



CREATIVE DIGITAL MEDIA

Background

New Orleans has received increasing national recognition as an entrepreneurial hub of creative digital media over the last few years. New Orleanians have returned home to start and grow companies. National and global firms have located here based on the city's solid foundation of creative talent. Louisiana's competitive film incentives have positioned the state and New Orleans as the third top film production location after Los Angeles and New York. State, regional, and local economic development entities have all targeted this cluster for economic development through organizations such as Louisiana Economic Development (LED), Greater New Orleans Inc., the Regional Planning Commission and the New Orleans Business Alliance.

Creative Digital Media is the collective industries, businesses and workforce skills that add value to creative content through digital production and global distribution. The Creative Digital Media cluster captures the written, spoken, musical, theatrical, visual, design, entertainment and technological talent and creativity in digital formats, creating products that are in-demand and marketable in today's global economy. New Orleans' location quotient is 0.7 in this cluster, but the city has specializations in film, television, and radio (1.4). This cluster has nearly 2,500 jobs.

With average wages at \$78,900 for some parts of the cluster, far exceeding the city average, the maturation and growth of this cluster would boost the City's revenue and further stabilize its neighborhoods.

New Orleans' cultural assets, a wealth of creative talent, the low cost of doing business and significant investments through incentives have provided a good foundation for this cluster. To maintain momentum and create sustainable growth, this cluster needs continued efforts to bring local creative products to market effectively. New Orleans has a locational advantage as a center of creativity that helps to attract the creative workforce that is critical to this cluster.

Louisiana's growth rate in digital media (i.e. software and video game development) has outpaced national growth rates. In Louisiana, this part of the Creative Digital Media cluster has grown an average of 9% annually between 2001 and 2007, supported by the State's strong incentive program, which has successfully encouraged employers such as Gameloft and GE

Capital's Technology Center to open offices in New Orleans. As this cluster expands within the Central Business District and Lower Garden District, the New Orleans Business Alliance has launched an initiative to foster that growth. The New Orleans Digital Entertainment initiative (NODE) seeks to brand the city's digital media industry and attract, retain, and expand digital media businesses in New Orleans.

The film and television industry has grown rapidly in New Orleans and average wages for local industry workers have risen faster than inflation, reflecting stabilization in employment and less reliance on contract workers.

Strengths

- » Cluster is attracted to New Orleans' cultural assets and creative talent
- » Low cost of doing business made more competitive with significant incentives; low capital investment so companies can relocate or expand here more easily
- » Most companies are small to medium in size but highly entrepreneurial
- » Availability of high quality jobs
- » Some parts of cluster are more risk tolerant and natural disaster threats not as detrimental
- » Recent investments to infrastructure within subclusters to make them more permanent. For example, film industry built local soundstages and post-production facilities; digital media's IP building, Entrepreneurs Row, Advanced Technology Center at UNO and Beta's co-working space provide hubs for digital businesses and entrepreneurs

Music and Sound Recording are strengthened by local educational assets and support the other activity in the cluster (i.e. sound for film production) - national recording artists are increasingly choosing New Orleans as a location for recording and tour production.

Film and television production still depends heavily on incentives, even as studio production facilities such as Second Line Stages are creating a more robust infrastructure of sound stages and locally-owned service companies. This infrastructure will allow film and television to stabilize and

become independent of the incentives. This process is not quick, but it has definitely gained traction. New Orleans has a strong sound recording tax incentive that combines affordable recording space and a cost of living lower than other sound recording hubs, which should assist in both the attraction of musicians and other sound recording professionals from other locales and in supporting local musicians. The state has also instituted a live performance incentive program that is aimed at both attracting large theater productions and also supporting the presence of musical entertainers. This can add a catalyst for the sound recording industry if entertainers and theater performances select New Orleans as the place to develop their production recordings.

Challenges

As a new and growing cluster, Creative Digital Media faces some obstacles in New Orleans. The primary challenge is workforce. Industry leaders, particularly from the software development and gaming companies, stressed that their number one challenge was finding qualified workers, especially software programmers. Leaders cited a disconnect between the skills needed to fill available jobs and the curriculum at higher education and training institutions. Coordination with K-12, higher education institutions, and training entities around workforce education and training has been slow to take hold.

The lack of venture capital above the \$1 million level, as well as smaller amounts for emerging businesses, also threatens to impede growth. Companies must find alternative financing, due to the shallow capital markets. Though companies can raise money, the city lacks venture capitalists who can lead deals. Certain segments of this cluster also remain heavily dependent on incentives, which are vulnerable to policy decisions at the state level and from competitor states. Further, the current incentives were developed to focus on recruiting new businesses to avoid subsidizing existing industries - but that limits the growth of indigenous content creators and distributors.

While a strong support infrastructure exists for the cluster, there is a need for more incubators. Mentors are also needed to increase marketing and distribution opportunities for content creators.

Getting to market is also a serious challenge for many segments of the Creative Digital Media cluster. New Orleans suffers from the 'leaky bucket' syndrome, where content creators leave for other cities because they cannot produce or distribute from here as well as they can from larger cities.

One example of the 'leaky bucket' is in the sound recording industry. New Orleans has its roots firmly grounded in music, but has struggled to establish a sound recording industry to rival cities such as Nashville and Austin. In an era of increasing digital distribution, a record label-centric model of music industry growth is not necessarily a path to prosperity. Some new record labels like Basin Street Records have been successful, especially with multimedia stars like Kermit Ruffins. More often, New Orleans' musicians, like bounce star Big Freedia, use digital media like YouTube and Twitter to promote their music - activity which is not easily monetized. Despite this activity, the tax incentives given by the State have not yet sparked as much growth in sound recording as the film incentives have produced.

Finally, businesses in this sector are relatively new, and few can boast recognizable brand names. This is changing, as additional investments by well-known brands will attract other companies to locate in New Orleans, since companies in Creative Digital Media want to be located in proximity to one another.

Opportunities

There are opportunities and momentum to continue New Orleans' growth trajectory in this cluster. The city's increased national recognition as a creative digital hub and the recent relocation of large firms like Gameloft and GE Capital gives other firms considering relocation a stronger rationale. Through this planning process, there is a shared vision to build a permanent Creative Digital Media cluster by supporting local creation and production as well as increasing distribution outlets for the cluster's products. There is renewed commitment to collaboration among the cluster leadership, higher education and training institutions to create curriculum and programs that will develop the pipeline locally as well as assist in talent attraction efforts.