

# A Creative Economy Strategy for Calgary

April 2024



## 1. What is the Creative Economy?

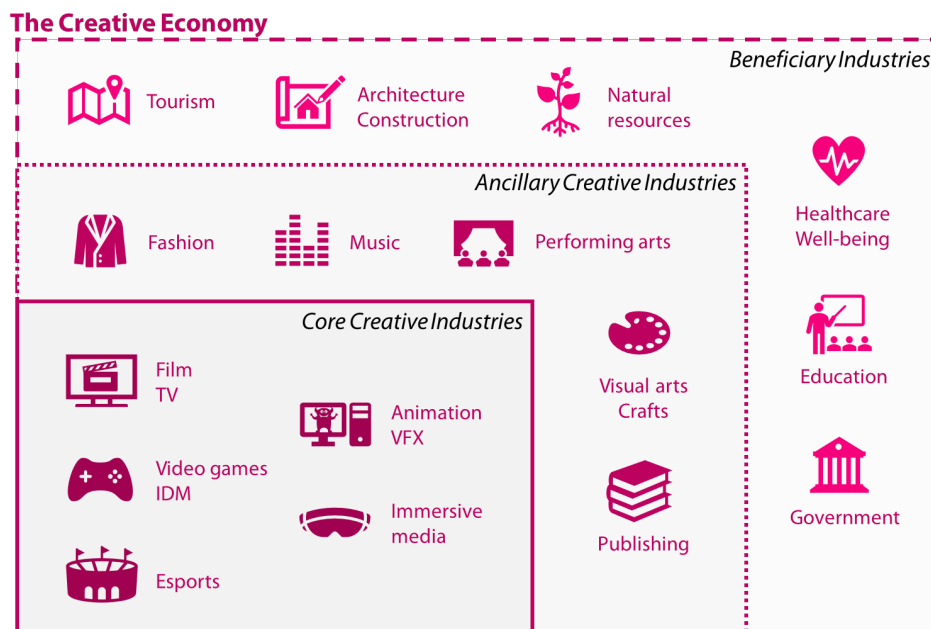
In broad strokes, the Creative Economy foregrounds the role of creative assets in the growth and development of local and regional economies. Specifically, creative economies frame the interplay between technology, intellectual property, and tourism at the economic, social, and cultural level, cultivating knowledge-based, technologically intensive creative outputs. As an economic approach that values innovation, creativity, and placemaking, the creative economy is “not only the most rapidly growing sector of the world economy, it can also be a highly transformative one in terms of income generation, job creation, and export earnings” – if properly constructed.

In turn, ‘creative industries’ is a term that encompasses the economic activities around the production, distribution, and maintenance of media, design and/or entertainment products, services, and experiences. While it has varying scopes in different jurisdictions, the contemporary usage of the term tends to refer to technologically- and service-oriented sectors that digitally mediate the production and consumption of creative goods.

In this context of this document, the strategy is focused on the **core Creative Economy** as defined by Calgary Economy Development’s (CED’s) mandate, namely:

- linear media (film and TV production);
- animation and digital visual effects (VFX);
- video games;
- esports; and,
- immersive media.

The other (**ancillary**) **creative industries** will see positive spillover effects from the strategy but are not the focus of its recommended actions. In turn, there are several other “**beneficiary**” **industries** that will also see positive impact from the development of both the core creative economy and ancillary creative industries and the use of their technology in verticals that are not related to a more traditional and artistic understanding of creativity.



## 2. Calgary in the New (Creative) Economy

Though the energy sector has historically dominated Calgary's economic narrative, there is a timelier story being told about the ways in which Calgary is embracing a changing social and economic order, as expressed in *Calgary in the New Economy*. The city's increasingly diverse industrial profile, headlined by a confluence of burgeoning creative industries, is already driving new opportunities to redefine Calgary's economic identity and global export potential. The City's strategic plan thus recognizes the integration of the creative economy within the city's broader economic narrative, positioning creative industries as an emerging growth cluster alongside areas like life sciences and financial services.

