

A **CINE-REGIO** policy paper

In collaboration with First Motion and Shareplay

## **THE NEED FOR PUBLIC REGIONAL FINANCING OF CROSS MEDIA AND TRANSMEDIA PROJECTS**



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## 1 Executive summary

The aim of this paper is to provide an overview of the challenges and opportunities facing the film and TV industry in Europe in relation to cross media. The paper includes a discussion of the concept of cross media followed by a brief presentation of the trends in the market and in the business models for audio visual content. Following this, the paper presents a number of arguments relating to the opportunities in cross media from a film and TV perspective. The arguments' focus on the relevance of cross media in relation to the regional film funds from the perspective of public investors. The arguments thus focus on the possible effects of enhancing the scope of the regional film funds to include cross media projects from the perspective of regional development. Finally, the paper presents three examples of funds supporting cross media and/or transmedia projects as well as three concrete case of a cross media project from a film producers point of view.

The arguments supporting the involvement of regional film funds in cross media projects, can be summed up in the following way:

- **Strengthening innovation.** To face the competition and remain strong in the future, the European film industry must be innovative in terms of adapting to the new market terms of digital and individualized consumption. Cross media provides a strong framework for innovation since experimentation with cross media projects requires new innovative approaches and cooperation between previously unrelated industries both in terms of the creative content and the business models.
- **Jobs and regional development.** Cross media projects have the same positive effects as films in terms of the creation and retention of high skilled jobs in defined geographical areas as well as general branding effects.
- **Europa as first mover.** The most extreme degree of cross media - transmedia - represents a level playing field compared to feature film production, where Hollywood dominates. The European tradition of strong, engaging stories, gives Europe the opportunity of becoming a first mover in a market, which is still open and without dominant players and technologies.
- **A sustainable film industry.** Supporting cross media projects is to support film and media companies in building the necessary innovative and cooperative capacity to develop successful business models and produce engaging film and media products in order to ensure the economical sustainability of the European film industry.
- **Spillover effects.** Positive spillover is created from international cooperation across borders as well as across industries. The spillovers come in terms of business, expertise, technology and creative content.
- **Attraction of new capital.** Being an undefined market opens for potentially lucrative opportunities, which in time can attract new investors not yet accessible to the film industry.
- **Prolonging the life of the film.** Cross media is a tool to prolong the life of a film because the use of new technologies means that new audiences can be reached and the general demand for engaging audiences can be met.

## 2 Point of departure

This chapter presents the concepts of cross media and transmedia as well as a brief overview of the trends in the market and the trends in the business models.

### 2.1 Cross media or transmedia?

There is great debate when it comes to the terms cross media and transmedia. There are no definitions of the two terms, which are agreed upon by everybody yet. Through our research, we have come across a number of debates and attempts at definitions. For the purpose of this report, we define cross media as:

*“A media property, service, story or experience distributed across media platforms using a variety of media forms”.*

And we define transmedia as:

*“Storytelling across multiple forms of media in order to have different “entry points” in the story; entry-points with a unique and independent lifespan but with a definite role in the narrative scheme”.*

The different debates regarding the two terms have a central theme in common - that transmedia can be understood as a natural extension of cross media due to the development of the demands of the users/viewers. Transmedia is thus defined by seeing the user/viewer as demanding the possibility to interact with the content and to be more about creating a universe, with which the users can interact, than about exploiting content on different platforms.

The following quote sums this up:

*“Both cross media and transmedia are obviously multimedia approaches, using largely of any available channel, tool and media to tell a story. The difference between the two is to ascribe to a consequent evolution in public demand. Content spread across various media (cross media) is no longer satisfying enough, viewers wants more, they are becoming VUPs (viewers, users, players) and in viewing/using/playing want to participate, and to a certain extent, create the story themselves”<sup>1</sup>.*

In this paper, we use the term cross media in a broad sense including transmedia, since the concepts are in constant development and the term transmedia, when the focus is specifically on transmedia projects.

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<sup>1</sup> Nicoletta Iacobacci, Head of Interactive TV/Eurovision at the European Broadcasting Union quoted from [www.lunchoverip.com](http://www.lunchoverip.com)

## 2.2 Trends in the market

The film and media industries are facing great challenges and opportunities. The digital era has forcibly removed the traditional foundation on which the film and media industries were built. All across the film and media industries, companies are facing changes in terms of how producers and audiences of film and other media products interact.

Proliferation of online access and mobile devices is enabling a transformation of the market, characterized by rapid change in consumer patterns. Digitalization has made media products widely available to consumers, and in response consumers demand constant and easy access to all types of media products. Online and through mobile devices, consumers wish to make their own choice between platform and product. Consumption is highly individualized as consumers create their own unique combinations of film and media products.

Technological progress and constant changes in consumer patterns drive the development in the market. Producers no longer control the availability of content through distribution (e.g. controlled release of film products from cinema to DVD) but must respond to a constant demand for access. Video on Demand (VoD) is an example of this development, which is similar to developments in the music industry<sup>2</sup>. The pressure to release films more quickly across platforms, while the buzz is still strong is increasing and the same is evident for film-related media products<sup>3</sup>.

