

FILMONTARIO

FILM · TELEVISION · INTERACTIVE

A membership funded, industry consortium
representing Ontario's Screen-based
Industries

Presentation to City of Toronto Economic Development Committee, April 22/13

Who we are

FilmOntario, established in 2003, is a membership funded, non-partisan, private sector consortium 30,000 strong, of companies, producers, unions, guilds, financial services and organizations within the Ontario screen-based sector (film & television and interactive/games media), and over \$2.5 billion in direct economic activity annually.

Our emphasis is on marketing Ontario as a screen-based content creator and production jurisdiction, and working with all levels of government to see that the policies and programs ensure the international competitiveness of Ontario's screen-based industry.

How we do this

- FilmOntario works with Screen-based industry CEOs and other business leaders to address their key economic drivers and develop consensus as to what needs to be done.
- We develop our position further as we take on other industry, research and government partners, as needed, to meet the challenges identified and protect Ontario's competitiveness – both domestically and internationally. Examples are, ensuring competitive provincial tax credits, establishment of Toronto Film Board, Establishment of Toronto Film Commissioner, ensuring a 'film-friendly' Toronto throughout City Hall and communities.
- In 2003 we also established a full-time business development office in LA (a joint initiative with the OMDC and City of Toronto) and common branding for all partners, to both attract content production to Toronto/Ontario and to foster co-production opportunities with US Producers.
- The efforts of the 3-legged stool of Stakeholders, the Province, and the City, has resulted in terrific growth for screen-based industries.

Screen-based Industries in Ontario are

for-profit corporations/businesses which engage in all activities directly involved in the development and production of creative products - screen-based content - and services.

These companies develop, produce and market products whose value resides in their intellectual property (IP) rights.

As Canada's Centre of Excellence of English content, Toronto houses the majority of the country's content producers, almost all of the country's broadcasters, and produces the vast majority of all Canadian content, and the majority of domestic and service content combined.

Savvy businesses across the spectrum are concentrating on developing their companies so that they can compete more effectively in the international arena – and retain more or all of their IP

Record results

- Toronto has enjoyed record volumes in 2012, beating the previous 2011 record.
- Ontario has also enjoyed record volumes in 2012, beating the previous 2011 \$1.3 billion record.

From PwC Global Outlook Report 2010 - 2014

- Canada's entertainment and media market to grow faster than US from 2010 to 2014: PwC Global Outlook Report
- Ontario is # 1 among North America's top entertainment and media economies, ranking third in employment (behind California and New York).

Ontario's Creative Industries Value

- The Creative Industries in Ontario generate \$12.2 billion in GDP for Ontario's economy annually and are number one in Canada by GDP.
- Creative industry GDP is now larger than Ontario's energy industry, is approaching 70% of the auto manufacturing sector and surpasses those of agriculture, forestry and mining sectors combined.
- From Ontario Ministry of Tourism and Culture 2010

Growth despite challenges

Since the economic contribution of the film and television industry was last analyzed in 2004, the industry has **grown by more than 30%** - despite facing a sharply escalating Canadian dollar, economic conditions that ravaged other industries, and competition for production locations from around the world.

Our stability is an international competitive advantage.