This strategy builds upon the foundation set by *Calgary in the New Economy* and considers how the creative economy can support, and be supported by, five broad strategic priorities:

- **Innovation** – The principles of innovation being advanced through *Calgary in the New Economy* are the same as those that drive success and scale in the creative industries. The document suggests that supportive programming and development opportunities are essential to strengthening an internationally relevant creative economy. The spirit of innovation found in Calgary is an essential ingredient toward creating products and intellectual property that capture global relevance.
- **Talent** – Whether by developing talent locally or attracting established talent from other places, Calgary is seeking to shrink the gap between unmet demand and available supply of talent in the creative industries, and in doing so equip Calgary's creative economy to leverage its cultural and creative products for global market penetration.
- **Livability** – The cultural and creative industries not only depend on these livability conditions to be met to support talent attraction and retention, but their work regularly contributes to community vibrancy. The cultivation of creativity helps to facilitate self-expression and human connection, while higher educational achievements, enhanced mental health and improved general well-being are all positively correlated with vibrant local creative industries.
- **Business Environment** – Calgary is seeking to reinforce its identity as one of the most business-friendly cities in Canada. By championing effective and efficient policies and resources that support business development, Calgary is pursuing global relevance and connectivity for its business community.
- **Brand** – Calgary is building a brand as “an iconic city” full of energy, ambition, optimism, and opportunity. A thriving creative economy can become increasingly central to that brand. As Calgary seeks to change the narrative around what Calgary has to offer, there are few better ways to tell that story than through the cultural and creative products that people enjoy around the world.

### 3. Pillars of a Successful Creative Economy and Situational Analysis

There are three key drivers of success (“pillars”) in creative industries: **Access to Infrastructure, Talent Development and Retention, and Investment and Entrepreneurship.** These pillars align with the five strategic priorities established at the municipal level. Moreover, using these pillars as a foundational framework can enable success similar to that seen around the world while providing room for flexibility and finetuning to the specific features of Calgary’s Creative Economy.

	Talent	Livability	Business Environment	Innovation	Brand
<b>Talent development and retention</b> Identification of transferable skills across the creative economy, dynamic assessment of needs, policies that support talent movement and integration, competitive incentives, and DEI initiatives	X	X	X		X
<b>Investment and entrepreneurship</b> Vibrant technology and innovation ecosystem, capacity to generate and exploit IP, access to markets, pathways to success, rich and connected support network			X	X	X
<b>Access to Infrastructure</b> Specific and non-specific infrastructure, collaborative and knowledge-sharing platforms and spaces, creative hubs/districts and digital infrastructure		X	X		X

One can assess Calgary’s situation through the lens of the strategic pillars:

#### Talent

For most companies operating in the Creative Economy, the primary resource (and expense) is human capital. The well-established linear service production (film/TV) expressed the need to backfill some roles, urging for the **continued development and update of the local training pipeline.**

Currently, Calgary is limited in its ability to absorb talent in most of the Creative Economy (apart from service productions in linear media) by the **notable lack of employers.** Eventually, many graduates and junior talent leave the province to find more reliable job opportunities in other Canadian creative hubs, creating a shortage of local mid-career and senior talent.

As such, by the time a company reaches a certain development stage and is ready to scale, there is no local talent to support this growth phase. However, there are also few Calgary companies that not only have reached this stage but have also expressed this desire to scale. Regulatory changes that support scaling would only be effective if enough local companies are **ready and willing** to scale.

#### Investment and Entrepreneurship

While a fee-for-service approach is a totally viable and widespread business model in creative industries, the upside of an ecosystem predominantly comprised of service providers is limited if the objective is the robust economic growth of the sector.

Service companies in Calgary should still be supported in their efforts to access new markets and develop strategic partnerships, but special attention should be paid to developing technical and creative intellectual property (IP). There is **great potential from IP** in Calgary, however companies that focus on their own original content or technology are **mostly small or also providing service work**.

Calgary has a unique situation with a unique **concentration of prospective local investors** (family offices). However, these investors are **not well-educated** on the business of creative industries nor the potential return on investment of IP-based products. There is currently no platform for them to learn about the Calgary Creative Economy and investment opportunities.

## Infrastructure

In the short term, Calgary has sufficient infrastructure to sustain the current level of activity in linear production (i.e., soundstages). At this stage, infrastructure developed for other creative industries such as video games and immersive media would likely struggle to find a viable base of local customers.

