of the new media industry in Manitoba. The following table outlines the results of that exercise. It also lists (at a high level) the source(s) of the identified strengths and weaknesses (including, where possible a reference to the appropriate section of this report).

The recommendations developed later in this section were crafted (in cooperation with NMM) to address the listed weaknesses while building on the unique strengths of Manitoba's new media industry.

Strengths		Weaknesses	
Finding	Source	Finding	Source
High degree of grassroots collaboration	Interviews	Generalists, with industry specialization	Survey data (other than web design, which is a wide and varied field; section 2.2.1)
Presence of partnerships that create actual products	Interviews; survey data (section 2.2.8)	Low amounts of consumer revenue	Survey data (section 2.2.3)
Industry members wear many hats, are flexible	Interviews	Lack of target market access	Interviews; survey data (section 2.2.9)
Government has strong stakeholder understanding and relationships with the industry	NMM knowledge of stakeholders	Minimal international revenue	Survey data (section 2.2.3), supported by interviews
Pride and independence	Interviews (e.g., with respect to private investment)	Retention of principal talent (at all levels)	Interviews, supported by survey data (re: ease of finding talent)
An "indie" mindset	Interviews, NMM knowledge of industry	Little access to relevant government programs	Survey data (section 2.2.6); interviews
Majority of revenue from within Manitoba	Survey data (section 2.2.3)	Quality of work not always at international level	Interviews
Strong training and education (incl. NMM seminars/workshops)	Interviews, NMM knowledge of stakeholders	Low membership revenues to NMM	NMM staff input
Highly creative culture	Interviews, NMM knowledge of industry	Little awareness of industry outside of Manitoba	Interviews, survey data (section 2.2.4 and 2.2.9),
Highly self-funded (and thus entrepreneurial)	Survey data (section 2.2.5), supported by interviews	Relatively small domestic market, with few large local clients or corporate head offices	Interviews
Very tight knit community	Interviews, NMM knowledge of industry		
Great industry association	Interviews (e.g., regarding training)		

Table 5 - Strengths and Weaknesses of Manitoba's New Media Industry

4.1.2 Unique Industry Selling Points

From the strengths identified in the preceding sub-section, Nordicity worked with NMM to establish a set of key “selling points” upon which Manitoba’s new media industry can build:

- **Collaboration:** Interviews suggest that Manitoba companies are able to collaborate in order to share work (e.g., on larger contracts) and resources, enabling the industry to “punch above its weight.” The level of firms primarily outsourcing work to other firms within Manitoba demonstrates a level of pre-existing collaboration (see section 2.2.8).
- **“Wearing many hats” (i.e., adaptability):** The small size of companies and their tendency to produce products/services in several new media fields help make the industry flexible and responsive to shifts in working conditions. This flexibility is further enhanced by the presence of a significant freelance community (see section 2.3) with a wide variety of skills that can complement company directions (see section 2.3.1).
- **“Indie” mindset:** While it may lead to some spurning of private investment, the fiercely independent mindset of Manitobans often encourages innovation in developing new products and services. This mindset is reflected in the make-up of the industry (i.e., largely comprised of smaller firms) without international scope (see section 2.2.3).
- **Entrepreneurialism:** The self-funded nature of the industry, as reflected in both the initial and on-going capitalization of companies (see section 2.2.5), suggests that industry growth will derive from producing improved products and services (a grass-roots approach), rather than from a high level of private and/or institutional investment.
- **“Tight knit community”:** Interviews suggest that because many industry members personally know one another, there appears to be a large degree of trust between firms. This level of trust further enables inter-company and industry-wide collaboration efforts.

4.2 Overview of Recommendation Format

The following four sub-sections outline a series of recommendations for NMM to effect meaningful change in Manitoba’s creative industries. These recommendations are divided into five broad areas, each dealing with a key aspect of the development of the new media industry:

1. **People and Talent:** actions taken to improve the availability of skilled workforce for the new media industry.
2. **Place and Branding:** actions taken to promote the industry both within the province (e.g., with government funders, as a rallying point) and to other jurisdictions (i.e., as a marketing effort, nationally and internationally).
3. **Market Penetration:** actions taken to improve the business environment for new media businesses in Manitoba, and the access of new media businesses to key markets.
4. **Processes and Profits:** actions taken to improve NMM’s ability to act as an effective champion of Manitoba’s new media industry.

5. **Industry Maturity:** actions that will support and grow not only individual businesses, but the industry as a whole.

