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Ministry of Education

Culture

State Support for Digital Content Creation in Finland Evaluation of the DigiDemo Programme in 2003-2006

Publications of the Ministry of Education, Finland 2008:39

Media Group
Turku School of Economics

AVEK

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demo

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Undervisningsministeriet

MINISTRY OF EDUCATION

Ministère de l'Éducation

The Ministry of Education, Finland
Department for Cultural, Sport and Youth Politics
P.O. Box 29, FIN-00023 Government
Finland

www.minedu.fi

www.kopioisto.avek.fi

Layout: Milla Moilanen

Pictures: Picture material from projects supported by Digidemo Programme

Printed by Helsinki University Print, 2008

ISBN 978-952-485-536-5 (nid.)

ISBN 978-952-485-537-2 (PDF)

ISSN 1458-8110

Publications of the Ministry of Education 2008:39

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preface

The digital production and distribution environment has for long seen a great need for product development of cultural content. Digital content development has traditionally emphasised technology. This has meant that public support has mainly been targeted at technological innovations. Yet throughout the late 1990's, the idea of content being king and technology its servant gained ground. Changes in support measures, however, are slow.

In the autumn of 2002, the Ministry of Education and the Promotion Centre for Audiovisual Culture (AVEK) agreed on supporting product development of audiovisual content through a pilot project named Funding for Product Development for Creative Industries. The financial support was primarily aimed at developing audiovisual content interesting to users and suitable for new digital devices. Above all, the project aimed at content-based product development.

The idea of supporting product development of content came from producers in the audiovisual field. Measures to this end were planned and prepared in a Content Production Project that was part of the Government's Programme (2000-2003). The goal here was to initiate a large-scale and cross-administrational project with the aim of developing content for the information society. One of the most important outcomes of the Content Production Project was DigiDemo, the project analysed in this report.

During 2003 - 2006 the total amount of subsidies was small, approximately €115,000 annually. Internal evaluations of the allocation showed that the new and developing sector of content production welcomed this new support mechanism. However, voices were heard from the sector requesting for the support mechanism to be made more flexible. The system of allocating subsidies once a year was considered too slow and inflexible for the needs of the fast developing sector.

In the autumn of 2005, the Ministry and AVEK launched a new three-year (2006-2008) Digital Demo Project. The basic objectives were kept the same, but were more clearly defined: DigiDemo subsidies are primarily targeted at content products that utilise multiple digital channels and seek new narrative forms in various fields of culture and entertainment. The total annual amount of financial support was raised to € 400,000, and subsidies were allocated twice a year.

DigiDemo subsidies are targeted at pre-production stage projects which have a good chance of going into production. Funding is granted for developing a project's concept (or manuscript) or plan, or for the actual demo phase. Criteria for granting subsidy include the project's level of innovativeness, and its prospects of commercial success.

The assessment of subsidies for projects of content development have been administered by a steering group and by an expert group chosen by the steering group.

The feasibility and effectiveness of DigiDemo was studied by an outside evaluator. The report of this study, which focuses on the commercial effects of content production pro-

jects, was carried out by researchers of Turku School of Economics Media Group. Results of the report will be used in planning future measures.

One could say that the original aim of the measure has been reached: DigiDemo subsidies have been important for pre-production phase development projects, for which very little other funding is available. The programme has been particularly effective in the product development and commercialisation of innovative and experimental, financially risky but promising productions. DigiDemo can be compared to support granted by TEKES (Finnish Funding Agency for Technology and Innovation) for technological innovation projects.

It is clear that there is still a need for product development of digital content. New models and good practices are constantly being sought in various EU development projects in order to enhance culture-based content production and strengthen the creative industries.

Helsinki, September 30, 2008

Leena Laaksonen and Juha Samola



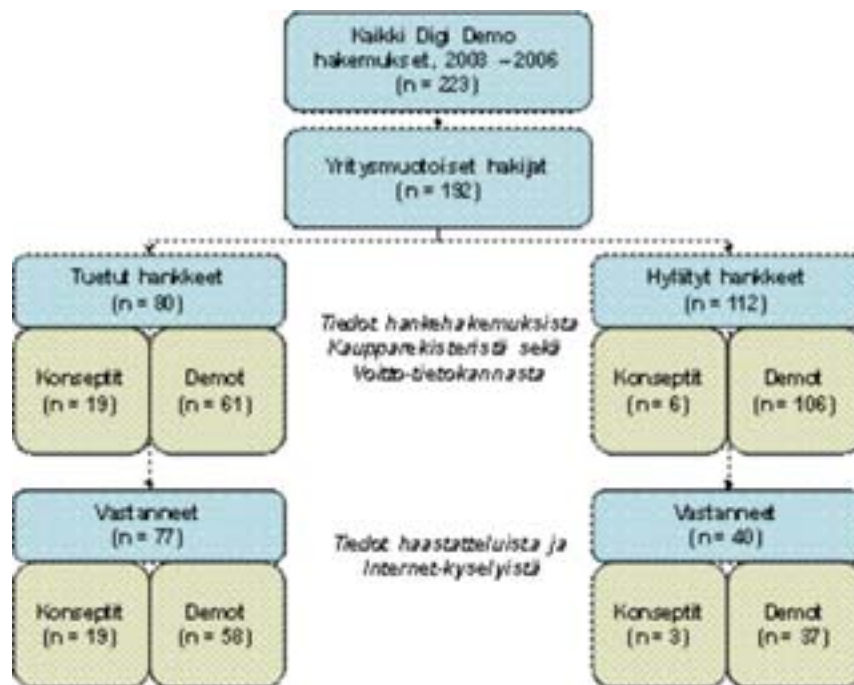
summary in finnish

Tausta ja toteuttaminen

Vuonna 2002 opetusministeriö aloitti luovien alojen, erityisesti audiovisuaalisten sisältöjen tuotekehityksen tukemisen yhtenä hallituksen Sisältötuotantohankkeen kokeiluna. Sisältötuotannon kehitysrahaksi nimettyä tukea uudistettiin ja parannettiin muutaman vuoden kokemusten perusteella vuonna 2006 ja tuki nimettiin DigiDemo-projektiksi. Vuodesta 2002 lähtien opetusministeriö toteutti projektia yhteistyössä Audiovisuaalisen kulttuurin edistämiskeskuksen (AVEK) kanssa.

Ohjelman tavoitteena on tukea luovien alojen tuotekehitystä, jossa tuotetaan mielekkäitä sisältöjä ja palveluja digitaalisiin päätelaitteisiin, ja joilla on hyvät mahdollisuudet päätyä tuotantoon. Ohjelmasta voi hankea rahoitusta sekä konseptin että demohankkeen toteuttamiseen. Hakemukset käsitellään projektille erikseen nimetyssä asiantuntijaryhmässä.

Syksyllä 2007 Turun kauppakorkeakoulun Mediaryhmä toteutti selvityksen, jossa arvioitiin projektin vaikuttavuutta yksittäisten kehityshankkeiden ja niitä toteuttaneiden yritysten näkökulmasta. Selvitys kattaa hankkeet, jotka ovat hakeneet ohjelma-avustusta konseptisuunnitteluun tai demon tuottamiseen vuosien 2003–2006 aikana. Selvityksessä on mukana ainoastaan yritysmuotoiset toimijat. Yksityiset henkilöt ja työryhmät on jätetty selvityksen ulkopuolelle. Selvitys kattaa sekä tuetut hankkeet että hankkeet, jotka ovat osallistuneet ohjelmahakuihin, mutta ovat saaneet kielteisen tukipäätöksen. Selvityksessä käytetyt aineistot sekä tutkimusjoukko on kuvattu lyhyesti kuviossa 1.¹



Kuvio 1. Aineiston kuvaus ja käytetyt lähteet²

Tutkimuksen kolmena päätavoitteena oli selvittää:

- 1) minkälaiset hankkeet ja yritykset ovat osallistuneet ohjelmaan,
- 2) minkälainen on tuettujen sisältöjen elinkaari, kuinka moni sisällöstä on edennyt tuotantoon ja jakeluun, ja miten hankkeet ovat luoneet uusia kaupallisia tuotteita ja palveluita,
- 3) mikä on ollut ohjelman liiketaloudellinen vaikuttavuus yritystasolla.

Liiketaloudellista vaikuttavuutta tarkasteltiin sekä suorien että epäsuorien vaikutusten kautta. Selvityksessä ohjelman vaikuttavuutta on tarkasteltu projektilähtöisesti. Tarkastelussa on kuitenkin pyritty laajentamaan näkökulmaa arvioimalla projekteja myös laajemmin, osana digitaalista liiketoimintaympäristöä sekä siellä syntyviä ja olemassa olevia liiketoimintamahdollisuuksia. DigiDemo-ohjelma tukee liiketoimintaedellytysten kehittymistä tukemalla yksittäisiä tuotekehityshankkeita.

Tällä hetkellä DigiDemo-ohjelma on yksi harvoista tukimuodoista innovatiivisen digitaalisen sisältötuotannon alueella Euroopan Unionin jäsenmaissa, sillä ohjelma tukee erityisesti sellaisia audiovisuaalisen alan tuotantoja, jotka eivät mukaudu perinteisiin kulttuurialoihin tai yksittäiseen jakelukanavaan. Valtaosa (90%) Euroopan unionin jäsenmaissa toteutettavista kehittämissuunnitelmista liittyy tuotantovaiheessa olevien tuotantojen tukemiseen. Tuotekehitysvaiheen tukiohjelmia on vain vähän. Tuotekehitysvaiheen kansalliset tukiohjelmat keskittyvät ensisijaisesti elokuva- ja TV-tuotannon tukemiseen eikä muiden innovatiivisten audiovisuaalisten sisältöjen tukemiseen. Kolme ranskalaista tukiohjelmaa näyttäisi vastaavan DigiDemo-ohjelman tavoitteenasettelua.³ Kansallisen tason kehittämissuunnitelmien lisäksi Media 2007 -ohjelma tukee audiovisuaalista tuotekehitystä Euroopan unionin jäsenmaissa.

Vuoden 2003 jälkeen sekä hankehakemusten että tuettujen hankkeiden määrä on kasvanut. Huomattava nousu määrässä tapahtui erityisesti ohjelmaan tehtyjen tukimuotojen parannusten ja täsmennysten myötä vuonna 2006, jolloin tuettiin ensimmäistä kertaa myös konseptihankkeita. DigiDemoa edeltäneestä Sisältötuotannon kehitysrahasta tuettiin vuosina 2003–2005 keskimäärin 30% hakemuksista. Uudistetun ohjelman myötä osuus kasvoi 41%:iin. Samaan aikaan keskimääräinen tuki projektia kohden laski lähes 30%.

Taustatiedot hankkeista

Ohjelmaan osallistuneet yritykset edustavat pääasiassa luovan tai kulttuuriteollisuuden aloja. Toimialaluokitus on tässä selvityksessä kuitenkin ongelmallinen, koska Suomen kauppakamarin ylläpitämä rekisteri on luokitukseltaan vanhentunut eikä vastaa luovan tai kulttuuriteollisuuden kannalta relevanttia luokittelua.

Vain 15% kaikista ohjelmaan osallistuneista yrityksistä toimii muulla kuin luovan tai kulttuuriteollisuuden aloilla. Suurin näistä toimialoista on **liike-elämän palvelut**, jolla toimii 13% tuetuista yrityksistä. Ohjelma on ensimmäisen ohjelmakauden aikana tukenut ensisijaisesti toimialoja, joiden osuus kaikista luovien alojen yrityksistä on toistaiseksi verrattain pieni. Suurimmat luoviin aloihin luettavat toimialat ovat olleet ohjelmistojen suunnittelu ja valmistus (ml. peliteollisuus) (34%) sekä elokuva- ja videotuotanto (20%).

Yrityksen koon ja kasvun arvioinnissa käytetään usein indikaattorina henkilöstömäärän ja liikevaihdon muutosta. Luovilla aloilla toimivien yritysten koon ja kasvun arvioiminen henkilöstömäärän avulla on kuitenkin ongelmallista, sillä yritykset käyttävät tyypillisesti alihankintaa ja freelancereita tuotantojen toteuttamisessa.

Henkilöstömäärän mukaan mitattuna ohjelmaan osallistuneet yritykset ovat olleet tyypillisesti pieniä itsenäisiä tuotantoyhtiöitä. Tuetuista yrityksistä 89% on mikroyrityksiä, jotka työllistävät alle 10 henkilöä.⁴ Erot yritysten henkilöstömäärässä ovat kuitenkin suuria, sillä yrityksissä työskentelee yhdestä 60 henkilöä. Vakituisesti yrityksistä työllistää alle neljä henkilöä 41% (n=33).

Myös liikevaihdon mukaan mitattuna ohjelmaan osallistuneet yritykset ovat tyypillisesti mikroyrityksiä. Yritysten väliset erot ovat kuitenkin tässäkin suuria, sillä liikevaihdon määrä liikkuu 10 000 ja yli kahden miljoonan euron välillä. Tuetuista hankkeista 36% toteutettiin yrityksissä, jossa liikevaihdon määrä on alle 30 000 euroa. Tuetuista yrityksistä 28% ilmoitti liikevaihdon volyymiksi 100 000 – 499 000 euroa.

Yritysprofiliia tarkasteltiin selvityksessä myös yrityksen **perustamisvuoden, yritysmuodon ja yrityksen sijainnin** mukaan. Tukiohjelman toteuttamisaikana (2003–2006) yrityksistä on perustettu 23%. Vuosina 1999–2002 perustettujen yritysten määrä on kuitenkin kaikkein suurin (30%). Uusien yritysten (start-up)⁵ määrä tuettujen hankkeiden osalta on vuosittain ollut keskimäärin 15%. Konseptikehittämistukea saaneet yritykset olivat kaikki uusia yrityksiä. Niistä yrityksistä, jotka eivät ole saaneet ohjelma-avustusta, arviolta peräti 40% on uusia yrityksiä.

Osakeyhtiömuotoisia yrityksiä tuetuista yrityksistä on 85%. Tuetuista hankkeista 15% on toteutettu toiminimellä tai erilaisissa pienissä henkilöyhtiöissä, kuten esimerkiksi avoimissa yhtiöissä. Kaksi kolmesta (64%) yrityksestä sijaitsee pääkaupunkiseudulla.

Kehittämishankkeet

Ohjelmasta tuetut hankkeet ovat tyypillisesti kestäneet seitsemän kuukautta, tosin kehityshankkeiden pituus on vaihdellut kuukaudesta yli vuoteen. Ainoastaan 25% yrityksistä on perustanut laajemman yhteistyöverkoston hankkeen toteuttamiseksi; pääosin hankkeet on toteutettu yksittäisen tuotantoyrityksen toimesta.

Selvityksessä kehityshankkeet luokiteltiin niiden pääasiallisen sisällön ja ensisijaisen jakelukanavan mukaan. Kolme neljäsosaa tuetuista hankkeista on ollut erilaisia sisältötuotteita ja yksi neljäsosa sisältöpalveluja. Suurimmat yksittäiset sisältöryhmät ovat olleet pelit, yleishyödylliset asiasisällöt, viihdepalvelut sekä TV-ohjelmat. Ohjelmatavoitteiden mukaisesti 28% tuetuista hankkeista on jo lähtökohtaisesti kohdentunut monikanavajulkaisuun. Yleisimmät yksittäiset jakelukanavat ovat olleet Internet ja mobiilit päätelaitteet.

Ohjelmasta saatu tukirahoitus on kattanut keskimäärin 38% hankkeiden kokonaisbudjetista. Tuetut hankkeet ovat saaneet keskimäärin useammin myös muuta rahoitusta verrattuna hankkeisiin, jotka eivät ole saaneet ohjelmasta avustusta. Hankkeiden keskimääräinen tuki on vaihdellut huomattavasti eri sisältöryhmissä. Erityisesti pelit ja sisältöpalvelut ovat saaneet keskimäärin enemmän tukea kuin muut sisällöt.

Sisältöjen kehitys liiketoiminnaksi

Hankkeiden saaman tuen merkitystä tuotekehityksessä selvitettiin tarkastelemalla hankkeiden elinkaarta (tuotekehityksestä tuotantoon ja markkinoille) sijoittamalla hankkeet elinkaaren eri vaiheisiin niiden tutkimusajankohdan tilanteen mukaan.⁶ Tässä tiivistelmässä käsitellään lyhyesti ainoastaan niitä hankkeita, jotka ovat tuottaneet valmiin demon tai jotka ovat jo edenneet varsinaiseen tuotantoon. Tuotekehitysvaiheessa olevat hankkeet kuvataan varsinaisessa tutkimusraportissa.

Yhteensä 75% (n=46) kaikista tuetuista demohankkeista (n=61) on osoittanut kaupallisia menestymismahdollisuuksia. Näistä valmiin demon on tuottanut 15 hanketta. Hankkeista kolmasosa on pelejä, sisältöpalveluja (27%) ja (20%) erilaisia taiteellisia tuotantoja.

Tuotantovaihe

Yhteensä 31 tuotekehityshanketta kaikista tuetuista hankkeista (n=61) on edennyt varsinaiseen tuotantovaiheeseen. Näistä hankkeista 12 oli tutkimushetkellä markkinoille pääsyn vaiheessa. Näiden osalta on vielä liian aikaista arvioida, miten ne kehittyvät markkinoilla. Puolet hankkeista on pelisisältöjä Internetiin tai mobiileihin päätelaitteisiin. Sisältöpalveluita on neljäsosa. Vielä toistaiseksi tuotannot eivät ole levinneet pilotointikanavan jälkeen muihin jakelukanaviin.

Kasvuvaiheessa olevat

Kasvuvaiheeseen on edennyt 19 tuettua demohanketta. Näistä 11 sijoittuu aikaiseen kasvuvaiheeseen, ja ne ovat saavuttaneet melko hyvän aseman kotimarkkinoilla. Niiden voidaan myös olettaa kasvavan lähivuosina. Näistäkin tuotannoista 55% (n=6) on pelitallenteita tai mobiilipelejä. Neljä hankkeista on erilaisia sisältöpalveluja.

