

The Digital Derry Strategy

**A Strategy for the Development of the
Creative Digital Content Sector in Derry~Londonderry**

Colin Stutt Consulting
in association with
Kieran Fegan & Mark Nagurski

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1. Introduction

The City of Derry~Londonderry has an international reputation for creativity – as evidenced by the fame of its poets, musicians, writers and performers.

Nowadays much of that traditional creativity is delivered by digital media and this means that it is delivered to a potentially global audience. In addition digital media open new means of expression which have not hitherto been available, such as games, multimedia and broadcast and e-learning.

The Londonderry Chamber of Commerce has adopted the creative digital content sector in the City as one of its two priority areas for development. In support of this initiative a broadly based Steering Group was formed and on behalf of that Steering Group, Derry City Council has commissioned the preparation of a creative digital content strategy for the City – the Digital Derry Strategy.

Under the Digital Derry Strategy we will

- **Create a Digital Action Team, to provide private and public sector leadership for the Strategy**
- **Appoint a Digital Champion for the City, and**
- **Appoint an international Digital Ambassador for the City.**

The Strategy will be led by the private sector and strongly supported by the public sector. It will work with digital businesses, the University of Ulster, North West Regional College and schools and colleges throughout the City and the North West.

The Digital Derry Strategy will

- **Raise awareness of the digital content sector in the City by**
 - ✓ Developing an on-line information source about the sector in the City
 - ✓ Profiling digital businesses in the City, both on-line and in traditional media
 - ✓ Monitoring and reporting on the growth of the sector
 - ✓ Working with schools and colleges to spread awareness of employment and other opportunities in the digital sector in the City
- **Support growth of local digital businesses by**
 - ✓ Running an annual £15,000 business plan competition for the best plans for digital businesses from a University or College in the North West or from those from the North West who are attending a University or College elsewhere
 - ✓ Running a peer mentoring initiative under which those who have already started a successful digital business will provide informal business advice and support to those who are just starting up their businesses or who are in the early trading period
 - ✓ Running a schools competition for the best digital business ideas coming from schools or school pupils in the North West

- **Develop digital business networks in the City and the North West by**
 - ✓ Organizing a range of business networking events
 - ✓ Promoting more widely the events which others hold in the North West
 - ✓ Filling gaps in the existing provision of information and networking, and
- **Raise the profile of Derry's digital sector by**
 - ✓ Taking Derry's offering to regional, national and international markets
 - ✓ Hosting Northern Ireland wide and Ireland wide events in Derry
 - ✓ Working to create a deal flow for business angels, venture capitalists and professional advisers to digital businesses
 - ✓ Providing a source of information on Derry's digital sector, and
 - ✓ Working with others to promote and realize the potential of Project Kelvin.

The 4 Key Aims of the Digital Derry Strategy



In addition to this, Derry City Council and Ilex will together examine the longer term opportunities for creating a shop window for Derry's creative digital industries in a prominent position in a retail street in the City. Other cities have found this a valuable way of developing their creative industries. However, this is a longer term option for consideration beyond the initial two-year operational phase of the Digital Derry Strategy.

This Report sets out the results of that work and the resulting recommendations, and is structured as follows

- Section 2 provides background to the creative digital content sector.
- Section 3 provides an analysis of the current state of the sector in Derry and the North West and of the support structures for the sector
- Section 4 sets out the proposed action plan – the Digital Derry Strategy.

2. The Creative Digital Content Sector

The Department for Culture Arts and Leisure (DCAL) estimates that in Northern Ireland the creative industries employ 4% of the total workforce - some 34,600 people - and the Northern Ireland Executive's Programme for Government set an objective of growing the sector by 15% by 2011.

One way of looking at the creative industries is to break them down according to the type of creativity provided:

- **Creative service providers**, such as advertising, architecture and design consultancies, which are service based providers selling their time and expertise for money
- **Creative content producers** who produce copyrightable Intellectual Property, such as film and television companies, computer and video games development, music labels and book and magazine publishers
- **Creative experience providers**, such as theatre, opera and dance companies and live music promoters who sell access to generally time-based events or activities, and
- **Creative originals producers** who produce physical artefacts valued for their exclusivity and authenticity, including craft-makers, visual artists and designer-makers where the value lies in the one-off or small batch nature of production.

