



*LINKING MARKET FORCES  
for European Film & Television*

# DIGITAL AND CREATIVE INDUSTRIES

A FOCUS ON THE ANIMATION SECTOR

Daniel Zimmermann - Chairman of LMF asbl

# OUR RECENT AND CURRENT ACTIVITIES



*LINKING MARKET FORCES  
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- Audiovisual expert in Poland and the Czech Republic with KEA/Deloitte Digital to give a capacity building support to banks which got access to the Cultural and Creative Sectors Guarantee Facility (CCS GF) set up by the European Investment Fund (EIF)
- Consultant for WALLIMAGE ENTERPRISES (Belgium) in order to get access the EIF guarantee facility
  - Successful application: W.E. is covered by the EIF CCS guarantee on 16 M€ pf financing provided in 3 areas of activities:
    - Support to SMEs
    - Development fund
    - Gaming incubator
- Representative of the President of the Polish Film Academy to support Polish producers to get access to the EIF guarantee facility
- Executive Producer of DINOGAMES, a Navarra animation film, TV series and video game project
- General Secretariat of ALICE (Animation League for Increased Cooperation in Europe)

# DIGITAL AND CREATIVE INDUSTRIES: A SECTOR TO INVEST IN

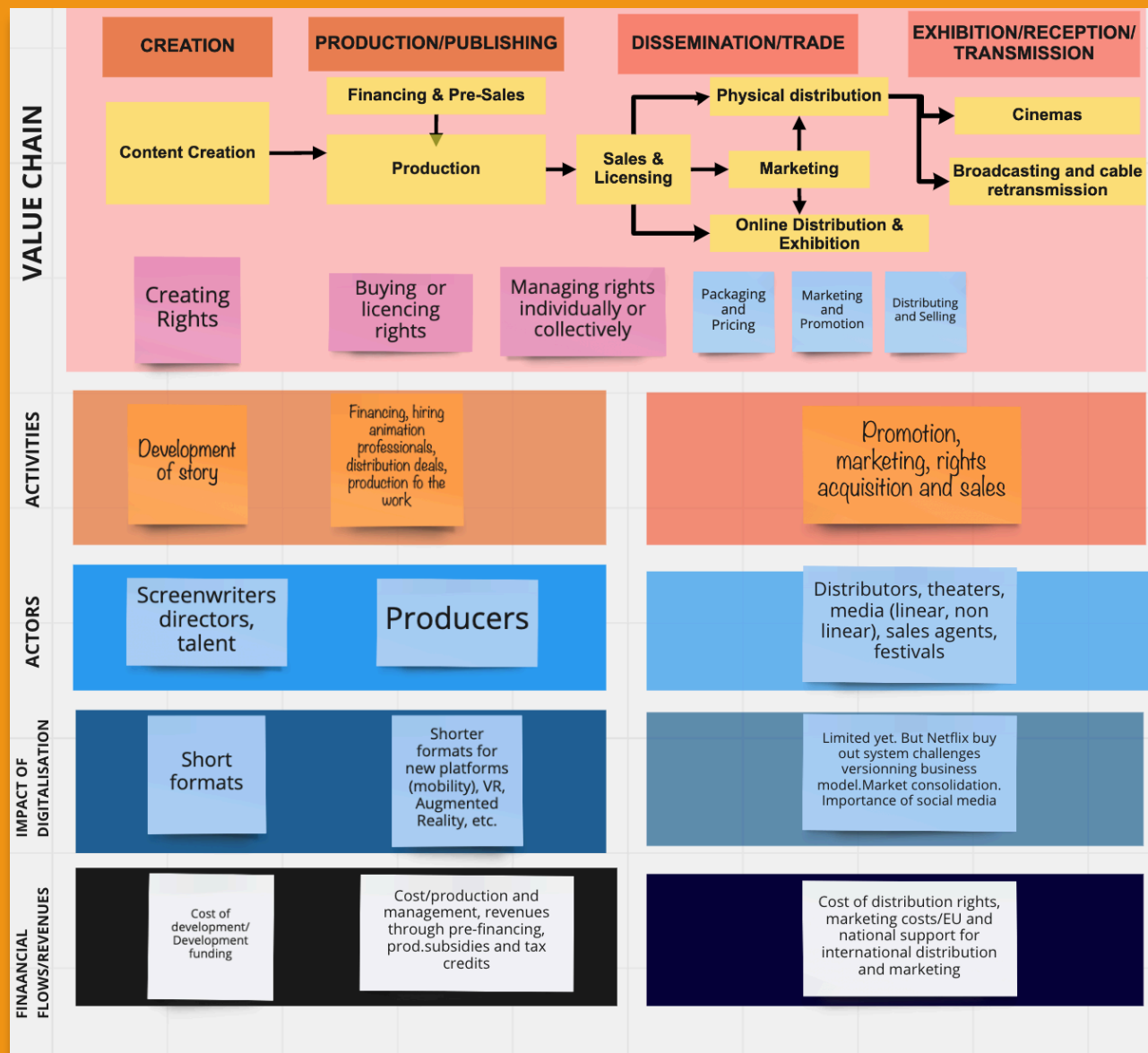
- It is a part of the Cultural and Creative Sector (CCS)
  - The CCS represents more than 6.7 million employees in the EU
  - It accounts for 2.5 million companies
    - Spain is ranked in the EU 4th place with 244,762 active companies (2016 figures)
      - This figure almost doubled in a 4 years time
    - Their growth has been spectacular during the last 10 years
  - Total value-added amounts to EUR 290 billion
  - It represents more than 4% of the EU GDP
    - Comparable to the ICT and the accommodation and food services sectors



