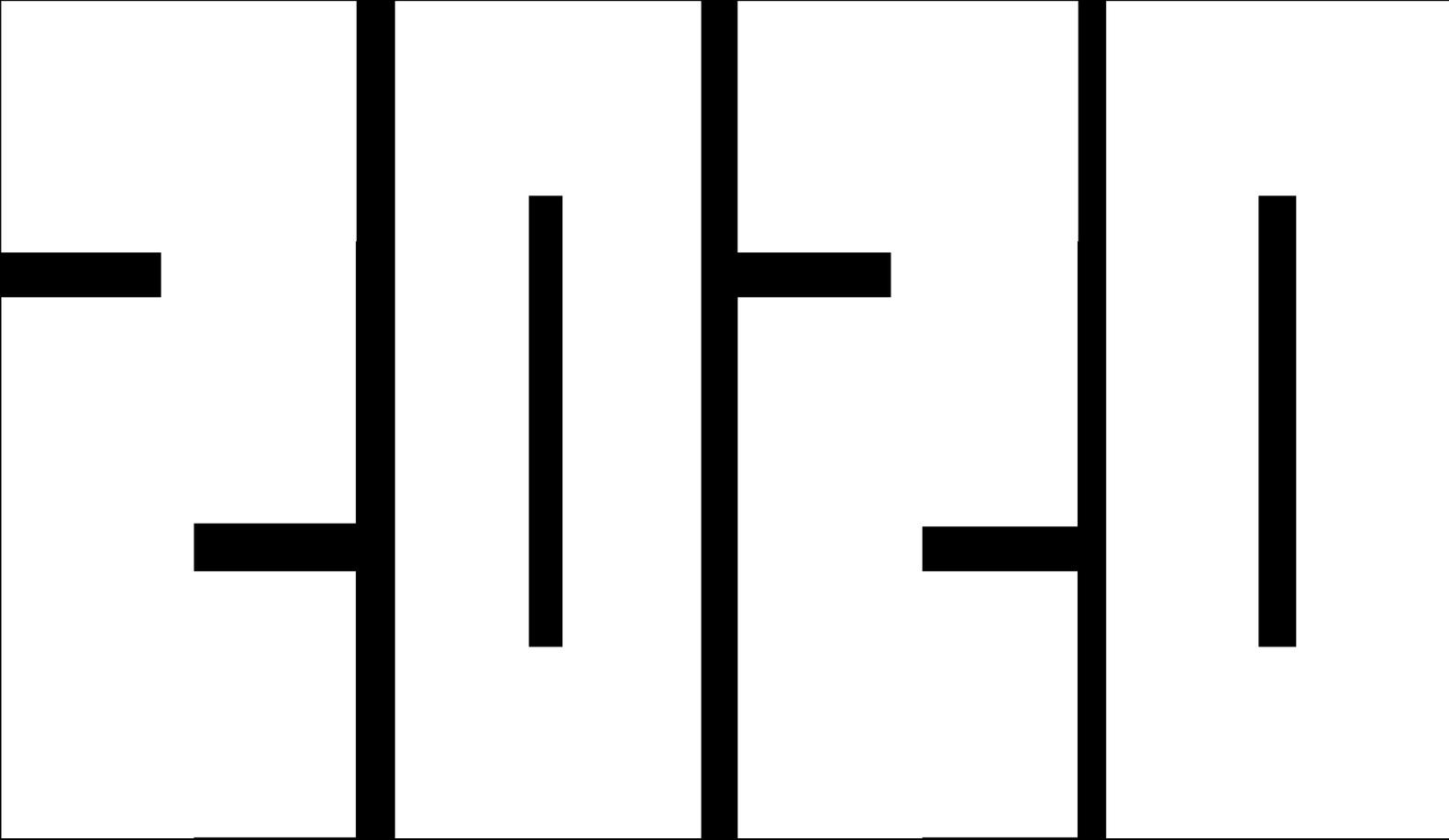


A N N U A L R E P O R T



OPENING



**From our
Board Chair**

On behalf of the Edmonton Screen Industries Office, let me be the first to say that 2020 was a year of pressures and crises. Through hard work and commitment to the screen industries, the ESIO not only just survived - it pushed ahead, nimbly evolved, and grew in order to support the community even better.

As we made our way through the disruptions of the COVID-19 pandemic, our new programs, grant streams, and professional development sessions helped stimulate employment and economic activity within our local screen industries sector and set content creators up to come out of this difficult time in a stronger position than they were before. The staff and Board were able to pivot quickly and adapt our programs to support much-needed relief, and as an organization the ESIO continued to make timely and important investments in the Edmonton Metro region through the Edmonton Screen Media Fund.

It has been a pleasure working with the Board, our CEO and staff on addressing the concerns not only of those in the screen industries, but the greater Edmonton Metro region as we all worked together to support Edmontonians in need during this time. The ESIO has cemented itself within the community as a hub of information and support and we look forward to continuing the growth trajectory we have outlined for the sector.



**Peggy Garritty,
Board Chair**

REMARKS

2020 AT A GLANCE

FROM

ZERO TO 305

locations added to the
ESIO's location's Library.

\$201,744.16

was committed through Grants and Rebates.

20 Early Stage Project Grants

31 Industry Support Grants

3 Location Rebates

3 Location Scouting Rebates

57 GRANTS & REBATES IN 2020

The Edmonton
Screen Media Fund
committed

\$455,620

to investment
projects in
2020.

6 workshops held with 161 attendees

4 appearances at festivals and industry
community events

4 meetings of the ESIO's Advisory Council

MEASURING IMPACT



Debut Studios - Ben Depoos

5%

of companies report that the ESIO's support made it possible for them to continue operations during COVID-19

19%

of companies reported they were able to make important contacts with the ESIO's support.



"picture It" - Kristen Quist

35%

of companies reported being able to proceed with a project/initiative with the ESIO's support.



VRcave

42%

of companies reported being able to obtain additional funding with the ESIO's support.



Guerrilla Motion Pictures - Justin Kueber



Loud Whispel Productions - Karina Betty

Supporting the local screen industries through COVID-19

The ESIO's small, adaptive team pivoted to online operations incredibly quickly. In a time of upheaval and uncertainty, we supported content creators by serving as a central resource, compiling and efficiently communicating important information as it became available from the federal, provincial, and municipal governments. As part of this focus on being a beacon point for the community, we created a newsletter that was endorsed by the Canadian Media Fund as a resource to help content creators navigate working during COVID-19.

We also used this time to create relationships with more diverse groups within the screen industries and bring together groups that traditionally struggled to meet in person. We found and leveraged opportunities in the new reality of working online to help content creators expand their professional networks and draw on one another's strengths.

Noting that production was suspended but development could go ahead, we introduced a new stream of funding, Early Stage Project Grants, that has now become a permanent addition to our funding programs. This grant stream allowed stakeholders across the screen industries to start working again on a total of 20 different projects, with a total of \$20,000 distributed. This allowed the ESIO to ensure that Edmontonians kept working and that the screen industries were able to stay active during the three-month shutdown of the film and television industry.



"You Didn't Make Me" Justin Brunelle

More engagement, greater impact.

Growing our presence

The ESIO welcomed two new staff members in 2020 - a Locations Officer (Samantha Quantz) joined the team in April, and a Communications & Outreach Officer (Madison Côté) started work in September. These two new hires are well-established members of the screen industries community, from both sides of the screen industries, and bring a balanced approach to supporting film and television as well as interactive digital media.

Filling these two positions with talented, passionate people allowed the ESIO to provide more direct, impactful support to the screen industries community. With a full staff team in place, we were able to develop essential resources for content creators, increase the community's engagement with the ESIO and respond more quickly and effectively to community needs.



"Wop May - Mad Trapper Block" - Frederick Kroetsch



"The way this [Location Scouting Support Program] was set up was *amazing!* Samantha and Alexandra set up an achievable, detailed and full scouting schedule, but that never felt rushed or behind. Alexandra was a wonderful scout, with enough knowledge of each location and the contact there to answer general questions and was willing to follow-up or help establish the connection for our team to follow-up about specifics. She was very professional, courteous and willing to help. Overall, this entire scouting experience was wonderful - keep up the great work!"

Joel Gundry
Roadwest Pictures

Communications & Outreach

The first major project for the new Communications & Outreach Officer was to launch a new visual identity to better represent and support the community while increasing Edmonton's credibility as a screen city. This included redevelopment and launch of a new website, new logo, and new branding package to tie the ESIO better into the community it serves. Reactions from the community have been positive - it was noted by a filmmaker coming from Ottawa that ESIO's new website was by far the easiest to use, compared to websites for comparable organizations in Vancouver, Calgary and Toronto.

Increased communication and engagement with the community to raise the profile of the ESIO began in 2020, as well as finding opportunities to encourage more content creators to engage with the ESIO. This strategy led to the ESIO presenting as approachable, collaborative, and user-friendly while we expanded our contacts within the community.



Dept. 9 Studios - Don Depoe

Locations & Scouting

Having an officer dedicated specifically to Locations has enabled the ESIO to make set visits, provide permitting support, and connect Edmonton with producers and creators looking to create their projects in our city. Our Locations Officer was also able to launch our Location Scouting Support Program, which has been received incredibly well by the industry.

The Location Scouting Support Program committed to providing a total of \$10,812 in rebates for guest productions and over \$45,000 for location rebates. The program has enabled us to work directly with significant stakeholders including the Government of Alberta, which has led to information flowing through the ESIO to the screen industries community in an efficient and timely manner.

Panels, Events & Sponsorships

Beyond this, members of the ESIO team have participated in panels at the Calgary Underground Film Festival, sessions with NAIT's Radio and Television program, Edmonton Global's Economic Developers Network, and several events that the ESIO has provided sponsorship for, including AMPIA's annual Rosie Awards, Gamers for Groceries, and more. These events have been opportunities to share our expertise, meet and connect with content creators and establish the ESIO as a valuable, active part of the screen industries community.



1844 Studios - Nazwanin Knight

Forging our way forward, together.

Job creation and growing local capacity

Connecting the Community

As industry discussions have become easier to facilitate online, we have been able to include stakeholders from across Alberta who want to support our Edmonton creators. This has been extremely beneficial for the development stages of Edmonton screen media projects.

The ESIO also facilitated the first-ever meeting between all members of the animation and video effects community in order to better understand the needs of convergent media companies. This meeting was highly successful and led to new relationships and collaborations within that community.

Building a Screen-Friendly Alberta

A significant focus for the Locations Officer has been creating a screen-friendly policy to apply across the entire Edmonton Metro region, which has already been positively received by many municipal officials. This policy will enable those working in the screen industries to better understand what municipalities require for use of their locations, grants they might provide, as well as permitting requirements. Part of the development of this program has been completed in conjunction with Calgary Economic Development's Film Commission, in order to present a unified provincial strategy for film and television across the province.