Ainoastaan 27% (n= 3) aikaisessa kasvuvaiheessa olevista hankkeista on levinnyt ensisijaisen jakelukanavan lisäksi johonkin muuhun jakelukanavaan. Hankkeet ovat tyypillisesti osa yrityksen toiminnan kehittämisprojektia tai osa laajempaa sisältökonseptin kehittämistyötä. Kolme näistä kehittämissankkeista on brändi-laajennuksia, mutta myös kaksi muuta hanketta käyttää olemassa olevaa brändiä oman tuotekehitystyönsä keskeisenä sisältönä.

Vakiintunut kasvu

Kahdeksan (13%) tuetuista demohankkeista on tällä hetkellä saavuttanut elinkaarensa vakiintuneemman kasvun vaiheen. Näillä hankkeilla voidaan sanoa olevan kaupallista menestymis- ja kasvumahdollisuuksia kotimarkkinoiden lisäksi myös kansainvälisillä markkinoilla. Kahta hanketta lukuun ottamatta ensisijaisena jakelukanavana on mobiilit päätelaitteet. Joka toinen (n=4) hanke on tähän mennessä laajentunut myös ensisijaisen jakelukanavan ulkopuolelle.

Vakiintuneemman kasvun hankkeet ovat tyypillisesti sisältöpalveluja. Vaikka sisältöpalveluiden osuus tuetuista hankkeista on ollut noin neljännes, tällä hetkellä tuotannossa ja jakelussa olevista sisällöistä huomattavasti useampi muodostaa jonkinlaisen palvelukokonaisuuden. Näissä yhteisöllisyyden merkitys on olennainen,

vaikka ainoastaan yksi kehityshanke on lähtökohtaisesti luokiteltu yhteisöpalveluksi. Nämä markkinoilla olevat palvelut ovat hyviä esimerkkejä sosiaalisen median sovellutuksista, joissa asiakkaat osallistuvat sisältöjen tuottamiseen ja jakamiseen. Sisältöpalvelut ovat tyypillisesti brändilajennuksia tai olemassa olevien brändien käyttöä uusissa sisältöinnovaatioissa.

Useat näistä kaikkein menestyneimmistä kehitysprojekteista ovat osa laajempaa tuotekehitystyötä, jossa tuotteita tai palveluja on kehitetty osana brändin - laajennusta tai laajempaa mediakonseptia. Tämä ei liene yllättävää, sillä tällaisiin hankkeisiin liittyvät rahoitusriskit ovat pieniä ja todennäköisyys sisällön kaupalliseen menestymiseen suurempi.

Tuen merkitys kaupallisen tuotannon ja jakelukanavien kannalta

Selvityksessä arvioitiin myös ohjelmarahoituksen merkitystä sisältöjen etenemisessä laajempaan tuotantoon ja jakelukanaviin. Merkitystä arvioitiin sekä tuen suhteellisenä osuutena kehitysprojektien kokonaiskustannuksista että tuensaajien omien arviointien kautta. Ohjelman kautta jaetulla avustuksella näyttäisi olevan merkitystä sisältöjen kehittymiseen kaupallisiksi tuotteiksi ja palveluiksi.

Ohjelmasta myönnetty avustus on ollut keskimäärin 38% kehittämishankkeen koko budjetista. Verrattuna ei-tuettuihin hankkeisiin, tuetut hankkeet ovat hieman yleisemmin markkinoilla. Kaikista tuetuista hankkeista 75% on tähän mennessä ollut kaupallisesti hyödynnettäviä. Tuetta jääneiden hankkeiden osalta vastaava luku on 52%.

DigiDemo –ohjelmasta myönnetty tuki näyttää selittävän sisältöjen tuotantoon etenemistä. Hankkeet, jotka ovat saaneet keskimääräistä enemmän tukea, ovat myös tuotannossa keskimääräistä useammin. Muut hankekohtaiset tekijät eivät tunnu selittävän markkinoillepääsyä. Kun tähän yhdistetään kehitysprojektien oma arvio avustuksen merkityksestä hankkeen toteuttamisessa, voidaan todeta, että avustus on ollut keskeinen 84% (n= 26) tuotannossa olevien sisältöjen osalta. Usein avustus on ollut jopa edellytys koko tuotekehityshankkeen toteuttamiselle.

Demohankkeiden lisäksi selvityksessä tarkasteltiin yhteensä 19 konseptihankkeen kehittymistä kaupallisiksi sisältötuotteiksi ja –palveluiksi. Näistä kahdeksassa on tuotettu valmis konseptisuunnitelma, joka ei kuitenkaan vielä ole edennyt demovaiheeseen. Seitsemän konseptia on tällä hetkellä demovaiheessa. Kolme konseptitukea saanutta hanketta on edennyt laajempaan tuotantoon ja jakeluun. Näistä yksi on mobiilipeli ja kaksi TV –ohjelmia.

Vaikka tämän ohjelma-arvioinnin aikajänne onkin ollut lyhyt, voidaan todeta, että moni sen aikana tuetuista hankkeista on jo menestynyt markkinoilla. Ohjelma on tukenut yhteensä 21 kaupallisen tuotteen ja 13 palvelun kehittymistä liiketoiminnaksi.

Haastattelujen perusteella voidaan perustellusti sanoa, että ohjelmalla on ollut erittäin merkittävä vaikutus tähän kehitykseen. Tuotantovaiheessa olevien hankkeiden toteuttajista 35% arvioi, että koko kehittämishanke, ja näin ollen myös sen myötä kehittynyt liiketoiminta, olisi jäänyt toteuttamatta ilman hankeavustusta. Ainoastaan 16% tuotantovaiheen hankkeiden taustayrityksistä arvioi avustuksen merkityksen pieneksi kokonaisuuden kehittymisen näkökulmasta.

Peleillä on merkittävä osuus markkinoilla olevista kaupallisista tuotteista erilaisten viihde- ja sisältöpalveluiden rinnalla. Pelien ja uudenlaisten teknologioiden kehittämisellä on merkittävä rooli tulevaisuuden asiakaspalvelumallien kehittämisessä, joten tämän kehitystyön tukeminen on monella tapaa tärkeää. Kun TEKES tukee voimakkaasti pelialaa Suomessa, voisi olla tarkoituksenmukaista määritellä DigiDemo -ohjelman rooli tarkemmin pelialan kehittämisessä. Yksi mahdollisuus voisi olla ohjelmatuon rajaaminen hyötypelien alueelle.

Taloudelliset vaikutukset yritystasolla

Osana selvitystä yritysten edustajia (n=58) pyydettiin arvioimaan avustuksen tuotekehityshankkeen vaikutusta yrityksen liikevaihdon kehittymiseen, henkilöstömäärän kasvuun sekä markkina-aseman muutoksiin sekä kotimarkkinoilla että kansainvälisillä markkinoilla. Selvityksessä ei ollut tarkoitus arvioida ohjelman kulttuurisia vaikutuksia, mutta myös tämä ulottuvuus tuli esille monissa haastatteluissa erityisesti epäsuorien taloudellisten vaikutusten muodossa.

Haastattelujen perusteella voidaan sanoa, että ohjelman suurimmat epäsuorat taloudelliset vaikutukset liittyvät yksittäisten toimijoiden ja kokonaisten organisaatioiden oppimiseen ja kehittymiseen. Peräti 47% haastatelluista mainitsi tuetun hankkeen kehittäneen yrityksen osaamista ja tietämystä digitaalisten mediapalveluiden alueella, mikä on epäsuorasti vahvistanut yritysten markkina-asemaa. Välilliset vaikutukset yritystasolla innovatiivisuuden tukemisen muodossa ovat paljon suurempia kuin mitä ainoastaan markkinoilla olevien uusien kaupallisten tuotteiden ja palveluiden määrän perusteella voidaan arvioida.

Myös uusia liiketoimintaideoita syntyy sen kehitystyön pohjalta, mitä DigiDemo-ohjelman ansiosta yrityksissä on tehty. Haastateltujen mukaan ohjelma tukee innovatiivisuutta ja yritteliäisyyttä sisältöliiketoiminnan alueella, parantaa yritysten uskoa omiin menestymismahdollisuuksiinsa ja osaamiseensa, millä on merkittävä vaikutus erityisesti pienten ja uusien yritysten liiketoiminnan muodostumisessa.

Karkeasti ottaen joka toinen haastatelluista yrityksistä on kokenut avustuksella olleen joko merkittävää (20%) tai jonkin verran vaikutusta (36%) yrityksen markkina-asemaan. Avustus on edesauttanut demon tuotteistamisessa, mikä on ideaalitapauksessa johtanut jopa pioneiraseman saavuttamiseen tietyllä digitaalisen median osa-alueella.

Liikevaihto ja henkilöstö

Liikevaihdon ja henkilöstömäärän näkökulmasta suorat ohjelmavaikutukset on koettu vähäisempänä. Yrityksistä 80% arvioi, ettei ohjelma-avustuksella ole tähän mennessä ollut vaikutusta yrityksen tulonmuodostukseen. Yritykset, jotka mainitsivat liikevaihtonsa kasvaneen suoraan DigiDemo-avustuksen myötä, edustivat kaikki peliteollisuutta (20%).

Vaikka ainoastaan 22% yrityksistä arvioi hankkeen kasvattaneen yrityksen vakinaisen henkilöstön määrää, huomattavasti useampi yritys arvioi hankkeen kuitenkin luoneen työtä ja sitä kautta aikaansaaneen positiivista vaikutusta myös työllistävyyden näkökulmasta. Vastanneista 31% arvioi hankeavustuksen mahdollistaneen ulkopuolisen työvoiman käytön ja alihankinnan hankkeen toteuttamiseksi.

Palaute DigiDemo-ohjelmasta ja sen toimeenpanosta

Osana selvitystä kartoitettiin myös yritysten arvioita DigiDemo -ohjelman merkityksestä audiovisuaalisella alalla sekä ohjelman toimeenpanoa AVEKissa ja opetusministeriössä. Tukea saaneista yrityksistä 58% arvioi ohjelman olevan erittäin merkittävä kehittämisinstrumentti audiovisuaalisella alalla yleisesti. Edelleen kolmasosa haastatelluista koki ohjelman olevan erittäin merkittävä nimenomaan kulttuurisena rahoitusinstrumenttina (35%).

Haastattelujen perusteella voidaan sanoa, että ohjelman kulttuuriset tavoitteet ja ohjelman merkitys suomalaiselle audiovisuaaliselle alalle ovat olennaisia. Ohjelmalla on kulttuurisen merkityksensä ohella merkittävää taloudellista vaikutusta kulttuuri- ja luovien alojen yrityksille, joskin osa liiketaloudellisesta vaikuttavuudesta tulee realisoitumaan vasta pidemmällä aikavälillä.

Vastaajista 44% koki ohjelman taloudellisen vaikuttavuuden olevan joko vähäinen tai he eivät osanneet arvioida ohjelman merkitystä taloudellisesta näkökulmasta. Vaikka haastatellut kokivatkin keskimääräisen tuen olevan verrattain pieni, on ohjelmalla heidän mielestään kuitenkin usein ratkaisevan tärkeä merkitys kehittämishankkeen alkuvaiheessa. Tuki mahdollistaa kehittämistyöhön paneutumisen yrityksissä. Yleisesti ottaen demotuki koettiin riittävän suureksi demon toteuttamisen näkökulmasta.

Erityisen merkityksellinen ohjelma on ollut innovatiivisten ja kokeellisempien sekä kaupallisessa mielessä suuremman riskin omaavien tuotantojen tuotekehitystyössä ja kaupallistamisessa. DigiDemo -ohjelma on tukenut esituotantovaiheen kehittämishankkeita, joille on hyvin vähän tarjolla muuta julkista rahoitusta. Tällaisia ovat esimerkiksi hankkeet, joissa sisältöjen kehittäminen edellyttää samalla myös teknologista kehitystyötä. Myös sellaiset sisältöhankkeet, joita ei voi lukea kuuluvaksi perinteisiin kulttuurimuotoihin, ovat hyötyneet ohjelmasta.

Ohjelman toimeenpanoon oltiin tuetuissa yrityksissä pääasiassa tyytyväisiä. Vastaajista 88% ilmoitti olevansa tyytyväinen rahoituksen hakuprosessiin ja hallinnointiin. Yritykset pitivät hyvänä asiana, että rahoituksen hakuun ja raportointiin liittyvä hallinnollinen työ on pidetty minimissä, mikä säästää yrityksen resursseja. Myös tiedottaminen rahoitusmuodoista, hakemisesta ja hakukriteereistä yms. liittyen koettiin pääasiassa tarkoituksenmukaiseksi. Vastaajista 58% koki tiedottamisen olevan erittäin hyvin ja 30% hyvin hoidettua. Ohjelman yleiseen toimeenpanoon yritykset toivoivat kuitenkin tehostamista joko useampien hakukierroksien tai jatkuvan haun avulla. Lisäksi yritykset toivoivat kohdennettuja hakuja eri sisältöryhmille, mikä voisi lisätä hankkeiden innovatiivisuutta.

Yritykset olivat huomattavasti tyytymättömämpiä hankehakemuksista ja toteutettujen hankkeiden sisällöstä annettuun palautteeseen. Vastaajista 44% oli tyytyväinen saamansa palautteen määrään ja laatuun, mutta 38% vastaajista ei osannut arvioida annetun palautteen merkitystä oman hankkeensa kannalta, koska ei muistanut saaneensa muuta palautetta kuin rahoituspäätöksen. Myös yritykset, jotka olivat tyytyväisiä omasta hankkeesta saamaansa palautteeseen olivat sitä mieltä, että ohjelman palautekäytäntöjä ja laajemmin hanke-evaluointiprosessia tulisi kehittää paremmin yritysten tarpeita vastaavaksi.

Kehittämistarpeita

DigiDemo -ohjelma on tukenut erityisesti luovien alojen mikroyrityksiä. Pienet yritykset tarvitsevat usein pitkäaikaista tukea tuotekehityshankkeiden, mutta myös koko liiketoimintansa kehittämiseksi kaupallisesti kannattavaksi toiminnaksi. Tässä kehityksessä tukea myöntävien organisaatioiden antama tuki, tieto ja apu ovat erityisen tärkeitä. Ohjelman tärkein kohderyhmä tarvitsee laajempaa ja pidempiaikaista tukea kuin pelkästään tuotekehitystukea yksittäiseen projektiin. Yritykset kaipaavat myös lisää tietoa muista tukimahdollisuuksista ja -organisaatioista ja mahdollisuuksia verkostoitua muiden alan toimijoiden kanssa.

Tuettujen yritysten profiilin huomioon ottaen olisi tarpeellista miettiä ohjelman tulevaa roolia laajemmassa kontekstissa osana luovien alojen yritystoiminnan kehittämistä. Tämänhetkisessä tilanteessa olisi tarkoituksenmukaisinta ohjata laajempaa apua ja tietoa tarvitsevat yritykset muiden tukioorganisaatioiden, kuten esimerkiksi TEKES:n, yritysten kehittämisohjelmiin.

Haastatteluissa nousi esille myös idea nykyistä koodinoidummasta "tuotekehitysjatkumosta". Jatkumo takaisi nykyistä paremmin hyvien hankkeiden jatkorahoitusmahdollisuudet sekä kehittymisen liiketoiminnaksi tukemalla tuotekehitysvaiheen lisäksi varsinaista tuotantoa, markkinointia ja mahdollisesti myös sisällön kansainvälistämistä. Tällainen luovien alojen tuotekehitysjatkumo edellyttäisi nykyistä tiiviimpää yhteistyötä eri rahoittaja- ja tukioorganisaatioiden välillä, jotta eri tuotantovaiheessa oleville hankkeille ja niitä toteuttaville profiililtaan erilaisille yrityksille voitaisiin tarjota tarpeiden mukaista rahoitusta, tietoa ja tukipalveluja. Nykyisenlaisen DigiDemo -ohjelman rooli tuotekehitysjatkumossa voisi olla ensisijaisesti kulttuuristen sisältöjen tuotekehitysvaiheen tukeminen ja jatkokehityksen mahdollistaminen ohjaamalla yritykset tarkoituksenmukaisiin tukioorganisaatioihin ja -ohjelmiin.

Lopuksi

DigiDemo -ohjelman tavoitteena on tukea innovatiivisia sisältöjä, joilla on hyvät mahdollisuudet päätyä laajempaan tuotantoon ja synnyttää liiketoimintaa. Kun tuotannossa tällä hetkellä olevia hankkeita tarkastellaan tämän tavoitteen näkökulmasta, voidaan todeta, että ohjelma on onnistunut hyvin. Demohankkeista 75 % on osoittanut kaupallisen hyödynnettävyytensä vähintään toimivan demon muodossa. Sisältöjen markkinakehitys lähivuosina määrittää pitkälti niiden innovatiivisuuden ja elinkelpoisuuden.

Myös konseptihankkeet ovat edenneet tuotekehityksessä hyvin. Monikanavaisuus ei kuitenkaan ole vielä toteutunut tyydyttävästi. Valtaosa tuotannossa olevista hankkeista ei ole toistaiseksi levinnyt pilotointikanavan jälkeen muihin jakelukanaviin. Tämä selittyy suureksi osaksi tuotannossa olevien sisältöjen luonteella. Kaksi kolmesta kaupallisesta tuotteesta on pelejä ja valmiit sisältöpalvelut on tyypillisesti räätälöity ensisijaisesti yhteen jakelukanavaan.

Lähes joka toinen DigiDemo -ohjelmasta tuetuista demohankkeista on saanut myös muuta julkista tukea, mikä saattaa heijastaa eri rahoitus- ja kehittämisinstrumenttien käyttämien rahoituskriteerien tiettyä samankaltaisuutta ja jopa konservatiivisuutta.

Ohjelmaa kehittäessä on pidettävä huolta siitä, että riittävä innovatiivisuuden taso tuettavissa hankkeissa kyetään säilyttämään. Tämä selvityksen perusteella ohjelman jatkokehittämisessä tulisi tarkastella sitä, millaisia vaikutuksia tuen suuntaamisella aikaisempaa vahvemmin suurempaan kaupalliseen riskin ottamiseen olisi alan kehitykselle. Lisäksi tarkastelussa tulisi harkita uudenlaisten "teemoittaista" kulttuurisältöjen tukemista. Kehittämistyössä pohdittavaksi jää myös tukiohjelman tiiviimpi yhteistyö ja koordinointi muiden hallinnonalojen tuotekehitystä tukevien rahoitusinstrumenttien kanssa.