As recommendations are presented in each of the above categories, the recommendations will be described touching on each of the following seven elements:

1. **Background:** the rationale behind the recommendation and its relationship (if any) to other actions taken by other jurisdictions in support of new media (or related) activities. A complete list of organizations whose support offerings were reviewed for this study can be found in Appendix A.2.
2. **Objective:** the eventual end state(s) that the recommendation is intended to create. This objective should be as specific as possible, with both timeframe and geographical limitations, (e.g., be the best in X in Canada by 2015).
3. **Potential Activities:** the specific activities that the recommendation demands, including both external (industry-facing) and internal actions (to NMM), (e.g., a five-week course in X or rental of increased space).
4. **Expected Outcomes:** the specific results that the recommendation should create, (e.g., X number of iterations of program Y leading to better Z). Where possible, these outcomes are linked to the accountability framework that

NMM has established with its funding bodies, (i.e., Western Diversification and the Industrial Research Assistance Program [IRAP]).

5. **Measurements:** the criteria by which the success of the recommendation will be judged. Such measurements may be similar to the expected outcomes and/or may refer to existing commitments made to various funding bodies.
6. **Communications:** considerations as to how the recommendation should be articulated to the new media community in Manitoba.
7. **Practicality:** considerations as to whether this recommendation is practically implementable, and if so, a timeframe for implementation. This last element is largely derived from the second workshop held with Nordicity and NMM.

Finally, the recommendations have been divided into two principal “levels” based on their practicality: priorities and recommended actions. Priorities are those activities that NMM should undertake in the short-term given its existing resources, while recommended actions, while important, may not be feasible for immediate implementation. For example, a recommended action might be important to undertake, but might require more resources than NMM can devote at this time.

4.3 Priorities for Action

The following recommendations are presented for NMM to implement immediately.

Increase Mentorship Support

Area of Focus

People and Talent

Background

Given that survey respondents and interviewees felt a middling sense of satisfaction with the quality of graduates emerging from local academic institutions – and that the biggest complaint was a relative lack of work experience, the obvious solution is to facilitate more on-the-job training. Additionally, as marketing, sales and business skills appear to be a barrier to growth, such a training program could be formulated to bring such skills to Manitoba new media firms.

While not always described as “mentorships” support for (paid) on-the-job training is common in many creative industries in Canada and internationally. For example, the Canadian Media Production Association (CMPA) offers a National Mentorship Program where (in partnership with organizations like Telefilm Canada and the Bell Fund) support is offered to trainees in film and television production and digital media companies. With respect to digital media companies, the Digital Media Production Training Program offers 6 concurrent participants a 20 week placement in a digital media company. The intern is given a \$12,000 stipend (with 50% paid by the mentor company).

Similarly, Creative Scotland (in partnership with Screen Academy Scotland) offers the New

Entrants Training Programme (Screen NETS), which provides specialized on-the-job training for film and TV production. Specific programs offered by NETS range from “Hit the Ground Running,” a one-day intensive course to “NETS ONE” a one-year full time internship (with eight concurrent places available). According to Scottish Screen’s most recent annual report, 100% of the NETS course graduates have “secured freelance work in the areas they trained for.”

Finally, an interesting alternative approach to on-the-job training can be found in PEI. The Interactive Media Alliance of PEI has offered the Video Game Incubator Program (or “Game Garage”) in which 2 teams of 5 recent graduates are paid \$2000 per month to create a game in a fully functional game development studio in PEI. Individuals from the local game development community work with the successful applicants, including in sessions to coach and mentor the participants as they develop their games. The Game Garage runs between June 4 and August 24th, 2012.

Drawing on the above example, it is recommended that NMM work to enhance the level of mentorships targeted to new media companies in Manitoba.

Objective

- To provide 8 concurrent internship placements with digital media companies in Manitoba by 2014.

Activities

- Secure funding for internships from public sources, such as through the Department of Entrepreneurship, Training and Trade’s existing Apprenticeship Program – and work with these existing government programs to

align industry (e.g., inexpensive labour) and government interests (e.g., additional labour market information).

- Establish a roster of 20-25 potential “mentor companies” to establish/confirm the level of interest in hosting interns.
- Explore using the provincial Apprenticeship Tax Credits as a means to reducing the commitment required by the mentor company.
- Develop entrance criteria and a focus for a mentorship program based on directed consultation with industry (i.e., what types of interns/apprentices do new media firms need?)
- Offer a stipend to each intern of approximately \$10,000 for a 20-week program, with up to 50% of costs matched by the mentor company.
- Augment the experience with weekly get-together meetings to share mentorship experiences.
- Liaise with colleges and/or universities to promote the existence of the new mentorship program.
- Conduct a survey of mentor companies at end of mentorship for further improvement of program.