The focus of the Digital Derry Strategy is on the creative content sector which includes

- Broadcast production. Both BBC network and Channel 4 are currently working hard to commission additional broadcast material from the independent production sector in Northern Ireland
- Publishing. Annual sales of books, journals and on-line educational products totalled £3.27 billion in the UK during 2005, of which £1.22 billion came from export sales. Increasingly publishing is occurring in a digital format
- Music. The UK is the 3rd largest market for music sales, earning approximately 10% of global publishing revenues.
- Games. The UK PC and video games market is the largest in Europe and was worth an estimated £2 billion in 2005.
- Screen-based industries. The UK film industry was worth an estimated £2.3 billion in 2004 and currently employs around 31,000 staff.

Our area of concern is where the creative content sector overlaps with the digital economy to form the creative digital economy sector.

The digital economy has been subject to just as many policies and strategies as the creative economy. For example, in June 2009 the Government published the Digital Britain report which set out the Government's ambition for the UK's digital industries. Of more immediate practical value is the Northern Ireland Digital Content Strategy report which was published by Invest NI in 2008. The Digital Content Strategy was intended to complement existing strategies in place for the screen based industries and the music industry in Northern Ireland. It characterised the present position of the sector in Northern Ireland in the following words

'The Northern Ireland digital content industry has a number of key strengths including talented staff, innovative products, competitive pricing and the infrastructure necessary to develop and distribute new digital content products. However, similar to other regions, the industry is fragmented and embryonic and has yet to make significant advances into global markets or to secure significant Foreign Direct Investment.'

Against an international market expected to grow to £940 billion by 2010, at the time of the publication of the Digital Content Strategy, the Invest NI client base in the sector numbered 40 'Tier 2' companies with a total turnover of £25 million and 400 employees in total. These companies exported ½ of their output from Northern Ireland and at the time of the Invest NI analysis were growing at an average of 13% per annum. In addition, there were an estimated 160+ 'Tier 3' companies serving essentially local markets.

The key growth areas identified in the Strategy were:

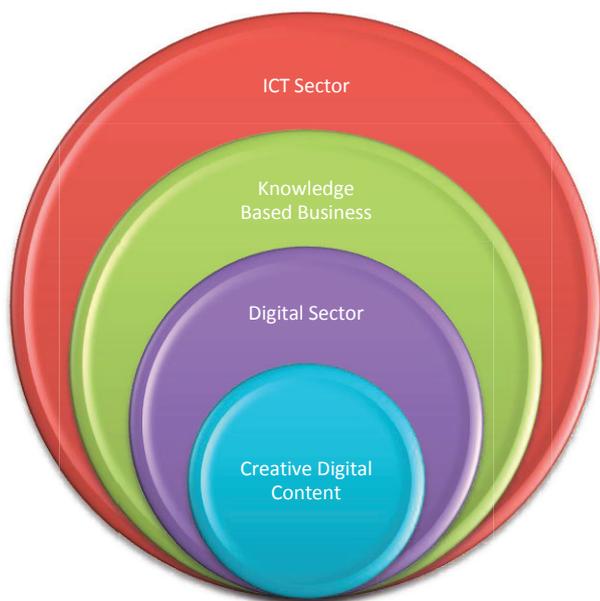
- Digital Animation;
- Mobile & Web Content;
- E-learning / Serious Gaming;
- Film & Television; and
- Music.

The Northern Ireland Digital Content Strategy has set out a clear road map for the sector in Northern Ireland and has put in place an industry-based network facilitator working at the Northern Ireland level to realise the opportunities facing the sector.

Section 3 considers the digital content sector in Derry and the North West as it is at present and considers the local developmental resources for the sector, which are considerable.

3. The Creative Digital Content Sector in Derry~Londonderry

The creative digital content sector is that part of the creative industries most closely aligned with digital media and producing products and services such as games, multi-media and broadcasting and e-learning.



