CREATE A WINNING PROPOSAL:
The Handbook for New Media Producers

TABLE OF CONTENTS

PREFACE

After examining over 200 applications for funding at the Bell Broadcast and New Media Fund, our industry analysts all agreed on one thing: the ability to convey *on paper* the proposed content of a digital project was a challenge that few new media producers could achieve. It became evident that the expertise to budget, finance and market new media projects was lacking. In order to analyze and compare the diverse range of applications for funding which they were required to evaluate, some basic tools for producers were recommended. The Bell Fund designed a generic budget template with budgeting standards as well as an outline of a marketing plan, and took on a training role in the industry. This "*Handbook*" continues this mandate by providing step-by-step guidance to producers facing the daunting task of convincing investors, distributors, suppliers, or users, that their project is exceptional.

The film and television industry which has about 20 years worth of experience at designing project-oriented "business plans", became the obvious model to adapt to the demands of the new media industry. The expert-authors in this book, have their roots in the film and television industry, and each has become an authority (as much as one can be in this dynamic and changing new media field) on their respective topics. This *Handbook* is intended to provide advice, guidelines and models for reference.

Proposals must be as comprehensive and as up-to-date as possible. Those proposals that leave many questions unanswered are doomed to suffer the consequences. A thorough proposal must contain certain basic elements:

- content description
- explanation of how the site will work
- detailed budgets
- financing structure and sources of financing
- marketing and promotion plan
- background information on the company and key personnel
- any essential legal documentation including rights
- endorsements
- schedules
- a business plan exploring possible sources of revenue to be generated by your project (generally this includes e-commerce, advertising, sponsorships and subscriptions)

While knowing *what* goes into an application is absolutely essential, *how* you approach the task and present it is also critical. It is amazing how little it takes to influence a potential backer! So, here are a few simple hints for your next application which may seem obvious, but are often overlooked.

1. Begin by reading the most up-to-date Guidelines from potential funders in order to ensure that (a) your project is eligible and, (b) you know the application deadlines. Don't hesitate to contact the funder directly to establish a "personal" contact…
2. Present a complete, clear and comprehensive application. Make it look good. Be organized. Label your documents. Make sure they are up-to-date and accessible. Include a concise cover letter outlining the highlights of your project and the support needed. If your funder is impressed by your outstanding ability to apply for funding, just imagine the confidence they will have in your ability to actually produce what you say you are going to produce!
3. Make sure you give them all the information they need to know. Include any documents that might help to influence them such as letters of endorsement, great press, awards, graphics, visuals or samples of your work.
4. Do *not* keep sending revisions, addenda, corrections, daily packages, faxes and emails.
5. Do keep the investor up-to-date of any major changes, financing confirmed or exciting deals approved.
6. If you make a personal "pitch", make sure you are a trained and talented "pitcher". Although your enthusiasm may count for a lot, you will need to use the time you have with a potential backer in the best possible way.
7. Once the decision to support your project, or not, is announced, be appreciative if the news is good…If it's bad, remember, you will probably be applying to them again with your next great project and the positive relationship you establish with the funder will have lasting effects!

The Bell Broadcast and New Media Fund continues to encourage experimentation in internet-television applications. We are looking for creative and innovative Web sites with an emphasis on interaction and compelling video, animation, simulation or other graphic and sound content. The standards and expectations are rising continually. This is driven in part by the rapid pace of technological change that shows no signs of abating. For example, the growth in penetration of high-speed access to the Internet will inevitably lead to greater expectations for high bandwidth, interactive services, containing significantly more video than we have seen in the past. In Canada, press articles and annual reports indicate that more than 175,000 subscribers have high-speed access to the Internet, using either telco provided DSL or cable modems. This degree of penetration is impressive, particularly when compared to the U.S. While the American market has approximately ten times the Canadian population, reports from the U. S. suggest that the total subscriber base is around 600,000 to 700,000 or less than four times the Canadian total.

We hope that you will accept the challenge to take advantage of the opportunities offered by the digital medium and its technological changes and that this "*Handbook"* will help make it just a little bit easier.

Andra Sheffer
Executive Director
Bell Broadcast and New Media Fund

1

CONTENT PROPOSALS FOR NEW MEDIA

*To this day nobody really knows
what compelling interactive content looks like.*
Red Herring, January 1999

It's still early when it comes to new media. Some say it will be at least fifty years before we start to know how to use it. They liken it to the early days of film before D.W. Griffith laid down the rules of visual syntax in his landmark epic *Birth of a Nation.* And now it's digital television that is upon us. By the year 2006, US broadcasters must relinquish their current analog transmissions and broadcast only digital signals. Canada will not trail far behind. To find out more about digital TV, I'd recommend you visit the excellent PBS Web site at www.pbs.org/opb/crashcourse where they host *Welcome to Digital TV: A Cringely Crash Course.*

There is no single group of people more eminently suited to exploring this new medium than those already in the business of television. And yet there is a certain level of animosity that appears to exist between those who already work in new media and the interlopers – the television types – those who are just now arriving onto the scene. At the heart of this animosity, is the belief that people from the traditional media do not really understand new media; they are contaminating it in some way, or worse still, are trying enslave it!

And the reason a lot of TV types, and print and film types as well, have earned this dubious reputation is, for the most part, they all share a tendency to dump everything they already have onto this new medium. They are turning this dynamic new medium into a repository for the old. The byte-heads call this kind of product dump-ware or shovel-ware. No one, they complain is taking the time to understand this new medium and how to harness its true power.

So how does one harness the power of new media? It helps if one starts by looking at a lot of product, especially CD/DVD-ROM product since their technology permits them to go further than what is generally found on the Web. And not just any CD/DVD-ROM either. The real trailblazing is done in the areas of children and game products which are miles ahead of everything else that is being created today.

And what is the common ingredient all excellent new media products share? None other than the understanding that the fundamental power of this new medium is rooted in its *interactivity*! Those who make their new media products interactive are successful. And those who do not make their products interactive, are not.

In this one brief chapter I hope to describe how you can write a creative proposal for a winning interactive product. This applies to both the Web-based products as well as fixed media, more commonly known as CD-ROMs and DVVD-ROMs. Although the kinds of interactivity found on the Web appear different than those on fixed media, the differences are, in fact, only superficial. In a few short years all the bells and whistles we now see delivered on fixed media will be offered on-line. There is no longer a need to see the Web and fixed media as existing on parallel but separate tracks. These tracks, like everything else in media, are converging!

> *Identifying talent, like recognizing potential in new ideas, has always been an imprecise science. Consider the case of Mike Smith, a one-time member of the "Artists and Repertoire" staff at music industry middleweight Decca Records, who earned a footnote in history on January 1, 1962, when he traveled to the company's North London studios to audition a new musical group. The group quickly ran through its repertoire, with Smith acting as recording engineer. Some 15 tracks later, on that otherwise ordinary day, Smith became something quite extraordinary: The Man Who Rejected The Beatles.*
>
> March 1996 CD-ROM Professional

For an industry as young and dynamic as the new media industry, the way proposals are assessed by potential backers will, of course, shape the character and quality of the field. Yet writing proposals need not be a hit or miss endeavour whose ultimate success or failure lies solely in the fickle hands of the gods. There is much an interactive producer can do to increase his odds of loosening the purse strings for his project. And that involves creating a first-rate design document that contains:

1. A flowchart
2. An interface description
3. A functional specification
4. A technical specification

1. How to Create a Flowchart

No other single area in multimedia creates as much confusion as the flowchart. And there are good reasons for this confusion. There are at least a dozen different flowcharting systems out there. It's no wonder people are confused! And to make things worse, people who do know about how to make flowcharts tend to keep their information to themselves thinking it gives them an advantage over every one else when it comes to getting jobs in the marketplace – and they're right!

Flowcharts are essential documents that are used throughout the entire multimedia development process - from the planning and development stage to funding and financing and all the way through to the last phases of production. A multimedia designer without flowcharts is like an architect without drawings. The ability to make simple yet accurate flowcharts enables a designer to plan out his projects in detail and discover design flaws and revise them *before* a project proceeds to production when revisions are time consuming and costly. An expertly designed flowchart is also a great tool for securing financing from outside sources because granting agencies will also have a clearer understanding of what is planned – not to mention the production team that would be lost without it.

So how does one learn how to flowchart? As mentioned earlier, there are many different flowcharting systems currently in use. The two that most closely meet the needs of the multimedia designer are the *organizational flowchart* and the *navigational flowchart*. And yet, between the two of them, not one of them completely meets the needs of the multimedia flowchart. I intend to review these flowcharting systems with you as well as a new *multimedia flowcharting system* I have created with the assistance of research funds secured from Ryerson Polytechnic University.

Before beginning however, it is first important that you review the symbols most commonly used when creating flowcharts. A complete listing of the symbols and more can be found on the Ryerson Web site at www.rcc.ryerson.ca/schools/rta/flowchart.

The Organizational Flowchart

The Organizational Flowchart is a tool that illustrates the organization of the basic clumps of information found within an interactive program. The main purpose of an organizational flowchart is to review the layout of a site and the logic of its information flows. Here is an example of an organizational flowchart that a student created for me several years ago. This flowchart demonstrates the number and layout of geographical locations that are used in the *Humongous Entertainment's* CD-ROM, *Pyjama Sam* in *"No Need to Hide When its Dark Outside"*™.

Figure 1.1
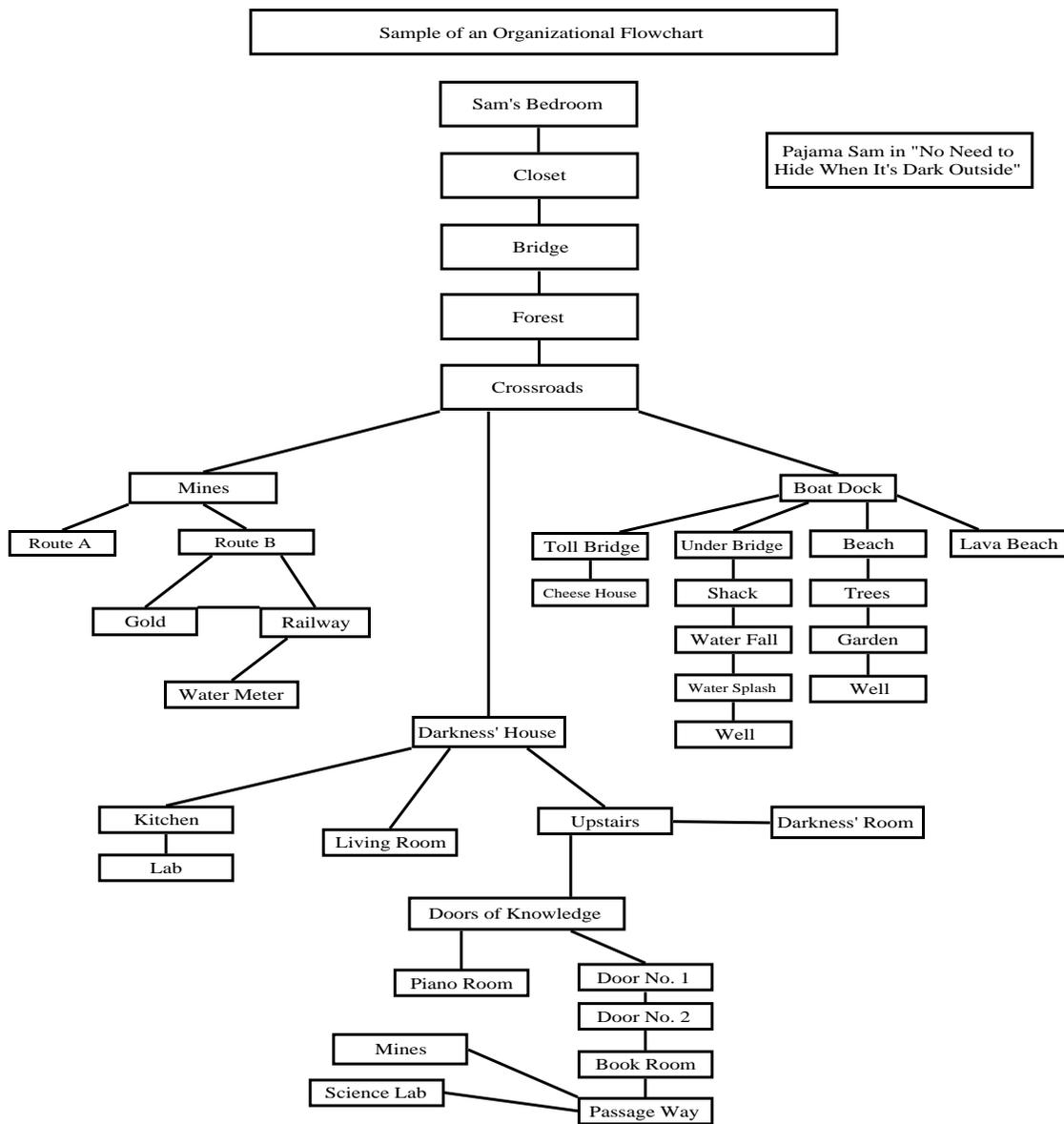
The Navigational Flowchart

The navigational flowchart plots the organization of information *as well as* the navigational routes a user can take within an interactive product. The navigational flowchart also ensures the user of the product has access to all the areas within the product with the least number of steps - and that he doesn't get lost in the process.

Figure 1.2
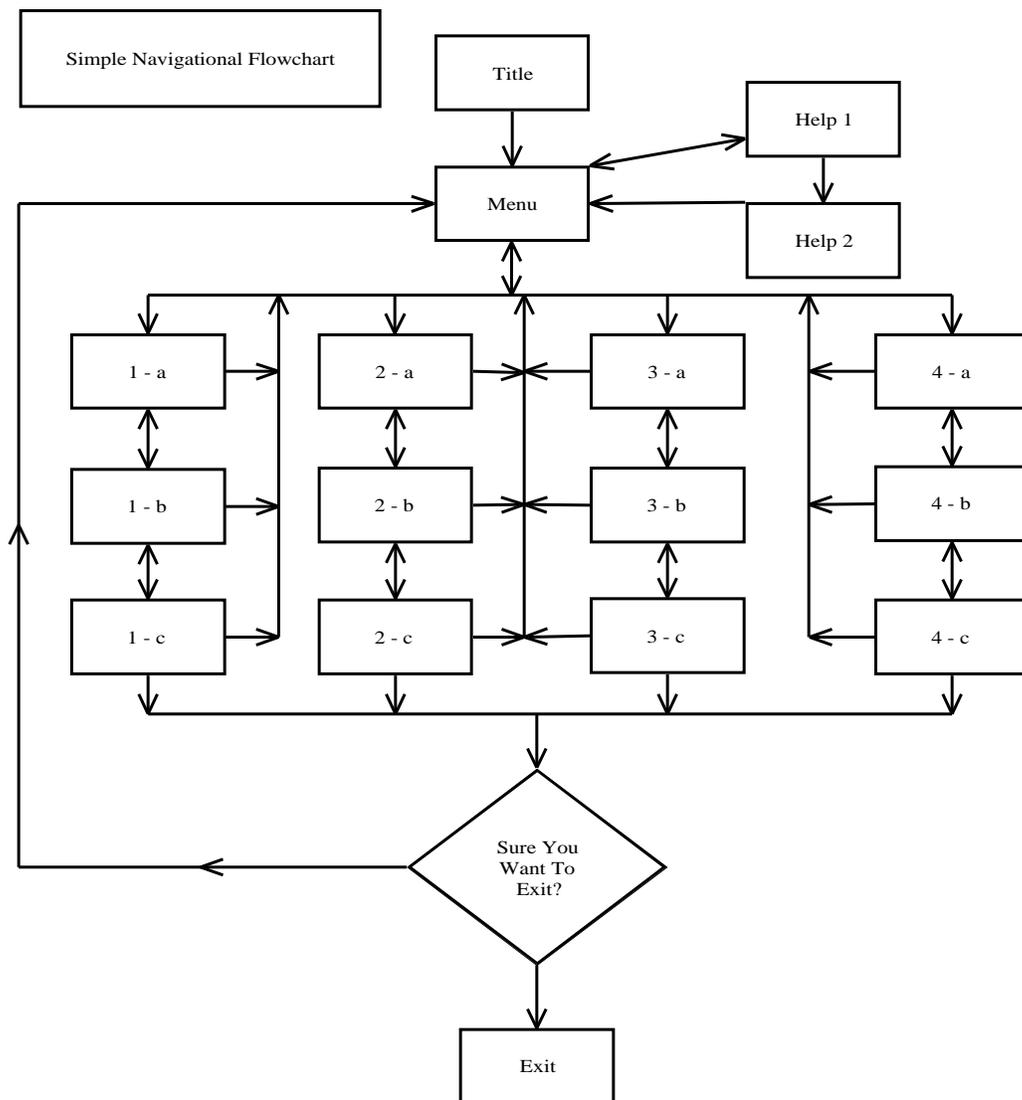
Navigational Flowcharts are not difficult to execute but they can be complex, especially when dealing with some of the more complicated projects. The key with designing great navigational sites is to keep the flowchart as simple as possible - something that is not always easy to do!