While crossovers between digital platforms are on the rise, the film industry is struggling to adapt to the new market terms. Although production of feature films rose by 28 per cent from 2005 to 2010, admissions to cinemas and DVD sales fell during the same period<sup>4</sup>. Though the demand for feature films is not likely to disappear, producers must diversify the exploitation of their intellectual property (IP) across a wider array of media platforms in order to earn profits on their investments. The problem is, that “*we see the problem not as one of over-production but of under-distribution*”<sup>5</sup>. Film products are not distributed sufficiently to support the new type of demand, which has developed following digitalization.

## 2.3 Trends in the business models

The technological advances and innovation in film and media industries are driving the development of new business models. Traditionally, there have been two screens (cinema and TV) but today this number has grown to five (smart phones, tablets and computers). With the new platforms and altered consumer behaviour follows a changed value chain and new revenue streams. Cooperation across industry boundaries is increasingly opening up to new business potential and the promise of industry growth.

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<sup>2</sup> “Value Chains & Business Models in the AV Sector of the North and Central Denmark Regions”, First Motion (2011)

<sup>3</sup> “Digital Revolution, Engaging Audiences”, Cine-Regio (2011)

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

One of the most significant changes in production is the globalization of the value chain. Production of film and media products is no longer confined to a single location or geographical area<sup>6</sup>. Film production alone may span several continents while several different companies simultaneously in multiple locations can produce cross media products. The channels of distribution have changed with mobile devices and online content, increasing the proximity to the end-user and cutting out publishers and distributors for many of the media products. To grasp market potential and business opportunities, digital media producers are experimenting with cooperation between industries to create products that span the different media platforms.

Traditionally film and media products generated revenue through admission or rental fees and purchases. Looking ahead, we are seeing the contours of a whole new set of revenue streams. Crowd funding, freemium and ad-based revenue<sup>7</sup> are just some of the sources of revenue being tested at the moment. Though some have proven more difficult to succeed than others, cross media projects hold the potential for distribution on different platforms and a wider variety of revenue streams for each creative product. The greater part of the traditional film industry has not yet made an entry into these new revenue streams, but some film companies are experimenting, leading the way for cross media production. By allowing stories to transgress a single platform, such as the cinema or DVD, additional products become available thus increasing the value of the IP.

The European film industry is to a large extent characterized by small and medium sized companies. While some digital markets have already settled around a large dominant player (think of Apple's iTunes for the online music market), the film industry is still in a highly experimental phase when it comes to exploiting content digitally. The different reports on the future of the film and media industry agrees, that the success of these industries is highly dependent on their ability to cooperate and develop business models with sales and distribution systems, which allow for the creation of multiple revenue streams for content<sup>8</sup>. To exploit this potential, it is necessary to experiment with a wide variety of both cross media content and business models.

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<sup>6</sup> Ibid.

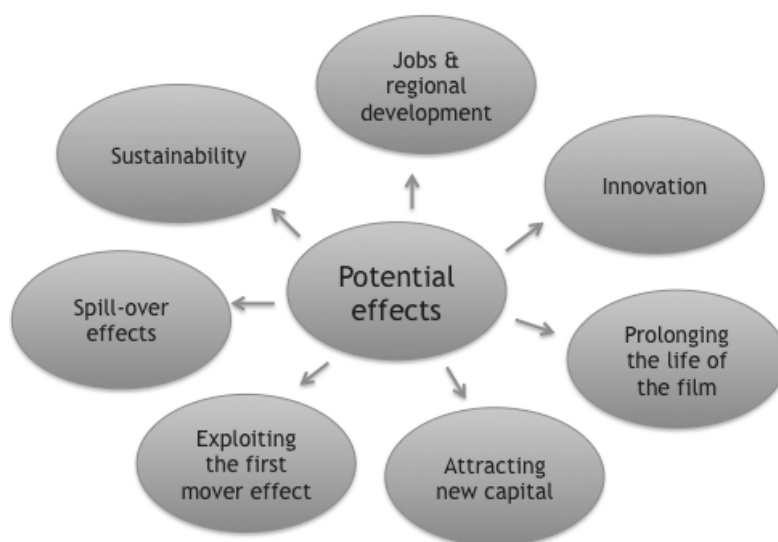
<sup>7</sup> "Opbrud", Kontrabande (2011), "Digital Revolution, Engaging Audiences", Cine-Regio (2011), "Value Chains & Business Models in the AV Sector of the North and Central Denmark Regions", First Motion (2011)

<sup>8</sup> "Video on Demand - the digital challenge", Copenhagen Entertainment (2010)

### 3 The need for public regional financing of cross media

The potential effects of public, regional financing of cross media projects as an extension of the work of the regional film funds is summarised in the figure and presented in detail below.

