

## OMDC Interactive Digital Media Fund

**Deadline: November 16, 2009**

### Introduction

The OMDC Interactive Digital Media (IDM) Fund is designed to provide Ontario interactive digital media content companies with access to the final piece of funding required to move their content projects into production. Successful applicants will receive a non-refundable contribution of up to \$150,000 to a maximum of 50% of the project budget to create a market-ready interactive digital media content product.

The objectives of the program are:

- to support the creation of high quality, original, interactive digital media content products by Ontario companies;
- to assist in capitalizing Ontario-based interactive digital media content production companies;
- to provide flexible funding options that support partnerships between Ontario interactive digital media companies and companies from other creative cluster industries; and
- to contribute to the financing of projects that make a positive contribution to the Ontario economy.

It is anticipated that the OMDC IDM Fund will support projects from a range of genres, delivery platforms and budgets. Consideration will be given to the cultural and industrial benefits of each project. In assessing the economic impact of a project, OMDC will take into account immediate results including Ontario job creation and retention and level of Ontario expenditures. Long term results such as the potential for commercial exploitation will also be a factor.

### Eligible Applicants

To be eligible to submit an application for the OMDC IDM Fund a company must:

- be a screen-based company that is involved in the creation of complete content products<sup>1</sup>;
- have demonstrated in-house expertise in the creation of content for interactive platforms, networks or devices;
- be an Ontario-based organization<sup>2</sup>;
- be a Canadian-owned and -controlled organization<sup>3</sup>;
- be incorporated in Ontario or federally or willing to incorporate immediately if their application is successful;
- be a private sector, for profit organization;
- be in a sound financial position at the time of application and deemed to be an ongoing entity with a plan to continue creating interactive digital media content products; and
- be in good standing with OMDC at time of application submission.

To receive further information on OMDC programs please contact the Coordinator, Industry Initiatives:

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The applicant company cannot have a majority ownership association with a company that is not:

- a Canadian-owned and -controlled organization;
- a private sector, for profit organization; and
- in good standing with OMDC at time of application.

Broadcasters and broadcaster-owned entities are not eligible.

Applications from newly established companies will be accepted provided the majority of the owner/operators have at least three years professional experience in the interactive digital media content production industry and a track record of working in Ontario and the company meets all of the requirements outlined above. Start up companies should contact OMDC in advance to determine their eligibility.

Companies interested in applying to the OMDC IDM Fund must designate a Key Contact who will act as the project producer and oversee their company's participation in this program. The Key Contact will be the point of contact for all communications with OMDC during application adjudication and if the application is successful, for the duration of the program.

### **Eligible Project Categories and Partnerships**

To be eligible for the OMDC IDM Fund the proposed project must fall into one of two categories:

- Proprietary Content - Approximately 75% of the funding available at each deadline may be allocated to these projects.
- Partner-owned Content - Approximately 25% of the funding available at each deadline may be allocated to these projects.

*Proprietary Content* - Content is considered proprietary if the applicant company is the originator of the project, the majority holder of copyright and/or has obtained copyright permission to adapt any material for the project. The applicant company must own at least 51% of the copyright of the project that is being submitted and must be able to demonstrate that creative and financial control of this project rests with their company.

*Partner-owned Content* - Content is considered partner-owned if it is created in collaboration with an eligible partner on a fee-for-service or minority share basis. An eligible partner must:

- be one or more content creation companies from the book and magazine, film and television, music, or interactive digital media industries<sup>4</sup>;
- be an Ontario-based organization; and
- be a Canadian-owned and -controlled organization.

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The copyright of the content project that is being submitted must be at least 51% owned by the eligible partner. The eligible partner must also be able to demonstrate that creative and financial control of the project rests with their company. Projects that are equally owned by eligible partners and eligible applicants (50/50 share) are also considered eligible. Other copyright arrangements that are beneficial to the project and the OMDC IDM Fund may be considered on a case-by-case basis.

*Other Partners* - Provided that the requirements above are met, other partners may be involved in either a proprietary or partner-owned content project. Projects that are produced in partnership with other companies that are not eligible applicants or eligible partners will be considered provided that the partners are making a meaningful contribution to the project. The profit participation share of the partners should be in appropriate proportion to the ownership of the project and should conform to standard industry practices. (Please note that preference may be given to projects that are substantially owned by Ontario-based organizations.)

### **Eligible Projects**

Projects must also:

- be intended to be experienced by the end user on a digital media platform, network or device that is capable of interactivity and allows users to make decisions and have control over the content and the form and sequence in which it is presented through browsing, searching, selecting and making choices which has an impact on the user's experience of the content;
- be complete with an intention to release the project via an interactive digital media platform, network or device as the primary distribution channel;
- be intended for a consumer audience;
- be intended for use by individuals or groups of individuals;
- be intended to educate, inform or entertain;
- consist of a combination of at least two of text, sound (music, sound effects, voice, etc.) and images (pictures, animations, video, etc.); and
- be suitable for commercial exploitation.

