



**Evaluating NYC media sector development  
and setting the stage for future growth**  
Final Report

May 8, 2012

THE BOSTON CONSULTING GROUP

# Introduction

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**The media and entertainment industry is an important contributor to New York City's economy, providing high quality jobs in an era when low-paying service jobs have become the norm. Over the past ten years, this industry's presence in New York City has seen significant change and growth, even in the face of the national and regional economic downturn.**

**This reports aims to analyze the development and growth of NYC media by examining different subsectors and identifying the main trends that have shaped and will continue to shape NYC's media and digital media sectors.**

**New York City has long sought to facilitate media production in the City. Since its establishment in 1966, the Mayor's Office of Media and Entertainment (MOME), through its Office of Film, Theatre and Broadcasting (MOFTB) has served New York City's media and entertainment industry issuing permits, coordinating services and developing the Made in NY logo and marketing campaign for qualifying productions. With changing technology and new challenges, City maintains its commitment to the media industry, developing a number of initiatives to build on the City's digital potential, most notably including the new Engineering and Applied Science Campus and the creation of a dedicated NYC Digital Office.**

# Executive Summary

## 1 Filmed Entertainment, Broadcasting and Cable

**Filmed production has gone through significant change since 2002 and today accounts for \$7.1b in spend and employs 130k people in NYC**

- Despite a nationwide industry decline, 30k jobs were created in NYC since 2004 and sector spend grew by 70% since 2002

**This growth was accompanied by private infrastructure investment, expanding studio and post production capacity**

- TV productions grew by nearly 82% driving most of the sector growth with growth of dramas, reality and talk shows

**Broadcasting revenues grew slowly and jobs were shed, but this was more than offset by strong cable performance**

## 2 Overall NYC media

**The media sector continues to be a very important source of revenue and jobs for NYC**

- Employs ~275k people and generates more than \$80bn in revenues
- Media sector jobs average \$111k in annual salary, exceeding NYC average by 42%

**Significant growth has been achieved in NYC media sector since 2002, despite nationwide decline**

- Since 2002 NYC has created ~40k media sector jobs, while US has shed ~40k jobs

**NYC cross-disciplinary talent pool and digital community continue to attract new digital companies to the city**

- Digital sector now employs ~25k people and accounts for over \$8bn in revenues
- Tech giants have opened engineering offices in NYC (Google in 2007, Twitter and EBay in 2011 and Facebook 2012)
- Venture capital is flowing – NY received 24% of total US VC investments in M&E in 2011 compared to 10% in 2002

## 3 Positioning NYC for the future

**Strengthening its position as a destination for digital companies, media start-ups, and high quality talent will be critical to NYC success as a media hub of the future**

- City actions along four key dimensions were identified through interviews with media sector leaders:
  - Sector promotion, community engagement, talent development, and infrastructure
- NYC Government has various programs underway along all key dimensions; additional ideas also being considered

# Defining boundaries of the Media and Entertainment sector

Sub-sectors in-scope for NYC market sizing and 'future of' assessment

Film and TV	Other traditional media	New media	Out-of-scope sub-sectors
<b>Filmed entertainment</b> Includes commercials, TV shows and films. News included under broadcasting and cable	<b>Advertising</b> Includes agencies (advertising, media buying, public relations, promotion, digital and direct marketing) as defined by Ad Age	<b>Digital</b> Includes digital companies and internet publishing, both established and start-ups <i>Digital arms of traditional media not included</i>	<b>Music</b>  <b>Live events</b> <ul style="list-style-type: none"><li>• Theatre</li><li>• Concerts</li><li>• Sports</li></ul>
<b>Broadcasting and Cable</b> Includes all TV stations, TV networks, cable networks, radio stations and satellite. <i>Does not include cable distribution</i>	<b>Publishing</b> Includes books, newspaper, magazines, news companies (Thomson + Bloomberg)	<b>Media/tech VC and incubators</b> Includes VCs that invest in digital media and have a presence in NY	<b>Media distribution</b> <ul style="list-style-type: none"><li>• Cable companies</li><li>• Wireless</li></ul> <b>Associated subsectors realizing second-order economic impacts</b>

# Agenda

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## Traditional media industry snapshot

- Overall filmed productions
- Film and TV
- Broadcasting and Cable

## Media industry snapshot (cont'd)

- Overall NYC media
- Publishing
- Advertising
- Digital and VC

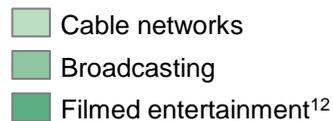
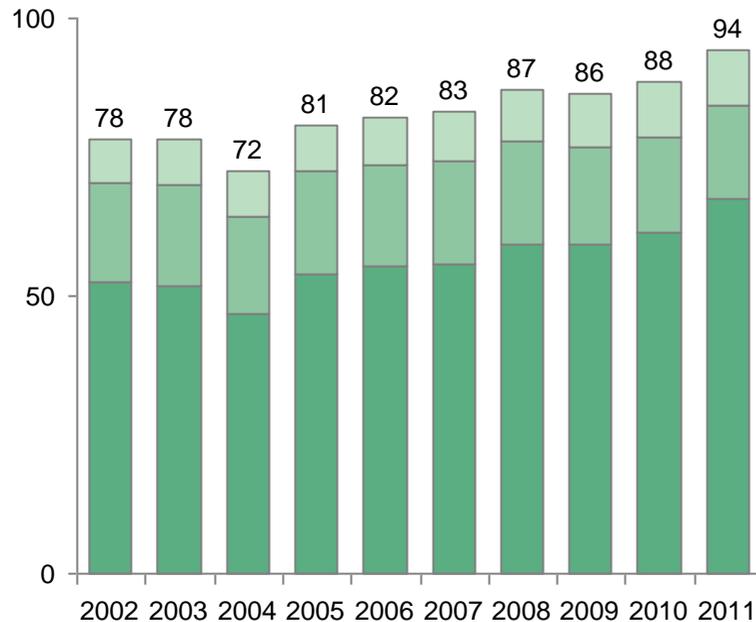
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- Sector trends
- Plans for the future
- Subsector specific trends

# Filmed production industry direct spend has increased 70% since 2002. Employment grew by over 30k since 2004.

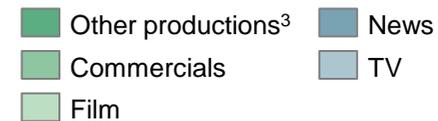
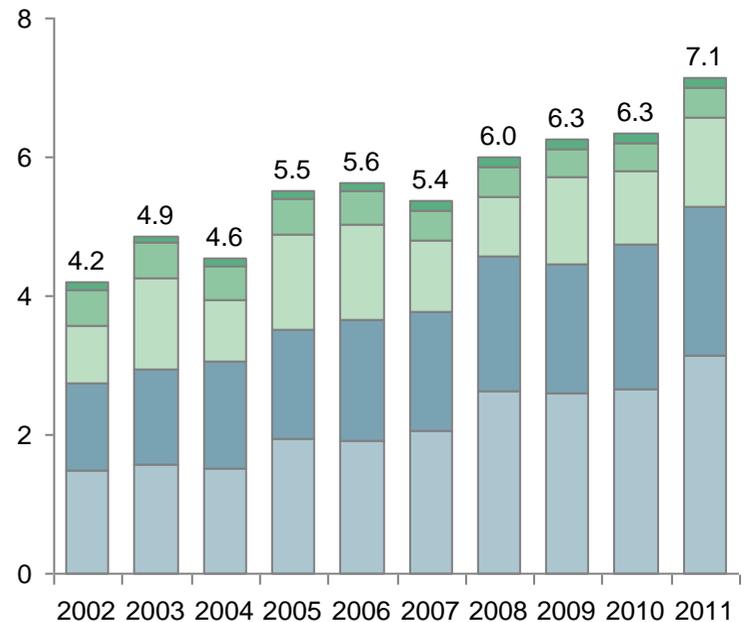
Filmed production now employs ~130k<sup>1</sup> people across 94k FTE jobs

NYC FTEs (k)



This industry accounts for \$7.1bn in spend in NYC

Spend (\$bn)



1. Many people in the filmed entertainment industry are short-term employees with the 130k total employed representing 94k full time equivalent jobs. 2. Note that for Filmed Entertainment includes both core production and production related activities. 3. Includes music videos, documentaries, overseas TV episode shoots, etc.

