

Measuring the impact. Recovering strong.

As all of Canada's creative industries cope with the on-going effects of the COVID-19 pandemic, the Interactive Digital Media (IDM) sector in Ontario has felt the impact of the virus in its own unique way. To gauge this impact, the Canada Media Fund (with support from Interactive Ontario and other provincial IDM associations across the country), asked Nordicity to develop a Canada-wide survey. The survey was open between March 23, 2020 and April 6, 2020. In total, 75 Ontario IDM companies and 35 self-employed Ontarians responded to the survey. Key findings from Ontario-based respondents to the survey are presented here.

Ontario IDM businesses have lost on average **38% of monthly income**

41% of Ontario IDM micro companies have lost all monthly revenue

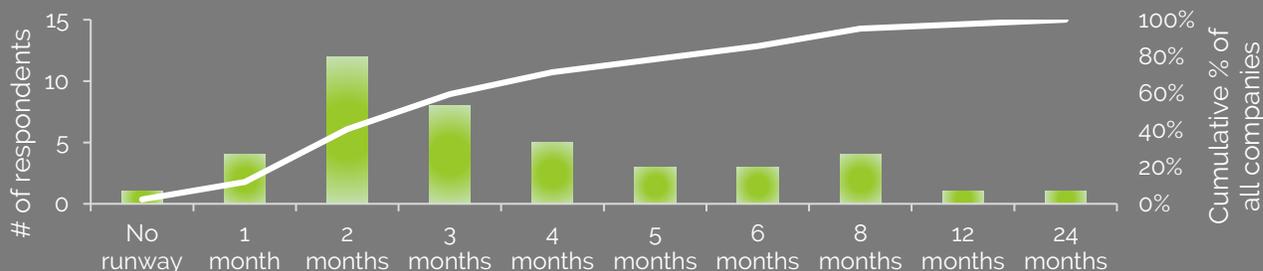
Significant revenue drops

As with many parts of Canada's economy, some parts of the IDM industry have been especially impacted by the pandemic. Some Ontario IDM companies have suffered particularly difficult losses, seeing an average 38% decline in revenue, as compared to the national average decrease in revenue (29%). At the same time, 41% of Ontario-based IDM micro companies (fewer than five employees) have lost all monthly revenue.



Amount of runway left

In another measure of the industry's health, companies were asked to report on their fiscal "runways" (i.e. their ability to cover costs should no new business arrive). Overall, the Ontario IDM industry estimates an average of four months of runway, the same as the national average. However, this figure obscures the reality that, by now, about 40% of respondents have run out of runway altogether – a figure that will likely exceed 80% by September. Small companies (between five and twenty employees) have been hit the hardest, reporting an average of three months of runway, while companies with more than 20 employees could be able to withstand business shortcomings for an average of nine months.



Uncertainty for contract workers

38% of freelance workers will be laid off if social distancing lasts past June

Survey results indicate that employment impacts are mostly felt through contract/freelance workers. In all, 21% of the contract workforce, and 2% of the salaried workforce have already been laid off or are likely to be laid off soon. If social distancing measures last beyond June 30, 2020, 38% of the contract workforce in the Ontario IDM industry may be laid off, compared to 4% of salaried employees.

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Supporting virtual B2B markets

Some (37%) respondents did indicate that the pandemic would have a moderate impact on their businesses, however another group (37%) contend that the impact of the pandemic will be felt after three months (from early April). This finding suggests that these companies have sufficient work for the moment but may face business development challenges beyond June. To support this concern, business development challenges were listed as the top two concerns for Ontario's IDM companies.

Most concerning issues:



Loss of opportunities due to stakeholders being affected



Loss of opportunities due to markets being stalled

The role of Interactive Ontario

Ways in which the provincial association can best support IDM companies:



Be the voice of the industry, identify and measure the impact of the crisis



Organize a task force to identify relief measures and advocate for them



Organize remote matchmaking and pitching meetings with buyers

In response of these concerns, Interactive Ontario created a Task Force to consult industry on impacts, recovery and stimulus measures, and launched a weekly series that covers the pressing questions as they relate to COVID-19 relief measures that can apply to the IDM/Games industry. Provincial industry associations like IO play a crucial role in advocating for a comprehensive and tailored recovery plan for the IDM/Games industry.

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While some Ontario IDM companies have experienced immediate losses of revenue that threaten their viability, the biggest impact of the pandemic may be related to the ability of IDM companies to attract new business. The main challenge will likely be founding innovative ways to connect Ontario's IDM companies with financiers, funders, and customers before they run out of operating capital.