



Developing talent & Creating growth in a Sustainable export industry

Pre-Budget Submission

September 2017





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CONTEXT & BACKGROUND

Animation Ireland

Animation Ireland is the voice of the Animation sector whose core objective is to establish Ireland as a creative centre for Content & Technology by focusing on growth, developing an innovation culture and creating competitive advantage for members.

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1 Increase funding for production and development

2 Maintaining and increasing domestic and international profile

3 Increasing jobs, exports, licensing and commercial investment

4 Contribute to and influence relevant regulation for the sector

5 Recognizing the seismic shift in the growth of digital and social media

Animation Ireland is the trade association for the leading Irish animation companies working together to promote Ireland's world class sector internationally. With millions of children every week watching animated programmes produced here, Ireland is a recognised leader with talented and technically sophisticated 2D and 3D studios creating and producing content for TV, Film, Games, Mobile and Apps.

The Irish animation industry has experienced substantial growth over the past five years emerging as a central component of Ireland's digital and creative economy. Award winning Irish studios employ 1,000+ technical and creative staff.



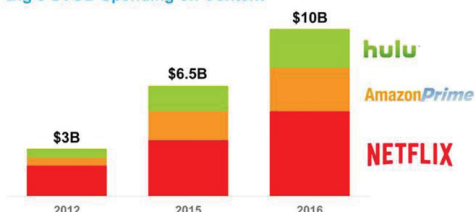
KEY MESSAGES

Companies are growing, employing young specialist graduates

- + Demand for original content has tripled since 2012 due to the likes of SVOD players such as Netflix and Amazon.

SPENDING ON CONTENT HAS TRIPLED

Big 3 SVOD Spending on Content



KEY MESSAGES

Two corporate trade sales (Brown Bag films and Boulder Media) show significant value creation in the industry

- + There is significant value in the sector and it is worth investing more in the development and creation of a world class sector in Ireland that is recognised internationally.

Formally launched on September 8th, 2016 by the newly appointed DG for RTÉ, Dee Forbes, Animation Ireland is a registered company with the primary aim to raise the profile of Irish animation studios internationally and promoting Ireland as the best destination in the world to get animated content produced.

It is also accepted, and appreciated, that the funding and support agencies (Irish Film Board, Broadcasting Authority of Ireland and RTE) are delivering on their legal mandates and assisting where possible.



Animation Ireland Launch

This submission continues the process begun with, and in response to, the HOUSES OF THE OIREACHTAS Joint Committee on Jobs, Enterprise and Innovation report on hearings in relation to "Examining the Potential for Job Creation, Innovation and Balanced Economic Development in the Creative Economy"

(July 2015)

Key Markets for Irish Animation are:

United States, Canada, UK & Rest of Europe

Estimated 1,500 to 2,000 highly-skilled professionals employed in the industry in Ireland

KEY STATISTICS

Ireland was the third fastest growing online advertising market in Europe at 31.4 per cent on 2015

Behind Slovenia with 32.2 percent growth + Romania the fastest growing online advertising market at 36.9 percent

Economic spend from the animation sector between €50m and €100m in any one year

60% of that spend is Foreign Direct Investment (FDI) meaning €30m to €60m from foreign sources is been invested directly into the Irish economy

Companies partner with Animation Skillnet - industry led training network in Ireland and the Animation and VFX Graduate Traineeship initiative aimed at "Industry Ready" participants who have experience of the culture of business and the expectation of the delivery of outputs

Animation created in Ireland viewed in 120+ territories worldwide

The European Online Advertising market alone was worth €40bn from January to December 2016 and is expanding rapidly

The association will keep all stakeholders abreast of the implications of Brexit on our industry

43% of the sector is female

Internationally recognised award winners and nominees - BAFTA, Emmy and Academy Award

Clients include -

BBC, Nickelodeon, Disney, Amazon Prime, Netflix, Super RTL, Fremantle, Cartoon Network, Sesame St, Playfirst, Walker Books, Penguin

Companies continue to invest in management development re strategic leadership – Stanford University, US Leadership 4 Growth participant and several client CEOs are Ernst & Young Entrepreneur of the Year alumni finalists

2 significant exits in recent times (Brown Bag films and Boulder Media) show significant value creation in the industry

While we all like to see trade sales and founders benefitting from their hard work we would also like to see Irish companies grow and take over companies internationally.

Creating and producing innovative and unique intellectual property content especially for Children's TV, Film, Games, Mobile and Emerging Areas

The animation sector delivers 25% (somewhere between 10% and 40%) of all the Audiovisual Sectors expenditure in any given year.