Projects that will be augmented and/or enhanced with additional content at a later date are eligible provided that the applicant company can demonstrate that the portion of the project supported through this program can be considered a complete project. Enhancements, improvements and redesigns of existing products already released to the market are ineligible.

Serialized content projects (content that is released as stand alone editions, seasons, series, volumes, etc.) will be considered provided the applicant can demonstrate that the content that is being created is a stand alone and complete product in itself. The OMDC IDM Fund is not intended to become core funding for serialized content that is regularly updated and preference may be given to content projects that have not received previous financial support through this program.

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While it is assumed that companies will make use of and/or will develop new technologies to enable interactivity, the OMDC IDM Fund supports the creation and production of content projects. Projects that consist entirely of technology, hardware, software, applications, tools, services, etc. without a content component are ineligible. Projects that consist primarily of user generated content, social networking tools and/or distribution of licensed content projects provided by a third party are also ineligible. Applicants with projects that include user generated content and/or social networking must have an ongoing content development plan that integrates robust professionally created content with content contributed by end users.

The OMDC IDM Fund will also not support projects that:

- are primarily intended to sell products and/or services;
- are primarily intended to promote companies and corporate and/or institutional agendas;
- are intended for use by corporations/businesses;
- are primarily for interpersonal communication;
- are primarily catalogues and databases;
- are primarily repurposed linear and streaming content (i.e. music, video) that have not been augmented or enhanced;
- are created on a not-for-profit basis;
- have commenced production prior to application to the program;
- are contrary to public policy in the opinion of the OMDC; and
- are also receiving support through other OMDC Industry Fund programs including OMDC Book Fund, OMDC Magazine Fund, OMDC Music Fund, OMDC Film Fund and OMDC Entertainment and Creative Cluster Partnerships Fund. (Projects supported as part of an OMDC Export Fund application are eligible).

Companies and their affiliates may submit multiple applications per deadline ranked in order of preference. Where more than one application is submitted consideration will be given to the capacity of the applicant company to manage multiple projects simultaneously in evaluating the applications received. Projects that were not successful at a previous deadline may be resubmitted with the permission of the OMDC.

### **Budget and Financing Requirements**

The maximum contribution available through the OMDC IDM Fund is \$150,000 capped at 50% of the total production budget. A minimum request of \$25,000 is recommended when applying to the fund. The contribution is non-refundable.

As a requirement of the program, participating companies must spend at least twice the contribution received from the OMDC IDM Fund on Ontario expenses. This is a minimum requirement and applicants that spend a greater percentage of their budget in Ontario will receive a higher score in the appropriate decision category. In addition, a minimum 10% cash

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contribution is required from a source other than the OMDC. This cash contribution can come from either a related or an unrelated party.

Budgets must be in industry standard format and must include all costs through to completion and delivery. All pages in the budget template must be included for your budget to be considered complete.

Expenses incurred prior to application are not eligible. While the OMDC IDM Fund recognizes the iterative process of developing interactive digital media content, costs associated with the development of stand alone prototypes, playable demos, market research, etc. should not be included in the budget. Similarly, funding for prototyping, market research, etc. cannot be used to make up the balance of the financing required.

All financing required in addition to OMDC's contribution including investment by the applicant or other investors must be committed in writing at the time of application and supported by appropriate documentation. Projects that are under review with other recognized industry funding programs (e.g. Bell Broadcast and New Media Fund) at the time of application to this program will be considered provided financing is confirmed by December 31, 2009. All deferrals, discounts and other non-cash contributions should be supported in writing. The OMDC IDM Fund will only act as a last-in participant in project financing.

Additional considerations regarding budgets and financing are outlined in the OMDC IDM Fund - Budgeting and Financing Guidelines and the industry standard budget template. Applicants are strongly encouraged to review this information prior to preparing their application.

### **Application Process and Evaluation**

Interested applicants must submit their application to OMDC **by 5:00pm on November 16, 2009**. It is imperative that applications include all the materials requested on the application form. Applications should also include a table of contents and section sub-headings to assist application processing. A complete list of required application materials is outlined in the application form which is available at [www.omdc.on.ca](http://www.omdc.on.ca). Incomplete applications may not be considered. Subject to the Freedom of Information and Protection of Privacy Act, all information contained in applications will remain strictly confidential.

- Applications will be assessed for completeness and eligibility by OMDC staff immediately following the deadline.
- OMDC reserves the right to limit the number of applications forwarded to the specialist industry advisors and/or jury for consideration.

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- Applications that pass this initial review will be sent to specialist industry advisors with relevant knowledge who will prepare written assessments of the feasibility, market potential and creative strength of the projects.
- A jury of industry professionals and OMDC staff will review the applications and written assessments prepared by the specialist industry advisors to make final recommendations to OMDC.
- In some cases applicants may be required to provide clarification or to make changes to their project based on OMDC and jury review before a decision is made. OMDC and the jury are not obligated to provide applicants with the opportunity to include additional information or to adjust their application.
- It is anticipated that the jury meeting will take place approximately 10-12 weeks after the application deadline.
- Applicants will be notified about the status of their application within 3 months of the deadline.