### The Navigational and Global Controls

The controls that move the user through the immediate space of an interactive segment are called navigational controls. Navigational controls operate on the premise that the user has the ability to move backwards and forwards through interactive frames, skip ahead, or jump back to the beginning Menu screen.

Netscape and Explorer browsers provide "next" and "previous" controls on their control bars so it seems obvious when creating a Web document to rely on these controls. However, these controls are *not* permanent as users can close down these controls at will. Program designers are best advised therefore, to create their own navigational control strips to be present on every page of their Web site. This has always been done however, by designers who create for stand-alone CD/DVD-ROM products that can't rely on an Internet browser to supply their navigational controls.

Global keys take users completely out of the sequence they are in and back to the main menu. Other global keys allow users to "quit" the program or call up the search function. What is important when planning the navigation within a Web site or CD/DVD-ROM is that designers remember to include both the global keys as well as the forwards and backwards navigation in their flowcharts.

The Multimedia Flowchart

The organizational and navigational flowcharts come close to meeting the needs of a multimedia designer but they are far from complete. They are usually accompanied by other documents that explain all of the features that are included in a product's design. I've been researching ways of combining features of the design document and navigational flowchart onto a single page. To do this, I've had to expand the list of symbols currently used to create navigational flowcharts. A full description of these newly created "expanded" symbols as well as more traditional symbols can be found on the www.rcc.ryerson.ca/schools/rta/flowchart Web site. With these newer symbols, the power of the flowchart is greatly enhanced. Here follows a sample of the *Multimedia Flowchart* that has been created for the *"The Jack Attack"*, a section of the popular CD-ROM game, *You Don't Know Jack*!™ by *World Opponent Network*.

Jack Attack

F

Player Choose
A Category

Category 1 | Category 2 | Category 3

Jack Attack Instructions

Statement

Player Buzzes

Right — Wrong

x 8

Correct Confirmed | Incorrect Confirmed

Money Gained | Money Lost

Last Statement

Player Buzzes

Right — Wrong

Correct Confirmed | Incorrect Confirmed

Money Gained | Money Lost

G
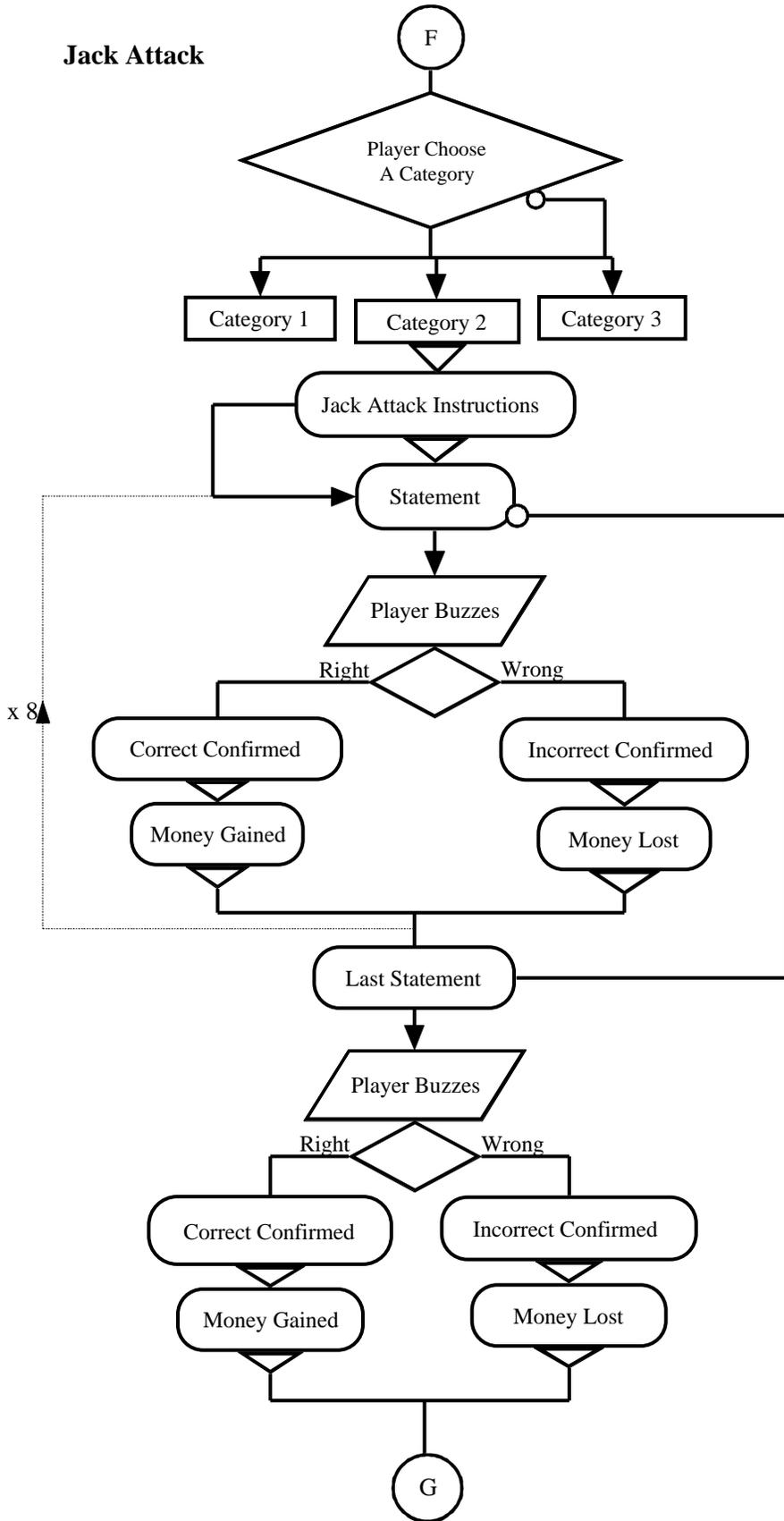
Bear in mind that my work on the multimedia flowchart is far from complete and that the research is still on-going. The Web site however does include many other examples of multimedia flowcharts you can print and review at your leisure. The Web site also contains a great source of general flowcharting resources such as available literature and flowcharting software as well as other flowcharting sites you may want to reference on the Web.

2. How to Create an Interface Description

One of the most important considerations when designing any interactive multimedia product is the way it works with people – or, more appropriately, the way people work with it. The point at which a person and an interactive system come together is called the *human interface*. And the overriding goal when designing the human interface is that it be *intuitive*. An interface is intuitive only if it behaves the way people expect it to. It can do that only if the designer is capable of anticipating expectations people make about a product's behaviour. Interactive products that are considered intuitive and easy to use have had a lot of design effort invested in anticipating, understanding, and managing users' expectations.

The Metaphor
The use of a metaphor is considered to greatly enhance the intuitiveness of an interactive project. In multimedia the metaphor refers to the use of a visual image that serves as the primary method of navigation. Metaphors provide users with a *visual interface* that grabs users' attention and places them in an environment they already understand. Take for example of using metaphors can be found at the *Canadian Cable Television Association* Web site at www.ccta.ca. It uses two complimentary metaphors. Upon first entering the site, the user is presented with a couch (see figure 1.4). The couch has long been associated with watching television.

Figure 1.4

9
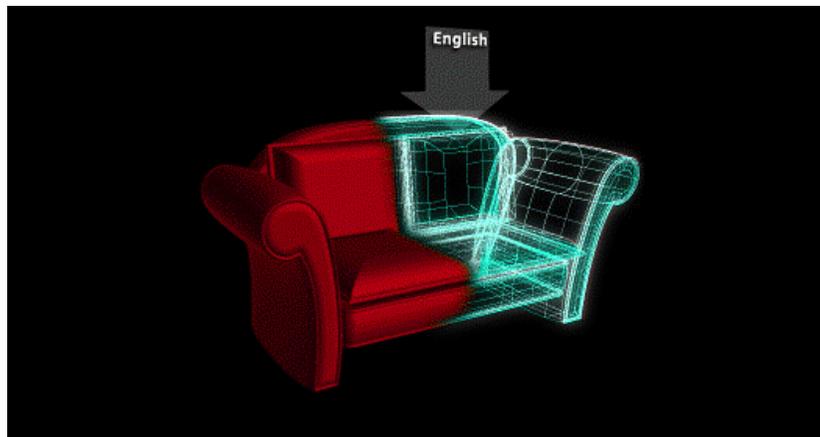
By rolling the cursor over the couch, the user can select a language of choice, English or French. Next the user is presented with a second, if not more clever metaphor - a television and converter. By clicking on the buttons on the converter, the visitor can view different "programs" on the television set (see figure 1.5) to learn more about the CCTA.

Figure 1.5

Typically however, most information designers do not use metaphors as a system of navigation. Instead, they use what has been referred to as the WIMP system. WIMP refers to design features that are based on using Windows, Icons, Menus, and a Pointer (cursor) and is the common desktop model most computers feature. The WIMP interface layers open documents directly on top of one another. Navigating through them requires constant opening and closing of the windows. The traditional WIMP interface remains useful for standard word processing and number crunching, but remains far from the ideal of the intuitive interface.

Icons

Icons are images that are used to represent features or utilities available to the user in an interactive program. And, like just about everything else in new media, icons present a challenge in respect to the intuitiveness of a product. As of yet, there is no one set of universally understood icons. Consequently designers have to "invent" or borrow icons they have seen elsewhere – often with bewildering results. Take for example, the icons in figure 1.6. These were found at a snowboarding Web site.
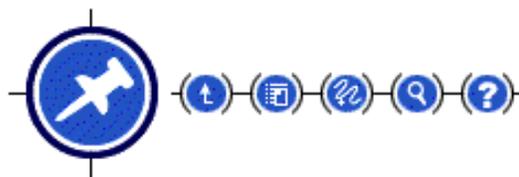
Figure 1.6

As you can see, these icons are far from intuitive. To understand them, the visitor must go to the help directory (see figure 1.7) to find out what they all mean. Even then, the use of the stickpin in figure 1.6 is still confusing.

Figure 1.7

Cursors

Cursors can also help users know in an intuitive fashion where interactivity is embedded in a product. Features such as the *revealing cursor*, the *navigational cursor* and the *hot-spot* or *roll-over cursor* go a long way towards making the interface transparent. The revealing cursor changes shape automatically when it passes over a specific area of the screen that is interactive. The pointer can turn into a hand, a magnifying glass, or just about anything, as long as the user's informed of the interactivity embedded in a location.
The navigational cursor changes into the shape of a broad arrow when the user arrives at the edge of the screen. By clicking the mouse when this arrow appears, the user can navigate to another screen. The hot-spot cursor, also called the roll-over cursor, highlights the interactive area beneath the cursor whenever the cursor rolls over top of it.

High on any user's list of most irksome features, if not *the* most irksome feature, is the *deactivated* cursor. This happens when the cursor has been designed to disappear on occasion. And there is absolutely nothing the user can do about it except sit idly by and wait until the computer finishes doing "its" thing. Eventually the cursor reappears and then, and only then, can the user continue to make his selections. De-activated cursors actually *prevent* the user from experiencing new media's finest feature – its interactivity. The user must always be allowed to move and make choices and for that reason the deactivated cursor should be banned!

Idle-Time Animations

It is really important to let the user know that his CD-ROM or Web site is still working when he is not interacting with the software for whatever reason. Idle-time animations are an intuitive way for users to know that the hardware and software is still functioning.

User Feedback

Likewise, it is very important for a computer to give the user feedback every time he clicks with the mouse. This feedback can come in the form of a visual or auditory cue or both. Without this feedback, the user may fret that the computer has not "registered" their click of the mouse. This subtle design element renders the computer that much more intuitive.

An "Intuitive" Checklist

There are, in fact, many issues to take into consideration when designing an intuitive interface. They include:

- Don't add to the users' burden by having them learn how to use your product.

- Don't make them do things the product could do for itself (starting videos, playing sounds) unless they need to control these.

- Don't waste their time with elaborate features or multiple ways of doing things.

- Remove obstacles. Don't use elaborate guidance schemes and symbols and don't try to have the product explain itself or direct the user's activities unless the user wants it to.

- Minimize effort. Users shouldn't get the feeling that simply moving around the screen is work. You can minimize their effort by keeping related controls close together.

- Give feedback. Most people assume that when a computer seems to be doing nothing, it is, in fact, doing nothing. If a product doesn't respond in some way to a user's action, the user will think the action hasn't registered. Feedback should be both appropriate and immediate.

- Be flexible. Users will expect the product to let them take shortcuts so they can skip things they've seen before and go directly to wherever they think the action is. They will also expect to leave things that don't interest them – instantly.

- Be forgiving. Users will expect the product to let them do whatever they want with no restrictions or penalties.

3. How to Create A Functional Specification

A functional spec identifies each major segment of the interactive design and defines the features and the functions that happen there. Generally, the creation of the functional spec is something like filling out pages and pages of a form that asks for specific information about each frame of the Web site or each interaction in a CD-ROM game or training program.

Functional specs can include:
- Item number
- Kind of item – the major kind of interaction that is happening at this point
- Objective – the purpose of each item
- Content – a detailed description of the content presented
- Format – the way the content is presented, linear video, still frame, graphics, etc.

Audio
Audio is a feature that is commonly overlooked, not only on Web sites but also on CD/DVD-ROM products. Yet audio has an enormous power to influence a user's perception of the overall production values in an interactive product. Studies have shown that new media users perceive the visuals in the product are better if the audio is good. If the audio is bad, the overall users' perception of the quality of the product is poor – even if the visuals are excellent. This is a sub-conscious process for the user. And it means that good quality audio is the single, most cost efficient way of enhancing the user's perception of the quality of a product.

Characters
The use of characters is another way to enhance an interactive product yet can introduce a slew of problems for the interactive designer. Characters can annoy the user by being too chatty and

overwhelming with endless, unnecessary prattle. Alternately, characters can be stilted with too little or too cryptic dialogue. Because characters can be so difficult to implement, many interactive designers avoid using them. There is no question that including characters in an interactive product can introduce a new level of difficulty for the interactive designer but in the end, the product has the chance of being enormously enhanced by their presence.

Agents

Agents are characters whose sole purpose is to act as an intermediary between software and its user. Agents add a human touch to the often impersonal and confusing world of computers by dispensing just-in-time information as to how software works. Agents need not be necessarily be animations however. They can be "real" people shot with video, or even as simple as a voice-over.

Utilities

Every interactive product uses utilities. The term "utilities" refers to the interactive *functions* that are required by the specific interactive product; functions such as exit, save, print – in fact, there may be a myriad of functions necessary for any one product. The Microsoft Word program being used to write this chapter, for example, provides me with many useful utilities (see figure 1.8).
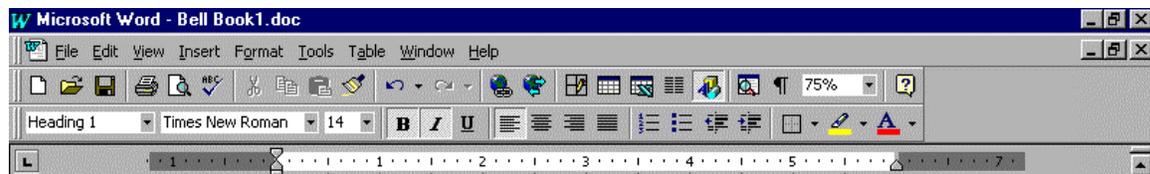
Figure 1.8

Similar utilities are included in the latest Netscape and Explorer browsers. In fact, there are many types of Internet browsers that individuals can choose to use – all featuring a different set of utilities. A full list of all available browsers and their respective utilities can be found at http://browserwatch.internet.com/browsers.html.