Source: BLS data, BCG analysis for filmed entertainment

# NYC filmed entertainment industry growth impressive in face of nationwide decline

**Estimated 20% job growth v. 5% decline elsewhere, since 2002**

NYC jobs ('000)	2002	2011	Change
TV	12.2	21.6	76%
Film	5.5	8.8	59%
Production related	29.4	32.7	11%
Cable and Broadcasting	25.6	26.5	4%
Other productions	1.1	1.1	(2%)
Commercials	4.2	3.4	(21%)
<b>Total</b>	<b>78.0</b>	<b>94.1</b>	<b>20%</b>

**Growth driven by incentive program and boom in talk and reality shows**

**City and state support drives significant incremental NYC production**

- Relationship between NYC film market size and changes in incentive programs over time
- TV series, stickier than film and more dependent on strong infrastructure that NYC provides, have shown steady rise

**NYC has been a primary beneficiary of growth in talk and reality shows**

- Estimated 1,500 more episodes of talk and reality shows filmed in NYC today than '02

**Cable networks growth and consolidation favoring NYC**

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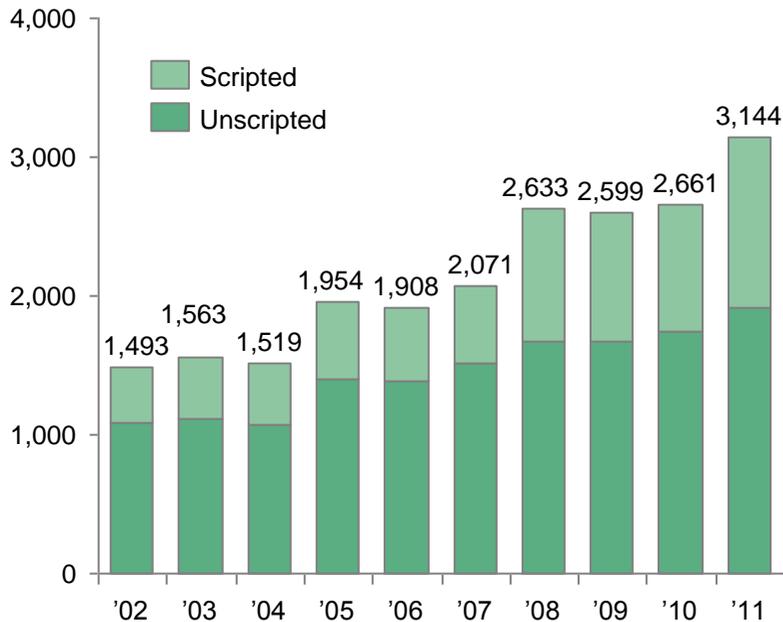
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# NYC television production has doubled since 2002, now accounting for \$3b in spend and employing ~30k people

Talk, reality, and one-hour dramas have driven spend growth...

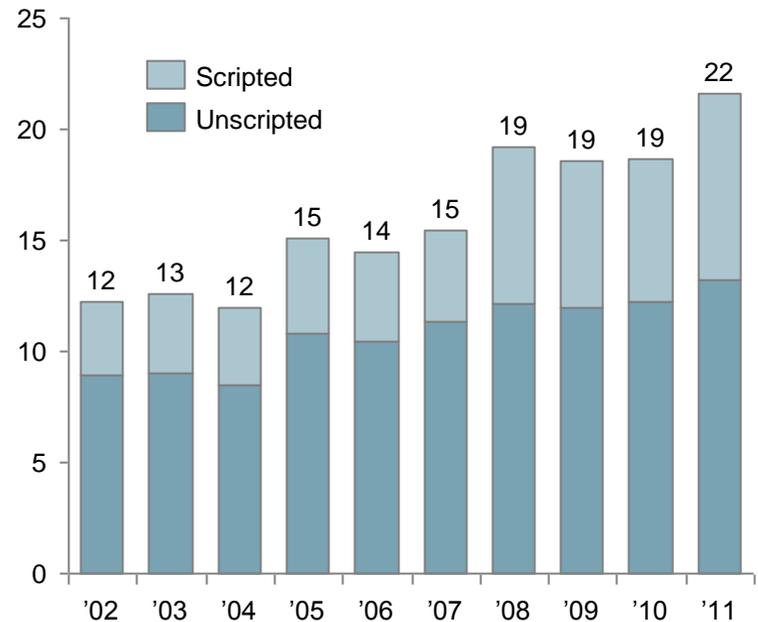
...supporting employment of 30k<sup>1</sup> people across 22k FTE jobs

Total NYC spend (\$m)



Total scripted shows	11	12	11	17	15	18	23	20	21	24
Total unscripted shows	30	32	29	45	41	48	58	53	58	67

Total NYC FTEs (k)



**Scripted:** One-hour dramas, 30min series and soap operas

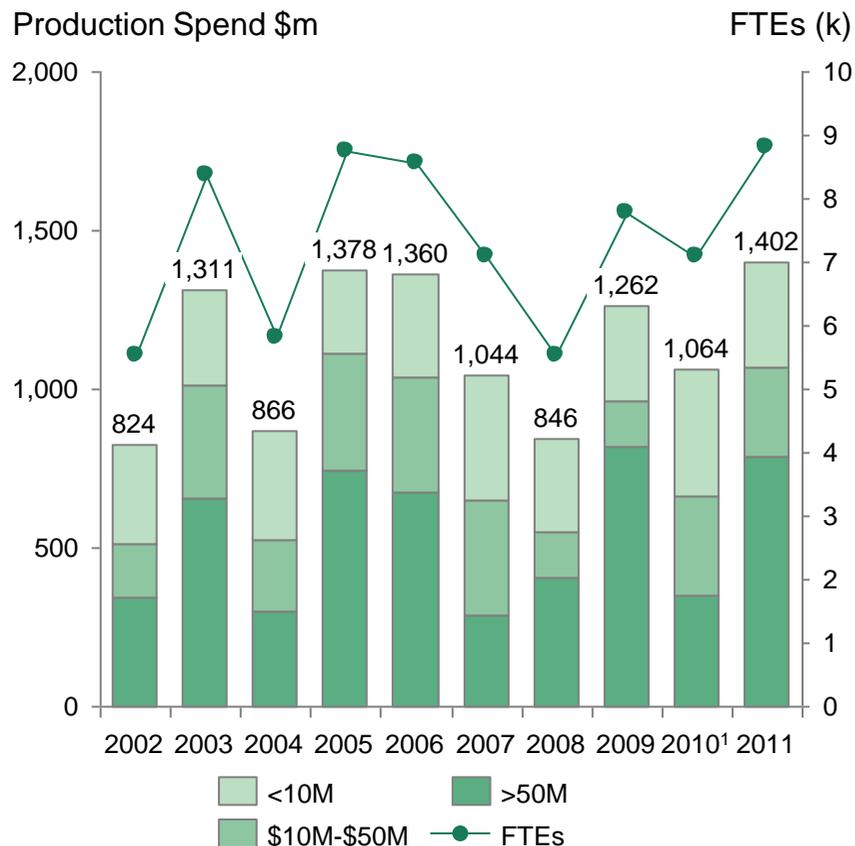
**Unscripted:** Talk Shows, Reality shows and other

1. Many people in the filmed entertainment industry are short-term employees with the 30k total employed representing 22k full time equivalent jobs.