"Sam Lundell's Everything" - Justin Brunelle

Developing Local Talent

The ESIO recognizes that there are challenges associated with growing many parts of the screen industries within Edmonton Metro. We have been working with local unions, guilds, and associations to address the shortage of trained crew through free professional development workshops as well as hiring locals and training them to support these industries.

The ESIO itself trained and hired nine new location scouts in order to increase Edmonton's talent pool and capacity to pitch for guest productions. While some of these individuals are now working outside the ESIO as location scouts or location managers, some were unable to continue with their on-set work from March until June during the industry shutdown - during this time, they were able to continue providing location scouting support to the ESIO, which enabled them to keep working in Edmonton. As a result, the ESIO has received many more inquiries about filming in Edmonton due to the expansion of the Locations Library, and the ESIO's social media presence has become more interactive and appealing.

“A year ago, my only film experience was as a PA. I expressed interest in locations and so Samantha brought me on to work on the Reel Scout / AB Film Library initiative. I ultimately became the lead scout for that project, and within the year I was able to quit my day job and I now work full time as a location scout/manager here in Edmonton, which I didn’t know was possible! “

Ryan Leedu
Filmmaker & Location Scout



Photo by Alex Pugliese on Unsplash



Red Wine - Canadian Movie Corp.

More support needed, more support given.

ESIO's Funding Streams

Most of the ESIO's funding programs were announced in November of 2019, but applications fully opened and the first funds were distributed in 2020. We also added two new funding streams this year that hadn't been previously announced. The ESIO has been proud to effectively launch not just one funding program but seven within one year. The impact of these grants and programs on the community have been invaluable, and distribution of the committed funding has helped Edmonton's screen industries not only survive this year, but thrive.

New Funding Streams

Early Stage Project Grants - \$20,000 Committed, 20 Projects Supported

These grants provide support for new projects to help cover third-party costs during the planning phase. Adding this stream helped content creators continue with the planning and project development work they could do safely while production was suspended.

The Gil Cardinal Legacy Award

As of 2020, the ESIO now manages this award in memoriam of Gil Cardinal, a beloved Indigenous Edmonton filmmaker. With help from the community, projects by Indigenous filmmakers are chosen to receive in-kind services, mentorship and a cash prize.

“Hey Samantha! Thought I would let you know that we did end up filming our interview at Yellowhead Brewery and it worked out perfectly. So just wanted to say thank you for connecting us with them! It’s great to have you at ESIO for requests like this one! ”

Braden Rooke
Associate Producer



Existing Funding Streams

The Edmonton Screen Media Fund - \$455,620 Committed

This endowment fund was provided to the ESIO by the City of Edmonton to invest strategically in the screen industries. The first round of successful applicants began to receive their funding in 2020, with investment committed to projects like Curved Space, Christmas with a Crown, and more.

Industry Support Grants - Over \$125,000 Committed Across 31 Grants

These grants provide support for companies with third-party costs relating to general business expenses, marketing, and online event attendance. Financial support for marketing and professional development, activities that help content creators monetize their work and improve their business operations, has been identified as a key unmet need for the local screen industries community.

Location Rebates

This stream helps film and television productions offset costs for film location fees, site relocation costs, and municipal service costs (such as police and fire) within Edmonton Metro.

Location Scouting Rebates

These rebates help attract guest producers to Edmonton Metro by providing reimbursement of costs for local transportation, meals, and accommodation for guest productions looking to film in our region. They also help cover the costs of hiring a local location scout for up to three days and getting help with location permit applications, if needed.

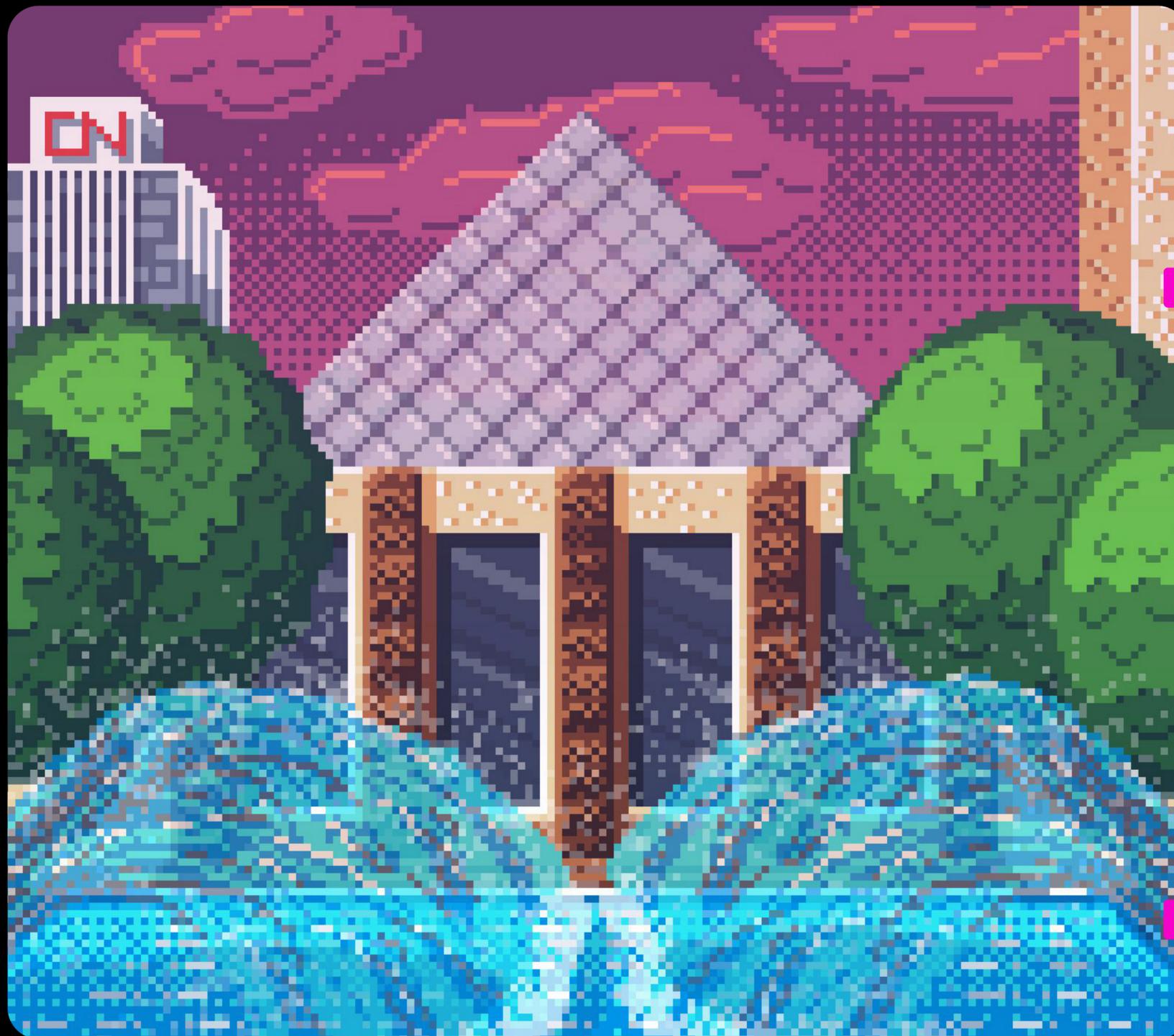
Event Sponsorship

The ESIO assesses event sponsorship requests based on their potential impact on the Edmonton screen media sector which includes support for industry events, organizations, and local initiatives.



Dept. 9 Studios - Don Depoe

City of Edmonton Reporting Requirements



"Edmonton City Hall" - Isobell Hubert Lyall

The 2021 Strategic Business Plan and Approved 2021 Budget documents have been previously submitted.

BOARD

as of
April 30, 2021

DIRECTOR	APPOINTED	TERM ENDED
Carman McNary	May 2017	December 2020
Andrea Mondor	May 2017	December 2020
Scott Nye	May 2017	December 2020
Tony Briggs	May 2017	
Chris Bruce	May 2021	January 2020
Peggy Garritty (Board Chair)	October 2018	
Kristina Milke	October 2018	
Tina Thomas	October 2018	
Lynette Tremblay	October 2018	
Pamela Freeman	October 2021	April 2020
Kerry Day (Board Vice Chair)	January 2020	
Rod Matheson	January 2020	
Samantha Kernahan	January 2020	
Darryl Boessenkool	January 2020	
Penny Omell	January 2021	
Christians Izquierdo	January 2021	

OF

DIRECTORS

Schedule A

		2019		2020		Notes
		AV	IDM	AV	IDM	
1	Annual number of non-local industry projects attracted	22		12		Management estimate
2	Annual number of Edmonton stories told using screen media	1,270		1,220		Section 4.1 of the Nordicity report
3	Average annual investment in the Edmonton screen industry	\$200,000		\$136,700		Section 5 of the Nordicity report
	Total amount invested from ESMF	The ESIO began accepting ESMF applications in November 2019. The first investment was made in 2020.		\$455,620		Investment commitments in 2020; amounts not fully disbursed at December 31, 2020.
	Total amount granted from ESIO	\$17,668		\$201,744		Grant commitments funded from operations. Includes industry support grants, early stage project development, location rebates and scouting rebates. In 2020, 57 grants were committed to the community.
4	Amount (\$) of funds leverage with contributions from outside organizations into ESMF	The ESIO began accepting ESMF applications in November 2019. The first investment was made in 2020.		\$2,903,286		Amount committed by third parties to ESMF projects.
	Rate at which funds are leverage with contributions from outside organizations into ESMF			\$5.83:\$1		Third parties committed \$5.83 for every \$1 committed from the ESMF.
5	Average annual revenue of Edmonton based screen industries companies		\$747,200		\$801,000	Section 4.2 of the Nordicity report
6	Average annual revenue from owned IP of Edmonton-based screen media companies		\$1,140,000		\$1,300,000	Section 4.2 of the Nordicity report

Schedule A

		2019		2020		Notes
		AV	IDM	AV	IDM	
7	Percent of average annual revenue from outside of Canada of Edmonton-based screen industry companies		81%		95%	Section 4.2 of the Nordicity report
8	Percent of average annual revenue from new lines of business or innovations by Edmonton-based screen industry companies		22%		1%	Section 4.2 of the Nordicity report
9b	Average annual expenditure of Edmonton-based screen industry companies - non labour		\$175,900		\$243,800	Section 4.2 of the Nordicity report
10	Average annual value of deals by Edmonton-based screen industry companies	\$129,400		\$179,000		Section 5 of the Nordicity report
11	Return on investment	The ESIO began accepting ESMF applications in November 2019. The first investment was made in 2020.				The program is currently under review.
	• repayment on loans			\$14,662		
	• interest			\$1,280		
	• royalties			\$-		
	• dividends			\$-		
	• equity participation			\$-		
	• date of ESMF self sufficiency			TBD		
12	Number of Edmontonians in full-time employment in the screen industry	2,408		2,106		Section 3 of the Nordicity study Full time equivalents hired locally

Schedule A

		2019		2020		Notes
		AV	IDM	AV	IDM	
13a	Edmonton's screen industries demographic diversity compared to the demographic diversity of the City - ownership					Section 1.2 of the Nordicity study
	• Female	52%		46%		
	• LBTQ2S	12%		18%		
	• Visible minority	28%		21%		
	• Person with disability(ies)	7%		3%		
13b	Edmonton's screen industries demographic diversity compared to the demographic diversity of the City - employment					Section 3 of the Nordicity study
	• Female	45%		29%		
	• LBTQ2S	8%		9%		
	• Visible minority	18%		14%		
	• Person with disability(ies)	4%		1%		
14	Annual number of screen industry projects assisted by or partnered with ESIO	The ESIO began accepting ESMF applications in November 2019. The first investment was made in 2020.				
	Number of projects assisted - ESMF					
	• ESMF loan			1		Will generate principal repayments and interest.
	• ESMF copyright interest			3		Will generate recoupment of investment and royalties.
	Number of projects assisted - grants and rebates	5		57		Grants and rebates are not required to be repaid.