¹ Yksityiskohtaisempi kuvaus aineistosta sen edustavuudesta ja rajoitteista sisältyy varsinaiseen tutkimusraporttiin.

² Voitto on Suomen asiakastieto Oy:n yritystietokanta.

³ Kehittämisohjelmat kuvataan tarkemmin varsinaisessa raportissa.

⁴ Mikroyritys määritellään yritykseksi, jonka henkilöstön määrä on alle 10 henkilöä ja jonka liikevaihto tai taseen loppusumma ei ylitä 2 miljoonaa euroa.

⁵ Uusi yritys määritellään tässä sellaiseksi joka on perustettu samana tai edellisenä vuonna kuin sille on myönnetty hankeavustus.

⁶ Sisältöjen elinkaari –malli kuvataan varsinaisessa tutkimusraportissa.



1 background of the study

Digital media products and services are highly knowledge-intensive and often require a demonstration product to help the enterprise outline the underlying idea. According to the Development strategy for entrepreneurship in the creative industries sector for 2015¹, there are not many public funding programmes and initiatives for this kind of development in the pre-production phase. Many existing measures focus on technology, while there are few funding opportunities for the development of digital content with commercial potential.

In 2002, the Ministry of Education launched a public funding programme to support the creative industries in Finland. The aim was also to develop and coordinate activities within different ministries. In 2003, the Promotion Centre for Audiovisual Culture (AVEK) was selected as the body for distributing related subsidies.

The Funding for Product Development for Creative Industries project supported related development projects with a total of approximately 115 000 euros per year. The programme was renegotiated every year, which meant its future was always uncertain. Funding was allocated through the programme once a year, and only companies could apply for it. The final decisions on the allocation of funding to individual development projects were made by a group of evaluators set up for the programme. The evaluators represented different areas of expertise relating to the audiovisual industry.

In 2006, the Ministry of Education and AVEK continued their efforts to support the development of digital content in Finland by launching a new three-year programme called **DigiDemo**. The first phase of the programme will end at the end of 2008.

The primary goal of the DigiDemo programme is to support the development of culturally relevant creative digital content in Finland. This aim is reached by providing support for individual development projects. DigiDemo focuses on content production that utilises the digital multimedia environment and looks for new narrative models in the cultural and creative industries. The main criteria for receiving support are creativity and

¹ Development strategy for entrepreneurship in the creative industries sector for 2015 (2007) Ministry of Trade and Industry, MTI Publications 10/2007.



innovativeness. Other important factors are project feasibility, potential for production, a realistic revenue generation strategy, and the commercial potential of the project both domestically and internationally.

Both companies and individual professionals can apply for support which is allocated twice a year. Currently, the programme allocates support for the development of demonstration products and services (jointly referred to as demo projects), and since 2006 support has also been provided for the development of pre-production concept designs and scriptwriting (jointly referred to as concept design projects).

The amount of subsidy for concept design is fixed: at the beginning of 2008, the amount was raised from 2 000 euros to 5 000 euros per project. In terms of demo projects, the amount of subsidy can cover up to 50% of the total costs of the development project. The total annual amount of DigiDemo subsidy is determined in the governmental budget. During the first phase of the programme, the total amount was approximately 400 000 euros per year. The final decision on the allocation of subsidy to individual development projects is made by a group of evaluators set up for the programme. The evaluators represent different areas of expertise relating to the audiovisual industry.

1.1 Assessing the effects of the DigiDemo programme

In the autumn of 2007, the Media Group at Turku School of Economics conducted a study on the effects of the DigiDemo programme. The study focused on the economic effects at the company and industry level. The aim of the study was not to evaluate cultural effects as such.

The evaluation of the effects was made using a bottom-to-top approach, from the perspective of individual projects and their lifecycle. Hence, the opinions of participants in individual development projects were essential to this evaluation. The study assesses the impact the projects had on the overall development of business operations. The evaluation of project lifecycles was challenging, as demo projects were often linked to highly complex development projects with several sub-projects progressing at different paces.

The task of the evaluation was

- to clarify what kinds of projects and enterprises have taken part in the programme;
- to examine the life cycle of the projects
- to examine to what extent they have progressed into wider production; and
- to evaluate the direct and indirect economic effects of the programme at the company and industry level.

This study covers the years 2003–2006. The projects that applied for funding in 2007 were not included in the scope of the study.

Since 2003, both the number of applications and the amount of subsidies have grown significantly, especially along with the launch of the new DigiDemo programme in 2006 (Table 1.1). In the same year, the programme granted subsidy to concept design



projects for the first time, which also contributed to this growth. At the same time, the average amount of subsidy allocated per development project decreased significantly.

Funding for Product Development for Creative Industries	Applications	Granted	Applications/ granted %	Applied €	Granted €	Applied/ granted %	Average support €
2003	23	9	39 %	499 786	110 000	22 %	12 200
2004	60	14	23 %	415 164	95 900	23 %	15 200
2005	29	8	28 %	584 727	130 000	22 %	16 300
Total	112	31	28 %	1 499 677	335 900	22 %	14 600
Digital Demo programme							
2006							
Concept	38	27	71 %	280 258	52 900	19 %	2 000
Demo projects	73	30	41 %	1 629 945	315 150	19 %	10 500
Total	111	57	51 %	1 910 203	367 150	19 %	
TOTAL	223	88	39 %	3 409 880	703 050	21 %	13 550

Table 1.1 The number of applications and the amount of subsidies in euros throughout the DigiDemo programme 2003–2006

1.2 Corresponding public funding programmes in the EU area

In addition to examining the results of the DigiDemo programme corresponding public funding programmes for the audiovisual and creative industries in EU countries were mapped as part of the study. It was not possible to outline an exhaustive list of related funding opportunities as there are certain difficulties in obtaining comparable data from different countries. Material for this review was gathered from the KORDA² database, which provides information on public funding for the film and audiovisual sector in Europe. In addition, the coordinator of the European MEDIA Desk network, Nils Koch, was contacted in order to obtain additional information. Research was carried out and contacts made in October 2007.

The scope of the review was limited to:

- National and European public funding programmes in the EU area
- Funding focusing on the pre-production phase
- Programmes with both cultural and economic objectives
- Funding focusing on multimedia and the development of creative digital content

Based on the gathered material, approximately 90% of existing public funding programmes focus on the production phase. Programmes and initiatives focusing on the pre-production phase are not as common. In total, 29 national level programmes focusing on the pre-production phase were found in the EU area. However, these programmes commonly focus on traditional film and TV production or games rather than on innovative multimedia content.

Only three programmes were found to comply relatively well with the objectives of the Finnish DigiDemo programme, including both cultural and economic objectives and supporting various fields of digital content development. These programmes are briefly described in the following.

Centre National de la Cinématographie (CNC)³

Funds to Support Multimedia Publishing (FAEM, Le Fonds d'Aide à l'Édition Multimédia)

Objective: To support the development of video games and interactive or linear programmes in various formats such as the Internet, CD-ROMs and mobile phones. Since 2003, financial support has been allocated to pre-production phase projects in addition to production phase projects.

Amount of public funding: Up to 50% of the project costs.

Specific selection criteria: Projects should have editorial, commercially viable, interactive, technologically innovative and/or scenario characteristics. Projects are typically high risk. Games should present educative and/or cultural content, and/or showcase some kind of major innovation.

² The European Audiovisual Observatory's public funding database, KORDA, aims to provide companies with increased opportunities to generate diversified and innovative European audiovisual content. The service is designed to help identify the most appropriate funding programmes for the professionals concerned. The database aims to cover public funding mechanisms in all of the European Audiovisual Observatory's 35 member states. However, for the purposes of this study, only mechanisms applying to the EU area were covered. The database can be found at <http://korda.obs.coe.int/>.

³ For additional information, see <http://www.cnc.fr>

Aid for Research and Development in Broadcasting and Multimedia (RIAM, Recherche et Innovation en Audiovisuel et Multimédia)

Objective: To encourage research and development activities within companies (SMEs conducting R&D in broadcasting and multimedia alone or in collaboration with others). Funding can be allocated for projects at any stage of innovation development (e.g. concept or demo development, commercial launching, partner search).

Amount of public funding: Mixed financing (partly subsidies, partly refundable advances).

Specific selection criteria: Not mentioned.

Aid for Artistic Multimedia Creation (DICREAM, Le Dispositif pour la Création Artistique Multimédia)

Objective: (1) To assist the formulation of concept and demo-type development; (2) To assist the achievement of related artistic projects; (3) To support international public events devoted to digital innovation. Funding is available for both pre-production and production phases.

Amount of public funding: Up to € 23 000 for demo production; up to 50% of the project budget for production phase projects.

Specific selection criteria: Focuses on creators in the digital field, working in a trans-disciplinary manner in the fields of live shows, Internet and video creation. Both the cultural and the commercial value of the project should be proved.



At the European level, the MEDIA 2007⁴ programme is worth noting in this context. MEDIA 2007 is the EU's support programme for the European audiovisual industry covering all EU member states. The three overall objectives of the MEDIA 2007 programme are:

- To strive for a stronger European audiovisual sector, reflecting and respecting Europe's cultural identity and heritage
- To increase the circulation of European audiovisual works inside and outside the European Union
- To strengthen the competitiveness of the European audiovisual sector by facilitating access to financing and promoting the use of digital technologies

Two specific support schemes under the MEDIA 2007 programme have features closely related to those of the Finnish DigiDemo programme:

Support for the development of on- and off-line interactive works

Activities considered under the scheme: (1) Production of interactive works for the computer, the Internet, the mobile phone, games consoles (including handheld versions), presenting interactivity, scenarios and innovation; (2) New format concepts which are destined for digital television, the Internet or mobile handsets and in which interactivity and narrative elements are significant.

MEDIA New Technologies: Pilot projects

The Pilot Project scheme constitutes the way in which the MEDIA 2007 programme ensures that the latest technologies and trends are incorporated into the business practices of players in the European audiovisual sector.

Activities considered under the scheme: (1) Distribution: new ways of creating, distributing and promoting European content via non-linear services; (2) Networked databases to broaden and strengthen access to and exploitation of catalogues; (3) Previously funded projects: Projects which have received funding under a previous MEDIA Plus Pilot Project Call for Proposals.



⁴ For more information, see http://ec.europa.eu/information_society/media/overview/2007/index_en.htm

2

research data
and background
information on
DigiDemo projects

2.1 Research data, representativeness and related limitations

This study covers the years 2003–2006. Projects that applied for funding in 2007 were not included in the scope of the study. The total number of development projects that have applied for funding through the programme during this period is 223 (Table 1.1). Of this total sample, only projects in which the applicant was either a registered company or a private person entered in the Finnish Trade Register were included in the study.

Thus, the final sample covers a total of 192 development projects, which fall into three groups (Table 2.1):

- Demo projects (n=61)
- Concept design projects (n=19)
- Non-funded projects (n=112)

Information on all of the projects included in the final sample (n=192) was gathered through the respective project applications and related documents. Supplementary data related to industry background and key financial figures were collected through the Finnish Trade Register and Voitto company database⁵ wherever this information was not available in the abovementioned documents.

In addition to such secondary material, representatives of the demo projects were interviewed by telephone, and further empirical material regarding concept design projects and non-funded projects was gathered by means of an Internet questionnaire⁶.

5 Voitto is a company information database in Finland provided by Suomen Asiakastieto Oy. It provides company information to the pan-European database Amadeus, where supplementary information was also gathered.

6 The original interview and questionnaire structures and list of projects are shown in Appendices 1, 2 and 3.

Funding for Product Development for Creative Industries	Funded projects	Respondents	Response rate	Non-funded projects	Respondents	Response rate
2003	9	9	100 %	14	3	21 %
2004	14	13	93 %	42	11	26 %
2005	8	8	100 %	20	7	35 %
Total	31	30	97 %	76	21	27 %
Digital Demo programme						
2006						
Concept	19	19	100 %	6	3	50 %
Demo projects	30	28	93 %	30	16	44 %
Total	49	47	94 %	36	19	45 %
TOTAL	80	77	96 %	112	40	36 %

Table 2.1 Information on research sample and response rates

The response rates for the questionnaires and interviews are shown in Table 2.1. The empirical data gathered on demo projects cover 95% of the total respective group (analysed responses n=58). All concept design projects were reached for evaluation (analysed responses n=19). The results regarding concept design projects, however, entail limitations because funding for concept design projects was first allocated in 2006.

The Internet questionnaire for non-funded projects received a response rate of 36% (analysed responses n=40). The response rate can be considered moderate because motivation to participate in the study after receiving rejection of application is usually very low. Information on non-funded projects is, however, biased due to two facts. First, projects whose application was rejected in 2006 responded significantly more often (45%) than projects on average (27%). Secondly, the group includes large development projects that have at some point been granted DigiDemo subsidy for some other related sub-project. Despite these limitations, based on data exploration the results can be considered to be fairly representative of this group⁷.

Figure 2.1 summarises the data sources and procedures used in the study. Different sub-samples are analysed in different sections of this report. Industry background, company and project information in Chapters 2 and 3 are based partly on information regarding the total sample (n=192) and partly on information received from projects that participated in the interviews or questionnaires. Chapters 4 and 5 are based wholly on information received from projects that participated in the interviews or questionnaires carried out as part of the study.

⁷ Differences in the findings between the whole group of non-funded projects (n=112) and the group of non-funded projects that responded to the questionnaire (n=40) were found to differ are noted in the text.

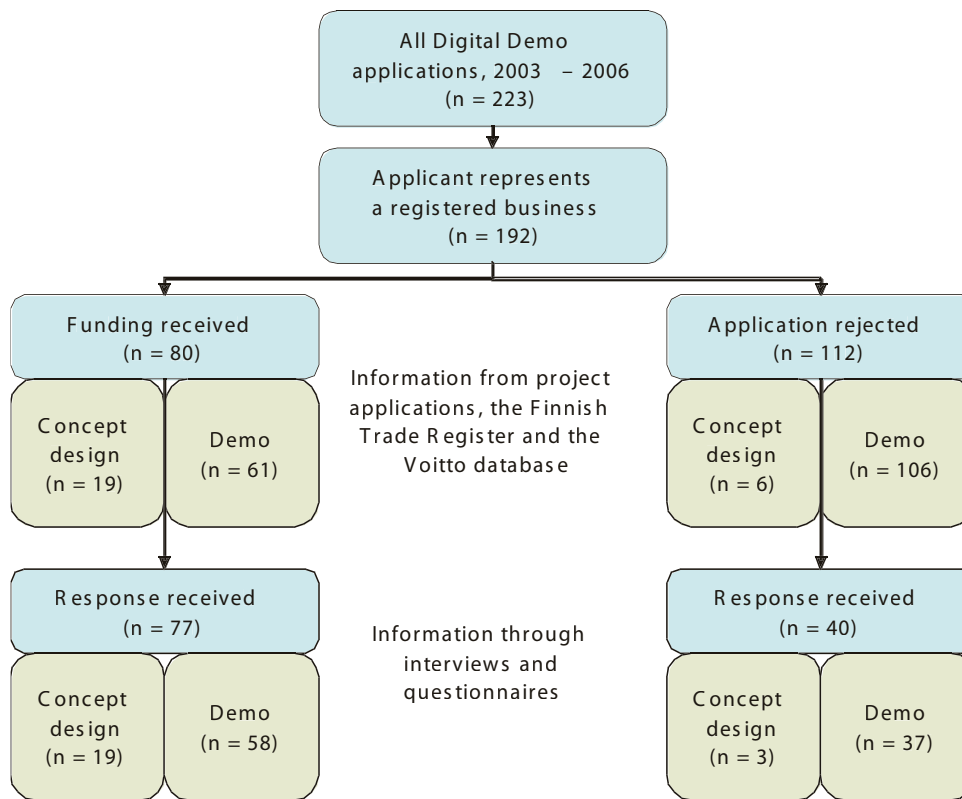


Figure 2.1 Summary of data sources and procedures used in the study

At present, there is no Finnish or international unambiguous definition of the creative industries. Hence, there is no consensus on which industries should be included in this concept. This fact is also reflected in statistical practices. Available statistical information about the creative industries is not always relevant or accurate enough to meet the needs of the industries or policy-makers.

Recently, there have been some attempts to assess the cultural and creative industries in Finland in quantitative terms⁸. Overall, there were almost 12 000 companies operating in these industries in Finland in 2005. The joint turnover of these companies amounted to almost 7 milliard euros, and together they employed over 45 000 people. However, related data are not detailed, which means that individual sub-industries cannot be analysed at the company level (e.g. the average size of a firm in a given sub-industry). As a result, it is not possible to determine the representativeness of data used in this study compared to the entire creative industry in Finland.

⁸ For example, Media Group (2007) Business and Entrepreneurship in the Creative Field. Publications of SILE - Content Business Development Project.

2.2 Background information on the examined projects

The subsidised projects typically lasted from two months to over a year. The demo projects lasted for seven months on average. Demo projects were usually carried out in an individual company, and in only 25% (n=15) of the cases was a larger cooperation network established for the purpose of carrying out the project.

As part of this study, the projects (n=192) were classified by platform and content⁹. In the content classification, the projects were first divided into two groups: content products and content services. Within these two main groups, the projects were further divided into more specific classes: games, TV programmes etc. (Figure 2.2). Based on this classification, the majority of the subsidy was allocated to the development of content products, while only 18% of the projects receiving subsidy focused on the development of different kinds of content services.

Games formed the biggest content group for demo and concept development projects. Game projects alone constitute 34% (n=27) of all demo and concept design projects (n=80) (Figure 2.2). Approximately 70% of game projects represent casual gaming (entertainment), while 30% represent serious gaming, which here refers to non-entertainment (e.g. training, education etc).

