

CHIMERA

Innovative cultural and creative clusters in MED area

P.A. 1: Promoting Mediterranean innovation capacity to develop smart and sustainable growth

Obj. 1.1: To increase transnational activity of innovative clusters and networks of key sectors of the MED area

<https://chimera.interreg-med.eu/>

D.4.2.2. Regional cluster business plan

WP 4. Testing

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Interreg
Mediterranean



INNOVATIVE CULTURAL
AND CREATIVE CLUSTERS
IN THE MEDITERRANEAN AREA

Project co-financed by the European
Regional Development Fund



CLUSTER BUSINESS PLAN STRUCTURE (SOSTAC)

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<p>1. SITUATION <i>Identifying the general situation before planning the Business Plan</i></p>	<ol style="list-style-type: none"> 1. <i>Customer / member insight</i> 2. <i>Territorial insight</i> 3. <i>Product / services analysis</i> 4. <i>PEST</i> 5. <i>Market / sector trends</i> 6. <i>Competitors analysis / Benchmarking</i> 7. <i>SWOT</i> 8. <i>Conclusions</i> 	<p>Terrassa, is second biggest city of Catalonia, with more than 200.000 inhabitants and with an important industrial heritage and background.</p> <p>Terrassa City Council owns a former tuberculosis sanatorium hospital, a huge building built in 1952 with a capacity for 1.200 patients and more than 50.000 square meters. At the end of 1986 the last patient left, and in 1991 it was reconverted into hospital for mental health. After some years of abandonment, since 2006 is the home of the audiovisual Park of Catalonia “Parc Audiovisual de Catalunya” (PAC), a project promoted by the City Council of Terrassa and the Catalan Government with an overall accumulated investment of 35M€. The site is converted into cinemas studios by building 4 sound stages and preserving the old neoclassical building. The city was designated Creative City of Film by UNESCO in 2017 in order to foster the audiovisual sector.</p> <p>The PAC envisages IT solutions for immersive experiences at the PAC facilities that could be included in the pipeline of the film and interactive audio-visual making process of any production.</p> <p>This business plan is about the development of a unit of production of volumetric audiovisual content (3D and 360 °), real, large format and mass consumption.</p> <p>The real volumetric images (not just those generated by computer) are those images already required in the industrial production of content for Virtual Reality, augmented reality or video games. However, this demand is right in its initial phase and the impact</p>
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		<p>(massive) of contents in Virtual Reality is expected to reach multiple sectors, such as training, health, social networks (Facebook is one of the experimentation tractors agents in virtual reality through <i>Oculus</i>) and, of course, advertising and cinema.</p> <p>Without a doubt, the multiplatform and powerful content will require renewal through new proposals; the consumer looks for new experiences and this can be achieved through new audio-visual experiences.</p> <p>At a time when the traditional cinema lives its decline, the relay will take virtual reality (created in three dimensions) applied to all areas of cultural industries.</p> <p>Are volumetric images the future of the audio-visual industry?</p> <p>It's necessary to distinguish this concept of the computer-generated ones, although of great quality, is lacking in absolute realism and whose cost of production is very high. In addition, nor the current technology -and predictably neither the future- does not allow for 100% realistic recreation. This aspect is key because it makes impossible the realization of fiction content in real environments of 360° with real appearance, which only under certain conditions public accepts as real, digital images created in 3D.</p> <p>On the contrary, when public detects that images are not real, their attention and interest are distanced from the content. This aspect is not important in the video game sector because users assume the 'imperfection'. However, in other types of content (fiction, publicity, etc.) realism is essential. Therefore, the best solution is to be able to film in real scenarios (eg, cinematic decorations) and with actors who also interpret in a 'true-fiction' environment.</p>
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		<p>In that sense, only a fundamental need can be answered through real 3D / 360 degrees content and, for this, a recording set-up conditioned for that purpose is essential. Due to the shortage of facilities of this type and the intensive need that is foreseen in the short term, it can be affirmed that a very remarkable business opportunity exists.</p> <p>Three volumetric studios: 2500m2, 600m2 and 100m2 in the Audiovisual Park of Catalonia</p> <p>This proposal aims to take advantage of the current positioning of the Audiovisual Park of Catalonia (PAC) as a centre of traditional production. In these studies, -of public capital- is where the projects of greatest impact in the Spanish audio-visual sector are developed, as well as productions of international companies, eg Netflix.</p> <p>In the PAC, projects are currently being developed in a way, that otherwise would have to be carried out in other parts of the world. It is a 'hub' of services and projects, so that specialized facilities would improve their positioning and consolidate a new competitive opportunity in the field of world audio-visual production. At the same time, the existing human structure itself would allow absorbing part of the daily needs of administrative, technical and maintenance management of the new structures.</p> <p>Points to favour:</p> <p>There are very few facilities of this type in Europe (only in London) so the window of sectoral opportunity is enormous. The pioneer currently, worldwide, is Sony: https://www.cnet.com/news/sonys-next-gen-innovation-studios-holograms-and-scannable-sets/</p>
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		<p>Points against:</p> <p>The technology is in an emerging stage, as well as the market demand itself and the offer of specific content (there is not yet a standardized language). So it is necessary to invest in technological R&D& and in new narratives.</p> <p>This cost can be confronted by the private sector or through alliances with engineering and audio-visual departments and universities, turning the set into a 'lab' of technological testing and new content.</p> <p>In this last configuration, it would be advisable to go to European funds of supporting both investments and innovation.</p> <p>It is important to keep in mind that the minimum time to start up this production unit is 1 year.</p>
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2. OBJECTIVES <i>Identification of the objectives of the business plan</i>	<ol style="list-style-type: none"> 1. <i>Mission and vision</i> 2. <i>Strategic objectives</i> <ol style="list-style-type: none"> i. <i>Number of members</i> ii. <i>Cluster activities</i> iii. <i>Fundraising</i> iv. <i>Aware - r ai sing</i> 3. <i>Objective marketing</i> 4. <i>F unding / financing objective</i> 	<p>Value Proposal</p> <p>Competitive Opportunity: There are very few facilities of this type in the world that can offer professional volumetric recordings.</p> <p>It takes advantage of the great competitive value of Audio-visual Park: to be a comprehensive study of large-scale production</p> <p>Convert the PAC into an R & D & I laboratory in a technological and creative field in which Terrassa are referents: UPC (Polytechnical University), CITM (Multimedia University), ESCAC (Cinema University), etc. and also as a cluster of companies and audio-visual services. This ecosystem will be very much enhanced and there is the possibility of creating a Digital Innovation Hub in advanced Audio-visu als.</p> <p>Become a world reference centre, which can host international productions of the highest order (for example, the future project of Avatar in Virtual Reality).</p> <p>Industrial positioning in a type of services that will be essential in the medium term; otherwise, current facilities may become obsolete</p> <p>2.2.b Key activities</p> <ul style="list-style-type: none"> - Production of volumetric and large format contents