Information Certified by:


Darryl Boessenkool (Jun 1, 2021 17:05 PDT)

Board Member Signature

Darryl Boessenkool

Print Name

Jun 1, 2021

Date


Peggy Garritty (Jun 1, 2021 18:14 MDT)

Board Member Signature

Peggy Garritty

Print Name

Jun 1, 2021

Date

Schedule B

		2019	2020	Notes
1	Number of projects assisted	nil	4	Investment commitments in 2020
2	Number of projects attracted	nil	1	
3	Estimated investments in industry			
	• ESMF loan	\$nil	\$150,000	
	• ESMF copyright interest	\$nil	\$305,620	Investment commitments in 2020; amounts not fully disbursed at December 31, 2020.
	• Location rebates from ESIO	\$nil	\$42,052	Location rebates paid to 2 successful ESMF projects; funded from ESIO operations
	• other funding	\$nil	\$2,903,286	Commitments from other funding sources
4	Estimated number of local residents hired	nil	25,147.50	Estimated hours for employment of local residents related to 4 investments committed in 2020.
5	Partnerships created or developed	nil	nil	
6	New business approaches or innovations	nil	1	
7	Amount of funds leveraged/contributed from outside organizations into the ESMF	\$nil	\$2,903,286	Amount committed by third parties to ESMF projects.
8	Returns on investment			
	• repayment on loans	\$nil	\$14,662	
	• interest	\$nil	\$1,280	
	• royalties	\$nil	\$-	
	• dividends	\$nil	\$-	
	• equity participation	\$nil	\$-	

Information Certified by:


Darryl Boessenkool (Jun 1, 2021 17:05 PDT)

Board Member Signature

Darryl Boessenkool

Print Name

Jun 1, 2021

Date


Peggy Garritty (Jun 1, 2021 18:14 MDT)

Board Member Signature

Peggy Garritty

Print Name

Jun 1, 2021

Date

NORDICITY REPORT

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Glossary of Terms

n-values: The number of respondents to a survey question, which is often used in the data analysis related to that question.

FTE: Full-time equivalent is a measure used to allow industries to compare employment with one another. One FTE either represent a full time employee or be a composite of several part-time employees. For example, two part-time employees each working half of a year would make up one FTE. Where no data is available on the portion of a year worked by an employee it is customarily assumed to be one half of an FTE.

Edmonton: For the purposes of this document, the word "Edmonton" is used to denote the Edmonton Metropolitan Region. "Edmonton Metro" or the Edmonton Metropolitan Region encompasses and includes: The Cities of Edmonton, Fort Saskatchewan, Leduc, Spruce Grove, and St. Albert, the Towns of Beaumont, Stony Plain, Devon, Morinville, the Hamlet of Sherwood Park and Leduc County, Parkland County, Sturgeon County, and Strathcona County.

Industry: Mentions of "industry" in this report unless otherwise described refer to the Edmonton Screen Industries i.e. audiovisual and interactive digital media.

Audiovisual (AV) industry: The AV industry includes film & television production companies, VFX studios, post-production companies, live-action and animation production companies, and corporate/commercial production companies.

Interactive Digital Media (IDM) industry: The IDM industry includes video game companies, eLearning software companies, companies making digital components of commercial content, Augmented Reality (AR)/Virtual Reality (VR)/Mixed Reality (MR) companies, etc.

Companies/AV companies/IDM companies: All references to companies refer to companies in Edmonton, unless otherwise specified.

OTT: "Over-the-top" refers to media services offered to viewers outside of Canada's regulatory system (as opposed to traditional media platforms such as cable and broadcast television, which are regulated by the CRTC). Examples include Netflix, Amazon Prime Video and Disney+.

1. Introduction

The Edmonton Screen Industries Office Society (ESIO) was established in 2017 to support the growth and sustainability of the screen media industries in Edmonton. The overall aim of the ESIO is to improve the extent to which Edmonton-based screen media companies acquire, develop, and successfully exploit intellectual property (IP) that they own.

Nordicity was engaged by the ESIO in 2018 to prepare annual reports on the state of the screen industries in Edmonton. In the first year, Nordicity collected data (via an online survey) that provided the baseline against which activities in future years would be benchmarked. Nordicity then collected data in 2019, 2020 and in 2021 to provide an annual update of the identified indicators. Each of these annual surveys asked companies to provide data on their most recently completed fiscal year i.e., FY 2020-2021.

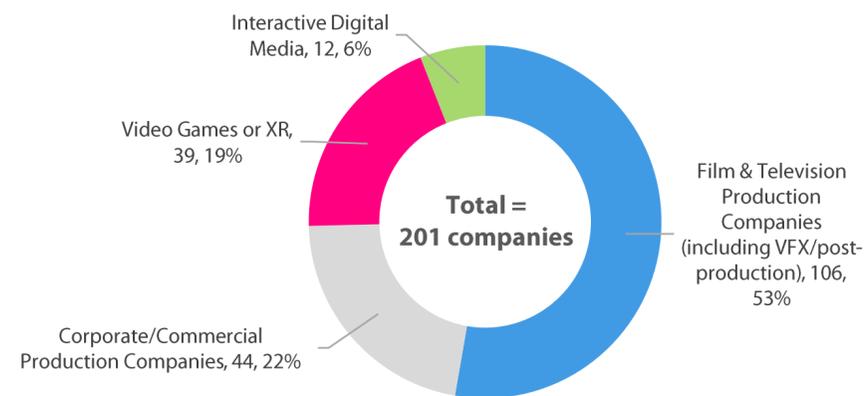
1.1 Screen Industry Companies in Edmonton

- 1. Audiovisual (AV) companies:** This category includes film & television production companies, VFX studios, post-production companies, live-action and animation production companies, and corporate/commercial production companies.
- 2. Interactive Digital Media (IDM) companies:** This category includes video game companies, eLearning software companies, companies making digital components of commercial content, Augmented Reality (AR)/Virtual Reality (VR)/Mixed Reality (MR) companies, etc.

More detailed descriptions of these industries can be found in Section 2: About the Screen Industries.

Based on desk research jointly conducted by Nordicity and the ESIO, the following chart illustrates the sector focus of the **201 screen industry companies operating in Edmonton**. Including those that did not have contact information, the study identified 150 audiovisual companies and 51 interactive digital media companies in Edmonton as the population or “universe” of Edmonton screen companies.

Figure 1: Breakdown of Edmonton screen companies by sector



n = 201
Source: ESIO and Nordicity desk research

More than half (53%) of the screen companies in Edmonton operated in the film and television sector that includes animation, VFX and post-production companies. Video games and AR/VR/MR companies constituted 19% of the sector.

1.2 Profile of Survey Respondents

For the 2021 survey, Nordicity distributed a total of 200 invites to the following types of companies operating in Edmonton for whom the ESIO had contact information. The response to these invites is summarized below.

Type	Invites Sent	Useable Responses	Useable Response Rate	Complete Responses	Complete Response Rate
Audiovisual companies	150	31	21%	24	16%
Interactive Digital Media companies	50	15	30%	12	24%
Total	200	46	23%	36	18%

The survey was open from March 1, 2021 to April 7, 2021 and received 46 useable responses - a 23% response rate. As with previous version of this study, usable responses are those that answered at least one question in addition to the identification and sector questions, whereas completed responses are those where the respondent has answered the last question. As seen in the table above, the response rate for the AV industry (21%) is lower than the IDM industry (30%).

Data Limitations

When analyzing the results of a survey like this one, it is important to keep the exercise’s limitations in mind. Most notably, because there are relatively few screen industries companies in Edmonton, significant changes to a small number of companies (or just one large company) can result in material differences for the wider industry. At the same time, Edmonton is home to a few large IDM firms whose revenue or production activity are much larger than the average company. As a result, the economic performance of the whole industry is greatly impacted by the performance of these individual firms.

To attempt to mitigate this challenge, Nordicity identified these large “bellwether” firms and collected data from them. Unfortunately, some did not respond to the survey and so the results in the study may be considered comprehensive, but not completely representative of the screen industries in Edmonton.

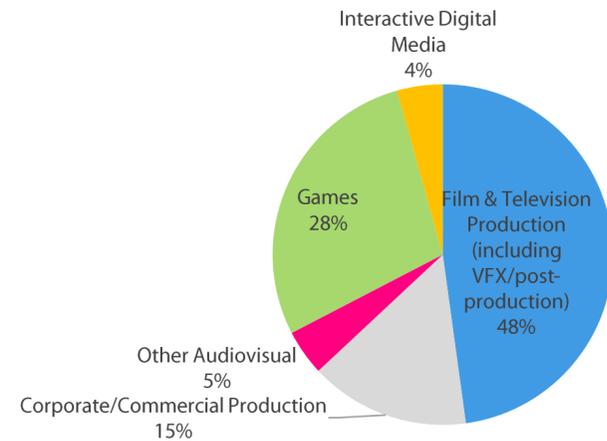
For these reasons, Nordicity cautions the reader against drawing conclusions based on year-over-year fluctuations. All the results in this report were derived from responses to the survey. Most results are expressed as averages, but some have been “grossed-up” or extrapolated to the whole industry.

The following figure shows the breakdown of survey respondents by industry. IDM companies make up 32%¹ of the survey respondents, compared to 25% of the companies invited to complete the survey, and AV companies constitute 68%² of the sample, but 75% of the population. For this reason, IDM companies are over-represented in results common to both industries (e.g., business metrics).

¹ Percentage of useable responses.

² Percentage of useable responses.