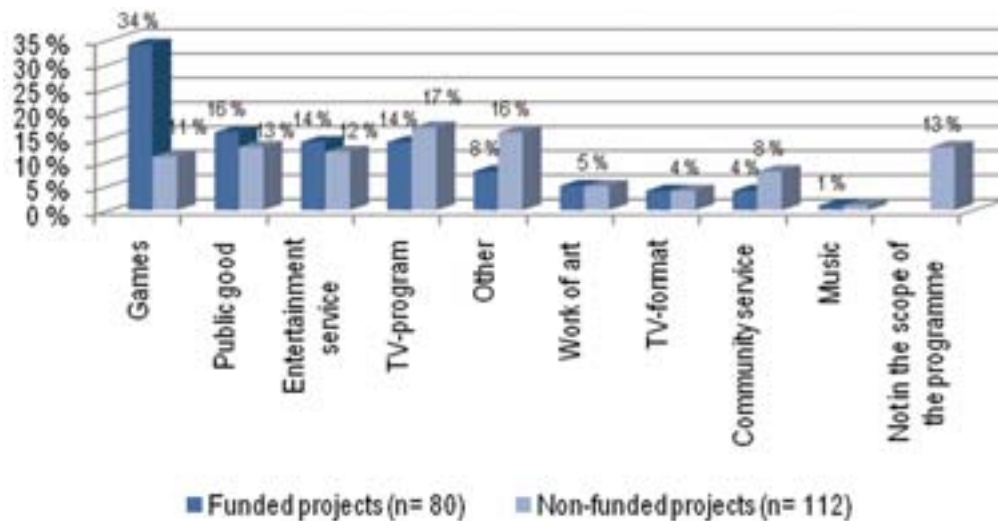


Figure 2.2 Number of projects by content group, total sample (n=192)

The share of game development projects out of all funded projects was 34%, though the proportion varied from year to year. The share of game projects was largest in 2005 when 50% and in 2006 when 46% of the applications were related to games. It is noteworthy that all applications for the development of serious gaming received programme subsidy.

9 This classification was conducted by the group of evaluators .



The second biggest content group of subsidised projects consists of entertainment or community services (n=18), and the third largest content group (16%) of projects whose content can be considered a public good (n=13). Good examples of this group are projects whose production model has been developed for a certain kind of content production, or projects targeted at the elderly or the deaf, for example.

In line with the objectives of the DigiDemo programme, 28% of the demo and concept design projects focused on developing content for multiple platforms (Figure 2.3). The most common individual platforms for delivering digital content were mobile devices and the Internet. For non-funded projects, the most common individual distribution channels were mobile devices and television. The group "Other" includes development projects that do not easily fall into any of the mentioned categories, such as different kinds of installations and projects related to various events.

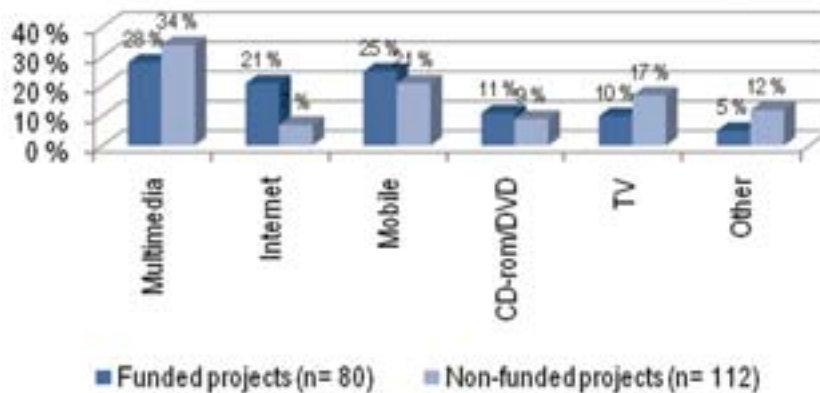


Figure 2.3 Number of projects by platform, total sample (n=192)

On average, subsidy received through DigiDemo covered 38% of the demo project's budget. Funded demo projects also received external funding from other sources more often than non-funded projects. In total, 42% of funded demo projects received other external funding¹⁰. The respective figure for non-funded projects is 28%. On average, total external funding covered 54% of the project budget for the funded demo projects.

When the average subsidy for demo projects is evaluated by content, we can see that the average was higher in game development than in other content groups in 2004–2006. Different kinds of content services were also targeted for more subsidy than on average (Table 2.2).

	2003	2004	2005	2006	Total
Average support/production €	12 200	15 200	16 300	10 500	13 550
Average support/games €	10 000	18 700	18 750	11 550	14 750
Average support/content services €	16 600	12 500	15 500	10 150	13 700
Average support/content of public interest €		13 300	12 000	7 800	11 050
Average support/other works €	8 800	14 500		11 500	11 600

Table 2.2 Average subsidy for demo projects by content (biggest content groups)

2.3 Industry background

Demo and concept design projects were primarily carried out by companies representing the creative industries. However, 15% of the companies operated in other industries, for example in business consultancy. (Figure 2.4) ¹¹

The sub-industries that have thus far benefited most from the DigiDemo programme in terms of received public subsidy have been software development in connection with game development and film and video production. Thus, DigiDemo has primarily

¹⁰ These additional sources are listed in Appendix 5.

¹¹ Detailed information on the industry classifications used is given in Appendix 4.

subsidised projects implemented by enterprises operating in relatively small sectors in the creative industries.¹² However, the importance of these sectors is expected to grow in the near future.

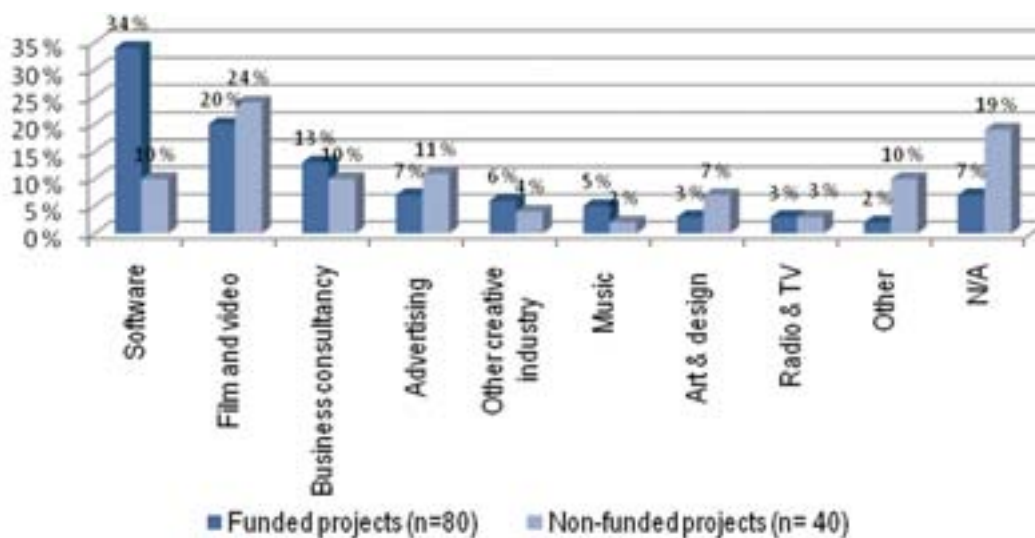


Figure 2.4 Industry background of a registered business (n=192); N/A = information not available

2.4 Company profiles

The profiles of the companies involved in the projects were also examined as part of the study in order to find out what kinds of actors participated in the programme. Since the information concerning the total sample of non-funded projects is limited, the analyses of company profiles is based here on information received from companies that took part in the interviews or questionnaires.

The companies that participated in the DigiDemo programme during 2003–2006 were mostly independent producers. In three of the demo and concept design projects, the company was a subsidiary of a larger corporation. This was also the case in three of the non-funded projects.

In the context of the creative industries, evaluating company size is in many ways problematic. The number of employees and the company's turnover are commonly used indicators, but defining actual company size through the number of employees is problematic particularly in the case of audiovisual companies as they often use freelancers and the number of employees can vary significantly depending on the number of productions running at a certain point in time. The number of employees and turnover are nevertheless used in this report to make rough estimations.

According to the first basic indicator (number of employees), DigiDemo subsidy was typically distributed to micro-sized companies¹³ employing only the founder or a maximum

¹² Media Group (2007) Business and Entrepreneurship in the Creative Field. Publications of SILE - Content Business Development Project.

¹³ Companies that employ less than nine persons and have a turnover of less than 2 million euros.

of nine persons. The number of employees in the companies varied from one person to over 60, but 41% (n=33) of the enterprises employed less than four persons. No significant differences were found in the size of the companies between the demo and concept design projects compared to non-funded demo projects (Figure 2.5).¹⁴

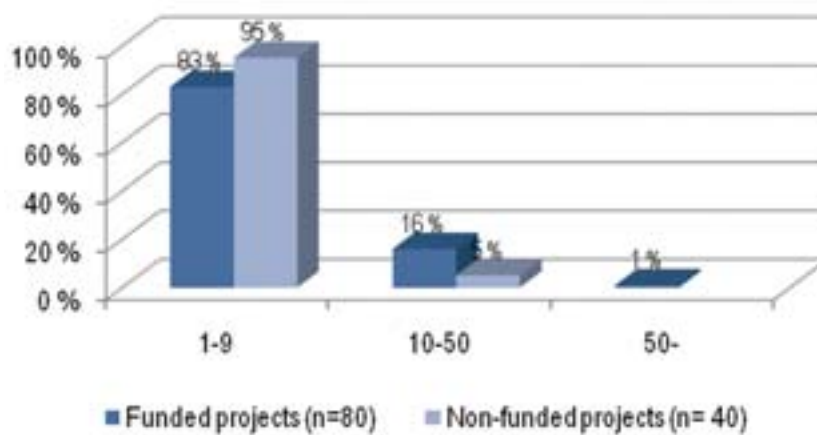


Figure 2.5 The number of employees in the project companies

The second basic indicator (turnover) also describes the companies as typically micro-sized. The differences in turnover are huge, varying from 10 000 euros to almost five million euros. For demo and concept design projects, 36% of the companies have a turnover of less than 30 000 euros. The non-funded projects tend to represent companies with a larger turnover (Figure 2.6). However, it is not possible to compare this group with the overall sample due to the unavailability of financial data.¹⁵

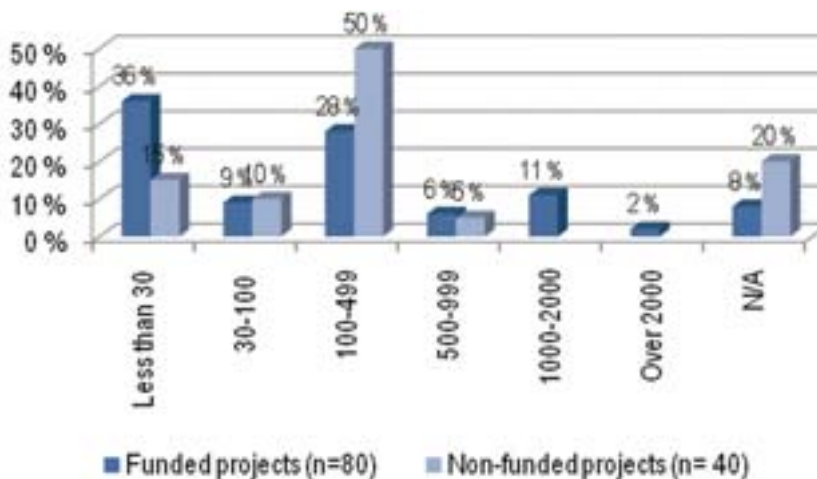


Figure 2.6 Turnover in the project companies, € 1 000; N/A = information not available

¹⁴ The information regarding the number of employees is based on information received from projects that took part in the interviews or questionnaires because the data concerning the total sample was limited.

¹⁵ Turnover figures were not available for 53% of the non-funded project companies.

The projects' company profiles were also examined in terms of their founding year, legal form and location. About a quarter (23%) of the companies subsidised by the programme were founded during 2003–2006 (Figure 2.7). The share of companies that were set up either during the year preceding or during the year in which they received subsidy was on average 15%. In the group of non-funded projects, the respective figure was 23%. In the total sample (n=112), the number of companies set up during these two years is considerably higher at roughly 40%.

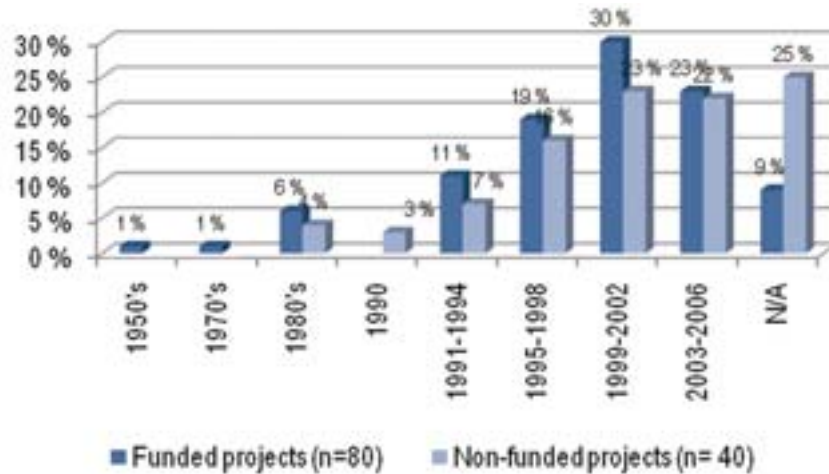


Figure 2.7 Founding year of the project companies, N/A = information not available

The vast majority of the companies are limited companies. Around 10% of the demo and concept design projects are limited partnerships and 6% are private persons registered in the Finnish Trade Register under a trading name or similar (Figure 2.8). DigiDemo mostly engaged companies located in the capital region. Over 60% of the companies are located in Helsinki or in the surrounding area (Figure 2.9).

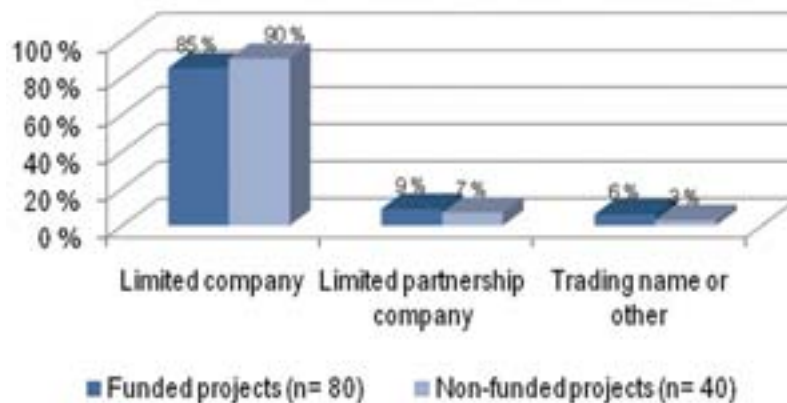


Figure 2.8 Legal form of the project companies

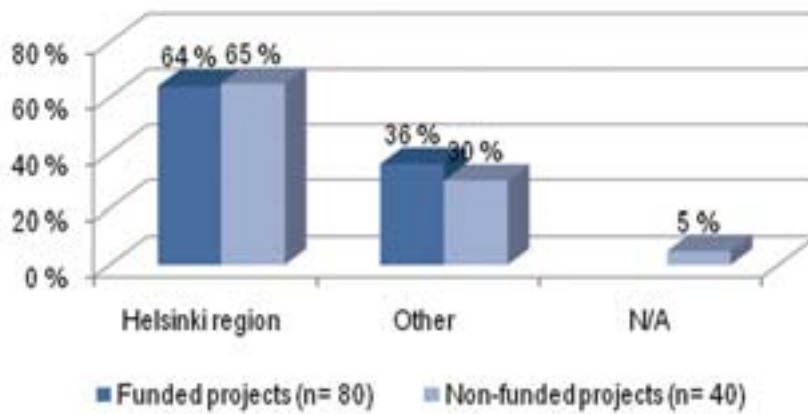


Figure 2.9 Location of the project companies; N/A = information not available



3

effects of the
programme at the
project level

Technological development in the creative industries is rapid. The evolving digital environment changes the needs for content creation and reshapes the packaging, distribution and consumption of such content. Changes in consumer behaviour and time consumption are also important factors that affect business opportunities. Content lives and dies depending on how it succeeds in meeting consumer needs. Due to these and many other factors the lifecycle of content products and services can be either short-lived or highly successful.

In this study, funded projects are evaluated by defining their stage in the content lifecycle model. The lifecycle model used in this report divides project development into two main phases: product development and production. In the model, the production and market entry of the content are the key differentiators between the product development phase and the actual production phase. This progression is considered the most critical point in content development (Figure 3.1).

The product development phase comprises three stages: the idea, development and demo stage. The latter refers to demo projects in which a demo is completed and production is demonstrated in a form which is coherent from a commercial and industrial perspective. The projects at this stage have, however, not proceeded into actual production after completing the demo. The product development stages illustrate the phase of negative cash flow prior to actual market entry. Obtaining external funding is a major challenge for young companies, which often face financial problems in trying to conduct development work while ensuring basic operations and resources. Young enterprises in the audiovisual and other high-tech industries can struggle with a negative cash flow for many years.

The product development stages are followed by five consequential stages of **actual production**: market entry, early growth, stable growth, maturity and, finally, decline. These stages of actual production imply **some level of commercial utilisation of the content** and outline the evolution of the content in covering different markets and distribution channels.





Figure 3.1 The lifecycle of content innovations

New innovations do not always proceed further after the demo has been completed. These projects are in this model classified in the market entry stage. After successful commercialisation, the product establishes a certain position in the market and moves into the growth phase, which in the presented model is divided into two stages in order to separate projects with more consistent growth from those in the stage of early growth. The stable growth stage further implies entry into international markets. The lifecycle model also includes two later stages: maturity is the stage at which profits are at their highest, and the final stage in this development is decline.

3.1 Demo projects

The demo projects are classified based on which stage of production they are currently at. The demo projects (n=61) are evenly distributed between the product development and the actual production phases. Every second demo project has already reached the actual production phase (Figure 3.2). The demo projects still in product development are reported in brief in the following. Those in actual production are evaluated in more detail.



Figure 3.2 Demo projects at different stages of the content lifecycle (n=61)

The development of five demo projects came to an end in the idea phase¹⁶. Reasons for withdrawing a project from development usually relate to technology. Technology may either develop so rapidly that content becomes outdated, as for example in the case of certain mobile applications, or so slowly that the conditions for finishing the project have not been met, as for example in one case of digital TV production. Ten demo projects are still at the development stage, while 15 have already produced a demo. These 15 demos can be considered to demonstrate the production in a form which is complete and coherent from a commercial perspective. They have not, however, proceeded into actual production. Out of these productions, 33% are related to games, 27% are different kinds of content services, and 20% are works of art. Three projects have been related to TV formats and TV programmes.