The creative digital content sector is a sub-set of the wider digital sector, which is concerned with products and services delivered in a digital format. This now includes many traditional creative products and services which are now largely delivered in a digital format. The digital sector is, in turn, part of a wider range of knowledge based businesses and all three are sub-sets of the wider information and communications technologies (ICT) sector which is much wider in scope but shares many of the generic and specific skills required by the digital and creative digital content sectors.

The wider ICT sector in the City and in the North West region has grown at a significant rate in recent years in terms of businesses, specialisms, jobs and centres of excellence. This growing group of approximately 50 indigenous companies are turning over between £30-35 Million – a figure which is growing rapidly.

The activities of these businesses is complemented by significant inward investment in the ICT sector in the North West, with companies such as Seagate and Allstate being amongst the most prominent. The local industry shares a unique body of experience and talent that makes Derry the leading centre of the ICT sector in Northern Ireland outside Belfast.

Using the broad definition of the digital industry, the sector in Derry is quite significant and is characterised by a combination of small micro businesses such as Arrant Technology and Ambient Light, new exciting businesses such as EyeSpyFX and 360 Productions, high performing home-grown businesses such as Opt2Vote and Learning Pool and international market leaders such as 8Over8 and Singularity.

However, companies such as 360 Productions, Learning Pool and Singularity are the exceptions which prove the potential of the sector in the North West. More typical would be a range of small companies, micro-businesses and in some case sole traders which provide a range of services to the local market – some with the potential to enter export markets.

There is real growth potential in many of these smaller businesses included within the narrow definition which draws on the City's tradition of creativity but expresses and distributes that indigenous talent in digital form. Indeed a distinctive feature of the creative industries generally and the digital creative sector in particular is the existence of a high number of informal businesses, some of which may be planning to start up or in the process of business start up and others may be trading informally from home. Among these informal businesses there may be major talents which have the potential to grow into the Singularities of tomorrow.

Such informal businesses need a highly supportive environment if they are to prosper and grow to their full potential, but are usually unlikely to participate in conventional business development support activities.

Face-to-face discussions with senior management in a range of the established digital and creative businesses in Derry brought out some concerns for the sector and the region which included issues around recruitment, graduate knowledge and skills and an international perception that there are limited home opportunities. It would appear that some of the traditional businesses are not aware of the support available to them locally or felt that the support available was not relevant to them.

The common themes arising from our discussion with owners and senior managers in the digital businesses in Derry were about

- **animation of business networks,**
- **making connections both between businesses and between businesses and those who can offer support to businesses, and**
- **presenting the North West offering in a confident manner in wider markets.**

Support for Digital Creative Businesses in the North West

Digital and creative businesses have a range of exceptional support services available in the North West, additional to and complementary to those services which Invest NI provides across Northern Ireland, including;

- UU Magee and it's
 - ✓ Office of Innovation,
 - ✓ Intelligent Systems Research Centre and
 - ✓ School of Creative Arts;
- NWRC and it's
 - ✓ music, media, performing arts & gaming students,
 - ✓ record of innovation and
 - ✓ active outreach to local businesses;
- NORIBIC and it's
 - ✓ wide range of programme provision over many years,
 - ✓ digital media incubator and
 - ✓ soon to be launched Creative Arc seminars and finally the
- Nerve Centre as
 - ✓ an award winning multimedia and broadcast arts venue with a

- ✓ broad range of NVQ courses in film, music, web design & production and
- ✓ associated flexible work units at Magazine Studios.

Combined with the relevant provision at the Letterkenny Institute of Technology, over 1000 students are being trained in subjects relevant to the creative and digital industries in the North West.

In addition, Derry City Council and Donegal County Council are jointly, through ERNACT, leading the EU Interreg IVC Promoting Innovation in the Knowledge Economy (PIKE) Network, which is promoting innovation in the knowledge economy across the participating European regions.