Source: MOME permitting and city incentive application data; BCG Filmed Entertainment model

# NYC film production is at its highest levels supporting employment of over 12k<sup>1</sup> and \$1.4b in direct spend

## NYC film production has been volatile during the period



## However, variations align with changes to incentive programs

### Jump in 2005-2006 from new NYC tax incentive scheme

- 15% state/city incentive program created and rolled out in 2005

### Drop-off in 2007 as other East Coast states introduce generous incentive programs

- MA, PA, CT begin offering 30% & 25% production credits v. NYS/NYC 15%

### Rebound in 2009 as NYS bumps up credit to 30%, with no fall-off as NYC funding is exhausted; mitigated by recession

### Moderate drop in 2010 as state credit funds were interrupted

- NYS funds unavailable for parts of 09/10

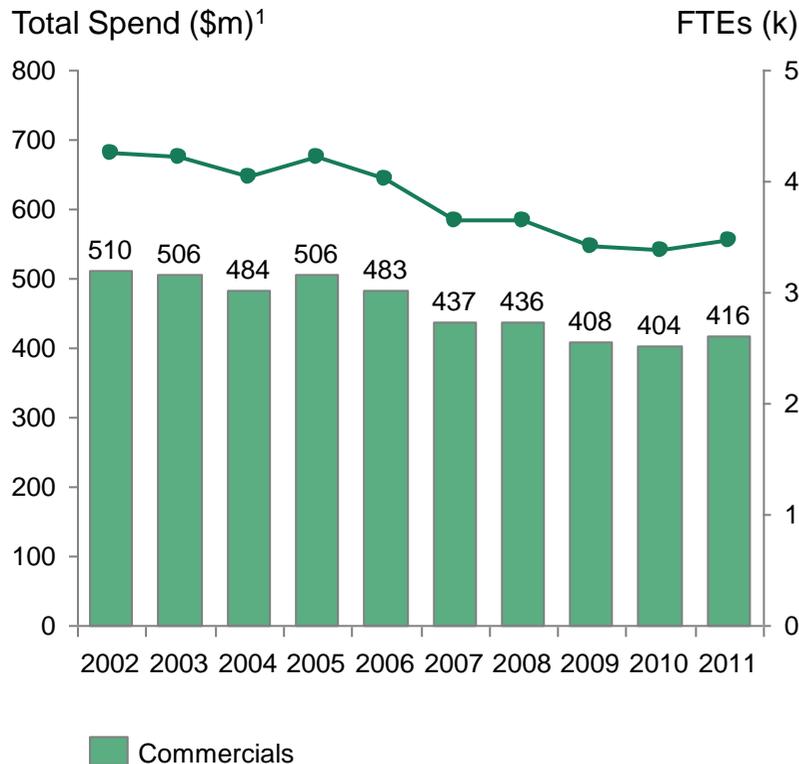
### Boom in 2011 after new NYS budget passed

1. Many people in the filmed entertainment industry are short-term employees with the 12k total employed representing 8.8k full time equivalent jobs.

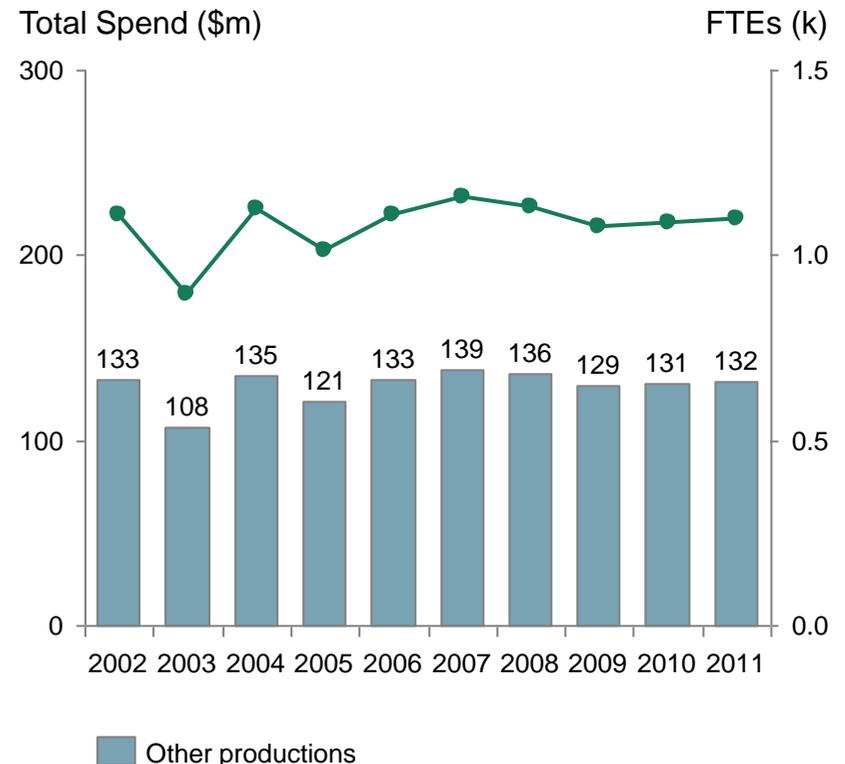
Source: MOME permitting and city incentive application data; BCG Filmed Entertainment model

# TV commercials still drive \$420M in spend and employ 5k people<sup>1</sup>; other filmed production employs another 1k+

After steady decline, NYC commercial spend has begun to stabilize<sup>2</sup>



Number of other<sup>3</sup> productions has been fairly steady

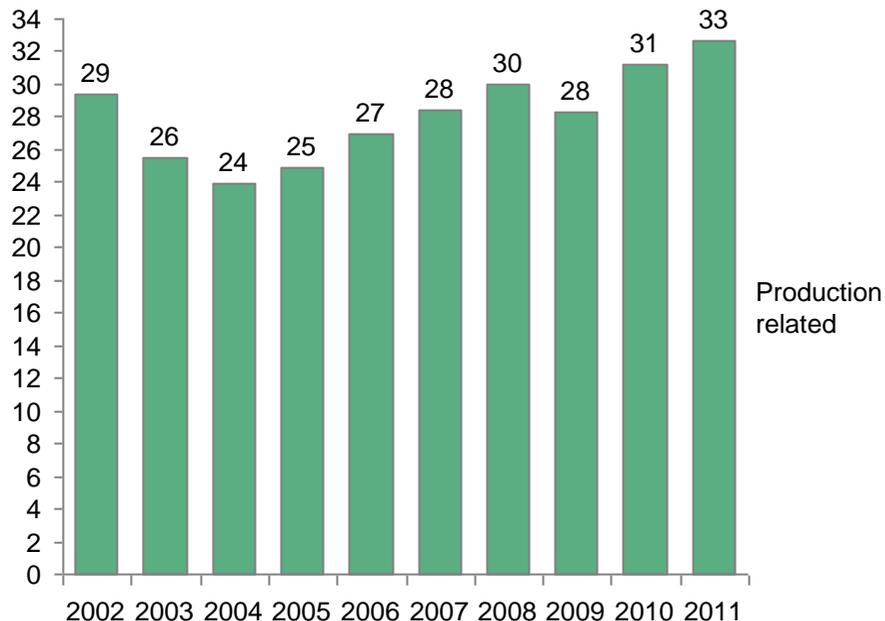


1. Many people in the filmed entertainment industry are short-term employees with the 5k total employed representing 3.5k full time equivalent jobs in commercial production.  
 2. Cost per commercial rose from 02-05, then fell steeply to 2010. 3. Includes music videos, documentaries, overseas TV episode shoots, etc.; assumes ~\$20k per day, half labor spend  
 Source: AAAA television production cost survey, BCG Filmed Entertainment model

# Production related activities are also an important source of jobs in NYC, employing over 45k<sup>1</sup> additional people

**Production related jobs grew 11% over the period...**

Total NYC FTEs (k)



**...compounding the importance of a strong NYC filmed production industry**

**Production related jobs include all *direct* supporting functions for film production**

- E.g. equipment rental, transportation, construction, costumes, laundry, direct food service, etc.

**This does NOT take into account the vast indirect spend film brings to the city which further compounds the industry impact**

- E.g. tourism, restaurants, hotels, etc.

