Interactive Digital Delivery Marketplace

An Overview of Canada's Multimedia Broadcasting Capabilities

SUMMARY
To better position Canadian companies for export markets and massive events such as the Beijing and Vancouver Olympics, the National Research Council commissioned an airplane view of the interactive industry: the companies, the sectors and the relationships that are advancing digital broadcasting.

Now for the first time, Canada's digital delivery companies are "united" in this pioneering study of interactive broadcasting capabilities for events such as the Beijing and Vancouver Olympics. The resulting Market Maps identify companies involved in digital delivery, their areas of expertise and the key clusters within this sector.

Ultimately, these Maps will be useful:

- In providing businesses, investors, clients and export markets with a clear picture of our national strengths and competitive advantages.
- In positioning participating companies for international attention and funding as well as for business development in Canada and internationally.
- As an Olympic technology "calling card" for Canadian companies and the Federal Government of Canada.

Background
Charged with sourcing innovative technologies and solutions for broadcasting the 2008 Olympic Games, China's Science and Technology authorities approached Canada's National Research Council for Canada's best-of-breed. In large part, these Market Maps are the net result of this dialog.

This Canada-wide National Research Council initiative was undertaken by IRAP British Columbia, through the leadership and vision of NRC Acting President Dr. Michael Raymont. Project oversight was shared between New Media BC Executive Director Ms. Lynda Brown and IRAP Industrial Technology Advisor Mr. Jerome Kashetsky, on behalf of NRC IRAP Executive Director BC/Yukon/Asia Mr. Bruce Pridmore. The resulting original study and
Maps were developed, designed and directed solely by At Large Media, a Canadian consulting company specializing in interactive technologies, companies and business models. Mr. Robert Ouimet was responsible for data intelligence; Ms. Emma Payne and Ms. Anja Haman hosted delegates from Beijing as part of the cross-Canada tour and Olympic technology outreach effort related to this study; Ms. Catherine Warren directed the project.

National Research Council Canada
Industrial Research Assistance Program
NEW MEDIA BC
at large media

Context
"Canada is one of the world's strongest players in the new media industry."
Industry Canada, Strategis, June 2004

It comes as no surprise that other nations look to Canada for interactive technology leadership. Canada has one of the best developed national broadband infrastructures in the world. It has achieved the highest overall broadband penetration of the
Group of Seven industrialized countries. And broadband deployment continues to advance under active government encouragement, with 85 percent of Canadians living in communities served by high-speed Internet.

Among Canada's related leading indicators:

- 2,300-plus multimedia firms.
- $3billion in annual revenue.
- 20 percent annual growth rate.
- Ranks first among G-7 nations in overall skill level of knowledge-industry workforce.

Canada's vast geography and sparse population continue to spark its enterprise and resourcefulness. And when it comes to digitally broadcasting the Olympics, necessity is the mother of invention. Canada continually seeks innovative ways and low cost means to cover these wildly popular events in real-time.

Digital Delivery in a Nutshell
These Market Maps represent an initial overview of an industry that is simultaneously exploding and converging. Digital Delivery includes mature sectors such as telecommunications and bleeding edge niches such as interactive television. In some cases companies appearing here generally see themselves as part of other industries altogether, such as broadcasting or data communications. So, not only is this the first time that all of these Canadian companies appear in one place, it is also the first attempt to define as one entity an industry that is actually an eclectic mix of sometimes strange bedfellows.

Nevertheless, here we are viewing these companies together through the lens of interactive digital delivery, which in simple terms looks at how content gets created, packaged and transmitted to audiences through multimedia channels.

- *Canada's Digital Delivery Marketplace combines the exciting with the paradoxical: mature companies perceived by many to be start-ups (RIM), motherhood institutions investing in interactive experiments (CBC and Bell) and emerging gazelles (mGrok, Mobidia, Exponentia and DigiScreen) that compete with gorillas on their own turf.*

- *Digital Delivery Company Profiles charts the interactive technology landscape along company and product lines. Perhaps because of the nascent stage of the industry, many companies are involved in numerous aspects of interactive delivery, from content publishing tools and other software through hardware, transmission and display.*

Objectives & Results
This study set out to achieve the following:

- Identify a broad array of Canadian technology companies engaged in interactive digital delivery (eligible multimedia companies included only those with proprietary technology/intellectual property and, for example, did not include content creators such as Web developers or TV producers, unless they also had IP).
- Survey eligible companies to determine their products, services, size and growth; interview a quarter of the respondents for in-depth executive perspectives.