Figure 3.1: The potential effects of cross media projects



#### 3.1 It is all about innovation

The overall purpose of supporting cross media projects should be to strengthen innovation in the creative industries, particularly film and TV. European cinema has a long, strong tradition as a cultural product but competition from Hollywood creates pressure on the industry. To face the competition and remain strong in the future, the film industry must be innovative in terms of adapting to the new market terms of digital and individualized consumption. Both cross- and transmedia provide strong frameworks for innovation since experimenting with cross media projects requires new innovative approaches and cooperation between previously unrelated industries both in terms of the creative content and the business models.

The market for traditionally distributed feature films is stagnant. This means that film producers must diversify their projects and find new business models to create the same level of revenue as before. As argued, cross media is still in an experimental phase and the availability of public funds is therefore essential to develop sustainable business models, which can support an independent and commercially as well as artistically healthy film industry<sup>9</sup>.

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<sup>9</sup> When investigating the different film funds in Cine-Regio it became apparent, that their focus and interest regarding cross media varies greatly. Some funds have been established with a strong focus on culture while others have been established in order to develop creative businesses in a specific region or area. And some funds are already experienced in terms of working with cross media, while others are still exploring the area.



### 3.2 Creation of jobs and regional development

One of the main economic effects of investments in or support of film and media projects through regional film funds is job creation and job retention in a specific geographical area. Film funds influence the creation of jobs through their support of projects by demanding that a certain percentage of the total budget is spend in the geographical area covered by the fund. The effects are seen in both the primary industries defined as the industries directly related to the production and postproduction of the film and the secondary industries defined as the industries supplying services to the film production (transport, accommodation, catering, etc.). On top of this comes effects in terms of film related tourism and general branding of the area. Defined in terms of the total investment or support given by the fund, the effect in terms of full-time jobs can be calculated<sup>10</sup>. In the long run this creates high skilled jobs involved in creative production. Cross media projects offer the same positive effects.

Continuous investment in film and media projects makes it possible to retain the high-skilled workforce within the area and strengthen regional development through creation of creative companies and jobs. When a film fund invests in cross media projects the effects are not only limited to the film industry. The effects are similar across the creative industries, which all rely on high-skilled employees for innovation and production. Furthermore, cross media projects also involve industries, where many are self-educated, such as the computer game industry. Therefore, supporting cross media can be a way of creating jobs and a way into the workforce for a group, which may otherwise have difficulty finding employment.

It can be expected that job retention will be higher for a strong cross media industry as workforce mobility across industry borders will be higher and thus offer wider job opportunities to people. Mobility between industries would also further strengthen knowledge sharing and in turn innovation.

### 3.3 Europe as a first mover

Hollywood is home to the largest production companies, budgets and franchises and is the major player in terms of film and TV in the world. But looking at both cross- and transmedia the playing field is more even. Cross media represents a new area with untested business models. Many cross media projects relies on strong and engaging stories, with which the audience can interact. Since the European film tradition is founded on the ability to develop strong stories, Europe is in a good position to exploit the potential. Furthermore, feature films are expensive where some of the new digital and engaging products, such as social media, games for mobile phones and applications, in comparison are cheaper in production. This again, creates an opportunity for Europe. Finally, the European market is technologically ready for cross media projects. Europe has a high level of Internet users, mobile devices and

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<sup>10</sup> "The societal effects of the Danish film, TV and computer game industries", The Danish Producers Association (2011) among others.

a strong interactive consumer community, which are all elements that support the cross media market.

In sum, Europe has the opportunity to act as a first mover in the cross media market. Being a first mover has several advantages. It holds the potential to claim market shares internationally from other media markets. It also provides Europe with the opportunity to set the market standards of cross media and define the dominant business models. Being a first mover involves gaining an edge in innovation and being the first to build the creative, business and technological competencies needed to succeed in the market. This could prove important to the success of the European creative industries in the longer run.

### **3.4 Supporting sustainability in the film industry**

The primary objective for diversifying film funds to allow for cross media projects is to support film and media companies in building the necessary innovative and cooperative capacity to develop successful business models and produce engaging film and media products, thus strengthening the European film industry. As over-production and under-distribution has become a defining trend in the film-market<sup>11</sup>, cross media can act as a tool to exploit film-based IP and diversify onto other platforms. In the future film market it will become increasingly difficult to remain commercially sustainable exclusively through the production of film for few others than the major companies. Production companies must find new models where their IP can be exploited and distributed differently to meet the demands of the market, thus enlarging the bases for revenue.

As the film industry is still highly traditional in terms of both production and distribution cross media funds are needed as a catalyst for change. The funds should be considered support to develop the market and help film companies tap into the market trends. Cross media products offer plenty of commercial opportunity to create commercially successful ventures, which has the potential to be sustainable in the long run.

In particular, small and medium sized companies hold the potential of improving sustainability through cross media projects, because the key element is to increase the volume for each film-based IPR. For companies where investment in IPR is a relatively costly affair, a wider more diversified range of possible market opportunities will make it easier to create commercially successful products.