1. Many people in the filmed entertainment industry are short-term employees with the 45k total employed representing 33k full time equivalent jobs in commercial production. Source: Production related jobs calculated based on MPAA methodology for NYS, conservatively estimating that NYC accounts for 65% of state jobs in this field

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- Film and TV
- **Broadcasting and Cable**

## Media industry snapshot (cont'd)

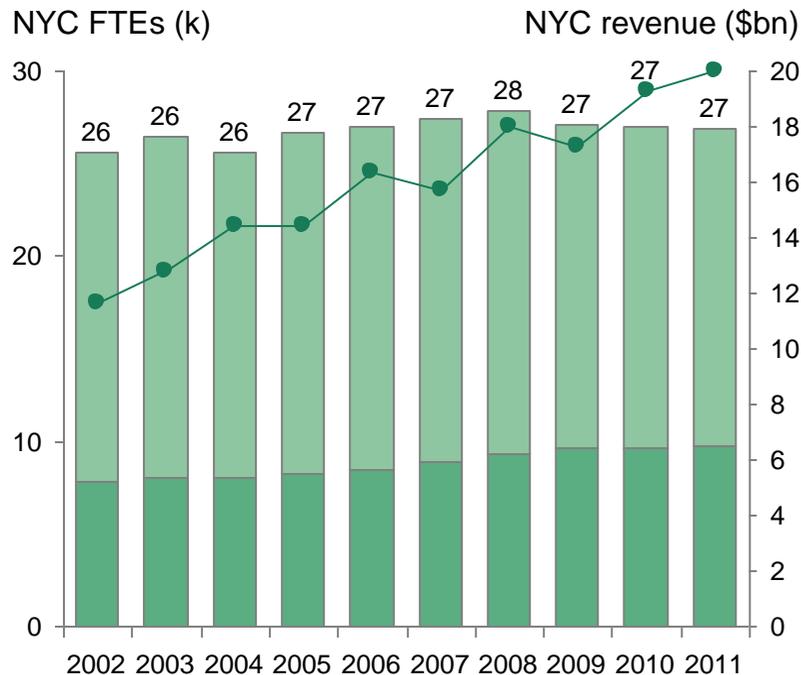
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## Positioning NYC for the future

- Sector trends
- Plans for the future
- Subsector specific trends

# Strong cable growth has offset broadcasting slowdown, as lines between industries continue to blur

## Broadcasting and cable employment relatively steady at ~27k jobs



Avg salary (\$K)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	89	91	102	101	110	110	116	119	122	NA

Broadcasting FTEs
  Cable FTEs
  Total revenue

Source: BLS, SNL Kagan and BCG analysis

## Trends driving NYC figures

### Television broadcasting in moderate decline against new content mediums

- Shift to cable, VOD, online video
- Greater consumer control & participation re-shaping media consumption curve

### Cable networks have exhibited strong 10 year growth across the country

- Continuous growth in household penetration
- Proliferation of channels targeting niche consumer interests driving ad revenue
- Mass channel ad rates have grown to nearly reach fair share v. broadcast stations

### Consolidation among large conglomerates has mitigated job growth but favored NYC

- Merger integration has driven scale benefits and therefore flattened job growth
- Several NYC conglomerates have been the active acquirers, growing city employment

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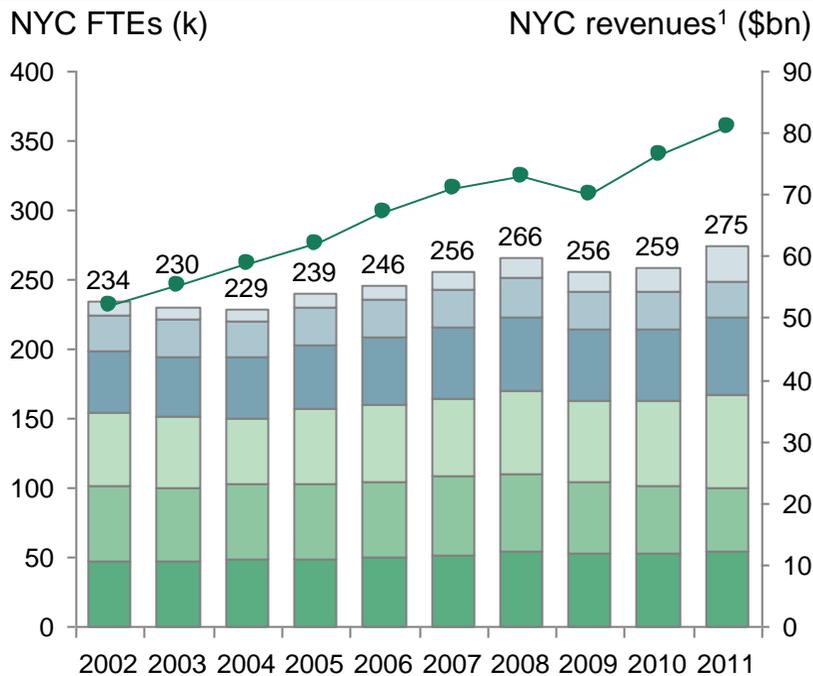
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# NYC media sector currently accounts for ~ 275k jobs and generates revenues of ~\$80bn

## NYC media sector has grown in terms of revenue, employment and salaries



Avg media salary (\$K)	85	89	93	98	102	107	110	107	111	NA
Avg NYC salary (\$k)	59	60	65	68	73	80	80	74	78	NA



1. Note that for Filmed Entertainment we have total NYC spend, whereas for all other subsectors we are using total revenues. 2011 revenues not available  
Source: BLS data, BCG analysis

## ... but performance has varied by subsector

### NYC has experienced strong growth in several subsectors

- 29% annual growth in digital revenue largely driven by tech giants
- 13% annual growth in cable broadcasting revenues
- 6% annual growth in advertising revenue

### Some traditional media subsectors are struggling, on par with global trends

- Flat publishing and news revenues as traditional ad revenues decrease
- Flat television/ radio broadcasting revenue

### Meanwhile, job shift towards new media has driven strong growth in average salaries

- 3.4% annual nominal salary growth 0.7% real growth for media salaries
- Media salaries in NYC are still ~42% higher than the NYC overall average salary

# In face of nationwide traditional media slowdown, NYC has been growing and gaining substantial national share

**US media sector has shed ~40k jobs, while NYC created ~40k jobs (02-11)**

<b>% NYC jobs/total US jobs</b>	<b>2002</b>	<b>2011</b>	<b>NYC job growth</b>
Digital	6.1%	8.6%	<b>100%</b>
Filmed Entertainment	11.2%	12.2%	<b>17%</b>
Advertising	12.4%	13.0%	<b>16%</b>
Broadcasting and Cable	8.2%	10.5%	<b>4%</b>
Publishing & News	7.7%	9.5%	<b>(11%)</b>
<b>Total</b>	<b>9.4%</b>	<b>10.8%</b>	
<b>Average US salary<sup>2</sup></b>	<b>55k</b>	<b>75k</b>	
<b>Average NYC salary</b>	<b>85k</b>	<b>111k</b>	

**Subsector shift has helped NYC overcome nationwide decline**

**Nationwide, media sector has shed jobs, while NYC continues to hire**

**Fast-growing digital and start-up sectors favor NYC for access to cross-disciplinary talent and proximity to key clients**

**Cable network consolidation favors NYC, where several leading conglomerates are based**

**Filmed entertainment employment strength driven by city and state incentives**

**Broadcasting employment share has increased and growth of satellite radio was important for NYC**

**Trends in publishing and news are hitting non-metro areas much worse than cities**

1. Using BLS data 2. 2010 salaries used as proxies for 2011 salaries due to data availability

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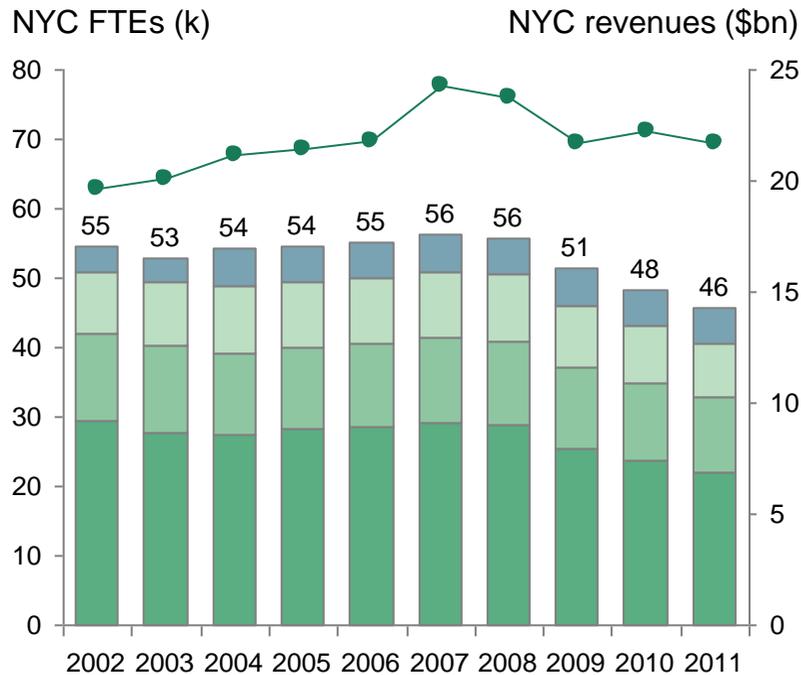
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# Publishing revenues flat and jobs in decline as traditional advertising revenues quickly drop