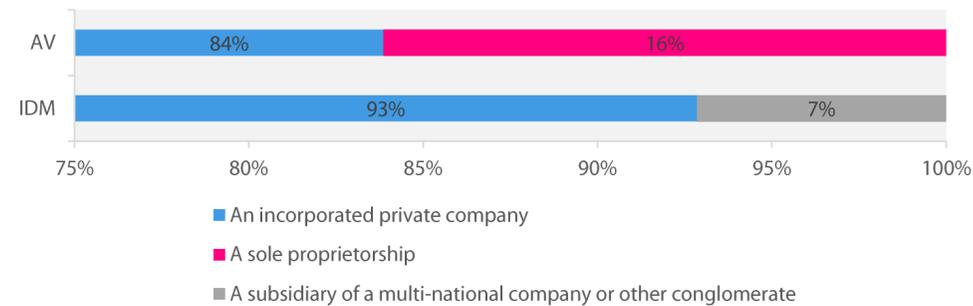
Figure 2: Breakdown of companies by sector as reported by respondents (self-identified)



n = 46
Source: Survey of Edmonton's Screen Companies 2021

In terms of ownership, a large majority of both AV (84%) and IDM (93%) companies are incorporated private companies as seen in the figure below. For AV companies, this section refers to the ownership of the production company, and not the productions themselves which are typically housed in single purpose subsidiary companies.

Figure 3: Structure of companies in Edmonton's screen industries self-reported by respondents

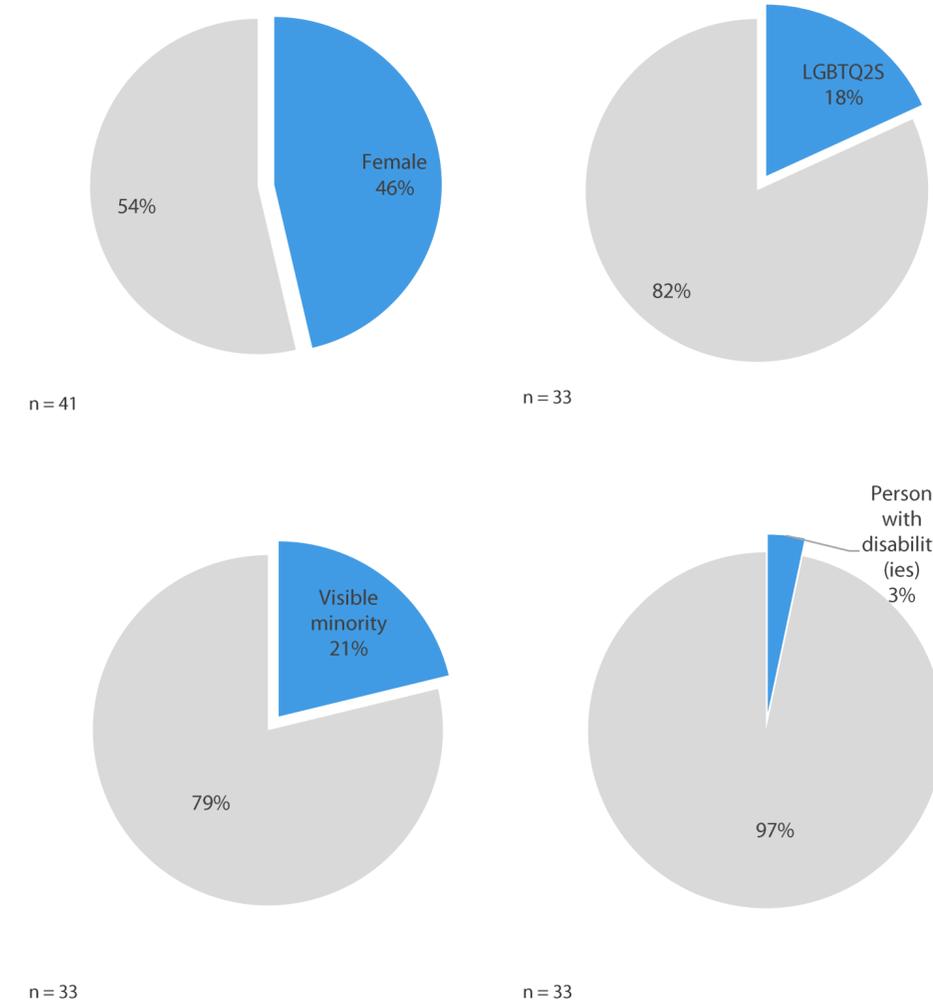


n = 45
Source: Survey of Edmonton's Screen Companies 2021

In terms of demographics of company owners, almost half (46%) of the respondents reported having at least one owner that identified as female. In comparison, 59% of all small and medium enterprises in Edmonton reported having at least one female business owner.³

³ 2017 Survey on Financing and Growth of Small and Medium Enterprises by Statistics Canada

Figure 4: Percentage of companies that have at least one owner identifying as female, LGBTQ2S, a visible minority, or a person with disability(ies) (self-reported)



Source: Survey of Edmonton's Screen Companies 2021

18% reported having at least one owner identifying as LGBTQ2S. As a comparison, approximately 1 in 40 (or 3%) of Canadian businesses are LGBT+ majority owned or operated.⁴

⁴ The Nielsen Company. [CANADIAN GAY AND LESBIAN CHAMBER OF COMMERCE LGBT SME Landscape Research Study.](#)

More than one in five (21%) companies reported having at least one company owner who identified as a visible minority. While not the same, the proportion of small and medium enterprises in Edmonton *majority-owned* by owners identifying as visible minorities is 14%.⁵

3% of companies reported having at least one owner identifying as a person with disability(ies). The proportion of small and medium enterprises in Edmonton *majority-owned* by owners identifying as a person with disability(ies) is 0.3%.⁶

⁵ 2017 Survey on Financing and Growth of Small and Medium Enterprises by Statistics Canada

⁶ 2017 Survey on Financing and Growth of Small and Medium Enterprises by Statistics Canada

2. About the Screen Industries

This study covers two distinct types of companies: audiovisual production companies, and interactive digital media companies. Although these two industries are often combined into the “screen industries” (presumably because the content they each produce is consumed on screen-based devices), they operate very differently. Moreover, it is these differences that shape the metrics to be tracked. As such, this section provides a short summary of the prevailing business models and market contexts for each screen industry.

2.1 Audiovisual Industry

Audiovisual production companies typically create products like TV shows, films, and web series. To do so, they typically form single-purpose companies for projects that are then dissolved when projects end. These temporary companies are always revenue neutral, with a line item in their budgets to pay participating production companies (called “producer fees”). This structure is common to both domestic productions (in which the parent company of the temporary vehicle may be a Canadian production company) and foreign service and location production (in which the parent company is typically a non-Canadian company). These single purpose companies also account for the vast majority of the economic activity associated with the audiovisual industry.

Given the project-based nature of the industry, production volumes (an industry term for the aggregate value of all production budgets in a given period of time) can fluctuate dramatically from year to year. For example, if a TV series or major film project concludes for a production company one year, the next year may be focused on developing the next project. As a result, the parent production company may be just as active, but the industry may appear to have declined because of the absence of the large project (and thus the economic activity related to that project). Jurisdictions with fewer concurrent productions (like Edmonton) are particularly susceptible to these fluctuations.

Independent production companies typically finance their projects through various channels – in part through public mechanisms such as tax credits or grants, and for a significant part through distribution deals. Producers license their programs or feature films to domestic and foreign distributors, including broadcasters, OTT service providers (e.g., Netflix), and theatrical distributors. Production companies earn revenue mainly from these distribution deals, and from taking a share of the project’s budget (producer’s fee). In other cases, they can also earn revenue from the exploitation of their intellectual properties like merchandizing, which is more common with children’s programming.

Industry segments that are part of this study:

- **Film & television production**, including VFX, post-production and live-action and animation production, and
- **Corporate and/or commercial production**, including advertising, training videos, etc.

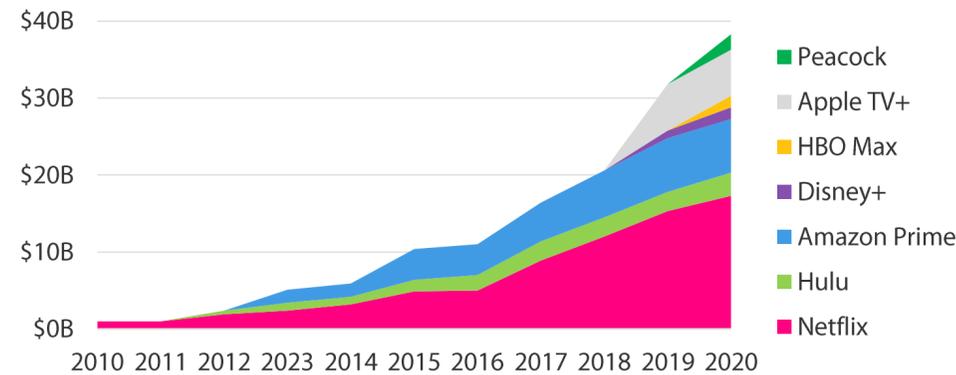
2.1.1 Canadian and Global Context

According to [Profile 2019](#) put out by the Canadian Media Producers Association (CMPA), the total volume of film and television production in Canada increased by 5.8% to \$9.32 billion in 2018/19. The largest contributions to the growth came from the Canadian television segment, which grew by 6.5%,

to reach \$2.89 billion and the foreign location and service production segment which increased by 3.2% to \$4.86 billion.⁷

While foreign location and service production accounted for 31% of the total Canadian production volume in 2013/14, this segment in 2018/19 represented 52% of the total production activity.⁸ In a sense, Canada has become a global service production center and “manufacturer” of audiovisual content over the last decade. In fact, foreign location production is driven by the continued demand from US subscription video-on-demand (SVOD) services, led by global tech giants Netflix, Amazon, Apple and more recently joined by major studios and broadcasters (e.g., Disney, Comcast’s Peacock, HBO Max). In Canada, US-based projects can benefit from a favourable currency exchange rate, use supportive tax credits, rely on a highly skilled and experienced local workforce, and realize efficiencies thanks to the presence of VFX and post-production companies in Canada’s major production hubs. The following chart illustrates how platforms have been ramping up for the “streaming war” over the past ten years: in 2020, the top seven SVOD services spent US\$38 billion on original content production, with US\$17 billion coming from Netflix only.⁹

Figure 5. Original content spend by top SVOD platforms (USD)



Source: Estimates compiled by JustWatch in December 2020

In the short term, there is no sign of a decline in global production expenditure, and in this regard, Canada is poised to benefit from this continued growth. With an increasing number of projects shot in Canada, soundstages have reached – or are near reaching – capacity in top-tier hub (Vancouver, Montreal and Toronto), which makes other Canadian jurisdictions even more attractive. Looking forward, the market is likely to experience some consolidation as a result of the consumers’ SVOD fatigue: too much content, too many platforms, too many subscriptions. Eventually, this situation may lead to the levelling off of the production volume.

