



Commercializing Screen Media Creativity

NOTE: this Report follows and builds upon
the August 30, 2016 Sustainable Development
report CR_3382

"We fully support the ESIO's proposed initiatives and could see a real benefit from the requirement for local and service producers to use Edmonton post-production facilities should they access the Marquee Incentive Program."

*Bill Hamilton, Co-Owner
Studio Post
Member & Past Vice Chair: APPA
(Alberta Post Production Association)*

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"The development of the ESIO is very exciting for our business and especially video games as it shows there is local city support for the screen-based industries that we have not always felt before."

*Kaelyn Boyes, Owner
xGen Studios*

I. INTRODUCTION

The vibrant Edmonton screen media industries represent entrepreneurial organizations including video game developers to film production companies to augmented reality and virtual reality creators, all of whom acquire or conceive their own intellectual Property (IP) and are expert at developing new opportunities and new partnerships.

These organizations are able to capitalize on their rich local networks in Edmonton, to span across different industries, bringing Edmonton screen media products to the world that reflect our unique city culture and the creative talents of our highly-educated population.

Now recognized as a leader in IP development, Edmonton has become a friendly city for creative capital and commercialization talent, leading to new economic diversification, new innovative organizations and new high value jobs.

Further, our dynamic screen media ecosystem will both define Edmonton's story—representing our diversity of individuals, families, communities and aboriginal peoples—and tell our story as a place for creative economic development.

II. THE FORMATION OF THE ESIO

The ESIO was established following extensive stakeholder consultations, out of which came a recommendation to replace the former Film Commission with a new non-profit society governed by an independent Board of business leaders. The organization serves all Edmonton screen media inclusive of film, television and interactive digital media.

(For industry terminology, see Appendix I).

As required by the Edmonton Community and Public Services Committee Report 4 dated June 19, 2017, the Edmonton Screen Industries Office—working with Administration—has developed this business case to identify how the funds from the former Edmonton Film Fund (EFF) could be used for economic development initiatives supporting/expanding the screen media industries in Edmonton.

III. PROPOSED MOTION

The ESIO proposes the following motion to Edmonton City Council: *"That the entire balance of the former Edmonton Film Fund be reallocated to an Edmonton Screen Industries Office capital fund—to be renamed the Edmonton Screen Media Fund—under appropriate conditions and reporting requirements consistent with the business case presented by ESIO and supported by City Administration."*

IV. WHY THE ESIO?

ESIO is led by top business people (*for bios, see Appendices N and O*) who are experienced at making executive decisions while also balancing both risk and opportunity. Following extensive stakeholder consultations, ESIO is ready to support independent Edmonton screen media developers and production companies that need a "lift" to help them reach the next level.

While this sector is full of incredibly talented craftspeople with an impressive work ethic, they also have specific business challenges. ESIO is ready to work to build a stronger, more impactful and more resilient screen media industry that supports the City of Edmonton's vision, value and strategy.

V. STRATEGIC PRIORITIES

<i>ESIO Vision</i>	<i>ESIO Mission</i>
Commercializing Screen Media Creativity	To catalyze the development, growth and sustainability of companies, entrepreneurs and craftspeople in the Edmonton screen media industries

The Opportunity

New models for commercializing screen media creativity demonstrate opportunities for Edmonton. The ESIO is oriented to address the emerging industry needs and creative talents of the future. Based on consultations with the initial ESIO working group, the ESIO Board of Directors, and with input from the newly formed ESIO Industry Advisory Committee, the ESIO aims to develop the screen media industries through priority focus in three specific areas.

1. *Funding.* To encourage sustainable economic development, ESIO will itself and with partners **invest** in the local ownership and development of premium intellectual property and will lever resources to access public and private capital and resources in support of the ESIO mission;
2. *Advocacy.* To ensure that all of our stakeholders are competitive with other regions, ESIO will **market and advocate** for the Edmonton metro region and opportunities to maintain a competitive playing field for traditional film and television as well as Interactive digital media;
3. *Infrastructure.* To accelerate the screen media industries and enhance the creative communities, ESIO will **develop inter-disciplinary relationships** and **networks** between Edmonton organizations and beyond.

(For more information on ESIO strategic priorities, see table in Appendix A.)

VI. THE EDMONTON SCREEN MEDIA FUND (ESMF)

ESIO proposes an approach for optimal use of the former EFF—to be renamed the Edmonton Screen Media Fund (ESMF)—first by using it as a capital pool to leverage funds from provincial, federal and private sources and second by making smart returnable investments/loans in local companies and projects such that over time the ESIO moves toward becoming self-sustaining.

Options for project or corporate investments would include convertible debt, participating debt and equity. Investments would be risk reflective and would have an overall cap (TBD). Simple investment structures will reduce the complexity of investing and help with deal flow. The ESIO would not be limited by deadlines but rather be nimble and poised to catch opportunities as they arise.

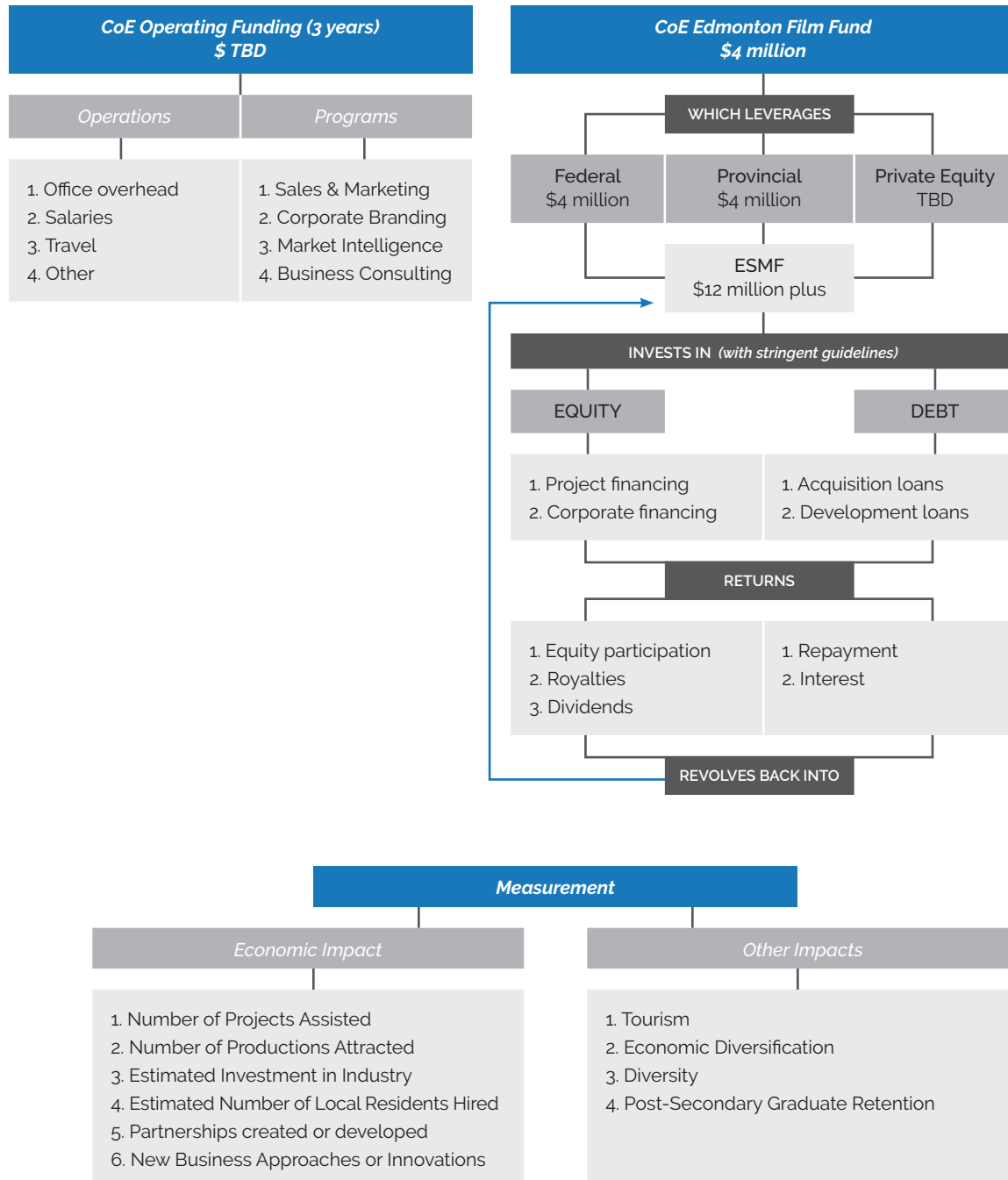
The ESIO will own a growing portfolio of locally-produced, locally-owned screen media products which will generate revenue that will revolve back to the ESMF so that it can reduce or eliminate any future need for public capital dollars. Understanding that some projects will be more successful than others, the goal of the ESIO is to grow the capital pool via return of funds and by leveraging other funds.

(Please see Edmonton Screen Industries Office Operating and Capital Fund Model on next page.)

There is a tremendous pool of talent in the Edmonton community and with support from the ESIO through marketing, development and outreach Edmonton will be back on the map.

***Tina Alford, Branch Representative,
ACTRA Alberta***

EDMONTON SCREEN INDUSTRIES OFFICE OPERATING AND CAPITAL FUNDING MODEL



Essential Program Elements

1. Economic Logic – how will we obtain our returns:
 - Equity and royalties due to investments in premium intellectual property;
 - Debt financing.
2. Arenas – where will we be active:
 - Edmonton Screen media Industry companies and projects;
 - Edmonton-linked marketing and networking.
3. Vehicles – how will we get there:
 - Direct investments in Edmonton companies;
 - Leverage investments in intellectual property projects
4. Differentiators – how will we win:
 - Specialized focus on intellectual property;
 - Marketing of Edmonton brand.
5. Staging – speed and sequence of moves:
 - First - secure the \$4M Edmonton Film Fund for IP development;
 - Second – secure an operating budget for the branding and networking initiatives;
 - Third – secure partnerships to leverage the IP development fund.

(Examples can be found in Appendices C and D.)

"The ESIO's focus on supporting a profitable, commercially viable screen media industry in Edmonton is exactly what we need to create sustainable diversification in our city. The potential support for our company and the people that we employ will be invaluable for our continued success."

**Camille Beaudoin, Partner,
Mosaic Entertainment**

VII. PERFORMANCE

Outcomes

The outcomes of ESIO programs will be:

1. increased employment in the sector—in particular for graduates coming out of NAIT, U of A, Grant MacEwan and other Edmonton post-secondary institutions;
2. the start up and scale-up of small and medium size Edmonton screen media companies (SME's);
3. the long-term sustainability of the Edmonton screen media industries. In time, Edmonton could become a centre of excellence for screen media production.

To help gauge our results, the ESIO has contracted research firm Nordicity to undertake a study of the Edmonton screen media industries to determine a baseline of activity, using a set of metrics based on CoE requirements as well as industry standard measurements.

(See Nordicity report in Appendix F.)

Key Performance Indicators

In its current Subsidy Agreement with ESIO, the City of Edmonton tasked the ESIO with measuring the following performance indicators: a) number of projects assisted, b) number of productions attracted, c) estimated investment in the industry, d) estimated number of local residents hired, e) partnerships created or developed, and f) new business approaches or innovations. Cultural metrics will also be monitored such as g) employment diversity and h) number of Edmonton stories.

Nordicity will update its report annually for the next four years so the ESIO can access quantifiable and comparable year to year data to measure the impact of its programs on the growth and sustainability of the Edmonton screen media industries. Based on this data and ongoing stakeholder feedback, the ESIO will adjust its program criteria and set targets and goals for the following year.

VIII. OTHER BENEFITS

Cross Fertilization

Cross fertilization with other Edmonton artists and craftspeople will increase as the screen media industries hire actors, writers, directors, cinematographers, editors, composers, production designers, art directors, programmers, fine artists, audio designers, VFX wizards, animators, graphic designers, costume designers and many more.

(See Edmonton's Ecosystem for a Screen City infographic in Appendix L.)

Tourism

It has been demonstrated that there is a direct correlation between film/TV production and tourism. Visitor levels were noticeably higher in the Fort McLeod area following the release of the film ***Brokeback Mountain***. The same effects were noticed in an increase in German tourists when the German/Canadian co-production ***Destiny Ridge*** TV series shot in Jasper was aired in Germany.

Success in creating interactive digital screen media products such as games can also be expected to similarly drive tourism and also increase business travel as investors, publishers, programmers and industry journalists come here to do deals or to learn why Edmonton has become such a Mecca for interactive digital media.

IX. SUMMARY

ESIO intends to be a catalyst for:

- The acquisition and development of commercial intellectual properties by Edmonton screen media companies/entrepreneurs;
- The financing and manufacture of innovative content for film, TV and interactive digital media products made by Edmonton producers/developers that are designed for global export;
- The evolution of Edmonton as a centre of excellence (i.e. a "Hub") for screen media that will retain local post-graduates and attract additional workers to come and settle here.

To succeed, a one-time material capital investment by reallocating the \$4 million from the former Edmonton Film Fund to the newly renamed Edmonton Screen Media Fund is essential. Without capital, the leverage and investment opportunities—and outcomes—will be very difficult to achieve.

We therefore ask City Council to pass the proposed motion.