- Analyze this data together with proprietary industry knowledge to provide a framework and context for this sector.

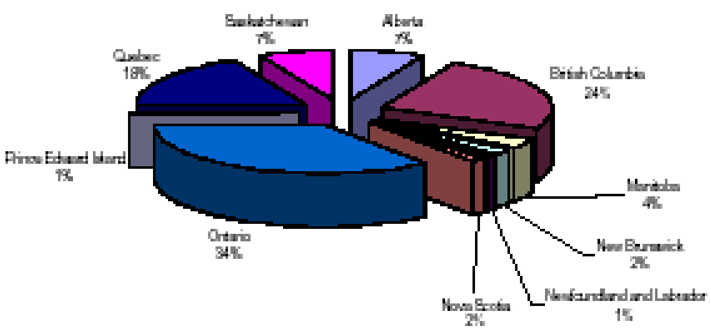
- Produce two graphical representations of the results:

  1) *Canada's Digital Delivery Marketplace depicts the key niches within this sector and representative companies within each niche.*

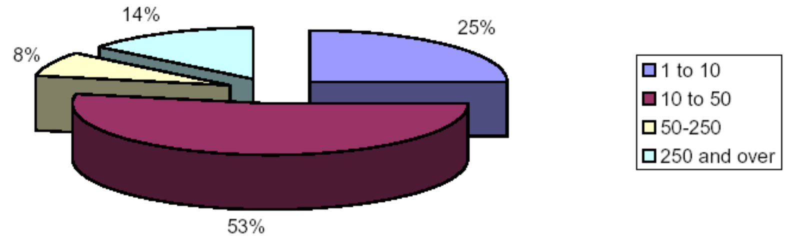
  2) *Digital Delivery Company Profiles provides an alphabetical listing of 103 Canadian companies together with information about their staff size, profit growth and range of interactive technology products*.

Some Facts & Figures
Total companies sourced 185
Total online survey responses 103
Total executive telephone interviews 25

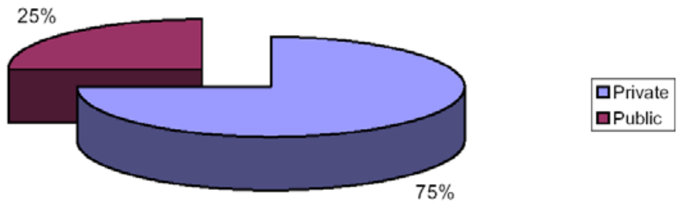
Companies participating in the survey came from across Canada:
National Geographic Distribution of Survey Respondents



The majority of participating companies have between 10 and 50 employees.
Number of Employees

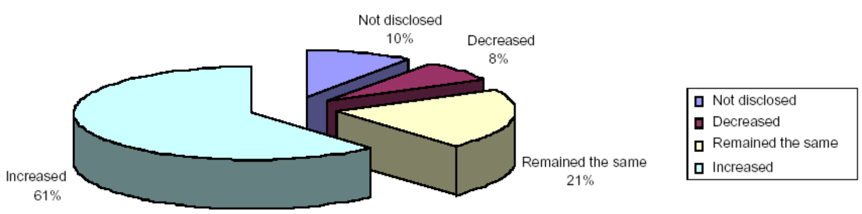


Among the companies responding to the survey, 75 percent are privately held:
Private vs Public



More than 60 percent of companies profiled indicated a general growth in profits over the past three years:

Profits

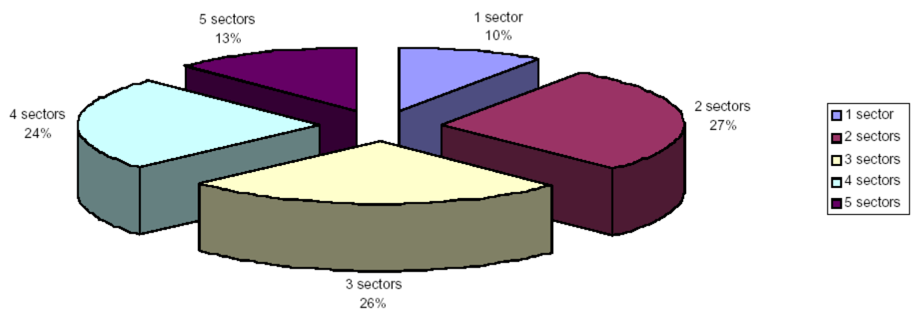


The study looked at company involvement in 33 "product lines" within
five broad interactive technology clusters:

- Content Tools
- Software
- Hardware
- Transmission
- Display

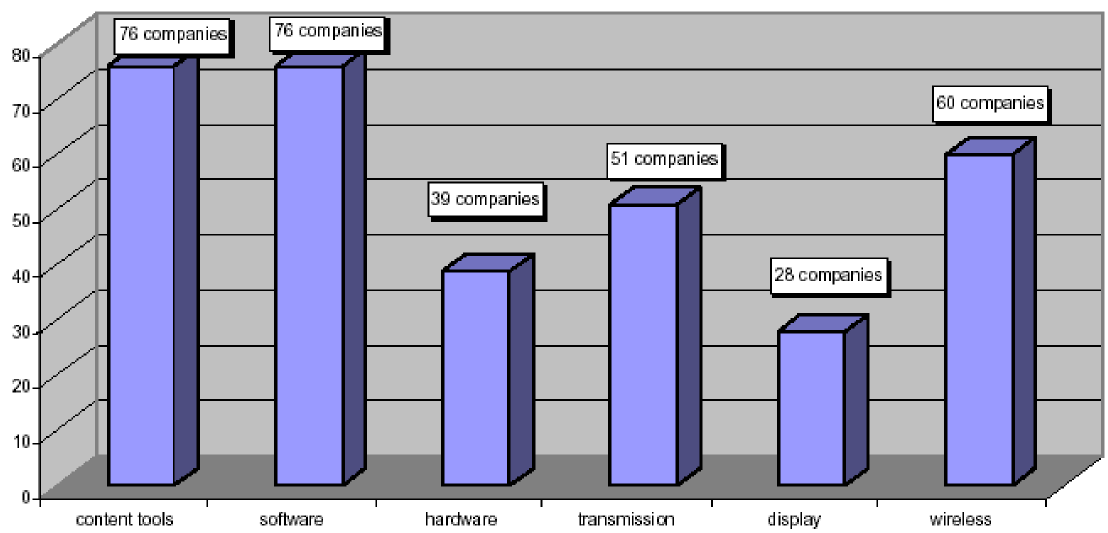
Most companies are actively involved in numerous product lines, spanning multiple clusters, with a full 50 percent involved in three or four of these broad interactive technology clusters.

Percentage of Companies Involved in Multiple Interactive Technology Clusters



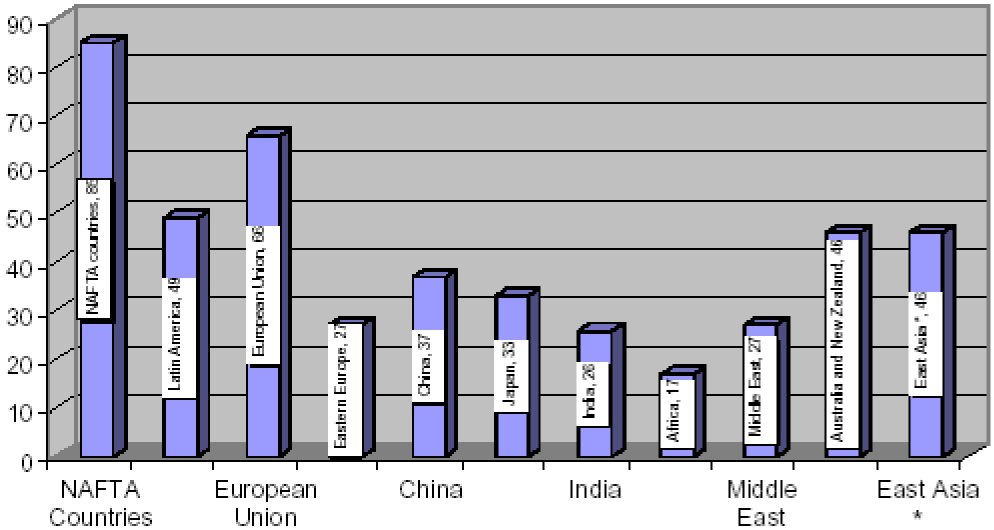
The interactive technology clusters with the most corporate involvement among surveyed participants: Content Tools and Software.

Company Involvement in Interactive Technology Clusters
(Companies placed themselves in as many clusters as applied to their business today)



The majority of companies are “targeting or planning to target in the near future” various international markets,” with the most activity centered in NAFTA countries, European Union and Latin America. Thirty seven percent of surveyed companies say they currently target, or plan to target China in the near future.

Percentage of Companies Targeting or Planning to Target Various International Markets



*****East Asia includes: Hong Kong, Indonesia, Malaysia, Singapore, Korea, Taiwan, Thailand