Source: KEA "Economy of Culture in Europe" 2006

# THE AUDIOVISUAL SUB-SECTOR (1/2)

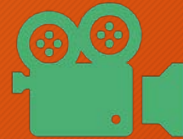
- Its value chain covers 4 PHASES
  - The CREATION phase
    - Creation for the INTELLECTUAL PROPERTY (IP)
      - e.g. movie script, storyline, plot
    - it's an INTANGIBLE ASSET
  - The PRODUCTION/PUBLISHING phase
    - Buying/Licensing RIGHTS
  - The DISSEMINATION/TRADE phase
    - Sales & Licensing
    - Distribution (linear and non-linear)
  - The EXHIBITION/RECEPTION TRANSMISSION phase



# IPR' s Value Chain



## IP COPYRIGHT



## FILM COPYRIGHTS

Economic right (in producer's hands)

- Right to collect revenues through the exploitation of the copyright

Negative right:

- Completed film negative offered as a co-lateral guarantee to financiers

Naked right:

- Licence given with no licensors' rights attached



## FILM COPRO & LICENCING

Producer shares part of its copyright with co-producers against financing

He will licence to a sales agent (the "licensee"):

- The net profits which are paid to the licensor are the films' royalties.

# Financing of an Audiovisual Work

## Equity investors & financiers

TV copro

Equity money

Mezzanine financing

## Sales & distribution

Pre-sales

Distribution  
Minimum  
Guarantee

## Soft monies

National  
Funds

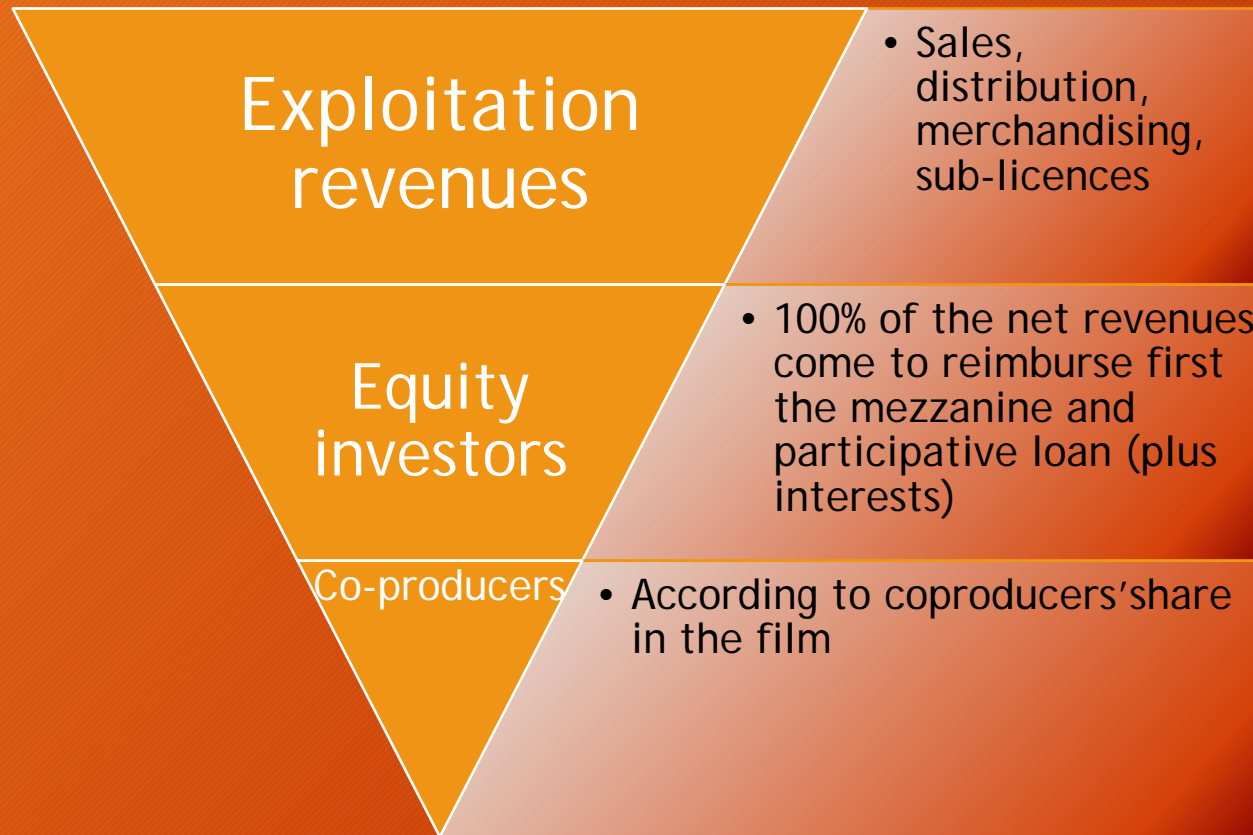
Regional  
Funds

Tax incentives

Cash Rebates

Eurimages

# Typical recoupment plan



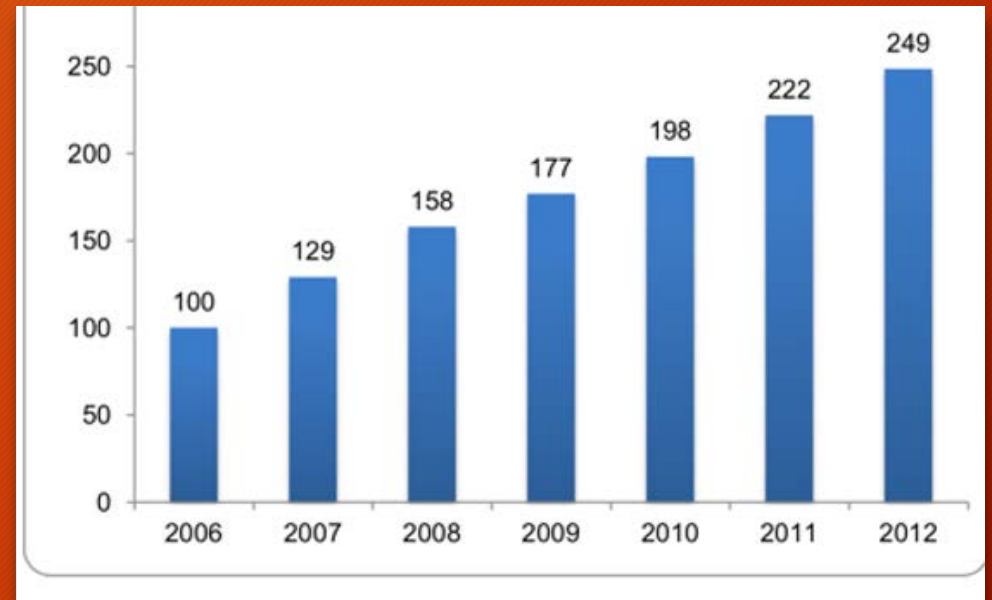
# THE AUDIOVISUAL SUB-SECTOR (2/2)

- Made of BUSINESS-TO-BUSINESS relationships which are at the origin of:
  - CREATING VALUE
  - GENERATING REVENUE FLOWS
- It has been impacted by DIGITALISATION
  - New BUSINESS opportunities have arisen through digitalisation
    - e.g. streaming services such as Amazon, Netflix
  - Value chain lines are blurred between creative disciplines
    - The pressure from technological opportunities leads to stronger collaboration among the different actors along the value chain
      - e.g. Animation, VR, AR and gaming
        - R&D component