APPENDIX A

STRATEGIC PRIORITIES

Funding			Advocacy		Infrastructure
Corporate and project Financing	Marketing	Corporate Development	Promotion	Outreach	Facilities
IP Acquisition and Development	Networking	Corporate branding	Edmonton as a location	Government Relations	Hub
Debt or Equity investments	Market intelligence	Management consultation	Edmonton Screen media companies	Industry Leadership	Soundstage
Access to capital	Conferences and markets	Human resources	Edmonton screen media products	Media relations	Video and Audio Post-production
Facilitation	sales campaigns		Directory of Edmonton screen media businesses	Education	VFX and IDM offices
	Screen and game testing		Edmonton screen media conferences	Diversity	Film/TV production offices
			Film-Friendly city policy		Equipment sales and rental

PARTNERS

Funding			Advocacy		Infrastructure
Corporate and project Financing	Marketing	Corporate Development	Promotion	Outreach	Facilities
Public Incentives	Export Development	Banks	Tourism agencies	Other industry associations	Indie Prodcos
Venture capital		Large accounting firms	Unions and guilds	Unions and guilds	Developers
Private equity					Support service providers

APPENDIX B

Details of Proposed ESIO Programs

Supporting the three strategic priorities of the ESIO are five proposed programs: 1) the acquisition and development of Intellectual Property 2) networking and marketing 3) market intelligence 4) corporate branding and 5) a marquee incentive for local and service productions.

Edmonton Screen Media Fund (ESMF) Programs

1. INTELLECTUAL PROPERTY ACQUISITION AND DEVELOPMENT LOAN PROGRAM

ESIO funds could be disbursed in the form of development loans to parent companies which would use the funds in accordance with a development budget to be submitted with their initial application.

The parent company would be required to submit a final cost report with backup when the funds have been expended. The ESIO would have the right to undertake an audit with costs to be borne by the company in the event of a discrepancy.

A condition of the development loan would be that the screen media product be manufactured in Edmonton (with some exceptions for documentaries, travel series, etc.). Another condition would be that the company either owns or co-owns the IP, or has at least a five year exclusive option to purchase the IP.

These development loans would be repayable by the parent companies to the ESIO a) on the first day of photography, or b) on the equivalent for an interactive digital media project, or c) on the sale or transfer of the project to an arms length third party. Repaid development loans could then revolve into new development loans.

In certain instances, the development loans would be convertible into an equity position, helping the ESIO to build a portfolio of IP that could generate revenue that would help fund the operation of the organization in the future, reducing or eventually eliminating its reliance on public funding.

The primary purpose of this program would to assist Edmonton screen media producers and entrepreneurs to acquire and develop intellectual property (IP) as a conceptual source for one or more commercial screen media products.

Commercial IP can be almost anything that has a) an established, positive brand or b) a successful commercial track record in a non-screen format, or c) existing public awareness that can be quantified.

- Support would be in the form of development loans to be repaid on first day of principal photography (or its equivalent in IDM), with an option for the ESIO to convert the loan to equity.
- Applicants would be expected to leverage funds from other public or private sources, with ESIO's loan contingent on full financing.
- Eligible costs would include:
 - Option/purchase fees
 - Writer/developer fees
 - Design and printing
 - Character art and artists
 - Demo or sizzle reels
 - IDM game or app prototypes
 - Research
 - Travel
 - Script consulting/story editing fees
 - Legal Fees
 - Clearance and search fees
 - Producer Fees (max 20% of budget)
 - Corporate overhead (max 20% of budget)
 - Other bonafide development costs

A shout out you and your board. It is clear you have worked very hard to find ways to support the interactive game developers in Edmonton.

*Ted Erickson, Vice President
Walkthrough Entertainment Society for the Interactive
Arts in Alberta (WESIAA)*

2. MARQUEE INCENTIVE PROGRAM

In the film and TV screen media sub-sector, service productions are projects that originate elsewhere and shoot in Edmonton. They may choose to do so because Edmonton has a location they can't access elsewhere and/or there may be a financial incentive.

A fundamental distinction is that service productions come from elsewhere and the IP is owned by foreigners. While Edmonton ownership of IP is an ESIO priority, it's also critical that film and TV production levels be increased in order to replenish and sustain our skilled crew base.

The relationship between local production and service production is symbiotic. Each contributes by providing employment for workers so they don't have to travel elsewhere to seek employment, risking many relocating permanently.

All Canadian provinces provide incentives to support local and service productions. It's extremely innovative for a municipality to provide an incentive. A modest incentive would likely lure lower budget projects, which have always been the bread and butter of Edmonton film and TV production community.

Low budget feature film/TV movie projects are in the \$1 to \$1.5 million range while low budget TV series are in the \$3 to \$5 million range. Achieving three to five of these projects a year (or more) would be significant growth for Edmonton.

After a few years, when the crew base has been replenished and production volumes have increased—leading to the build-up of infrastructure including a bricks and mortar production hub for all screen media—then the time would be right to pursue strategies to attract higher budget productions.

Perry Shulak of Edmonton digital media production company Critical Fusion is producing a "Immersive animated dome film" based on First Nations constellation myths for the Telus World of Science's upgraded facility. Perry is at the forefront of this evolving format, however his budget is not sufficient for him to hire a marquee narrator, bring in experienced animators or travel abroad to actively market the production at international conferences. This would assist him commercialize and actively market his film to the approximately 1,000 other dome facilities in the world who are seeking original content for this format.

*The feature-length documentary film **March of the Penguins** has grossed \$127,393 million World wide (boxofficemojo.com). It's production budget was \$8 million and the film was originally made in French. When Warner Bros. acquired it for the U.S., they hired Morgan Freeman do the English language voice-over. His star status and performance helped attract audiences who had never before paid to see a feature-length documentary film, (especially one about penguins). Voice-over fees for star actors are typically a fraction of their onscreen fees and can add tremendous value to narrated films, animated programs and triple A video games that employ narrative story elements.*

This marquee incentive could also be accessed by local producers because at the end of the day, the goal is to increase production volume, something which doesn't discern whether the project is locally-owned or foreign-owned. The investment instrument will be determined by the ESIO.

So the purpose of this program would be twofold: 1) to attract lower-budget service productions to shoot in Edmonton by offering a financial incentive, and 2) to assist Edmonton producers and developers in the local screen media industries to improve the marquee value of their screen media products to increase their audience appeal.

Looking at interactive digital media such as indie games, Edmonton developers could enhance their marketability by also attaching marquee elements. For example, an Edmonton indie developer creates a mobile digital game based on snowboarding called **Snowboard Shenanigans**. But what if Olympic snowboarder Shaun White were attached – above the title – like this: **Shaun White's Snowboard Shenanigan's**? This would immediately raise the profile of the indie game against so many other competing offerings that have no marquee element attached.

Some specific examples would include 1) augmenting marquee star compensation on a feature film or TV movie 2) engaging a marquee star to provide voiceover narration on a documentary film or program or 3) engaging a marquee star to voice a leading character in an animation project or a narrative video game.

Funding would be contingent on:

- ESIO approval of the marquee talent;
- Production of the screen media product in the Edmonton metro region;
- Post-production of the screen media product in the Edmonton metro region;
- ESIO being "last in" and "first out," whenever possible;
- Agreement by all financing and distribution entities that ESIO's marquee dollars are repaid in first position, when possible.

Operational Programs

3. NETWORKING AND MARKETING PROGRAM

The ESIO would also support networking and marketing activities of Edmonton screen media companies such as travel and costs to attend markets and conferences, as well as sales trips to make in-person presentations to investors, buyers or end-users.

The goal would be to foster personal relationships between Edmonton company representatives and global industry players and investors. As a rule, people do business with those they know and trust and this can only happen via consistent in-person networking.

Company reps need to show up year after year at industry events or drop in on executives in their headquarters on a regular basis to be considered serious players. Additionally, a lot of business is still done through socializing at industry events.

Established, ongoing and trusted relationships will help to create a competitive advantage for Edmonton companies in that the ultimate decision to invest in and/or to situate a project in Edmonton—all other things being relatively equal—is primarily based on a) commercial IP and b) trusted relationships.

Access to financial support for targeted networking and more sophisticated marketing efforts will enable Edmonton producers, company owners and developers to position themselves appropriately and move further toward commercializing screen media creativity.

So the purpose of this program would be to assist Edmonton producers and developers in the screen media industries who are pitching a new project or selling a completed media product to attend:

- Markets
- Conferences
- Festivals
- Trade missions
- Sales meetings

Eligible costs:

- Travel expenses
- Client meeting expenses
- Admission fees
- Booth rentals
- Websites
- Social media campaigns



*Edmonton-based Anaïd Productions has established itself as a leader in the production of documentary series. Each of their documentary series has garnered high ratings on Canadian specialty channels. Aware of this, Canadian specialty channel OLN approached the Edmonton company with an idea for a new documentary TV series. They asked Anaïd to come back to them with a proposal. With the proposal in hand, OLN licensed the series, which was entitled **The Rig** and featured the real life stories of workers in Alberta's oil patch.*

4. MARKET INTELLIGENCE PROGRAM

Another ESIO initiative would be to negotiate group licenses on behalf of Edmonton screen media company and entrepreneurs with screen media research websites/companies that specialize in market information for television, film and interactive digital media (such as filmtake.com). The ESIO could disseminate or provide access to the information to Edmonton screen media companies to give them another competitive edge.

This will result in greater efficiency in company efforts to secure financing and achieve sales. It's easier to sell someone something they're already seeking. Having access to this information in advance of meetings will drive more successful outcomes.

So the purpose of this program would be to assist producers and entrepreneurs in the Edmonton screen media industries to acquire real time industry market intelligence from sources such as:

- Screen media industry research websites;
- Screen media industry research reports;
- Screen media research consultants.

5. CORPORATE BRANDING PROGRAM

Corporate branding can be described as when a company purposely becomes known for excellence at making a particular screen media product.

Benefits accrue both in terms of providing an advantage for raising financing and later for bolstering the marketing and sales of the company's screen media products.

Edmonton screen media companies that haven't undertaken a corporate branding exercise should do so and the ESIO could help facilitate this initiative.

Companies know their branding is working when customers are buying their products or services based on their reputation or when clients are approaching them with products or services they want the company to provide (the only caveat here is that it's critical the company negotiate to own or co-own the IP).

So the purpose of this program would be to help Edmonton producers and entrepreneurs in the screen media industries to defray the costs of acquiring third-party expertise to assist them with identifying and promoting their corporate brand.

Summary

The above programs represent a holistic approach, which means that all five of them working in tandem will be necessary to grow and sustain the Edmonton screen media industries sector. Funding one or two of these programs in isolation will adversely impact overall results and outcomes.

Financial investment in Edmonton screen media developers, companies and products will leverage development and marketing funding from other public and private sources that are currently available provincially, federally and internationally.

These ESIO programs will provide Edmonton producers and entrepreneurs engaged in the production of screen media with an advantage over competitors from other parts of Canada, the U.S. and the world.

"The formation of the ESIO is a uniquely Edmonton-style initiative. With a vision for long-term sustainability the office is poised to address the immediate needs of the traditional media forms while creating legitimate opportunities for growth in non-traditional screen-based media forms."

**Owen Brierley, Executive Director
Edmonton Digital Arts College**

APPENDIX C

Development Examples Table

Development leveraging examples for film/TV and digital interactive media

Leveraging AMF film/television project development funding

\$55,000 (AMF per project cap) - non-repayable grant				
(\$70,000 per year corporate cap)				
	AMF	EMF	Total	leveraging
Pre-Development (50% of dev budget up to \$15K)	\$15,000	\$15,000	\$30,000	100%
First Draft (30% of dev budget up to \$25K)	\$25,000	\$58,333	\$83,333	43%
Final Draft (30% of dev budget up to \$15K)	\$15,000	\$35,000	\$50,000	43%
Totals	\$55,000	\$108,333	\$163,333	51%

Leveraging CMF television English Regional pre-development funding

\$15,000 (CMF per project cap) - repayable advance				
	CMF (75%)	EMF (25%)	Total	leveraging
Pre-Development (75% of dev budget up to \$15K)	\$15,000	\$5,000	\$20,000	300%
Totals	\$15,000	\$5,000	\$20,000	300%

Leveraging CMF Innovation Program for Interactive Digital Media development funding

\$300,000 (CMF per project cap) - repayable advance				
	CMF (75%)	EMF (25%)	Total	leveraging
Development (75% of dev budget up to \$225K)	\$225,000	\$75,000	\$300,000	300%
Totals	\$225,000	\$75,000	\$300,000	300%

APPENDIX D

Leveraging Provincial, Federal and Private Funding

In the funding examples in the previous chart for the development of film, television and interactive digital media (IDM), the leveraging from third party sources is quite significant.

Provincial

The Alberta Media Fund provides from 30% to 50% of the cost of development, depending on the phase. So, for example, if ESIO funds 10 Edmonton projects in the pre-development phase at \$15,000 per project, the province will match 1:1, i.e. our \$150,000 will leverage \$150,000 from the AMF.

Federal

The Canada Media Fund (CMF) Innovation Program funds the development of IDM. The CMF funds 75% of the cost of a project up to \$225,000. If the ESIO invests the balance of 25% or \$75,000, it means we are leveraging our dollars at 3:1. Therefore if the ESIO invested in ten Edmonton IDM projects at \$75,000 each for a total of \$750,000, it could leverage up to \$2,250,000 from the CMF.

Development vs: Production

Bear in mind that these examples are for project acquisition and development as opposed to production. If we examine production budgets, which are exponentially larger than development budgets, our ESIO dollars will go even further.

For example, through our proposed ESIO Marquee Incentive program (*see Appendix B*) ESIO could provide a \$100,000 investment to a production with the condition that it is produced and post-produced in Edmonton. For producers of low budget feature films or TV movies, \$100,000 would be a significant piece of financing, as their production budgets are typically in the \$1 to \$1.5 million range.