### **3.5 Growth through the positive spill-over effects**

A central growth opportunity and innovative prospect to cross media production emerges from the spillover effects that cross media projects imply. With regional attraction of international film productions there is a natural occurrence of positive spillover in expertise and competency. Through experience with international film productions experience is built and skills are developed in the regional workforce. The same can be said for cross media

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<sup>11</sup> "Digital Revolution, Engaging Audiences", Cine-Regio (2011)

projects since every project based on international cooperation attracts new creative or commercial talent for a period of time or permanently and thus develops the skill-set a city or region has to offer.

Cross media implies cooperation across industries, which brings together previously separated talent and support the development of creative and commercial talent in the film and media industries. When film, TV, games, social media, web and other industries come together in a project, it opens up to new possible ways of exploiting IP and gives the companies involved new perspectives on how to develop media products using different technologies. Apart from creative inspiration, new business opportunities will therefore be the spillover effects from cross-industry cooperation.

The different media industries tend to be separate and not familiar with each other in terms of both creative content, business models and production cycles. Cross media projects promotes the development of cooperative capacity of the industries. In sum, to support cross media projects is therefore also to promote the spill-over of creative, business, technological and cooperative competencies, which are all drivers of innovation within the creative industries.

### **3.6 Attraction of new capital**

Being an undefined market creates potentially lucrative opportunities. Because the market has not yet settled around one or more dominant players or business models, there is ample room to exploit new technologies and develop new business models. Diversifying the film and media industries has the potential of attracting new capital. In the film industry, financing of international film projects is a well-known and highly standardized system. For other media industries the financial system differs. Business angels, private investors and venture capital are more abundant in other media industries than in traditional film production. Cross media projects, therefore has the potential to attract new private and public investors.

### **3.7 Engaging audiences and prolonging the life of the film**

One of the strongest trends in the market as mentioned in chapter 2 is the development in terms of the audience. Audiences want to be engaged and involved and cross media offers a way of meeting this demand. Therefore, to support cross media is also to potentially prolong the life of films, because the stories can be consumed differently thus meeting more target groups than before. Cross media is a way of utilizing the new technologies to meet all audiences.

## 4 Cases of cross- and transmedia funding and cross media projects

In this chapter we present three cases of film funds supporting cross- and/or transmedia projects and three concrete examples of cross media projects. Since cross media is a new concept in terms of public funding, it has not been possible to identify long running funding programmes. Through research we identified a number of newly established programmes and projects around the world. We conducted interviews with representatives from three of these. The interviews functioned as input to the arguments in chapter 3 and below, we briefly present the three funding schemes.

### 4.1 Canada Media Fund (CMF)

Canada Media Fund<sup>12</sup> is probably one of the most extensive publicly funded support schemes for cross media. It is a not-for-profit public-private partnership corporation created by Canadian cable and satellite distributors and the Canadian Government with the purpose to champion the creation of successful, innovative content and software for current and emerging digital platforms.

The fund supports cross media projects through two programmes, the Convergent Stream and the Experimental Stream. The main source of funding for cross media projects is provided through the Convergent Stream, which is targeted to support innovative, convergent television and digital media content. Through the Experimental Stream the fund encourages the development of new leading-edge media content and software.

Projects applying for financial support through the Convergent Stream are required to have incorporated a digital media component, which is rich and interactive, into the project. It can be both games, interactive web content, on-demand content, podcasts, webisodes, etc.. As long as the content either meets or exceeds current market standards for richness. The stream is used to support content-creation in four underrepresented genres, drama, documentary, children's and youth, and variety and performing arts.

The fund provides financial support for the digital media components of up to 50 % of a component's costs, or maximum \$500.000. In 2010-2011 the Canada Media Fund provided close to \$300M in financial support through the Convergent Stream, where around \$7 millions were spent on supporting digital media components. The fund has an ambition to increase the amount of support for digital media in cross media projects rapidly.

To ensure that the projects supported will be successful the Canada Media Fund has also developed a template reporting form, which includes metrics on business and operational aspects relevant to various digital media platforms. The fund collects both quantitative and qualitative data on performance, and has a comprehensive setup for classification and analysis of the projects, which have received financial support from the fund.

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<sup>12</sup> For the full interview, please see appendix A.

## 4.2 Wallimage Cross media

Wallimage<sup>13</sup> is a publicly limited company created by the Walloon region. The fund supports audio visual productions and enterprises. Wallimage acts as an advisory and investment company, which analyses bids for its subsidiaries Wallimage Coproductions and Wallimage Entreprises. These subsidiaries invest in films and in companies, respectively.

Wallimage has initiated the programme Wallimage Cross media (WCM). WCM is a new support programme established in the name of the regional programme Creative Wallonia<sup>14</sup>. WCM supports the distribution of productions, which has received support from Wallimage when innovative channels of digital technology are used. The aim is to enhance the attractiveness of an audiovisual work beyond the medium in which it was created.

Wallimage operates with two types of support:

- Digital Promotion, which is offering grants for promotion projects in extension of already funded film-projects, to be used for development of cross media promotion activities; mainly focusing on web 2.0 promotion sites, social network campaign activity, and smart-phone applications/advergimes
- Digital Extension is support offered for projects that extend the actual content of a feature film, documentary or TV-series - e.g. webisodes between TV episodes, user-generated content online, etc.

