



DIGITAL MEDIA PUBLIC POLICY FORUM
February 11, 2009

Hosted by



Report on the Roundtable

SUMMARY

On February 11, 2009, a public policy forum in Hartford, CT attracted a wide variety of public and private sector leaders seeking to understand how to build a permanent digital media industry in Connecticut and generate high-quality jobs during an unprecedented economic crisis. The digital media public policy roundtable was held at the Legislative Office Building in Hartford and drew more than 40 individuals from around the state.

The forum attracted executives needing to understand how public policy will impact businesses, jobs and their careers, small business owners and entrepreneurs looking for business opportunities that result from industry public policies, educators seeking to develop a qualified workforce, and legislators and other public policy decision-makers seeking to create jobs and diversify Connecticut's economy,

Participants focused both on the significant near term jobs and revenue growth potential of the digital media sector and identified the necessary components needed to realize growth in Connecticut with two key components standing out: the importance of the tax credit and the need to create a sustainable and qualified workforce.

Visit www.ctdigitalmedia.com for information on future events

For more information contact:
Ephraim Cohen
cohen@fortexgroup.com
+1-917-215-5413



DISCUSSION SUMMARY

- Digital media, which includes film, television, digital animation, visual effects and video game development, is a source of high paying jobs even when other parts of the economy weaken
- The three pillars to building the digital media industry are maintaining an attractive tax credit, providing education and training and building a sustainable workforce
- Public policy must maintain and build upon Connecticut's current momentum in the sector
- Connecticut has developed its infrastructure and now needs to develop the workforce critical to attracting companies and building a sustainable industry

KEY FINDINGS AND TOPICS

A Growing Industry with Huge Potential:

- Digital media, which includes film, television, digital animation, visual effects and video game development, is a source of high paying, high-tech jobs in an industry with increasing importance growth in the global economy
- The digital media industry is recession proof and is one of the few still expanding at a double-digit rate today – the video game sector alone grew 23% nationally last year, generating \$22 billion in revenue
- Digital media industry growth will explode as the previously disparate components of media conduits and content continue to converge at a rapid pace – film; television; video games; desktop and laptop computers; mobile devices; magazines; newspapers, the web and social media
- The industry's model for cost recovery is much less than traditional media production and distribution, which will bode well for the acceleration of growth, profitability and job creation

How to Grow a Growing Industry:

There are three pillars to building the digital media industry and creating the thousands of high-paying jobs that come along with it:

1. The current Connecticut production tax credit program (which includes digital media companies)
2. Education and training driven by the convergence of industry need, educational institution expertise and resources, and state government encouragement and support
3. A sustainable workforce that is imported by companies locating here, and grown organically through education and training (#2 above).

Active Incubation and Recruitment of Digital Media Firms into Connecticut:

- We can grow this industry by actively incubating current companies at early stages of development and by recruiting outside companies to establish operations in the state
- There is an initiative in development to establish a Connecticut Digital Media incubator that gives emerging digital media companies a place to base and establish themselves, market directly to large scale buyers, and grow and generate jobs much faster than if left on their own.
- Currently there are seven companies from L.A., San Francisco and London actively considering a move to Connecticut, because of the tax credit and the potential workforce, which would represent thousands of jobs

A digital media workforce gives Connecticut economic flexibility

- Across the US, the digital media industry attracts a young, highly-motivated and intelligent workforce as a result of the unusual convergence of art and technology
- There are great synergies across all types of companies that utilize digital media skill sets, so once the workforce takes deep root, a whole new, large employment sector is born that can be applied to multiple industries sectors, including entertainment and defense
- The impact of the digital media industry on overall employment in the state is very broad. There is potential for growth in blue collar jobs such as running and maintaining the pipes and wires and technology jobs such as managing production and distribution over the web, digital distribution to theaters or repurposing content for television. There is also a significant legal component, with contracts, copyright issues, etc. and creative and production jobs in support of content development
- The state needs to expand its film and digital production training program, and continue to partner with the academic and private sectors to understand needs and effectively deliver workforce-based training and education

Recession-Proof Upside:

- The digital media industry tends to be recession-proof even in an economic downturn because the market for entertainment remains strong, whether people go out to movies or if they enjoy music, watch movies or TV or play video games at home
- More broadly speaking, digital media pervades just about every aspect of the private, public and non-profit sectors – it is essential, and thus a great industry to support and grow from a strategic economic development perspective

Existing Infrastructure Just waiting to be tapped:

- Connecticut already has the broadband infrastructure to support the high-growth digital media industry, and is already serving 95% of the state, which is among the strongest in the nation
- Connecticut is particularly well situated to compete as states vie for digital media companies and jobs

Groundswell of Grassroots and Union Support Emerging:

- There is substantial and growing support for actively developing the digital media industry in Connecticut, including the newly-established Connecticut Production Coalition (CPC), which has well over 1,500 members who support the industry and continuing the tax credit that is spearheading its establishment in the state
- Labor unions strongly support continuing tax credits, including the Teamsters, who have gathered more than 2,800 petition signatures urging lawmakers to retain this program

The Bottom-Line Importance of the Economic Stimulus Tax Credit:

- Through its tax credit program, Connecticut has done a great job of creating a strong draw to the state, but that could dry up and go elsewhere if the tax credit were to be eliminated or severely curtailed
- As a result of the tax credit, Connecticut has attracted 91 film productions and \$500 million in investment from those productions, sparking 1.5 times that in cash flow across the state such as to hotels (more than 80,000 room nights), rental cars, restaurants and caterers, printers, dry cleaners, and the list goes on
- Blue Sky Studios located to Connecticut with more than 400 jobs, NBC Digital is keeping more than one hundred jobs here because of the tax credit, and scores of smaller companies directly

serving the industry have staffed up, from accountants and lawyers to small digital media, game development and production companies

- At least seven other Digital Media companies are considering a move to Connecticut as a result of the tax credit program. Among these are two of the top three visual effects houses in the world, two of the top video game developers, and an animation company about to embark on production of a major new feature film

Other Information:

- The forum was sponsored by the Connecticut Production Coalition (www.productionct.com) and the Connecticut Digital Media group (www.ctdigitalmedia.com), both independent non-profit organizations dedicated to building a permanent digital media, film and television industry in Connecticut
- Panelists included:
 - Ephraim Cohen: Forum Moderator, Founder and Principal of The Fortex Group
 - Gary Cohen: President of Triple Threat TV
 - Brandon Curiel: President and CEO of Venan Entertainment
 - John Emra: VP of External Affairs for AT&T
 - Andy Moss: Managing Director of Olson-Moss LLC; former director of public policy for Microsoft

The following were the registered attendees for the roundtable (this may not include last minute participants).

Name	Company
Charles Miller	Office for Workforce Competitiveness
George Norfleet	CT Commission on Culture & Tourism
Kevin Segalla	Connecticut Film Center
Kim Relick	Connecticut Film Center
Camille Geier	RhinoFX
Pat Sheehan	Connecticut Public Affairs Network
Mark Osora	Sheptoff, Reuber & Company, P.C.
Leonard Nath	Konowitz, Kahn & Company, P.C.
Ronald Evans	Sima International
Nik Ives	BookSpots
Jeff Shippee	Vrroomedia
Andrew Gernhard	Synthetic Cinema International
Valeriano Ramos, Jr.	Office of the Secretary of the State
Paul Melluzzo	Absent Logic
Michael Mino	Education Connection
Linda Aloe-Sobin	Aloe-Sobin Associates
Kristin Sampiere	Connecticut Film Center
Andre Yap	Ynnovation Groupe

Name	Company
Paul Pita	Pita Communications
Howard Enquist	Cars on Locations
Marianne Horvath	
Dick Tomeo	Robinson & Cole
Alex Calvo	Goodnight Films, LLC
William O'Brian	Quinnipiac University
Chuck Bellingrath	Alliance LLC
Neal Thomassen	Angel Eyes Production, LLC
Patrick McGloin	Gaffney, Bennett & Associates
Ariana Rawls	
Matt Strilbyckij	Konowitz, Kahn & Company, P.C.
Chris Cooney	Wilmark Group
Marty Lang	Evergreen Pictures
Paula Cicchetti	Gaffney, Bennett & Associates
Joe Young	Young Studios
Dick Kilbourne	Hollywood Next
David McCluskey	Democratic State Rep.