So our \$100,000 could leverage another \$900,000 to \$1.4 million per project. The balance of the financing would come from sources such as the Alberta Media Fund, The Alberta IDM tax credit, Telefilm Canada, the Federal Production Tax Credit, the Canada Media Fund, film and TV distribution advances, broadcaster licenses fees or other public and private equity funds. This is money coming from outside Edmonton to generate economic activity inside Edmonton, which will provide skilled, high-paying jobs.

Private Equity

ESIO has already been approached informally by two private equity funds seeking to partner with us. One has a \$15 million screen media fund that would invest in a slate of films, all to be produced in Edmonton, with each of them cross-collateralized to reduce risk. They're seeking \$2 million from the ESIO and they would provide the balance of the funds for the slate.

The ESIO is not yet in a position to look at these or any other prospective deals, however the inquiries we have already received to date demonstrate that there's tremendous interest from private equity looking to invest in Edmonton screen media projects if they can de-risk the investment through co-financing.

Why is the ESIO seeking the full \$4 million from the former EFF?

In addition to providing loans and equity investments for project acquisition, development and production, the ESIO is also seeking to fund networking and marketing Initiatives, access to market intelligence and corporate branding programs (*see Appendix B*).

As already noted, the approach is holistic, in that each program as an integral piece of our overall plan. Acquisition and development of quality IP is the first priority. Networking and marketing are will assist in raising project financing or selling completed screen media products.

Market intelligence ensures that Edmonton producers and developers find the right investor or customer while corporate branding ensures that investors or customers seek Edmonton companies or their media products. And finally, attaching a marquee element increases their commercial value.

In order to achieve this plan, the ESIO is going to need the full \$4 million and as noted, intends to leverage those funds into additional dollars from other sources. If the ESIO is allotted a lower amount, it would mean the amount of financing we can leverage will be lower and furthermore, we may have to more slowly phase in some of the proposed programs, which would impact the holistic approach.

The net effect of reduced funding will be to slow things down. Instead of the vision we have described for the screen media industries in Edmonton in 2028 (*see Appendix G*), either the scope will be scaled back or the time frame to achieve our goals will be pushed farther out into the future.

The original Edmonton Film Fund (EFF) was created to foster film and TV production in Edmonton. The ESIO was created to support and catalyze the growth of all screen media, which includes film, TV and interactive digital media. The EFF was originally \$5 million and didn't include IDM, so In effect we're being asked to do more with less.

We'll carefully deploy the \$4 million in support of all Edmonton screen media, foster local ownership of IP, leverage public and private dollars, support local production and post-production, help diversify the economy, stimulate ancillary economic benefits (rental cars, hotels, catering, etc.) and bolster existing initiatives to promote Edmonton as both a tourist and business destination.

What's the time frame to leverage additional funds?

Based on current public funding cycles, the availability of private equity and our projected deal flow, the ESIO believes we can leverage the \$4 million into \$12 million within three years, if not sooner.

APPENDIX E

Screen Media Industries Backgrounder

The State of Play

By 2020, the world will be covered with free Wi-Fi access and handheld wireless devices that will surpass seventy-five billion users. To meet this growing demand for content and to participate and prosper from new business opportunities, Edmonton needs to a) be a participant and leader in the acquisition and development of Intellectual Property, b) become a production centre of excellence (i.e. a "Hub"), and c) be a creator of innovative content and design in film, TV and interactive screen media products.

The Screen-Based Industries in Canada: Fact Sheet

Film, television, and digital media production in Canada are major sources of economic activity and jobs for Canadians. They are part of the \$54.6 billion arts, culture and heritage sector, which as a whole generates 3.0% of Canada's GDP and more than 630,000 direct and indirect jobs.

The Value of Domestic Film and Television Production

- The volume of domestic production (measured as the total of all budgets) reached nearly \$2.9 billion and generated nearly \$3.6 billion in GDP for the Canadian economy in 2015-16.
- The domestic industry also generated 59,500 full-time equivalent (FTE) jobs in 2015-16, including 36,100 spin-off FTEs in other Canadian industries.
- In 2016, broadcasters spent more than \$680.1 million on Canadian drama, comedy, long-form documentaries and, in the English-language market, awards shows.
- Revenues from television services and broadcasting distributors that fund Canadian television content were worth \$16 billion in 2016.
- The Canada Media Fund triggered \$1.4 billion in economic activity from its \$361.6 million investment in domestic television and digital media projects in 2016-17.

The Combined Value of Canadian and Foreign Film and Television Production

- Domestic and foreign production in Canada was worth nearly \$6.8 billion in 2015-16.
- Domestic and foreign production generated 140,600 FTEs in 2015-16 including 85,300 indirect FTEs throughout the Canadian economy.

International Success

- The export value of Canadian TV programs has reached an all-time high of \$602 million, with demand growing over the past decade.
- While the U.S. is our biggest customer, Canadian TV shows are sold to upwards of 200 countries and territories around the world.

The Value of Canadian Digital Media Content

- Canada is home to one of the largest video game development industries in the world with a contribution of \$3.7 billion to Canada's GDP.
- Digital media productions linked with a current television series are becoming increasingly important as viewers' appetite for online content continues to grow. Production has more than doubled in recent years, from 27.6 million in 2010-11 to \$65.6 million in 2015-16.
- The Canada Media Fund supported 234 of these TV-related digital projects in 2015-16. The average budget has nearly doubled to around \$200,000 since 2010-11, reflecting the growing sophistication of both the storylines and technology.

** Source: Writers Guild of Canada*

An Alberta Success Story

The one hour CBC television series ***Heartland*** has been produced for 10 seasons in the Calgary area.

- Total production expenditures: \$278.5 million
- Total Economic Output: \$468.1 million
- GDP: \$351 million
- Full time jobs: 4,545
- Tax revenues (federal): \$46.7 million
- Tax revenues (provincial): \$27.8 million

** Source: Economic Impacts of Heartland prepared by MNP for the Canadian Media Producers Association*

The Role of the ESIO

The role of the office of Edmonton Screen media Industries Office is first to coordinate the ideas and initiatives of industry partners and stakeholders. This will help accelerate their efforts to develop content, attract productions, implement new business models, analyze data collection and enhance marketing and distribution skills to be more innovative and competitive.

Edmonton can generate new wealth through its creative entrepreneurs, skilled workers, innovative partnerships, 'made-in-Edmonton' products and new global markets with strategic research, supportive public policies and new business approaches.

The ESIO's business plan will materially improve investment and economic activity levels, diversify the economy and foster local ownership of commercially exploitable intellectual property.

(For more information on ownership and exploitation of Intellectual Property, see Appendix J.)

Other Jurisdictions

Other than the TV series ***Heartland***, Calgary's model is to attract foreign productions—primarily American TV series. This has generated a thriving industry however, many Calgary producers don't own their IP, creating a service industry that's vulnerable to currency fluctuations. Vancouver and Toronto are also service-driven, although Toronto also hosts a lot of English Canadian television series.

Winnipeg (Manitoba Film & Sound) and Sudbury (Northern Ontario incentive) are benefiting from enormous provincial subsidies to help them attract productions to less accessible locations. When those generous subsidies become unsustainable and are withdrawn, their industries will likely collapse—as has happened in Saskatchewan and New Brunswick.

The Edmonton Edge

The Edmonton screen media industries are unique. Film and television productions here tend to be locally-owned or co-owned and are often low budget (as noted, a low budget movie is between \$1 and \$1.5 million and a low budget series is around \$3 million). Edmonton also has a long tradition of producing award-winning documentary films and TV programs. While the ESIO focus will be local ownership, it will also be important to attract service productions to maintain our crew base.

Under the Radar

The Edmonton interactive digital media sector flies somewhat under the radar. Triple-A game maker Bioware is like a mother ship that has spun off at least one local double-A game maker (Beamdog) and a couple dozen indie gaming companies

(for a list of Edmonton screen media companies, see Appendix M).

Ownership of Intellectual Property (IP)

What makes all these Edmonton companies unique? Most of them own or co-own their IP. This creates a host of possibilities for revenue beyond fees for service. Currently, many Edmonton IDM companies are repurposing older popular games for new platforms. Because they own the IP, they're able to essentially sell the same product twice to the same consumers. Supporting initiatives that foster locally-owned IP is one of the pillars of ESIO's Business Plan

(For a sample IP case study, see Appendix K.)

How we fit in

This IP ownership is how Edmonton screen media companies fit within the larger context of economic opportunity in Edmonton (*Appendix I shows how the ESIO's goals align with **The Way We Prosper***) and it's why the investment in ESIO is good/smart versus other uses; we're not building from scratch but rather catalyzing, activating and marshalling existing unique assets that are currently under-optimized.

The ESIO & industry have a new and bold plan that I agree with not only as a media professional but as a citizen. Not only will it support innovation and growth, but also encourage our local business owners to think bigger – to think globally.

Andrew Scholotiuk, Producer
Avatar Media

APPENDIX F

Nordicity Report

Benchmarking Edmonton's Screen Industries

2018 Initial Baseline

April 2018

Prepared for:

Edmonton Screen Industries Office

By:



1.1 Survey Highlights

Average Revenue	\$560,000
Average Revenue from Owned IP	\$296,000
% Revenue from Outside Canada	\$144,000
% Revenue from New Lines of Business/Innovation	\$99,000%
% Edmonton Metro Workforce	95%
Average Number of Projects	38
Average Production Volume	\$720,000
Average Labour Expenditure	\$1.6 M
Average non-Labour Expenditure	\$677,000
Average Investment	\$246,000
Average Number of Deals	13
Average Value of Deals	\$655,000
Total Employment Level	1,520

1.2 Survey Details

Nordicity distributed a total of 86 invites to the following types of companies operating in Edmonton:

- eLearning developer (incl. military training applications, flight simulation, etc.)
- VFX and post-production company
- Convergent digital media producer
- Video game developer
- Corporate content (e.g. promo videos, etc.) or commercial producer
- Independent film and TV producer (incl. web series)
- Other media company

The survey was open from April 12th to April 26th, 2018, and received 43 complete responses, a 50% response rate.

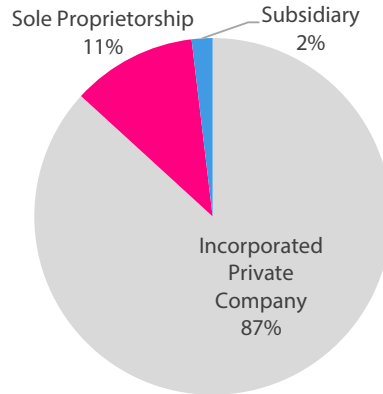
The results of this survey are intended to represent a baseline from which changes can be observed (e.g., in the event that a new funding program is introduced). As such, the information derived from the survey is presented without any context (e.g., to indicate whether they represent a positive or negative result).

Also, it should be noted that the metrics included in this report relate to potential interventions that might be made to improve the productivity and profitability of the screen industries in Edmonton. It was not intended to be a comprehensive study on the sector.

1.3 Basic Information

Almost 90% of responding companies are incorporated private companies.

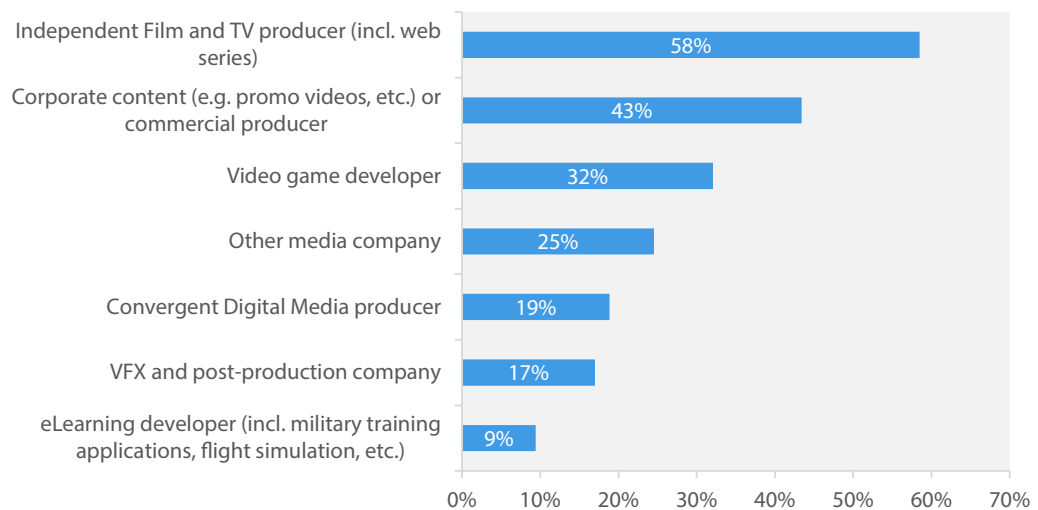
Figure 1: Organization Structure



n = 53

More than half the respondents indicated that they work as independent film and TV producers.

Figure 2: Industry Segment



n = 53

On average, companies have about 10 full-time employees, 2 part-time employees and 14 contract/freelance workers. Total level of employment in the Edmonton Screen industry sector is approximately 1,520¹. About 95% of the workforce comes from Edmonton Metro.