Expected Outcomes

- Establishment of a branded NMM New Media Mentorship Program (NMMP).

- Increased retention due to experience with local firms.
- Increased integration between academic community and local industry.
- Job creation, contributing to the jobs growth objectives set by WED (NMM reporting).

Measurements

- # of mentorship placements.
- % of placements leading to full-time and/or freelance employment in a related area.
- Establish an intake/output survey to monitor (on an on-going basis):
 - Level of effort required to manage the apprentice.
 - Tangible benefits of apprentice (e.g., new skills, approach, etc.)

Communications

- Roundtable with interested academic partners.
- Advertising to recent graduates.
- Promotion to local industry partners (to recruit mentor companies).

Practicality

- Given the presence of existing government programs – and willing companies—this recommendation is deemed very practical – and could be immediately implemented.

Become a “sales agent” for Manitoba New Media Business

Area of Focus

Market Penetration

People and Talent

Background

Lack of sales expertise and the small size of the domestic market were identified by survey respondents as two of the factors that most significantly limit the new media industry’s growth. To help companies (most of which are small firms with limited resources) overcome this challenge, it is recommended that NMM become a “sales agent” for new media businesses operating in Manitoba. In this instance, a “sales agent” is meant to be an online directory where new media businesses can post their availability, expertise and credentials for potential clients. NMM would then enable potential clients to search the database of Manitoba companies to find the one(s) that best fit the clients’ needs.

In some ways, the sales agent approach is similar to Playback Blue Pages, which is updated on an annual basis by Playback Magazine (for the film and TV industry). This resource allows potential clients to search a national database of over 5000 production-related companies by both functional area (e.g., post-production or music) and by location (e.g., Vancouver or Ontario). Companies can also be listed in one or more categories (e.g., production, talent, etc.). If similar existing services exist in Manitoba for other creative industries (e.g., Film/TV or Music), NMM should seek to partner with and/or leverage these services.

Other examples of existing services from which aspects could be drawn into this recommendation include:

- **BCcampus - Shared Services:** BCcampus works with vendors, open source providers and institution partners to provide educational shared services for online teaching and learning. By gathering needs and requirements, BCcampus hosts and supports learning technologies for the benefit of B.C.’s post-secondary system. Shared services typically reduce software and infrastructure costs by pooling demand and negotiating system-wide licenses and services.
- **Union Entertainment:** Union Entertainment is a talent management and production company specializing in videogames. Based in Hollywood, Union has been instrumental in designing, packaging, writing, developing, producing and/or providing talent for commercially and critically successful videogames that span all platforms and genres. By having videogame and film production centralized in one company, Union enables and encourages talent from both media to work together in all aspects of the creative process.
- **UNIDO Export Consortia:** UNIDO, under the framework of its program “Development of Clusters and Networks of SMEs”, helps small firms to enhance their productivity by fostering inter-enterprise linkages as well as collaborative relations with local support institutions.

Objective

- To create a sales portal to act as the single point of contact for new media companies operating in Manitoba, by 2014.

Activities

- Leverage the existing architecture of the NMM website (i.e., its profile-driven login) – and NMM’s existing position as a trusted industry body.
- Add searchable fields for products and services offered (at a more granular level) and additional contact information.
- Include a centralized RFP aggregator similar to MERX or BC Bid.
- Invite local companies and freelancers to build and maintain profiles (an on-going activity).
- Include representation in the portal as a membership benefit (at no additional cost to new media companies).
- Include access to the sales portal in internally developed marketing material.

Expected Outcomes

- Increased volume of production/development, mainly service work.
- Enhanced visibility of NMM as a central hub of new media activity in Manitoba.
- Perception of a coordinated industry by out-of-province clients and potential clients.
- Improved visibility of Manitoba companies and freelancers by in- and out-of-province clients.

Measurements

- # of leads # of companies signed up to the sales portal per quarter.generated by the portal per quarter.
- # of sales where the portal was involved per quarter (note: it will be difficult to attribute a sale to the portal directly).
- This recommendation would directly lead to the formation of domestic and international partnerships.
- Participation in this portal could also be deemed “marketing development”,satisfying a WED condition.

Communications

- Announcement of, and invitation to participate in, a portal directed to local industry.
- Promotion of portal on prominent new media sites (e.g., Gamasutra) and at all major industry events (e.g., mobile world congress), as part of the internally developed marketing kit.