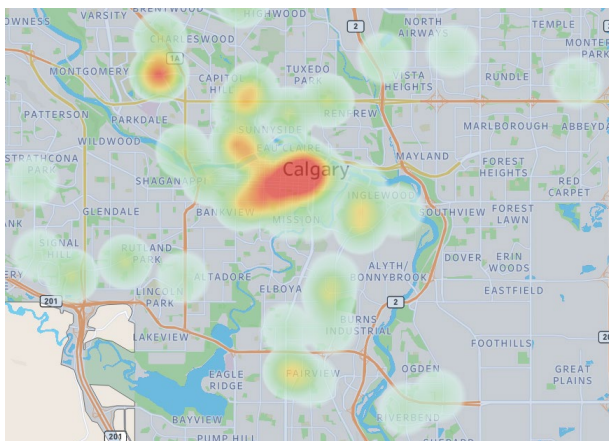
As such, in the context of this strategy, **infrastructure is a secondary, if still important, element**.

A longer-term goal should be to create an environment where being on the leading edge is a given, while also developing the city's reputation as a place where creative events (location-based experiences) occur. Infrastructure investments can also enable smaller companies, which are most common in Calgary, to collaboratively work on and/or create larger projects, for instance by integrating workflows via cloud technology.

## Summary

These three pillars are interdependent and mutually reinforcing. For example, Calgary businesses will benefit from cutting edge infrastructure and an environment conducive to innovation and experimentation. Growth plans will be made possible by the availability of talent and skills that match the fluctuating needs of the industry. Talent will be attracted (and retained) by the creative and inclusive ecosystem that features growing companies. Investment will flow to support the development of this ecosystem and high-profile projects (some of which will be Alberta-owned IP).

In Calgary, there are about 120 organizations engaged in at least one core creative industry.



Core Creative Industry	Number of organizations
eSports	10
Animation and VFX	19
Linear Media	16
Immersive Media	25
Games	34
Support Organizations	14

The barriers identified across the five core industries, although diverse in nature, collectively pose hurdles to the realization of the full potential of the Creative Economy in Calgary.

## **Linear Media**

While Alberta still ranks below Ontario, British Columbia, and Quebec in terms of annual production volume, there has been an uptick in the number of high-profile projects choosing the province. Alberta successfully hosted Season 1 of HBO's *The Last of Us*, which boosted foreign location service production to a record \$441 million in 2021/22. Although most Calgary-based film/TV companies provide service production work, there are a few that actively and consistently invest in their own IP development. While Alberta's tax credit has attracted medium and large-scale productions, consultation suggests that more significant and stable production volume (e.g., through the combination of service and Calgary-owned IP) would facilitate talent retention and support sustainable growth.

## **Animation/VFX**

Even though Alberta accounts for a marginal share of the Canadian revenue from Visual effects and Animation services for audiovisual works, the province is home to a vibrant creative hub of independent studios and animation service providers. Animation/VFX in Calgary counts about twenty companies ranging from micro-studios (1-2 persons) to medium enterprises (up to 15 employees.) Most local companies offer service production, but two-thirds of the industry indicate having a future or existing plan to develop and exploit IP. They however face the challenges of investment/financial support and access to talent to support this business model.

## **Game Development**

Video game development companies in Calgary employ about 200 people. Within this network of primarily independent studios, most of the longstanding talent are mid and senior level. The lack of scalable companies and incentives to support this growth limits the degree to which the industry can absorb junior talent (e.g., new graduates). That said, Calgary does have a vibrant and collaborative gaming community. Post-secondary institutions also have been actively designing and updating game development related certificates and programs.

## **Esports**

The Canadian esports industry is concentrated in two major Canadian cities: Toronto and Vancouver. That being said, the province is investing in the development of this sector, as demonstrated by the esports strategy unveiled in 2022. Alberta has a rapidly developing intercollegiate esports structure and more than 100 community tournaments are taking place every week. Alberta's esports association (AESA), which represents the provincial esports sector, acknowledges the avenues for improvement to transform a "decentralized" Canadian hub for esports into a structured leadership that goes beyond grassroots capacities.