When it comes to a stand-alone product like the CD/DVD-ROM however, it is up to the interactive designer to decide which specific ulilities he wants to include in his product. New media products have a history of leaving out necessary utilities. Take for example the children's reference CD that doesn't include the "print" utility. This single omission is serious enough to cause a product to fail in the marketplace.

Product Overview

Functional specs also look at "The Whole Experience".   Beyond buttons, menus, and the look is the whole experience. The hierarchy that contributes to the consistency of the sense of experience is:

- Content structure
- Content flow
- Production values (image quality, use of sound and video)

- Consistency in design and layout
- Design of menus and utilities
- Features

Features

Many interactive designers describe their projects as featuring some very important but extremely fundamental activities including searches, chat rooms and Bulletin Board Services. It is remarkable that some designers consider the fundamental interactivity of a search engine as the heart of interactivity. Searching for information is interactivity of sorts but it is probably not the interactivity of choice. It is a fundamental and important feature but should not be confused for the be all and the end all of the product itself.

Likewise chat rooms and BBSs are wonderful activities that take advantage of some of the most popular aspects of on-line services. And they can be great fun *but* they are not the highest form of interactivity. People who use them in their designs must realize they are not delivering the whole interactive experience.

So what features should a designer include in an interactive product? There are no simple answers. Instead, a designer must begin by asking himself one essential question, a question that applies to educational, training, games, and especially interactive stories. It is the question that many designers forget to ask themselves or ask too late in the process. And that question is: *"Who are the users and what is their role in the interactive experience?"* When a designer asks this question, he will automatically take his interactive product to a much higher level, one in which the users are the focal point of the experience and their activity becomes *the* most important element in the experience.

Games

For thousands of years, storytelling has been the basis for most of our entertainment forms. From the classic and colourful storyteller in the marketplace, to novels, plays and motion pictures, the involvement of the listener in the emotional trials of a fictional character is a powerful entertainment process. So it would be natural to view the computer medium as yet another opportunity for storytelling, and to think that the "immortal power of storytelling" will create a great software product.

Unfortunately, it is very difficult for a traditional storyteller to make the transition to the interactive story. The key word, as always in new media, is interactive. The computer is by nature an active, participatory medium, whereas traditional storytelling is not. Interactivity puts the player in charge; storytelling puts the author in charge.

Making the game interesting is the interactive new media designer's most important task. Part of this involves creating a set of design documents that specify the rules and parameters that determine the behaviour of the story – and the story inevitably involves the creation of some sort of game. In the interactive game however, the "hero" or main character, is always the user.

North Americans are crazy about games. In fact, I think it would be fairly safe to say we are addicted to games just like we are addicted to athletics, lotteries, slot machines, bridge games, and video games. Last year the net profits of the interactive game companies (Sega, Ninetendo, etc.) out distanced the combined net profits of the three major American television broadcasters (ABC, NBC, CBS). But what is it about games that makes them so successful? Before answering that, it is important to first understand the difference between games and simulations.

Simulations are learning exercises that replicate the real world. Simulations are near the real world with "learner-workers" acting professionally to solve problems for intrinsic satisfaction. Simulations involve learning that in turn involve serious work. Games on the other hand exist in an artificial world with real rules where players play to win. And in order for a game to be successful it needs the following:

1.   A specific goal.

2.   A psychic reward when this goal is achieved. All games need rewards. The reward may be to get your name to the top of a list or to skip a lesson or get some sort of premium. The game designer needs to get the user to play at his level best and the reward determines this.

3.   The reward system has to be designed so the player will continue playing and not get frustrated. The player needs to feel he has enough skill to play the game.

4.   The player needs to have sufficient challenge. And the challenge has to be aimed at the audience's level of ability. The game needs multiple levels of play with different skill levels so the user is in control of the game.

5.   Games need models. We already have important models in terms of which games succeed and which games don't. In board games we have Monopoly, Trivial Pursuit, Scrabble, etc. In computer games we have Mario and Pac Man. In television we have Wheel of Fortune and Hollywood Squares. The game designer should use already established models because the user will be familiar with the game and know sooner rather than later what he has to accomplish.

6.   Games need scoring. If the increments are too small, there is disinterest. If the increments are too large, the game is incomprehensible. If the game has appropriate increments, it will maintain interest and encourage the user to play.

7.   Games need risk. Risk is essential. The user can't always win or he loses interest. Risk taking results in losses that lead to regret. It's only the sense of regret that makes a user strive for a better outcome and play again.

8.   Games need an element of chance or some kind of randomness. That way, the user can blame his losses on bad luck versus his own stupidity. The element of chance gives the player someone/something to blame.

9.   Games need personality. Cartoon characters are vital in this regard. Cartoon characters charm the user. The user identifies with his personality and this humanizes the process. Players come back because of the personalities of the characters.

10.   Games need aesthetic appeal. Games have to compete with the top level programming that users see in television and the movies. Games have to compete visually and sound-wise. The appeal has to be visual, social, tactile and aural.

11.   Games need to have player activities, that is, what does the player actually do? This is up to the game designer. Activities increase involvement and involvement increases learning – something really important if you are designing an educational game.

12.   Games need pacing. This is absolutely crucial. You can't have a user sitting without interactivity for three minutes which is too long.

13.   And finally, a game needs to be fun. The more fun it is, the more it will be played.

4. How to Create a Technical Specification

A technical specification is actually a very simple document. All it does is list the software you intend to use to create your interactive project. You should include the technical design specs of your software so that your reader will feel relatively assured that it is, in fact, feasible to create your project given the present state of the software and hardware industry.

At this point I am reminded of a proposal I once saw that was spectacular. There wasn't one feature or utility that wasn't included. It sounded great. In fact, it sounded too great. There wasn't one single piece of software anywhere that could deliver the technical requirements of this proposal. When I mentioned this to the designer of the document she deferred saying that although she knew the software didn't exist yet but she was certain a programmer could be hired to develop it.

Now there was nothing wrong with her being ambitious. It's just she wasn't realistic. One little known fact of interactive design is that up to 50% of projects never get to market because programmers are always chasing elusive features designers want them to develop. But as soon as these features are developed, other newer features are required and off they run to find ways to deliver these newer features. The result is that the production deadline keeps disappearing over the horizon much like a mirage in the desert. Ultimately, the projects never get completed despite having spent a lot of time and energy and money have been trying to accomplish it.

Hybrids and Downloads
And finally, when it comes to creating a product that is designed for the Web, many designers tend to get dismayed by the limitations imposed by the current lack of bandwidth. I've heard our bandwidth problems compared to trying to blow a hurricane through a straw – an image that I think conveys the present problems quite succinctly.

Until bandwidth issues are resolved, interactive designers might consider creating products that use either hybrids or downloads to hard drive. Hybrid products used to refer to CD-ROMs that were able compatible with both MAC and PC platforms. Today however, hybrids refer to products that are designed for the Web but also have a CD-ROM component much like popular game Diablo™ by Sierra. By placing the disc into a user's CD-ROM drive and going on-line, the user has the ability to interact live with other users over the Internet in an environment that is as rich as any CD-ROM could be. Hybrid products combine the strengths of both online and fixed media.

Downloads to hard drive products, on the other hand, refer to complex sites that first require users to make extra downloads onto their computer hard drives. The Web site www.won.net/gamesrooms/bezerk, created by the World Opponent Network, the makers of the extremely popular *"You Don't Know Jack"* series of CD-ROMs, is like this. As with hybrid products, this system of downloads permits users to play live over the Internet with other users in a physically rich environment that is housed on their hard drives.

Prototyping

Prototypes are working models that show the look and feel of the whole product. Some interactive designers believe that creating prototypes is an indispensable part of writing proposals. There are five good reasons you might consider before deciding to make one.

1. A well-executed prototype is the best way to sell your project to a prospective client or funding agency.
2. It can prove that the technology is the most effective way to present the material.
3. It can establish design specifications and eliminate failures early thus making production faster and more effective.
4. You can experiment with various strategies and tactics.
5. If you have never created multimedia, prototyping can be an excellent way to gain experience in the development process.

There can be many levels of prototypes depending on the degree of functionality you want to show. But here are some fundamental things that *have* to be in a prototype.

- The look and feel of the menus and navigation of the product
- The metaphor
- The graphic style
- Samples of the media elements that will be included
- Samples of the flow of the story through key branching points
- Samples of any game or VR functionality
- Samples of any other unique and special features of the product

Although the new media industry will continue to evolve rapidly in the foreseeable future, these guidelines for describing your proposed new media content should be able to endure through time

LUCIE COSTIN HALL is a professor of new media in the School of Radio and Television Arts at Ryerson Polytechnic University where she champions interactive television. Lucie is also a board member of the Interactive Multimedia Arts and Technology Association and chairs the IMAT Education Committee. She works as an evaluator for the Bell Broadcast and New Media Fund. Prior to working at Ryerson, Lucie served as Director of Creative Development at Discis Knowledge Inc., a leading Canadian developer of consumer-based CD-ROMs. Before that Lucie worked as the Director of Creative Development at Sullivan Films Inc, where she helped develop the Emmy Award-winning series, "Road to Avonlea" as well as several movies of the week.

2

BUDGETING FOR NEW MEDIA

Overview

One of the most challenging tasks to be accomplished for any production, whether it be film, television or new media, is accurately estimating its cost. Evidently, if one had unlimited financial resources and was not accountable to any other party, estimating the expenses inherent in the development, production and deployment of a product would not be an issue. Projects would be made, and take as much time to make, and use as many financial resources as needed, as long as there was an endless supply of cash flow to make them.

This model, to some extent, applies to corporately funded new media projects. It is a model used by many emerging new media companies in their costing practices. Once a general range of the global cost has been established for the delivery of a certain product or service, which incorporates adequate recovery of labour, equipment, overhead costs as well as a reasonable degree of profit for the various development and production exigencies, the producer sets out and creates the project with a great measure of autonomy. Cost are estimated to include more than adequate provisions, not necessarily spelled out in detail, for the brain-storming, research, market analysis, design, production processes, trouble-shooting and testing and finally deployment required for a new media project. There is usually a great deal of pad or "safety" budgeted into the project as well.

Sometimes, the producer may even return to the corporate client for additional funding. More funding could be sought due to unforeseen exigencies, more time required, or, as is inherent in the very nature of emerging new media production, more funds may be required to complete tasks not originally envisaged. To some extent the budget and additional line of credit covers the producer for a lot of the "unknown" variables of time and value in developing new media content.

However, as the business of new media production develops, and many different funding partners emerge – whether they be equity investors, agencies and foundations providing grants and loans, or government agencies offering tax credits for the labour components of your project costs - the need for detailed, exhaustive, and comprehensive expense breakdown estimates, is heightened. Funding agencies have finite resources to distribute. Therefore, in most cases, they reserve their funding to offset the actual cost of production on a project-by project basis, as opposed to considering a company's recovery of non-billable time, overhead and profit.

As well, once a budget has been set or "locked-in", most of these new agencies require that the budget does not change. Due to the proliferation of companies wanting to access these limited

resources and the competitive market place, these new agencies cannot provide producers with a continual line of credit to develop product, or complete recovery of all corporate overhead and profit associated with their operation. Therefore, the initial cost estimating has to be done thoroughly and accurately.

The playing field is not only becoming more competitive, it is becoming more well-travelled by many different players. Therefore, it is necessary to operate within a budgeting framework that is fair, equitable and reasonable. The entire cost of production must be fully determined before production - accurately and with more detail than ever before. The new agencies, for the most part, do not have a provision in their mandate or guidelines for providing more funds once a proposal has been submitted and a commitment is made, for covering additional expenses not originally budgeted or thought of by the producer. Therefore, budgeting thoroughly and accurately, anticipating all "actual" costs up front, is necessary.

Certainly over and under budget variance will occur in specific cost projection categories throughout production. This happens all the time in the film and television industry as well. The exercise of budgeting only estimates the anticipated cost, it does not guarantee it. However, whatever variances may occur in the various categories in the production period, the measure of success of a production – the bottom line – is overall, the project ending up on budget.

The process of budgeting is not only a matter of determining the cost of your production. When done well, your budget should clearly reflect your business plan – what you intend to produce and how you intend to produce your project. Budgets should indicate to potential investors and funders how the project will be produced, how much it will cost, and why it will cost so much.

Since there is a limit to how many projects can be financed using these new sources of funding and it is becoming increasingly competitive to access these funds, the budget second only to the content ideas put forward in your proposal, represents the most important document that the agencies and funders use in assessing your project application. Therefore, the need for the most detailed, accurate and verifiable cost breakdown is paramount. If you want to succeed in obtaining these funds for your new media project, understand the needs of these agencies and funders and provide the most comprehensive cost estimate that you can.

Budget Templates

To this end, budget templates or formats have been created. The various funders in Canada are presently attempting to develop one common template that can be used in your application to all the funding agencies. This process is a challenge given the differing mandate and eligibility criteria used by the various agencies. However, the budgeting methodology acceptable to these new agencies is consistently one of delineating actual costs of production as opposed to applying corporate rate card values that may include overhead, mark-up and profit. It is acknowledged that this will greatly assist the development of consistent budget practices in the industry. It will help new media producers understand acceptable costing expectations and limitations of all agencies.

These templates offer many categories for you to budget the cost of your production. **Use them**. They are not necessarily the best framework for representing all the expense categories. Nor do they include all costing practices that new media companies have been accustomed to using. They are, however, as are many other components in the new media industry, developing and improving over time to more closely reflect both the needs of the production companies and the needs of the funders. The agencies for their part require a budget format that assists in the fair

and equitable analysis of new media production cost estimates. The more thoroughly and accurately you complete the existing budget template, the easier it is for the agencies to review and analyse your proposal – therefore, the more likely it is for you to have a successful application.

In the one and one-half years of operation of the Bell Broadcast and New Media Fund, we have seen well over two hundred project proposal submissions. Simultaneously, we have consulted with and conducted extensive review of the project budgeting needs of our clients, as well as the requirements of various other funding partners. As a result, we have developed a budget template and costing guidelines that reflects as close as possible, the operational production model for various kinds of new media projects in the industry. At the same time, this template provides us with cost estimate categorization that makes it easier to assess project applications thoroughly and fairly.

The template *(see Appendix A)* is composed of four main sections:

Section A – represents what is known as **Above-the-line costs** or "fixed costs" which will not change throughout the course of production. Categories include: Producer fees, Rights Acquisition costs and Project and Proposal Development expenses.

Section B – consists of all **Production Team Labour** expense categories. This section is broken down into several categories, distinguishing between new media production processes, audio and video labour expenses required for the new media component, administration labour costs and talent expenses for performers needed in your production.

Separating labour costs from an hourly rate card value for a particular service or process in the new media industry (usually including non-billable labour downtime recovery, equipment, material, overhead and profit) in many cases is a new way to cost new media projects. However, the need to have a budget section specifically delineating **actual labour costs** in any production process is two-fold: it is a method of cost breakdown that is helpful when applying to receive funding from the various federal and provincial government agencies providing tax credits, and it is the fairest manner to assess direct cost projections for the diverse type of projects that are being put forward for funding, across the varying size of new media companies emerging across Canada.

Recognition of the greater infrastructure costs for larger companies will be provided in the budget category **Overhead costs**, not as a mark-up of the labour cost estimates or equipment expense estimates.

Section C – includes **Equipment and Materials** required for both the new media production, and ancillary audio and video production or post-production processes that will become part of the new media project. This section should not include any expenses for the television broadcast component of your proposal.

In the case of both Section B – Production Team Labour, and Section C – Equipment and Materials, the budget template includes four columns to breakdown the cost across four production phases**: Design, Production, Testing and Deployment**.

Section D – is made up of several **Other** categories providing line items to complete the budgeting of your new media project. These include a category for: **Distribution and Site Maintenance**, the cost of and maintaining your website on a server device, or complete the

mastering and packaging of a CDROM component; **Marketing, Promotion, Publicity**, which provides sub-categories for advertisement and your promotional campaign for the specific new media project (as opposed to your corporate promotional needs); and **General and Administration Expenses**, includes line items for administration – everything from costs for project insurance, legal and audit fees, interim financing and loans, direct office expenses related to the project production, direct project travel and living expenses.