Practicality

- In order to implement this recommendation, NMM would most likely have to hire an additional marketing person to create and maintain the relationships needed to support this recommendation.
- However, with sufficient resources, NMM could practically implement this recommendation.

Establish a shared space

Area of Focus:

Industry Development

Background

Manitoba has several unique selling points that give it a competitive edge over competing markets (see section 4.1.2). In particular, the collaborative nature of the industry and the “tight knit community” of the New Media industry in Manitoba can be leveraged, to the overall betterment of the IDM industry, through the establishment of a shared space. By offering a location where flexible work spaces can be used and individuals can have access to resources that would be cost prohibitive for them individually, Manitoba businesses and freelancers can utilize this space to create new products and business opportunities that would not be attainable on their own. At the heart of the shared space is the idea of bringing people together to create ideas and products that are greater than the sum of their parts.

While the shared space builds on the unique strengths of the MB new media industry it also does address some of the inherent weaknesses in this sector (see section 4.1.1). Interviews with industry representatives identified the two biggest challenges faced by the New Media industry as the retention of top talent and raising awareness of the successes both within and outside of Manitoba. By building a shared space that will act as a lightning rod for innovation in the industry with a physical centre for the community that can be used to showcase the successes and innovations of the New Media Industry. The Shared Space will be used to raise awareness of the most exciting projects currently

active in Manitoba, thereby retaining the top talent within the province, and presenting those individuals as many opportunities for success locally as there are in larger markets.

The unique features afforded by the shared space will also complement other recommendations discussed within this document. Several recommendations in this report address the need for improved training within the IDM sector. By having common facilities, such as dedicated classrooms, as well as advanced training equipment, a greater range of courses will be able to be offered to members of the New Media Sector as well as to other industries within the province.

Objective

- To create a shared space that enables new media workers to collaborate on work, entrepreneurial activities, and mentor students on advanced digital media innovation.

Activities

- Feasibility Study:
 - Financial Implications (revenue, capital costs, maintenance costs).
 - Requirements of the Space.
 - Evaluation of proposed Spaces in terms of suitability and costs to upgrade.
 - Necessary resources for maintaining a shared space.
- Secure capital funding.
- Secure lease for identified location.
- Solicit resources for ongoing overhead and activities.

Expected Outcomes

- Building the cohesiveness of the New Media community through a centre where freelancers and telecommuters can come together.
- Promoting success and raising public awareness of the strength of the IDM industry.
- Increase generation of new products and intellectual property.
- Increase in fee for service work.
- Increase in entrepreneurial activity and new start-ups.
- Increase in commercialized creative content.
- Increase in digital competitiveness.
- Supporting growth in other Manitoba sectors through training.
- Being able to offer a wider range of business training courses focused on the IDM sector.
- Being able to offer a wider range of practical technical training.

Measurements

- # of new business opportunities (contract signed).
- Average increased revenue for each member using the space. (i.e., comparing their revenue before the shared space to using the shared space).

- # of new products created through collaboration.
- # of new products created with the resources available through the shared space.
- % increase in number of courses offered.
- % increase in attendance of existing training courses.

Communications

- Commission feasibility study.
- Discussions with stakeholders to secure capital funding.
- Discussions with potential sponsors for maintenance funding.

Practicality

- Organizing the resources needed to establish and run a shared space is a considerable undertaking.
- There has been parallel work to this report, with other sectors, which have established the potential for such a project to move forward.
- With the appropriate secured resources this recommendation is entirely achievable and will move forward rapidly.

4.4 Recommended Actions

The following recommendations, while important for the new media industry in Manitoba are not practical for NMM to implement given its current resource and human capital capacity.

Continue to Develop App and Game Development Expertise

Area of Focus

People and Talent

Background

In both Canada and elsewhere, several organizations have begun to support the development of new media skills in general, and app/game development skills in particular. Given that mobile development was reported to be Manitoba's most common additional company activity (see section 2.2.1) and is the area of future growth most often cited by respondent companies (see Section 2.2.9), supporting the building of app development skills appears an obvious path to supporting the growth of the new media industry in Manitoba as a whole. Furthermore, NMM has already created a solid reputation among the local industry (according to interviews) for delivering targeted skills workshops (as noted in section 4.1.1). As such, there is an existing strength in this area for NMM to build upon.

For this reason, it is recommended that NMM continue to support the development of app and game development expertise by offering a series of training initiatives, and by showcasing the results of these training courses to local and national media.