It is the first year of the programme meaning that concrete experiences are still sparse.

## 4.3 Filmförderung Hamburg Schleswig-Holstein / First Motion

The Filmförderung Hamburg Schleswig-Holstein GmbH (FFHSH) provides support for low- and high-budget feature films and TV productions. Its subsidies include support for screenplays, production, distribution and world sales as well as for presentations at festivals. Furthermore, the FFHSH is a contact point for producers, scriptwriters, directors, distributors and exhibitors

FFHSH is a partner in the project First Motion<sup>15</sup>. First Motion (2009 -2012) is a joint project between 11 partners in 7 countries in the Baltic Sea region. The partners are: Filmby Aarhus, The Alexandra Institute, Baltic Film and Media School, Estonia Film Foundation, FFHSH, National Film Centre of Latvia, University of Agder, Innovation Centre High Tech Accelerator University of Lodz, Lodz City Council and Boost Helsingborg.

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<sup>13</sup> [www.wallimage.be](http://www.wallimage.be) for further information about the fund

<sup>14</sup> [www.creativewallonia.be](http://www.creativewallonia.be)

<sup>15</sup> [www.firstmotion.eu](http://www.firstmotion.eu) for further information about the project

The aim of the project is to support the audio visual industry in the region to be able to face the challenges in a digital era by using transmedia as a framework for development. First Motion has defined four work packages for the project:

- Industry capacity building/market development
- Industry capacity building/policy development
- Industry cluster/regional development to enable the film industry to work together with other audio visual sectors
- Education and training as both formal education and life long learning

First Motion support concrete projects with up to EUR 30.000 pr. project. In their first call they supported seven projects and they are aiming at eight for the next round. The support is aimed at development and not production and the aim is to enable new partnerships in the development of joint universes in a transmedia context.

#### **4.4 Freddy Frogface - a cross media production**

In the summer 2011 the Danish film production company “Crone Film” released the animation film “Freddy Frogface” based on a very popular Danish children’s book<sup>16</sup>. The film was simultaneously released as a computer game (Nintendo) developed by the Danish game development studio Apex Virtual Entertainment. From the early stages the idea of developing a game in connection to the film was part of the project, and a natural step according to the producer of the film, Nina Crone.

Developing the film and a game at the same time posed a substantial task for both film and game producer since it was their first attempt at a cross media project. The two types of production are very different from each other and production-time and distribution presented difficult coordination tasks because of the two very different cultures. Crone Film had to push for integration between the two marketing channels - just to ensure that posters for the film also advertised the game and vice versa. Although a challenging project the synergies have been substantial and the two platforms together creates an opportunity to prolong the “life” of the film and the game. As a proof to her belief in the potential, Crone Films next two productions will also include games.

#### **4.5 Superhero-blog - a multiplatform storytelling project**

The Superhero-blog is a cross media project focusing on the development of a multiplatform story that spans across digital media platforms, such as Facebook, Twitter and it’s own website, [www.superhero-blog.com](http://www.superhero-blog.com)<sup>17</sup>. The plotline in the project centers around the fictive high-school graduate and wannabe-superhero Robin, who wants to learn from the best, and so

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<sup>16</sup> For a more detailed casestudy, please see appendix B

<sup>17</sup> [www.firstmotion.eu/sites/en\\_2093.asp](http://www.firstmotion.eu/sites/en_2093.asp) for further information on the project and on other cross media projects supported by First Motion

starts an internship with the god of superheroes, Captain Impact. The story is unfolded through twenty four-minute episodes distributed on different media platform, which are all combined to make a full-length feature of the material.

The project has been supported through the First Motion Cross Media line (see section 4.3) and it aims to provoke online user interaction via commentary and feedback on videos. Based on the media interest the project has spawned, further possibilities for distribution and commercialisation are now in the making to expand the concept.

#### **4.6 The Artists - an interactive cross media project**

The Artists is a TV-series based project with cross media extension allowing viewers to become active participants in unfolding the storyline. Based on four TV-episodes about a series of thefts of paintings from museums, the project aims to activate users in the creative solving of the crime. The website [www.thespiral.net](http://www.thespiral.net) will act as a gateway, where viewers are encouraged by the characters in the story to participate.

The series is distributed simultaneously in five countries also making the series an international event, with the same online gateway for participation. The project incorporates three different levels of participation from users: occasional play, a journey of creative challenges, and solving the mysteries in the history.

The Artists is one of two projects that have received support by Wallimage through the programme Digital Extension in the fall of 2011.

## Sources

This paper has been written on the basis of a number of sources, as presented below.

