

Summary of the Digital Content Industry Action Agenda forums

Note: the information provided does not necessarily reflect the views of the Australian Government.

Three hundred and sixty-two people attended the nationwide forums. The following graph outlines attendance by sector.

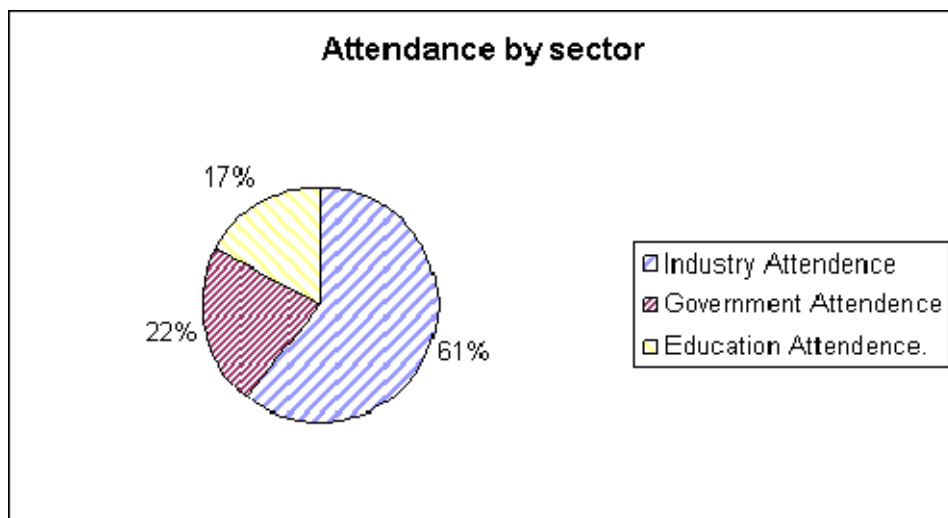


Figure 1: Attendance by sector

The following graph outlines the attendance figures by capital city.

	Number	Percentage
Adelaide	37	10
Brisbane	41	11
Canberra	33	9
Darwin	21	6
Hobart	22	6
Melbourne	57	16
Perth	37	10
Sydney	54	15
Sydney 2	60	17
Total	362	100

Figure 2: Attendance by capital city

The following graphs outline the key areas of interest as identified by attendees who completed evaluation forms.

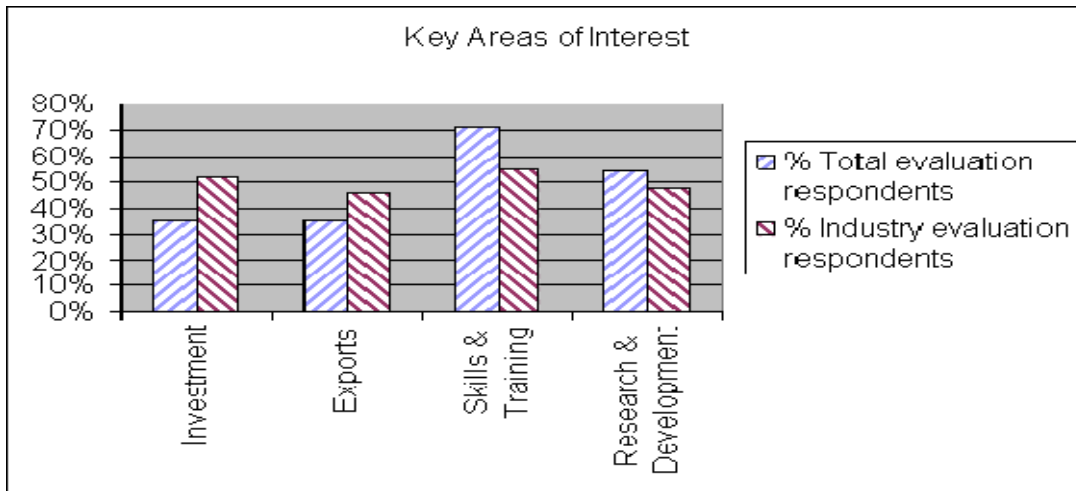


Figure 3: Key areas of interest

Summary of audience discussions

The following discussion summary outlines issues arising from forum discussions around the four main areas for Action Agenda action: Investment, Skills and Training, Exports, and Research and Development. Feedback received on policy issues and a wide range of other matters, including the definition of digital content and the way forward, will be taken into account in progressing the Action Agenda implementation plan.

Investment

A key issue for the Action Agenda implementation phase is to find ways to keep innovation and technology 'on shore' and change the investment model to boost industry intellectual property ownership. In some sectors, a return of 15 per cent is the current trend and an objective is to increase this to around 55 per cent for sustained industry growth.