Out of the demo projects already in production, 16% are being carried out in young, innovative start-up companies, while the respective number in companies in product

¹⁶ One of these demo projects never signed the project agreement.

development phase is 7%. The innovativeness of the company, and hence that of the demo project, also have a clear effect on project development. The project duration, cooperation network in project implementation or company profile in general does not have such explanatory power. The demo projects in production are studied in more detail in the following.

Demo projects at the market entry stage

A total of 12 of the projects in actual production are still struggling to achieve a successful market entry. At the time of evaluation, it was still too early to say how these projects will develop in the near future. Half of the projects at the market entry stage are game applications for the Internet, CD-ROM or similar platforms. Three projects are entertainment services, of which one can be considered a cross-media brand extension (The Dudesons).¹⁷ The content of the projects at this stage has not yet spread to additional platforms. The most common testing platform is the Internet (Table 3.1).

Demo project	Content	Testing platform				
		Internet	Mobile	CD-rom DVD	TV	Other
Obsession (Many Happy Returns vol II)	Work of art					X
Planetario	Entertainment service	X				
Dudesons -Web 2.0	Entertainment service	X				
Standup-mobile	Entertainment service		X			
Palkkavisa	Game (casual)	X				
Nuottilavain	Game (serious)	X				
Jack Claw pelattava demo	Game (casual)			X		
Free (Free Reactive Enjoyable Environment)	Game (serious)					X
Takapiha-projekti	Game (casual)	X				
Dino löytää ystävän -demo	Game (serious)			X		
Kesarin salaisuus viittoen	Public good					X
MBM Movement by Music	Other work (installation)					X

Table 3.1 Testing platform of the demos at the market entry stage

The product development model used in these demo projects at the market entry stage is typically rather straightforward. The independent production company produces the whole content from the idea stage to actual production. The distribution channels, related actors and organizations do not enter the picture before the development work is finished and the product or service is ready for distribution.

Demo projects at the growth stage

A total of 19 demo projects have passed the stage of market entry and reached the growth stage. An exact estimation of the profitability of the business cannot be made based on the material gathered for this study. It can, however, be argued that these projects represent successful content innovations with potentially profitable revenue generation strategies.

¹⁷ Brand extension refers to ways of exploring the usefulness of existing brands as bridges of expansion into new products and services and into new platforms.

Out of the demo projects at the growth stage, 11 are currently at the stage of early growth. These projects have already managed to gain market position in their domestic market. Half of the projects are game applications for mobile platforms or CD-ROMs, and four demo projects are different kinds of entertainment services. Mobile phones and PDAs are the most common testing platforms. The transfer of the content to additional platforms after testing is shown in Table 3.2.

Demo project	Content	Testing platform				
		Internet	Mobile	CD-rom DVD	TV	Other
Jamkids-nettilynteisö ja soittinohjelma	Entertainment service	x				(x)
Leningrad Cowboys goes mobile	Entertainment service	(x)	x	(x)		
XTV-monimedia	Entertainment service	(x)	(x)		x	
Edformat Digital presentations (CAIRN)	Other service					x
PocketPal-taskukaveri mobiililaitteissa	Game (casual)	(x)	x			
HalfBreed	Game (casual)		x			
EastIndia Company (War of Russia)	Game (casual)			x		
Shadowgrounds PSP prototyypä	Game (casual)			x		
Mobiili RustyDiver	Game (serious)		x			
Mobiili ensiapukoulutuspele	Game (serious)		x			
Encore! Kerran vielä pojat	Public good			x		

Table 3.2 Testing platform of the demos and additional platforms (X) at the early growth stage

A common feature of projects other than games at the early growth stage is that they are part of a larger and longer-term development effort including multimedia aspects or a broader concept, format or brand development in the enterprise. Three of the demo projects are clear brand extensions. These are Leningrad Cowboys, Pocket Pal and Encore! Kerran vielä pojat. In addition to the Pocket Pal mobile game, two other mobile game applications¹⁸ use brands in developing mobile game content.

Eight demo projects, i.e. 13% of the projects during 2003–2006, have reached the stage of stable growth. These content innovations already have, or at least have strong possibilities to gain, international growth potential. Mobile platforms are the most common testing platforms at this stage. The transfer of the content to additional platforms is described in Table 3.3.

Demo project	Content	Testing platform				
		Internet	Mobile	CD-rom DVD	TV	Other
Habbo Mobile	Entertainment service		x			
Extreme Dudesons / mobiilisöittö	Entertainment service		x			
FanPod -mobilemagazine	Entertainment service		x			
Tarot	Entertainment service	x	(x)			(x)
FanBLOG Community	Entertainment service	x	(x)			
Seksin ABC -monimediaprojekti	Entertainment service	(x)		x	(x)	(x)
Pixoff (early development)	Community service	(x)	x			
In Sanity - Murder of Crows	Game (casual)		x			

Table 3.3 Testing platform of the demos and additional platforms (X) at the stable growth stage

18 Mobiili Rusty Diver (PADI) and Mobiili ensiapukoulutuspele (The Finnish Red Cross)



Of these demo projects, seven are content services. This stage of development differs from the other stages of actual production as only one project is a casual mobile game application. In all of the services at this stage, the aspect of communality is very strong, although only one project was from the outset labelled a community service. These projects can be considered applications of social media in which customers create, or at least share, content.

All except one of these services at this stage are brand extensions, part of a wider family of products or services being developed under one brand, or they make use of existing brands. The demo projects have successfully created added value for existing brands, and the brand has in turn helped to create a revenue-generating strategy for the new content. Eight demo projects at the early and stable growth stages used a very basic content development model. However, in the remaining 11 demo projects, the main production company produced customer-tailored content application together with the necessary technical infrastructure for multimedia distribution (Figure 3.3).

Typically, the customer has a central role in the development process, either in content creation or as the primary content provider. The production company may use sub-contractors in production or work independently.

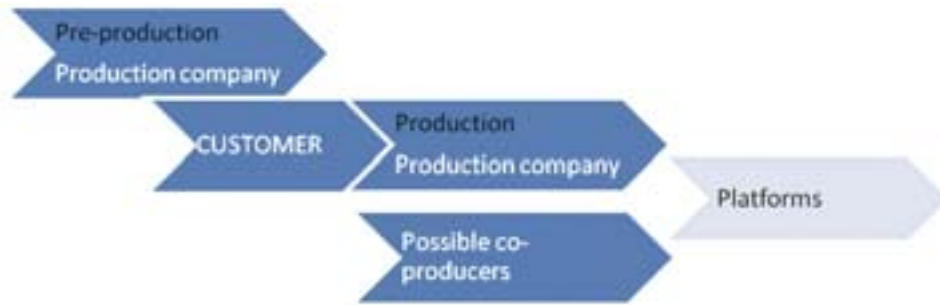


Figure 3.3 An example of the production model of demo projects in the different growth stages

The impact of DigiDemo in project development

In assessing the impact of DigiDemo subsidy in project development, we determined the share of the subsidy in the total project budgets. In addition, we asked the respondents to evaluate the importance of the received subsidy in demo development.

If we evaluate the demo development by year, we see that demos subsidised in 2005 are all already in actual production (Table 3.4). Half of the projects subsidised in 2004 have also entered into production. The respective share for projects that received subsidy in 2003 is smaller. However, the remaining projects have all produced a demo. The average subsidy granted to demo projects was also at its highest in 2004 and 2005 (Table 2.2). At the moment, 60 % of the projects subsidised in 2006 have proved to have commercially



potential. As regards concept designs, 32% have already proceeded further from the concept design phase, 21% have entered into the markets with a finished product, and 11% have produced a demo. The majority (63%) of concept designs have, however, not yet proceeded further from the concept design phase.

Stage of production in autumn 2007	DigiDemo subsidy received									
	2003		2004		2005		2006 demo		2006 concept	
Production	4	40%	7	50%	8	100%	12	40%	4	21%
Finished demo	5	60%	4	29%			6	20%	2	11%
Product development/concept design							10	33%	12	63%
Withdrawn from production			3	21%			2	7%	1	5%
Total	9	100%	14	100%	8	100%	30	100%	19	100%

Table 3.4 Production stages of projects by programme year (Autumn 2007)

The share of subsidy is 10% higher in demo projects that are already in actual production compared with those still in the product development phase. Subsidy granted through DigiDemo has an impact on project development. Thus, the average amount of subsidy seems to explain the content's progression into wider production to some extent.

By combining the actual share of programme subsidy with the respondents' own evaluation of the programme's impact on project development, we can assess the impact in more detail. In total, 71% (n=22) of all demo projects currently in actual production have received programme subsidy, which has, according to the respondents, been decisive for the whole project's development. The actual share of programme subsidy for these projects is shown in table 4.1.

3.2 Concept design projects

Concept design projects (n=19) were also classified according to their current stage of production. At the same time, the number of finished concept designs, content products and services related to these projects were evaluated.

Empirical material regarding the concept design projects was gathered by means of an Internet questionnaire. Based on this material, the concept design projects were classified into four groups according to their current stage of production: idea, finished concept design, demo development and actual production. The demo development stage includes both projects in which a demo has already been finalised and projects in which the demo is still under development. Actual production refers to completed and commercialised content products and services (Figure 3.4).

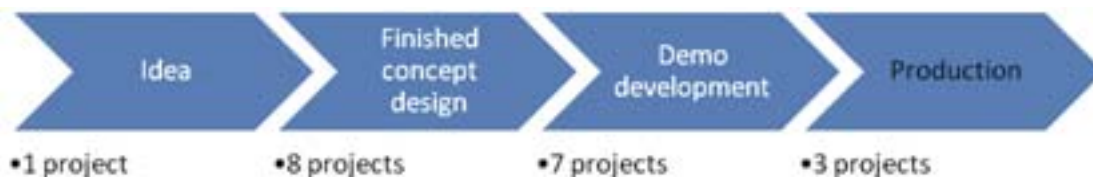


Figure 3.4 Concept design projects at different stages of the lifecycle (n=19)

One concept design project was withdrawn from development. Eight concept designs have been completed but have not yet proceeded to demo development. Seven concept design projects are currently already in the demo development phase. Hence, the DigiDemo programme has supported a total of 15 finished concept designs, as presented in Table 3.5.

Finished concept design	Content	Testing platform				
		Internet	Mobile	CD/DVD	TV	Multimedia
Mobilianimaatio Elisa "Mobile Mash"	TV-program		x			
Interaktiivinen mobilesode	TV-program		x			
Musiikkipeleiden uudet tuulet	Music	x				
Runoryhmä DVD-, mobiili- sekä web-julkaisut	Work of art			x		
Parempi maailma	Other (Public interest)				x	
Animaatiokauppa ja "Bani" -tuotteet	Other (Animation)	x				
Eurobur	Game (casual)	x				
Green Tribe Inc	Game (casual)	x				
Concept design in demo development						
DV Consulting Tmi; Parisuhde Tamaguchi	Game (casual)		x			
Kristiina Tuura/Zento Oy; Törmäyskurssi	TV-program					x
Meet factory Oy; PoGo-konseptti	Content of general interest		x			
Mripdocs Mafila&Röhr productions	Content of general interest					x
Prosign Oy; Hanna helluttaa kättä	TV-program				x	
Shantia Oy; Jooga Avatar -Personal Trainer	Other service					x
Viestintäosuuskunta Aukeama; Podopas	Public good	x				

Table 3.5 Completed concept designs and testing platform

As concept design projects were first subsidised in 2006, it is still too early to make a full evaluation on the potential of these productions in terms of going into wider production. Currently only three concept design projects have reached the actual production phase. Two of those are TV productions and one is a game design project (Table 3.6).

Concept design project	Content	Testing platform				
		Internet	Mobile	CD/DVD	TV	Other
Parisuhde Tamaguchi	Game (casual)		x			
Mind saver - Mielen säätöjä	TV-program				x	
Starz Vodcast	TV-program	x				

Table 3.6 Concept design projects and testing platforms at the actual production stage¹⁹

As regards DigiDemo and its main goals, it can be argued that the programme has succeeded quite well. Three out of four demo projects have produced a demo and demonstrated a version of the product in a form which is complete and coherent from a professional and industrial point of view. Every third demo project has been positioned in the markets, which is as such a sign of certain innovativeness.

¹⁹ In addition, one concept design, which has also been granted demo development subsidy, is already in actual production at the market entry stage. This project is described in Table 5.1 (Takapiha-projekti).



The innovativeness of the created content will be evaluated fully by the markets. The content has not yet, however, spread widely to additional platforms after piloting. One main reason for this is that a remarkable share of completed products are games or content services targeted to a certain platform. Concept designs have also progressed well in product development. It cannot be directly argued that DigiDemo alone has generated all of new content products and services. However, it is clear that the programme has played an important role in promoting the development of the content into markets.

3.3. Non-funded projects

Projects that applied for DigiDemo subsidy but were rejected are also examined as part of the study. Related material was gathered by means of an Internet questionnaire. All in all 40 projects out of a total of 112 projects answered the questionnaire (Figure 2.1).

Based on the gathered material, the projects were classified into four groups according to their current stage of production: idea, finished concept design, demo development and actual production (Figure 3.5). Seven (18%) of these projects withdrew from development. These companies are currently applying for further funding in order to finalise their concept design or to produce a demo, or are looking for a partner to cooperate with in the product development.

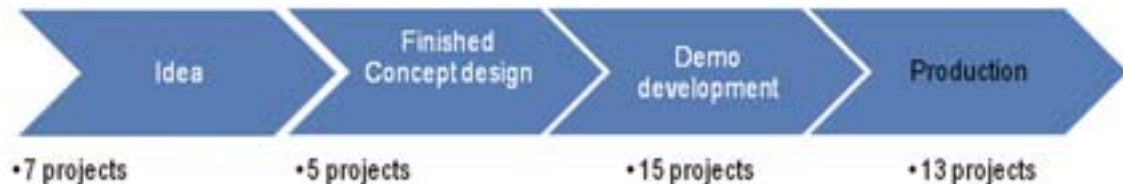


Figure 3.5 Non-funded projects at different stages of the lifecycle (n=40)

Out of the projects, seven are still at the early product development (idea) stage. Five of the non-funded projects have produced a finished concept design but have not yet reached the demo development phase. In total, 15 of the studied projects are currently in the demo development phase. Five of the finished concept designs are described in Table 3.7.

A total of 33% (n=13) of the studied non-funded projects have progressed into actual production. Compared with the funded demo projects, the probability of reaching actual production is lower in this group. However, it should be remembered that the information on non-funded projects is limited and biased, and the outcome of these projects cannot yet be fully assessed. The non-funded projects which thus far have reached the actual production stage are mostly TV productions (n=4) and content services (n=5) (Table 3.7).

Content products and services	Platform					
	Internet	Mobile	CD/DVD	TV	Multimedia	Other
Work of art						X
Work of art						X
Work of art						
TV-programme				X		
TV-programme						
TV-programme						
TV-format				X		
Game (casual)			X			
Entertainment service	X					
Entertainment service		X				
Entertainment service					X	
Community service		X				
Other service					X	
Finished concept designs						
TV-program	X					
Other content product					X	
Other service		X				
Other content product (radio plays etc.)		X				
Other service	X					

Table 3.7 Finished concept designs, products and services of the non-funded projects by testing platform (n=13)



4

effects at the
company level

The direct economic effects of DigiDemo are examined in this study by evaluating the perceived effects of the programme on the company's turnover, number of employees and market position. The evaluation is based on the responses in the project interviews (n=58).

Evaluating the economic effects of the programme at the company level is highly challenging. **Many of the economic effects cannot be easily measured or evaluated. Many innovative projects may have long-term effects on Finnish digital audiovisual culture.** Project outcomes and their significance to the sector can often be observed only after many years. Artistic projects are good examples of this kind of project-based development work whose impacts are mostly indirect and often realised later on.

Indirect economic effects were also examined alongside direct economic effects. According to the interviews, **one important form of indirect effects is clearly related to professional development and learning.** Nearly half (47%) of the interviewed companies (n=27) reported marked effects in the development of their know-how, which has already strengthened their business. Even though such aims are not among the prime objectives of the DigiDemo programme, it can be argued that a great deal of positive indirect economic effects have been realised in this form.

The respondents thought that by improving know-how, the programme supports the creation of new business ideas. The programme acts as a mechanism for positive feedback and gives real affirmation to enterprises that consider this kind of pre-seed funding a good reference when continuing the development work and applying for further funding. Overall, the programme sends a positive message to companies as regards the appreciation of innovative entrepreneurship in digital content creation.

Even though direct economic effects attributable to received subsidy were rather limited in many companies, they saw that the programme had considerable effects on their business. In many companies, the demo project has given business a new direction and brought digital aspects to existing operations.



Market position

In 56% (n=31) of the enterprises, the demo project has strengthened the company's market position in Finland. This effect was considered to be significant by 11 companies (20 %). The companies' global market positions improved even more often: 59% (n=33) of the respondents reported such improvement. In many companies, the subsidy enabled the successful completion of the demo, which in turn has led to a pioneering market position.

Roughly 80% of the demo project companies reported that the project has not yet generated positive cash flow. However, 11 of the enterprises (20%) reported that they have experienced actual turnover growth as a result of the successful market entry of the demo. Enterprises that reported highly significant direct economic effects were often from the game industry. Nevertheless, direct impacts on turnover growth are at the moment still rather marginal.

Employment

DigiDemo has directly increased the number of employees in 22% (n=12) of the companies. According to the respondents, the demo projects have, however, typically fostered company development by creating work in the enterprise without direct implications for the actual number of employees in the company.

Out of the enterprises, 17 (31%) reported that DigiDemo enabled the use of outside expertise in the demo development project. The companies used sub-contractors to support their own core competence. Hence, the effects on the actual number of employees do not as such reveal much about the positive effects in the content companies.

Business operations

Compared with projects in the product development phase (n=30), projects already in production (n=31) reported that the subsidy more often had a direct impact on business operations. Out of the companies with projects in production, 11 (35%) reported significant economic effects on their business in general. Meanwhile, 40% (n=12) of the companies with projects still in the product development phase reported no direct economic effects at all.