In addition, there is also a category for assessing corporation overhead, (a percentage of sections B + C, not to exceed ten percent, based on the size of the new media company), and contingency (not to exceed ten percent of sections B + C).

The budget template has columns for you to breakdown whether your expenses are deferments, internal costs (employees) or external costs (sub-contractors and out-sourcing of equipment). Please note that the budget template that is attached to this chapter, does not include these columns.

The"Top-Ten-Tip" List for Successful Budgeting

Before launching into describing the detail line items in our budget template, and explaining, in general, some of our guidelines, caps, and how to budget your new media project within its sub-categories, it may be worthwhile to offer some advice on important things to keep in mind and execute when preparing your budget. In no apparent order, the following represents our "Top-Ten-Tip List" for Successful Budgeting:

1. Only use categories and line items that apply to your new media production.
The budget template is designed to accommodate many different kinds of new media production, utilising various personnel and equipment. Therefore, you will find many budget line items do not necessarily apply to your project. Fit your cost estimates only into the categories that you need. Do not complete or attempt to construct the cost for line items just because they are listed in the template. Those cost estimates that are required to complete your new media project will become self-evident in the analysis of your budget. As well, certain productions may require more or less equipment and personnel, for varying degrees of time. Be as thorough as possible, but also as realistic and accurate as possible.

2. Provide details.
Breakdown your cost estimates in as much detail as possible, providing time required and unit prices of the particular service or equipment rental. Provide specifics for all the cost estimates. Do not make the assumption that entering a "flat" amount you feel is sufficient to cover the cost estimate of a particular process in your production, is going to be acceptable to those evaluating your budget. It will not, and your project could be passed over as a result. The more you have broken down the costs of your production and provided evidence and back-up for these estimates, the more successful you will be. Provide additional material and notes that you deem necessary to express how you have estimated the costs of your production. You must breakdown all costs in detail and reasonably defend these budget estimates in your submission. Make sure you also provide the names of personnel to be used in the production in the appropriate budget line items.

3. Budget project-related costs only, not your corporation and overhead costs.
Funding for new media production for the most part, is provided on a project-by-project basis. To this end, it is extremely important that you accurately estimate costs for only the project at hand

and not attempt to complete your budget submission with an eye on recouping all of your corporate overhead expenses, either with labour and equipment line item mark-up, or in various other categories in our budget template. The agencies recognize the need for a company to recover overhead costs in order to grow and succeed. There is a sub-category for you to assess a reasonable level of "corporate overhead" expense in your budget for each project submission. As well, there is a **Producer** category that allows your corporation, through appropriate representation, to earn a reasonable stipend in relation to the project. You may also submit cost estimates for your employees and equipment used in the production, provided you are assessing an actual pro-rated cost for services or usage specifically for the project proposed. As well, ensure you have stripped any mark-up included in the budget line item estimate. Remember we are funding the project – the content – and not directly your corporation. Your budget submission will be carefully analysed and vetted with this in mind.

4. Delineate between labour and equipment costs.
The budget template is designed to have you break-out all direct labour costs from equipment rental and material expenses. This represents a change in the costing practices employed by some new media companies, who are accustomed to assessing an overall hourly rate for certain processes, which includes billable and non-billable labour time, equipment costs, materials and supplies, overhead and profit. Bell Fund considers applicants partners or co-producers and does not permit corporate recovery for non-billable downtime or profit. You will find that in most cases, breaking down the costs in the divisions provided on our template, on an actual costing basis across the various line items in the budget, will provide you with close if not all your hourly rate-card value, less non-billable mark-up and profit. If you own the equipment or the labour cost is a full-time employee, be sure to assess only the pro-rata market value "rental" rate and the actual employee earnings and benefits for the actual time spent on the project.

5. Provide quotes and additional line item breakdown in categories, where applicable.
When estimating the cost of services or equipment provided by third parties or subcontractors, provide detailed quotes for these expenses and include these with your budget submission. The costs should be reflected in the applicable budget line items. A single quote may be broken down in several line items in your budget. In addition, do not let the space on the budget template for a particular category or line item restrict the amount of information you provide. The more details you provide, the easier it is to assess the cost of your production and therefore the more successful you will be. Provide as many additional budget "lines" in a category that you require. For example, specify in detail ALL the various programmers you will need in as much detail as possible. Provide attached addendum and breakdowns of line items when required.

6. Avoid using "Allowances" and "Flats" in your budget submission.
It is common practice, when the materiality of determining an expense reasonably exceeds the value of the expense itself, to assess **"Allow"** or **"Flat"** in specific categories as opposed to breaking down in detail the actual cost estimate. This is acceptable for budget line items such as **"Office-Delivery"** expenses, and, in certain situations, modest and reasonable estimates for **"Additional Supplies and Materials".** However, do not use ALLOW or FLAT when budgeting for substantial labour and equipment expenses. Thoroughly research and provide estimates for the actual cost along with a comprehensive schedule, and apply detailed information (unit, quantity and rate) to the line item, across the specified phases: Design, Production, Testing and Deployment.

7. Use similar units for estimating costs across all budget line items.
There could exist more than one hundred separate line items in your budget. It is much easier to construct your budget and therefore your "master business plan", and consequently is much easier

to vet and analyse your submission if you use similar time and quantity units throughout all budget categories. These should correspond to a detailed production schedule or chart you have created outlining the duration and the day-to-day schedule of the various production processes you have budgeted. For example, if you use "number-of-hours" as the unit to breakdown the cost of certain labour expenses, use this unit for all labour and for equipment rental as well. You might determine that a daily or weekly unit rate is more applicable. Obviously, there are notable exceptions where it may not be appropriate to estimate costs using a similar unit (for example, office rent, producer's fee, writers, researchers). Try to be as consistent as possible throughout your budget, and ensure that whatever unit you decide to use, it CLEARLY corresponds to the schedule you have provided as an addendum to the budget.

8.   Use only actual/direct costs in your estimates. Do not pad or inflate budgeted costs.
In our review of budget submissions and our continuing consultation with the industry, we have become well informed as to the range or "actual" costs for various labour and equipment categories, and also the time it reasonably takes to accomplish certain tasks and processes. Common and standard budgeting practices used by new media companies have become clear. There are certainly acceptable ranges to costs, dependent upon the skill of the labour and the quality of the equipment used. For example, one would not budget an HTML and an artificial intelligence programmer at the same rate of pay. In addition, some HTML programmers are better than others and would be paid more for their expertise. These variations in a budget submission are acceptable, as long as they are adequately defended with reasonable back-up provided. However, budgeting excessive time to complete tasks, the use of labour rates that are evidently well over reasonable standards and are not the actual cost with mark-up removed, equipment cost estimates that are not pro-rated for the project and based on acceptable market value standards, and inflating producer's fee, overhead expenses and other costs that flow back to the production company, WILL NOT be accepted. Furthermore, project submissions that include a budget that is deemed to include excessive and gratuitous padding and inflation, and which do not follow the budget guidelines, could seriously compromise your chances of receiving funding.

9. Understand and respect caps and guidelines when completing your budget.
There is nothing worse than vetting a budget from a producer who evidently has not bothered to review the relevant budget caps or guidelines. Know the budgeting limitations and expectations, and apply them when estimating costs in your budget. They have been created to make the budgeting process as fair and equitable as possible in evaluating all submissions, and to ensure that limited resources are best used for content production, not corporate assistance. The budget guidelines and caps are published in various media and updated versions can be obtained from our website or office at any time. Please be aware that a "cap" does not mean you can apply the maximum amount in a particular category. Your budget line items must at all times be reasonable and defendable for your particular project, and for the size of your company. Details and back-up materials are essential.

10.   Complete the budget template and all related budget forms thoroughly.
As discussed, line item breakdown of cost estimates for your project must be provided in as much detail as possible, with as much back-up via quotes, as possible. Furthermore, the entire budget submission must be entirely executed and signed off, including but not limited to; the **budget top sheet**, indicating key personnel, schedule, etc., the **budget summary page**, summarizing category and section totals, the **declaration of related party transactions**, clearly detailing all budget line items that will flow directly to the production company for employees or equipment owned by the company, and the **budget details**. Ensure that whenever in doubt, you provide detailed attachments, notes, quotes and breakdowns explaining how you have budgeted the various categories.

Budget Details – Caps and Guidelines

Now that you know about the general expectations for acceptable budgeting practices for new media proposals, it is time to discuss the details within the budget sections and categories. As well, where applicable, I will review the current limitations, caps and guidelines for specific budget line items. Note that these guidelines will be revised from time to time. It is best to contact the offices of any funding agency you are applying to, to find out the most current budgeting guidelines, prior to completing your project budget.

Producer Fees

There are several categories in the Producer section of the budget. The producer fee may also be allocated to the corporation producing the new media project or to the owner of the copyright of the project. This is acceptable, as long as the fee has been reasonably calculated given the schedule of the production, and reflected as line item(s) as a quantity of time x a per unit rate.

CAP: The overall cost of ALL producer fees cannot exceed 10% of sections B + C in the budget.

Rights Acquisition

Provide cost estimates in this section for the optioning or purchase of any **Story, Image or Audio Rights**, for materials used in your production. You should include in your budget submission copies of contracts to verify such rights purchased. Any cost related to the transfer, material (tape, film etc.) or equipment required to obtain this material, should be budgeted in Section C – category 12 of the budget template.

CONDITION: Rights contracts and associated budgeted costs can be estimated for third parties only.   It is unacceptable to pay your broadcast partner or yourself for rights to footage or audio from the television production.

Project and Proposal Development

The Bell Broadcast and New Media Fund allows budgeting of the costs you have incurred to bring your "comprehensive" proposal forward. These include reasonable expense recovery for: **Budget and Schedule** preparation, **Research and Writing** the proposal and supporting documentation, Consultants required to contribute to the development of your proposal, an existing **Prototype** that you may have already developed, **Market Research or Focus Groups** that will defend the marketability of your submission and **Overhead Fees,** allowing you to recover payment for expenses related to overhead during the development phase of your proposal. Note that Bell Fund DOES NOT provide development funding for projects. This section is only for limited proposal development expenses put forward as part of your total budget package.

CONDITION: All Development budgeted line items presented must have been spent-to-date and paid only to third parties (other than Overhead). The Producer must provide evidence that all expenses put forward in Development have already been spent.

CAP: Overhead Fees in Development may not exceed 15% of the total of the other Development budgeted costs.

Section B: Production Team Labour Expenses

Some general points to consider when preparing this section of your budget:

1) Respect the budget divisions provided in the template. Try to apply all your labour costs to the categories as they exist.

2) Budget labour costs based on overall production need across the various phases of production: Design, Production, Testing and Deployment. For example, if one programmer is required to program several specific parts of a website through various phases, the budget line item should breakdown these tasks and express the total amount of time x the unit cost for all programming performed by this person. If more than one programmer is used, include additional line items.

3) Budget only the actual labour costs – the direct cost you will pay personnel – not including any mark-up or overhead assessment. There are categories for these expenses later in the template.

4) Be realistic and accurate with both the "amount-of-time" and rate projections. Do not inflate or pad. There is a contingency category for this purpose.

5) All line items should include the quantity of time required, expressed in either hours, days or weeks, the rate for each unit, and the total of the sub-category. Be as consistent as possible with the unit used throughout all labour categories.

6) Add as many additional lines to a sub-category as needed. For example, you may have several different types of programmers all listed as separate line items within the **Programming Labour** sub-category.

7) Provide details. Include any additional labour breakdown or back-up that is necessary to support your budget estimates.

8) Be very careful to accurately determine your production schedule, which will be reflected in the amount of time your personnel are required for. Include with your budget submission.

9) List names of all personnel in the budget line items. Complete additional breakdown provided on budget template distinguishing among "Deferments", "Internal" costs (employees) and "External" costs (sub-contractor).

The several discrete categories that labour is grouped in includes the following:
(Category codes refer to the Budget Template that follows.)

04 **Senior Production Personnel** consists of several sub-categories for management and senior personnel required in the production. Use only those who are required. Be sure not to "over-manage" your team, which will be construed as "padding" when your budget is analysed. Clearly state whether or not they are employees or freelance contractors.

05 **Design Labour** provides sub-categories for budgeting various graphic, computer animation artists and designers that you will use to produce your production.

06 **Programming Labour** includes all programming labour – from system integrators to HTML programmers. Ensure you provide details for all programming labour required adding additional lines to the budget if needed, or providing an addendum expanding on how your programmers will be used. Accurate scheduling and time allocation is essential.

07   **Audio/Video Production and Post-Production Labour.** This section of the budget contains all categories for any planned video or audio production that will be integrated into the new media project. Do not include the cost for any part of the television broadcast production in your proposal. Please delineate all applicable labour costs thoroughly and accurately.

08 **Talent** required for the new media production specifically and not the television component, should be estimated here in the applicable category. Include breakdown of union fringes (UDA/ACTRA) and buy-outs, where appropriate. Provide performer contracts as back-up with your budget submission.

09 **Administration Labour.**   Budget only personnel in this section for the exact time required for your specific new media production. Pro-rate if used for other projects or for your corporate office needs. Be careful not to "pad" this section. Remember to budget for the project only and not to offset your corporate expenses.

10   **Other Miscellaneous Labour.** This section consists of several sub-categories that could fit into several of the aforementioned categories, and for that reason, have been grouped separately. **Consultant(s), Researcher(s), Writer(s), Content and Interface Specialist(s)** represent budget line items to be used for those performing a consultative capacity**. Additional Testing Labour** is specifically designed to include any additional compatibility and usability testing required for website projects, not already costed in the "Deployment" phase in other labour categories. Breakdown in as much detail as possible specifying amount of time used and unit rate of labour. **Webmaster** personnel should be estimated in this category for their specific role in the production. Any additional **Versioning and Translation** labour costs related to creating bilingual materials, if applicable, should be estimated in this category.

Section C: Equipment and Materials
This section of the budget contains two sub-sections: one for costing all **New Media Equipment and Materials** used in the production and another containing several categories for budgeting any **Video or Audio Production or Post-Production Equipment and Materials** that will be required for the new media project. Once again, do not budget for any of the television production in this template.

Computer Workstations should contain all platforms required by design staff and programmers for the creation of your new media production. Provide details of the required usage that directly relates to the labour time estimated.   All budget estimates should be based on the rental market value for the equipment. Provide quotes or comparable rate cards where applicable. If you own the equipment, you may charge a reasonable rental fee pro-rated for the period of time that the equipment is required.

There are several additional categories **for Digitization and Scanning Equipment** (labour costs already estimated), **Ancillary Devices and Data Storage Equipment** and **Staging Server** expenses (server expenses applicable to staging and deployment). Only complete estimates for these categories if you require specific equipment for your project. Provide specific details and back-up for your cost estimates.

Computer Software may be budgeted if it is a new purchase and required for your production.

All **Audio/Video Production Equipment and Material** categories are to be used if there is any video shooting, audio recording or post-production required for your new media production. This section includes all rentals, materials and supplies for any audio/video production, but does not include labour that should be budgeted in the **Production Team** section of the template. All budgeted estimates should reflect standard market values.

Section D: Other
13. Distribution
Budget in this section expenses related to the online **Server expenses** and **Server maintenance** for your **website**, or the **Mastering and Packaging** of your **CDROM** component. Provide a detailed quote for all expenditures in this section, indicating specifically all equipment and labour to be used and the length of time involved. Estimate the expense for applicable labour in the **Production Team** section of the template.

CAP: The overall acceptable time limit for website maintenance is one year and the maximum cost allowable is $25,000.

14. Marketing, Promotion, Publicity
The several categories that make up this section are to be used for promoting and marketing your new media project, and not to promote your corporate profile.

Provide details about your marketing strategy as well as the costs associated with promoting your new media project. It is important that you do not underestimate the need to mount a substantial promotional campaign for your project. All reasonable costs that are consistent with the nature of your production and considered effective for marketing your project, will be considered.

15. General and Administration
General and Administration includes various categories that represent the cost of **Administration,** direct **Office Expenses** and miscellaneous other expenses for your project.