Size of the industry and its capabilities

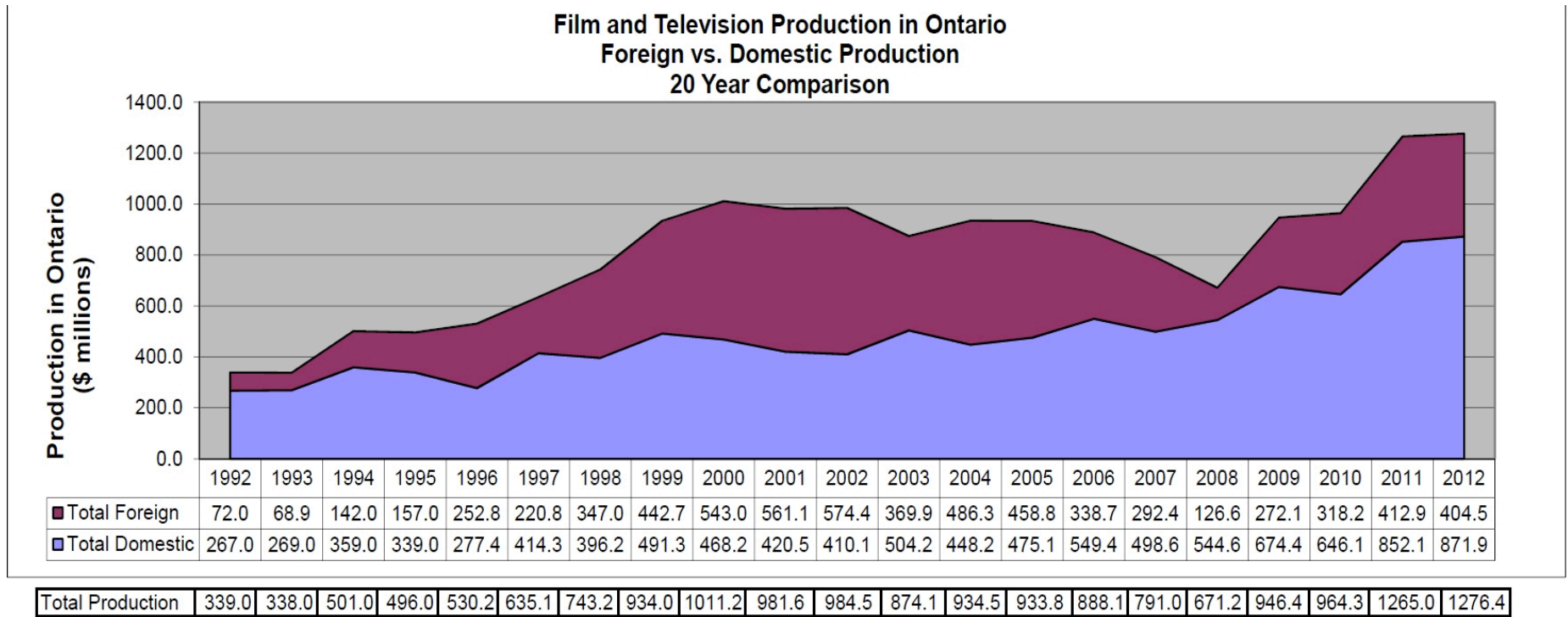
- The Toronto film and television industry has reached the point where its mass and depth are able to create the virtuous circle so important to ongoing growth.
- Its talented actors, skilled crews, savvy producers, full gamut of services and innovative thinking make Toronto a very attractive place to locate film and TV production, and develop interactive content.
- In turn, the production activity attracted deepens the capabilities and confidence of all components of Toronto's film and TV industry, evidenced by over \$100 million infusion of private sector capital in the past 3 years, into infrastructure (studios, equipment, vfx technical needs).

TFTO services: a competitive advantage for Toronto

The importance of ‘proving’ you are world-class on a day-to-day basis cannot be over-estimated when it comes to a production jurisdiction. Nor can the benefits derived from Toronto producers increased access to larger pools of production financing and big-budget production experience – arguably a critical element for the sector’s long-term growth.

An internationally experienced, 24/7, Film Commissioner, leading a TFTO comprised of a full-time Film Manager, and dedicated TFTO staff are critical competitive advantages for Toronto.

Ontario Production Levels



The chart above represents productions shot in Ontario which have received facilitation services and/or applied for tax credits from the OMDC.

Producer's take on our Infrastructure

- Simply stated, Toronto/Ontario has the best screen-based entertainment infrastructure in Canada.
- Competitive Provincial and Federal industry tax credits.
- Domestic and foreign producers have access to world class studios in Toronto.
- There is easy access to all of the latest equipment from a number of leading suppliers so that Toronto is self-sufficient and not reliant on access to equipment from other jurisdictions
- There is a wide ranging number of post facilities and vfx houses to service all types of budgets of production
- There is a strong and growing pool of entrepreneurial interactive talent
- Well regarded and experienced legal counsel with necessary international expertise in the screen-based entertainment sector
- A selection of financial institutions and private sources of financing to assist in business development and financing the tax credits

International Co-Productions

Nowhere is this capacity of the industry better evidenced than in the sharp rise of television co-productions, such as *The Tudors*, *Transporters*, *The Vikings*, *Resident Evil franchise* and *The Borgias*. The ability to attract a number of co-productions (which includes treaty co-productions, and co-ventures such as *Beauty and the Beast*) helped drive the rise in production activity.