## **Immersive Media**

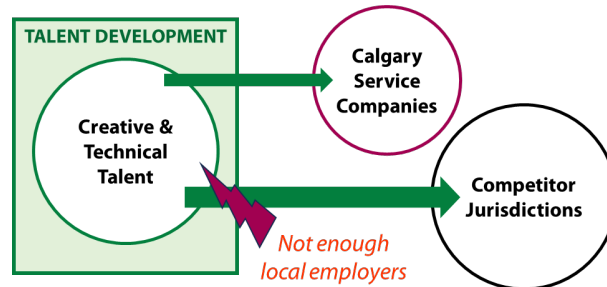
Canada is well positioned in the global immersive media market, which makes for significant domestic competition, with leading hubs in Montreal, Vancouver, and Toronto. The immersive media space in Calgary is quite dynamic given the size of the city, with some entertainment companies and a large concentration of business solutions. This dynamism is due in part to the broader innovation and SME ecosystem, and a network of postsecondary institutions that have a vested interest in immersive technologies. Immersive entertainment is also gaining traction in Calgary as the general public becomes more familiar with location-based experiences that these technologies enable.

## 4. Problem Statement and Strategy Rationale

The challenges facing the Creative Economy in Calgary can be summarized – and addressed – as follows:

### 1. Challenge: To develop a pool of creative employers

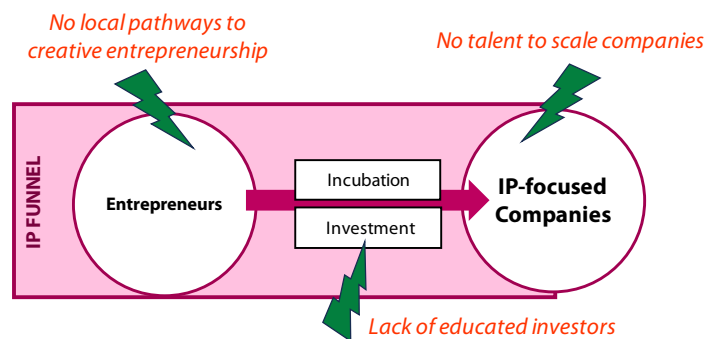
Beyond AV production, the Creative Economy in Calgary **lacks the employers** looking to scale their businesses that would help attract (and retain) talent and investment. In the current context, **talent development efforts would most likely benefit competitive jurisdictions** as only a fraction of Calgary-based graduates would find local job opportunities.



The strategy thus needs to address this lack of employers by supporting the **development of new – and the business expansion of existing - companies that focus on intellectual property**, as these companies are (in general) more sustainable and scalable than those focused on fee-for-service work. With the adequate support ecosystem and investment, these companies would allow the local Creative Economy to absorb a larger talent pool (either by attracting or retaining talent).

### 2. Challenge: To align the talent pipeline

A strategy that focuses solely on investing in Calgary grown IP would in return face a two-fold challenge regarding talent. On one hand, to develop more employers there need to be sector-specific talent development initiatives that **create strong entrepreneurial pathways** to prepare the next generation of founders. On the other hand, companies will need **creative and technical talent to grow and scale**. If the local talent pipeline does not provide these critical resources, high-profile companies will need to redouble efforts to attract talent from other jurisdictions, which could restrict growth prospects.



Consultation revealed that there are **few companies that meet the three conditions for scalability**, that is (a) a desire to scale, (b) an attractive, market-ready product/service, and (c) the internal capacity (i.e., talent) to take their project to the next phase. As such, these employers also lack sufficient capacity and competitiveness to attract and retain talent.

There is also a **lack of local educated investors** that understand how to identify opportunities in the Creative Economy (which are currently limited). Their support will necessary to transform creative teams into scalable and sustainable companies.

### **3. Solution: Combine growth to achieve scalability**

The appropriate approach for Calgary is to combine an entrepreneurship funnel with targeted talent development initiatives.

Both aspects of the talent pipeline are required for the Creative Economy to flourish, but at this stage, the **immediate focus should be on building entrepreneurial skills**. The pipeline for creative and technical talent training should be monitored and adjusted to meet the needs of the existing service companies, but should be expanded when an appropriate population of scalable IP companies exists in Calgary.