**2D
3D**

High level R&D activity in core companies – development of new technologies, technically sophisticated 2D & 3D production facilities, continuous up skilling and culture of keeping abreast of the latest technology



THE LATEST DATA

Animation Ireland Mandate

The primary goal of the board of Animation Ireland is to increase the development and production funding for Irish Animation Studios.

In this capacity Animation Ireland is seeking to increase the supports (hard and soft) for its members to help create an environment that:

Helps existing well established companies become global leaders

1

Supports newer companies to move up the value chain

2

Supports the training of talent (creative, technological and management)

3

Section 481 - The Irish Contribution

32%
Irish

68% International Investment

Foreign Direct Investment

The majority of any budget for an animated production is typically sourced through Foreign investment (Broadcasters, pre-sales, sales etc)

Budgets are typically:
32% Section 481 - The Irish contribution
68% International investment



ONLINE & DIGITAL

Our industry has moved to become a Screen Content Industry where video is consumed on all screen platforms, rather than a purely Film and Television industry (which remains a key sector). The growth in digital consumption of content continues at a rapid pace with a concentration towards content on mobile devices.



ONLINE & DIGITAL

Ireland's digital advertising market is the third fastest growing in Europe (2016) where it has surpassed the television advertising market. According to the latest IAB/PwC Online Adspend Study the rapid growth in digital adspend continues.

“Our industry has moved to become a Screen Content Industry where video is consumed on all screen platforms, rather than a purely Film and Television industry”

Total Digital Adspend is now at a record high of €445m, reflecting year-on-year growth of 31% for 2016, compared to 29% for 2015

Mobile adspend reaches €231m for the year ended 2016, reflecting growth of 63% over 2015

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Mobile adspend reaches €231m for the year ended 2016, reflecting growth of 63% over 2015

In Ireland, the Interactive Advertising Bureau claim the amount spent on digital advertising has grown by over 60% in two years making Ireland the fastest-growing market in Europe for digital advertising.

However, the Terms of Reference of the 1980 Film Board Act has a very narrow definition of support for Feature Films. If the goal is to create a sustainable Content Creation industry with more full-time jobs, then the terms of reference must be for all forms of screen content including television and not just feature films.



LICENSING & MERCHANDISING

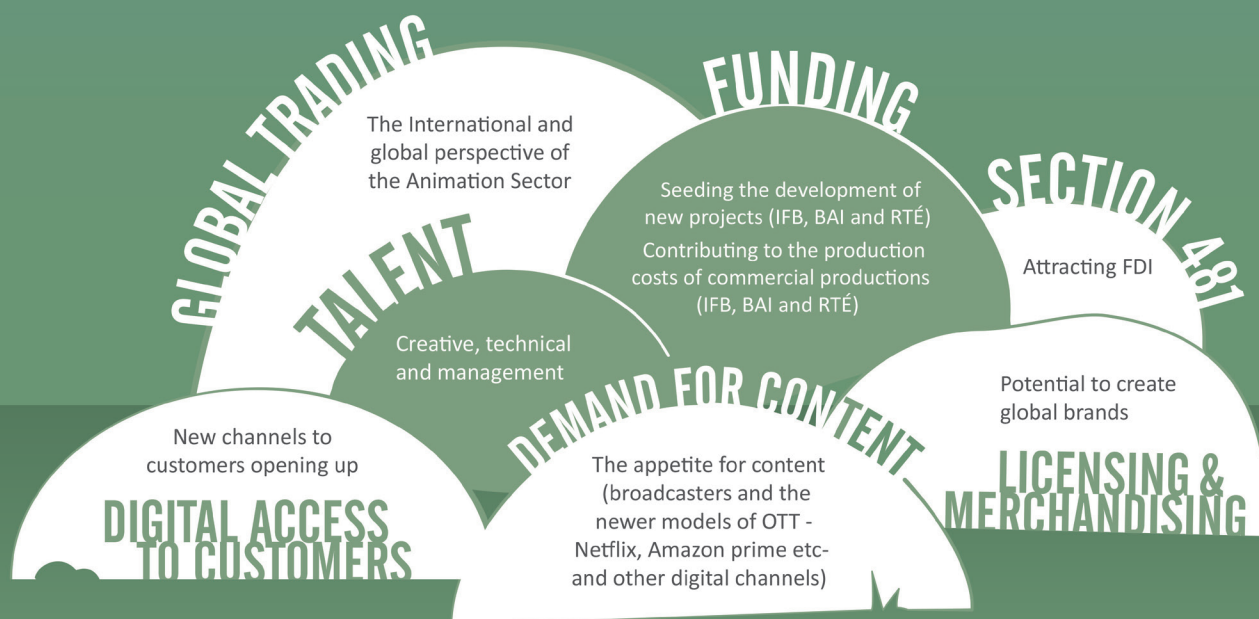
Arguably the Animation industry would not exist were it not for the Toy Industry. The last decade has seen toy companies and broadcasters become animation producers producing their own content and independent producers now compete with their clients.