Mechanisms the industry has been exploring include pooled development funds and AusIndustry programs, with participants stressing the need for improved awareness of available programs. Case studies of successful firms often cited the importance of these programs for getting started and providing the basis for attracting ongoing private capital.

While domestic regulation and infrastructure were recognised as important influences on the prospects for industry growth, the Action Agenda's investment focus will need to be on addressing industry requirements for boosting commercial investment. Priorities contributed across forums were to:

- boost industry education about investment;
- promote available programs;

- increase availability of relevant trend and benchmarking data;
- address barriers for small companies to raise capital, particularly very early stage investments among various investment mechanisms;
- consider requirements to take account of industry sectors and scale; and
- examine models for broader industry application operating within sectors, outside the industry and internationally.

Highlights included:

- Advice to the Adelaide forum that small and very early stage investments to small companies deliver very good value, as bigger offers flow to companies that are investment-ready;
- Korean models where large IT firms are supporting small autonomous content companies via shareholding investments;
- Advice to the Melbourne forum that AIMIA is investigating the establishment of an industry investment board and GDAA is investigating local models, including innovation access funds; and
- A case study presentation at the Canberra forum highlighting a shift away from fee for service approaches to fully 'own-funded' productions serving to boost IP ownership. Participants were briefed on the significance of a small amount of public capital (eg. in the form of Commercial Ready, COMET or R&D Start) in setting capability.

The Brisbane forum was presented with insights to the challenges faced by producers and content providers working across film and new platforms and seeking the response of traditional investment models. Regardless of the challenges, a central idea remained for a content producer 'to find the resources to make the show'.

Some regions considered the challenge of investment was increased by distance from Australia's main finance markets. However, in other regions, digital content companies identified benefits through their alliances with other sectors such as mining, defence and education.

The Action Agenda Investment scoping forum has been strongly encouraged to progress these issues.

Skills and training

The forums recognised that important industry linkages with the education sector are being progressed with the industry training council, Innovation and Business Skills Australia (IBSA), to address industry training needs nationally on substantial issues such as content and delivery.

The key national industry associations (AIMIA, AEEMA and GDAA) are working at a range of levels on skills issues within their organisations and with the education sector. Every forum emphasised the importance of

enhancing industry linkages with TAFE, private providers and tertiary institutions. Many regions noted that training delivery is adapting to demand by focusing on skills sets to target industry needs. Activity in regional markets also reflected industry opportunities:

- The Tasmanian Electronic Commerce Centre (TECC) is working closely with TAFE Tasmania to boost information exchange about training needs;
- NSW TAFE introduced different specialisations, such as an animation focus at the Enmore campus; and
- Queensland profiled links established between business, creative and technical courses at the tertiary level as well as the commencement of a Queensland skills formation study.

Barriers to boosting industry placements were also profiled, particularly around the resource and capacity challenges faced by smaller firms. The Sydney forum explored ways that support from the industry associations and the education sector is assisting to boost the number and quality of industry placements. Some forums profiled case studies demonstrating how placements can be integral to the business model and a critical success factor.

These frameworks underpin the Action Agenda implementation plan priority to build linkages and examine support for boosting industry-based training and job readiness. The needs to be addressed vary and include:

- closing skills gaps in job readiness (customer and deadline concepts, job costing capabilities);
- recognising course content and delivery needs to vary for visualisation and design approaches that have evolved differently between film, mobile and games sectors;
- adapting to the demands of new digital technologies which herald significant new training requirements in fields such as engineering; and
- the importance of active professional development mechanisms involving flexible training, networking between firms, and associations sharing interests across cultural, research and tertiary institutions.

Some important models profiled through the forums included:

- the role that private training providers such as the Academy of Interactive Entertainment (AIE) in the ACT and Victoria perform in delivering accredited technical training with on-the-job experience built in;
- TAFE SA's role in helping to scale up skills and training into a model for mini-business incubators through the MegaSA mobile content consortium; and
- that adopted by Swinburne in Melbourne involving a 2nd year graduate working with an employer for a short period (ideally at least 6 months).

Nevertheless, retaining talent was considered a real challenge and several forums proposed that this challenge could start to be addressed by industry developing better links with TAFE.

Industry participants based in smaller regions also highlighted market strengths, based on skill issues such as: collaborative outlooks, accessing diverse talent pools for innovative and cross-disciplinary teams, and capacities to tap into wider networks.

In advancing skills priorities, the Action Agenda implementation phase acknowledges the strong commitment expressed by all stakeholders through the forums as the key basis for building linkages nationally and regionally.