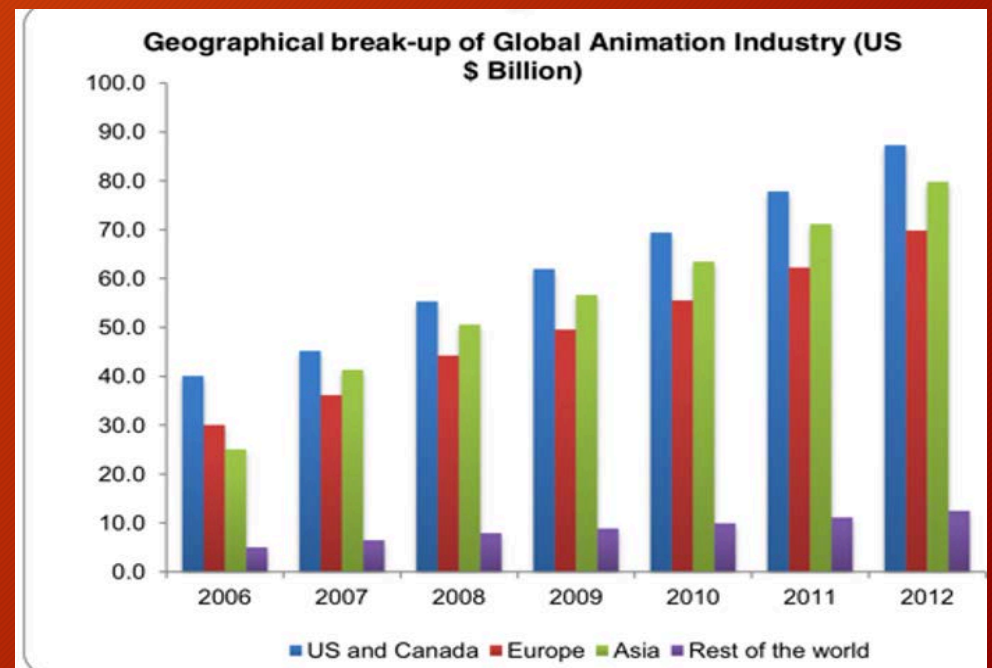


# THE ANIMATION AUDIOVISUAL SUB-SECTOR

- A COMPETITIVE SECTOR
  - A driving force of the CCS
  - A sector which was worth 270 billion of US\$
  - Low access costs with a high demand of content worldwide
  - Generates Intellectual Property Rights (IPR) value
- HIGH ON THE EUROPEAN AGENDA
  - The animation sector was recognized by the EC for its growth potential in the context of the Digital Single Market and the Copyright reform
  - The Commission has published in September 2017 the Animation Plan for Europe
    - Some of its proposed measures will be implemented in the next 2021 - 2021 Creative Europe Media Programme
  - Fits with Europe 2020 strategy by supporting SMEs in the animation sectors which develop an economy based on knowledge and innovation in a globalised market.



A constant growth (in billion of US\$)



# ECONOMIC IMPACT OF THE ANIMATION INDUSTRY

- Right combination of production incentives, skilled animators in a startups' friendly environment
- In total, local direct expenses generated by the animation activity accounted for 36.3 M€ (2016)
- It has brought a 50.6 € total Gross Value Added to the economy
- Employs the equivalent of 740 full time jobs <<<>>> 23 M€ of gross salaries
- Irish animation studios earned an estimated €48.2 million from foreign clients <<<>>> 74% of their turnover.

# THE VALUE OF INTER-REGIONAL COOPERATION

- Animation League For international Cooperation (ALICE), an Interreg Europe Programme
  - Its members are composed of
    - Two regional funds, Wallimage - Belgium and Pictanovo - France
    - the Apulia Region (Italy),
    - the Slovak Ministry of Culture,
    - the Rzeszow Regional Development Agency (Poland)
    - PROA, Audiovisual Producers Federation (Spain - Catalonia)
  - Exchange of experience in 3 main areas
    - Financing and Coproduction
    - Entrepreneurship & Training
    - New distribution models and formats
  - Exchange of good practices
    - Action plan
      - 3rd year: from August 2021
      - ALICE partners can implement it on their own or on a bilateral level inside ALICE or outside
- WALLONIA - NAVARRA
  - DINOGAMES
    - Case Study
      - Coproduction between a Navarra based company and Belga Productions
      - Financing will come from Sodena, Navarra Tax credit, RTVE, Belgium Tax shelter, Regional fund (Wallimage)



# NAVARRA AS AN INTERNATIONAL HUB (1/2)

- It has already some key ATTRACTIVE elements:
  - production incentive: tax credit
  - ongoing training of animation professionals supported by Servicio Navarro de Empleo
  - start-up's friendly environment: SODENA's key role in this area
- Next MILESTONES:
  - Implementing a strategic vision that encompasses support measures at the main stages of the VALUE CHAIN
    - Assessing the possible role of a REGIONAL AUDIOVISUAL FUND
      - in particular in the field of DEVELOPMENT
        - from the acquisition of the rights, the writing of the screenplay to the constitution of the marketing package
  - Support the creation of animation studios
    - Allows opening to co-production or provision of services
    - Helps to stabilize EMPLOYMENT
    - Sustainable ECONOMIC IMPACT
      - 40-50 Full-Time Equivalent Jobs at the end of Year 3
      - Permanent team of 10-12 animation professionals
      - Foressen total economic impact from year 3 on : 4 M€/year
      - Estimated export (sales) earnings in years 4-5 (cumulated): 3.6 M€.