Objective

- To develop (and be known for) app and game development expertise:
 - in Canada by 2014.
 - in North America by 2016.

Potential Activities

- Offer training courses delivered by NMM staff in emerging platforms (e.g., HTML5 and iOS).
- Potential inclusion of support for "Games Jams" (informal game creation workshops) such as providing space or marketing support.
- Conduct focus groups with graduates to gauge success of program at the conclusion of each course.
- Continue to showcase the most promising and innovative resulting work in local showcase events.
- Integrate showcases into marketing materials.
- Invite exceptionally innovative participants to the New Media Venture.

Expected Outcomes

- Two iOS courses offered in 2012 using materials offered by "Big Nerd Ranch."
- 5 HTML5 courses offered in 2012.
- Showcase to illustrate expertise, to be delivered at forthcoming NMM space (in 2013) and in local event space/restaurant (in 2012). The showcase is to be attended by local media, local/visiting industry. Hand-selected projects from the training courses

will be displayed with a slant towards artistic/creative excellence and business utility.

- Workshops (and particularly Game Jams) can be used to promote "domestic partnerships" which would contribute to IRAP's requirement of the formation of 5 domestic partnerships.

Measurements

- # of completed certifications.
 - Target: 77 certifications (11 per course offered).
- # of "NMM certifications" achieved.
- # of works showcased.
- # of media stories generated (by the showcase).

Communications

- Advertising for the program – to raise the profile of NMM as a training institution and of the presence of graduates, as opposed to for the purposes of filling seats.
- Advertising for the showcases – public-facing, designed to illustrate that excellence thrives and is celebrated in Manitoba.
- Media stories in support of the showcases.

Practicality

- In order for these training programs to be sustainable, NMM will need to communicate the market value of this training to students – and to educate them on the "deal" they are receiving from NMM.
- In doing so, NMM would be able to ask participants to provide additional data as they enter and/or exit the program (e.g., works completed in the past year).
- Also, once a few cohorts are educated, NMM may opt to test-offer a program at (or closer to) market value to gauge the interest. If sufficient interest exists, these courses may become a revenue stream for NMM.
- As this recommendation is only partially incremental to NMM's existing activities, it is deemed to be practical to implement.

Develop Internal Marketing Materials

Area of Focus

Place and Branding

Background

While all organizations do some form of marketing – ranging from coordinated campaigns to ad hoc word of mouth promotion – such efforts are not always consistent or focused. Moreover, as companies a) do not appear to be selling many products and/or services outside of Manitoba, and b) appear to lack marketing skills, NMM could support the industry by leading the development of marketing materials for the industry as a whole.

It is recommended that NMM develop a suite of internally produced marketing materials to be used by industry members at trade shows, industry events, and all other relevant opportunities. Such materials would present a consistent message on behalf of Manitoba's new media industry, and could be provided to Manitoba companies to distribute in their travels. Led by NMM, economies of scale could be harnessed to generate efficiencies and reduce costs.

Objective

- To develop a 'marketing kit' for the Manitoba new media industry by 2013.

Activities

- Clearly establish brand values (see next recommendation).
- Engage designer (from the local industry) to develop visual branding.

- Distill industry data into key metrics and highlight success stories (e.g., Aquaria).
- Combine materials into a single marketing kit, to include:
 - Industry logo;
 - Key facts e-brochure; and
 - "Demo reel" of successful/innovative products.
- Disseminate marketing kit via NMM website.
- Make use of marketing kit a criterion for assistance to attend marketplaces (e.g., GDC).
- Feature "sales portal" prominently in all materials (if developed).

Expected Outcomes

- Increased consistency regarding how the industry is portrayed.
- Improved reach of marketing efforts for individual companies and the industry as a whole.

Measurements

- # of companies using marketing materials (in whole or in part).
- # of international (and local) venues/events in which materials have been shown.

Communications

- Announcement of marketing kit to local industry.
- Dissemination of kit to local and national media (each time it is updated).

Practicality

- Given the existing relationship between NMM and Handcraft Interactive, this recommendation is deemed to be very practical.

Create a Strong Brand for New Media in Manitoba

Area of Focus

Place and Branding

Background

Like any successful marketing plan, Manitoba needs a “hook” – a descriptive, yet catchy brand image. Accordingly, it is recommended that NMM develop a strong brand image for the industry in Manitoba. For example, the history of the industry in Manitoba – and its small business make up – could suggest a direction for this type of brand. Whatever the orientation, the approach should also be coordinated with other creative industries in Manitoba, such as music and/or film and TV production. The brand should build on the unique selling points identified in section 4.1.2 (e.g., the entrepreneurial, collaborative and independent attitude), while helping to promote Manitoba as a leading, innovative new media jurisdiction.