In parallel to entrepreneurial talent training, **investor education** activities should be carried out in the short term to set the stage for the next step (investment/incubation). With a better understanding of the context and business models in the Creative Economy, local investors will be ready to examine the pitches of emerging companies.

This approach will ensure create the condition for the emergence of scalable companies that will drive informed investment, employment, innovation and creativity: Calgary-grown companies developing Calgary-made products.

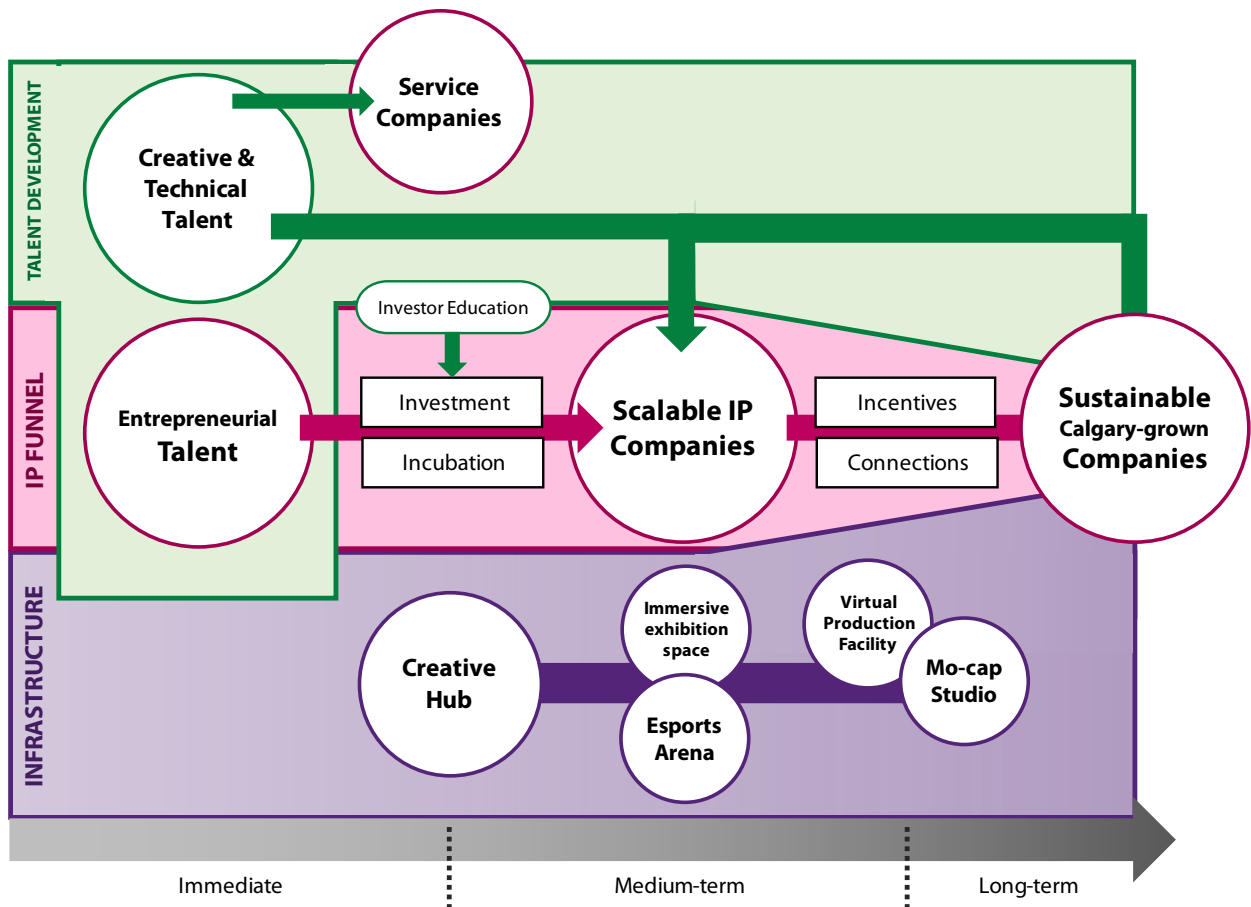
### **4. Solution: Amplify efforts with infrastructure**