- R + D + i in recording technology in real environments (3D and 360°)
- R + D + I in contents for Virtual Reality

4. Funding / financing objectives

Initial investment must be done acceding to Public Funds:

- 1) Terrassa City Council.
- 2) Catalonia Regional Government.
- 3) EU Structural Funds.
- 4) Other sources of EU Funding like H2020.

After investment phase the income structure would be the following:

Rental fee for the spaces and integral service (technological management, consumption, assigned personnel, etc.).

It would be variable according to the type of user and production, depending on:

- Large format production: A higher and more unique rate would be applied for the rental of the 2,500m2 set. The rate would be negotiable in the case of long-term rentals.

		<ul style="list-style-type: none"> - Productions of smaller formats or research of new products / formats: they would be differentiated by the days of occupation and they would have access to an average rate on the set of 600m2 and 100m2. - Academic projects: cheaper rates of restricted access to the 100m2 set. <p>The sector assumes that the cost per assembly and shooting day is different. However, being an exclusive service could be treated as a unique daily rental. In any case, the revenues do contemplate a certain adaptability of swallows, which is why the 600m2 set has a higher average fare value; It is considered that the assemblies on a set of smaller dimensions will also have less duration but, in turn, greater occupation.</p>
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3. STRATEGY <i>Identification of the strategy of the business plan</i>	<i>1. Customer / member segments</i> <i>2. Cost / benefit</i> <i>3. Commercialization</i> <i>4. Communication</i> <i>5. Business model</i> <i>6. Brand strategy</i>	1- Customer / member segments Client segments <ul style="list-style-type: none"> - Possible Clients: producers of audio-visual contents in the scope of: - TV (eg Netflix, Amazon, HBO) - Cinema (big blockbusters) - Advertising (any international content producer) - Video game Type of service: <ul style="list-style-type: none"> - Equivalent to the current Audio-visual Park but with significant technological improvement 3. Commercialization The current portfolio of clients of Park Audio-visual are already potential users of the new service. Exploitation:

		Reservation of facilities according to specialized service rates (and with little competition in Europe).
4. TACTICS <i>Identification of the tactics of the business plan</i>	<i>1. Offline marketing activities</i> <i>2. Multichannel experience</i> <i>Online</i> <i>Website / App</i> <i>Etc.</i> <i>3. Content Marketing</i>	4.3 Relationship with the Client Presence in specialized fairs, 'film markets' and personalized contact to involve new potential customers (already during the construction phase of the infrastructure production agreements should be closed). Alliances with other production centres that lack these facilities. The use regime will be similar to the current sets but it should involve a technological management unit. This could be outsourced to a university department or, preferably, to a technological partner.
5. ACTION	<i>1.- Events calendar</i> <i>2.- Content calendar.</i>	Key allies - Park Audio-visual de Catalunya (and the Terrassa municipal holding company).