While this type of industry-wide branding exercise is not common, the Canadian Department of Heritage’s Cultural Capitals of Canada Program, which funds “projects that support the arts and culture sector and build a cultural legacy for the community by integrating arts and culture into overall community planning” is somewhat indicative of how being the “capital” of something might be established. To that end, the CCCP program requires applicants to demonstrate their commitment to the arts and culture through their past achievements, and current/planned support for arts and culture. As such, it may be advisable to structure the rationale for Manitoba being the “Capital” of Canada of some nature.

Objective

- To establish a strong, coherent brand presence for the new media industry in Manitoba.

Activities

- Coordinate brand image with development of marketing materials by creating a style-guide and media list.
- Contract (via RFP) a branding and/or launch plan from an external provider.
- Potentially, use a forthcoming space in downtown Winnipeg as a focal point for the new brand.
- Work with other industry associations to include other creative industries.

Expected Outcomes

- Increased retention in the industry (less outflow of talent).
- Improved ability for NMM to articulate the selling points of the industry.
- Improved coordination with other creative industries – possibly leading to a shared marketing/branding approach.

Measurements

- Media coverage of new brand.
- Instance of firms using brand at market events.

Communications

- Pre-emptive communications to non-indie portions of the new media industry to reassure them that they will continue to be supported.

- Confidentially discuss this approach with key non-industry stakeholders.
- Marketing event to launch new branding approach, to include local/national media and trade press.

Practicality

- Branding an entire industry (or several industries) is a substantial feat.
- As such, it is recommended that NMM pursue this initiative in concert with a specialized branding/advertising firm. As such, it is recommended that NMM pursue this initiative in concert with a specialized branding/advertising firm.

Establish “IP Fund” to be Administered by NMM

Background

Many jurisdictions that support the creative industries place a premium on the creation of original intellectual property (IP). The rationale is a simple one: if companies create their own IP, they are more likely to retain the revenues associated with that IP in the jurisdiction in which the IP is created. While several indirect measures have been taken to support the development of IP (e.g., tax credits), some jurisdictions have attempted to administer Funds that target the creation of original IP.

For example, the **Ontario Media Development Corporation** attempted to create such a Fund in the fiscal year ending in 2010. Its Intellectual Property Development Fund assisted Ontario-based corporations by refunding 30% of costs incurred in direct support of “early stage development activities.” Such activities included those that were needed to bring the product or service in question to a viable prototype stage. This fund was an “entitlement” funding program in that all applicants were approved, providing that the projects in question adhered to the guidelines of the Fund. Further, individual applicants to the Fund were able to claim IP development activities across a “slate” of projects in a given year. The OMDC’s IP Fund was discontinued in 2010.

A similar fund, the Digital Media IP Fund, has been established by Creative Scotland in partnership with Scottish Enterprise, as part of the wider “Innovation Fund.” The Scottish example of an IP fund invested between £10,000 and £375,000 in a project, expecting that the investment would be matched by investment from a 3rd party private investor. As such, the focus of this IP is the increased production of projects that are likely to generate revenue for Scottish digital media companies.

In Manitoba, the majority of revenue is generated within the province (see Section 2.2.3). As such, there is little need to ‘repatriate’ IP-related revenue. That being said, in Manitoba’s new media industry this type of content accounts for 44% of projects and 35% of new media company revenue – and is therefore important to the industry’s growth. Furthermore, IP ownership (and exploitation) can be a key aspect of growing the value of a company’s assets and its cash flow. Additionally, new media companies reported that one of the key barriers to their growth is a lack of accessible capital, such as might be provided by an IP fund (see Section 2.2.9). For these reasons, it is recommended that NMM look to establish an IP fund.

Objective

- To establish an IP Development Fund administered by NMM by 2015.

Activities

- Identify and design specific parameters of the IP Fund (e.g., eligible recipients, eligible projects).
 - **Projects:** What are the types of projects that the IP Fund will support? At what stage of development will the fund focus (i.e., early stage vs. commercialization)?
 - **Recipients:** What types of companies will be eligible (i.e., start-ups vs. larger companies)?
- Determine relationship of Fund to private sector (if any) and whether any co-investment will be required or solicited.
- Determine size of fund and collect funds as appropriate from public sources to disburse via the IP Fund.
- Design application and approval system (i.e., juried projects vs. entitlement program).
- Determine ROI considerations (i.e., repayment criteria, if any).