## Publishing industry shed ~9k jobs as ad revenues and circulation decline



Avg salary (\$K)	83	88	91	95	101	106	112	106	108	NA
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## Trends driving NYC figures

**Ad revenues for traditional publishing media have decreased in NYC by 14% since 2002**

**Newspaper and magazine circulation revenues have also declined by 11%**

**Book publishing revenues have remained relatively flat**

- Web does not cannibalize books as much as newspapers and magazines
- e-books on e-readers and tablets have proven a strong paper substitute

**NYC news syndicates and conglomerates (AP, Thomson, and Bloomberg) have exhibited strong growth (~8% per year)**

- As content creating competition has fallen away, more channels have pulled content from major syndicates

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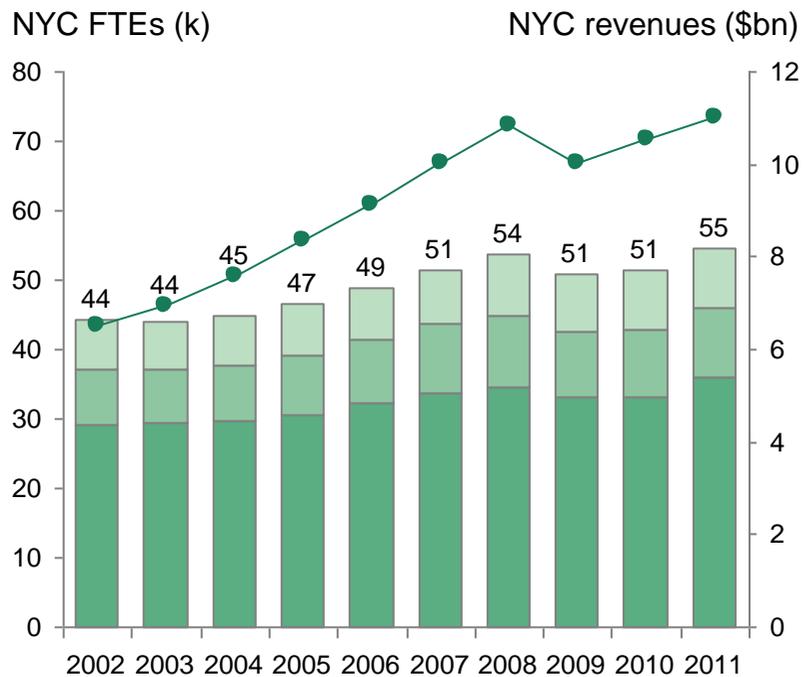
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# Advertising agencies have successfully managed shift to digital and posted growth in all years except for 2009

## Advertising jobs have grown despite lower traditional ad spend



Avg salary (\$K)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	93	96	99	105	107	111	113	109	115	NA



## Trends driving NYC figures

### NYC advertising revenue has exhibited strong and sustained growth

- 6% annual growth in revenues since 2002
- Driven by emergence of standalone digital agencies as well as digital arms of traditional agencies
- Driven by price increases to combat falling traditional ad volumes

### Job growth fairly flat, but impressive in the face of a nationwide contraction

- NYC advertising jobs up 16% since 2002
- US advertising jobs *down* 9% since 2002

### NYC outperformance due partly to aggressive acquisition of small to mid-sized interactive firms by largest agencies

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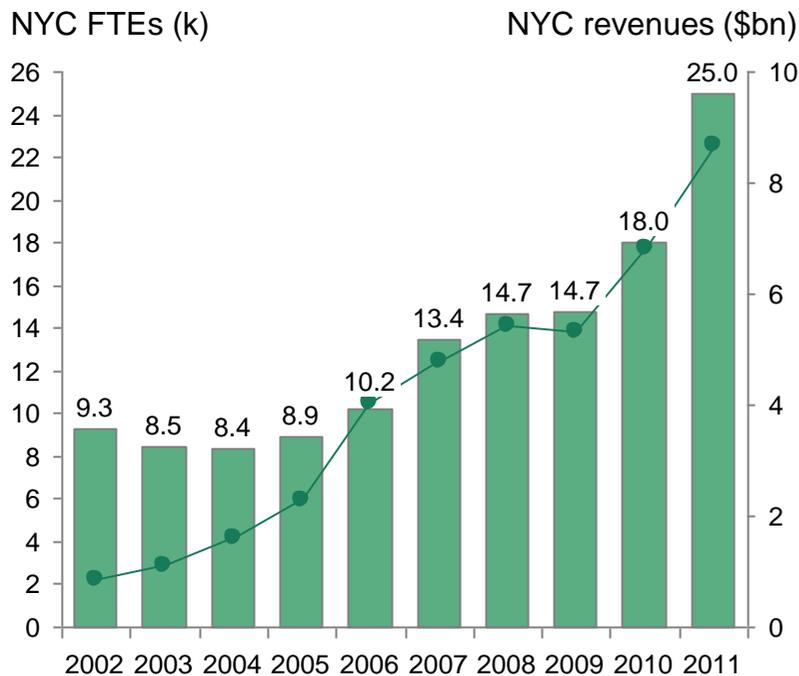
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# Between start-up boom and increased presence of big tech, NYC digital sector has exhibited strong growth

## Digital revenues and jobs presented significant growth



Avg salary (\$K)	79	87	92	101	102	139	130	112	121	NA

■ Digital FTEs    ● Revenues

## Trends driving NYC figures

~ 300 NY digital start-ups founded in the last few years with a significant proportion in media & entertainment

### NYC ecosystem presents inherent structural advantages for digital

- Traditional media, advertising, and fashion industry concentration feeds talent and partnership needs
- Wall Street and corporate head offices feed leadership talent needs
- Significant internet and data service presence crucial for operational partnership

### Google's NYC presence has been important to the NY digital scene

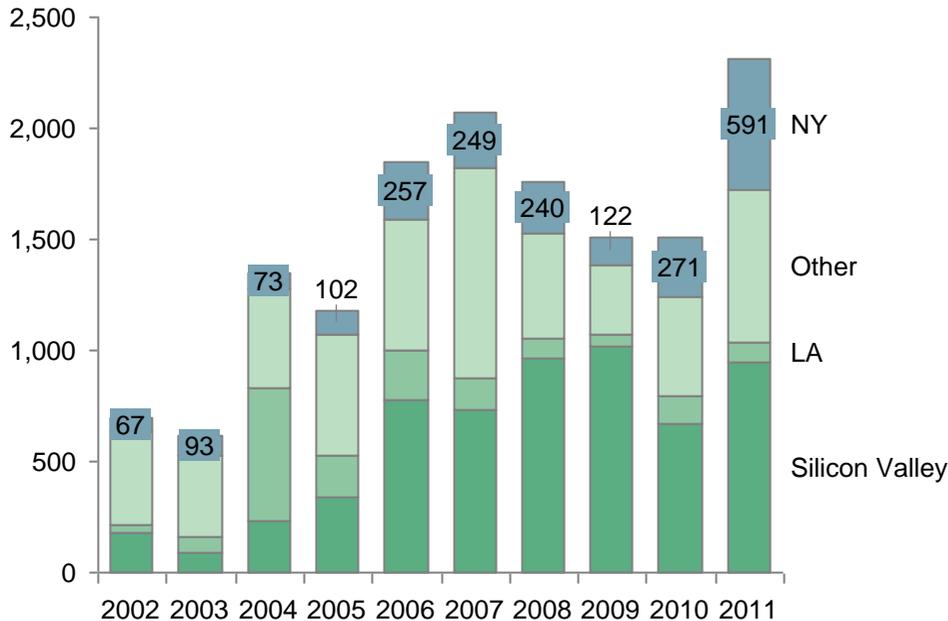
- Google NYC employees ~2,700 people and approximately half are engineers
- Potential Google acquisition has been one of the primary exit opportunities to VCs