The dual approach addresses two of the three strategic pillars identified. The third component, Infrastructure, will play **a supporting – but valuable – role in this strategy**, facilitating collaboration and access to technology. The development of industry-specific infrastructure (e.g., eSports facilities) and more general facilities (e.g., a creative economy innovation hub) will stimulate the emergence of creative teams and eventual scalable companies. Some activities will be amplified by supporting infrastructure. For instance, incubation should take place in the creative hub to facilitate knowledge-sharing, host workshops, industry events and investor meetings. As such, infrastructure not only ties into the attractiveness of the city for both talent, but also for investors.

In summary, the **three dimensions should be intervoven** in a cohesive strategy that supports the strong local service industry while preparing talent, infrastructure and the regulatory framework for the emergence of an entrepreneurial culture.

The diagram below illustrates the strategic pillars and the outcomes they support.





## 5. Implementation: Let the Strategy play out over time

While all three dimensions should be developed in parallel to achieve this level of complementarity, it must be noted that this strategy falls within a **five-plus-year horizon**. As a result, not all efforts and investments should be made in the short term.

For instance, incentives such as tax credits (e.g., for games and IM companies) are most effective for companies ready to scale and/or sustain their growth. However, Calgary is not yet home to many such companies, so there is time to effect that policy change. Rather, **priority should be given to actions that first support the creation of these potential targets** (e.g., balanced talent development, incubation).

## 6. Implementation: Establish strategic partnerships

This multidimensional sector strategy cannot be undertaken by CED alone. Rather, it requires **strategic partnerships within the support ecosystem**. In this sense, every support organization can play to its own strengths and enter the framework where and when needed. For example, CED has the resources (and mission) to advance opportunities in achieving economic success and would therefore be best positioned to support scalability. Incubation, on the other hand, will be better delivered by Innovation Calgary and/or Platform Calgary. Of course, for CED to play its optimal role, it will also need to be party to the creation of more creative industry companies that have the desire and means to scale.

## 5. A Creative Economy Strategy for Calgary

The Strategy aims to strengthen the three supporting pillars of the Creative Economy and to achieve the following vision.

*Building on its existing reputation as an innovative and dynamic city, Calgary will become known as the best place in Canada – and one of the best places in the world – to collaborate with creative talent, and to develop, launch, scale, and maintain creative IP.*

The cohesive Creative Economy strategy will support the strong local service industry while preparing talent, infrastructure, and regulatory framework for the emergence of an entrepreneurial culture through:

1. **Business Attraction - Full Service In-bound Service Production:** long the 'bread and butter' of Calgary's creative economy, it is important to maintain the City's reputation as a destination for world-class production, moving it to a full-service destination. In turn, this reputation will enable and encourage investment in other elements of the Creative Economy.
2. **Talent Acceleration – Building the Local Talent Pool:** Talent being the cornerstone of the Creative Economy and one of the key catalysts for growth, it is imperative that the local talent pool reflects the need of the industry to best support scalability. Constant monitoring and adjustment will be required to identify in-demand areas and relevant programs and skills. Finally, to stimulate the local entrepreneurial mindset, the talent pool will need to establish these industry-specific entrepreneurial skills needed to make IP successful.
3. **Business Expansion – Successful Entrepreneurialism and Scalability through IP Ownership:** The biggest opportunity for Calgary's creative economy is the development of new IP in several industries. From animation to games to linear audiovisual content, the strategy will need to focus on methods to support successful entrepreneurialism and scalability, and thus generate wealth for Calgary and its residents.

The success of this strategy will rely on strategic partnerships established between key organizations at various levels. As such, while CED initiated this momentum, the strategy is above all a sector strategy involving an array of municipal and provincial support organizations with the adequate resources to implement and evaluate the strategic actions listed in the following pages.

## 5.1 Maintaining and Growing the Talent Pool

Training will be a key component to continue to deliver high-quality service production while ensuring the emergence of competitive and scalable new ventures. As such, the talent pipeline should cover creative, technical, and business skills.