Ilex's proposed Innovation Hub, to be located at the Fort George site, will provide a flagship for innovation in the North West, linked also to Letterkenny, and will demonstrate a commitment to innovation and business growth. The Innovation Hub will complement the promotional and locational advantages of Project Kelvin and will enable these benefits more easily to be made available to smaller firms able to make use of the Project Kelvin infrastructure.

Project Kelvin itself will become the centrepiece of a major promotional campaign for inward investment to Derry and the North West and this will, in turn, widen the business opportunities available to digital and creative businesses in the region.

No other part of Northern Ireland has this volume and range of business support services on offer to the digital and creative industries, to complement the range of regional services offered by Invest NI.

4. The Digital Derry Strategy

Our research has shown that there is a significant digital sector in the City and the surrounding area with a number of substantial established firms which are serving international markets in their chosen market areas.

Within that group there are a smaller number of businesses which are creating digital content in areas such as games, multimedia and broadcast and e-learning which are well established and have strong growth plans. In addition, there is a substantial 'tail' of businesses serving local markets and of informal businesses who may be preparing to trade on a formal basis or simply earning additional income from their creative skills.

Derry~Londonderry has an impressive range of support organisations for creative digital businesses and the businesses we met suggested that more needed to be done for the sector in terms of animation, making connections and presenting the North West digital content offering in a confident manner in wider markets.

There is, therefore, a real opportunity to improve the functioning of the businesses and of the business support structures by bringing them together, by increasing the knowledge and understanding in digital businesses of the support available to them and by increasing the knowledge in the business support organisations of the issues facing digital content businesses in the North West.

This must be done in a way which respects and complements the role of regional business support organisations, such as Invest NI and Digital Circle and which respects and complements the existing business support organisations in Derry and the North West.

Principles for the Digital Derry Strategy

It is useful to start consideration of the Strategy by identifying 4 design principles which must govern the development of the Digital Derry Strategy.

Those principles are

- 1. The Digital Derry Strategy must fit well with regional and national strategies by complementing, rather than competing with their work**
- 2. The Digital Derry Strategy must address those issues which are capable of being addressed at local level.** This not only ensures that relationships with regional organisations and initiatives are complementary rather than competitive, it also avoids wasting time and energy on issues which cannot be decided at local level.
- 3. The Digital Derry Strategy must focus on those businesses in the City which do not qualify for regional support, from Invest NI or other sources.** To be effective the Digital Derry Strategy needs to focus on those businesses which do not qualify for Invest NI and other regional supports and the objective should be to increase the number of businesses from the City which become eligible for Invest NI and other regional supports. The primary focus of the Digital Derry Strategy will, therefore, be on

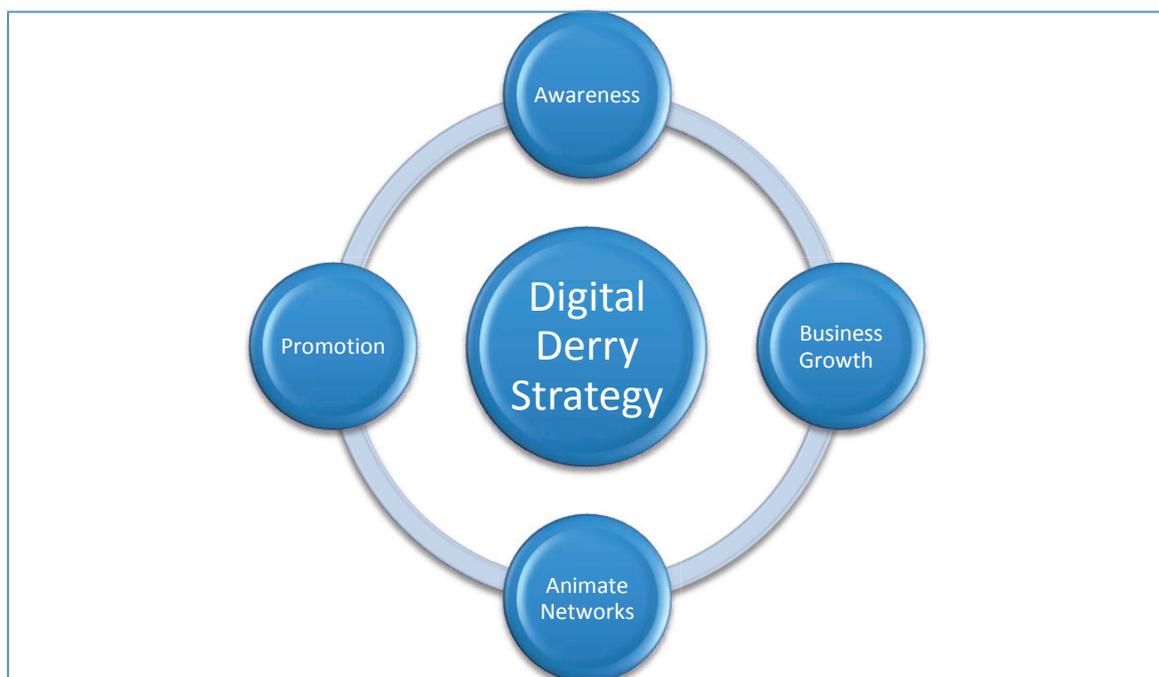
- young, nascent businesses and supporting them in their early stages of growth until they can qualify for support from Invest NI or other regional support mechanisms, and
4. **The Digital Derry Strategy must also find roles for traditional businesses and public sector organisations in supporting the strategy.** Traditional businesses and public sector organisations are important both in their role as customers for digital content businesses and as ambassadors for the City. They need to understand the digital content sector, to purchase its services intelligently and to be able to articulate the strategy to others.