Of course, COVID-19 has had a considerable impact on the film and TV industry. Almost 60% of film commissions that responded to a global Olsberg SPI survey indicated that they have seen a loss of 75% or more of expected production volume due to the COVID-19 pandemic (in the six first months

⁷ Note: Data for the 2020 calendar year had not been published by CMPA at the time of writing.

⁸ CMPA. [CMPA Profile 2019](#)

⁹ Variety. [Netflix Reveals \\$17 Billion in Content Spending in Fiscal 2021](#) (Apr 20, 2021)

of 2020). The production stalling led to an estimated \$62 billion fall in global screen production volume.

In Canada, a survey conducted by Nordicity on behalf of the Canada Media Fund (CMF) and the CMPA indicated that in January 2021, 18% of Canadian production companies felt they were in dire straits and may go bankrupt, 1% had permanently ceased operations and 22% considered laying people off to survive as a result of the COVID crisis. However, 92% of respondents indicated that they are continuing to develop projects.¹⁰

There are still many unknowns to forecast the shape and pace of the recovery (e.g., development and distribution of a vaccine, stimulus and emergency funding, risk aversion of private investors, continuation of social distancing measures, opening up of borders, etc.). Nevertheless, and despite the disruption, many projects expected for this year have been delayed and not completely cancelled. With the easing of restrictions, projects are returning to production as it is already the case today.

The pandemic has accelerated production trends: in the light of physical distancing measures and health concerns, processes are rapidly evolving. Virtual production, for example, encompasses a number of solutions (high-definition LED panels that recreate photorealistic environments, XR¹¹ devices combined to 3D virtual spaces (Simul-Cam/Ncam), motion capture, etc.) that allow a production team to combine live footage and computer graphics in order to get real-time feedback, and to make decisions on set about the VFX and animation.

In COVID times, virtual production presents numerous advantages. Virtual sets allow reducing travel and allow the cast and crew to work in more tangible setting (as compared to green screen without pre-visualization). A large range of production departments can collaborate live and virtually, therefore involving fewer crew members and enabling social distance on sets. As such, virtual production is poised to become a key element of the production process in the months and years to come.

In Canada, SIRT (Screen Industries Research and Training Centre, Toronto) is among those leads the research and development when it comes to virtual production. In Edmonton, NAIT’s Centre for Innovative Media opened a 2000 square foot, custom engineered motion and performance capture studio in early 2021. The studio will also assist with motion capture for virtual production and life sciences applications.

Only larger facilities (e.g., MELS, Stargate) and a handful providers already offer more recent solutions like LED walls – so far, the focus has been on motion capture and CG environments (such as what NAIT, TFO and Animatrik propose). The development of purpose-built virtual production facilities in Canada should advance rapidly following the opening of the Pixomondo studio in Toronto (first half of 2021).

In conclusion, the film and TV industry is at a turning point, with many unknowns. COVID has disrupted the value chain, from creative collaboration to on-set technologies, to exhibition/distribution. However, even in a post-COVID world, Canada is equipped to continue to capture a significant portion of the foreign SVOD windfall thanks to its infrastructure, financial incentives and highly skilled workforce and talent.

¹⁰ Nordicity. CMF Film and TV January 2021 COVID-19 Survey.

¹¹ XR is generally used as an umbrella term to group technologies such as VR, AR and MR together. Most definitions of XR encompass platforms and content where the user can take digital objects into reality, or, conversely, see physical objects as present in a digital scene.

2.2 Interactive Digital Media (IDM) Industry

IDM companies operate in a more traditional manner – as compared to audiovisual production companies. As such, they (typically) maintain permanent operations with relatively stable employment levels (as opposed to creating temporary companies) and their year-over-year revenue and expenditure patterns can be more easily observed. Also, unlike audiovisual production, in which there is a clear distinction between domestic and foreign production (based on the ownership of the underlying intellectual property), almost all IDM projects are created for a global audience.

Industry segments that are part of this study:

- **Video games**, including mobile, console, and PC games;
- **Interactive experiences** such as Augmented, Virtual and Mixed Reality (AR, VR, and MR) products;
- **Other interactive digital media**, including eLearning products (military training applications, flight simulation, etc.) and digital content for commercial products.

Major sources of revenue for video game companies include unit sales (devices or software), in-app or in-game purchases, service agreement from other IDM companies, and inter-company transfers (if they are subsidiaries of a larger company and the value of the transfer can be estimated).¹²

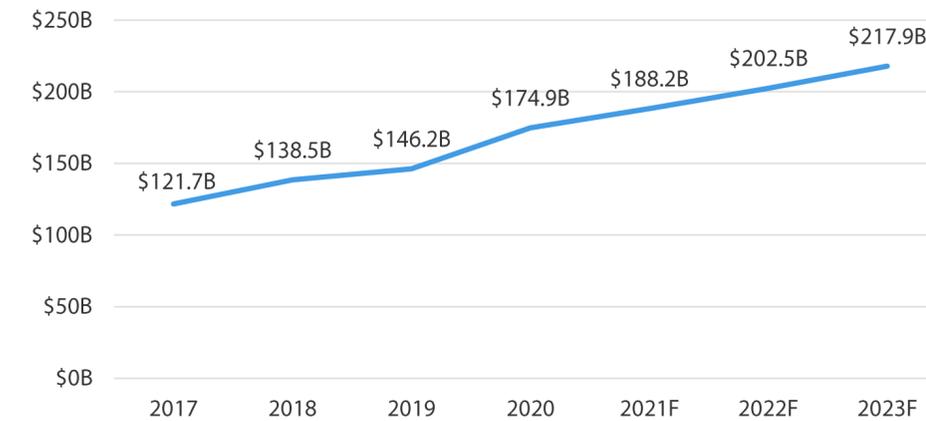
“Interactive experience” and “other interactive digital media” companies generate revenue from a variety of sources including unit sales (e.g., for VR products), sponsorship, licensing of IP, and service agreements.

2.2.1 Canadian and Global Context

The cataclysmic event of the COVID-19 pandemic has caused some significant changes in the IDM industry. While many sectors are negatively impacted by the pandemic, products and services from the IDM industry play a significant role in bridging online communication and entertainment to consumers.

¹² While inter-company transfers may not always be treated as revenue from an accounting perspective, they are included here to allow for a better comparison between Canadian and foreign-owned IDM companies.

Figure 6 Global video games revenue, USD



Source: NewZoo, 2020 Global Games Market Report

Based on Newzoo’s 2020 annual report, the global video games sector is estimated to be \$217 billion (US \$175 billion), a 19.6% increase YoY growth rate from 2019.¹³ This growth greatly exceeds the predicted growth rate of 9%. A significant portion of growth in the sector has come from the mobile gaming market. The growth comes from market penetration of new consumers and increased consumption from established consumers. Reports show that more gamers are consuming more video games products and services globally.¹⁴

Canadian gamers are also on-track with this trend, with 58% adults and 70% teenagers spending more hours playing video games.¹⁵ While the industry is expected to keep growing annually, the pandemic is attributed as the major factor for the increase of video games consumption. While the latest data on Canadian video games development sector has not been released yet, the growth of the global market and the large number of giant video games studios in Canada suggest that the Canadian video games development sector may also see a large boon from the growing consumption of video games globally.

Another noticeable trend in 2020 is the large number of mergers and acquisitions occurring in the gaming sector. One of the largest acquisitions in video game history occurred in 2020, where Microsoft acquired video game publisher ZeniMax for US \$7.5 billion. The pandemic boosts the acceleration of M&A deals, reaching up to US \$33.6 billion in investments and acquisitions.¹⁶ While the global economy is in state of uncertainty during the pandemic, the video games sector is bullish enough to perform large scale investments and acquisitions.

A significant negative effect from the COVID pandemic comes from the delays of hardware due to disruptions of the supply-chain production. Video games consoles and accessories are hit hard due to

¹³ Newzoo, [Global Games Market Report 2020](#).

¹⁴ Jason Schreier, [Gaming Sales Are Up, but Production Is Down](#).

¹⁵ ESAC, [Canadians Are Playing More Video Games to Stay Connected and Entertained During Covid-19](#).

¹⁶ Invest Game, [Global Video Game Deals Report 2020 — Investment Overview](#).

the rising demand of the products from people forced to stay home and from the closure of factories due to COVID infections. The pandemic also affects game development cycle as developers have to become accustomed to new "work-from-home" environments.¹⁷

The pandemic also changes the consumer behavior of gamers, as social games like "Animal Crossing: New Horizons", "Fall Guys", and "Among Us" become popular games during the height of the pandemic.¹⁸ Some social games become more than just an entertainment product; they also function as communicative tools for users to keep in touch with friends and family during the pandemic. Consumption of video games media – like Twitch, YouTube Gaming, and Facebook Gaming – saw a huge increase in viewership in 2020, with an overall viewership of 78% increase from 2019.¹⁹ The 2020 Game Awards – the sector's largest award ceremony – had a viewership of 83 million, up from 45 million in 2019.²⁰

In the AR/VR sector, the market in 2020 is estimated to be \$20 billion (US \$16 billion), with a compounded annual growth rate (CAGR) of 18%.²¹ Like the video games sector, while other industries are struggling during the pandemic, the AR/VR sector takes advantage of the problem by offering communicative devices and services to bridge the consumers and businesses that are isolated from the pandemic. In fact, the majority of AR/VR products and services are used for commercial purposes. AR/VR tech are used in several commercial ways, from virtual events for business or social gatherings, to creating a virtual view of properties for clients of the real estate industry.²² Commercial use of AR/VR technology will continue to dominate the sector as retailers and tech developers are utilizing mobile phones as the delivery platform of that technology to reach out to potential consumers. For example, Audi previewed its e-tron Sportsback car in the largest virtual reality event "Virtual Market 4", where attendees would receive a digital and virtual experience if they touch the car.²³

The global spending on eLearning sector (or EdTech) is \$280 billion (US\$ 227 billion) in 2020. While this expenditure is only 3% of the total global spending of education, venture capitalists see an amazing potential for the sector, doubling their investments in eLearning from \$9 billion (US \$7 billion) in 2019 to \$20 billion (US \$16 billion) in 2020.²⁴ Experts suggest that the growth of eLearning sector can be attributed to the pandemic period.²⁵ Globally, the pandemic has affected over 1.2 billion students due to school closures. The slow vaccination rates globally also affect the duration of isolating students from their schools. Whether or not eLearning sector will keep expanding post-

¹⁷ Jason Schreier, [Gaming Sales Are Up, but Production Is Down](#).

¹⁸ Nathan Grayson, [Among Us' Improbable Rise to The Top of Twitch](#).