# Media VC has exploded in NYC over the past 10 years

Nearly \$600m invested in 2011

## Media and Entertainment VC investments increasing sharply in NYC

VC M&E investments



% NYC	10	15	5	9	14	12	14	8	18	26
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## Both investor and start-up communities beginning to thrive

**Over \$2bn has been invested in the Media & Entertainment sector by VCs in NY since 02**

- 85 deals and \$591M invested in 2011

**According to Gridley's estimates there are approximately 120 investors with a focused interest in digital media in NY**

- 60 digital-focused PE/VC funds headquartered in NY area
- 23 more have NY offices

**Digital exits have also been strong**

- Google has purchased nearly \$2b worth of NY media related start-ups since 2009
- Twitter and eBay made acquisitions in 2011
- Heavy digital acquisition by ad conglomerates (esp Publicis, Omnicom)

# In particular, the past four years have shaped much of NYC's digital and technology landscape

Activity	2007				2008				2009				2010				2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
<b>Digital companies founded or funded</b>	betaworks is founded				BUDDY MEDIA appnexus				ZocDoc Series A				foursquare Series A				yipit art.sy StackExchange open sky hunch bit.ly RENT THE RUNWAY SkillSlate LEARNVEST				Founding and development of brand names across broad set of verticals			
<b>Key digital acquisitions</b>	Google / double click (\$3.1B)				YAHOO! / rm (\$680M)				AOL / TACODA (\$275M)				Comcast / DAILY CANDY (\$125M)				Comcast / NBC UNIVERSAL (\$30B)				Google / Admeld			
<b>Big tech actions</b>	IAC Announces spin-offs of interval leisure group ticketmaster HSN tree.com				Google officially opens Googleplex in New York City				techstars comes to New York				twitter open NYC offices				facebook announces first non-CA office to open in NYC							
<b>NYC support</b>					MediaNYC 2020 initiatives announced				City-funding of start-up incubators				NYC creates first ever 'Chief Digital Officer' position				Mayor releases NYC Digital roadmap and announces \$100M grant for Applied Sciences Research Campus				Technion Cornell University Cornell and Technion selected			

Source: Gridley's Guide to Digital NY, MOME

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# Interviewees highlighted several NYC advantages that the city should seek to leverage

## 1 Strong pool of young, cross-disciplinary talent

- Talent in NY has a broad knowledge (media, retail, finance, fashion, advertising, etc.)
- NYC talent gives filmed production a cost advantage, as talent is located here, whereas other locations add transportation and accommodation costs

## 2 Blossoming start-up and VC community anchored by growing presence of large firms

- Facebook, Twitter, Google opening engineering offices
- Venture capital funding more companies than ever (NYC received 26% of all M&E VC investments in 2011)

## 3 NYC ecosystem attracting new media and digital companies

- Media community, advertisers and content producers are in NY and new media attracted by them (e.g. Foursquare, Tumblr, Google, Facebook, twitter)
- Design and creativity becoming more important for new media and start-ups

## 4 Great support from the city administration

- City support and MOME facilitation for Film and TV
- Investments in technical education: Cornell-Technion campus
- NYCEDC numerous initiatives in the start-up space

*" NYC has better 'cross-disciplinary' talent than anywhere else which is what we need; NY talent is excellent at story-telling "*

*"We could recruit an engineer from Apple in SV, because he knows that if the startup fails he still have these big companies to work for in NY"*

*" Google's office is key in terms of talent, client perception of NYC as digitally savvy "*

*" NYC drives a perception of quality and authenticity, globally "*

*" Katherine Oliver's office has brought to the table a real facilitation role, a centralized permit and flexibility... It has made it easier to film in NYC "*

*" Bloomberg administration has recognized the broader importance of media in NYC "*

# ...but also recognized some areas of concern that the city should try to mitigate

- 5 **Limited availability of digital and technical talent**
  - Need for engineering talent across all sectors
    - Across all levels (high school and voc schools)
    - Technical talent with media know-how
    - Software engineers
- 6 **Traditional media model influx**
  - Will respond to cost pressures by shedding jobs and moving non-core functions to cheaper locations
  - Many traditional workers struggle or won't be able to make transition to digital
- 7 **Infrastructure needs and cost constraints**
  - Real estate costs are a challenge to traditional media and some support functions will move to lower cost locations
  - Growing start-ups need area with cheaper real estate and good internet and transportation infrastructure
  - Need for comprehensive list of public building available for shooting
- 8 **Need for greater sense of community**
  - Various new start-ups being created that could use greater visibility with large media and digital companies
  - Various sector leaders are willing to help the city administration and already separate initiatives

"Need to realize that a large portion of the demand for digital talent is not for Ivy Leaguers "

"Cornell science center is great... Need to develop analogous project that is focused on digital media skills"

"As digital become 50% of traditional media what do you do with overhead?"

"Is there a way looking around other areas of Manhattan and Long Island city to move? ...  
Create a Media city"

"Need to sustain a vibrant environment for digital start-ups"

**"The more community we have the better"**

# Subsector-specific trends hold varying implications on NYC

Traditional media models being challenged as digital media booms

Subsectors	NYC trends	Sector trends	Overall outlook
 <b>Filmed entertainment</b>	<ul style="list-style-type: none"> <li>✓ Boom in NYC film and TV production</li> <li>✓ Great support from the city</li> <li>? Studio space reaching capacity</li> </ul>	<ul style="list-style-type: none"> <li>? Increase in post production activity</li> <li>✗ Cost pressure with lower audience</li> <li>✗ Other states undercutting tax incentives</li> </ul>	↗
 <b>Broadcasting and cable networks</b>	<ul style="list-style-type: none"> <li>✓ Increased content production in NYC</li> <li>✗ Increasing need for digital talent</li> <li>✗ Companies considering moving support functions outside of NY</li> </ul>	<ul style="list-style-type: none"> <li>✓ Content continues to be "king"</li> <li>? Proliferation of distribution platforms</li> <li>? Media production fragmentation – original cable and lower cost content</li> <li>✗ New media revenue model undefined</li> </ul>	→
 <b>Publishing</b>	<ul style="list-style-type: none"> <li>✓ Content continues to be "king"</li> <li>✓ Digital publishing start-ups growth and strong presence in NYC</li> <li>✗ Traditional talent transition to digital</li> </ul>	<ul style="list-style-type: none"> <li>✓ Digital publishing driving sales</li> <li>✗ Traditional publishing model influx</li> <li>✗ Importance of partnership with technology providers</li> </ul>	?
 <b>Advertising</b>	<ul style="list-style-type: none"> <li>✓ NYC turn-around with transmedia trend</li> <li>✓ Sector consolidation in NYC</li> <li>✗ Increasing need for digital talent</li> </ul>	<ul style="list-style-type: none"> <li>✓ New model is about convergence of media</li> <li>✗ Technology and shifting consumer behavior changing ad effectiveness</li> </ul>	↗
 <b>Digital media/tech VC and incubators</b>	<ul style="list-style-type: none"> <li>✓ Media start-ups boom in NYC</li> <li>✓ NYC big tech growth</li> <li>✗ Increasing need for engineering talent</li> <li>✗ Need for better infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>✓ Decreased capital requirements</li> <li>✓ Easier technology access</li> <li>✓ Strong VC exit activity (IPOs, M&amp;As)</li> </ul>	↑