### Interviews:

- CEO Valerie Creighton, Canada Media Fund
- Director Philippe Reynaert, Wallimage
- Project manager Till Hardy, First Motion/Film Fund Hamburg Schleswig-Holstein
- Film producer Nina Crone, Crone Film A/S

### Desk research:

- *“Digital Revolution, Engaging Audiences”*, Cine-Regio (2011)
- *“Opbrud”*, Kontrabande (2011)
- *“Value Chains and Business Models in the Audiovisual Sector of the North and Central Denmark Regions”*, First Motion (2011)
- *“The societal effects of the Danish film, TV and computer game industries”*, The Danish producers association (2011)
- *“Video on Demand - the digital challenge”*, Copenhagen Entertainment (2011)
- *“Video on Demand and catch-up television in Europe”*, European Audiovisual Observatory (2009)
- *“Make VoD an opportunity for European Film”*, Kern, P. (2007)
- *“The Impact of Digital Distribution”*, Kern, P. (2009)
- *“Evaluation of the regional film fund FILMFYN”*, The cultural region of Funen (2009)
- *“The potential of the experience economy in Copenhagen”*, The region of Greater Copenhagen (2005)

### Research on numerous websites, including:

- Cine-Regio ([www.cineregio.org](http://www.cineregio.org)) including the websites of the members
- The Danish Film Institute ([www.dfi.dk](http://www.dfi.dk))
- MEDIA Desk ([www.dfi.dk/Branche\\_og\\_stoette/MEDIA-Desk.aspx](http://www.dfi.dk/Branche_og_stoette/MEDIA-Desk.aspx))
- Tribeca Film Institute New Media Fund ([www.tribecafilminstitute.org](http://www.tribecafilminstitute.org))
- Canada Media Fund ([www.cmf-fmc.ca](http://www.cmf-fmc.ca))
- MDA-Screen West Cross media Development Initiative ([www.screenwest.com.au](http://www.screenwest.com.au))
- Cross media at the Forum ([www.ifp.org/cross-media-forum](http://www.ifp.org/cross-media-forum))
- Power to the Pixel ([www.powertothepixel.com](http://www.powertothepixel.com))
- Wallimage ([www.wallimage.be](http://www.wallimage.be))
- Film Fund Hamburg Schleswig-Holstein ([www.ffsh.de](http://www.ffsh.de))
- First Motion ([www.firstmotion.eu](http://www.firstmotion.eu))
- Crone Film ([www.cronefilm.dk](http://www.cronefilm.dk))
- [www.lunchoverip.com](http://www.lunchoverip.com)
- Various online discussions regarding cross media and transmedia



## Appendix A: Interview with Canada Media Fund

Canada Media Fund is probably one of the most extensive publicly funded support schemes for cross media. Below you will find the full interview conducted with Canada Media Fund.

### Q1: Facts about Canada Media Fund

- Year founded? Organisation? Number of employees?
- Who were the main stakeholders involved, when the fund was established?

*In 1994, the Canadian Radio-television and Telecommunications Commission (CRTC) proposed establishing the Cable Production Fund (CPF), a funding initiative that would focus on facilitating the production and broadcast of high-quality Canadian television programs in under-represented categories during peak viewing periods. Its revenues were to come from contributions by broadcasting distribution undertakings (cable and direct-to-home satellite providers) at a certain percentage of their revenues.*

*Launched in 1995, the CPF's objectives were to increase the quality and quantity of Canadian television programming available to Canadians, assist in job creation and growth in all regions of Canada, enhance Canada's capacity to produce and distribute domestic television programs, maintain and increase the broadcast of distinctly Canadian programs, and encourage greater export opportunities,*

*In 1996, the Department of Canadian Heritage invited the CPF to join it in a redefined public-private partnership to administer new monies it was making available to support Canadian television programming in conjunction with Telefilm Canada's Broadcast Development Production Fund. The result: the CPF was renamed the Canada Television and Cable Production Fund (CTCPF), and oversight of the initiative was transferred from the CRTC to the Department of Canadian Heritage. Regulatory framework changes were made in 1997, and in 1998, the CTCPF was renamed the Canadian Television Fund (CTF). In 2010, the Department of Canadian Heritage re-branded the Canadian Television Fund as the Canada Media Fund by integrating its formerly supported Canada New Media Fund into one entity, to facilitate quality content production and availability on multiple platforms anytime, anywhere.*

*There are 26 full-time employees at CMF responsible for establishing policies and guidelines, while program administration is delegated to Telefilm Canada, which assumes responsibilities such as admission of applications, assessment and payments to producers, in full compliance with CMF program guidelines and eligibility rules. Telefilm Canada has 60 employees dedicated to the management of the CMF programs.*

**Q2: Activities and funding programmes / What are the primary activities of the CMF?**

*The mandate of the Canada Media Fund (CMF) is to champion the creation of successful, innovative Canadian content and software applications for current and emerging digital platforms through financial support and industry research.*

*The Canada Media Fund is a not-for-profit corporation that supports content creation for television and other digital platforms. Through the Convergent Stream, the CMF supports the creation of innovative, convergent television and digital media content for consumption by Canadians anytime, anywhere. The CMF strives to connect Canadians to our creative expressions, to each other, and to the world. Through the Experimental Stream, the CMF encourages the development of leading-edge, interactive, digital media content and software applications.*