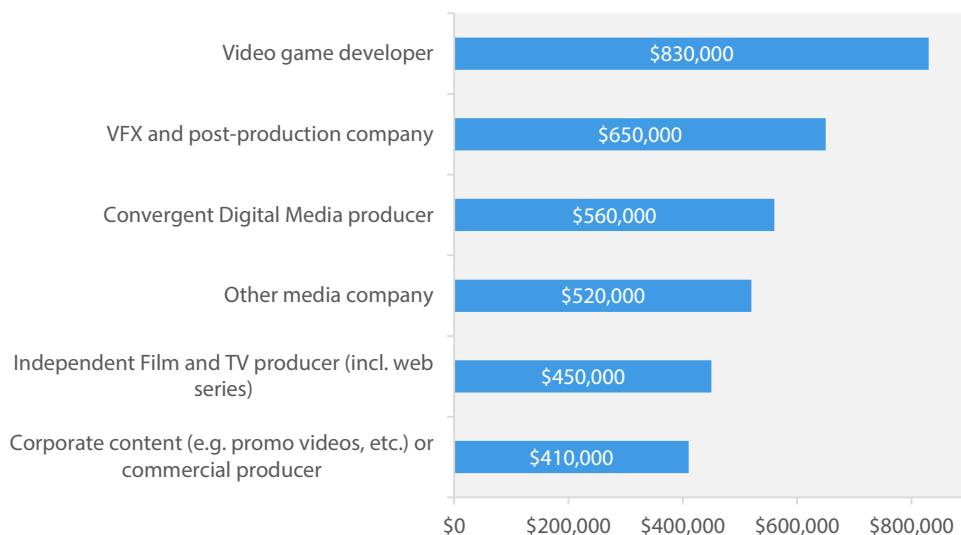
¹ Employment figures were estimated separately for interactive digital media companies, film and TV producers (including both corporate operations and production activity). The results were then summed.

1.4 Financial Information

For wholly owned Canadian companies that disclosed their revenue², the data suggests companies made an average of \$560,000 in revenue in the last fiscal year, \$99,000 (18%) of which came from new lines of business or innovations. Companies earn on average \$296,000 – a little over half (53%) their revenue – from owned intellectual property, and a quarter of their revenue, 26%, or \$144,000 from foreign sources.

Figure 3 shows the average revenue by industry segment. eLearning developers were excluded from the chart because there were too few responses from that segment to produce a reliable figure.

Figure 3: Average revenue by industry segment



n = 45

On average, corporate content (or commercial) producers, independent Film and TV producers (incl. web series) and VFX and post-production companies worked on 38 projects in the last fiscal year and generated a little over \$700,000 in production volume.

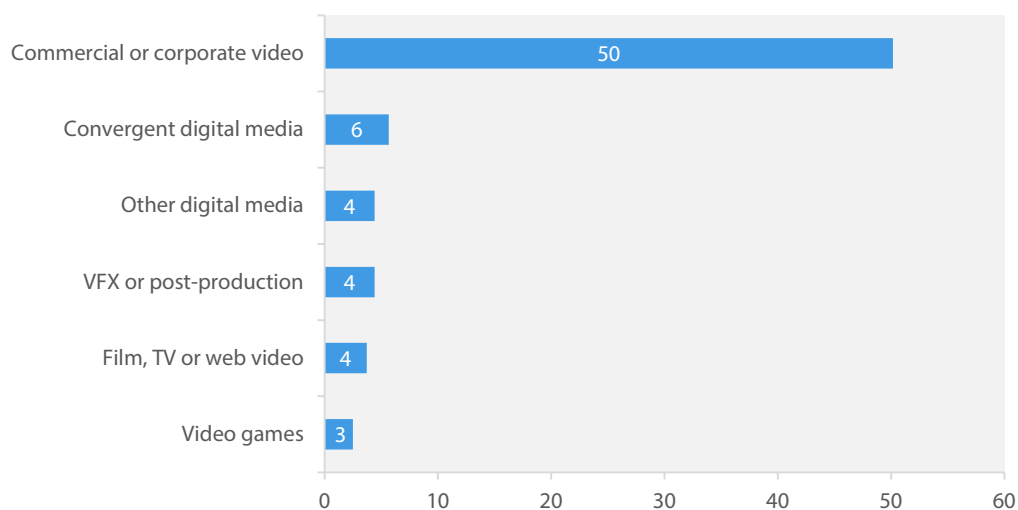
For companies operating in other industry segments³, average labour expenditure was approximately \$1.6 million and average non-labour expenditure was \$700,000. Companies raised on average \$246,000, with 37% of company owners putting in their own money. 34% companies reported receiving public incentives or grants.

² Subsidiaries of multi-national companies were not asked to provide revenue data (as they seldom have access to it).

³ Other industry segments: eLearning developers (incl. military training applications, flight simulation, etc.), video game developers, convergent digital media producers, other media companies

1.5 Output

Figure 4: Average number of projects



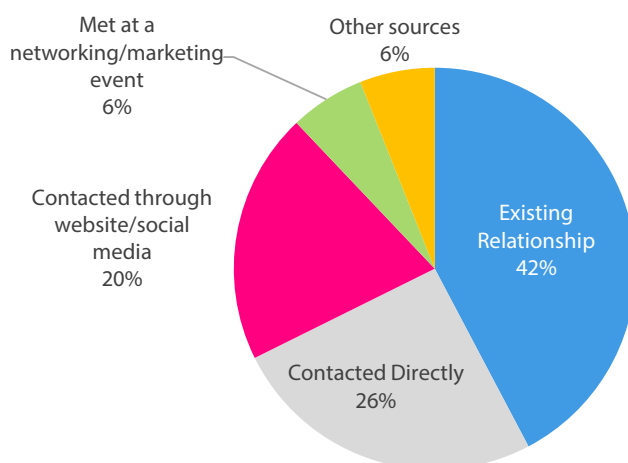
n = 43

On average, companies attracted two productions from outside of Alberta, and commercialized three products last fiscal year.

1.6 Contracts and Deals

Almost half (42%) the deals companies made last year came from existing relationships.

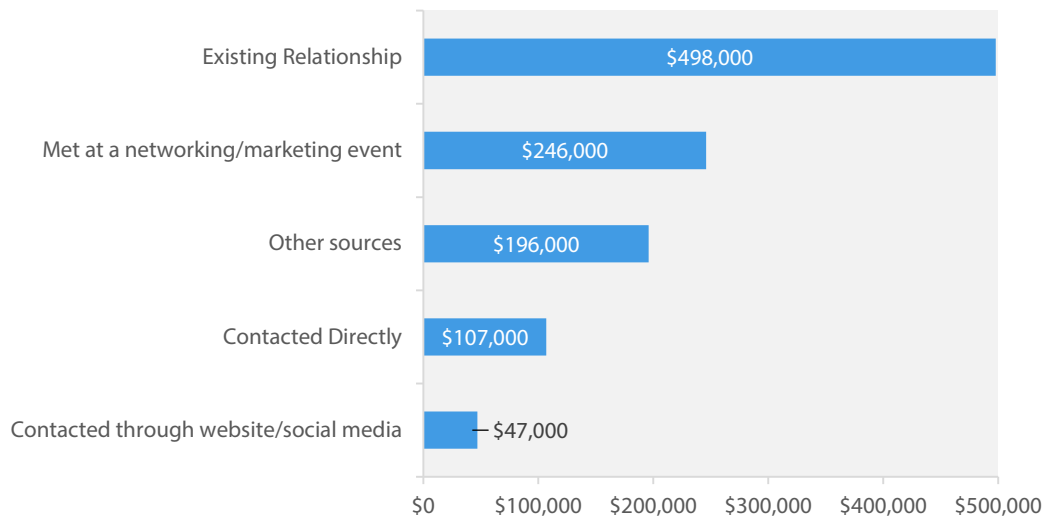
Figure 5: Breakdown of source of deals



n = 43

The average value of the deals is displayed in Figure 6. Deals derived from existing relationship have the highest average at \$498,000.

Figure 6: Average value of deals by source

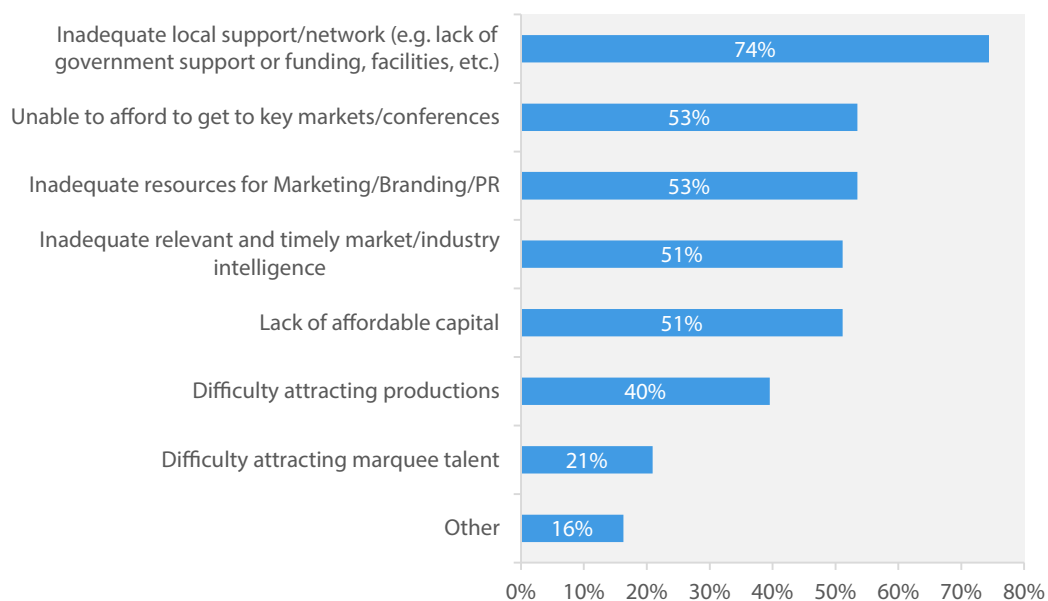


n = 33

1.7 Current Issues

Respondents were asked about the issues they are currently facing. Almost 75% of the respondents reported having inadequate local support/network.

Figure 7: Issues faced by screen companies (% of all respondents)

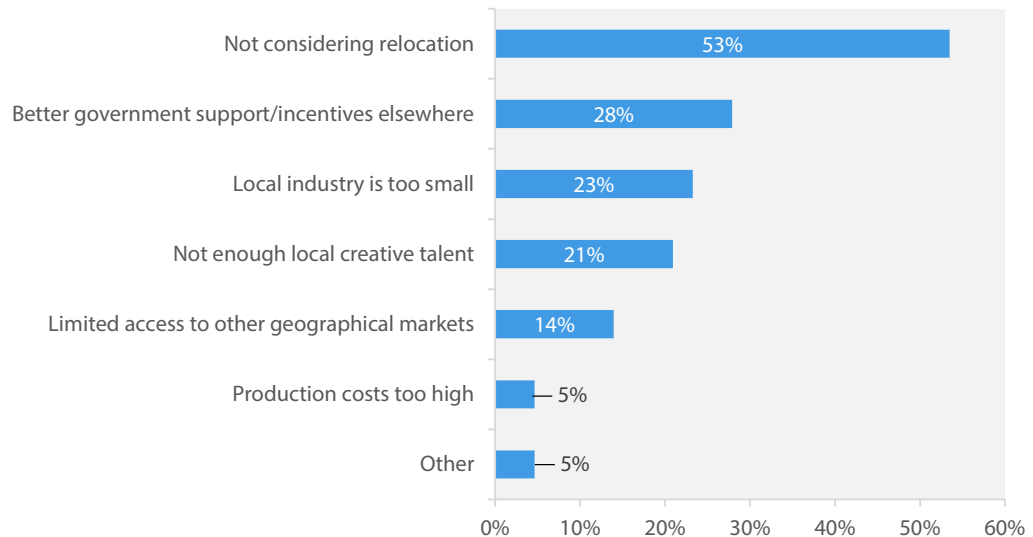


n = 43

Respondents described other issues such as lack of support for home-grown productions and lack of transparency in how funding is awarded.

Companies were also asked if they were considering re-locating out of Edmonton (and why). Over half (53%) the respondents indicated that they were not.

Figure 8: Reasons companies are considering moving out of Edmonton



n = 43

As final thoughts, respondents raised several issues; lack of support from city and provincial governments (including tax credits), lack of funding (specifically recent provincial film funding reforms), lack of viable long-term projects, etc.

2. Benchmarking Considerations

As noted above, the purpose of this exercise was to create a baseline from which future changes can be measured. In so doing, programs or interventions in Edmonton's screen industries can be expected to result in measurable outcomes (i.e. changes in the data presented in this report). Expected changes include (but are not necessarily limited to) the following:

- Increased revenue, which would indicate an overall growth in the sector (recognizing that not all companies will be able to disclose revenue data);
- An increase in the number and value of deals being made (per Figures 5 and 6) could be expected from companies engaging with market access programs;
- An overall growth in employment should occur, although it may lag an increase in deals;
- A reduction in the importance of the various issues presented in Figure 7 would show the effect of various programs. For example, if a marketing program is created, one would expect that companies using that program would be less likely to like "Inadequate resources for Marketing/Branding/PR" as a key issue; and
- Growth in the portion of respondents "Not considering relocation" (in Figure 8) would provide a general assurance that the industry is more stable.

APPENDIX G

Vision 2028

Envision for a moment what could be—with a little imagination—the future of Edmonton screen media content production for film, TV and interactive digital media in 2028.

Interactive Digital Media

In 2028, Edmonton has grown from having one triple-A game developer—Bioware—to three or four, each employing 300+ workers and programmers, most recruited from Edmonton educational institutions such as NAIT, GMU, U of A, Edmonton Digital Arts College and Pixel Blue Studios.

This has spun off another two or three double-A game developers similar to Edmonton's Beamdog, each employing 50 to 75 workers who are also local graduates. Like Beamdog, these double-A companies own/control their intellectual property (IP) and they're repurposing it for new platforms—in effect selling the same games to many of the same customers twice.