The OMDC is not required to make any minimum number of awards. All decisions are final. There are no appeals. OMDC reserves the right to cancel the adjudication should applications be insufficient in overall quality or quantity to warrant it. Applicants are not to direct any questions or comments to the jury members in advance of deadlines or following notification of funding decisions. All inquiries pertaining to the OMDC IDM Fund are to be directed to OMDC staff only.

**Decision Criteria:**

This is a highly competitive program and it is anticipated that the total request for funding will be much greater than the funding available. Applicants are advised to ensure that they meet all eligibility requirements before submitting an application. Applicants should also ensure that their application material clearly conveys the strengths of their application with respect to the program guidelines. The number of applicants who will receive funding and the amount of funding received is dependent on the quantity and quality of the projects selected by the jury and the individual needs of each applicant.

Once applicant and project eligibility have been confirmed, applications will be assessed according to the following criteria:

- Track record of the applicant company and production team
- Benefit to the Ontario economy - opportunity for enhanced company revenue and growth, Ontario labour spend, leveraging of other contributions, value of Ontario expenditures
- Feasibility of the project and accuracy of the budget, financing and production schedule
- Quality, originality and creativity of the project
- Potential for critical and commercial success and revenue generation

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### Successful Applicants

Successful Applicants will receive a non-refundable contribution of up to \$150,000 to a maximum of 50% of the budget which is drawn down during the course of the program, triggered by pre-determined deliverables as follows:

- 75% on execution of the OMDC agreement;
- 15% on delivery of an interim report; and
- 10% on delivery of the completed project and all deliverables outlined in the contract.

### Participant Obligations:

- Agreement - On acceptance into the program, the participating company will be required to sign an agreement covering the terms of their participation in the program including providing OMDC with permission to use the project and delivery materials for promotional purposes. A copy of this agreement is available for review on request.
- Insurance - Participating companies will be required to carry Commercial General Liability Insurance on an occurrence basis for Third Party Bodily Injury, Personal Injury and Property Damage, to an inclusive limit of not less than \$2,000,000 per occurrence, \$2,000,000 products and completed operations aggregate. OMDC needs to be named as additional insured on all policies. Please budget accordingly. Additional information on insurance requirements is available on request.
- Weeks of Work - Successful applicants will be required to provide an estimate of the jobs created or retained for Ontario residents in total paid weeks of work (35 hour week).
- Reporting - The Key Contact from each team will prepare interim written reports on the progress of their project. Participants will also be required to provide feedback on the process, business development benefits and other outcomes in order for OMDC to evaluate the program.
- Changes to the Project - OMDC must be notified of any significant changes to the project as defined in the contract and if applicable, changes will require consent of OMDC.
- Deliverables - The agreement with OMDC will outline specific deliverables including, but not limited to: a cost report, copies of the project, marketing materials and an assessment of the program. Since project-related deliverables will vary, certain delivery requirements will be negotiated on a case by case basis at contract signing.
- Cost Report - A final cost report and financing statement will be required for all projects supported by the OMDC IDM Fund. Cost reports for projects with budgets from \$200,001 to \$500,000 also require a Review Engagement report. Projects with budgets in excess of \$500,000 must conduct a full audit of production expenses.
- Credit - The OMDC IDM Fund support is to be acknowledged with an OMDC credit and logo on the project and all related publicity and promotional materials.
- Production Timelines - Production on the project must commence within 90 days of the OMDC's decision or the award will expire. Projects must be completed and all deliverables provided to OMDC within 2 years of the decision or the OMDC's commitment to advance further monies will expire.

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### **More Information**

For more information contact Kim Gibson, Consultant - Industry Initiatives

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The OMDC reserves the right to alter program guidelines with general public notice to all potential applicants and to refuse any application for any reason. Applicants are advised to consult the OMDC website for any relevant Frequently Asked Questions documents and OMDC IDM Fund Bulletins for clarifications and alterations to these guidelines.

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### ***Culture is our Business***

#### **Ontario Media Development Corporation**

Ontario Media Development Corporation (OMDC) is an agency of the Ontario Ministry of Culture that facilitates economic development opportunities for Ontario's cultural media industries including the book publishing, film and television, interactive digital media, magazine publishing, and music industries.

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<sup>1</sup> Screen-based company that is involved in content creation - A company that can demonstrate that at least 25% of its revenue averaged over a two year period can be attributed to the creation of complete screen-based content products.

<sup>2</sup> Ontario-based organization - A company with a permanent establishment in Ontario (for at least one year prior to application to the OMDC IDM Fund) that files an Ontario corporate tax return. The majority of the company's employees must report to the permanent establishment in Ontario.

<sup>3</sup> Canadian-owned and -controlled organization - As defined in the *Investment Canada Act* (Canada).

<sup>4</sup> Content creation company - A company that was eligible to submit an application for one of the OMDC's Content, Marketing or Export Funds for the immediately preceding deadline.

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