Exports

Australian digital content sectors such as games, eLearning and film post-production are providing world class trade contributions but many Australian companies are seeking ways to become export ready or boost their share of returns. AIMIA, AEEMA and GDAA have assisted in building the export focus and trade outcomes for the digital content industry.

Key initiatives include AIMIA working with Austrade on the Trade Start program which provides firms with an 18 month process to get export ready. Over the past 4 years the program has assisted 200 companies with 100 making export sales. Also, the most recent GDAA survey showed that Australian firms have produced over 260 games that have been internationally successful. The major games trade show, E3, was very successful with around \$95m in deals concluded in 2006, an increase on the \$65m achieved in 2005.

Emerging export and trade opportunities for the industry are starting to build on linkages across sectors with key forthcoming events profiled:

- The Games Connect industry conference to be held on the Gold Coast in late 2006;
- AEEMA working with m.Net and stakeholders to host the 3rd Australia, Korea, New Zealand Broadband Summit to be held in Adelaide over 7 and 8 December 2006; and
- Research involving a consortium of m.Net, AIMIA and stakeholders trialling mobile content export models through the Mobile Content Navigator project.

The key issues for the Action Agenda implementation phase are to build on activities of key stakeholders to develop a coordinated trade strategy and explore further mechanisms for boosting market intelligence across sectors of the industry in order to leverage potential export gains. An objective is to improve gathering and dissemination of information to businesses and sectors about the readiness of certain markets. While commercial brokers can function in this role, the Action Agenda recognises

that smaller companies often experience difficulty with sustaining a user pays approach for this activity.

Frameworks such as free trade agreements were noted as beneficial in many aspects for boosting exports, however, future growth could be influenced by the scope of programs and their capacity to address digital content industry operations which are distinct from traditional export models.

Regional forums emphasised that small domestic market exposure (and sectoral conditions, eg. emergence of Australia's centralised approach to eLearning) as key factors in promoting a strong export outlook by the digital content industry. While export opportunities were being generated through events and trade shows, long term commitments were essential to building trust and realising the benefits. Alliances with other sectors such as mining and education, film post-production and mobile content links with research frameworks were singled out as providing key trade leveraging opportunities.

The Action Agenda implementation phase will continue to support important export and trade ventures with an emphasis on boosting alliances, to Australia's advantage in international markets.

Research and development

Nationally, the digital content industry has a strong research base to link with, providing that industry's effort focuses on defining and promoting shared priorities. The research base is critical for providing capacity to identify innovative models to overcome issues such as industry scale problems, and to attract investment and undertake research into export-based business models (eg. around mobile content and applications, visualisation and other key opportunities).

The Melbourne forum discussed the essential need for linkages between consumers, industry and research institutions in order to build and sustain an innovation economy. While definitions of research and development need to be examined closely for recognising digital content, other mechanisms for progressing Action Agenda priorities were profiled in various forums. For example:

- The Smart Internet Cooperative Research Centre has sought to be a key stakeholder to work with the digital content industry and collaborate with a range of allied research institutions (eg. National ICT Australia (NICTA), Centre for Networking Technologies for the Information Economy (CENTIE), Queensland University of Technology, X|Media|Lab) in progressing the Action Agenda priorities for research and development;
- In South Australia, important digital mobile content and applications innovations are also being facilitated through m.Net; and
- The Canberra and Hobart forums were briefed on investigations by CENTIE, including research with the Australian Film, Television and

Radio School (AFTRS) into virtual classrooms and investigations with the industry into remotely linked design teams.

Links with community media and training organisations were also profiled as important regional research and development 'hubs'. The Charles Darwin University and educational organisations can provide a regional hub for research eg. Batchelor College is investigating delivery and distribution models for community music using digital technology. The Northern Rivers regional study is also expected to build understanding of DCIAA issues at the regional level.

Queensland University of Technology has a special focus on research in the digital and creative industries through entities such as the Australasian Centre for Interactive Design (ACID) and the ARC Centre of Excellence for Creative Industries and Innovation. Researching to map the creative and digital industries is underway at QUT with other projects progressing in SA, WA and the NT.

To inform the Action Agenda implementation phase, ACID outlined experiences including barriers of scale and resourcing to be addressed with institutions to link effectively with industry on commercialisation outcomes. A key problem is that these partnerships are essential for reaching markets. The Canberra forum was briefed on successful research collaboration models with 'larger' small-to-medium enterprises based on shared willingness to risk an equity play for downstream returns (Israel was cited as providing good models in this area).

In particular, the Sydney forums discussed the importance of selecting and monitoring effective standards in line with global trends along key points in value chains (eg. research through to consumer trends) as a critical guide to shaping Australia's competitiveness. The Action Agenda implementation phase will promote the adoption of effective standards and advance the quality and timeliness of information about the industry.