Four Key Aims of the Digital Derry Strategy

The **four key aims** of the Digital Derry Strategy are to

- **Raise awareness** of & the visibility of the digital content sector in the City
- Develop **local initiatives** to support **business growth**
- **Animate** digital content **networks** in the City
- **Promote** the digital content sector in the City .

The 4 Key Aims of the Digital Derry Strategy



The wider objectives for the Digital Derry Strategy are that it should

- Complement regional and national strategies
- Address issues which can be addressed at local level
- Focus principally on the businesses which are not (yet) able to access regional and national support
- Address awareness of the sector and its needs
- Assist in realising the growth potential of smaller businesses
- Co-ordinate and fill gaps in the local support structures
- Assist in addressing some perceived education and skills shortages

- Build connections between businesses to facilitate further cluster development, and
- Present Derry's case and achievements at regional and national level .

Delivery of the Digital Derry Strategy

The Steering Group for the development of the Digital Derry Strategy has considered how the Digital Derry Strategy could best be carried forward and has decided that Londonderry Chamber of Commerce will employ a 'Digital Champion' for Derry. The work of the Digital Champion will be directed by a strong Digital Action Team which will be led by private sector representatives (including those from the Chamber) but will also have strong public sector representation including the University, the College and schools. The Digital Champion will work from an office which will be distinct from the base for the Chamber's other activities and will align his or her activities very closely with those of Digital Circle and Invest NI, to complement their work at the regional level.

In addition to the Digital Champion, a Digital Ambassador for the City will also be appointed. The Digital Ambassador will be a person originally from the City or the North West who has reached a sufficiently senior level in the digital content industry internationally that he or she will be able to open doors and provide knowledgeable advice both to the Digital Champion and the Digital Action Team.

The Digital Action Team, the Digital Champion and the Digital Ambassador for Derry will together drive forward the Digital Derry Strategy. Derry City Council will declare Derry to be Northern Ireland's first Digital City (building on the flagship Wireless City Initiative) and the Digital Derry Strategy and Derry's Digital City status will both be launched early in 2010 in association with the initiation of Project Kelvin.

Action Plan for the Digital Derry Strategy

Key Aim 1: Raise Awareness and Visibility of the Digital Content Sector in the City

Actions to be taken under this heading include

- **Development of an on-line information source** about the digital content sector in the City so that the sector itself has improved information on its performance and others can easily access the information that they require
- **Profiling of local businesses**, both on-line and in traditional media
- **Monitoring and reporting on the growth of the sector**
- **Working with schools and colleges** to improve the understanding of pupils and students about employment and other opportunities in the digital content sector in the City, including arrangements for pupils and students to have visits and work experience in the digital content sector.