The presence of these large game developers has helped to expand the ecosystem of independent game developers from 20 companies in 2018 to around 100 companies in 2028, each with from 1 to 10 employees. Many of these scrappy start-up entrepreneurs first worked for one of the larger companies before launching out on their own.

Equally as robust are other Edmonton interactive digital media companies who are monetizing serious games, virtual reality, augmented reality, mobile apps, e-learning and new AI applications—many that weren't yet imagined possible in 2018.

Film/Television

Instead of the one TV series we had back in 2018 (*Caution May Contain Nuts*, produced by Mosaic Entertainment), in 2028 there are five TV series in production. Edmonton's crew and capacity has rebounded, enabling us to simultaneously produce multiple productions, as we did in the 1990's.

In 2028, graduates from our film schools gain entry level positions on TV series, advancing to become department heads in just a few years. They no longer move to other jurisdictions in search of work because now there's enough happening in Edmonton to provide them a living. Many who left when they were young have now returned home to ply their trade and raise their families.

"The goal of ATB's new Branch for Arts and Culture is to support and grow the creative industries across the province and in Edmonton. The programming that the ESIO is proposing, along with the support of the Branch would mean new opportunities for Edmontonians that would create new job opportunities, enhance cultural life in the city and truly showcase the talents this city has to offer to the world."

Carson Mayer, Culture Banker
ATB Financial

Tourism

Visitors from all over the world come to Edmonton to see the place where a recent smash hit movie was filmed (***Fubar XIII?***), just as many years ago visitors swarmed to the Fort MacLeod area after ***Brokeback Mountain*** was shot there. Walking in the footsteps of characters who have deeply moved audiences is a strong attraction and has now become a facet of tourism marketing.

Other visitors are lining up to buy tickets to sit in the studio audience of a smash hit talk show that airs on a web network to a global audience.

In the Shaw Conference Centre, gamers have come from away to Edmonton to attend the annual GD&X conference and take in the city where Bioware and other famous Edmonton-based game developers conceive and manufacture their popular games.

APPENDIX H

Edmonton as a Film Friendly Location

Service production refers to film and TV projects that shoot in Edmonton as a location. They hire local crew and might hire a local producer to supervise logistics, but the ownership of the IP for the project typically remains with the service producer. Furthermore, once production is complete, the post-production phase is moved back to their base of operations, which is usually Los Angeles.

Given the lack of IP ownership for Edmonton companies and entrepreneurs, service production is lower on the list of priorities for the ESIO. Having said that, service production does have a positive impact on employment, infrastructure and increases general economic and tourism benefits.

In dialogue with city administrators involved in film permitting, it was decided that the ESIO would be the first point of contact for service productions seeking information about shooting in Edmonton. In partnership with Alberta Film, the ESIO can assist with location photos, scouting and other preliminary tasks that are part of attracting service productions to Edmonton.

Once the service production has committed to shooting in Edmonton, then logistics such as film permits, road closures, municipal building rentals, etc. will be handed over to city administration, which has been doing this work for some time and has a process in place.

In addition to this coordination, the ESIO and City administration are beginning to develop a Film Friendly policy. We don't have to reinvent this wheel, as many other municipalities have well-developed policies that we can customize for Edmonton.

The goal of a Film Friendly policy is to a) demonstrate to service producers that Edmonton cares about attracting film/TV production, b) that Edmonton has put in place policies and procedures to streamline and simplify processes for film permitting, and c) in some cases can offer cost reductions for service productions.

Our goal will be to ensure that service producers have a good experience so that they will come back and shoot their next project in Edmonton and equally important, relate their great experience to their peer producers so as to widen Edmonton's reputation as a Film Friendly production location.

APPENDIX I

Screen Media Industries Terminology

Screen Media Content

As already noted, content is the straw that stirs the drink. Whether the content is a motion picture or a home finance mobile app, our screens would obviously be blank without something appearing on them for people to watch and/or interact with.

Intellectual Property

Known by its acronym IP, this is the ore from which gold is mined. It's the material from which screen media products are manufactured. Ore is smelted and refined; so is IP as it is developed by writers and artists. Just as the refined ore is made into different kinds of metals and alloys, developed screen media IP is made into mobile apps, video games, feature films, or TV series and so forth. In the screen media sector, owning or co-owning rights to commercial IP is the holy grail.

Screen Media Products

These are the manufactured products that are based on the underlying IP, including but not limited to movies, TV series, VR experiences, video games, mobile apps and much more. Optimally, multiple screen media products are made from a single IP.

Interactive Digital Media (IDM)

These are screen media products such as video games or mobile applications that require and respond to input from their users (as opposed to films and TV programs that need no input from viewers and thus are classified as passive screen media).

Brands

Brands already have either niche or broad consumer awareness and generate positive and active responses. IP that's branded has more value than IP that has yet to create its brand. Given this, branded IP is generally more expensive to acquire.

Ancillary Products

These are manufactured items based on successful screen media products that are not themselves screen media products. Toys based on a kids movie would be a typical example.

Publishers, Distributors, Aggregators, Broadcasters and OTT (over the top) services

Publishers are established labels that purchase the sales rights to a screen media product—such as an interactive game—and handle marketing, sales and fulfillment.

Distributors acquire the rights to sell a screen media product such as a feature film into specific markets and territories. They also handle marketing, sales and fulfillment.

Aggregators are like online consignment sites. Game developers post their screen media products there and consumers visit them to shop for games. The aggregator takes a percentage of every sale for providing the “floor space” to the consignor.

Broadcasters acquire the rights to air a screen media product such as a TV series on their publically licensed channel or network. They're responsible for soliciting advertising and promoting the screen media product on their service and on other media.

Certain broadcasters are **VOD** (video on demand) or **SVOD** (subscription video on demand) services and thus they don't sell on-air advertising. Instead, their revenue is derived from transactional fees (VOD) or monthly subscriber fees (SVOD).

OTT services are similar to broadcasters except that they're unlicensed and their pipeline to consumers is the internet. They're also responsible for soliciting advertising and promoting screen media products both on their service and elsewhere.

Some, but not all OTT services (like Netflix) are subscriber-based and thus don't sell on-air advertising, since their revenues are derived from monthly subscriber fees.

Sequels/Prequels

These are screen media products in the same format and based on the same IP as an original screen media product. Video game examples would be *Mass Effect*, *Mass Effect 2* and *Mass Effect 3* made by the Edmonton company Bioware.

Feature film examples would include the horror films *Ginger Snaps II: Unleashed* (sequel) and *Ginger Snaps Back* (prequel) which were shot in Edmonton and are based on the original film *Ginger Snaps*, written by Edmonton-raised Karen Walton.



Serials

These are screen media products such as a multi-episode TV series or web series that are renewed for additional cycles or seasons. A TV series example would be APTN's *Caution: May Contain Nuts* made by Edmonton indie prodco Mosaic Entertainment.



Spin-offs

These are screen media products that utilize the same arena—yet different characters—from a successful screen media product, thus exploiting the brand. An example would be the game *Mass Effect: Andromeda* made by Bioware.



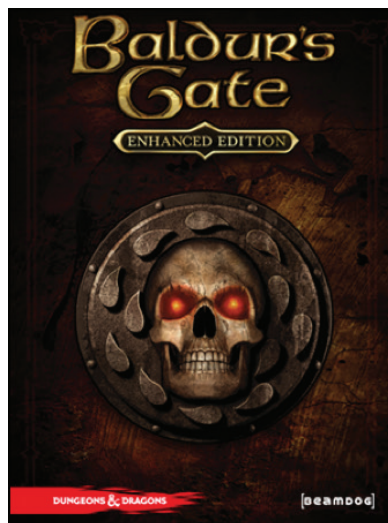
Seasonal

These are evergreen/perennial screen media products that can be re-run on holidays such as Christmas or Halloween. Some examples of Christmas movies shot in Edmonton include *12 Days of Christmas Eve* (2004), *The Christmas Blessing* (2005), *Christmas in Wonderland* (2007), *Christmas Town* (2008) and the new *Christmas Cupcakes* (2018), produced by Edmonton's Avatar Media.



Repurposed

These are screen media products that are updated or reconfigured for new platforms. An example would be *Baldur's Gate: Enhanced Edition* made by Edmonton company Beamdog, who updated the original game for newer platforms, then added additional content and re-sold it to enthusiasts of the original game.



Formats

Sometimes a foreign buyer will be interested in acquiring the rights to a screen media product for their territory, but they want to produce it in their own language with their own on-air talent. In such cases, the IP owner can sell the “format rights” to the buyer, enabling them to produce a foreign language version in their territory.

Format rights can be sold to as many different countries as there are in the world.

Canadian Idol is an example of a Canadian indie prodco (Insight Productions) acquiring format rights from an American IP owner and producing their own version for a Canadian TV network, featuring Canadian on-air talent.



Multiple Revenue Sources

Given all of the different platforms, formats and consumers of screen media products, revenue opportunities abound. They can include any combination of license fees, distribution advances, subscriptions, VOD, SVOD, advertising, Blu-ray/DVD, sponsorship, admission tickets, product sales, product rentals, micro-transactions, service fees, upgrades, ancillary products and public subsidies.

APPENDIX J

Ownership of Intellectual Property

Ownership of Intellectual Property

In the screen media world, IP is the underlying concept/material upon which screen media products are made—although many also use the term to refer to the completed project itself. One important reason for this distinction is that multiple screen media products can be manufactured from the same IP.

IP could be the concept for a video game. Or it could be a series of children's books made into an animated TV series. Or it could be a renovation expert exclusively inked to host a home renovation web-TV program. It could be a comic book, a stage play, or a true story. It could be a new format or an idea for a mobile app. Or, as we'll soon see, it could be recipes from a well-known cookbook series.

Whatever the IP, optimally it's a property that's had commercial success or high profile in another consumer space. In other words, the concept has already proven itself popular and thus the IP already has some built-in public awareness, increasing its value (and commensurately, its acquisition cost).

Using a real estate analogy, high quality properties are more expensive to acquire and develop, yet these properties are more likely to attract investment and once developed, garner sales.

*Bruce Downs, former owner of Northern Games Co. Ltd., an Edmonton company that made board games for over 20+ years, learned about branded IP when he negotiated a deal with Disney to brand his handyman board game as Tim Allen's Home Improvement Game. Now with his current company, High Roller Games, he acquired the rights to the **Trailer Park Boys** characters and sought out a company to develop a mobile game. He partnered with Eastside Games out of Vancouver, who financed the development of the game, which has turned out to be a huge hit, registering two million downloads less than a month after it was launched (pocketgamer.biz)*

Beamdog, a medium-sized Edmonton gaming company is repurposing/updating older video games to newer platforms. This demonstrates how additional revenue can be derived by owned or controlled IP.

A quick note on training/apprenticeship. In TV production, the head of a department is called a "key." TV series often promote workers during the run of the series. It's not uncommon for a craftsperson to start in a lower department position and then by season III or IV to be keying the department. As people move up or get hired onto bigger projects, this makes room for recent graduates to fill entry level positions. And so on.

So as a core priority, the ESIO will help support the acquisition and development of commercial IP by Edmonton screen media companies and developers.

Federal and provincial programs already exist to assist with IP acquisition and development, however they don't pay 100% of the costs and they're subject to caps. Because it's challenging for companies to raise third party private financing for development (R&D), often they have to defer their fees or put in cash.

In the competing demands for cash inside a business, future needs command a lower priority than immediate needs. Furthermore, R&D is a risky undertaking, as it requires cash up front and future sales revenue is much further down the road.

And yet it's critical for long-term sustainability that companies own commercial IP. This is where the ESIO can help. By helping to fund the balance of IP acquisition and development costs, the ESIO would enable Edmonton companies to complete their development financing and would also leverage funding from other sources.

IP acquisition and development, like R&D in other types of manufacturing, is the riskiest money to invest. Yet even for expensive IP, the relative cost is much lower than providing large equity investments in the making of a few screen media products.

Furthermore, emphasis should also be put on IP that has series, sequel, repeat or spin-off potential. Examples would be a) popular fiction or factual TV series that run multiple seasons, b) interactive games or feature films that have sequel potential, c) holiday TV movies that replay every year, or d) any screen media product that can be spun off into one or more other screen media products—either in the same screen media or in a different screen media—or both.

What we're talking about are different and discreet screen media products based on the same IP each of which could have its own ancillary revenue potential. They could generate ancillary products like, for example, toys based on a kids' animated movie.

The ESIO wouldn't exclude supporting other screen media formats—such as stand-alone documentaries for example—from accessing funding. It just means that IP that can potentially generate more than one screen media product would be accorded a higher priority when evaluated.

The reason to prioritize projects based on commercial IP is not just that they can generate significant additional revenue. There's another tangible benefit. Owned IP that generates series, sequels, repeats and spin-offs tend to grow company capacity, which in turn yields greater long-term sustainability.

Over time, pursuing this strategy would lead to the manufacture of more and more screen media products in Edmonton. When demand exceeds capacity, it will stimulate infrastructure investment and lead to the importation of skilled workers, which will expand the local pool of talented craftspeople. There may be some bumps along the way—as managing growth can be a challenge—but these would be good problems.

To summarize, ESIO support of Edmonton media companies' acquisition and development of commercial IP would:

1. span many more projects;
2. leverage funds from other existing federal and provincial development programs;
3. have evergreen potential; and
4. help build infrastructure, capacity and sustainability.



APPENDIX K

Sample IP Case Study



An Edmonton production company (prodco) purchases the screen media rights to a series of cookbooks called **Classic Cooking**. In book and e-book form, this IP has had a lot of success with folks interested in classic recipes. Let's call them classic cooking enthusiasts.

Multiple hard copy cookbooks have been published under the name Classic Cooking, so the IP already has a brand which gives it value among classic cooking enthusiasts. In other words, Classic Cooking already has niche brand awareness.