✓ Positive trend    
 ✗ Negative trend    
 ? Emerging opportunities

# Given sector trends, future NYC media growth will come from start-ups, digital, and post production areas

Growth areas	Current state	Areas for city support
Post production	<ul style="list-style-type: none"> <li>• LA and London are main post-production centers and other locations in Asia growing</li> <li>• NYC post production activity has grown significantly in the past years, but is behind</li> </ul>	<ul style="list-style-type: none"> <li>• Special effects capabilities</li> <li>• Post production talent base</li> </ul>
Digital publishing	<ul style="list-style-type: none"> <li>• Digital publishing is still nascent and pure play companies are small</li> <li>• Traditional companies are investing in digital capabilities, but will need talent</li> </ul>	<ul style="list-style-type: none"> <li>• Engineering talent with media knowledge</li> <li>• Editorial talent that is technology savvy</li> <li>• Digital publishing start-ups engagement with traditional publishers</li> </ul>
Digital advertising	<ul style="list-style-type: none"> <li>• Ad spend shifting to internet, social media and mobile advertising</li> <li>• Agencies focusing on multi-channel</li> <li>• Exciting digital advertising start-ups space</li> </ul>	<ul style="list-style-type: none"> <li>• Digital media talent</li> <li>• Engagement between start-ups and traditional advertising</li> </ul>
Digital media/tech	<ul style="list-style-type: none"> <li>• NYC media start-ups have significantly grown in the past 5 years</li> <li>• Creative talent has become increasingly important playing to NYC strengths</li> </ul>	<ul style="list-style-type: none"> <li>• Engineering and technical talent</li> <li>• Sector promotion and engagement with city administration</li> <li>• Engagement with big tech</li> </ul>
VC and incubators	<ul style="list-style-type: none"> <li>• Initial capital requirements have decreased</li> <li>• Angel NYC community well developed</li> <li>• City and private sector developing incubator space</li> </ul>	<ul style="list-style-type: none"> <li>• Headline VCs from West Coast to invest in early stage NYC, bringing credibility</li> <li>• Incubator need is being met, but start-ups need cheaper office space</li> </ul>

# Agenda

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## Traditional media industry snapshot

- Overall filmed productions
- Film and TV
- Broadcasting and Cable

## Media industry snapshot (cont'd)

- Overall NYC media
- Publishing
- Advertising
- Digital and VC

## Positioning NYC for the future

- Sector trends
- **Plans for the future**
- Subsector specific trends

# Media leader interviews indentify four main areas for development across subsectors

Development areas	Rationale for the city	Selected quotes from interviews
<b>Sector promotion</b>	<ul style="list-style-type: none"> <li>Attract talent (especially engineers)</li> <li>Bring entrepreneurs and start-ups</li> <li>Attract large "new media " companies</li> <li>Increase general public awareness</li> </ul>	<p><b><i>" The city should be marketing what companies are doing... Talk about all the cool things happening in the city "</i></b></p>
<b>Community engagement</b>	<ul style="list-style-type: none"> <li>Promote creation of multi media content</li> <li>Increase collaboration between start-ups and traditional media</li> <li>Get leaders involved with city initiatives</li> </ul>	<p><b>"The more community we have the better"</b>  <b>"Community engagement is the sector is very low"</b></p>
<b>Talent development</b>	<ul style="list-style-type: none"> <li>Capacitate traditional media employees</li> <li>Address need for professionals with technical and media knowledge</li> <li>Address need for software engineers</li> </ul>	<p><b><i>" Engineering talent is really hard to find here - more broadly and specially with a focus on media development"</i></b></p>
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>Attract more start-ups to NYC</li> <li>Increase NYC connectivity</li> <li>Spread wealth throughout boroughs</li> </ul>	<p><b><i>"The only area I have been critical of is infrastructure. We don't have good infrastructure here"</i></b></p>

# Some of these areas are already being addressed by several NYC Government initiatives and new programs...

Development areas	Government current and planned programs
Sector promotion	<p><b>Marketing credit:</b> Made in NY' marketing credit (expected to be expanded)</p> <p><b>NYC tech talent draft:</b> project to brand NYC as a tech hub and recruit students to work in NYC start-ups</p>
Community engagement	<p><b>Venture Connect:</b> information portal containing resources designed to enhance the success of start-ups</p> <p><b>NYC Venture Fellows:</b> program in which selected high potential domestic and international entrepreneurs receive assistance in terms of opening or scaling their businesses in NYC and build connections with NYC start-ups, established businesses and mentors and advisors</p> <p><b>NYC Media Lab:</b> forum for collaboration between academic institutions and media companies</p> <p><b>NYC Media Center:</b> space to support and house emerging media start-ups and for established M&amp;E players to interact with emerging firms</p>
Talent development	<p><b>Engineering and Applied Science:</b> campus to be develop by Cornell and Technion on Roosevelt island</p> <p><b>Diversity Grants:</b> Made in NY Production Assistant Training program with Brooklyn Workforce Innovations</p> <p><b>Industry Training Grants:</b> expand SBS's training programs to support media companies who train their employees in new technologies and software</p> <p><b>Strategic Steps program:</b> executive management program to provide entrepreneurs with business skills</p> <p><b>JumpStart:</b> job training program designed to help participants re-deploy their skill sets within small and medium enterprises</p>
Infrastructure	<p><b>Media Center:</b> Workspace, as well as space for lectures, conferences and other uses for companies across segments in the media and entertainment industry</p> <p><b>NYC incubator network:</b> Workspace, coupled with educational and networking programming, for start-ups (General Assembly, Hive at 55, Dumbo, Varick)</p>

# New ideas were proposed on media sector promotion, some of which could use the collaboration of media leaders

## Ideas for sector promotion

### **RFP to NYC advertising agencies for a multi-media campaign for the media sector**

- Have more than one agency working on it
- Target public: corporations and students considering career in media

### **Focus resources in start-ups in sector promotion**

#### **Promote diversity - women, foreign communities - in start-ups (West Coast doesn't have it)**

- Target public: entrepreneurs and students

### **Continue outreach programs to increase awareness of the vibrant NYC digital media environment**

- Target public: entrepreneurs and students

### **Bring more media fairs to NYC and ensure sufficient sponsorship and advertisement**

- Target public: overall media community

## High-level plan

- Public space billboards, magazine, newspaper, social media, etc.
- Feature NYC sector icons talking about their companies and why they are located in NY
- Use start-up sector icons to talk about their companies on TV/internet commercials
- List of sector leaders that could get involved: Perry Chen, Barry Diller, Ariana Huffington, David Karp, etc.
- Start annual outreach to West Coast
- List of sector leaders that could get involved: David Tisch, Fred Wilson, Joel Spoesky, etc.
- Bring Digital Media Conference East from Virginia
- Bring Social Media conference (Miami 2012)
- 2012 Media Summit will be in NY – Mayor Bloomberg should be opening guest speaker

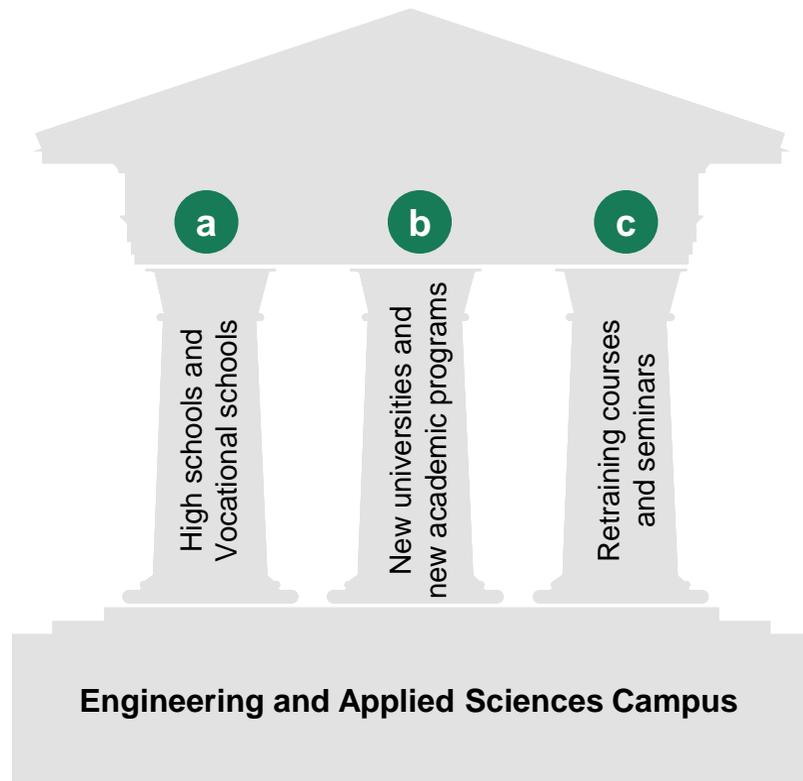
# Additionally, various media leaders have own programs underway that NYC could help support and publicize