Post-secondary institutions will continue to play a key role in **developing entry-level talent** for Calgary's Creative Economy. There are several opportunities from a variety of industries, including:

- Further developing micro-credential programs for key linear media roles, reinforcing the status of Calgary as a high-quality full-service production hub
- Exploring opportunities for immersive media within and outside the core creative industries
- Considering new internship and co-operative models to better fulfill the needs of students and employers
- Inviting students to leading-edge facilities and testing labs, and inviting more industry professionals into the classroom

Furthermore, there is untapped potential for **entrepreneurship** in the core creative industries, notably through the development of IP-focused businesses. The talent pipeline will play a key role in creating this appetite for entrepreneurship and preparing future graduates to develop investor-ready products. As such, the IP funnel described in Part III of this strategy integrates additional elements of talent development.

To seize these opportunities, there must be clear **lines of communication between industry** (e.g., via CED and/or industry associations), **and Calgary-based PSIs and other training institutions**. By facilitating the creation of this forum CED and partner organizations will not only enable institutions to have a clearer picture of the industry's needs and expectations, but also to coordinate and supplement efforts.

Eventually, when more employers exist and are attempting to scale their companies, CED and its partners should **explore an incentive to help offset the cost of onboarding new talent**. For most companies in the Creative Economy, there is a gap between what is taught in an academic environment and the skills/knowledge needed to thrive in the workplace. Support to offset this onboarding cost would likely lead to the retention of more graduates in Calgary-based companies.

Irrespective of the directions taken with respect to talent development in Calgary, it is imperative that they be done in an inclusive and anti-colonial manner.

### Strategic Actions

- Deliver entrepreneurial training, mentoring and talent acceleration
- Develop and deliver investor education initiatives
- Establish clear line of communications from industry to training ecosystem
- Ramp up creative and technical talent development
- Facilitate knowledge-sharing and dissemination of market intelligence
- Regularly assess industry needs and align talent pipeline
- Advocate for changes to the regulatory framework to support talent attraction and retention

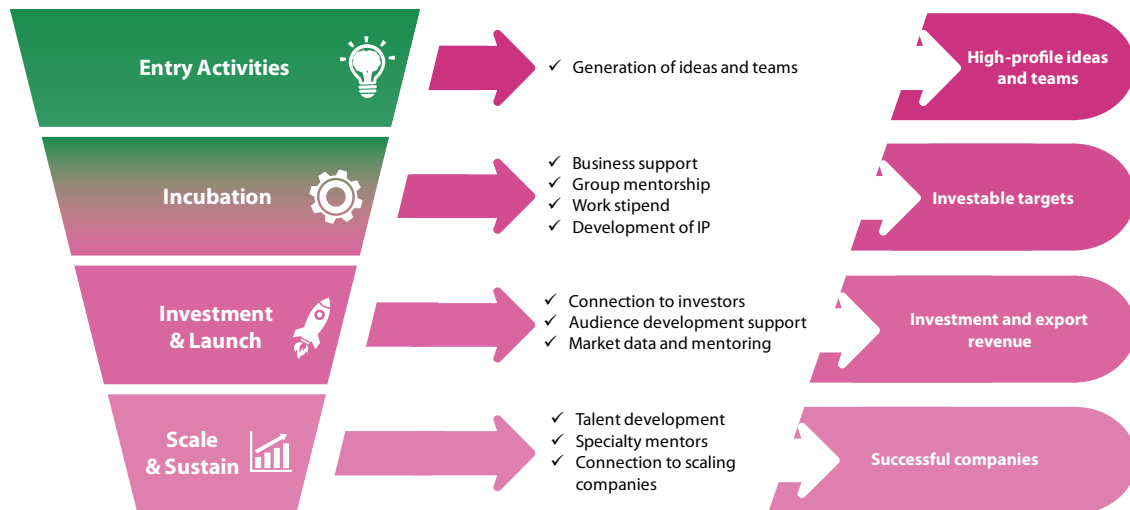
## 5.2 Fostering Entrepreneurial Culture through IP Development

Cultivating entrepreneurship in the Creative Economy will lead to the absorption and attraction of more talent. IP is the strategic asset that will allow creative industry companies to attract investment and scale in a sustainable way. With the right training pipeline and support infrastructure, successful companies (i.e., new employers) will emerge.