¹⁹ Charlie Hall, [Game Streaming Viewership Nearly Doubled During the Pandemic](#).

²⁰ Alex Steadman, [The Game Awards 2020 Show Hits Record Viewership With 83 Million Livestreams](#).

²¹ Grand View Research, [Virtual Reality Market Size, Share & Trends Analysis Report](#).

²² Serenity Gibbons, [How Businesses Are Using VR To Survive The COVID-19 Era](#).

²³ Audi Mediacenter, [Audi e-Tron Sportback Conquers the Virtual World](#).

²⁴ HolonIQ, [10 Charts to Explain the Global Education Technology Market](#).

²⁵ World Economic Forum, [The COVID-19 pandemic has changed education forever. This is how](#).

COVID remains to be seen. However, the pandemic allows people to reconsider how education should be taught and what prospect can eLearning bring to education and training market.

The COVID pandemic has shifted the landscape of various industries, mostly for the worst. The IDM industry, however, takes advantage of this upheaval to innovate, expand, and flourish. Because of the digital nature of most IDM products and services, the industry benefits extremely well from consumers who are either physically and socially isolated, and people who are bored from or worried about the pandemic. The industry provides both a means of escape and also a connection for a very detached global population.

2.3 Summary of Indicators

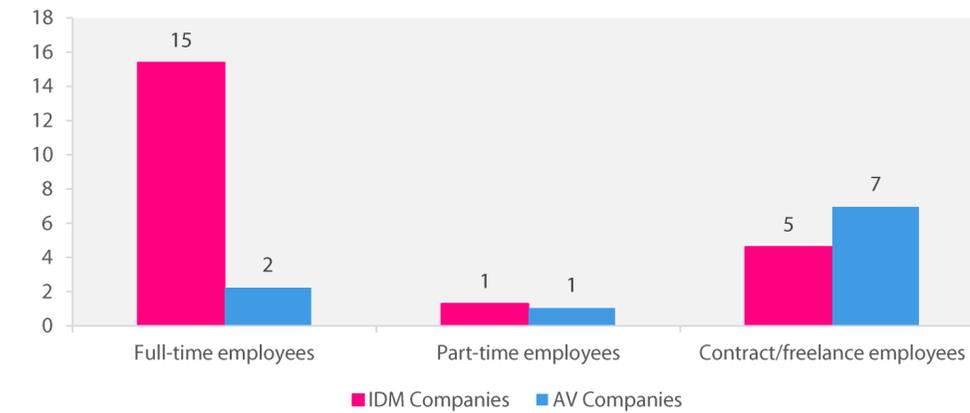
Based on the above, the following table presents the indicators that should be tracked for each screen industry (by type of indicator).

Type of Indicator	Audiovisual	IDM
Profile	Ownership structure	Ownership structure
	Demographics of owners	Demographics of owners
Workforce metrics	Average number of employees	Average number of employees
	Total employment	Total employment
	Workforce demographics	Workforce demographics
Financial metrics	Average number of projects	Average revenue
	Total number of projects	Average export revenue
	Average number of projects set in Edmonton	Average revenue earned from owned IP
	Average number of projects featuring Edmonton landmarks	Average revenue from fee-for-service work
	Average number of productions attracted from outside Alberta	Average revenue from new lines of business
	Average project budget	Average number of products brought to market
	Average production volume	Average expenditure
	Total production volume.	Average labour expenditure
		Average non-labour expenditure
Business Metrics	Average number of deals	Average number of deals
	Total number of deals	Total number of deals
	Average value of deals by source	Average value of deals by source
	Overall average deal value	Overall average deal value
	Average number of partnerships	Average number of partnerships
	Total number of partnerships	Total number of partnerships
	Average investment raised by source	Average investment raised by source
	Overall average investment raised.	Overall average investment raised.

3. Workforce Metrics

This section provides key metrics relating to the individuals working in Edmonton's screen industries based on companies' most recently completed fiscal year. To that end, the following chart illustrates the average employment at screen industry companies in 2021.

Figure 7: Average number of employees at Edmonton's screen industry companies



n = 42
Source: Survey of Edmonton's Screen Companies 2021

On average, IDM companies have about 15 full-time employees, one part-time employee, five contract/freance workers. On the other hand, audiovisual companies have only two full-time employees on average, one part-time employee and seven contract/freance workers.

Based on these averages, Nordicity can estimate the total level of employment in terms of Full Time Equivalents (FTEs). To that end, in 2020, Edmonton's IDM industry supported **1,190 FTEs**,²⁶ and its AV industry employed **1,510 FTEs**.²⁷ In all, Edmonton screen industries employ an estimated **2,700 FTEs**.²⁸

Given that (as explained in Section 2.1) the majority of economic activity – and thus employment -- in the AV industry occurs in temporary companies, employment in that industry is typically reported in

²⁶ For IDM, companies were asked to report on the number of full and part-time employees. Nordicity then converted these employees to FTEs where one full-time employee = one FTE, and (as data was not available for the portion of the year worked by part-time employees) used the standard conversion of one part time employee = 1/2 FTE. Total employment was then estimated as the product of average number of FTEs (excluding outliers) and the number of companies less the number of outliers. This product was then added to the number of FTEs reported by outlier companies.

²⁷ For AV, employment was estimated separately for corporate operations and production activity and the results were summed. Employment for corporate operations was estimated the same way as for IDM companies. For production activity, employment was calculated as gross production volume divided by the average FTE salary in film and television for Alberta as reported in the *CMPA Profile 2019*.

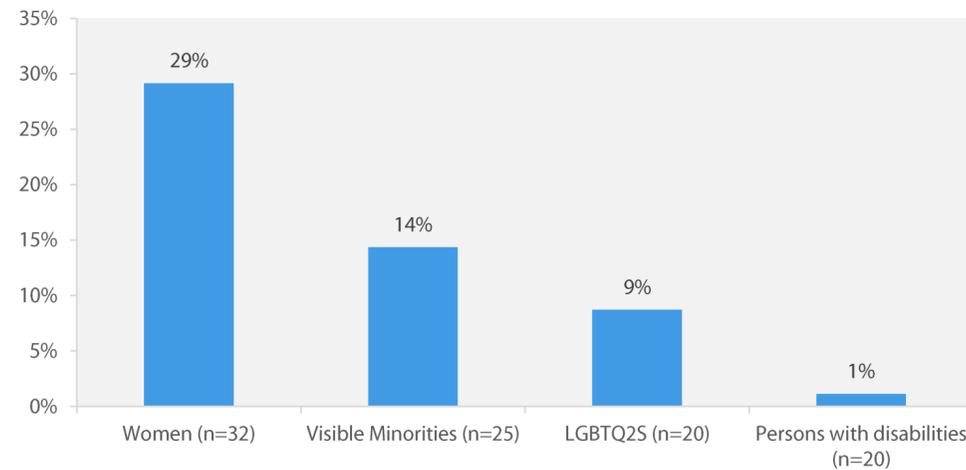
²⁸ Employment figures were calculated separately for interactive digital media companies and for AV producers, which are rounded to the nearest 10 FTEs. For total employment, the un-rounded IDM and AV figures were summed then rounded again. For this reason, the total employment expressed in the report does not equal the sum of IDM and AV estimates.

terms of FTEs. However, to get a better picture of the number of people impacted by the industry Nordicity estimates that each FTE represents 1.9 actual workers. As such, when combined with the (largely full time) employment in Edmonton’s IDM industry, the screen industries in Edmonton comprise **2,930 workers**.²⁹

Edmonton’s screen industry workforce is largely local, with respondents indicating that about 78% of the workforce (as measured in FTEs) was hired locally from Edmonton Metro.

In terms of demographics, women constitute 29% of the workforce and visible minorities constitute 14% of the workforce. For context, Edmonton’s overall labour force is 47% women, and 27% visible minorities.³⁰

Figure 8: Demographics of employees of Edmonton screen companies (% of workforce)



Source: Survey of Edmonton’s Screen Companies 2021

Workers identifying as LGBTQ2S constitute 9% and persons with disabilities make up 1% of the screen industries workforce. To compare, persons with disabilities constitute 17% of Alberta’s labour force.³¹

²⁹ Each FTE for production activity represents 1.9 workers. The total number of workers was estimated as the number of FTEs from production activity multiplied by 1.9, added to the FTEs from IDM and AV corporate operations.

³⁰ Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016192.

³¹ Statistics Canada. Table 13-10-0377-01 Labour force status of persons with and without disabilities aged 25 to 64 years, by age group and sex, Canada, provinces and territories (2017 data).

4. Financial Metrics

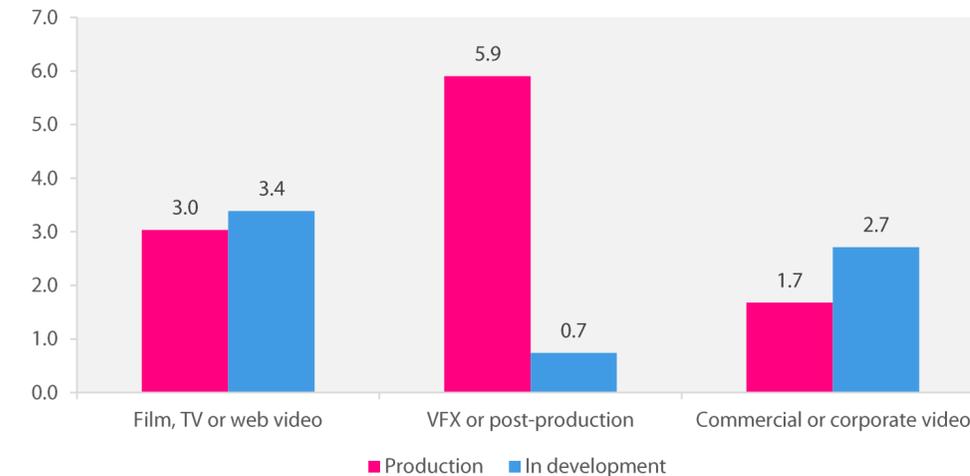
Per the description of the audiovisual and IDM industries presented in Section 2, the two components of Edmonton’s screen-based sector operate very differently. For this reason, this section contains financial metrics relevant to each industry – and does so separately. More precisely, it illustrates production-related metrics for audiovisual companies (as the principal source of economic activity for audiovisual companies is production), whereas it presents revenue and expenditure data for interactive digital media companies (as they operate more like standard companies).

4.1 Audiovisual Industry

Audiovisual production companies typically create products like TV shows, films, and web series. To do so, they typically form single-purpose companies for projects that are then dissolved when projects end. These temporary companies account for the vast majority of the economic activity associated with the audiovisual industry.

The figure below shows the average number of projects audiovisual companies worked on in 2020 (production), and the average number of projects in development.