In the longer term we believe that there may be merit in considering the establishment of a creative shop window and meeting space on one of the main retail streets in the City. Other cities have found this a valuable aspect of their creative industries policies. This is a longer term option for the next stage of the Digital Derry Strategy.

Key Aim 2: Develop Local Initiatives to Support Business Growth

We suggest that the following local initiatives should be implemented to increase the flow of local businesses able to become Invest NI clients, participants in the Propel Programme or to participate in programmes such as those run by NISP Connect.

- **A £15k Award**, an annual £15,000 business plan competition for the best plans for digital businesses from a University or College in the North West or from those from the North West who are attending a University or College elsewhere
- **A peer mentoring initiative** where those who have successfully started and developed a digital or digital content business provide informal business advice and support to fledgling businesses.
- **A schools competition** for the best digital content business ideas emerging from schools or school pupils in the North West.

Key Aim 3: Animating Digital Content Networks

There are a significant number of events relevant to the digital and digital content sectors held in the City each year, and even more at the regional level. However, these events are often promoted by their organisers to their own network of contacts and may not be known about by other sectors and interest groups.

There is an opportunity for the Derry Digital Strategy to animate local business networks by

- **organising a range of relatively low-cost or no-cost events,**
- **promoting the events of other organisations and**
- **filling any perceived gaps in the range of events in the City.**

This approach could be underpinned by the development of an appropriate on-line resource to publicise a range of events and to support networking between participants.

Key Aim 4: Raise the Profile of the Digital Content Sector in the City

The final aim of the Digital Derry Strategy was to raise the profile of the digital and digital content sectors in the City in Belfast, Dublin, London and wherever else decisions are taken, networks meet and business is done.

This would involve

- **Taking Derry's offering to the market place** and presenting it confidently to decision makers, business owners, business angels, venture capitalists and overseas investors by participating in appropriate conferences, seminars and business events in Ireland North and South, in Great Britain and potentially also the USA and other overseas markets. It could also involve establishing linkages with the Derry Diaspora working and investing in digital industries internationally.
- **Arguing that Derry is a suitable host city for Northern Ireland wide business support events** relevant to the digital and digital content sectors. Not all such events have to happen in or around Belfast and bringing such events to Derry would increase the prominence of the City and the understanding of the businesses it supports

- **Working to create a deal flow** for business angels, venture capitalists and the professional advisers who work with digital and digital content business such as IP and copyright lawyers.
- **Providing an information source on the digital and digital content sectors in Derry,** and
- **Working with others to promote and realise the potential contribution of Project Kelvin** to the development of the economy of the North West.

Funding of the Digital Derry Strategy

The estimated cost of running the Digital Derry Strategy is between £140,000 and £150,000 over a two year period. This estimate is made on the basis that every effort is made to use in-kind support such as office accommodation and services and that sponsorship is used to defray most of the costs of major events. We have also noted that most of the events which the Digital Derry Strategy would mount would be on the low-cost or no-cost model - which allowed BarCamp Derry to be run with a surplus donated to charity.

Derry City Council has indicated that it will be willing to consider an application for support towards the identified costs of running the Digital Derry Strategy. The Council may, in turn, seek support from EU Programmes.

Conclusion

Our research has shown that there is a significant digital sector in the City and the surrounding area with a number of substantial established firms which are serving international markets in their chosen market areas.

Within that group there are a smaller number of businesses which are creating digital content in areas such as games, multimedia and broadcast and e-learning which are well established and have strong growth plans. In addition, there is a substantial 'tail' of businesses serving local markets and of informal businesses who may be preparing to trade on a formal basis or simply earning additional income from their creative skills.

At the same time Derry~Londonderry has an unrivalled range of support organisations for creative digital businesses though more could be done for the sector in terms of animation, making connections and presenting the North West digital content offering in a confident manner in wider markets.

The Digital Derry Strategy offers the City the opportunity to create a genuinely joint approach to the development of this important sector.



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