Screen Media Product #1

The Edmonton prodco decides to develop a mobile app based on the Classic Cooking brand. The app can be used on a computer, a tablet or a Smartphone. It can be purchased online and instantly downloaded from any app store on the internet.

If the app is successful, then just like the cookbooks, a series of apps could be made based on the same underlying IP. So now enthusiasts who enjoyed the first app will have the opportunity to buy more installments of the app with all new recipes. And so on and so forth, as long as there is consumer interest in the screen media product.

Some of the revenue from initial sales could be designated to fund a sales campaign that would utilize social media and traditional media to increase brand awareness to expand it beyond niche enthusiasts and in so doing, drive even more sales.

Screen Media Product #2

The metrics on the number of downloads of the app are so compelling, a case is made to develop a TV series to air on a cooking specialty network based on the same underlying IP and also entitled **Classic Cooking**. Multiple episodes are produced and because they garner consistently good ratings, the series is renewed annually.

Once a TV series has amassed multiple seasons, it becomes attractive to foreign broadcasters as an acquisition. The reason is because the screen media product has had demonstrable success in a major market, i.e. it has a proven track record. It's also cheaper for broadcasters to acquire completed programming than to develop and pre-license a series from scratch. And it takes years to amass multiple seasons.

The only caveat here is that cooking series are relatively inexpensive to produce (compared to drama series). So the market for **Classic Cooking** would rely heavily on its underlying cookbook brand to drive foreign sales, assuming the cookbooks have sold internationally. In our fictional case, indeed they have.

Screen Media Product #3

As noted earlier, sometimes foreign broadcasters want their own on-air personalities who are familiar to their audiences to host the programs. So rather than acquiring the completed program, instead they purchase the “format rights” and make their own version in their native language, for which they pay an ongoing royalty to the Edmonton owner of the IP. For the owner, this is mailbox money.

Ancillary Product #1

The **Classic Cooking** TV series becomes so popular that a food manufacturing company decides to license the brand and create a line of frozen foods under the same name. The Edmonton owner of the IP charges a royalty and perhaps also negotiates a brand management role, where they would have approval over the product quality and the marketing campaign so as to protect the brand image.

Ancillary Product #2

So, in addition to the original books and e-books, the **Classic Cooking** series can now be accessed on mobile apps and be seen on TV around the world. Consumers can also purchase **Classic Cooking** frozen food in their local supermarkets.

Now another manufacturer approaches the Edmonton owner of the IP with a plan to design and sell a line of cookware based on the Classic Cooking brand. Again, the owner would charge a royalty and brand management fee. The cookware company might even cross-promote their products with the frozen food company.



Home Run

This case study clearly represents a home run in terms of robust leveraging of branded IP. The Edmonton owner would be able to extract revenue from all of these screen media and ancillary products to grow their company, hire more staff, acquire and develop new IP, perhaps now branding themselves corporately as a company that specializes in cooking and food product related screen media content.

The mind boggles at the possibilities. What if the prodco had pre-negotiated the rights from the author of the cookbook to do "spin-offs" (for which the author would receive additional royalties). So now the author creates a new line of cookbooks entitled Classic Desserts, which are released in hard copy and as e-books.

Should the new line of Classic Desserts books also be successful in print, then the whole business model above could be reproduced, involving a companion line of screen media products and ancillary products akin to the original series.

A home run like this would be huge. However even if it's just a bunt single, the revenue from just one or two successful IP's can be significant, given the array of platforms and screens and inexpensive access to global markets via the internet.

Ecosystem

When a company has this level of success with its screen media products, it generates its very own ecosystem. What happens is that some of their employees cut their teeth at the mother ship, then acquire or develop IP or have a business idea and set up their own shop to try and commercialize their own products.

This leads to the formation of an ecosystem where smaller companies and the larger mother ship company complement each other, fostering skills development and leading potentially to the creation of a centre of excellence which will attract skilled workers and investment capital from inside and outside their jurisdiction. Some of the spin-off companies may one day become mother ship companies themselves.

Conclusion

Acquisition, development and ownership of commercial IP is fundamental to a focused strategy that seeks to grow the screen media sector in Edmonton and create sustainable companies that will drive diversification and economic growth and ultimately establish Edmonton as a centre of excellence for screen media and a place where our own creative minds can successfully commercialize their talents.

APPENDIX L

How The ESIO plan aligns with *The Way We Prosper*

The Edmonton screen media industries align with the following goals:

- Provide economic diversification;
- Attract skilled knowledge workers to Edmonton;
- Positively impact the tourism and hospitality industries;
- Contribute to economic diversification;
- Have no negative environmental impact;
- Provide skilled jobs to Edmonton post-secondary graduates.

On page 5 of *The Way We Prosper*, Edmonton City Council articulated five anticipated corporate outcomes for the 10- year economic development plan:

- *The Corporation supports a competitive business climate and delivers business friendly services*
- *The City facilitates the development of established businesses and sectors*
- *The City supports the development of high potential sectors*
- *The City attracts talent and investment making it nationally and internationally competitive*
- *The City is an effective participant in regional partnerships and collaborations*

The screen media industry is a high potential sector.

From Clause 4.2.3 – The Emergence of a Knowledge-based Economy

The global economy is experiencing a broad structural upheaval. Academic research, popular commentary and economic data support the fact that developed economies are becoming knowledge-based economies. Intelligence, knowledge and creativity have become the primary inputs of this new economic paradigm, which has a distinctly urban expression.

Cities that fully embrace this knowledge-based paradigm will be best positioned for future growth and prosperity as these trends continue. A prime consideration for Edmonton will be continued investment in and expansion of its high-value target industries.

The screen media industries commercialize intellectual property, a pillar of the knowledge-based economy.

From Clause 4.3.5 – An Expanding and Stable Economy

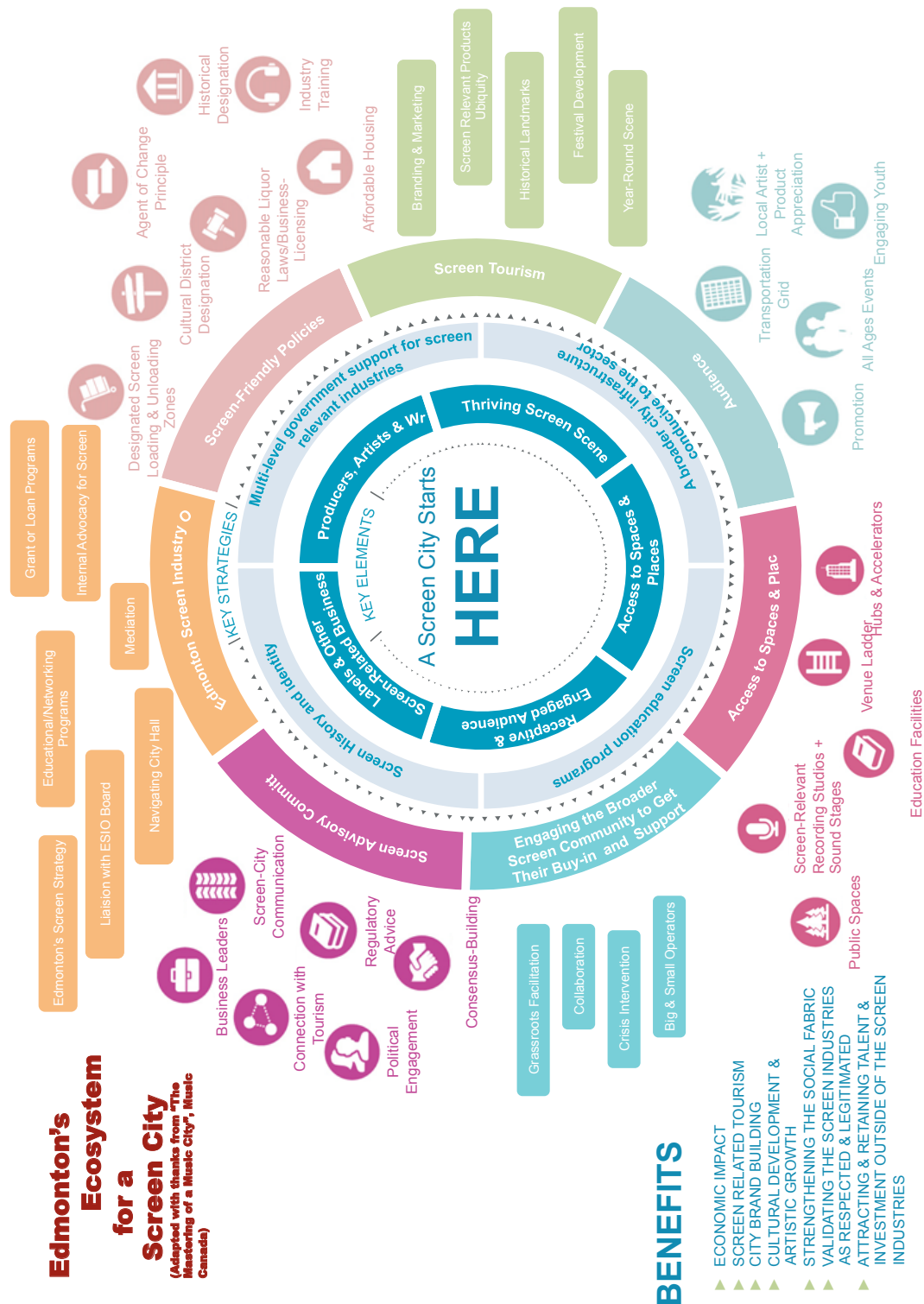
Strong economic performance has also contributed to the emergence of a number of other strategic sectors that provide further opportunity to refine business attraction and retention efforts. These include information communications and technology (including digital media), health industries (including biotechnology and medical devices) and financial services (including insurance, real estate, investment banking and venture capital).

The screen media industries are a digital media.

From Clause 5.4 - Goal 4: Edmonton, an Environment for Innovation

Edmonton's status as a centre for innovation will depend on continuously introducing new technologies, and on attracting and infusing entrepreneurial, management and engineering expertise into the workforce. Higher education institutions in entrepreneurial regions like Silicon Valley in California and the Research Triangle in North Carolina are expected to play a lead role in fuelling innovation in target industries. Edmonton's educational institutions must enhance research and development to create more explicit connections between higher education and industry. Universities and colleges can help solve the technological problems faced by the business community, and local business can help commercialize the innovation that occurs within educational institutions. This type of relationship benefits both sides financially and creates the right environment for innovation.

STRATEGIC OBJECTIVE 4.1: A DEDICATED NETWORK OF EDUCATORS, INDUSTRY, RESEARCHERS, AND RESOURCES COMMITTED TO SUPPORTING COMMERCIALIZATION OF INNOVATION.



APPENDIX M

Edmonton Screen Media Companies

Interactive Digital Media Companies

- Beamdog
- Below Zero Games
- Bioware
- Blue Booth Studios
- Burning Dog Media
- Catlandia
- EgoAnt Productions
- Endian Entertainment
- E-qube Technology & Software
- Fluik Entertainment
- Fractal Foundries
- Great White North Studios
- GSkinner
- Hazard Gaming
- Hinterland Games
- Infinite Monkeys Entertainment
- Itzy Interactive
- Madsoft Games
- Max Games Studios
- PixelStorm Entertainment
- PolyHobby Studios
- Praxia Entertainment
- Purgatory Industries
- Pyrotap Games
- Raptagon Studios
- RaVen Madd Studios
- Rebel Parachute
- Snake Takes Studios

- Story First Games
- The Frozen Machine
- The Guidance Division
- Thirty Three GamesThe Guidance Division
- Treefortress Games
- Xgen StudiosTreefortress Games
- Xgen Studios

Serious games, AR and educational Companies

- Onlea Corporation
- Scope AR
- Serious Labs
- Trajectory IQ

Film & Television Production Companies

- Anaid Productions
- Aquila Productions
- Arthouse Productions
- Avatar Media
- Brandy Y Productions
- Clearwater Documentary
- Company of Women on the Screen
- Coyote Productions
- Far West Productions
- Groove Soldier Productions

Corporate/Commercial Production Companies

- A-squared Communications
- Back Road

- Cineflair
- Creative Regiment
- DC Brandon Films
- Dynacor
- FilmBratz Productions
- Frame 30 Productions
- Geffen Media
- Gruvpix
- Guerrilla Motion Pictures
- Hoopla Media
- iLink Media Group
- Integra Films
- Invert720 Productions
- Jeff Allen Productions
- Kiwi Productions
- KO Group
- Leven Creative
- Lindisfarne Productions
- MOBLpixl Motion Pictures
- Moving Artistry Productions
- Nordic Media
- Original Video Productions
- Productions Loft
- Reel Mensch
- Sticks & Stones
- Tachyon Productions
- Viva Voce
- WEWA Design

APPENDIX N

ESIO Board of Directors



CARMAN R. MCNARY, Q.C.,
ICD.D. (Chair)

Carman is the Managing Partner of Dentons Canada LLP's Edmonton office. His law practice is primarily focused on taxation and

corporate law, and providing strategic advice to enterprises and their Boards. Carman is a member of the Board of private corporations, and has chaired and participated in a range of not for profit organizations, including Co-Chair of the 2017 United Way Campaign, Past Chair of the Edmonton Community Foundation, Past Chair of the Alberta Chambers of Commerce and the Edmonton Chamber of Commerce, Vice Chair of the Edmonton Metro Mayor's Advisory Task Force, and Past Member of the Mayor's Task Force on Eliminating Poverty. Carman and Averie are also active supporters of a wide range of social, health and cultural charities and not-for-profit organizations in our community.