Presently, you can save on direct **Insurance** expenses by having Bell Fund included as an additional insured on your existing corporation policy. If you cannot do this, you will have to obtain a quote for a Comprehensive Entertainment Package for new media production from an insurance broker. With respect to Errors & Omissions insurance, the insurance industry is still assessing the risk factor involved with new media production. If you have any type of chat line or limited controlled public access forum, E&O insurance will be difficult to get. In addition, you must post a disclaimer on your website.

Legal Fees, Audit and Bank Service Fees are categories in the budget in which estimating an "Allow" is acceptable. Budget only the reasonable cost of these general expenses directly related to the new media production. An audit will be required if part of your financing is made up of tax credits. At this time as an option to a full audit, Bell Fund allows you to provide financial statements for your new media project at the end of production, prepared by a third party accountant.

Interim Financing represents interest payments needed to provide you with cash flow while you await agreed upon payment from any of your financiers. Whenever you present a budget estimate for this category, **you must include a detailed cash flow** for all revenue and expenses of your new media project, and submit this with the budget to defend your interim financing requirements.

There exist several categories for you to budget applicable **Office Expenses: Rental, Miscellaneous Equipment and Facilities, Telephone, Delivery, Photocopy, Supplies and Materials,** that are directly related to your new media production. It is sufficient in most of these categories to budget "Allowances". However, ensure your estimate is reasonable and covers the expense for the new media project only.

Travel and Living Expenses is for special situations that require travelling to distance locations for the production or promotion of your new media project. A breakdown of your itinerary and detailed costs must be presented. To be acceptable, the travel and living cost must have a direct relationship with the project – this category will be scrutinized carefully.

Completion Bond is for a type of specialized insurance that ensures the new media production will be completed on time and on budget. Common in the film and television industry, the bonders are currently developing operational models to offer such protection for new media projects – protection that accrues to the benefit of funders and investors. If you are unable to obtain a formal completion bond, you may be contractually obligated to offer something in lieu of completion bonding, such as escrowing producer fees until the production is completed.

Additional Budget Sections
Corporate Overhead represents the category that allows the production company an opportunity to reasonably recover some of its infrastructure and overhead costs, for its involvement in the production. This category should also cover the overhead/mark-up that new media companies have conventionally assessed in their corporate rate-card charges. It may not include profit margin within the rate card cost or consideration for non-billable downtime of its employees.

Overhead will be negotiated on a company-by-company basis, dependent, among other things, upon the size of the company, the capital assets owned by the company, its annual gross revenue, and the amount budgeted in sections B and C of the budget. Prepare your corporate overhead allowance keeping in mind the size of your company, and that ten percent of B + C is considered on the maximum overhead recovery allowable. Ten percent of B + C overhead is rarely allowed. Be realistic and reasonable in your assessment.

CAP: Corporation Overhead should be determined based on the size of the new media production company and generally should not exceed 10% of sections B and C of the budget.

Contingency is an allowance in the budget that allows for a buffer against the unforeseen exigencies of production. This is where a "safety" envelope of funds is permitted. Dependent on the kind of new media production, a reasonable amount may be assessed in this category, not exceeding 10% of sections B and C of the budget.

CAP: Contingency should be determined based on the level of risk and "unknown" elements involved in the new media production.   The amount budgeted should not exceed 10% of sections B and C of the budget.

In sum, as the emerging new media industry develops and attracts new sources of financing from various private and public agencies, the need for completing comprehensive and detailed budget breakdowns delineating the actual costs for new media project production has become paramount.

Budgeting templates have been developed and will continually be revised in an attempt to provide new media producers with a logical and straightforward method to estimate their project expenses, while at the same time, provide the agencies with a tool to consistently and accurately analyze competitive applications.

In general, the Bell Fund budget template consists of four major sections in which cost estimates can be delineated: Above-the-Line, Labour, Equipment and Materials, and General and Administration Expenses. Time and cost of labour and equipment are to be apportioned across four different phases; Design, Production, Testing and Deployment. Most new funding agencies are mandated to finance specific projects rather than offer corporate assistance. Therefore, budget cost estimates should be completed reflecting this criteria.

Due to the market place where there exists a great deal of competition for limited financial resources, budgets should be completed as accurately and thoroughly as possible, with sufficient details and back-up defending one's cost projections. Many guidelines and caps relating to specific budget categories have been developed to provide reasonable levels of funding to applicable expense categories and to specific production processes. Costing should always be done using actual direct costs in budget line items without any overhead or mark-up in the unit rate. Budgeting guidelines and practices are being formulated with a mind to ensure fair and equitable sharing of funding by all eligible parties.

CHARLES ZAMARIA serves as Financial Director for three funding agencies: the Bell Broadcast and New Media Fund, the Independent Production Fund and the Cogeco Program Development Fund.
Since 1991, Professor Zamaria has also been a faculty member in the School of Radio and Television Arts at Ryerson Poytechnic University. He is the creator and former Director of Ryerson's Media Production Workshop Series.
He has worked for CTV, YTV, Telefilm Canada and Cambium Productions in various management capacities, and was an Editor with the CBC for several years. He has credits as Producer, Line Producer, Production Manager, Accountant, Sound Recordist and Editor on dozens of award-winning independent film and television productions.
He is the author of numerous publications, studies, reports and the budget chapter for the Academy of Cinema and Television's publication: *Making It - The Business of Film and Television Production in Canada* (Doubleday, 1995). He is an active member of: DGC, CFTPA, ACCT, UFVA, BEAC, and is a member of the Board of the Alliance for Children and Television.

BELL BROADCAST AND NEW MEDIA FUND

NEW MEDIA PRODUCTION BUDGET

PROJECT TITLE:

PRODUCTION COMPANY:

NEW MEDIA PRODUCTION COMPANY:

EXECUTIVE PRODUCER:

PRODUCER:

PROJECT MANAGER:

TECHNICAL LEAD:

CREATIVE LEAD:

ANIMATION LEAD:

SCHEDULE/TIMELINE:	DATES:	PERIOD:
DEVELOPMENT		
DESIGN		
PRODUCTION		
TESTING		
DEPLOYMENT		
FINAL RELEASE		
DISTRIBUTION		
SITE MAINTENANCE		

PROJECT FORMAT:

(CD-ROM, WEBSITE, ETC.)

CONTACT / COMPANY:	TELEPHONE
LAWYER	
INSURANCE	

SIGNATORY TO:　　WGC　　ACTRA　　DGC　　TECHNICAL UNION (specify)

(please check above where applicable)

BUDGET PREPARED BY:

DATE:

SIGNATURE:

TELEPHONE:

BELL BROADCAST AND NEW MEDIA FUND

DECLARATION OF RELATED PARTY TRANSACTIONS FROM BUDGET ESTIMATE

The following budget categories and respective amounts from the attached budget estimate will be paid to the Producer/Production Company of record or any of its principals and employees (inclusive of any full-time employees from the Production Company, purchase and rental of equipment, facilities and materials directly or indirectly paid for or obtained by the Producer/Production Company):

ACCOUNT	CATEGORY	DESCRIPTION	TOTAL

The following budget categories and respective amounts from the attached budget estimate will be paid to the Producer/Production Company of record or directly to a supplier for the purchase of the following capital equipment :

ACCOUNT	CATEGORY	DESCRIPTION	TOTAL

_____
(signed by the Producer of record)

_____
(date)

NEW MEDIA PRODUCTION BUDGET SUMMARY

ACCOUNT	CATEGORY	PAGE NO.	TOTAL
01	PRODUCER		
02	RIGHTS ACQUISITION		
03	PROJECT & PROPOSAL DEVELOPMENT		
	TOTAL "A" ABOVE THE LINE COSTS		
04	SENIOR PRODUCTION PERSONNEL		
05	DESIGN LABOUR		
06	PROGRAMMING LABOUR		
07	AUDIO/VIDEO LABOUR		
08	TALENT		
09	ADMINISTRATION LABOUR		
10	OTHER MISCELLANEOUS LABOUR		
	TOTAL "B" PRODUCTION TEAM LABOUR EXPENSES		
11	NEW MEDIA EQUIPMENT/MATERIALS		
12	AUDIO/VIDEO EQUIPMENT/MATERIALS		
	TOTAL "C" EQUIPMENT AND MATERIALS		
13	DISTRIBUTION & SITE MAINTENANCE		
14	MARKETING, PROMOTION, PUBLICTY		
15	GENERAL AND ADMINISTRATION		
	TOTAL "D" OTHER		
E	OVERHEAD		
F	CONTINGENCY		
	GRAND TOTAL		

_____
(signature)

_____
(date)

SECTION "A"   ABOVE THE LINE COSTS

01	PRODUCER

ACCOUNT	CATEGORY	NAME and DETAILS	QUANTITY	UNIT	RATE	TOTAL
		(specify role and responsibility)	(no. of units)	(hrs, days, wks, etc.)	($ COST per unit)	($ quantity x rate)
01.05	EXECUTIVE PRODUCER(S)					
01.10	PRODUCER(S)					
01.15	ASSOCIATE PRODUCER					
01.20	LINE PRODUCER					
01.95	OTHER(S)					
01	TOTAL PRODUCER					

02	RIGHTS ACQUISITION

ACCOUNT	CATEGORY	NAME	DETAILS	TOTAL
		(payee)	(provide detailed explanation)	($ COST)
02.05	STORY RIGHTS (including OPTION agreements)			
02.10	IMAGE RIGHTS (FILM, VIDEO, PHOTOGRAPH)			
02.15	SOUND RIGHTS (MUSIC, EFFECTS)			
02.95	ADDITIONAL OTHER RIGHTS			
02	TOTAL RIGHTS ACQUISITION			

03	PROJECT AND PROPOSAL DEVELOPMENT		
ACCOUNT	CATEGORY	DESCRIPTION	TOTAL
		(provide detailed explanation - submit only expenses already spent)	($ COST)
03.05	BUDGET / SCHEDULE PREPARATION		
03.10	RESEARCHER / WRITER		
03.15	CONSULTANT(S)		
03.20	PROTOTYPE / DEMO PRODUCTION		
03.25	MARKET RESEARCH / FOCUS GROUPS		
03.90	OVERHEAD FEES		
03.95	OTHER		
03	TOTAL PROJECT AND PROPOSAL DEVELOPMENT		

SECTION "B"   PRODUCTION TEAM LABOUR EXPENSES

04 — SENIOR PRODUCTION PERSONNEL

ACCOUNT	CATEGORY	NAME	QUANTITY (specify no.of units - hrs, days, wks - in each phase)				TOTAL UNITS (in hrs, days, wks, etc.)	RATE ($ COST per unit)	TOTAL ($ total units x rate)
			DESIGN	PRODUCTION	TESTING	DEPLOYMENT			
04.05	SYSTEM DESIGNER (ARCHITECT)								
04.10	PROJECT MANAGER								
04.15	TECHNICAL LEAD (DIRECTOR)								
04.20	CREATIVE LEAD (ART DIRECTOR)								
04.25	ANIMATION LEAD (DIRECTOR)								
04.95	OTHER(S)								
04	TOTAL SENIOR PRODUCTION PERSONNEL								

05 — DESIGN LABOUR

ACCOUNT	CATEGORY	NAME	QUANTITY (specify no.of units - hrs, days, wks - in each phase)				TOTAL UNITS (in hrs, days, wks, etc.)	RATE ($ COST per unit)	TOTAL ($ total units x rate)
			DESIGN	PRODUCTION	TESTING	DEPLOYMENT			
05.05	GRAPHIC DESIGNER								
05.10	INTERACTIVE DESIGNER								
05.15	GRAPHIC ARTIST(S) - 2D								
05.20	GRAPHIC ARTIST(S) - 3D								
05.25	COMPUTER ANIMATION ARTIST(S)								
05.30	SEGMENT DESIGNER								
05.35	STORYBOARD ARTIST(S)								
05.40	ILLUSTRATOR(S)								
05.45	ASSISTANT DESIGNER(S)								
05.95	OTHER(S)								
05	TOTAL DESIGN LABOUR								

06	PROGRAMMING LABOUR							
ACCOUNT	CATEGORY	NAME	QUANTITY (specify no.of units - hrs, days, wks - in each phase)				TOTAL UNITS	RATE	TOTAL
		(include "TYPE" of programming to be done, ie; software)	DESIGN	PRODUCTION	TESTING	DEPLOYMENT	(in hrs, days, wks, etc.)	($ COST per unit)	($ total units x rate)
06.05	USEABILITY ARCHITECT								
06.10	PROGRAMMING LABOUR (specify)								
06.15	SYSTEM INTEGRATOR (includes web installation)								
06.95	OTHER(S)								
06	TOTAL PROGRAMMING LABOUR								

07 AUDIO/VIDEO PRODUCTION & POST-PRODUCTION LABOUR

ACCOUNT	CATEGORY	NAME	QUANTITY (specify no.of units - hrs, days, wks - in each phase)				TOTAL UNITS	RATE	TOTAL
			DESIGN	PRODUCTION	TESTING	DEPLOYMENT	(in hrs, days, wks, etc.)	($ COST per unit)	($ total units x rate)
07.05	DIRECTOR								
07.10	CAMERA								
07.15	LIGHTING / GRIP LABOUR								
07.20	STLL PHOTOGRAPHER								
07.25	SOUND RECORDIST								
07.30	ADDTL.PRODUCTION LABOUR (specify)								
07.35	PRODUCTION CO-ORDINATOR								
07.40	PRODUCTION ASSISTANT								
07.45	COMPOSER / MUSICIANS								
07.50	RE-RECORDING MIXER								
07.55	ADDTL POST-PRODUCTION LABOUR (specify)								
07.70	EDITOR								
07.80	POST AUDIO / VIDEO INTEGRATOR (digitization, scanning)								
07.95	OTHER(S)								
07	TOTAL AUDIO/VIDEO PRODUCTION & POST-PRODUCTION LABOUR								

08 TALENT

ACCOUNT	CATEGORY	NAME	QUANTITY (specify no.of units - hrs, days, wks - in each phase)				TOTAL UNITS (in hrs, days, wks, etc.)	RATE ($ COST per unit)	TOTAL ($ total units x rate)
			DESIGN	PRODUCTION	TESTING	DEPLOYMENT			
08.05	PERFORMERS / ACTORS (specify)								
08.10	VOICE-OVER PERFORMERS (NARRATORS)								
08.30	ADDTL. RIGHTS PAYMENTS (ACTRA/UDA)								
08.50	FRINGE BENEFITS (ACTRA/UDA)								
08.75	CASTING EXPENSES								
08.95	OTHER								
08	TOTAL TALENT								

09 ADMINISTRATION LABOUR

ACCOUNT	CATEGORY	NAME	QUANTITY (specify no.of units - hrs, days, wks - in each phase)				TOTAL UNITS (in hrs, days, wks, etc.)	RATE ($ COST per unit)	TOTAL ($ total units x rate)
			DESIGN	PRODUCTION	TESTING	DEPLOYMENT			
09.05	SECRETARY								
09.10	ACCOUNTANT/BOOKKEEPER								
09.95	OTHER								
09	TOTAL ADMINISTRATION LABOUR								

10	OTHER MISCELLANEOUS LABOUR							
ACCOUNT	CATEGORY	NAME	QUANTITY (specify no.of units - hrs, days, wks - in each phase)				TOTAL UNITS	RATE	TOTAL
			DESIGN	PRODUCTION	TESTING	DEPLOYMENT	(in hrs, days, wks, etc.)	($ COST per unit)	($ total units x rate)
10.05	CONSULTANT(S) (specify)								
10.10	RESEARCHER(S)								
10.15	WRITER(S)								
10.20	CONTENT SPECIALIST(S)								
10.25	INTERFACE SPECIALIST(S)								
10.30	WEBMASTER								
10.35	ADDTL. TESTING LABOUR (specify)								
10.40	VERSIONING/TRANSLATION								
10.90	BENEFITS (government, payroll)								
10.95	OTHER								
10	TOTAL OTHER MISCELLANEOUS LABOUR								