Expected Outcomes

- Improved access to project capital.
- More internally developed IP leading to stronger company balance sheets.

Measurements

- # and size of investments made in projects.
- # of funded projects that would not have been made without the Fund.
- Revenue generated by funded projects.
- Revenue returned to the Fund by funded projects.

Communications

- Focus groups or similar industry consultation on the parameters and focus of the Fund.
- Liaising with and/or lobbying public sector for funds to invest.
- Promotion of Fund once launched (e.g., in internally developed marketing materials).
- Celebration of successful funded projects.

Practicality

- In terms of both additional personnel (e.g., a fund manager) and financial resources (i.e., fund capital) it is unlikely that NMM could support the creation of an IP Fund given its existing resources.
- As such, this recommendation is deemed to be impractical at this time.

Establish a Specialized “New Media Venture Forum”

Area of Focus

Processes and Profits

Background

The concept of a venture forum is fairly common among creative industry associations. For example, in Quebec, Alliance numérique hosts an annual Finance and Venture Forum for investors and entrepreneurs aimed at supporting them in their steps towards seeking capital. This Forum focuses on educating both sides (investors and entrepreneurs) about the business practices of the other, including sharing best practices, reviewing sources of available capital resources, and sharing the understandings of the needs of both investor and entrepreneur. The Forum is also a key networking event.

A similar event is held by Capitalroad at the annual Banff Venture Forum, which focuses on Canada’s leading high-tech (ICT, life sciences, and energy technology) companies. The Banff Forum is primarily a showcasing event where entrepreneurs offer insight into key issues in the high-tech industry, network with leading investors, and learn from leading investors from around North America. The high-tech firms that attend this Forum are chosen by a Selection Committee from the “Road to Banff” branded pitch session around North America.

As section 2.2.9 indicates, access to capital financing, both for new investments and on-going operation is among the key factors limiting the growth of the new media industry in Manitoba. In order to improve Manitoba new media industry companies’ access to these sources of funding it

is recommended that NMM seek to establish an annual New Media Venture Forum, drawing on the examples presented by Alliance numérique’s Finance and Venture Forum and the Banff Venture Forum. Given the size of the local industry, it is likely the Forum – at least in its initial incarnation – should focus on awareness-building, education and networking – rather than on formal pitching and deal-making. The Forum should also seek to maximize its impact by inviting entrepreneurs that are more “ready” to seek private investment and have gone through a selection process.

Objective

- To establish a Forum where new media entrepreneurs can learn and access funding by local and Canadian investors by 2015.

Activities

- Liaise with organizations like Winnipeg Angel Organization and/or the Winnipeg Chamber of Commerce to build a list of interested investors. Consider co-branding the event with one or more of these organizations.
- Approach private sector organizations for potential event sponsorship (e.g., KPMG, PricewaterhouseCoopers, etc.) to lessen the costs to NMM.
- Establish selection criteria for local new media companies:
 - **Market Stage:** Should the product/service seeking investment be a viable product or a concept?
 - **Company size:** Early start-ups and/or later stage companies?

- Hold competition for selection of attendee companies.
- Conduct Venture Forum on an annual basis.

Expected Outcomes

- Improved awareness of the new media industry by local and national investors.
- Improved business skills and investor-readiness in Manitoba’s new media companies.
- Increased access to financial capital for Manitoba’s new media companies.

Measurements

- # of investors attending Forum.
- # and dollar value of deals made as a result of each Forum.
- FTEs resulting from deals made.

Communications

- Communications with other local investment community organizations (e.g., WAO, WCC).
- Pitch document to potential investors to explain why they should attend the Forum.
- Promote the Forum selection competition.

Practicality

- Given the relative maturity of existing economic bodies (e.g., the Winnipeg Chamber of Commerce) and existing activities being undertaken by these bodies, it is likely that an effort by NMM to establish its own venture forum would be duplicative.
- It is unlikely that NMM (given its existing resources) could sustain this initiative at this time. As such, it is deemed to be impractical.

Publish a Living Profile with Data Tracking Capacities

Area of Focus

Processes and Profits

Background

Often, when organizations like NMM create industry profiles (such as this one) they are posted on the organizations website. While these documents are accessible to all, they are static and thus must be updated in their entirety. In the new media industry, the 2-4 year delay between profiling exercises can conceal dramatic industry change. For this reason, it is recommended that NMM seek to publish the present profile as a “living document” into which continuous data tracking capabilities can be integrated. In this way, data can be fresher, industry shifts can be addressed more quickly, and (most importantly) NMM will continue to have an accurate view of Manitoba’s new media industry over time. Additionally, this continuous data collection approach should lessen the “survey fatigue” incurred by larger industry profiling activities.