Figure 9: Average number of projects by type in production at Edmonton’s audiovisual companies in 2020 (among companies that make products of that type), and projects in development



n = 42

Note: Most responding companies did not create all three types of products.

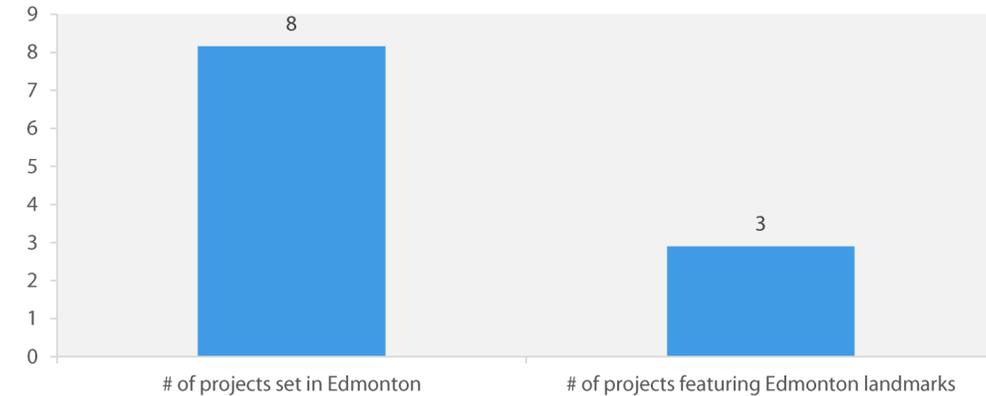
Source: Survey of Edmonton’s Screen Companies 2021

In all, AV companies worked on an estimated **1,590** projects over the last fiscal year, and they have an estimated **1,030** projects in development.³²

³² Gross number of projects estimated as the product of average number of projects and number of audiovisual companies in Edmonton. It should also be noted that there is no necessary relationship between the number of projects in a year and the economic activity observed in that year, as project sizes can vary dramatically.

Of the projects the companies worked on, eight on average were set in Edmonton, and three were set elsewhere but featured Edmonton landmarks. In all, Edmonton audiovisual companies worked on an estimated **1,220 projects set in Edmonton**, and 440 projects featuring Edmonton landmarks.

Figure 10: Average number of audiovisual projects set in Edmonton, featuring Edmonton landmarks, and attracted to Alberta



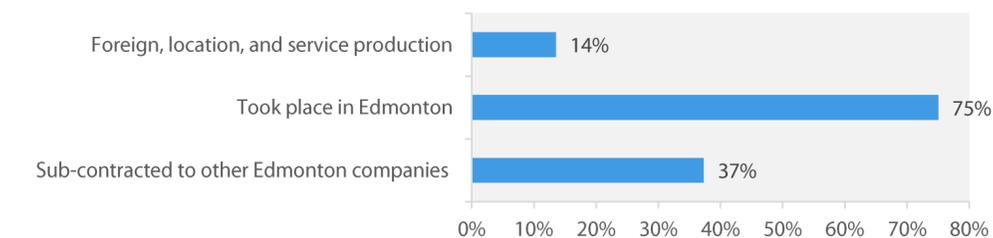
n = 31
Source: Survey of Edmonton's Screen Companies 2021

On average, companies attracted one production from outside Alberta in 2020, and the remaining productions featured Edmonton to some extent.

When looking at the size of projects undertaken in 2020, companies were asked to provide both the average budget size and the total production volume. Companies reported an **average project budget of \$64,600**.

At the same time, when asked to report their average production volume directly, 10% of respondents indicated having no production at all last year, presumably due to the pandemic. Those that did have at least some production activity indicated an **average of \$218,100 in production volume** last fiscal year, with a **total production volume** estimated at **\$17.2 million**.³³

Figure 11: Portion of production volume from foreign, location and service production, from production taking place in Edmonton, and portion from other Edmonton-based companies



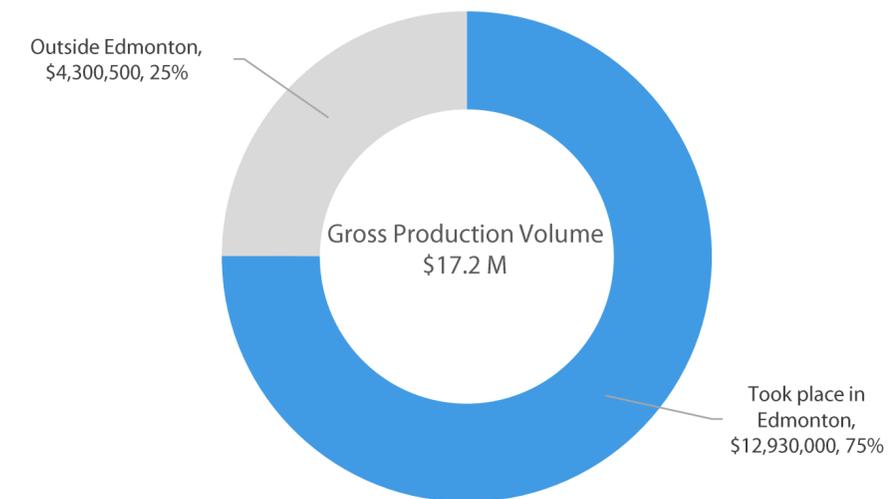
n = 30
Source: Survey of Edmonton's Screen Companies 2021

³³ This apparent inconsistency suggests that there were a few large projects produced in 2020 (thereby increasing the average production volume), but that the typical audiovisual production company in Edmonton works on smaller budget projects (e.g., commercial video, web series, etc.).

A large majority (75%) of the production volume took place in Edmonton Metro, meaning that 25% of the production volume reported by Edmonton-based production companies occurred outside of Edmonton. Examples of such activity could include productions shot on location in rural areas.

The gross production volume taking place in Edmonton is an estimated \$12.9 million as seen in the figure below.

Figure 12: Production volume taking place in Edmonton



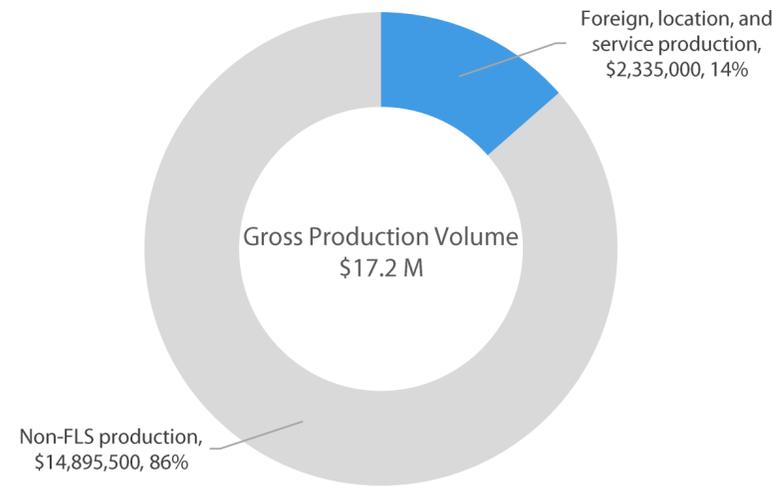
n = 30
Source: Survey of Edmonton's Screen Companies 2021

AV companies in Edmonton also provide services to other companies in Edmonton, with 37% of a company's production volume coming from work sub-contracted from other Edmonton-based production companies. This observation suggests that **\$12.2 million** in production volume is generated from **within the region**.³⁴

At the same time, respondents indicated that 14% of production volume was foreign, location and service production (FLS), which contrasts with FLS comprising over 50% of production volume in the wider Canadian AV industry (per Section 2.1.1). The estimated production volume from FLS is \$2.3 million.

³⁴ This figure has been removed from the total production volume figure presented above, as it would otherwise double count some of the production undertaken in 2020.

Figure 13: Production volume from foreign, location and service production



n = 30
Source: Survey of Edmonton's Screen Companies 2021

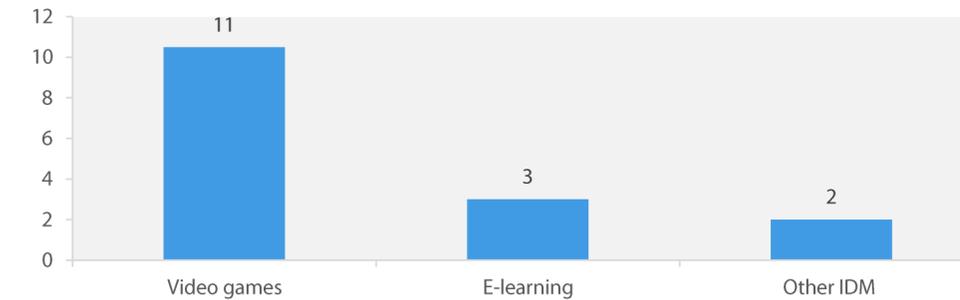
In terms of intellectual property (IP) rights,³⁵ companies own/retain the IP for an estimated 76% of their production volume.

³⁵ When companies "own" IP rights, they can exploit them to earn revenue.

4.2 Interactive Digital Media Industry

Turning to the financial metrics for Edmonton's IDM industry, IDM companies in Edmonton create video games, eLearning products, and other interactive digital media products. In terms of activity in 2020, companies worked on an average of 11 video game projects, three e-learning projects and two projects of other types.

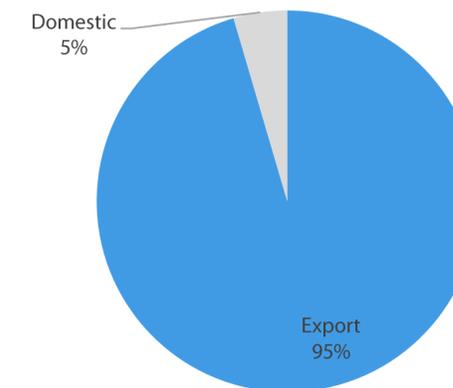
Figure 14: Average number of projects by type completed by Edmonton's IDM companies in 2020 (among companies that make products of that type)



n = 12
Source: Survey of Edmonton's Screen Companies 2021

For IDM companies that disclosed their revenue,³⁶ the data suggests companies made an average of **\$801,000** in **revenue** in the last fiscal year. Almost all (**95%**) of this revenue was **sourced from outside Canada**, as is typical for any IDM industry given the global nature of the IDM market.