Investing in **IP will be pivotal to -- and include -- talent development**, and it will lead to the development of a more economically sustainable creative industries ecosystem. The overarching goal for Calgary's creative economy vision is to transition from being part of the known IP production to being the origin of that IP.

The process of establishing an IP funnel is designed to enable and encourage companies in the core creative industries by tapping into Calgary's diverse communities to stimulate the creation of content set for commercial success on the global stage.

Of course, this funnel will be most relevant to those core creative industries for which IP is (or can be) a primary focus: linear media, animation, immersive media, and games.



1. **Entry activities** – The first step in the IP funnel focuses on generating ideas and teams through industry-specific inclusive and accessible entry activities, such as local jams, community events, and student competitions/capstone projects. The target audience of these activities would be anyone with an interest in generating IP.
2. **Incubation** – The next phase involves supporting teams with viable ideas, which can be considered to enter the incubation process. Instead of a grant, a stipend will be provided to teams while they work on the idea/product. This modest stipend would allow teams to “go all in” on their projects, ensuring that their focus remains on the project at hand (as opposed to making a living). Talent development activities continue as participants will also have access to group mentoring based on specific sectors, lending them access to international/global experts in their fields.
3. **Investment and Launch** – At this stage, pitches or prototypes (depending on the core creative industry) validated by international experts are mandatory for entering eligibility, though it is expected that many will derive from the incubation program. The primary focus

of this stage is for CED and its partners to facilitate industry connections between companies and informed investors: distributors, publishers, or even local high-net-worth individuals looking to invest in high-potential properties and/or their underlying companies.

4. **Scale and Sustain** – The scaling efforts need talent development programs, which can be achieved through high schools and PSIs collaboration, introductions between funnel participants, and building on the existing Film and Television Workforce Action Plan. On-demand access to subject-specific mentors (and similar services) will help keep companies at the leading edge. Therefore, participants at this stage are encouraged to become mentors for entry-activities. The scaling efforts will also require placemaking to attract and retain talent.

As such, the IP funnel is deeply intertwined with the efforts to strengthen the talent pipeline and placemaking investments.

### **Strategic Actions**

- Design and execute incubation program for existing creative teams
- Support IP development and scalability for existing creative teams
- Conduct entry activities to identify next cohorts
- Support market access and introduction to informed investors
- Evaluate, revise, and deliver incubation program
- Facilitate industry connections and strategic partnerships
- Advocate for incentives that support scalability strategies and business sustainability

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## **5.3 Creating and Developing the Infrastructure**

Infrastructure reinforces the service production environment while facilitating access to technology, knowledge sharing, innovation, and creativity for potential new entrepreneurs.

It is recommended that support organizations explore both general and sector-specific infrastructure upgrades. **Sector-specific infrastructure investments** would include:

- virtual production studios
- shared cloud-based workflow pipelines to enable more collaboration between smaller companies
- lower-cost access to facilities like advanced motion capture studios for emerging games studios
- a mid-sized dedicated esports arena that could host regional tournaments
- a dedicated immersive exhibition space that will facilitate strategic partnerships for location-based experiences

Some investments in infrastructure should be more general. For the IP funnel (described in Part II) to operate optimally, it would be housed within a dedicated **creative hub** (in which the sector-specific infrastructure could also be located). This hub would provide a space for incubation, game/animation

jams, master class, and other in-person programming needed to make the IP funnel operate most efficiently. The hub would also help to offset rising rental costs for emerging entrepreneurs --and be accessible to anyone participating in the IP funnel.

Finally, it is crucial that any investment made in infrastructure be focused on **long-term value**. The Creative Economy – and the technology that powers it –evolves rapidly. As such, spaces (like the hub) should be flexible and updated on a regular basis.

## Strategic Actions

- Map out non-specific infrastructure that can be activated
- Map out space for specific infrastructure
- Launch the Creative Hub
- Design the Esports arena and the Immersive exhibition space
- Develop a state-of-art Virtual production facility and Motion capture studio
- Upgrade and update infrastructure