SECTION "C" EQUIPMENT AND MATERIALS

11 NEW MEDIA EQUIPMENT AND MATERIALS

ACCOUNT	CATEGORY	DESCRIPTION	QUANTITY	TIME	UNIT of TIME	RATE	TOTAL
		(provide detailed description of equipment)	(no. of units)	(amount of time)	(hrs, days, wks, etc.)	($ COST per UNIT)	($ quantity x time x rate)
11.05	COMPUTER WORKSTATIONS (specify)						
11.10	DIGITIZATION and SCANNING EQUIPMENT						
11.15	ADDTL. ANCILLARY DEVICES						
11.20	ADDTL. DATA STORAGE DEVICES						
11.50	SOFTWARE LICENCES (specify)						
11.75	STAGING SERVER (for installation)						
11.90	ADDTL. SUPPLIES and MATERIALS						
11.95	OTHER						
11	TOTAL NEW MEDIA EQUIPMENT AND MATERIALS						

ACCOUNT	CATEGORY	DESCRIPTION	QUANTITY	TIME	UNIT of TIME	RATE	TOTAL
		(provide detailed description of equipment)	(no. of units)	(amount of time)	(hrs, days, wks, etc.)	($ COST per UNIT)	($ quantity x time x rate)
12.05	ART DEPARTMENT RENTALS and SUPPLIES						
12.10	CAMERA EQUIPMENT RENTAL						
12.15	LIGHTING / GRIP EQUIPMENT RENTAL						
12.20	AUDIO EQUIPMENT RENTAL						
12.25	TRANSPORTATION and CATERING						
12.30	SOUND EFFECTS						
12.35	STOCK FOOTAGE-AUDIO/ MUSIC (transfers)						
12.40	STOCK FOOTAGE-PICTURE (transfers)						
12.50	OFFLINE EDIT						
12.55	ONLINE EDIT						
12.60	AUDIO RE-RECORDING and MIX						
12.75	ORIGINAL SOURCE MATERIAL (video, dat, etc.)						
12.90	ADDTL. SUPPLIES and MATERIALS						
12.95	OTHER						
12	TOTAL AUDIO/VIDEO EQUIPMENT AND MATERIALS						

12   AUDIO/VIDEO EQUIPMENT AND MATERIALS

SECTION "D"   OTHER

13	DISTRIBUTION AND SITE MAINTENANCE	

ACCOUNT	CATEGORY	DESCRIPTION	TOTAL
		(provide detailed explanation)	($ COST)
13.05	WEBSITE: SERVER EXPENSE		
13.10	WEBSITE: ADDTL. SOFTWARE		
13.15	WEBSITE: ADDTL. MAINTENANCE		
13.50	CDROM: MASTERING		
13.55	CDROM: DUPLICATION		
13.60	CDROM: ARTWORK and PACKAGING		
13.95	OTHER		
13	TOTAL DISTRIBUTION AND SITE MAINTENANCE		

14	MARKETING, PROMOTION, PUBLICITY	

ACCOUNT	CATEGORY	DESCRIPTION	TOTAL
		(provide detailed explanation)	($ COST)
14.05	PUBLICIST		
14.10	REPRODUCTIONS, STILLS		
14.15	LAUNCH EXPENSES		
14.20	MEDIA KITS		
14.25	NET BANNER BUYS		
14.30	ADVERTISEMENT		
14.35	OTHER PROMOTION MATERAL		
14.40	COLLATERAL MATERIALS		
14.95	OTHER		
14	TOTAL MARKETING, PROMOTION, PUBLICTY		

15 GENERAL AND ADMINISTRATION

ACCOUNT	CATEGORY	DESCRIPTION	TOTAL
		(provide detailed explanation)	($ COST)
15.05	OFFICE RENTAL		
15.10	OFFICE-MISC. EQUIPMENT / FACILITIES		
15.15	OFFICE-TELEPHONE		
15.20	OFFICE-DELIVERY		
15.25	OFFICE-PHOTOCOPY		
15.30	OFFICE-OTHER SUPPLIES / MATERIALS		
15.35	TRAVEL / LIVING EXPENSES (specify)		
15.40	INSURANCE A (comprehensive liability package)		
15.45	INSURANCE B (errors and omissions)		
15.50	LEGAL		
15.55	AUDIT		
15.60	BANK SERVICE FEES		
15.65	INTERIM FINANCING		
15.70	COMPLETION BOND		
15.95	OTHER		
15	TOTAL GENERAL AND ADMINISTRATION		

ADDITIONAL BUDGET SECTIONS

ACCOUNT	CATEGORY	DESCRIPTION	TOTAL
		(based on size of NEW MEDIA production company. Each category cannot exceed 10% of B+C.)	($ COST)
"E"	OVERHEAD		
"F"	CONTINGENCY		

NEW MEDIA BUDGET GUIDELINES

The following represents our guidelines and some helpful tips to assist you in preparing your comprehensive budget estimate:

a) Only complete cost estimates for those budget categories which relate to the specific needs of your new media proposal.

b) Separate all labour and equipment cost estimates into the appropriate categories. Labour costs are to be actual and not include overhead or mark-up.

c) Follow the column header instructions in providing cost estimates. Use "ALLOW" or "FLAT" sparingly.

d) Include additonal breakdown of budget estimates (schedules, attachments and quotes) where warranted. Always provide as many details as possible.

e) Complete all components of the budget package and ensure duly signed; (front page information, summary, details, declaration of related party transactions).

f) Round all figures to the nearest dollar. Do not report estimates with cents.

g) List names of all personnel where requested.

h) Complete "BREAKDOWN OF EXPENSE" categories (specifying what costs are DEFERRED, INTERNAL-employee/direct cost to Producer or Production Company, EXTERNAL-subcontractor, or subcontracted equipment rental).

Specific budget category specifics and caps:

1. **PRODUCER;** Define specific roles, time required and rate. Total of category CANNOT EXCEED 10% of B+C sections of the budget. (note: this does not mean that you can automatically budget up to 10% of B+C - the amount has to be justified by work to be accomplished.)

2. **RIGHTS ACQUISTION;** Cost of licensing material and intellectual rights for new media project. This CANNOT include payment for broadcast materials on which new media site is based.

3. **PROJECT AND PROPOSAL DEVELOPMENT;** Cost estimates for preparing new media proposal and budget. Do not include costs for prototype development (note: Bell Fund does not fund development).

4. **PRODUCTION TEAM LABOUR EXPENSES;** Separate all actual labour expenses into these categories. Use the most appropriate UNIT of measurement for calculating time (hour, day, week, etc.). Breakdown time required for various processes into - DESIGN, PRODUCTION, TESTING, DEPLOYMENT). Provide additional schedules, quotes or breakdowns as required. DETAILS are required for all categories.

5. **EQUIPMENT AND MATERIALS;** Provide actual rental costs for all equipment. Attach details and quotes for all equipment where appropriate. DO NOT assess mark-up or overhead in these categories. Breakdown supplies and materials required. Categories distinguish between new media and audio/video production expenses for the new media site. DO NOT include costs for any of the broadcast program that the website is based on.

6. **DISTRIBUTION AND SITE MAINTENANCE;** Server expenses for deployment of your website, or production of your CDROM. Installation (labour, staging server) estimated elsewhere in the budget. Bell Fund LIMIT; 1 year of server / maintenance ($25,000.)

7. **MARKETING, PROMOTION, PUBLICITY;** Includes promotion of new media component specifically (NOT CORPORATE PROMOTION).

8. **GENERAL AND ADMINISTRATION;** Office expenses related directly to the production. Insurance must be costed (or Bell Fund included as an additional insured on your corporate insurance policy), errors and omissions must be obtained. Completion Bond may be waived under special circumstances. If requesting funding for Interim Financing, a detailed cash flow must be provided.

9. **OVERHEAD;** Specifically for new media production company only. Varies according to size of company company and corporate assets. Financial statements of the new media company MUST be included in your submission. The amount requested may NOT EXCEED 10% of B+C sections of the budget.

10. **CONTINGENCY;** Will vary dependent upon the inherent risk involved with the production. May NOT EXCEED 10% of B+C sections of the budget.

The budget template also exists in an 8.5" x 14" format (legal paper size), which incorporates the additional columns specified below. These columns would appear to the right of the template presented above. The columns below would specifically correspond to page four of the template presented above. Presently, Bell Fund accepts the completed template without these additional columns (8.5" to 11" format - letter paper size).

BREAKDOWN OF EXPENSE ($)		
DEFERMENT	INTERNAL	EXTERNAL

BREAKDOWN OF EXPENSE ($)		
DEFERMENT	INTERNAL	EXTERNAL

NEW MEDIA BUDGET TEMPLATE; 99-1

BELL BROADCAST AND NEW MEDIA FUND

3

FINANCING FOR NEW MEDIA

Raising money to produce the content for an "intellectual property" such as an Internet Web site, requires a producer with an outstanding ability to convince, combined with the blind faith of a funder.

Pitching a potential funder requires many talents - from performance skills to mathematical genius. The paperwork will require a major investment in trees. The conflicting demands of each funder will require the skills of a juggler. The long-term obligations to funders will require administrative and PR skills, patience and endurance.

When you are passionate about your project, and it shows, when you are ready to handle rejections, then, you are ready for the challenges of fundraising.

Background

Many new media producers have developed viable businesses as service-providers, or suppliers. They are paid a fee to produce a new media product, but retain no control or ownership over the product. However, if you plan to produce a new media project yourself and want ultimate ownership and control over it, you will be responsible for raising the capital to make it possible. You will no longer have the fee-for-service funding scenario to rely upon.

Funding the production of internet-based content such as a website project requires either willingness to accept high risks, or substantial subsidization. To date, return-on-investment (ROI) commercial, revenue-generating models of success have been elusive. Therefore, traditional sources of funding such as banks are difficult to access. What are the alternatives for project-based financing?

The Film and Television Model
The Canadian film and television industry has developed models of financing which are now being adapted to meet the financing needs of the new media industry. The industry has long recognized that in Canada, no one source of financing will fund 100% of the costs of a film or television production. The secret to financing (or at least one of the secrets), is to attract multiple funding sources, often 6 to 10 or more, each contributing a specific percentage to the overall costs

of production, in order to raise 100% of the financing required. This kind of financial structure is specifically designed for **project** financing, not for company or corporate financing.

Basic Requirements
Before beginning to undertake your financing strategy, each individual new media project requires two things:
1. its own budget, which will include all direct costs of production, fees, services, facilities and overhead
2. its own unique financing structure or financing scenario

The budget total is equal to the amount of funding which must be raised from the various funding sources listed in the financial structure.

Financial structures are simply lists of all the potential funding sources for which your project qualifies and the amounts of money they could reasonably be expected to contribute to the financing of your project. The financial structure of each project will be flexible until all financing is confirmed. It begins with a "wish list" - the ideal financing partners. As some financing sources are confirmed and others decline to support the project, the producer must rejig the financial structure by adding, changing and deleting funding sources and their levels of contribution, in order to meet the budgetary requirements of the project.

All financing for new media projects must be confirmed *before* you begin production. Therefore, all financial partners will be assured that you have raised sufficient funds to complete the project as planned. Only then will they be prepared to issue the first cheques.

Types of Financing

Money generally comes with strings attached. Each financial source will contribute funds to your project in different ways, at different times, and with different expectations. There are several basic types of financing:

1. **Equity** (also known as **recoupable loans**): The financier is making an investment in your project. Equity financiers expect to recover their investment from the revenues generated by the project, and expect to take their proportionate share of the profits, if there are any. Their investment will only be repaid if the project is successful in recouping its costs by creating a revenue stream. This revenue must be "new money". That is, it is money not used to finance the costs of production. Equity investors may or may not expect to own a share of the copyright in the project although most equity participants generally expect that the producer will retain all control and ownership rights to the production.

2. **Loans (**or **advances):** The financier will expect you to guarantee repayment of the funds advanced, usually with interest, whether or not the project is commercially successful, based on a negotiated payment schedule. The producer must provide collateral and corporate guarantees to assure the loaner of repayment.

3. **Grants:** This is the best kind of money as there is no expectation of repayment. Generally granting bodies expect credit and recognition for their financial contributions.

4. **Interim financing** (or **bridge financing):** This is usually provided by banks who loan funds to help with your cash flow. Interim financing will allow you to pay for production expenses

while you are waiting for revenues which have been committed by the financing partners for a later date. Most financing is not received "up-front" in one payment. An equity investment for example, may be paid in several installments, each one triggered by satisfactory completion of designated production milestones, often with final payments due on completion and delivery of the project. But, as you need the money during production to pay the bills, the bank will advance interim financing. Repayment to the bank is guaranteed directly by your investors with whom you have signed contracts. The investor will assign and direct its payments when due, to the bank rather than to the producer. The interest and administrative costs associated with borrowing interim financing will be included as an expense in your budget.

5. **Advertising & corporate sponsorships:** There is no expectation of revenue-sharing in the project, but of course your sponsor or advertiser will require visibility and will expect to reach their target consumers through the distribution of your new media product.

6. **Tax credits:** Governments federally and provincially have created tax credit programs designed to encourage new media production in Canada, usually based on labour expenditures. Tax credit programs in effect subsidize the costs of the labour required to produce the new media project. It is the production company itself that is eligible for tax credit "refunds". They are only available after the completion of the project and the filing of appropriate documentation and tax returns, and are therefore generally received two or more years after production.

7. **Deferrals:** These are not cash at all. Producers, crew and cast may postpone receiving their budgeted fees, or a portion of them, as insufficient cash has been raised to finance all production costs. They would generally expect to be paid their deferred fees from revenues generated eventually by the production.

8. **Services and Facilities:** Equipment suppliers and service companies may provide their facilities and services at a reduced rate, or free, in return for recognition, publicity, and/or a share in the revenues to come. This will offset direct budgeted costs of production.

9. **Licence fees:** ISP's may pay a fee for the rights to carry your website exclusively on their service. The conditions and term of their "distribution" rights will be negotiated. As they are in fact "renting" your project for a specific time, there is no expectation of repayment of licence fees.

10. **Self-generated revenues:** The new media project itself may generate revenues such as subscription fees, merchandising or e-commerce sales. CD ROM's or DVD's may generate revenue through distribution and sales. However, unless funds are received before production begins from a *distribution advance*, for example, long-term revenue projections which you may forecast cannot be used to finance the production. Rather, they are considered revenues to the production and will be used to pay back investors or deferrals, or will be profits to the producer.

Stages of Financing

Funding is often provided at two separate stages: development and production. Only after successful development can production financing generally be raised.

Development Financing

This is the high risk stage of developing a concept to the point at which it is either ready to go into production or to be cancelled. Like any R & D financing, funding of new media content development is also expensive and risky. As a result, development funding is often the hardest money to find.

Most development financing is in the form of repayable (or recoupable) loans or advances, which are repaid if, and only if, the project goes into the production stage. All of the costs of development can then be included in the production budget, enabling the producer to repay development loans once financing is completed for the production.

Production Financing

Once development is successfully completed, the new media producer has more than just a great idea to sell; the producer can now pitch the project to the range of potential funders who have been identified. The **pitch** will include detailed explanations of the design and content of the project, the technology to be used, a prototype if available, a business plan, a marketing plan, the budget and proposed financial structure, the track record of the creative personnel involved and samples of previous work, letters of support - whatever you've got that will aid in your fundraising campaign.

Sources of Financing

(See chart on page 37)

Although there are presently a limited number of financing sources for new media projects, potential new financing partners are appearing each year as various government bodies and corporations recognize the value of investing in the future growth of this industry. Examine closely the regulations and guidelines of each funding prospect you identify to determine your eligibility. Keep up-to-date with the latest edition of their regulations as they often change in response to industry needs, varying mandates or increases or decreases in their available funds. Read the trade journals, attend workshops, and search the web to be aware of any new funding sources that are announced. Contact the potential funders directly to ask any questions you may have, to clarify interpretations, to hear helpful hints, and importantly, to let them know that you exist and plan to apply to them for support. Those personal contacts can often pay off! As the application paperwork can be daunting, before you fill in the forms be sure to check the application deadlines, be sure that you are eligible, and find out if money is still available!