This is understandable, as basic development projects usually generate only costs. However, even these companies agreed on there being positive indirect effects on business in the long run. The enterprises believed that projects that had received DigiDemo subsidy would generate new business and additional turnover in the near future.

Stage of production	Demo project	The % of DigiDemo funding in project budget	Year
Market entry stage	Palkkavisa	50%	2004
	MBM Movement by Music	50%	2004
	Free (Free Reactive Enjoyable Environment)	42%	2005
	Planetario	50%	2005
	Nuottiaivain	50%	2006
	Dino löytää ystävän -demo	46%	2006
	Keisarin salaisuus viittoen	50%	2006
	Takapiha-projekti	41%	2006
	Obsession (Many Happy returns vol. II)	<10%	2006
	Dudesons - Web 2.0 työkalut ja sisällöt	19%	2006
	Standup-mobile	10%	2006
	Jack Claw pelattava demo	<10%	2006
Early growth stage	Exitormat Digital presentations (CAIRN)	49%	2004
	Wars of Russia 1788-1790-demoplotti	50%	2004
	CAIRN	49%	2004
	XTV-monimedia	11%	2004
	Pocket Pal - taskukaveri mobiilikaliteessa	50%	2005
	Shadowgrounds PSP prototyyppi	31%	2005
	Leningrad Cowboys goes mobile	38%	2005
	Encore! Kerran vielä pojat...	45%	2005
	Half Breed	47%	2006
	Mobiili Rusty Diver	33%	2006
	Mobiili ensiapukoulutuspelejä	50%	2006
	Jamkids-nettilyhteisö ja soltinojelmä	20%	2006
Stable growth stage	Seksin ABC -monimediamprojekti	66%	2003
	Tarat	10%	2003
	In Sanity - Murder of Crows	50%	2004
	Habbo Mobile	19%	2004
	Pixoff (early development)	28%	2004
	Extreme Dudesons- formaatin mobiilisölliö	48%	2005
	(Nightwish) FanPod -mobilemagazine	49%	2006
	FanBLOG Community - Videoblogiyhteisö	46%	2006

Table 4.1 The % of DigiDemo funding in project budget



5

feedback
on the DigiDemo
programme

As part of this study, demo project representatives (n=58) were asked to evaluate the DigiDemo programme as a whole and the performance of the Promotion Centre of Audiovisual Culture, AVEK, as the administrative body for the programme. Additional qualitative feedback was received via the questionnaire sent to concept development projects (n=19) and non-funded projects (n=40).

Relevance of the DigiDemo programme in general

In evaluating the relevance of the programme for the entire audiovisual industry, 58% of the demo projects' respondents (n=32) considered the programme a very important development initiative for the companies and for the entire Finnish audiovisual industry (Figure 5.1). The programme was considered to have a significant role in supporting development work in the digital audiovisual sector, adding to the field of traditional business development instruments in Finland. Small start-up companies were considered to gain the most from the programme.

"The funding has been essential for individual projects and for company development. [...] DigiDemo is a good instrument for the audiovisual industry." [Rahoituksen merkitys on ollut olennainen sekä yksittäisille kehittämishankkeille että myös yritysten kehittymiselle.] (Software)

"The development funding meets the real needs of the industry." [Kehittämörahalla vastaa toimialan todellisiin tarpeisiin.] (Business consultancy)

"The DigiDemo programme has been an important instrument in the audiovisual sector, so it would be very nice to hear that the programme is going to be continued." [DigiDemo-ohjelma on ollut merkittävä ja tärkeä instrumentti audiovisuaalisella alalla, joten olisi mukava kuulla, että ohjelma tulee myös jatkumaan.] (Software)

"The programme has an important role alongside more traditional cultural funding. [...] It would be important to consolidate the programme." [Ohjelmalla on merkittävä rooli perinteisemmän kulttuurirahoituksen rinnalla. [...] Ohjelman vakiinnuttaminen olisi tärkeää.] (Film and video)



"AVEK is a very important provider of funds in the field where the Finnish Film Foundation as a promoter of the film industry and the Finnish Funding Agency for Technology and Innovation as a promoter of technology are very powerful actors. The audiovisual industry needs this kind of an actor." [AVEK on todella tärkeä rahoittaja kentällä, jossa Suomen elokuväsäätio, elokuvan tukijana, ja TEKES, teknologiarahoittajana, ovat perinteisesti voimakkaita toimijoita. Ala tarvitsee tämänlaista toimijaa.] (Software)

"The bridge between the Ministry [of Education] and cultural actors in the form of DigiDemo is great! [...] The programme has an important role in supporting cultural projects." [Silta alan tekijöiden ja [opetus]ministeriön välillä DigiDemon muodossa on todella erinomainen! [...] Ohjelmalla on tärkeä rooli kulttuuristen projektien tukemisessa.] (Music)

"The programme is relevant for small companies in particular." [Ohjelma toimii erityisesti pienille yrityksille.] (Software)

"Company start-ups gain the most, even if the amount of subsidy is modest." [Uudet yritykset saavat suurimman hyödyn, vaikka tuki olisi pienikin.] (Software)

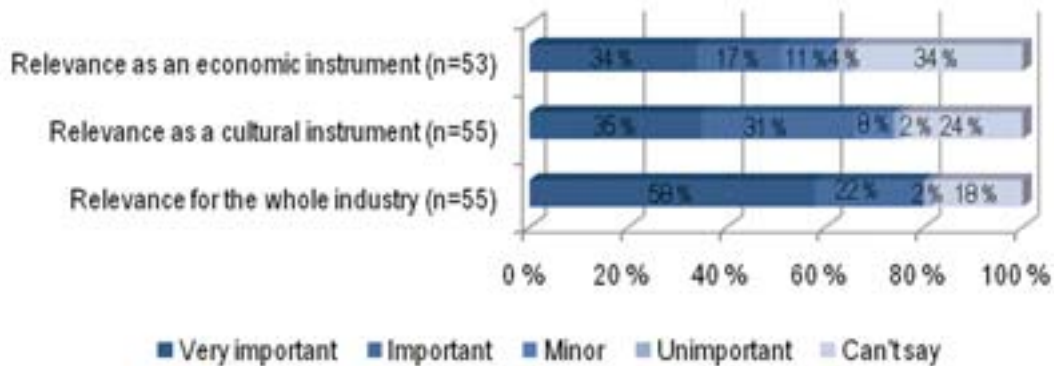


Figure 5.1 Quantitative feedback on the DigiDemo programme, demo projects

The programme was considered especially important in more commercially risky development projects that are both content- and technology-driven. Often this means that the content cannot be separated from the technological development. The programme's role is essential also in supporting innovative digital works that do not easily fall into any traditional cultural sector. The companies saw that risk-taking in funding decisions could be further augmented and AVEK could allocate subsidies even to more innovative productions.

"Traditional cultural support programmes are important, but there is also a need for more experimental funding." [Perinteinen kulttuurituki on tärkeää, mutta sen rinnalla pitää olla kokeellisempaaakin rahoitusta.] (Art and Design)

"More company support for demo development is needed because successful testing in international markets requires massive development work. [...] The problem is that both public funding and venture capital are still too limited in the Finnish audiovisual industry." [Enemmän rahaa demotuotantoon tarvitaan, sillä menestyksellinen pilotointi kansainvälisillä markkinoilla edellyttää huomattavaa panostusta kehitystyöhön. [...] Ongelma on, että sekä julkinen rahoitus että yksityinen sijoitusrahoitus on vielä liian vähäistä audiovisuaalisella alalla Suomessa.] (Radio and television)

"In technology, investors and sponsors tend to take more risks. When companies are developing something new and innovative in the content business, investors are willing to take less risk. [...] The content industry needs more venture capital." [Teknologiarahoituksen puolella sijoittajat tuntuvat ottavan enemmän riskejä. Kun yritys kehittää uutta ja innovatiivista sisältöpuolella, sijoittajat eivät halua ottaa riskiä. [...] Sisällöntuotanto tarvitsee enemmän riskirahoitusta.] (Other)

"However, AVEKs role could be bigger when concentrating on supporting more experimental games, in which case the structures and needs of companies are also different." [...] [Kuitenkin AVEK:n rooli voisi olla suurempi, jos keskityttäisiin tukemaan kokeellisempaa pelituotantoa, jolloin myös yritykset ja niiden tarpeet ovat erilaisia.] (Software)

The cultural and economical relevance of the DigiDemo programme

The cultural and economic relevance of the programme divided respondents' opinions. Two thirds considered the programme to be a very important (n=19) or important (n=17) cultural development instrument in Finland (Figure 5.1). However, in evaluating the cultural relevance of the DigiDemo programme, the respondents emphasised that its relevance could be greater if the average amount of subsidy per project was higher.

"The idea of the programme is important for the audiovisual industry in supporting the development of digital multimedia. However, its cultural role could be more important if the average subsidy was higher. The message is somehow conflicting: subsidised projects are considered to have potential, but then the support is small."
[Tukiohjelman idea on tärkeä audiovisuaalisella alalla digitaalisen multimedian kehittämisessä. Kuitenkin kulttuurinen merkitys voisi olla paljon keskeisempi, jos tukisummat olisivat suurempia. Viesti on hieman ristiriitainen, kun tuotantoja pidetään lupaavina ja sitten myönnetty tuki jääkin vähäiseksi.] (Art and Design)

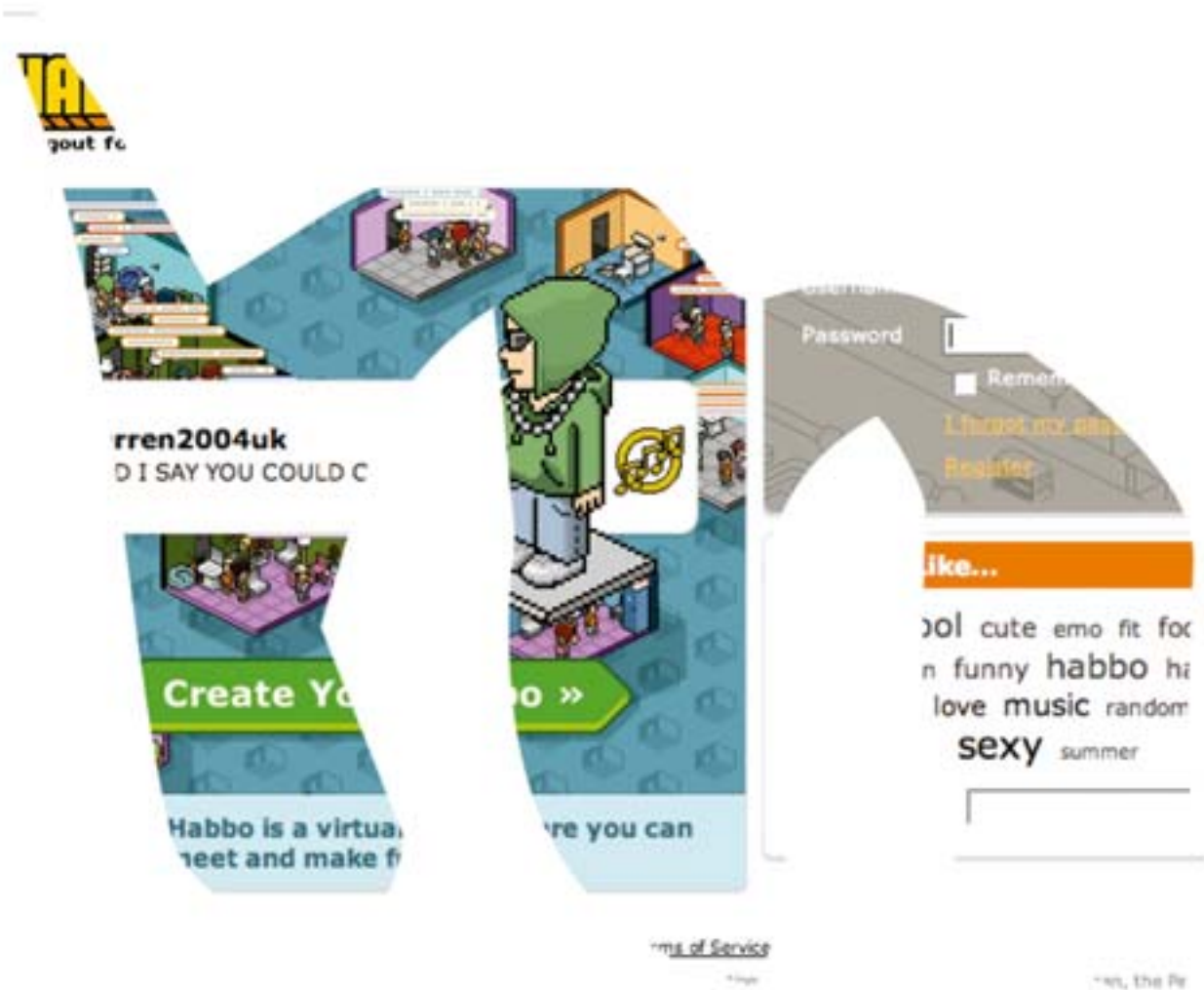
"The relevance is more economic than cultural. The role of the business plan, revenue generation strategy etc. are emphasised too much in the funding decisions. If the idea is to support culturally relevant content, AVEK must start considering how the cultural aspect could be strengthened."
[Merkitys on enemmän taloudellinen kuin kulttuurinen. Liiketoimintasuunnitelman, ansaintalogiikan jne. merkitystä korostetaan liikaa tukipäätöksissä. Jos on tarkoitus tukea kulttuurisesti merkittävää sisältöä, AVEK:ssa pitäisi alkaa miettiä, miten kulttuurista puolta voitaisiin vahvistaa.] (Film and video)

The programme's **economic relevance** also divided opinions. In total, 27 (51%) of the respondents considered the programme to be a very important (n=18) or important (n=9) economic instrument (Figure 5.1). A third (31%) of the respondents (18) could or would not evaluate the economic relevance of the programme, and 15% considered the relevance unimportant or low (n=8). The economic role of the programme is especially important for small companies and recent start-ups in terms of supporting entrepreneurship, innovation and setting up a sound business model.

As mentioned earlier, the average amount of subsidy per project was criticised. The respondents saw that the number of projects should be cut and the average amount of subsidy raised. However, the main objective of DigiDemo programme is to allocate subsidies to concept and demo development and not to research or wider development work, for example. This criticism is hence partly based on misconceptions of the objectives of the programme and conflicts between company needs and the DigiDemo programme.

"The subsidy from AVEK was considerable but not enough for development work."[AVEK:lta saatu tuki oli merkittävä mutta ei riittävä kehitystyöhön.] (Business consultancy)

"Higher subsidy granted annually for only a couple of projects with the most potential [...] to promote perhaps joint productions and develop co-operation between the companies." [Korkeammat tukisummat ainoastaan kaikkein potentiaalisimmille



hankkeille vuosittain [...] voitaisiin tukea ehkä yhteistuotantoja ja kehittää yritysten välistä yhteistyötä.] (Music)

"Meaningful research and development work essentially requires bigger investments in the companies." [Tutkimus- ja kehitystyö, jolla on merkitystä, edellyttää huomattavasti suurempia panostuksia yrityksiin.] (Other creative industry)

"AVEK should increase single investments and support fewer projects." [AVEK:n tulisi lisätä panostusten kokoa ja tukea harvempia kehittämishankkeita.] (Business consultancy)

Despite the fact that the amount of subsidy per project was criticised by the companies, the subsidies were essentially important to them. A total of 25% (n=20) of all projects would not, according to the respondents, have been carried out without the subsidy. Particularly companies implementing concept design projects considered the subsidy essential to the entire project implementation. Of these companies, 37% (n=7) reported that the subsidy was a decisive precondition for the project.

“This funding has been essential – without it this development project would not have been carried out.” [Rahoituksen merkitys on ollut olennainen – ilman rahoitusta tätä kehittämishanketta ei olisi toteutettu.] (Other creative industry)

“The funding was financially helpful and a significant incentive for project development. [Rahoitus auttoi taloudellisesti ja oli huomattava kannustin kehittämistyölle.] (Film and video)

Programme implementation in AVEK

In evaluating the programme's implementation in AVEK, the companies were in general quite satisfied with the programme in its current form. The programme's administration and decision-making process were ranked as good. Out of the respondents, 88% (n=48) found the administration and decision-making processes to be good (Figure 5.2). The majority (66%) also considered the information available on the programme and related practical matters to be adequately managed.