Media leaders in:	Initiatives	Greater engagement between city and private initiative is needed
<b>Venture Capital</b>	<ul style="list-style-type: none"><li>• Working with DoE to develop charter school that offers computer science curriculum</li><li>• Outreach program for summer internships</li></ul>	<p><b>NYC Digital should keep track of all private sector initiatives underway</b></p> <p><b>City should publicize initiatives and offer support when needed</b></p>
<b>Digital Media</b>	<ul style="list-style-type: none"><li>• Participating in outreach program to recruit talent from engineering schools</li><li>• Leads reality show that promotes NYC and start-ups</li></ul>	<p><b>Starting with current interviewees, there should be a list of all media leaders willing to support the sector and government initiatives</b></p> <ul style="list-style-type: none"><li>• Media leaders are key for both talent development and sector promotion</li></ul>
<b>Filmed Entertainment</b>	<ul style="list-style-type: none"><li>• Working with Carnegie Mellon to bring new academic program to the city focused on media and post production</li></ul>	<p><b>Potentially create a group of sector advocates that would meet with city administration and discuss sector initiatives</b></p>

# NYC media leaders also highlighted need to expand scope of talent efforts and praised the Engineering campus effort

Talent development based on 3 pillars plus Cornell and Technion's engineering campus

MOME should coordinate all talent efforts with help of NYCEDC and DoE



- a High Schools and Vocational schools**
  - DoE need to increase Technical Education High schools and CTEs
  - Computer coding should be offered in all schools as a second language
- b Universities academic programs**
  - RFP to develop new school of digital media with comprehensive program (digital publishing, post production, digital advertising, etc,)
  - Work with Columbia, NYU, CUNY to strengthen new media curriculums programs
- c Recycle courses**
  - CUNY could develop program for digital media
  - New media center could also be leveraged
  - New program to teach code to designers

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# Filmed entertainment is experiencing cost pressures and a shift towards TV productions in NYC

## Key subsector trends highlighted by media leader interviewees

## Interviewee suggestions for potential city actions

### 1 Cost pressures

- Lower audience for TV and Films reducing revenues from advertising and box office
- Proliferation of other types of media
- Increase in piracy, decreasing revenues

- City can continue to help in the fight against piracy
- Engage communities to educate them on the importance of the film industry to NYC

### 2 State competition to attract production

- Film production is mobile and spread across the U.S. attracted by tax incentives
- NYC talent pool balances incentives
- MOME smooth facilitation process is a plus

- Need to streamline some processes (e.g. truck parking, explosions and car chases)

### 3 TV growth

- Studio space reaching capacity with TV boom
- Growth in TV, as crews are not willing to move and revenues are steady for studios

- Support studios build up (process with DoB could be further streamlined)
- Create a list of available building for shooting and simplify process

### 4 Post production and animation

- Increase in post production intense and animated films
- NYC is lagging behind in post production
  - There is not enough qualified labor

- Bring academic institutions that will produce talent with digital expertise (Carnegie Mellon)
- Promote post production sector highlighting growth and "big movies" that did post in NYC



# Cost pressures and new media distribution platforms disrupting broadcasting and cable subsectors

## Key subsector trends highlighted by media leader interviewees

## Interviewee suggestions for potential city actions

1

Cost pressures

- Audience is splintering so producing programs at lower cost becomes increasingly important
- Networks moving some functions out of NY
- Revenue model from new media undefined



- Increase collaboration between content development and tech
- Retrain traditional broadcasters on digital opportunity

2

From mass to niche content

- Increase in media fragmentation
  - Growth of original cable programming
  - Growth of lower cost programming



- Support content development MADE in NY for cable
- Attract independent production companies to NYC

3

Growth of distribution platforms

- New ways to distribute content such as internet and mobile are rapidly evolving
- Different revenue models arising - subscription seems to be most successful



- Ensure that new content distributors have important presence in NY (Hulu, Amazon, etc.)
- Support start-ups in content distribution through competitions and grants

4

Future increasingly digital

- Content options and opportunities moving to digital platforms
- Increasing demand for digital talent



- Attract academic institutions and/or strengthen existing programs to produce digital talent
- Sustain vibrant community environment, create associations bring fairs to the city



# Traditional publishing model is facing challenges and will shed jobs in NYC; need to support digital transition

## Key subsector trends highlighted by media leader interviewees

## Interviewee suggestions for potential city actions

### 1 Traditional publishing facing challenges

- Traditional sales and marketing channels for books will continue to become less effective
- Transitions to digital will be difficult and probably will result in less jobs in the city



- Offer retraining courses to traditional workers willing to make the transition to digital start-ups

### 2 Content is king

- Content is king, but partnerships with tech firms will become an increasingly larger priority
- Specific content developed to digital channels
  - Access currently focused on tablets



- Connect traditional media companies with digital media community

### 3 Digital publishing

- Pure digital publishing is still nascent - very few companies, but great majority based in NYC
- Digital revenues driving growth for traditional publishers as newsstand are flat or down



- Support digital publishing start-ups
- Promote fairs and events for the digital publishing community

### 4 Digital talent needs

- ~15% of the traditional media workers can't make the transition to digital
- Need for talent with both engineering and media knowledge



- Encourage local universities to develop a more robust curriculum on digital media
- Engage media leaders on education initiatives



# NYC is still the center for advertising and will most likely grow with the growth of transmedia campaigns

## Key subsector trends highlighted by media leader interviewees

## Interviewee suggestions for potential city actions

### 1 NYC still center for advertising

- NYC drives a perception of quality and authenticity, globally
- Radical turnaround in NYC digital advertising space technology



- Increase community engagement – meetings with leaders and the administration
- Engage a group of NYC agencies to create a campaign to promote the media sector and NY

### 2 Transmedia trend

- Model today is about convergence of different types of media
- NYC is the strongest place for multi-channel media due to its strong media sector



- Connect traditional advertising agencies with start-ups

### 3 TV still main ad spend

- TV still concentrates majority of ad spend and will for years to come
- NY commercial production has never really recovered from loss of talent to LA in the 90s



- Offer vocational courses for commercial productions
- Promote NYC commercial sector, with community, studios, etc.

### 4 Digital talent needs

- Technical talent is still a challenge for NYC, especially given cost of living



- Develop Media Center: space where young media freelancers can work together
- Invest in High Schools and Vocational schools to develop talent



# Digital media start-ups booming in NYC, but technical talent is critical for start-ups to scale

## Key subsector trends highlighted by media leader interviewees

## Interviewee suggestions for potential city actions

### 1 Media startups boom in NY

- Capital requirements significantly decreased
- Angel community in NY has developed
- Technology access is not an issue anymore

- Publicize and promote sector through advertising and during press-conferences
- Get community involved with city initiatives

### 2 NYC big tech growth

- EBay, Twitter, Facebook and Google opened engineering offices in NYC
  - Brings both talent and credibility to the start-up scene

- Increase engagement with big tech firms
- Attract other large firms to the city
- Use these companies to advertise the city and to recruit talent from outside

### 3 Investment needs

- Growth in the tech scene requires better infrastructure
- Development of new start-up hubs like Brooklyn, Queens, Long Island city

- High speed internet access across the city
- Develop transportation to and from "new start-up hubs" (e.g. water taxi + buses)

### 4 Talent needs

- Need for technical talent is #1 priority
  - Need software engineers, product managers and designers (user interface)

- Outreach programs for recruitment
- Computer science curriculum for high schools
- Teach code and recycle "old school" designers