1. **Private Funds:** Various independent funds have been established by the industry to encourage the production of new media. Each has its own unique mandate, eligibility criteria and evaluation procedures. The *Bell Broadcast and New Media Fund* for example, was established by Bell Canada to stimulate producers of broadcast television and new media programming to partner together to develop creative and innovative content for the new media technologies and the traditional broadcast marketplace. Up to 50% of the costs of the new media project to a maximum of $250,000 is available in the form of grants for outstanding proposals. The unique aspect of the Bell Fund is that it requires a broadcast component as well as an associated new media component delivered on a digital network. Other telecommunications companies such as *BCTel* have also created Funds to support new media, as have cable companies such as *Shaw* with funding for children's new media projects, and sponsored Funds such as the *Canadian Independent Film and Video Fund* which has a new media component. The private Funds are critical partners in the financing of new media as they recognize and accept the risks involved in encouraging creative development.

2. **Federal Government:** Various government departments provide financial support specifically for the new media industry, for infrastructure development, marketing (Cultural Industries Development Fund), R & D for new applications (CANARIE), and training (Young Canada Works). However, it is Telefilm Canada's *Multimedia Fund* that is content specific and provides interest-free repayable loans for development, production and marketing. The Canada Council for the Arts has grants for new media artists. There are also many other pockets of financing throughout the government which must be unearthed by the intrepid investigative producer who is able to relate the content of a proposed project to government programs. A federal tax credit program will be another significant source of funding when launched.

3. **Provincial Government:** Many of the provinces have established tax credit programs to assist new media productions such as Ontario's Interactive Digital Media Tax Credit (OIDMTC) which offers a 20% tax credit for qualifying labour expenditures and the Computer animation and Special Effects Tax Credit. Quebec has various support programs including the Multimedia Production Tax Credit ranging from 35% to 50% of eligible labour. Ontario also has a new Interactive Digital Media Small Business Growth Fund to encourage the growth of competitive interactive digital media products. Other Ministries have support programs for information technology and research. Some provinces have also established equity and loan programs such as Quebec's Programme d'aide à la production de titres multimédia. Most of these are administered by provincial film and television funding agencies.

4. **Private investment:** Commercially viable projects may attract private investors who are able to defer taxes through tax shelters by investing in a software or multimedia product. These are often known as "angel" investors. They look for the same things in new ventures that big institutional investors do, and if they see any down-sides to a project, they won't take the risk.

5. **Sponsors and Advertisers:** Advertising on the internet is a growth industry and more and more companies are tentatively exploring the possibilities it offers. If your project appeals to a target audience, try to match it with a sponsor or advertiser and make the pitch!

6. **Producers:** One of the most important sources of funding, with either cash or deferrals, is of course the producer. If your project is a commercial success, you will reap the benefits. If not, you will hopefully at least have a new media project to be proud of! Your cash contribution is considered an equity investment and is recoupable. Your deferrals, or "sweat equity" is the value of work or services provided that are used in the production of the project.

7. **Other Sources:** The Banff Centre for the Arts can provide services, facilities and expertise to new media producers to offset many budget expenses. Some broadcasters are beginning to invest in new media projects associated with their television programming. Foreign funding is also a possibility with foreign co-producing partners. Australia for example, has strong support mechanisms for its new media industry and eligible co-productions. ISP's may become a funding source, as are the "licences" from intranet providers. CD ROM producers can look for distribution advances and pre-sale revenues from their distributors. And, you might even have some success at your bank - but choose a bank that knows about the new media business. Investigate "in-kind" opportunities or contra and barter deals with service providers or sponsors. Various educational institutions such as universities are finding funds to invest in new media content related specifically to courses or research being undertaken by

them. Or, maybe you can do a little prototype development while training at the Canadian Film Centre's School of New Media known as MediaLinx h@bitat.

Financial Structure

This is what your investors and funders will want to see. How does it all add up? Who are the players? Budget totals can range widely, but whether the project costs $50,000 or $1 million, a financial structure is always required.

Assume you have a proposal for the production of an internet-based Web site which has been budgeted at $500,000. List your potential funding sources and their likely contributions. This is normally done in a chart form.

For example:

Funding Source	Amount $	%	Type
Bell Broadcast and New Media Fund	250,000	50	grant
Telefilm Multimedia Fund	150,000	30	loan
Provincial Agency	20,000	4	equity
Provincial Tax Credit	40,000	8	tax
Producer	10,000	2	equity
Producer	20,000	4	deferrals
Corporate Sponsor	10,000	2	grant
TOTAL	500,000	100	

As you apply to each of these potential funders, some will approve funding while others will decline. You will continually adjust your expectations and add and delete funders until your confirmed financing matches your budget. Of course, be prepared to increase the producer's share, or when all else fails, cut the budget!

Recoupment
Funders who expect to recover their investments will require additional documentation from you and a business plan which establishes the commercial viability of the proposed project. This will include your marketing and distribution strategy, an analysis of your projected revenue streams, your estimated revenue projections and "proof of market", time-lines, deductions to be made from revenues to repay distribution advances and for distribution expenses and commissions, and a *recoupment schedule* showing investors who are entitled to share in revenues how they will share in the proceeds. Based on the film and television model, most equity investors are considered equal, which means they will recoup pro rata, pari passu. This means, they will share the revenues as they are received based on their proportionate investments in the project, that is, relative to the size of the cash contributions made by each investor.   Sometimes variations on recoupment will allow certain investors such as private investors, to recoup all or part of their investments before other investors begin to recoup. These recoupment schedules are generally negotiated on a case-by-case basis with the funding partners involved. Investors who have fully recouped will also share in the profits, in perpetuity and a formula to calculate their respective share will be determined.

Conclusion

Financing new media content is a challenge for all producers. Knowing who the potential partners are, what their expectations are, how your project can appeal to them, and what they can offer you, is half the battle. Putting it all clearly on paper and making the passionate pitch, is the other half. Your negotiating and presentation skills will be critical. And your patience, as you wait for their assessments and decisions.

If your proposal is approved for funding, you will be required to enter into a formal contract or Production Financing Agreement detailing the terms and obligations of both parties. Once signed by both of you, the cash will begin to flow - according to the negotiated payment schedule. Now, all you have to do is produce the project!

ANDRA SHEFFER is the Executive Director of the Bell Broadcast and New Media Fund. She is also the Executive Director of the Independent Production Fund which invests in dramatic television series, and the COGECO Program Development Fund for movies-of-the-week and dramatic series. From 1979 to 1989 she was the founding Executive Director of the Academy of Canadian Cinema and Television. She lectures at Ryerson University on the business of television and is the co-editor of *MAKING IT:* The Business of Film and Television Production in Canada (Doubleday, 1995).

CANADIAN NEW MEDIA CONTENT FUNDERS

NAME	TYPE OF FUNDING	CONTACT INFORMATION
Banff Centre for the Arts New Media and Deep Web Co-productions	Facilities, services, financial assistance	Sara Diamond 1-800-565-9989 arts_info@banffcentre.ab.ca www.banff.org
Banff Centre / Newsworld Development Fund	Development loans up to $10,000 for 1 or 2 documentary programs and associated Web sites per year	Sara Diamond 1-800-565-9989 arts_info@banffcentre.ab.ca www.banff.org Jerry McIntosh 416-205-6643 roughcuts@toronto.cbc.ca www.newsworld.cbc.ca/ roughcuts
BC Tel New Media and Broadcast Fund	Loans of 10% - 45% of budget to a maximum of $200,000 for BC Producers	Robbert Dubberley 604-432-2041 b_creative@bctel.com
Bell Broadcast and New Media Fund	Grants up to 50% of project cost to a maximum of $250,000. Must be associated with a television program.	Andra Sheffer 416-977-8154 bellfund@istar.ca Claire Dion 514-737-1337 fbell@istar.ca www.bell.ca/fund
British Columbia Arts Council Project Assistance for New Media Artists Program	Development and production funding for B.C. new media artists.	Walter Quan 250-356-1718
Canada Council	Production grants up to $35,000 to new media artists.	800-263-5588 #4251 yasmin.karim@canadacouncil.ca www.conseildesarts.ca
Canadian Independent Film and Video Fund	Educational/information new media projects. Development grants (up to $10,000), prototypes (up to $30,000), production (up to	Robin Jackson 613-729-1900 cifvf@achilles.net

	$50,000).	
NAME	**TYPE OF FUNDING**	**CONTACT INFORMATION**
CESAM Multim_dia Consortium Multi Experimentation Fund	Grants up to 49% of start-up costs to a maximum of $50,000 to develop multimedia projects.	514-848-7177 #373 suzy.belanger@cesam.qc.ca www.cesam.qc.ca
Fonds de l'autoroute de l'information (Information Highway Fund) Minist_re de la Culture et des Communications (Qu_bec)	Grants up to $550,000 (50% - 75% of eligible costs) for the creation of French-language Web sites.	fai@sai.gouv.qc.ca www.mcc.gouv.qc.ca/cominfo/ autorout
Fundy Communications Production Fund	Educational/information new media grants up to $30,000 for Atlantic province producers.	Robin Jackson 888-386-5555 cifvf@achilles.net
Island Tel Innovation Fund	Grants for new media development and production, research and education. For P.E.I. residents.	Bob Kelly 902-566-0107
NewTel / Arts Council Cultural Innovation Fund	Grants for new media artists residing in Newfoundland and Labrador. Technical assistance from New Tel.	Ken Murphy 709-726-2212 kmurphy@newcomm.net www.nlac.nf.ca
Nova Scotia Film Development Corporation / MT&T New Media Program for Interactive Productions	1. Development loans up to $20,000 or 1/3 of budget. 2. Equity investments up to $50,000 or 1/3 of production budget. For Nova Scotia residents.	902-424-7177 novascotia.film@ns.sympatico.ca www.film.ns.ca.
Ontario Interactive Digital Media Small Business Growth Fund	Up to $1M invested for interactive digital media products and services.	416-326-9628 danzigbr@est.gov.on.ca www.est.gov.on.ca
Ontario Interactive Digital Media Tax Credit	Refundable tax credit of 20% of eligible Ontario labour for interactive digital media products in Ontario.	Ontario Film Development Corporation 416-314-6858 mail@ofdc.on.ca
PromoFACT	50% of budgets to a maximum of $3,500 for Web sites and electronic press kits for Canadian musicians.	videofact@passport.ca
Quebec Multimedia Production Tax Credit (Bureau de d_veloppement de la nouvelle _conomie BDNE)	Tax credits of 40% - 50% of eligible labour.	Gilles Paquin 514-864-6818

NAME	TYPE OF FUNDING	CONTACT INFORMATION
Rough Cuts Independent Documentary Initiative	Development loans up to $5,000 for documentary projects with new media components.	Jerry McIntosh 416-205-6643 roughcuts@toronto.cbc.ca www.newsworld.cbc.ca/ roughcuts
Saskatchewan Film Employment Tax Credit	Tax credits of 35% of new media labour to a maximum of 17.5% of project costs. 5% bonus for rural productions.	Louise Usik 306-347-3456 louise.saskfilm@cableregina.com
SaskTel New Media Fund	Equity investments to a maximum of $100,000 or 25% of Saskatchewan expenditures.	Donald C. Archbold 306-347-3456 saskfilm@cableregina.com
SHAW Children's Programming Initiative - Conway Fund	Development loans for new media projects based on children's programming. Up to 25% of the budget to a maximum of $30,000.	Gail Yakemchuk 403-716-6508 gail.yakemchuk@shaw.ca
SODEC - Programme d'aide _ la production de titres multim_dia	Investments of up to 25% of eligible project costs for Quebec, French-language multi media projects, excluding stand-alone Web sites.	Isabelle Pont 514-841-220 info@sodec.gouv.qc.ca
Telefilm Multimedia Fund	Repayable loans of up to 50% of the budget for development (max. $75,000), production (max. $250,000) and marketing (max. $150,000).	800-567-0890 (Montreal) 800-463-4607 (Toronto) www.telefilm.gc.ca

4

CORPORATE STRATEGIES FOR NEW MEDIA

When a production company decides that it will take on a project to produce it is more than simply a choice out of affection for the project. A company has a responsibility to its current owners, employees and its future foundation to accept projects that will help it to meets its strategic vision.

Simply put, a company must be aware of three areas during its day to day activities.

1. A company has a duty to perform its fiscal responsibility by having management discharge its duties by paying its bills and generate cash flow for the entire corporate structure. This means it must be aware of its daily, weekly and monthly cash flow needs to help it prepare for the many ups and downs it will face as it grows in market share, revenues and profits.

2. A company has a duty to perform for its project based activity. Projects must be prepared on time and on budget and hopefully for a profit. Therefore proper recording of costs must be documented and analyzed.

3. Ownership must be separated from management, especially with a small company where the owners are typically the managers. If an owner lacks expertise to properly manage their own company they must take a back seat and allow proper expertise to be hired to effectively meet company objectives.

What does this have to do with raising financing and finding the right partners to take the company to the next level? A company is like a small eco-system, interconnected and interdependent. Eco as in economical. A company must be able to separate out the three above elements in order to understand what the company's needs and resources are.

It must decide how much money it needs to raise for both, the corporate structure and for each project individually. This will help to identify how many more people to hire, in what areas and if it needs more work space. It needs to prepare a strategic business plan for the entire corporate structure to tell investors what the company is, where it is going, how much money it needs, where the money will be spent and when the investment will be returned to the investors. The plan must tell a convincing, realistic story of how it intends to execute the plan and over what period of time.

Partnerships

Once the strategic business plan is complete it must be sold to investors. The investors could be the companies current bank, a new bank, private or public financing organizations. The investors could also be a broadcaster, production partner or distributor of their projects. This implies that an investor in your company or project will always be a strategic investor/partner because they are forming a relationship with you that will either be positive or negative for your growth and reputation. It is always important to perform due diligence on any potential relationship you may be getting involved in and the steps to take in this process are:

- meet and interview several members of their company to see if the personality fit and corporate culture mesh with yours

- determine if their objective for growth is fast and short term or slow and cautious

- what are their short and long term goals of the relationship with you and is there a coherent mutual vision for the relationship

- what roles do they see for you and for themselves

- what is their exit strategy (will they want to cash out of the relationship after a certain period of time)

- who will control the decision making over corporate and project based loans, hiring employees, approving expenses and budgets

- how much of your own money is at risk in the proposed relationship and how will you make a return on it.

- does the potential partner understand your business or are you going to have to train them

- what human resources are going to have to expand or contract and can you identify where

- there can only be one driver of your company....who will it be

In any relationship between two or more partners exploring opportunities, the parties concerned want nothing more than to succeed. But that is obvious. What is not so obvious is what can go wrong, the downside risk.

These issues must be sorted out before the relationship is cemented and will help to isolate issues before they end up in court. Think of all the possible reasons why the venture would not work and build them into clauses in the agreement. Always have a way out of the relationship that is mutually satisfactory to all the parties concerned. Identify the maximum amount of resources you want to apply to the venture so that the demands do not drain the foundation of your own company. Do not be greedy and demand everything up front but instead look to the relationship as a long term opportunity of collaboration and learning as you expand your base.

Finally, when you approach investors or strategic partners make sure that you come across as understanding your industry, your business, your needs, your strengths and weaknesses. It is indeed acceptable to identify your shortcomings as long as you have identified a way to overcome them. Your assumptions must be realistic and be communicated qualitatively and quantitatively. You can reach your objectives if you understand that the journey is 60% of the reward and put passion in your pocket for those rainy days.

BRIAN KATZ is primary new media analyst, evaluator, and contact in the Ontario region for Telefilm Canada which is a federal cultural agency dedicated primarily to the development and promotion of the Canadian film, television and new media industries. He deals with the development, production and marketing of multimedia products as well as developing strategies, financial models and business approaches for the wide range of multimedia developers, producers and publishers.

Brian has a varied background in film, television and multimedia industries. A Chartered Accountant, Brian has been Vice President, Business Development and Financial Services at Mackerel Interactive Multi-Media, a financial accounting manager at Rogers Broadcasting Limited and Head of Business Affairs at Rhombus Media.

5

MARKETING AND PROMOTION
STRATEGIES FOR NEW MEDIA

Introduction

It has long been my belief that the most important factor behind a successful production is the passion of its creators. If you are enthusiastic and knowledgeable about the project you wish to embark upon, this excitement will be contagious to all those you approach for support.

Before you attempt to get buy-in from funders, however, you need to do your homework. By the time you start shopping your production around, it should already be, or at least appear to be, on its way to being a success. Every aspect of the production and its lifecycle should be mapped out; every option considered. The impression you want to give is that your "success-in-progress" production merely needs an injection of funding to make it to the finish line.

