

Financing Strategies II: Accessing Investment & Money

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Overview

- Challenges to accessing \$'s
- Funding Strategies
- Funding Sources

Challenges to Accessing \$'s

1. Risk averse funders.
2. The 'technology treadmill'.
3. Rapid evolution of new media sectors, still considered high risk.
4. Rapid evolution of business plans.
5. Multiple funding deadlines to co-ordinate and manage.

Funding Strategies

1. What are your financing needs?
 - Project-based and/or corporate...and how much?
 - Many times, project-based financing is used to stretch corporate balance sheets.
2. What sort of money do you need?
 - Working capital, venture capital, one-off, term loan, interim financing?

Funding Strategies cont'd

3. What financing sources reflect your sector?
 - Animation, games, e-learning, web development & design, etc.
4. What strategic alliances/partnerships can expand your marketing opportunities?
5. Is money the only way to achieve your goals?
 - e.g. in-kind services.

Funding Strategies cont'd

- Once you have worked out what you need money for, how much and for how long, you will need people who can write well, prepare budgets, speak to funders, and organize events to generate publicity (i.e. guerrilla marketing).
- <http://www.degrassi.tv/>

Funding Sources

- Money available for:
 - New Media content creation – dev, prod, mktg.
 - Cross-platform content creation
 - Artistic and cultural works
 - Marketing & Distribution
 - Market attendance
 - R&D

Funding Sources cont'd

- Types of financing to consider:
 - Advances – e.g. Canada New Media Fund
 - Angel – e.g. family, friends
 - Bank loans, credit line – debt financing is risk averse
 - Broadcast licenses – for cross-platform
 - Deferrals
 - Distribution partnerships
 - Equity investments - including sweat equity

Funding Sources cont'd

- Types of financing to consider cont'd:
 - Grants – e.g. Bell Broadcast & New Media Fund
 - Interim financing
 - Pre-sales, pre-licenses
 - Tax Credits – e.g. Scientific Research & Experimental Development (SR&ED)
 - Software licenses
 - Venture Capital – equity, high ROI, take shares & IP%

Funding Sources cont'd

- Funding Organizations
 - Alberta Foundation for the Arts
 - Business Development Bank of Canada
 - **Bell Broadcast & New Media Fund**
 - Canada Council for the Arts – digital artists
 - Canadian Heritage – CCO programs
 - Canadian International Development Agency (CIDA)
 - Independent Production Fund (IPF)

Funding Sources cont'd

- Funding Organizations cont'd
 - Manitoba Interactive Media Fund – project based repayable contributions and grants for Access to Markets.
 - Nova Scotia Film Development Corporation – project based development advances and production investments.
 - NRC-IRAP – provides Canadian SMEs with technological and business advice, financial assistance and innovation assistance.
 - Ontario Media Development Corporation – Pl@tform for interactive digital media content companies - max \$30,000 towards commercially focused, proprietary content projects.

Funding Sources cont'd

- Funding Organizations cont'd
 - PromoFact (www.muchmoremusic.com/promofact) funding websites and EPK's for artists.
 - SODEC - la Société de développement des entreprises culturelles www.sodec.gouv.qc.ca
 - Technology PEI – Web Presence program provides grants to Island businesses to assist them in establishing a presence on the internet.
 - **Telefilm – Canada New Media Fund**
 - Western Diversification – technology commercialization and partnerships with universities and industry.

Funding Sources cont'd

■ **Bell Broadcast & New Media Fund**

- For projects with both broadcast and new media components
- Broadcast license required from Canadian broadcaster
- New media component - Grant up to 75% of production costs to max \$250,000 per project
- TV component – Grant up to 75% of Canadian broadcast license fees, to max \$75,000 per project (including tv series)
- Bonus grant matching broadcaster's cash contribution, to max \$50,000

Funding Sources cont'd

- **Telefilm – Canada New Media Fund**
 - For interactive entertainment, games, edutainment, cultural, arts-related products
 - Matching funds available for all phases, capped at 50% of budget - market research, prototyping, production, marketing & distribution.
 - Advance\$ repaid from project revenues
 - Internet, mobile, iTV, multimedia installation
 - \$100K Market Research/Prototyping
 - \$250K Production
 - \$200K Marketing

Business support & financing links

- The Business Gateway www.businessgateway.ca
- Business Development Bank of Canada (BDC) www.bdc.ca/bdc/home/Default.asp
- Canada Business Service Centre (CBSC) www.cbsc.org/english/index.cfm
- Canadian Culture Online (CCO) www.pch.gc.ca
- Bell Broadcast and New Media Fund www.bellfund.ca
- Ontario Media Development Corporation (OMDC) www.omdc.on.ca
- Telefilm Canada www.telefilm.gc.ca

■ Thank you!

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