

November 2013 – CMF Focus Group Feedback

We had the opportunity to attend the CMF public focus group meeting in Toronto this past September, and appreciate the opportunity to provide feedback and recommendations as you review effectiveness of CMF programs.

We would like to make clear that our position is that of a Video Game development studio, and so our views are specific to that perspective. As such, we will only be making comments and recommendations related to the Experimental Stream of the CMF.

Background on Submission

BattleGoat Studios is a small video game development studio founded in 2000, located in Ancaster, Ontario. We have published three previous successful PC strategy Game titles in the past (*Supreme Ruler 2010*, published 2005; *Supreme Ruler 2020*, published 2008; *SR Cold War*, published 2011), and are currently finishing up a fourth title due out in 2014. Our award-winning titles have been published worldwide, retail and digital, localized into 5 languages.

BattleGoat Studios also participates in the local digital media development cluster, as a participant in the Hamilton Chamber of Commerce Innovation/Technology Committee, a member of the International Game Development Association, a supporter of Software Hamilton and its related digital-media events (*DemoCamp*, *CoderCamp*), and we are also members of Interactive Ontario and the IO Games Committee. In addition, we have worked with post-secondary institutions (McMaster University, Mohawk College, Western University, Brock University) on initiatives and programs related to digital interactive media and gaming.

While this submission directly reflects the views of BattleGoat Studios, we have produced our recommendations in consultation with the above organizations and many other digital media companies from the Hamilton area, and these views are generally consistent with the views of these other industry partners.

Recommendations

1) Focus Experimental Stream specifically on Video Games and High-Interactivity Apps

The CMF Experimental Stream is unfocussed and often results in “apples vs oranges” jury comparisons, as it casts too wide a net on permitted projects. In specific, it permits “websites” and other marginally-interactive projects, and it also permits technical platform projects (“back end” and “engine” developments). Both of these should be excluded from the Experimental Stream.

Websites – outside of the limited interactivity and limited innovation of most of these projects, the “website” projects funded by the CMF in the past are almost universally commercial failures, and in most cases provide little lasting value to the industry.

Technical Platforms – these projects are much better targeted towards SR&ED funding and other opportunities (IRAP, post-secondary collaborations, etc). Additionally, the CMF juries do not generally have the technical backgrounds to properly assess the industry potential and market risks of these projects.

The CMF Experimental Stream is already a relatively small pool of funds when considering the size of the video game and interactive digital industry, and these marginal project types dilute the pool even further with few positive outcomes.

2) Combine the Development Stage and Production Stage

The concepts of “Development” and “Production” may make more sense from the perspective of film and television development, but for interactive digital titles these often lack clear definitions and meaning. Prototyping, design development, and product production can often overlap and in fact take place simultaneously. There is no reasonable policy requirement to hold these stages as separate, other than giving companies multiple opportunities for funding (see recommendation 3, below).

These stages could be combined into a single “Product Stage”.

3) Reduce the total funding maximums per project

Funding of \$1 million to a single project stage is excessive, and has historically resulted in very poor outcomes both for the CMF and for the companies that have received the funding. Contrast the CMF's results of highly-funded projects against the commercial results of OMDC IDMF (Interactive Digital Media Fund) recipients, where the funding maximum is \$150,000. The IDMF projects have historically been more successful, while the reduced funding levels have allowed a much greater number of projects to be funded.

We recommend that a maximum of \$500,000 per project for the Product Stage be implemented. If the Development and Production Stages remain separated, then this \$500,000 limit should be a total limit for those two stages. (The Marketing Stage would not be included in this limit.)

4) Reduce the importance of poorly defined "Innovation"

Many CMF projects seem to have prioritized economically unsustainable "innovation" over commercial and economic potential. This creates a conflict in the CMF's own selection process, as the CMF simultaneously requests "innovation" and also a solid economic "business plan", and at times these can be in direct conflict.

The CMF jury's view of Innovation is often oriented toward highly experimental and economically unproven concepts and technologies, and while it is not unreasonable to have a fund for truly experimental and commercially uncertain projects, it creates another dichotomy in the Experimental Stream when those projects are up against video games and interactive digital applications that are economically viable.

It is true that the funding program is called the "Experimental Stream" (though that name has been controversial since it was first announced), but if the intention is to truly fund experimental digital projects, then there should be no pretense to attract traditional (economically viable) interactive digital projects (video games and "apps").

Our recommendation is to reduce the weighting of the "Innovation" criteria, and to also improve the definition to specify "innovation with an economic potential".

5) Experimental Stream Juries are inconsistent, often without appropriate backgrounds.

Due to the wide range of project types that currently apply to the Experimental Stream, the CMF selects Juries with a wide range of backgrounds. This results in projects often being assigned to Jury members without backgrounds specifically related to the types of projects they end up reviewing, and it is also a continuation of the “apples vs oranges” situation. In many cases jury members have diametrically opposed opinions on the strengths and weaknesses of a single specific project, with some focusing more on the team and business plan, and others on innovation and originality. The result is that more often than not projects that are mediocre in both elements drift to the top through the scoring process, as projects that are strong in one element or the other are eliminated.

We recommend that, in combination with our Recommendation #1 (reducing the types of projects being accepted), the Juries be selected with more specific experience in those particular areas of the video game and interactive digital industries.

6) Remove the equity-position Recoupment Policy

While we understand that it is currently part of the CMF’s mandate to require a profit-sharing Recoupment Policy, historical results have shown this to be a failure from all perspectives. Not only are recoupments minimal as a percentage of the funds available to the CMF, but the policy as defined is a deterrent to projects that have a reasonable commercial potential. Commercially viable projects that would otherwise benefit significantly from development funding through the CMF end up avoiding the program due to the unreasonable profit-sharing rules, while projects with far more limited economic potential (and far greater risk) end up applying, resulting in an overwhelming history of commercial failures of CMF funded projects.

Conclusion

Thank you for allowing us the opportunity to provide this feedback on the CMF. We feel that a federally-sponsored program that encourages development among Canada’s growing interactive digital media industry can be a very important element in supporting this country’s continued strength in this area, however to date the federal programs have been unfocussed and with poor outcomes compared to provincial programs, especially those in Quebec and Ontario.

If we can provide any further information or input, we would be pleased to do so.

-- *George Geczy, Co-Founder, BattleGoat Studios.*