“[...] what has been good in the DigiDemo programme is the low level of bureaucracy and administration.” [...] mikä on ollut hyvää DigiDemo-ohjelmassa, on kevyt hallinto ja vähäinen byrokraattisuus.] (Music)

“The amount and quality of funding possibilities for projects should be developed, but bureaucracy shouldn't be added.” [Tukimuotoja ja tuen määrää projekteille tulisi lisätä, mutta hallintotyötä ei pitäisi lisätä.] (Software)

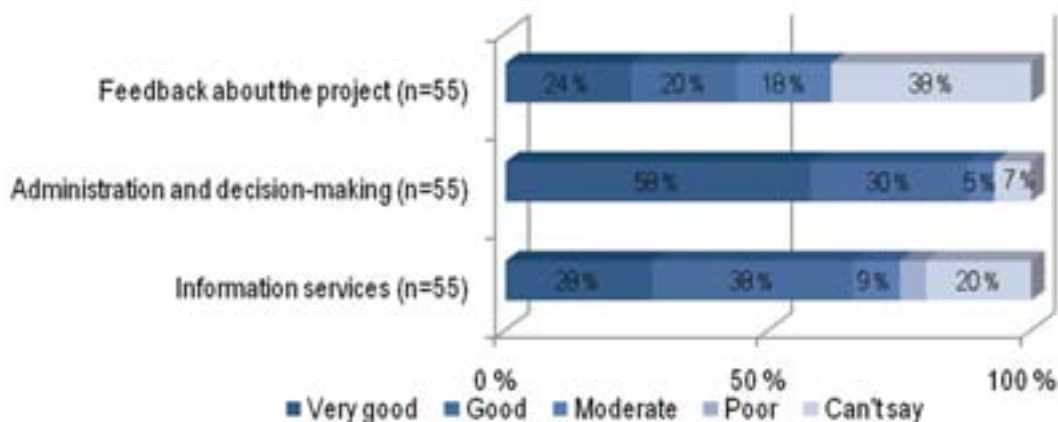


Figure 5.2 Feedback on the programme implementation in AVEK, demo projects

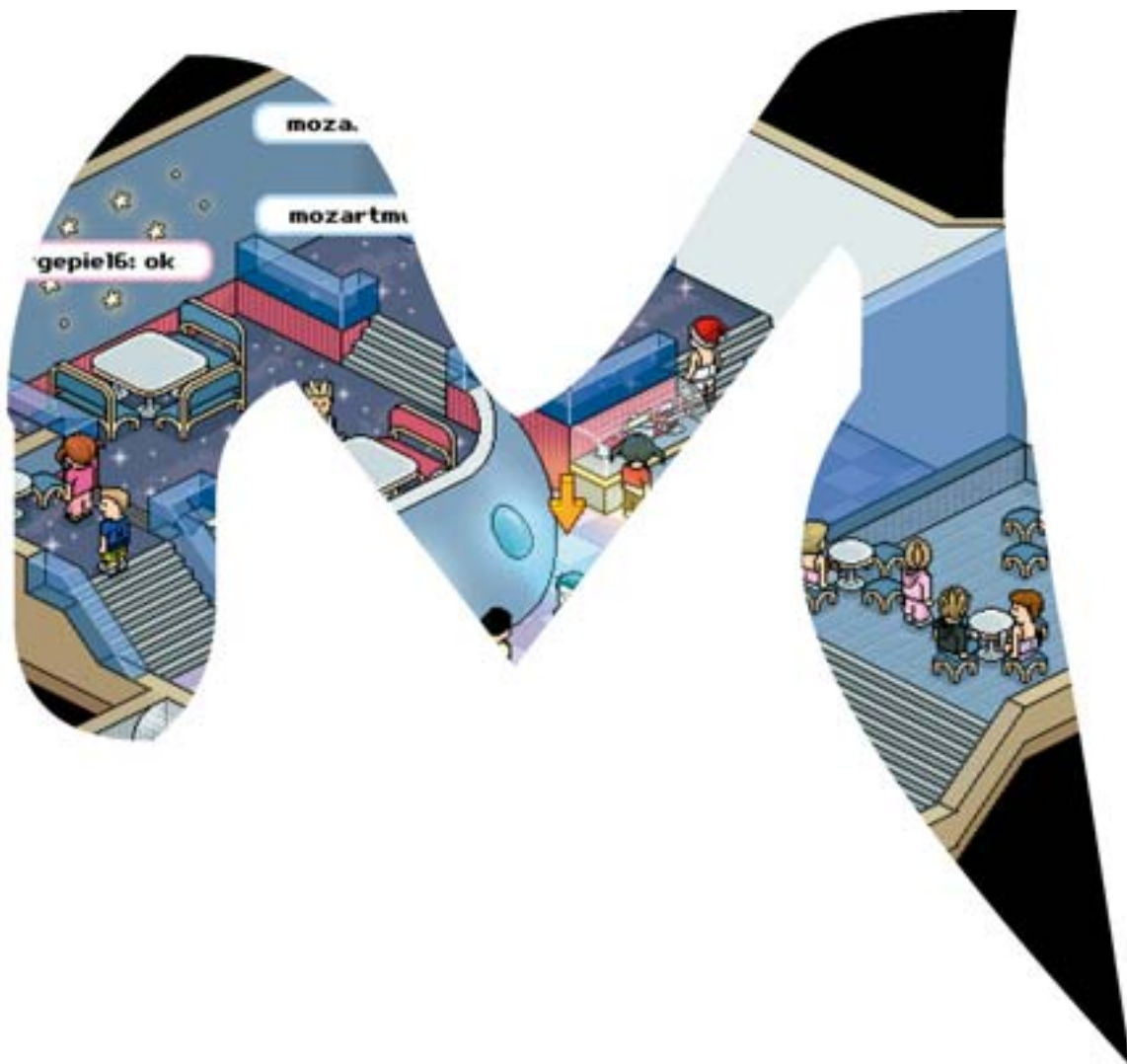
One important further development objective of the administration and decision-making processes of DigiDemo according to the enterprises is effectiveness. For example, due to fast technological development it was suggested that the application process should be continuous, so that subsidies could be allocated more often. Respondents also brought up the need for separate application rounds for different fields in the sector, which could support the emergence of even more innovative projects.



"Separate application rounds for different sectors in the audiovisual industry in the following years could be a booster for even more innovative projects." [Erilliset hakemuskierrokset eri sektoreille tulevina vuosina voisivat toimia yllökkeenä aikaisempaa innovatiivisempien projektien toteuttamiselle.] (Software)

"A flexible application and support process, so that support could be granted more often. Half a year is too long a period to wait for a possible subsidy, particularly for young companies to whom support is often crucial." [Joustavampi haku- ja tukiprosessi, jotta tukea voitaisiin myöntää useammin. Puoli vuotta on usein liian pitkä aika odottaa mahdollista tukea erityisesti pienissä yrityksissä, joissa tuki on usein ratkaisevan tärkeää.] (Software)

According to the respondents, the project evaluation and feedback mechanism does not currently meet the needs of the applicants. However, 44% (n=24) considered the feedback adequate and good (Figure 5.2). Also companies that found the feedback



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adequate considered that feedback practices need to be developed. Companies strongly emphasised that feedback and other additional support should be given to companies only when needed. There was no significant difference between the opinions of demo and concept design projects compared to non-funded projects.

Around a third or a total of 21, of the enterprises were unable to recall any feedback at all, and 18% considered the received feedback to be inadequate. More systematic, professional feedback and detailed project evaluation would be beneficial particularly from the perspective of small enterprises. In particular, game developers and high-tech-related content producers criticised the current evaluation process.

"The feedback we received from AVEK was adequate and good." [Saamamme palaute AVEK:sta oli hyvää ja riittävää.] (Film and video)

"The funding decision was the only feedback we received from the project." [Rahoituspäätös oli ainoa palaute koko projektista.] (Film and video)

"We didn't receive any kind of feedback." [Emme saaneet minkäänlaista palautetta.] (Software)

"The support could be information and professional comments on how the project should be taken further [...] In practice, this would mean a better functioning feedback mechanism in AVEK." [Tuki voisi olla tiedon jakamista ja ammattimaista palautetta siitä, miten projektia voisi viedä eteenpäin [...] Käytännössä tämä tarkoittaisi toimivampaa palautekäytäntöä AVEK:ssa.] (Advertising)

In addition to closer project evaluation and more detailed feedback, enterprises often need longer-term support to carry out projects and break into markets with related products and services. Companies also need information about other funding possibilities and would benefit from networking with other enterprises and a variety of stakeholders in the audiovisual field. This kind of more general business development is not, however, in the scope of the DigiDemo programme. Hence, it would be important to strengthen the connections between DigiDemo and other funding programmes and bodies in order to serve companies better.

"What companies really need is wider R&D support and not only project-based funding for demo development. With wider development support, companies could develop their organisation, strategies etc." [Mitä yritykset todella tarvitsevat, on laajempaa kehittämisrahaa, eikä ainoastaan tukea demon kehittämiseen. Laajemmalla kehittämisrahalla yritykset voisivat kehittää myös organisaatiota, strategioita jne.] (Art and design)

"Companies need continuous long-term development support coupled with holistic counselling instead of short project-based development support." [Yritykset tarvitsevat jatkuvaa rahoitusta, eli ei kertaluonteista projektirahoitusta, vaan pidempiaikaista kehittämisrahaa yhdessä kokonaisvaltaisen ohjauksen kanssa.] (Software)

"AVEK should pay more attention to its role as a provider of information. Young companies in particular need more information and advice on how they could take their innovations further." [AVEK:n tulisi kiinnittää enemmän huomiota tiedottamisrooliinsa. Erityisesti nuoret yritykset tarvitsevat enemmän tietoa ja neuvoja, miten voisivat viedä innovaationsa pidemmälle.] (Software)

In terms of improving the efficiency and continuance of the programme, one possibility would be to create a joint platform for digital content creation in Finland. This would, according to the respondents, mean establishing a coordinated funding pipeline, which would provide financing, information and other related services for projects at different stages of development.

"Funding could mean a kind of continuum of DigiDemo, so that projects which have proved to be commercially viable could have further funding inside the same development programme [...]." [Jatkorahoitus voisi tarkoittaa suoraa jatkumoa DigiDemo-ohjelman sisällä tai yhteydessä sellaisille projekteille, jotka ovat todistaneet kaupallisen hyödynnettävyytensä.] (Advertising)

[...] a kind of a funding continuum instead of separate project funding. Seed funding, further funding, support for production, support for internationalisation etc. When AVEK finds good ideas that have potential, it could fund them further

or help the company to find other funding." [...] eräänlainen rahoitusjatkumo erillisten projektirahoitusten sijaan. Siemenrahaa, jatkorahoitusta konsepti- ja demokehittelyyn, tukea tuotantoon, tukea kansainvälistymiseen jne. Kun AVEK löytää hyviä ideoita, joilla on potentiaalia, se voisi joko rahoittaa niitä eteenpäin tai auttaa yritystä löytämään taho, joka olisi kiinnostunut sen rahoittamisesta.] (Film and video)

"Some kind of continual funding and support pipeline [...] "diesel money" for the idea phase, "start-up money" for concept and demo development, and actual development support for further development. There is also a great need for some kind of think tank which could provide information, tutoring, support, workshops, networking etc. AVEK could have the potential to be this kind of an actor in Finland." [Jonkinlainen jatkuva rahoitus- ja tukiputki [...] diesel-rahaa ideavaiheeseen, alkurahoitusta konsepti ja demo- kehittelyyn ja varsinaista kehittämistä rahaa jatkokehittelyyn.] (Business consultancy)

According to the feedback from the respondents in the companies that participated in the DigiDemo programme in 2003–2006, the major strengths and weaknesses of the programme can, in conclusion, be summarised as follows.

Strengths:

- **An important development tool for the whole audiovisual industry**
- **The programme has cultural relevance in Finland**
- **An important programme both at the project and company level**
- **High relevance for innovative and commercially riskier project development**
- **Easy application, light but adequate reporting system etc.**

Weaknesses:

- **Application round twice a year is not enough**
- **The programme does not offer long-term support for micro-sized companies**
- **No clear co-operation with other funding bodies in the cultural and creative industry**
- **Insufficient feedback and evaluation practices regarding the projects**

STRENGTH
[VIII]



6
in conclusion

This study examines projects primarily from an economic perspective. The cultural aims and significance of the DigiDemo programme are important and should be stressed. However, it is not the direct purpose of this work to evaluate the cultural significance of the projects.

The study evaluates the projects of creative works in digital environments by setting them in the context of entrepreneurial and business activities and examining related feasibility. Traditionally, funding measures for product development are at the project level, which tends to stress the individual nature of each project. The present treatment aims at taking a further step by setting the projects in the dynamic context of their realisation in business environments. This treatment allows for the building of a dynamic analysis: how have related projects generated new products and services for the markets through the evolution of projects into commercial products?

Effects of the programme at the project level

As regards DigiDemo and its goals, it can be argued that the programme has succeeded quite well in promoting content with commercial potential. In total, 75% of the demo projects have produced a finished demo and demonstrated content production in a form which is complete and coherent from a professional and industrial point of view. The content has not yet, however, spread widely to additional platforms after testing. One main reason for this is that a remarkable share of content products are games or content services targeted to a certain platform.

Overall, DigiDemo had a clear impact in supporting the creation of new content products and services. The share of DigiDemo subsidy in the demo project budgets is major, covering almost 40% of the budget on average. Compared to the group of non-funded projects, the funded projects have considerably more often already reached the market.



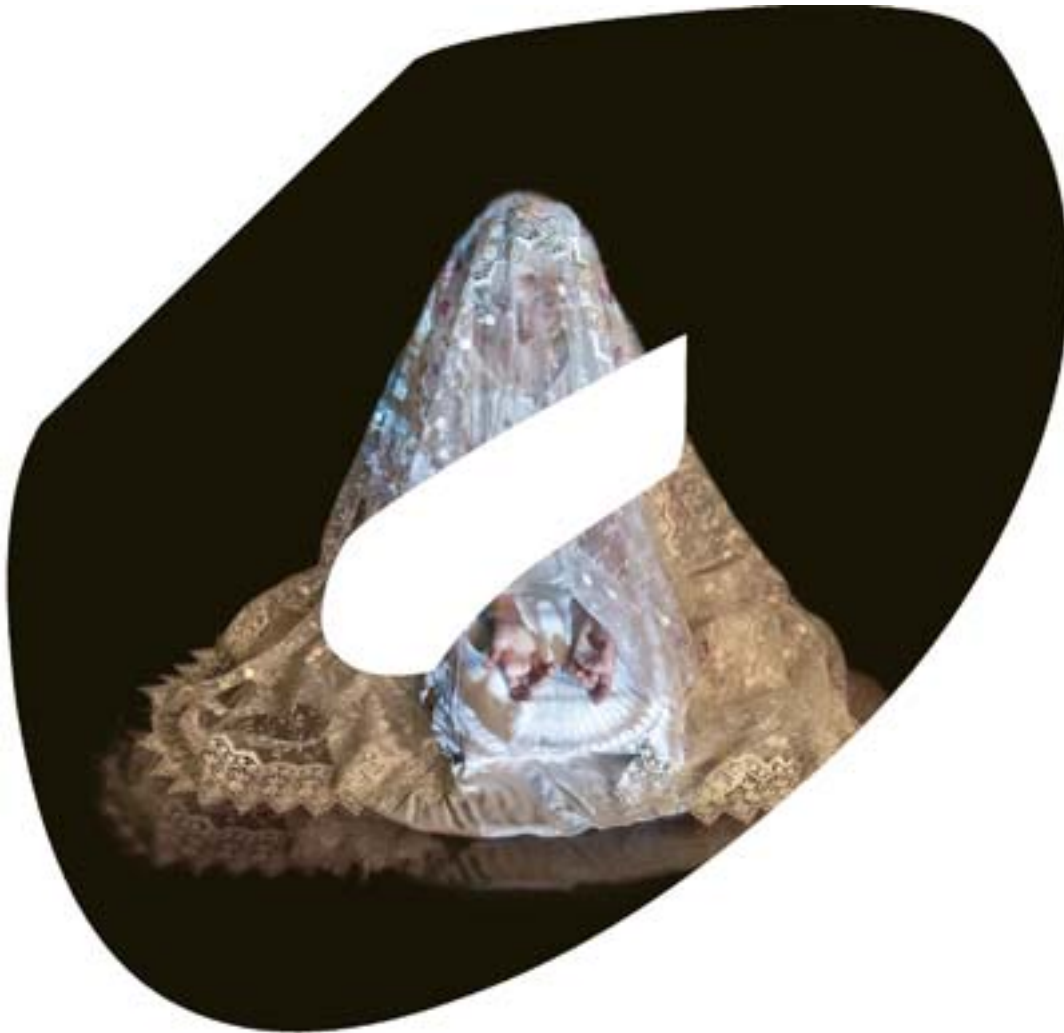
Even if it cannot be argued that the programme alone has generated new content products, it is however clear that it has played an important role in promoting the development of a total of 21 new commercial products, 13 new content services, and a total of 15 new concept designs during years 2003–2006 (Table 6.1).

FORMS OF CONTENT	Product	Concept design	Service	TOTAL
Games				17
Internet	3	2		
Mobile	5	1		
CD-rom/DVD	4			
Multimedia	1			
Other	1			
TV programme				6
Internet				
Mobile		2		
TV	1			
Multimedia	1	2		
TV format				1
Internet		1		
Work of art				2
Multimedia		1		
Other	1			
Entertainment service				12
Internet			2	
Mobile			5	
Multimedia			5	
Other				
Community service				1
Multimedia			1	
Other				
Other service		1		1
Other				9
Internet		2		
Mobile		1		
CD-rom/DVD	1			
TV		1		
Multimedia	2	1		
Other	1			
TOTAL	21	15	13	49

Table 6.1 New concept designs, products and services subsidised by DigiDemo

The amount of subsidy seems also to explain the content's progress into wider production to some extent. The amount of subsidy was somewhat higher in projects that were already in actual production compared with those still undergoing product development. However, the innovativeness of the company and, hence, that of the demo project also have a clear effect on project development. The funded demo projects already in production are more often implemented by young start-up companies.

It should be noted that even though only a quarter of the subsidised projects were content services, the share of new commercial services in the markets is considerably higher even though services were allocated less subsidy than content products. New content services are typically social media applications where customers create and share content.



Many of the most successful demo projects were part of larger-scale development work in the companies. Products and services already on the market were often developed under a common concept as brand extensions. This result is rather unsurprising, as the risks for brand-related projects are typically smaller and the likelihood of commercial success greater.

The fact that a significant proportion of the subsidy was allocated to the development of games is evident in the results. Nearly 70% of the new commercial products are games. The share of applications for game development was over 30% on average, though the proportion has varied from year to year. This share was most substantial in 2005 and 2006, when every second project application was related to games. These projects have most often also proceeded into production.

As TEKES, the Finnish Funding Agency for Technology and Innovation, for example, also promotes the development of games and game companies in Finland, the role of DigiDemo in the field of game development should be defined. In the future, it might be worth targeting subsidies particularly to serious gaming and more experimental game production.

Effects of the programme at the company level

The DigiDemo programme is first and foremost a cultural development instrument. This study shows in part that the programme also has important economic relevance for the creative companies and industries in Finland, especially if viewed over a longer period of time. Even though the current evaluation period is rather short, many of the projects already show market potential.

DigiDemo has strongly promoted business at the company level, but it also has wider effects on an industry scale. At the moment, the programme represents a quite unique instrument even in European terms; very few programmes support innovative digital productions in the product development phase that do not easily conform to a single medium or traditional cultural field.

In addition to supporting the creation of new concept designs, commercial content products and services, the DigiDemo programme has clearly had wider economic effects on the respective companies. The stage of production was found to have a clear connection to the economic effects at the company level. Every fifth company reported having experienced turnover growth as a result of the successful market entry of the subsidised project. The programme also fosters company development through strengthening the company's position in the market, simply by enabling development projects and offering small enterprises the opportunity to allocate resources to development work.