That is why a well thought out marketing and promotion strategy is so important to the process. A lot of people are quite good at describing how they plan to create their production, but few spend enough time evaluating and explaining how they'll bring the world to their product. "If you build it, they will come," only happens in the movies. What follows are some pointers and tips on how to put together a marketing and promotion strategy that will help your production succeed.

Define Your Market

The very first step is to define the market because this market defines the production. In other words, find a niche, identify the demand, and then fill it. From a commercial perspective, the actual concept or content of the production takes a back seat to the importance of there being a market (or demand) for the production.

Serious creative artists are always looking to develop productions that are both artistically challenging to work on and to experience. Serious financial investors, on the other hand, are looking for projects that provide strong evidence of a demand for them and reasonable expectations of generating enough revenue to cover production costs. The challenge is to strike a balance between the two.

Begin with market research. What similar productions already exist in the marketplace? I cannot stress how important it is for producers to thoroughly research the market and their possible competitors. Find out who or what your competitors are. Try to remain open-minded and flexible when evaluating who your competitors might be. Competitors can come from outside the medium you wish to work in. For example, the biggest competitor to your Web site about polar bears might not be another polar bear Web site but a glossy coffee table book on the same subject. If all the polar bear fans end up buying this book, why would they be interested in visiting your Web site, no matter how good it might be?

When comparing your project with others in the marketplace, make sure it is a fair comparison. Using sales or traffic statistics from similar productions that were released more than 12 months ago is useless. Because this medium is evolving at such a rapid rate, business models that were successful last year may not be successful this year. The only constant in the new media industry is change. Make sure you aren't trying to compare apples to oranges. A common flaw I see in proposals is the inclusion of revenue projections based on existing productions that are not similar to the one being proposed. Two Web sites about Louis Riel are not identical, and will not be as successful, if one of them is a spin-off of a best-selling book or television series and the other is not.

Establishing and building a brand on the Web is becoming increasingly expensive and difficult every day as more and more sites crowd the landscape. If Sympatico wanted to successfully launch themselves today, they'd need ten times the marketing budget they had only 2 years ago. In many cases, first in wins … which is all the more reason to focus on a truly unique production rather than trying to take on an existing competitor.

Another thing to remember is that the Internet is global in nature; don't just consider similar Canadian products to be your competition; any Web site from anywhere in the world is your competition.

You then need to determine how successful (or not) your competition is. How you define success can be tricky depending on the nature of the product. For some it will be volume of traffic to the Web site, for others the numbers of units sold, and for others it is gross or net revenue. For experimental or artistic productions, it might be positive reviews or user feedback, or perhaps the discovery of new and exciting ways to use the medium that nobody ever thought of before. Pick the set of criteria that is most appropriate for your production. What are their strengths and weaknesses? Another common fallacy I see time and time again is the well intentioned but inaccurate belief that by creating a product that is "better" (i.e., more content, more features, more whatever) than others of its kind, success will automatically follow. If these differences do not influence user or buyer behaviour, or materially reduce costs, they are not relevant in a competitive analysis. Setting high goals is to be commended, but never forget that Beta was "better" than VHS and it still flopped. Why? Because the companies behind VHS did a much better marketing job. There may be a very good reason why a competitive product does not have as many bells and whistles as the production you are proposing; there may be no demand or interest for them. Their perceived "weakness" (less features) is actually one of their strengths.

If this is meant to be a revenue-generating production, now is the time to determine just how much revenue potential it has. Are you planning to generate revenue through product sales, advertising, sponsorship, or subscriptions? Most likely, profitability will be contingent on the

amount of traffic your Web site generates. This is all the more reason to have a solid marketing and promotion plan – and budget - in place.

When citing statistics, such as Internet access or ad revenues, make sure the figures are relevant to your market. US statistics do not necessarily apply to Canada; in some areas Canada is ahead of the US, in others we are not. Thankfully, there is a lot of statistical data about the Canadian market out there; the trick is knowing where to look. One great resource you might want to try is the MultiMediator Web site, located at www.multimediator.com. However some might accuse me of being a little biased since I created it!

Define Your Product

Now that you've gotten a clear idea of what your product is competing against, it is time to focus on defining your production and its strengths. What makes your production unique? How is your production better than the others? And what will make it appeal to your target market?

Thinking "high concept" doesn't necessarily mean producing schlock, at least not in the new media world. Even if you are looking to produce a non-profit, experimental production, it is a good idea to identify the best way to represent your production's strengths to its intended market.

In the '5 million channel' universe of the Internet, why would your target market give your production the time of day? You must make a very convincing case that your production offers unique benefits to your target market. And these benefits must be able to be conveyed in a way that will quickly captivate them. The appeal of your production must be simple and easy to grasp. One way to test this is to see if you can convey your production's unique appeal in a single sentence, e.g., "HotMail is a service that offers free e-mail accounts to anyone regardless of whether or not they own computer." Simple, clear, and to the point. If you need a paragraph or long-winded explanation to describe your production, then it is in trouble before you've even begun.

Even the name of your production must be given serious consideration. It should be evocative and indicate immediately what it is, or at least be captivating enough to entice people to find out. In order to be successful, your production cannot just be appealing; it has to have on-going, long-term appeal. What will keep your target market coming back for more? Will you do this through adding new content over time? Additional opportunities to interact? A sense of community? Will your production have "legs"? Ask yourself if a year from now your Web site will still be of interest to people? If it won't be, your likelihood of getting funding is slim. What will keep the appeal going? Is the content time-sensitive or timeless?

The cost and effort required to maintain a Web site after it has been setup are often underestimated. Unlike television, the 'season' never ends for a Web site, and neither should the work on it if it is to remain captivating to people. You don't want to end up with a derelict ghost site that you cannot afford to update. Make sure you budget enough for ongoing content creation and technology maintenance, at least until there is enough revenue flowing in to cover these costs.

Consider how you might be able to get users to contribute or update content themselves. In a perfect world, the site should be almost self-sufficient. With community-oriented sites consisting of threaded discussion forums, the users create the content while the "producer" acts more like a virtual bartender, keeping the visitors happy and chatting.

You may also want to consider the value of developing the project in partnership with another group. If the partner for your Glenn Gould Web site was a major CD retailer with a Web site of its own, you could benefit from their brand recognition, marketing muscle, and Web site traffic.

Define Your Audience

You also need to define who your audience is. To know your audience is to know your production. You must paint a clear portrait of your ideal user. Saying that your production will have "broad appeal to all Canadians" only proves you don't know who, if anyone, will want it.

What and where are your potential markets? Describe the people you are creating your production for. Who are they and where do they live? Do they know how to use the Internet? Do they even have access to the Internet?

Case studies and historical statistics will help you make your case, but if you really want to prove your point you should undertake some test marketing. This doesn't have to be expensive or elaborate. A script or simple animated storyboards ("animatics") are very effective at testing the validity of a concept. You don't need to sink a lot of money into building anything to test the basic concept.

The lure of new media's creative and technological potential is hard to resist … but beware the siren song of gee-whiz gimmicks. Just because you can create a "state-of-the-art" virtual extravaganza doesn't mean there is anyone out there interested in it (yet or ever). Use surveys, focus groups, and prototypes to provide solid evidence of a demand for your production.
Be mindful of the technological hurdles your target audience may have to overcome to use your production. A very common mistake occurs when producers overestimate the technological sophistication of their audience. For example, despite all the hype surrounding high-speed "broadband" access to the Internet, 75% of North Americans will still only be accessing the Internet via slow "narrowband" dial-up modems in the year 2001.

Even if you determine that your target market can access your production, another major point you need to prove is that they will want to. What is your target market's current attitude towards a production such as yours? Are they waiting for a production such as yours with baited breath? If not, you may end up creating a production that fills a demand that doesn't exist, a common trap that technology companies fall into time and time again.

Once you've described your audience, the next area to focus on is whether or not this market is large enough to support your production? Remember, you are competing with millions of other Web sites. Compared to television, the Internet is a much more fragmented market, and it is that much harder to attract an audience, let alone paying customers.

Plot Your Strategy

Once you have a clear idea of your market, your production, and its audience, it is relatively easy to connect them together using promotion and advertising. Your marketing and promotion strategy begins with an explanation of how you intend to reach your target market. Are you going to do it using online or offline means? Ideally you should use some combination of the two and they should be integrated and consistent.

I cannot stress enough the importance and value of cross-promotion across different media. If you are lucky enough to have a production that is tied to a television program, broadcaster, or media publisher of some kind, exploit the cross promotion opportunities as much as you can. The television program should continually reference the Web site, and the Web site should continually reference the television program. Sticking a Web site address on the closing credits of a show is not good enough; aim to integrate the content of one medium into the other. Your goal should be to complete the loop by driving the audience from one medium to another and back again.

The role that a different media partner, such as a broadcaster, can play in supporting your new media production, and vice versa, should be explored and explained in detail. A generic "we promise to promote this production" letter from a media partner is not enough. The details should be spelled out in writing. For example, which departments will lend you their support? Using what media? What other partnerships or linkages can be exploited? Are there any restrictions you need to be aware of? Are there any additional costs associated with this? If there are, who is responsible for paying for them?

Now let's talk about advertising. Advertising is very expensive but at least it guarantees you and your production exposure in the media. But even if you have the financial resources to do some advertising, you need to explain which media you will advertise in. Are you going to buy print ads in consumer publications … or banner ads on Web sites? Where? When? How much? And most importantly, why?

Don't forget public relations. You'll certainly want to consider things like press releases, media tours, launch events for the public or the media, trade show appearances, contests and giveaways. Public relations can and should be conducted online as well, since you will want to reach those members of your target market that are "wired". This might include online stunt events, targeted newsgroup and e-zine promotion, search engine listings, and reciprocal link campaigns. Don't know what these are? You'd better find out!

Do you plan to market your production outside of Canada? Attempting to enter, or at least appeal to, a new market requires, if not a completely new approach, then at least a modification to the existing one. Most of the time you will need the services of people who know the market and what the best approach would be to take. You need to demonstrate how you've determined that taking your production international, even if that only means "versioning" your Web site, will work. Forming alliances with appropriate partners in these new markets, such as local ISPs or popular portal sites, can be a very effective way to do this.

Whatever tactics you end up choosing, be careful not to underestimate the length of time required for successful execution. In most cases the time frame is months, not weeks, and your time-line and projected revenue figures should reflect this. It is also important to be able to measure the success of these tactics, otherwise how will you know what is working and what isn't? Describe how you will measure the results.

Who have you chosen to undertake your promotion and marketing responsibilities? You should identify the person or company that will be dedicated to your marketing efforts. Not only should they have a track record as marketers, but they will also need to understand the unique qualities and quirks of new media and its audience.

Last but not least, have you committed enough money to properly execute this plan? One of the biggest flaws I see in proposals from Canadian producers is a lack of serious financial

commitment to the promotion of their productions. Unlike film and television, it is not uncommon for savvy new media companies to spend much more on promoting their new media productions than they spend on producing them. You should certainly dedicate a minimum of 10% of your overall budget for promotion. And even that is a drop in the bucket. Why sacrifice years of your time and energy getting a production off the ground if no one will ever see it?

BILL SWEETMAN is the Vice President of Production & Executive Producer of new media strategy and development firm MMSG in Toronto. He is considered one of Canada's leading new media authorities and is the creator of the MultiMediator Web site, the award-winning guide to the Canadian new media industry. You can e-mail him at bsweetman@multimediator.com.

6

NEW MEDIA - TODAY AND TOMORROW

Telling a story in a screenplay is not the same as telling it in a novel, and neither are the same as listening to a raconteur tell a story. The technologies of film, television, and books each modify the way a story is best told in their medium, and medium-specific grammars (camera positions, editing conventions) have evolved to best express the work.

Similarly, the new media - online networks and compact disks (in all their flavours) modify how we can best tell our stories by their inherent technologies and still-evolving grammars.

The opportunities and limitations of today's technologies must be balanced with the capabilities that will be available to users tomorrow. A good design should be stable on available platforms today while being extensible for improved technologies tomorrow.

Internet and Intranets

The Internet is not a uniform distribution system. The capabilities of its servers, pipes, and user appliances vary widely, and it is not possible to predict the route that a packet will take, so performance is always subject to local conditions at any time. Most designers de-rate the capability of all portions of the Internet when they plan their projects.

The most common access to the Internet and Intranets (such as America Online) is through *dial-up*, using a traditional modem. Most of the modems in service are 28.8 k, about one third are 33k, and the rest are 56k models. Many designers assume a dial-up online user can receive data at about 25k. Remember that telecommunications devices like modems are rated in *bits* per second, while computer software and hardware are rated in *bytes* per second - 8 bits in a byte. So, when a modem is receiving data at 25k (bits/second), the computer browser will display a data rate of about 3k.The fastest growing segment of online connectivity is through **cable modem** and **ADSL** services offered by cablecos and telcos respectively. Forget the claims for data rates one hundred times that of dial-up modems. Although the devices themselves are capable of sustaining these rates, the pipes to users are subject to local traffic conditions, the distance of the particular subscriber from the local distribution node, and the number of users connected. A reasonable design specification would be 128 kbits/sec (15k bytes/sec at the browser). Although this is far below the 1.5 megabits/sec necessary for delivery of television-like signals (poor quality ones at that), it is equivalent to 2 ISDN lines that, until recently, were considered the cat's meow for connectivity and cost a small fortune.

CD-ROM, DVD-ROM, et al

Some new media funders, such as the Bell Fund, require that a project be available online as a condition of funding. Others, such as Telefilm, will fund projects destined for CD-ROM or its more muscular cousins that use the emerging (read –*not yet standard*) DVD-ROMs.

CD-ROM standards allow for different data rates depending on how capable the users' players are. A 2x CD-ROM player can accommodate a 300 kbit/sec data stream, while an 8x CD-ROM player can accommodate 1.5 megabits/sec. The higher data rates will only be achieved, of course, if your project is mastered by a CD-ROM recorder of similar capacity. If you master for higher bandwidth, lower bandwidth players will not be able to play your product. 4x mastering seems a safe bet nowadays, and many high-resolution twitch[1] games require higher capacity players.

Hybrid New-Media

Since the Internet provides a huge base of users (about 50% of North American homes in 1999) and since CD-ROMs provide a large capacity for storing graphics, music, and application software, some designers bring these new media together.

In one example, the Internet site could provide a low bandwidth application that would have a wide audience, and those users that opt to purchase a CD-ROM get enhanced graphics and music, additional characters and scenarios, and so on.

In a second example, the core product is the CD-ROM, and the Internet is used to update the information and provide new scenarios so that the project does not get stale.

How to Do Cool Things and Still Reach a Large Audience

An alternative to mixing CD-ROM with the Internet access is to provide both low and high bandwidth versions of your project online, each tailored to users with appropriate connectivity. While this takes some extra work in the development stage, it can be very satisfying to the largest number of users.

The switch from low bandwidth to high bandwidth content can be made either by the user, or automatically by server software which can interrogate a user's equipment, determine its capability, and send the appropriate stream of data.

Server-Side or Client-Side Storage

Decisions have to be made early in the design process if you wish to store user data from session to session. A user's progress through a Web site project can be tracked and stored on the server or on the user's computer (by setting *cookies* - PC files controlled by the server). In the latter case, you will eliminate some of your potential audience who has set their browser to not accept cookies. Currently this percentage of users is quite low.

---

[1] Twitch games require quick reactions from the user.

What's Coming

We've been hearing about the imminent *convergence* of the telecommunication and television industries for a decade, and finally consumers are about to see some concrete results. Changes over the next five years and will drastically alter the type of content demanded by the new integrated distribution systems - it will have to be both interactive *and* high in production value. Since there is almost no content being created today that fits this bill, those companies that allocate resources to learn how to produce it should be greatly rewarded over the coming years.

PAUL HOFFERT is Chair of the Bell Broadcast and New Media Fund, past Chair of the Ontario Arts Council, a Director of Smart Toronto, former Chair of the Academy of Canadian Cinema and Television, and a Professor at York University. He is a member of the Canadian Rock & Roll Hall of Fame and Director of the CulTech Research Centre. The Financial Post named Hoffert, along with Bill Gates, one of the New Mandarins. He is also the author of the best-selling book, *The Bagel Effect.*