Figure 15: Source of revenue earned by Edmonton's interactive digital media companies in 2020

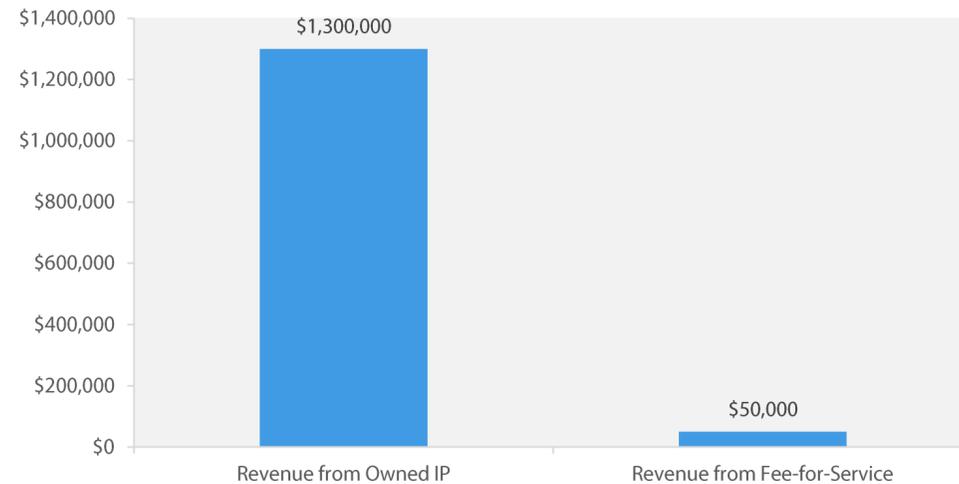


n = 12
Source: Survey of Edmonton's Screen Companies 2021

³⁶ Only incorporated private companies and sole proprietorships were asked to provide their revenue. Subsidiaries of multi-national or other conglomerate companies were not, given that they do not usually have revenue of their own, or revenue that can directly be attributed to them.

The figure below shows average revenue earned by companies from owned intellectual property, and fee-for-service work. As the figure illustrates, IDM companies that earn **revenue from owned intellectual property** earned **\$1,300,000** on average last year while companies that earn primarily from **fee-for-service work** earned **\$50,000**. This disparity suggests that larger IDM companies in Edmonton tend to generate revenue from IP, whereas smaller ones work more on more limited contracts.

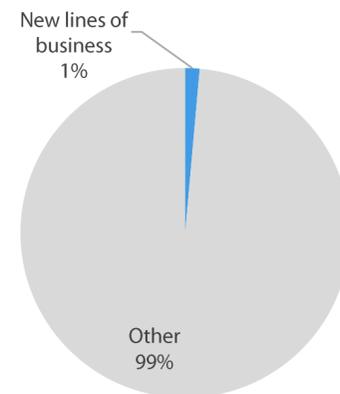
Figure 16: Average revenue by category earned by Edmonton's interactive digital media companies from owned intellectual property and fee-for-service



n = 12
Source: Survey of Edmonton's Screen Companies 2021

IDM companies also reported earning **1%** of their total revenue or \$12,200 on average from **new lines of business**, suggesting that few companies in Edmonton's IDM industry pivoted during COVID.

Figure 17: Proportion of revenue earned from new lines of business by IDM companies in Edmonton

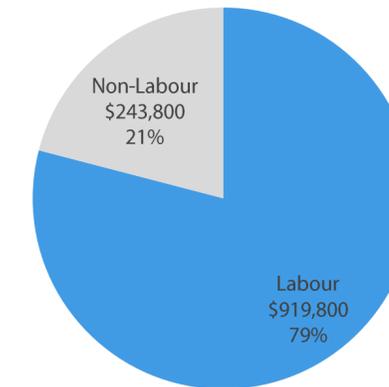


n = 12
Source: Survey of Edmonton's Screen Companies 2021

IDM companies also brought to market or commercialized one product on average last year.

In terms of expenditure, IDM companies spent on average \$1,163,600 last year. The figure below shows the labour and non-labour portions of that expenditure.³⁷

Figure 18: Labour and non-labour expenditure incurred by Edmonton's interactive digital media companies (including subsidiaries of multi-national or other conglomerate companies)



n = 15
Source: Survey of Edmonton's Screen Companies 2021

4.3 Summary

The following points summarize the highlights of the financial performance of Edmonton's screen-based industries in 2020:

- AV companies worked on an estimated 1,590 projects and they an estimated 1,030 projects in development in 2020.
- AV companies indicated an average of \$218,100 in production volume in 2020, with a total production volume estimated at \$17.2 million.
- Only 14% of that production volume stemmed from foreign location and service production, far lower than the Canadian average (which is over 50%).
- IDM companies generated an average of \$801,000 in revenue per company in 2020, 95% of which was made outside of Canada.
- IDM companies in Edmonton that earn revenue from owned IP generated \$1.3 million from owned IP in 2020.
- At the same time, IDM companies worked on an average of 11 video game projects, three e-learning projects and two projects of other types of IDM.

³⁷ Estimates may not sum due to rounding.

5. Business Metrics

This section contains information about deals and partnerships made by companies in the screen industries in Edmonton. As with many businesses, the screen-based sector operates via relationships. For example, an Edmonton-based audiovisual producer may maintain relationships with distributors to raise financing for a project (by “pre-selling” distribution rights for given territories) and/or to license existing content. Similarly, a video game developer may develop a relationship with one or more publishers to finance and/or distribute (and market) their games. Such relationships can be developed (and maintained) in a number of ways, but attending industry events (e.g., MIPCOM for audiovisual or the Games Developers Conference for IDM) is perhaps the most common approach.

The section also details the amount of investment raised by screen companies.

The average total value of deals made by Edmonton screen companies last year was **\$179,000**. The figure below displays the average value of the deals broken down by source, with deals derived from existing relationships having the highest average of approximately \$123,700. The gross value of deals is estimated to be **\$47.4 million**.³⁸ When considering this figure, it is important to remember that production (of audiovisual products) and development (of IDM products) lags behind deal flow. As such, the gross value of deals is likely a good indicator of future economic activity.

Figure 19: Average deals made by Edmonton screen companies by source



n = 29
Source: Survey of Edmonton's Screen Companies 2021

AV companies made deals worth \$216,700 on average while IDM companies made an average of \$6,000 in deals.

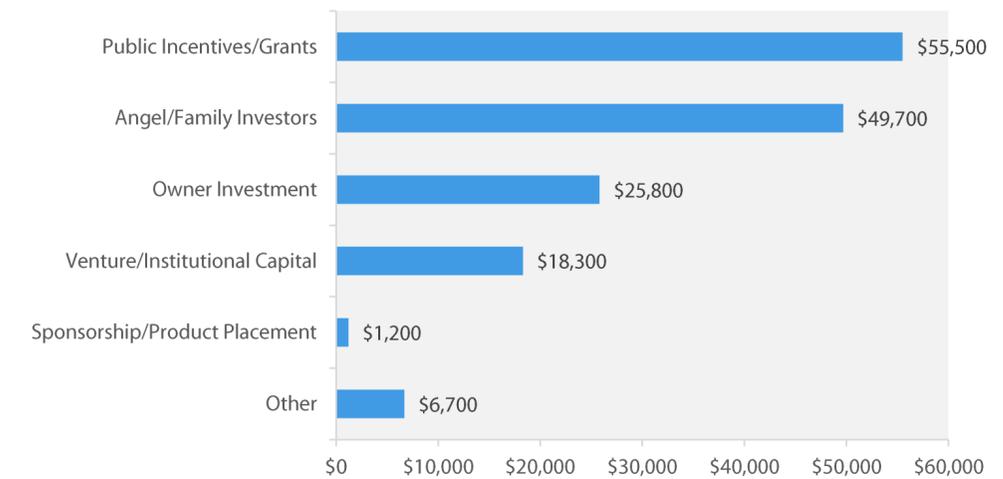
In terms of number of deals, screen companies made an average of nine deals last year with the industry making an estimated 1,790 deals in all.

³⁸ Outliers were excluded from the average deal value calculations. The gross value of deals was calculated as a product of average value of deals for surveyed companies and the total number of companies in the universe less the number of outliers, added to the outlier deal values.

Edmonton screen companies also forged 0.5 partnerships on average, and 111 partnerships in total last year.

In terms of investment, screen companies in Edmonton raised an average of \$136,700 from various sources last year. The figure below shows the average investment raised from each source.

Figure 20: Average investment raised by Edmonton screen companies by source



n = 36
Source: Survey of Edmonton's Screen Companies 2021

The highest amount of investment was sourced from public incentives and grants (\$55,500), followed by investment raised from angel or family investors (\$49,700).

The investment raised differs by industry, with AV companies raising \$167,000 on average and IDM companies raising \$52,300 last year.

Unlike most other Canadian provinces, Alberta does not currently have an interactive digital media tax credit. Accordingly, the IDM industry in Alberta raises significantly fewer funds from public incentives/grant than its counterparts in other parts of Canada.

6. Key Takeaways

Audiovisual Industry



\$218,100
Average Production Volume



\$64,600
Average Project Budget



1,220
Projects set in Edmonton



1,030
Projects in Development

Interactive Digital Media Industry



\$801,000
Average Revenue



1%
Revenue from New Lines of Business



95%
Export Revenue

Appendix A. Methodology

The survey was sent out to Edmonton screen companies that were on a list provided to Nordicity by the ESIO. The list contained contact information for 200 companies – 150 audiovisual (AV) companies and 50 interactive digital media (IDM). The survey also received responses from some eligible companies outside the initial list and their responses have been included in the analysis.

Nordicity sent out survey invites and reminders and followed up on email with all companies. In all, the survey received 36 complete responses, and 46 usable responses.

A response was marked as complete if the respondent answered the last question. Usable responses are those that answered at least one question in addition to the identification and sector questions.

Type of company	Usable responses
Film & Television Production (including VFX/post-production)	22
Corporate/Commercial Production	7
Other Audiovisual	2
Games	13
Interactive Digital Media	2
Total	46

The survey this year was almost the same as last year in that there were two distinct sets of questions for the audiovisual (AV) and interactive digital media (IDM) companies to better reflect the differing business models in each screen industry. For example, revenue and expenditure questions were only asked of IDM companies, which tend to operate more typical permanent establishment, whereas production volume and project questions were asked only of AV companies to reflect the importance of project owned by subsidiary companies (often called “single purpose companies”).

The reported survey results are a mix of averages and gross figures. To estimate the gross figures, Nordicity first calculated an average without outliers. This average was then multiplied by the number of non-outlier companies in the in the universe. At this point, the outliers were added back into the gross figure. This method was employed to ensure that a small number of large firms did not overly skew the results.

For gross production volume in particular, Nordicity first estimated the total production volume by multiplying average production volume by the number of companies in the universe, and reduced that by the production volume generated from within the region (i.e., production volume sub-contracted from other Edmonton companies), so as to eliminate double-counting.

With respect to the averages depicted in the report, outliers were excluded from some (as noted in the report). This step was taken to more accurately depict the “typical” screen industry company in Edmonton.

The methodology used to generate gross figures and averages is consistent with the earlier editions of the study. At the same time, it also means that it is not possible to ‘reverse engineer’ the relationship between some averages and gross figures presented in this report.