**Q3: Which services & funding opportunities does CMF provide for cross media projects?**

*Our support to cross media projects is done mostly through our Convergent Stream. The Convergent Stream supports multi-platform Canadian projects: they provide content on at least two distribution platforms, one of which is television. It is made up of various programs and incentives that target key activities and audiences.*

*Through this stream, the CMF supports the creation of television shows and related digital media content in four underrepresented genres: drama, documentary, children's and youth, and variety and performing arts. The required digital media component must be rich, interactive content and can include games, interactive web content, on-demand content, podcasts, webisodes, and mobisodes, for example. Rich and substantial digital media content includes: "Web 2.0" and higher applications; highly immersive or highly interactive websites, mobile applications/content, or videogames; content or applications that meet or exceed current market standards for richness; or analogous content/applications. Broadcasters must commit at least 50% of their Performance Envelope to Eligible Projects that include a rich and substantial Digital Media (DM) Component.*

*The programs and incentives that comprise the Convergent Stream are designed to encourage production in all regions of Canada and in the variety of languages spoken by Canadians. The majority of funding in the Convergent Stream will be disbursed through the Performance Envelope Program, which encourages partnerships between broadcasters, television producers, and digital media producers.*

**Q4: With which amounts do you support cross media projects?**

*The maximum contribution to DM components in the Convergent Stream is 50 % of a component's eligible costs or \$500,000, whichever is less. Where there are multiple DM components in the same project, the \$500,000 maximum contribution applies to each eligible component.*

*A DM Component that is funded by the CMF must receive minimum financing from a Canadian broadcaster of 10% of the component's Eligible Costs. This minimum financing must be in cash; it cannot include facilities, goods or services, a producer time-buy, donations or*

corporate sponsorship monies negotiated and obtained by the Applicant, tax credits or any arrangement which, in the CMF's assessment, does not constitute genuine cash financing. Where there are multiple DM Components (e.g. a website, a mobile application, and a game), the 10% minimum financing requirement applies to each eligible component. CMF contributed close to \$300M to Convergent Stream projects in 2010-2011, \$6.2M supported 117 DM projects, the balance of funding supported 444 television projects.

**Q5: How is the CMF financed?.**

- Public investors? How did you get the public investors engaged?
- Private investors? How did you get the private investors engaged?

*The CMF is a public-private partnership that was created and funded by Canada's cable and satellite distributors and the Government of Canada. Revenues are also received from interest and recoupment on equity investments. The private sector is injecting \$237 million to the Fund while the Canadian Government is providing \$134 million. Our private financiers are required by the Canadian government to provide 5% of their revenues to finance Canadian content. Most of this amount is dedicated to the Canada Media Fund.*

**Q6: What is your future level of ambition concerning financing of cross media projects?**

*In 2009-2010, the first year of our convergent activities, we spent almost \$7 millions dollars on the digital media components of the convergent projects that were accepted for financing. Our goal is to increase this amount rapidly. We have put in place an additional incentive of \$10M this year in order to stimulate the creation of value-added content.*

**Q7: What are your criterias for success regarding cross media projects and how do you measure them?**

*To address the increased emphasis placed on the CMF to deliver success on all its funded projects, the CMF has developed a DM Measurement framework to complement the BBM and PPM measurement system already in place to capture Television audience measures. The challenge for the DM Measurement framework could be summarize to:*

*"To define a set of digital media ("DM") performance metrics that are relevant to the various digital media platforms, which addresses the business and operational realities of the industry and is in compliance with deliverables to the Department of Canadian Heritage."*

*Therefore, the CMF has developed a template reporting form aimed to collect metrics related to AUDIENCE (reach) , USAGE (consumption) and ROI (Revenues). This reporting form is mandatory to all digital media project related to a CMF-funded TV programs as well as for DM original content or application funded through CMF Experimental Stream. The CMF collect both QUANTITATIVE and QUALITATIVE sets of metrics that have been identified through a consultation process with stakeholders.*

*To organize, classify and segment stakeholder data so that multiple reports and/or scorecard views can be created to compare success from one project to another, the CMF has created Typology, Channels and Content specifications necessary to help CMF focus on the right metrics, in the right context, at the right time across different digital media performance scenarios.*

*Quantitative Metrics collected include unique visitors, page views, number of plays, average time spent, video or audio files consulted. Qualitative metrics include Engagement based on user's social behaviour and user's participation; award and press recognition and a series of other outcomes.*

**Q8: What are the effects in terms of:**

- Business and/or creative development in the film industry / cross media industry?
- Employment and creation of new jobs? Other?