<p><i>What, who and when?</i> <i>Needed resources</i></p>	<p> <i>3. SEO</i> <i>4. Advertising</i> <i>5. Public relations (offline)</i> <i>6. Social networks and online public relations.</i> <i>7. Direct marketing</i> <i>8. Needed resources.</i> </p>	<ul style="list-style-type: none"> - UPC: Polytechnic University of Catalonia. - CITM: Centre for multimedia image and technology. - ESCAC: Higher School of Cinema and Audiovisuals of Catalonia - Visyon. (Main private company in the field of VR) - INTEL Technologies. <p>To consider:</p> <ul style="list-style-type: none"> - Google DayDream. - The director and technology developer: James Cameron. - Mediapro. <p>5.8 Key Resources</p> <p>3 Studios prepared for volumetric recording:</p> <ul style="list-style-type: none"> • 2500m2: industrial uses worldwide • 600m2: intermediate uses (R & D & I test) • 100m2: uses in the field of university research -
<p>6. CONTROL</p>	<p><i>1. Strategic KPI</i></p>	

Defining KPI and controlling schedule	2. Offline KPI 3. Online KPI	KPIs will be defined when the studios will be operative.

5. ACTION PLAN DETAILS					
NR	ACTIVITY	RESULT	RESPONSIBLE	DATE	NEEDED / COST RESOURCES
	<i>Write briefly each of the activities</i>	<i>Identify the concrete results targeted by the activity (according to KPIs)</i>	<i>Identify the staff / person / team responsible for the coordination and management of the activity</i>	<i>Identify the expected start and end date of the activity</i>	<i>Identify the main resources to Achieve Develop the activity of the mind and the related cost</i>
1	To look for Public funding to set up the investment. Fundraising research	Investment Funds	PAC Management staff	01/01/2019-31/12/2019	Human resources for fundraising
2	Building the facilities	New facilities	PAC Management and Technical staff	01/01/2020-31/12/2020	Human resources and the Funds Raised
3	New Facilities commercialization	Marketing plan	PAC Management and Commercial staff	01/01/2021 and on	Human resources
4					
5					

FINANCING PLAN	<p><i>Comment or describe how the planned activities will be funded. What are the main sources of funding?</i></p>	<p>The main sources of funding will be the public funds raised at Local, Regional and EU level (structural funds). For the technical research activity start, it would be interesting to count on H2020 funds.</p> <p>Structure of Direct Costs (not taken into account those indirectly assumed by the current management of Park Audio-visual):</p> <ul style="list-style-type: none"> - Construction of the production unit : 3 sets, the largest with water trench and the auxiliary service spaces. Approx. € 6,000,000 - Technology for volumetric recording (in experimental stage): initial investment approx. € 2,500,000. - Annual technological maintenance and updates (software p.): € 500,000 - Technological management staff : team of support technicians for productions and R & D & i: 7 people (1 senior profile, 2 intermediate and 2 junior audio-visual engineers, plus 2 technical support staff, annual cost:€ 350,000 - Other costs of traditional annual maintenance: € 120,000 - Cost of the pilot: without charge attributable since it is owned by Park Audio-visual. <p>Annual revenues per set:</p>
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		<p>2.500m2: Average € 7,000 per day, with an occupation of 50% per year = € 1,277,500 / year</p> <p>600m2: € 2,500 per week, with an occupation of 65% per year = € 593,125 / year</p> <p>100m2: € 1,000 a day, with an occupation of 35% per year = € 127,750 / year (a greater occupation is foreseen but with academic uses - and without possibility of repercute rental by the services)</p> <p>Approximation of annual revenues provided for the full operation: € 1,998,375</p>
THE LINK BETWEEN ACTION PLAN AND RIS3	<i>Please explain the coherence of this action plan with the Regional Smart Specialization Strategy</i>	RIS3CAT emphasizes greatly in fostering Creative and Cultural industries as one of the main sectors to be promoted and being Digitalization and the use of ICT one of the key enabling technologies, this business plan could very much contribute to RIS3CAT and matches perfectly the smart specialization strategy of Catalonia Region.
ANY OTHER REMARKS	<i>Please explain any other details that could be important for the business plan</i>	



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