Working with higher budgets, longer running properties and in partnership with foreign producers, in turn, increases the experience of Toronto's production labour force, while improving Toronto's international reputation as a "go-to" production centre.

Co-productions also enable Toronto producers to utilize Toronto post-production facilities and financial services even when shooting takes place outside of Toronto.

Breadth and Depth

Interactive and Games

Types of Companies

- Game developers
- Game publishers
- Middleware creators (game engines and porting tools)
- Interactive and transmedia producers
- Broadcasters
- Digital download service providers
- E-Learning developers
- Mobile app developers
- Digital advertising agencies
- Social media strategy firms
- Educational institutions, researchers and training providers
- Incubators and co-working spaces
- Economic, marketing and trade associations

Opportunity: Building additional International Relationships

- In a quickly evolving and increasingly competitive international market, Toronto's Film Commissioner must not only focus on securing its brand as a leading jurisdiction, but also promote that brand in additional markets or risk losing its competitive advantage.
- **In addition to the LA market, the following markets have been identified as priorities for Toronto's screen-based industry: UK (London), France (Paris), Germany (Munich), India (New Delhi).**
- Developing government (Ontario International Ec Dev offices and Canadian consulates) and industry working relationships in these markets would include, but not be limited to, identifying and attending key industry events and meetings, and also enabling Toronto business leaders to attend; creating opportunities to showcase Toronto's screen-based industry capacity and excellence; hosting 'familiarization tours' to bring potential business partners to Toronto to tour our extensive breadth and depth of infrastructure, meet potential co-production and co-venture partners, and potential investment partners.

Ec Dev Investment Opportunities

Film & Television

- Content creation: many of our members are entrepreneurs, as such we are open to discussions with potential clients and business partners that result in new sources of working capital, improving our ability to create content for a global market. This could lead to acquisitions, joint ventures or co-productions with content creators in major markets
- Content distribution: as stated above, it is critical for our distributors to have a viable solution in all major content markets, worldwide . Our distribution companies seek opportunities to acquire or share resources with other content distribution companies in major markets.

Investment Opportunities

Film & Television

- Ontario based visual effects and animation companies are in growth mode and need capital to do that.
- Ontario's expertise and development of 3D technologies and 3D content are attracting international investment.
- Film Studio development and expansion.
- Digital asset management changes how we organize, store and re-purpose feature films, television programs, and all screen content. Content is now managed as data, as such, we continue to seek out technology companies/potential partners who are leaders in data storage and delivery. These companies can be located anywhere.

Investment Opportunities

Interactive and Games

Toronto interactive media companies continue to present investment and acquisition opportunities for both domestic and international players. Examples include:

Acquisition: 5Mobile by Zynga

- Zynga acquired Toronto-based 5Mobile, including its team, plus some assets and IP
- 5Mobile became Zynga Toronto
- Zynga is a leading social games company, with 240 million monthly active users

Acquisition: Blammo Games by Glu Mobile

- San Francisco-based Glu Mobile acquired Toronto's Blammo in 2011
- The relationship began as a publishing partnership
- Blammo was acquired to help Glu strengthen its development capabilities for the growing 'freemium' games market

Investment: Fuse Powered by BlackBerry Partners Fund and NFQ Ventures

- A \$2 million seed funding round in 2011
- Enabled rapid expansion of Fuse, a mobile game publisher with extensive analytics offerings

Continued Growth

Continued growth of the screen-based sector looks to the continued health of the entire ecosystem – companies building their balance sheets, leading edge human capital development, and an attitude of constant innovation.

New, specialized services ranging across the entire spectrum will grow and develop services that will make the industry more effective and attract the interest of the global screen-based industry.

New investment in specialized sound stages and post-production facilities, IT/software, high speed connectivity integrating special effects and animation companies, and other infrastructure and services can be expected as the payoff becomes even more evident.

TFTO: Going forwards

- **Full-time, 24/7, Film Commissioner**, with international economic development experience, which includes screen-based industry marketing and service experience, and access to all department heads and the Mayor's office, combined with a full-time Film Manager, and a dedicated TFTO office and staff to meet current and future volumes.
- **Continued LA marketing partnership** with OMDC and FilmOntario, featuring **common branding**.
- Increased investment in **International Relationship building and marketing** activities to increase Toronto's screen-based international market-share and attract investment opportunities.

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