*The Canadian arts and culture sector generates about \$46 billion to Canada's GDP, or 3.8 percent of Canada's real GDP, and directly employs approximately 662,000 people, or 3.9 percent of national employment. The digital media industries, including television and film, employed almost 200,000 of the cultural workers, from which 23,000 can directly be attributable to the CMF involvement in the industry.*

*In 09-10, the CMF provided \$327,7 million in funding support to the industry. This represented 4,434 total hours of content, 1,105.5 million in total production budgets and a total of 931 supported projects.*

**Q9: How do cross media projects affect collaboration between companies in the film- and media industries?**

*Collaboration between companies in the TV and media industry have positively increased although the media production company still act as a service provider rather than a co-producer of cross-media projects. The CMF believe that this collaboration will continue to increase and we're expecting to see new collaborative models surge, such as cross-media projects initiated in interactive digital media companies rather than in TV production companies exclusively. We are also expecting to see a force task movement as broadcasters and traditional TV companies are in the look for specialized DM resources to build in-house DM production capabilities.*

**Q10: Other than investments from the fund, who else invests in cross media projects in Canada?**

*Some provinces across Canada have dedicated funds for cross media projects either through investments or with tax credits, but it is not wide-spread. Smaller private funds are also very active in the cross media industry for years now: They are: the Bell Fund, The Quebecor Fund, The Shaw Rocket Fund, to name a few. Traditional broadcasters are obviously major players as well.*

**Q11: Why is it in your opinion important to support cross media projects?**

*In brief: The market wants it; the businesses want it and the regulators and government want it. Multichannel video content delivery – including original digital media content, both linear and interactive, aimed for prime distribution on platforms other than TV – is creating new ways of engaging traditional media consumers. The convergence of broadcast, web, mobile and gaming technologies is bringing about a wide-ranging variety and diversity of digital media content that is causing a shift in the ways audiences are consuming programming, whether through D2C distribution or pay-TV operators.*

**Q12: What are your thoughts regarding target groups for cross media projects? Will cross media be a tool for engaging new audiences for European film?**

*All studies do agree that the new media environment is adopted by all demographic groups, from 2 yrs to 55+. Although the new media adoption rates among the diverse demographic groups may differ in terms of growth pace and platform penetration; conclusions are nonetheless comforting the assumption that media consumption on digital media platforms have definitively reached a critical mass in all developed countries. Therefore, creating programs that will support creation and distribution of media content on all digital platforms for all audiences don't seem only relevant but rather inevitable.*

**Q13: What are the challenges in terms of running a fund combining investment and/or support for both film and cross media projects?**

*Among the several challenges are:*

- Not 100% of Film or TV projects do justify an DM component or declination (because of the genre, target audience, the format or other considerations). Therefore, policy-makers have to remain relevant and consistent when establishing programs to support digital media production related to audiovisual projects in order to avoid creating an undue pressure on Film and TV producers and a proliferation of unwished (and quite unsuccessful) DM products on the market.*
- Strictly from an operational and application-process point of view, the introduction of cross-media funding programs do call for some adjustment: hiring new specialists or analysts able to assess the DM components of projects; increasing the operation teams (and therefore the administrative costs of each program); communicating the changes and new criteria to the stakeholders can also be a long and time-consuming effort.*

**Q14: How would you describe the political challenges you have faced when expanding from just film to cross media (if any)?**

*The mandate to finance cross media projects was given to us in 2009 by the Honourable James Moore, minister of Canadian Heritage. So the mandate was dictated by the Government. Even if we've started financing cross-media programming in 2008-2009, it is really with the creation of the Canada Media Fund in 2010-2011 that the convergent requirements were made mandatory.*

## **Appendix B: Interview with Crone Film on “Freddy Frogface” - a cross media production**

The Danish film production company “Crone Film” has a long track record of both feature and animation films. In the summer of 2011 they released the animation film “Orla the Frog snatcher” based on a very popular Danish children’s book. The film was simultaneously released as a computer game (Nintendo) developed by the Danish game development studio Apex Virtual Entertainment. The idea of developing a game in connection to the film was part of the project from the early stages. “Orla the Frog snatcher” is an animation film aimed at a young audience and combining it with a computer game was natural according to the producer of the film, Nina Crone.

### **Clashes between two cultures**

Developing the film and the game was a substantial task since it was the first digital cross media project for both Crone Film and the game developer. The film and game industries are very different and it took time for the two companies to learn to cooperate and to exploit the synergies. Another barrier was marketing and distribution, since film marketing and distribution has its own governmental support program and way of working, while the distribution of games is organised differently. Crone Film had to push for integration between the two marketing channels - just to ensure that posters for the film also advertised the game and vice versa.

### **Cross media is an opportunity for the film industry**

Nina Crone states that cross media represents an important opportunity for the film industry and the industry is becoming increasingly aware of this. Telling the story of the film on several platforms means that the story can reach a wider audience and creates a wider base for generating revenue. Of course, the nature of the film and its target group decides whether it’s relevant to think in terms of cross media. Furthermore, it should be noted that cross media is much more than games. It could be e-books, web communities or apps for smart phones, to mention a few.

In sum, Nina Croner’s experience with “Orla the Frog snatcher” as a cross media project is positive. The synergies have been substantial and the greater awareness creates an opportunity to prolong both the “life” of the film and the game. As a proof to her belief in the potential, Crone Films next two productions will also include games.