CHRIS BRUCE, FICB, MBA, ICD.D.

Chris recently retired from his role as a Vice President at Scotiabank after a 36 year career. He is currently Treasurer of the Board of the 2001 World Athletics Foundation, and

Vice-Chair of the Board of Habitat for Humanity Edmonton. His past board governance experience includes: Secretary of the Board of the Edmonton Eskimos Football Club, member of the Board of the Edmonton Chamber of Commerce, and of the Edmonton Oilers Community Foundation. Chris and his wife Michelle share 5 children and 5 granddaughters who all live in the Edmonton area.



TONY BRIGGS

Tony Briggs is the Executive Professor of Innovation and Entrepreneurship, and the Executive Director of the Technology Commercialization Centre, at the Alberta School of

Business. He co-founded the Entrepreneurship@UAlberta and eHUB initiatives, is a founding board member of the Venture Mentoring Service and co-authored the University of Alberta Impact Report. Born in Edmonton, Tony worked at Harvard Medical School, and consulted for leading innovators like Dow Agrosiences and DuPont. Tony received a doctorate in business administration from Boston University, an MS in management (MIT Sloan), an MBA in finance (UBC) and a BSc Hons. (University of Alberta.)



JOHN MCGOWAN, ICD.D.

John is currently the President of McGowan and Associates. John has many years of experience working for municipalities, the provincial government and a non-profit

advocacy and a for-profit shared services corporation. John's board governance experience includes: Credit Union Deposit Guarantee Corporation Board Director, Metro Edmonton Working Group – panel member 2016, Auditor General of Alberta: External Advisor Panel Member, University of Alberta, School of Business: Advisory Committee for elected officials' education. Previous experience: CICA – Public Sector Accounting Board, Attorney in Fact MUNIX Inc. (municipal self-insurance reciprocal)- Chair, EOEP Inc. (Elected Officials Education Program), Executive Committee (Municipal energy efficiency initiatives)- Director, ALARIE (multi-juridical insurance reciprocal) – Director, Energy Restructuring Task Force – Chair. John has a CPA-CMA and his governance training includes ICD.D and Queens University governance program.



ANDREA MONDOR

Andrea is Co-Founder of Edmonton-based BOLT Transition Inc. Her experience includes: public member and Vice Chair of the University of

Alberta Senate, Chair of the University of Alberta Nomination of Chancellor Joint Committee, Member of the Alberta School of Business Advisory Council, and former director of the Edmonton Chamber of Commerce.



IAN MURRAY

Since 1989 Ian has been President of Ian Murray and Company Ltd. (IMC). Ian has been involved in numerous projects in roles including project management, commercial

negotiations, operational and financial restructurings, government and regulatory affairs, business planning and due diligence support. Ian has a law degree from the University of Alberta and a Masters of Business Administration degree from the University of Western Ontario. Ian's other community involvement has included being the former President of the North Saskatchewan River Valley Conservation Society, Vice President and Treasurer of the Environmental Law Centre, board member of the Edmonton Eskimos and he has coached kids' baseball and basketball teams.



SCOTT NYE

Scott Nye is currently a member of the senior leadership team at BioWare, an award-winning game development studio based out of Edmonton. In addition to his CPA,

CMA, and MBA, Scott brings over 20 years of professional experience to the Board in traditional finance & accounting positions as well as corporate strategy, business operations, marketing, and service development roles. His career has spanned a variety of sectors including interactive entertainment, telecommunication, industrial & residential construction, biotechnology, and cultural industries.



CATRIN OWEN

Catrin is the CEO of Edmonton-based Calder Bateman Communications. Her board governance experience includes:

member of the Board of Governors of the Edmonton Symphony Orchestra and the Winspear Centre, Chair of the Edmonton Arts Council, Trustee of the Stollery Children's Hospital Foundation. She is currently Past President and Director of the Citadel Theatre, public member of the Board University Relations Committee of the University of Alberta's Board of Governors, and member of the Faculty of Graduate Studies and Research Professional Development Advisory Board.

APPENDIX O

ESIO CEO

JOSH MILLER

Josh is an award-winning writer and producer. From 1990 to 1995, following a successful TV writing career in Hollywood, Josh became Director of Development for Superchannel, then from 1995 to 2003, Josh was a partner at Minds Eye Entertainment, after which he became the president of his own Canadian independent film and TV production company.

Josh has served on the Board of the Alberta Foundation for the Arts and the Canadian Media Production Association, has chaired the Edmonton International Film Festival and The Edmonton Jewish Film Festival and been Chair of the Alberta Media Production Association (twice). He has also sat on the Albert Film Advisory Council and the Edmonton Film Commission Focus Group. He currently serves as Board Secretary for the International Quorum of Motion Picture Producers.



An industry veteran, Josh has a BA in English and Drama from the University of Alberta, an MFA in Film Production from New York University and was a Screenwriting Fellow at the American Film Institute Center for Advanced Film Studies in Los Angeles.

Long-form producing credits include ***Forsaken***, starring Donald Sutherland, Kiefer Sutherland and Demi Moore, ***40 Below and Falling***, starring Jewel Staite and Shawn Roberts, ***I Think I Do***, starring Mia Kirshner and Sara Canning, ***Freezer Burn: The Invasion of Laxdale*** starring Tom Green and Crispin Glover, ***Intern Academy*** starring Dan Aykroyd, Dave Thomas and Dave Foley, ***Dead Simple*** starring James Caan and Daniel Stern, ***Something More*** starring Jennifer Beals and ***Stranger in Town*** starring Harry Hamlin and Graham Greene.

Dramatic television producing credits include the series ***Anash and the Legacy of the Sun-Rock*** (13 episodes), ***Myth Quest*** (13 episodes), ***2030 CE*** (26 episodes) and ***Mentors***, which he also created and show-ran (52 episodes).

Factual television credits include the series ***A Total Write-Off!*** (13 episodes) and the travel series ***Great Cemeteries of the World*** (26 episodes) as well as documentaries in a range of genres, including true crime with ***Catching the Chameleon***; performing arts with ***The Fringe: Acting Up*** and ***Belly Dance Man: From Canada to Cairo***; and social and environmental issues with ***A Sorry State*** and ***Seeds of Change: The ECO Story***.

Josh has earned dozens of awards for his work both as a writer and a producer, but is most proud to have received the Alex Barris Mentorship Award from the Writers Guild of Canada in recognition of his commitment to mentoring emerging writers.

APPENDIX P

ESIO Industry Advisory Committee

<i>Member</i>	<i>Title</i>	<i>Company/organization</i>
Tina Alford	Alberta Branch Representative	ACTRA
Camille Beaudoin	Partner & Head of Creative	Mosaic Entertainment
Kaelyn Boyes	CEO	xGen Studios
Owen Brierley	Executive Director	Edmonton Digital Arts College
Steve Chattergoon	Chair – Digital Media & IT	NAIT
David Cheoros	Executive Director	Metro Cinema
Dave Cunningham	Executive Director	FAVA
Connie Edwards	Producer/Director	Souleado Entertainment
Ted Erickson	Vice-President	Walkthrough Society (WESIAA)
Bill Evans	Executive Director	AMPIA
Logan Foster	Organizer	GameCamp
Bill Hamilton	Vice Chair	APPA
Robert Hilton	Business Agent	DGC Alberta
Kate Holowach	Owner/Producer	Blue Sky Communications
Erik Johnson	Game Developer	Life Goes On
Ava Karvonen	Vice President, Film	IATSE 210
Kate Leadbeater	President	Digital Alberta
Parrish Ley	Cinematic Director	Bioware
Kerrie Long	Festival Producer	Edmonton Int'l Film Festival
Jaro Malanowski	President	Avatar Media
Carson Mayer	Culture Banker	ATB
Don Metz	President	Aquila Productions
Scot Morison	Screenwriter	WGC
Helen Schmidt	VP Business Affairs & Exec Producer	Anaid Productions
Andrew Scholotiuk	Producer	Avatar Media
Ron Scott	Executive Producer	Prairie Dog Productions
Perry Shulak	CEO	Critical Fusion
Grant Skinner	CEO	Gskinner
Scott Winder	Founder	Sticks & Stones

APPENDIX Q

MNP Strategic Planning Session

Summary of Conversations

Conversation #1: What Business is ESIO In? (Vision & Mission)

Throughout the session, participants were engaged using an interactive tool, PollEverywhere, through which they were able to quickly provide multiple responses to the questions posed by the consultants. In the case of the first question—see below—these responses were aggregated to create a representative word cloud.

Q: What makes Edmonton an ideal place for interactive digital media to flourish?



The responses are illustrative of ESIO's current breadth of option and opportunity as an active group in the local industry. The wordcloud provides a window into session participant's perceptions of Edmonton's competitive advantage or what might distinguish it from other places with screen and interactive digital media industries.

Responses indicate the broad-thinking of the group insofar as consideration was given to (at least) Edmonton's people, processes, technology as well as its cultural, physical, and capital infrastructure. The feedback also reinforces one of the key challenges facing ESIO: focus and prioritization. In other words, if one considers the "competitive advantage" as an environment (or set of inputs) into which ESIO seeks to situate itself, is it reasonable to expect it to be able to effectively and/or equally tap into each of those inputs in all their respective complexity? This is a key question that shaped much of the discussion throughout the course of the day.

The group shared a general sense that Edmonton certainly is a place of opportunity, but has historically been a place where its competitive advantage is underrealized and underutilized. The question of how to "prove" this advantage was also a topic of conversation. What evidence exists that Edmonton has a competitive advantage that an organization like ESIO can nourish and the local industry can exploit?

Next, participants were asked to use PollEverywhere to answer a related question, but one more focused on ESIO's role rather than the local environment within which it operates.

Q: What does ESIO want to be known for? What is the good news headline for ESIO in ten years?

ESIO: supporting a thriving environment for screen industry innovation, development, and growth. Headline: Move here to move forward. Edmonton is a hothouse for screen industry creativity.	Make something screen #yeg
Film friendly city	Leaders in Growth of screen industry sector in Edmonton
Oscar Oscar Oscar!	Creating a brand in Edmonton tied to IP generation and development
Facilitated the growth of the gaming industry in Edmonton	Breakthrough in technology
Smart marketing support	Connecting all parts of the screen media sector with each other
Diversification through screen	Catalyst for diversification, economic growth and job creation
Helping companies with branding	Catalyst
Market intelligence	smart investments
Facilitator to enhance success of local players	Facilitator
Having a HUB facility for all screen media production, companies and infrastructure	Gardener
	Award winning productions
	Hit television series

Several of the responses to this question are aspirational in nature. Working backwards from this kind of thinking can help the organization chart an effective course to realize (some of) the outcomes expressed above. In other words, what will it take to be known as a “catalyst for diversification, economic growth and job creation” or “a hothouse for screen industry creativity?”

Other responses hint more directly at defining ESIO’s role with words like facilitator, gardener, catalyst, leader, supporter making appearances. The group scrutinized this kind of language throughout the day going forward will want to carefully articulate ESIO’s position vis-à-vis other stakeholders in the screen and interactive digital media industries.

Also, of note are several responses that sought to frame success via the emblematic or symbolic. Being a place with popular and/or award-winning products and productions will be something that can help put Edmonton on the map. Group discussion emphasized the importance of operating in spaces where ESIO can be successful and has opportunity to demonstrate that success to local stakeholders and the broader entertainment industry provincially, federally, and internationally.

Initial Stakeholder Feedback

Josh Miller led the group through a discussion of stakeholder consultation to date and some of the feedback received throughout the course of that consultation. A first effort to organize that feedback into a set of “buckets” is shown below.

Skills Development	Advocacy	Owned IP	Marketing	Corporate Development	Promotion	Diversity	Infrastructure	Publicity	Corporate & Project Financing
Education	Government Relations	Acquisition	Networking	Branding	Edmonton as a Location	Minorities	Soundstage	Media Relations	Access to Capital
Mentorship	Leadership	Development	Market Intelligence	Management Consultation	Edmonton Screen Media Companies	People with Disabilities	Post-Production		Facilitation
Apprenticeship	Hub		Screen Media Conferences		Directory of Edmonton Screen Media Products	Women	Equipment Sales & Rentals		
			Screen Media Markets		Edmonton Screen Media Trade Show	Age 55+			
			Sales Campaigns			LGBTQ			
			Screen & Game Testing						

Discussion amongst the session participants centered on the question of alignment. In other words, do stakeholders have a similar vision to the Board and executive on ESIO’s prospective role in the local community.

Nothing on the page appeared to surprise the group, and in general, it is safe to say that there is general alignment at this stage, notwithstanding the critical issues of capacity and prioritization. Participants recognized that stakeholders were not in a position to prioritize on behalf of ESIO or to more generally speak to whatever agency or authority the organization had to affect positive outcomes in the various areas outlined in the table above.

That said, two items did elicit further conversation. The diversity “bucket” seemed problematic to some in that it could be interpreted as an organizational value rather than an area of focus. However, conversation did point to an opportunity rather than a need perhaps, to investigate ESIO’s role in supporting products and productions where minorities, people with disabilities, women, LGBTQ and Age 55+ are involved either on the production or the consumption side.

ESIO's role in supporting the ownership of IP also generated conversation. In particular, the group debated whether or not ESIO, given the assumption that it will have a limited budget, should have a role in supporting the acquisition of IP. Examples were discussed where a small investment in IP provided opportunity for greater revenue generation. Exactly how ESIO will position itself and its services to the industry in respect to IP ownership will be an important piece of future business planning and budgeting.

Conversation #1 concluded with some initial group brainstorming around a vision and mission statement for ESIO. One might broadly define vision and mission statements as follows:

A vision statement expresses an organization's optimal goal and reason for existence.