The companies' willingness to grow was not examined as part of this study. However, at a general level the results suggest that, in accordance with the general trend in micro-sized companies, the examined enterprises were not willing to expand strongly. For micro-sized companies, it is usually easier and less risky to buy services externally rather than to hire new employees. Even though the majority of the companies reported no change in the number of employees, the programme still had positive effects by creating work and enabling sub-contracting.

In addition to the direct economic effects, the programme had remarkable indirect impacts on digital content creation. Even though the amount of subsidy per project is targeted at concept and demo development and is hence rather limited, it is often crucial at the beginning of content development, since it enables companies to allocate resources to development work. The programme has been an important instrument for content businesses in bringing innovative content into production. DigiDemo provides subsidy for product development in industries that very few traditional funding instruments reach.

The indirect economic effects of the programme in the form of supporting innovation are much greater than merely supporting the creation of the new content products and services currently on the market. A great number of business ideas will be developed based on the subsidised projects also in the future. The programme supported entrepreneurship and innovativeness in the content business companies for example by lending credibility and self-confidence to small content enterprises. Overall, the companies considered DigiDemo to be a good development instrument.

The DigiDemo programme in the bigger picture

The programme provided support particularly for content development in micro-sized companies in the audiovisual and game industries. These companies in particular found the subsidy financially helpful and an outstanding incentive in their development work. Many enterprises reported that the pilot project would not have been carried out without the support.

This main target group, however, often needs more information and longer-term development support than the programme currently provides. The companies would require more information about other funding possibilities and would benefit from networking with other enterprises and different stakeholders in the audiovisual field.

It can be debated whether or not this kind of long-term and more general development support would still be in line with the objectives of the programme. The main objective of DigiDemo is to subsidise the product development phase and not to support wider development of the companies or their innovation work. Since the objectives of the programme do not currently include such aspects, it would be essential to guide enterprises to use other development funding instruments or to participate in incubator programmes through TEKES or the Ministry of Employment and the Economy, for example. The role of the DigiDemo programme in this wider context should also be evaluated.

The development work in content creation companies would require a more organised and continuous platform after the concept and demo development stage. Despite the new funding opportunities for content creation provided by TEKES, for example, many companies consider development instruments too limited. It would be necessary to establish a more coordinated funding pipeline between the different funding bodies at different stages. This pipeline would provide information, financing and other related services for projects at different stages of development. Thus, projects that show potential after the concept and demo stages could be directed systematically to other funding channels that would further support production and marketing-related development or internationalisation, for example.

A great number of the subsidised demo projects also received additional external funding. This suggests certain conformity between the funding criteria of different development instruments and the possible conservativeness of the funded project ideas. This raises questions regarding the nature of DigiDemo in the future. Should the programme be developed to support more commercially risky ventures, especially when taking into account the cultural aims of the programme? Or should the programme be developed in conjunction with other development instruments to form a more coherent development pipeline for content creation in Finland?

In any case, the DigiDemo programme currently has an important role in providing venture capital for the creative industries in Finland. However, the programme's goals and role in a broader development environment and in relation to other funding instruments should be more clearly defined.



glossary

Concept design: Concept design refers to the initial stage of the design process or the product development process, the aim of which is to capture the essential form of the product idea rather than define its exact features. Concept designs are not intended for immediate realisation or wide-scale production. In the context of this study, concept design projects refer to concept design and scriptwriting projects that have received subsidy from the DigiDemo programme.

Content product: Subsidised development projects have in this report been divided into two groups in order to differentiate between individual works and programmes and content-related services. The term content product refers here to individual works and programmes, e.g. games, TV formats, TV programmes etc.

Content service: Subsidised development projects have in this report been divided into two groups in order to differentiate between individual works and programmes and content-related services. The term content service refers to different kinds of content-related services, e.g. entertainment services, community services and other services.

Demo: In the context of this study, a demo refers to a product development project that has received subsidy from the DigiDemo programme and the aim of which has been to produce a pilot demonstration product or service. The general purpose of a demo is to showcase the idea, performance, method or other features of the product. A finished demo can also be considered to be a 'proof of concept'; a production demonstrated in a form which is complete and coherent from a professional and industrial perspective.

DigiDemo: A programme supported by the Ministry of Education and carried out by AVEK. The aim of the programme is to support product development in the creative industries. The programme was launched in 2006. However, its roots date back to the Funding for Product Development for Creative Industries project in 2002. The first phase of the programme lasts to the end of 2008. In this study, the term DigiDemo refers jointly to these two schemes.

Platform: For the purposes of this study, the term platform is used to describe a piece of hardware, a distribution method and a user interface on which software or other digital content can be run, displayed and delivered to the user.

Product development: Product development refers to the pre-production phase of a product or service which is based on some form of cultural content. The DigiDemo programme aims to strengthen the development of content product within the creative industries taking into account the fact that most existing public support for product development is basically allocated to support technological innovation and, typically, companies and research organisations operating within the technical sectors.

Project development: Project development refers here to the development of subsidised content products or services at different stages of their content life cycle from pre-production to actual production.

appendices

Background information

Name of company and demo project:

Name of respondent:

Year when business was established:

Current number of staff:

Turnover in the last fiscal period:

Name of possible parent company:

Effect of the funding at the project level

1. First, please describe the main content of the project (content, target market, target audience, distribution channel)
2. What happened to the demo after the pilot phase?
 - Did the content go into wider production, the extent of production, extension to other distribution channels, changes in target markets or audiences?
3. What is the current status of the content product/service?
 - Is the content still in production/distribution, distribution channels, ownership of the content, what possible commercial spin-offs / service concepts or completely new business activities has the project brought?
4. How important do you consider AVEK funding in the development and execution of the project?

Effect of the funding at the company level

5. What effect has the demo project had on the market position of your company in its main branch of business?
 - o Our market position has strengthened significantly
 - o Our market position has strengthened to some extent
 - o Our market position has remained the same
6. What effects has the demo project had on the turnover of your company?
 - o Our turnover has increased significantly
 - o Our turnover has increased to some extent
 - o Our turnover has remained the same
7. What effect has the demo project had on the number of staff in your company?
 - o Our number of staff has grown significantly
 - o Our number of staff has grown to some extent
 - o Our number of staff has remained the same

8. What effect has the project had on the position of your company in the global market?

- o Our opportunities in the global markets have improved significantly
- o Our opportunities in the global markets have improved to some extent
- o The project has had no effect on our company's opportunities in the global markets
- o Exploiting global markets was not the aim of the project

The overall effect of the funding

9. Please evaluate AVEK / the Ministry of Education from your project's point of view on a scale of 1=negative/small, 2=fairly negative/small, 3=hard to say, 4=fairly good/significant, 5=good/significant

- o Providing information on the funding, calls for application and criteria for awarding grants
- o Application process and administration
- o Feedback on the application/project
- o Significance of the funding as a funding instrument in terms of cultural policy
- o Significance of the funding to actors in the field in general
- o Significance of the funding as a funding instrument in terms of industry policy

10. In your opinion, how should DigiDemo funding be developed? What feedback would you like to give AVEK or the Ministry of Education?



APPENDIX 2 THE INTERNET QUESTIONNAIRE / CONCEPT DESIGN PROJECTS AND NON-FUNDED PROJECTS

Name of company and demo project:

Name of respondent:

Year when business was established:

Current number of staff:

Turnover in the last fiscal period:

Name of possible parent company:

1. Current status of the development project

- The development project is still running
- The development project has been carried out and has now ended
- The development project has not been carried out

2. Have you applied for other substitutive funding for the project?

- Other funding has not been applied for
- Other funding has been applied for but has not been granted
- Other funding has been applied for and has been granted

3. Other external sources of funding for the project and amount of funding

4. Current status of the development project

- Completed, but not yet in the demo phase
- In the demo phase; demonstration version is ready or in production
- Project has progressed from the pilot phase into wider production and distribution

5. AVEK gave you feedback on your application. Please evaluate its importance in terms of the execution and development of your project.

APPENDIX 3 LIST OF THE PROJECTS IN INTERVIEWS AND QUESTIONNAIRES

Company	Funded demo projects
3DOLli	Palikkavisa
AnimaVitae Oy	Human Being Karaoke Exercise
AnimaVitae Oy	Leningrad Cowboys goes mobile
Aniway Oy	Nuottivain
Aniway Oy	Half Breed
Aniway Oy	In Sanity – Murder of Crows
Apprix Oy	Mobiili Rusty Diver
Apprix Oy	Mobiili ensiapukoulutuspelejä
Arts & Minds Oy	Amazing Maze tv-peli
Audio Riders oy	Encore! Vielä kerran pojat...
Bugbear Entertainment Oy*	Wroom
By Hand productions Oy	Seksin ABC
By Hand productions Oy	Seksin ABC, Hups -demo
Chairman & Board Oy	Industrial Atheletes
Content Union Oy	Kaupunkikohtaamisia
Content Union Oy	MBM Movement by Music
Coophill Oy (Stepwise)	Dance-site.com
Enporia Oy	Master of Memes
Exifomat oy	CAIRN mobiili-installaatio
Filmaattiset Oy	Valtaus
Frozenbyte Oy	Jack Claw pelattava demo
Frozenbyte Oy	Shadowgrounds PSP prototyyppi
Happywise Oy	Takapiha -projekti
Heidi Tikka Media Production	Tilanteita
Ironstar Helsinki Oy	Bändi –Pocket pal –minipeli
Ironstar Helsinki Oy	Pocket pal taskukaveri mobiililaitteessa
Kinovid Ky	Alvar Aalto – A Passion to Build
Koistinen Kantele Oy	Jamkids nettiyhteisö ja soittinohjelma
Koskela Art & Media House	Rajapinnalla
Kroma Productions Oy	Semeion multiuser käyttöliittymä
Lapland Studio Oy	World of Mercs
Mansoff tietotekniikka Oy	Max Delay, menneisyyden koodit
Marpoly Oy	Free (Free Reactive Enjoyable Environment)
Medeia Oy	Tarot
Medeia Oy	Choosing My Religion
Meet factory Oy	aSave
Meet factory Oy	Pocket Guide on the Go for mobile applications
Nicefactory Oy	Sooda-TV
Nitro FX Oy	Wars of Russia -demopilotti
Norsufi. / RED Sonic	NC4C
Periferia Productions Oy	Many Happy Returns vol.II
Pop Active Oy	Planetario
Pore Productions	Kukkapuu -demo
Prosign Oy	Keisarin salaisuus viittoen
Provisual Oy	Nightwish FanPod mobile magazine

Provisual Oy	FanBLOG Community
Provisual Oy	Pixoff Mobiilielokuvien käsikirjoituskilpailu
Pr-Productions Ky	XTV monimedia
Rabbit Films Oy	Dudesons – Web 2.0 sisällöt
Rabbit Films Oy	Extreme Dudesons moimediaformaatti
Radio Pooki Oy	Rantakadun tuulet digitv-ohjelmapilotti
Remote Controllers Oy	Teen-tv mobiilipalvelu
Sankari Tuotanto Ay	Sankari interaktiivinen ohjelma
SpeeLa Oy	Dino löytää ystävän
Standup Etcetera Oy	Standup –mobile
Sulake Labs Oy	Habbo Mobile
Susamuru oy	Arkki
Talvi Productions Oy	Cocktail party in heaven
Tezoma Solutions oy	Verkkojen taustamusiikkipalvelu
Tuotanto Rinki Oy	Vege –monimediakonsepti
Uudenmaan äänituotanto Oy*	Oppinappi –hanke
*not reached for interview	

Company	Funded concept designs
Bergani Films Oy	Animaatio- ja "Bani" –tuotteet
DV Consulting T:mi	Parisuhde Tamaguchi
Eömorex Oy	Musiikkipelien uudet tuulet
Filmitalli Oy	Mobiili Kokki
Happywise Oy	Takapiha –projekti
Janne Salosen T:mi	Mobiilianimaatio "Mobile Mash"
Joppemaailma Ay	Eurotour
Kinokki T:mi	Mind saver
Kristiina Tuura + työryhmä/ Zento Oy	Törmäyskurssi
Like Kustannus Oy	Runoryhmä DVD-, mobiil- ja web-julkaisut
Meet factory Oy	Pocket Guide on the Go for mobile applications
Mrpdocs Matila Röhr Productions Oy	Aalto
Nendea Brands Oy	Parempi maailma
Pop Active Oy	Green Tribe Inc
Prosign Oy	Hanna heiluttaa käsiä
Shantia Oy	Jooga Avatar – Personal Trainer
Standup Etcetera Oy	Interaktiivinen mobisode
Stara Media Oy	Stara Vodcast
Viestintäosuuskunta Aukeama	Podopas

Company	Non-funded demo projects
3DOLli	Peikot / Trolls -projekti
3DOLli	Palikkavisa
3DOLli	3DJ
AV-Torppa Oy	Yhteinen asia
Big Bear Productions	Oy Enemmän suomalaista -dokumentti

By Hand productions Oy	Seksin ABC, tri Zukovskin salaiset kansiot
Exiformat oy	Kaupunki kuvia suomalaisista kaupungeista
Filmihalli Oy	Ulkosuomalaisen tarina / Ulkosuomalaiset
Filmihalli Oy	Ulkosuomalaiset
Filmihalli Oy	Ulkosuomalaiset
Folia Productions	Pax Europa
Heidi Tikka Media Productions	Tilanteita 04
Housemarque Oy	Cute Golf
Illume Oy	Arhippa Perttunen kaupungissa
Kroma Productions Oy	Aalto design DVD
Kroma Productions Oy	Pan Horama mobiili ja verkkoprojekti
Lumi Interactive Oy	Ilmainen monikanavaviestintäpalvelu kuluttajille
Luoda Productions Oy	MOGU
Magneetto Media Oy	Babylife
Magneetto Media Oy	Grandseven
Marpoly Oy	MoFun
Meet factory Oy	Virtuaalilemmikki näytönsäästäjä 3G puhelimiin
Melon Arbus Productions Oy	Mobiili tv-sarja eCity
Mobilive Entertainment Oy	Look at Me and My Mirror
Nitrogen Entertainment Oy	kuunnelmat.fi
Oblomovies Oy	Obsessio – Enactive Cinema Installations
Oblomovies Oy	Montaasikone
Pikku-Tuotanto	Keskustori.fi
Prosign Oy	Viittomakielinen animaatio
Prosign Oy	Selkoa kielellä
Prosign Oy	Selko- ja viittomakielen chatin testaaminen
Provisual Oy	Piippolan Vaari internet yhteisön pilottipalvelu
Provisual Oy	Pixoff monimediakonseptin pilotti
Provisual Oy	Mobie -TV
Provisual Oy	Pixoff VoD
QuetzalCoatl production Oy	Stella Pelle
Spring Sports Oy	LEET -digidemo
Stereoscape Ky	Stereoactive
Viestintäosuuskunta Aukeama	Videocast –opastus Mesokeskus Vapriikissa
Zento Oy	Sooda –mobiililemmikki



APPENDIX 4 SUB-INDUSTRIES INCLUDED UNDER THE APPLIED HEADINGS
(IN ACCORDANCE WITH THE STANDARD INDUSTRIAL CLASSIFICATION 2002)

Art and Design

- 92311 Artistic creation
- 74871 Industrial design
- 74811 Photographic studio activities

Business consultancy

- 72402 Information network activities
- 74140 Business and management consultancy activities
- 74879 Other business activities

Film and video

- 92110 Motion Picture and video production

Music

- 22140 Publishing of sound recordings
- 32300 Manufacture of television and radio receivers, sound or video recording or reproducing apparatus and associated goods

Advertising

- 74401 Advertising agency activities

Other creative industry

- 22110 Publishing of books
- 22150 Other publishing
- 36300 Manufacture of musical instruments
- 63302 Tourist assistance activities
- 92312 Theatre and concert activities
- 92320 Operation of arts facilities
- 92340 Other entertainment activities
- 92620 Other sporting activities

Other

- 51840 Wholesale of computers, computer peripheral equipment and software
- 51879 Wholesale of machinery and equipment
- 52112 Retail sales of perishable goods in non-specialized store
- 52451 Retail sales of electrical household appliances and radio and television goods
- 74208 Mechanical and process engineering design
- 85149 Other health care services
- 91 Activities of membership organizations

Radio and TV

- 92200 Radio and television activities

Software

- 72220 Other software consultancy and supply

APPENDIX 5 ADDITIONAL EXTERNAL FUNDING FOR THE PROJECTS PARTICIPATING IN
THE DIGIDEMO PROGRAMME

Funded projects:

Sub-region of Raabe
The Employment and Economic Development Centre
The Finnish Film Foundation
Helsinki University of Technology
Regional Council of Central Finland
Mindtrek Award
Arts Council of Finland (n=3)
University of Art and Design Helsinki
University of Oulu
Alfred Kordelin Foundation
The Building Information Foundation RTS
Museum of Contemporary Art Kiasma
The Finnish Association of the Deaf
Finnish Cultural Foundation
The Finnish Composers' Copyright Society Teosto
Finnish Funding Agency for Technology and Innovation
Ministry for Foreign Affairs of Finland
MEDIA 2007 Programme
Distribution channel, TV (n=6)
Distribution channel, mobile
Venture capital (n=4)
Cooperation partners (n=6)
Award, prize (n=2)
Loan (n=2)

Non-funded projects:

Finnish Tourist Board
Helsinki City Tourist and Convention Bureau
Finnish Funding Agency for Technology and Innovation
The Employment and Economic Development Centre
City of Helsinki
Helsinki City College of Technology (Heltech)
Media Centre Lume
Finnish Film Foundation
Ministry of Education
Ministry of Employment and the Economy
Ministry for Foreign Affairs of Finland
Foundation for the Development of Communication and Media in Satakunta (Satakunnan viestintäalan kehittämissäätiö)
Game publisher in United States
Venture capital



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* Online publications: <http://www.minedu.fi/OPM/Julkaisut/julkaisulistaus?lang=en>



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Bookstore:

Helsinki University Press
P.O. Box 4 (Vuorikatu 3)
FIN-00014 University of Helsinki
tel. +358 9 7010 2363
fax +358 9 7010 2374
books@yopaino.helsinki.fi
www.yliopistopaino.helsinki.fi

ISBN 978-952-485-591-4 (nid.)
ISBN 978-952-485-592-1 (PDF)
ISSN 1458-8110