Objective

- To publish the current industry profile as a living document by the end of 2012 and to integrate new data collection tools by 2013.

Activities

- Integrate survey findings into the existing NMM website, employing as much interactivity as possible (e.g., interactive charts) and ensuring that the data displayed can be changed on the “back end.”
- Leverage existing company profiles to integrate self-reporting of various key

data points (e.g., employment, new media activities).

- Consider a tiered approach (such as is used by services like LinkedIn) where companies can expose various preset levels of information to the public.
- Integrate with Sales Portal recommendation for a single, outward-facing web presence.
- Enhance participation levels by making having a profile mandatory for inclusion in other NMM activities (e.g., Venture Forum, Sales Portal, discounted training).
- Add polling feature to website with the ability to ask members (or sub-sets thereof) additional questions (e.g., updates to annual revenue and/or expenditure questions).
- In the first year, consider offering a prize/incentive for those companies with a complete profile (to habituate companies to supplying/maintaining their data).
- Integrate data generated by sales portal into aggregated data displayed in living profile (providing that confidentiality can be maintained).
- Feed material from living profile into marketing materials.
- Link a re-refresh of the Living Profile to NMM’s annual membership update to ensure that company data remains accurate.

Expected Outcomes

- Improved ability of NMM to understand the industry as it evolves (e.g., to direct orientation of training programs).
- Enhanced perception of NMM as the keeper of Manitoba’s new media data.

Measurements

- # of page views on living profile site, by user origin.
- # and % of new media companies with an up-to-date profile.
- Data in the living profile could also be used to keep funders up to date on a more dynamic basis with the growth of the industry (e.g., by the number of profiles).

Communications

- Introduction of profile requirement in communications about other activities and in membership documents.
- Announcement of new mini-survey activities (as needed).

Practicality

- Given that this recommendation suggests building the living profile into the existing NMM website, it is quite practical, though it will require the expenditure of resources (time and financial) to build and maintain the profile.

4.5 Summary of Recommendations

The following table provides a brief summary for the recommendations presented in the preceding sub-section:

Table 6 - Summary of Recommendations

Recommendation	Area of Focus	Level of Practicality
Increase Mentorship Support	People and Talent	Priority Action
Become a “sales agent” for Manitoba New Media Business	Market Penetration	Priority Action
Establish a Shared Space	Industry Maturity	Priority Action
Continue to Develop App and Game Development Expertise	People and Talent	Recommended Action
Develop Internal Marketing Materials	Place and Branding	Recommended Action
Create a Strong Brand for New Media in Manitoba	Place and Branding	Recommended Action
Establish an IP Fund to be Administered by NMM	Market Penetration	Recommended Action
Establish a Specialized “New Media Venture Forum”	Processes and Profit	Recommended Action
Publish a Living Profile	Processes and Profit	Recommended Action

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Acknowledgements

Nordicity would like to thank Kevin Hnatiuk (Executive Director), Louie Ghiz (Business Director) and Stephen Hassard (Business/Research Coordinator), and all of the staff at New Media Manitoba, for their valuable support in this groundbreaking initiative. Nordicity would also like to extend our sincere gratitude to all of the New Media Manitoba membership, and the project partners including Western Economic Diversification Canada and Innovation, Energy and Mines Manitoba, without whom this timely research would not have been possible.

We would like to express our deepest appreciation to the following supporters of the project.

Curt Shoultz, Assiniboine Community College

Lisanne Pajot, BlinkWorks Media

Brock Gunter-Smith, Canadadrugs.com

Noah Decter-Jackson, Complex Games

Jei Kohlenberg, Dark Spark Studios

Kelly Cassidy, DMT Development Systems Group Inc.

Simon Burgess, Coelement

Elbert Bakker, Handcraft Creative

Avery Jodoin, Innovation, Energy and Mines Manitoba

Alec Holowka, Infinite Ammo

Dan Belhassen, Modern Earth Web Design

Kim Lazaruk, Nightshift Interactive

Phil Letourneau, Oomph

Andrew Yankiwski, Precursor Productions

Chris Brower, Red River College

Kevin Glasier, Tactica Interactive

Ken Zorniak, Telpay

Colin Whitney, ThinkShift

Chris Clarke, ClarkHuot/Cocoon

Doug Ross, Visual Lizard

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