A mission statement provides an overview of the group's plans to realize that vision by identifying the service areas, target audience, and values and goals of the organization.

To make the most of limited time, the brainstorming session was seeded with two drafts of each type of statement. Participants were asked to comment on the drafts.

Vision statement drafts:

1. Edmonton is a centre of excellence in screen media production.
2. ESIO is a key catalyst in the growth of screen industries in Edmonton.

The main drawback of Vision Draft #1, as noted by the participants, is that it speaks to an outcome that ESIO alone cannot affect. ESIO very well may be able to contribute to the outcome but since it refers to the region / industry as a whole rather than the organization, participants were reluctant to attach the organization to this desired outcome, however attractive it may be.

Vision Draft #2 is certainly more achievable. Here discussion centered around ESIO's role (i.e., is "catalyst" the best term to describe its role?) and the outcome (i.e., does "growth" in the industry alone reflect the aspirations of the organization?).

The group did not achieve consensus in the time allotted to the discussion of the vision statement, however, there was some excitement around the notion of ESIO being a "leader" and/or "valued partner" in the Edmonton screen industries. As for an outcome, one idea that gathered some support was that of "creativity development" or "creativity activation."

With those thoughts in mind, and borrowing some language from subsequent conversation amongst participants, a new draft of the vision statement might be:

ESIO is a valued partner in developing and commercializing creativity in Edmonton's screen and interactive digital media industries.

The Board and executive may wish to reflect upon and refine this draft statement as part of future strategic planning discussions.

Mission statement drafts:

1. ESIO supports the development, growth, and sustainability of companies, entrepreneurs, and workers in the Edmonton screen media industries.
2. ESIO attracts and provides sustainable support for the screen industries in Edmonton.

While there were elements of these two drafts that resonated, such as the idea of sustainability, participants were generally unsatisfied with them. The group felt ESIO's role was to be more of a fostering agent or an organization that empowers the industry through the people who are in the industry. ESIO will have a role in creating the conditions for those individuals to succeed and stay in Edmonton. With successful individuals driving it from within, the industry as a whole will be better positioned to flourish.

It is expected that once ESIO has established its vision statement and made more progress towards the prioritization of its efforts, the mission statement will become easier to develop.

Conversation #2: What will ESIO achieve in the next four years? (Goals & Objectives)

To start Conversation #2, participants were introduced to the GOSPA methodology, which highlights the cascading relationship between goals, objectives, strategies, actions, and plans [see Appendix]. They were then asked to submit via PollEverywhere their ideas for what ESIO had to do within the next four years in order to bring the previously discussed vision—even in its non-finalized state—to fruition.

Q: What must ESIO do in the next four years to work towards the vision articulated before the break?

Work with city administration to make Edmonton "film friendly"

Public awareness and audience creation

Global brand

Be a credible source of advice

Get Standards Program certification from Imagine Canada

Industry buy-in and support

Be sustainable

Initiate and maintain strong stakeholder relationships

Clear strategies supporting opportunities for local production across all sectors

Continue ongoing government relations strategy

Raise funds for operating and programming initiatives

Sustainable middle term funding from multiple sources

Establish programs that deliver measurable value (outcomes) to industry players

Create critical mass for a Hub facility that would attract production and foster cross-fertilization in the screen media sector in Edmonton	many stakeholders
Identify the next generation of opportunities and prepare for them	Thought leadership and data collection
Activate U of A and other programmes relevant to sector	Develop a hub for young entrepreneurs to build gaming IP
Empower companies and entrepreneurs to achieve their creative and business goals.	Activate partnerships with key differentiators
Reliable source of local industry data	Establish sustainable revenue model
Achieve authentic buy-in and support among	Do something surprisingly helpful for the sector early

The connection between these goals and the group's insights during Conversation #1 is readily apparent. The participants saw clearly the connection between a vision and mission and the high-level goals and objectives required to realize them.

Based on the feedback from the PollEverywhere exercise and subsequent conversation, five overarching goals/objectives were established.¹

1. **Be a Sustainable Organization** – this is a practical ambition, in that, if ESIO can prove its sustainability as an organization (which includes financial sustainability), it can make the case for leveraging resources and capacity for positively impacting the industries.
2. **Be an Industry Connector** – participants certainly viewed the industries as an ecosystem of interconnected individuals, organizations, tools, and technologies; ESIO can be a connector in that ecosystem and beyond with related industries / ecosystems in other locations.
3. **Be a Voice for Edmonton's Screen and Interactive Digital Media Industries** – this aspiration speaks to the advocacy role that ESIO might seek to take on as a champion of the industries in all their complexity.
4. **Be an Expert Advisor and Industry Partner** – this goal refers to ESIO's aim to position itself as a resource for individuals and groups seeking to succeed in and strengthen the industries.
5. **Foster the Competitive Advantage for YEG Screen and Interactive Digital Media Industries** – participants spoke of the "open field" that currently characterizes the local industries and for the need for ESIO to help define and strategically foster what makes the local industries unique and strong.

¹ Note, for the purposes of this session the terms *goal* and *objective* are used interchangeably. In the future, ESIO may want to press a distinction insofar as the organization may soon obtain access to benchmark data and/or metrics that will enable it to attach quantitative measure to some of the ideas, and in doing so define them as objectives as opposed to the broader, less-quantifiable, but equally important, goals.

Conversation #3: How will ESIO pursue success? (Strategies)

The goals and objectives conversation was immediately followed by an exercise in which participants were asked to brainstorm how ESIO would accomplish the five defined goals and objectives. This level of the GOSPA methodology is referred to as strategy. In other words, participants were asked generate and associate strategies (the “how”) with the five goals and objectives (the “what”). Using large flip charts, each participant generated at least one strategies per goal/objective. The results are summarized below.

1. Be a Sustainable Organization	
<ul style="list-style-type: none"> • Be financially sustainable • Strategic focus on revenue development beyond grants • Be resource sustainable • Generate multiple revenue streams • Ensure resilience to external factors out of ESIO control • Aggregate/build IP assets 	<ul style="list-style-type: none"> • Strive to gain royalties from ESIO-supported IP • Develop and deliver programs for pay • Take positions where we actively invest or support • Obtain multi-year operations grant commitment • Build alliances in the industries and beyond the industries (ecosystem) as currently defined
2. Be an Industry Connector	
<ul style="list-style-type: none"> • Support skills development • Build bridges and relevance between different areas (e.g., artificial intelligence and screen industries) • Develop a screen media industry engagement calendar (conferences, meet-ups, Reddit, Ask Me Anything, etc.) • Provide infrastructure (virtual or physical) 	<ul style="list-style-type: none"> • Facilitate advisory groups • Commercialize creativity • Become a hub for industry engagement in arts community • Link capital to developer to producer to market • Become a hub for physical proximity • Support the development of creativity-based business models and IP (e.g., micro-vouchers through Alberta Innovates)
3. Be a Voice for Edmonton’s Screen and Interactive Digital Media Industries	
<ul style="list-style-type: none"> • Advocate with various levels of government • Have a voice at consultations between industry and government <ul style="list-style-type: none"> • Suggested Measure: Chair and CEO meet each politician at least once a year • Understand government policy and push for most valuable changes • Tell Edmonton stories • Develop diversification stories • Develop a communication strategy 	<ul style="list-style-type: none"> • Build a robust online presence • Take #YEG industries and products to the globe • Help brand Edmonton as a family-friendly location (vis-à-vis the industries) • Advocate for smart policies • Develop key goals for the industries • Establish distinct identity from other players in the city (e.g., TEC Edmonton, StartUp Edmonton, etc.)
4. Be an Expert Advisor and Industry Partner	
<ul style="list-style-type: none"> • Build market intelligence • Be a scale expert • Understand government policy at all levels • Develop scope / focus around what ESIO will offer as expertise 	<ul style="list-style-type: none"> • Develop an ESIO “curriculum” to offer to sectors • Develop an ESIO “consulting” arm • Acquire, own and update datasets (e.g., local, markets, investors)

5. Foster the Competitive Advantage for YEG Screen and Interactive Digital Media Industries	
<ul style="list-style-type: none"> • Support broadened marketing capacity • Support corporate branding • Be a desirable location for “guest productions” • Support IP generation • Emphasize development of high-quality or “celebrity” IP • Activate private capital by fostering syndicated investments into IP • Be a hub for complementary organizations • Provide seed for customer acquisition 	<ul style="list-style-type: none"> • Develop the model for how we will deliver value – what’s the rationale? • Invest in local production with private partners • Funding for social media initiatives to promote media products or media companies (Edmonton) • Scale partners (e.g., AIMCO private equity) • Connect screen media industry people to YEG’s broader arts community

Conclusion

While short and without all Board members present, the session provided value in encouraging shared understanding and furthering a collaborative spirit amongst the organization’s leadership. The ideas generated throughout the session provide ESIO with a foundation for the development of a strategic documents to accompany the expected proposal to the City for access to funding and eventually to a full-fledged strategic plan.

APPENDIX R

Successful Models



Y Combinator provides seed funding for startups. Seed funding is the earliest stage of venture funding. It pays your expenses while you're getting started. Some companies may need no more than seed funding. Others will go through several rounds.

There is no right answer; how much funding you need depends on the kind of company you start. At Y Combinator, our goal is to get you through the first phase. This usually means: get you to the point where you've built something impressive enough to raise money on a larger scale. Then we can introduce you to later stage investors—or occasionally even acquirers.

We make small investments in return for small stakes in the companies we fund. All venture investors supply some combination of money and help. In our case the money is by far the smaller component. In fact, many of the startups we fund don't need the money. We think of the money we invest as more like financial aid in college: it's so people who do need the money can pay their living expenses while Y Combinator is happening.

The most important thing we do is work with startups on their ideas. We're hackers ourselves, and we've spent a lot of time figuring out how to make things people want. So we can usually see fairly quickly the direction in which a small idea should be expanded, or the point at which to begin attacking a large but vague one.

The questions at this stage range from apparently minor (what to call the company) to frighteningly ambitious (the long-term plan for world domination). Over the course of three months we usually manage to help founders come up with initial answers to all of them.

The second most important thing we do is help founders deal with investors and acquirers. Yes, we can make introductions, but that part is easy. We spend much more time teaching founders how to pitch their startups to investors, and how to close a deal once they've generated interest. In the second phase we supply not just advice but protection; potential investors are more likely to treat you well if you come from YC, because how they treat you determines whether in the future we'll steer deals toward or away from them.

We also get the startups we fund incorporated properly with all the standard paperwork, avoiding legal time-bombs that could cause serious hassles and delays later. We introduce founders to lawyers who will often agree to defer payment for

legal work. We regularly help startups find and hire their first employees. We can help with intellectual property questions, like what to patent, and when. One of the least publicized things we do, for obvious reasons, is mediate disputes between founders. No startup thinks they're going to need that, but most do at some point.

The kind of advice we give literally can't be bought, because anyone qualified to give it is already rich. You can only get it from investors. <http://www.ycombinator.com/about/>



Each year, we choose over 300 companies to join our three month mentorship-driven accelerator, investing \$120K and providing hands-on mentorship and access to the Techstars Network for life.

Our Three-Month Program

We don't tell you what to do or when. We create an environment that is conducive to helping your startup every day by surrounding you with people who will mentor, inspire, and challenge you.

Grow Your Network

From a large pool of mentors, find your top 3-5 mentors who will be committed to helping you with product development, market fit, and who will also provide valuable introductions to help grow your company —fast.

Accelerate Your Business

Determine your fundraising strategy and prepare to meet with investors. Learn how to communicate your vision and prepare to meet with investors, partners and other key stakeholders who can help shape your future.

Techstars for Life

While the program itself may be over, Techstars is for life. Leverage the network through Techstars BizDev Days, Techstars Investor Days, Techstars FounderCon, ongoing mentorship, monthly alumni events, and access to a deep well of resources.

Gain Traction

Go deeper with your lead mentors, work with your Managing Director, gain traction and hit your milestones – whether that's a prototype, building out the next phase of your product, finding your first customer or hitting \$50M in revenue.

Demo Day

The program culminates with a celebration at Demo Day! This is your chance to show the world how much progress you've made in just a few short months.

The Social Enterprise Fund (SEF) provides social finance tools to Alberta-based charities, non-profits, co-ops, social purpose businesses, social enterprises and social entrepreneurs. This capital can be described as "money on a mission."

SEF, a division of the Edmonton Community Foundation, performs this work on behalf of the Edmonton Social Enterprise Loan Fund (ESELF) and the Alberta Social Enterprise Venture Fund, (ASEVF) the legal entities which hold and govern the investment pools.

The Edmonton Community Foundation created SEF in partnership with the City of Edmonton, and has contracted to provide social finance management services to ESELF and ASEVF.

SEF focuses on Alberta organizations that work for the good of the community, guided by the Canadian Task Force on Social Finance definition of social enterprise as "any organization or business that uses market-oriented production and sale of goods and/or services to pursue a public benefit mission.

This covers many organizational forms – ranging from enterprising charities, non-profits and co-operatives to social purpose businesses..." SEF is willing to consider a broad range of mission-based activities; no corporate forms or sectors are excluded.

SEF uses debt financing to accomplish its goals. Place-based impact investments are used to support a wide range of activities, including, but not limited to:

- Operating capital
- Mortgages
- Bridge financing
- Tenant improvements
- Business start-ups
- Growth capital

To date, SEF has invested over \$30M in more than sixty projects, earning both social and financial returns. SEF meets its own operating costs, earns a modest financial return, but more importantly helps its client's accomplish a wide range of mission returns. These range from affordable housing, reduced carbon emissions, good jobs for disadvantaged individuals, stabilized non-profits and more.

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