It is the goal of every Irish producer to see their content at retail which is the lucrative long tail for any producer. Doc McStuffins is a show that is owned by Disney but designed directed and animated by Brown Bag Films generates over \$1 Billion per year in Licencing revenue.

This shows the potential for the sector, we have the talent and the studios and with focused support we can exploit Irish owned content into an international brand at retail.



DRIVERS OF GROWTH



Stakeholders & Contributors to the Sector

RTÉ • RTÉ's contribution is a small but very significant catalyst to starting Animation TV productions in Ireland.

- With regard to the overall programming spend of €116m (€80m in house and €36m commissioned) the spend of €736k on animation is .006%.

Trade Association Partnership

- Animation Ireland welcome the partnership with RTE and, in addition to the good work achieved, encourage the organization to increase contributions to the animation sector



- The IFB contribute roughly 15% of the annual development and production budgets to the Animation Sector.



- The BAI contribute just 8% of their development and production budgets to the Animation Sector despite the lack of home produced stories for Irish children on television.

SECTION 481

- Extension beyond 2020 is required to ensure continued international competitiveness from this welcome measure. Specifically, Revenue need to recruit more staff who are au fait with modern film production.

AMBITIONS FOR THE ANIMATION SECTOR

Animation Ireland is the voice of the Animation sector whose core objective is to establish Ireland as a creative centre for Content & Technology by focusing on growth, developing an innovation culture and creating competitive advantage for members.

We aim to continue increasing the professionalisation of the Industry by:

Focusing on Key Opportunities



RECOMMENDATIONS

Increased supports from Stakeholders

1

- **Continue Educating and Up-Skilling Talent:** Increased technical and equipment support for the education sector contributing to the Animation Industry. Continued support to the very successful Animation Skillsnet.
- **Support for International Hires:** To produce the best animation in the world requires the best talent in the world and recognising that the huge growth in the sector means a huge skills gap requires international hires.
 - * We recommend a dedicated person who understands the animation industry and can liaise with us when processing work visas for highly skilled international talent.
- **Continuation of Section 481:** This welcome measure needs to be continued beyond 2020 to allow planning on projects to continue. Addition resources for Revenue would also be advisable to speedily process applications under this measure.
- **Implications of Brexit:** The association continues to watch Brexit negotiations closely and in time will seek assistance to carry out research on the implications for our members of the Brexit timetable.
- **Economic Analysis:** We are looking forward to reviewing the complete Economic Analysis of the industry and responding constructively to create a stronger, more sustainable and world recognized animation industry in Ireland.

2

RTÉ

- **Increased Funds:** To Assist RTÉ in their request for additional funds from central government
 - * **Equitable spend:** With 25% of the population under 16 years old, RTÉ have to recognise that children have the right to quality home produced programmes as their parent's do.
 - * We recommend increasing the spend. Recommend increasing to **€2m per annum or 10% of the Independent Production budget.**



RECOMMENDATIONS (CONT.)

3

Irish Film Board

- We request that the Government change their 1980s terms of Reference from an agency that solely supports one form of production to a dedicated Screen Content agency focused on delivering increased jobs and exporting creative content
- In addition to the current in-depth economic analysis for the entire audiovisual sector, which we welcome, we request that the film board continue to oversee an annual industry audit on economic data for the industry publishing return on investment and employment numbers for the audio visual sector
- Request an increase in exchequer contributions to allow for greater development and production spending and a minimum commitment of 25% towards children's and family content

4

Broadcasting Authority of Ireland

- We request an increase in exchequer contributions to allow for greater development and production spending and a minimum commitment of 25% towards children's and family content.

5

Enterprise Ireland

- Increased and continued support towards the up-skilling of management and innovation in the technology that supports the growth of the Animation Sector





Deirdre Barry
Salty Dog Pictures
Training and Education



Louise Cornally
Brown Bag Films
Recruitment and Retention



Niamh Herrity
Pink Kong Studios
PR & Events



Moe Honan
Moetion Films
Gender equality



John Reynolds
Jam Media
PR & International affairs



Paul Young
Cartoon Saloon
Industry Chair, Events
& International affairs



THE BOARD



Ronan McCabe
DoubleZ
Company Secretary,
Treasurer & Fund Raising



John Phelan
Halcyon
Independent Chair and
Stakeholder engagement



ADVISORY BOARD



Paul Allen
Public Relations
PR



Eileen Bell
Enterprise Ireland
Government Supports



Russell Boland
Google
Technology



Brian Gormley
Phillip Lee
Legal



Gareth Lee
Animation Skillnet
Education & Upskilling



James Morris
VFXAI
...and many other hats

