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# ORLANDO Business Journal

## EXCLUSIVE REPORTS

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### Area's film biz big but shifting, new study finds

Midsize firms fueling growth in revenue, jobs, research shows.

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Neither three hurricanes, the closure of the [Walt Disney Co.](#)'s Florida animation studios nor the lack of major feature films were able to slow down the film, digital media and entertainment industries in Central Florida in 2004, a new study shows.

The big picture: The metro Orlando region has at least 383 film, digital media and entertainment companies that generated more than \$845 million in revenue in 2004 and supported more than 3,400 direct, full-time jobs.

Since the last study done in 2002, that means the region has seen a 32.5 percent increase in employment and a 44 percent increase in revenue, according to officials with [Innovation Insight Inc.](#), an economic development research firm.

More importantly, says Innovation Insight President Guy Hagen, the study shows a shift in the types of projects being done in Central Florida toward commercials, corporate projects and digital content projects.

"And the fastest growth appears to be among midsize companies with 26 to 50 people," Hagen says, "because these companies have the staff and resources to be able to compete for those types of projects."

On the other hand, cautions Hagen, smaller companies with limited resources face the challenge of trying to compete.

#### Surviving the shift

In fact, regional, national and international commercials currently make up 36.7 percent of the total activity in Central Florida, according to the study, followed by corporate projects (23.3 percent) and digital media content (13.8 percent).

In relation to who's prospering in those production-related areas, the study shows, on average, that companies with 25 or fewer employees reported revenue losses from 2002 to 2004, but companies with 26 or more employees saw increases in the number of jobs and a corresponding increase in revenue, ranging anywhere from 72 percent revenue growth to more than 200 percent.

"Anecdotally, as we talked with companies, we were consistently told by small film production companies that the industry is suffering and that opportunities are scarce," Hagen says. "On the other hand, midsize companies that do more diverse work were much more optimistic, and many said they were busier than ever."

The shift away from feature films and television as evidenced by the latest data began several years ago when the flurry of activity that included productions such as NBC's seaQuest DSV, HBO's From the Earth to the Moon and films such as Parenthood wrapped up and left the area, not bringing in other work in their wake. And, industry officials say, Central Florida wasn't being faulted. Nearly every out-of-state production

that came here, they say, credited the region with having great facilities and skilled production crews.

But other factors began to play into companies' location scouting, says Suzy Allen, vice president of film and digital media development with the [Metro Orlando Film & Entertainment Commission](#). Other states began to try to get a piece of the production pie, offering better incentives for work done within their borders. And many Hollywood types who had homes and families in California really didn't want to pull up for months at a time to do a production shoot in Florida.

"It was a gradual weaning away from our area for some production work," Allen says. "It wasn't that we weren't still trying to lure the big projects, it's just that competition got stiffer, and we didn't have as many resources.

"So we decided to see what we might build on in this area as far as entertainment-related work," she adds. "We knew we had a strong commercial base, but that was when digital media, in particular, began to be talked about."

### **A stronger 2005**

Many companies, in fact, already had sensed that shift and, more importantly, says Hagen, had the resources to carve themselves a niche in what now appears to be the prospering industry segments.

Take i.d.e.a.s., a creative content studio located on the backlot of [Disney-MGM Studios](#), which made an early shift into digital media work.

Although work has been steady, says Bob Allen, chief executive of i.d.e.a.s., there have been a few hurdles along the way.

The hurdle Allen refers to was weather, which typically is an asset for the Central Florida production community. His studio expected to get a lot of government agency work in 2004, Allen says, but thanks to last season's four hurricanes, "they were busy handling emergencies, not doing training videos."

Allen says a number of anticipated projects also got delayed because "there was no quick end to the war in Iraq, and people pulled back on projects because of economic concerns."

But, says Allen, 2005 seems stronger already. And as he looks ahead toward building more business, Allen and company have been busy building partnerships such as Zfusion. That three-company endeavor marries state-of-the-art digital storytelling with 3-D holographic technology and advanced audio and motion systems, that he believes will result in "cutting-edge projects" in the near future and "many good years ahead."

That sentiment also is echoed by Pamela Tuscany Warren, senior director of marketing and business development with [Universal Studios' Florida Production Group](#), which has built a thriving niche in commercial production on its backlots. Last year, says Warren, "exceeded all our expectations."

"We saw a steady stream of commercial work," Warren says. She notes that they even managed to land a couple of TV and film projects as well, including Haxan Films' Probed feature film that took advantage of Universal's Stage 20 initiative to get incentive breaks for their production work.

And, says the marketing specialist, Universal is continuing strong into 2005, posting a record first quarter in its commercial business, "thanks to weather up north that was really horrible."

A&S Animation's Mark Simon, meanwhile, says 2004 was the first year he actually had to turn down business because he didn't have enough artists to complete the work.

Even so, as a hedge against the possibility of future downtime in the industry and a way to keep a steady revenue stream in between projects, his company now has branched into animation for mobile streaming.

Simon created 14 mobile streams last year.

### Marketing to our strengths

Hagen says now that the numbers show a clear shift in the type of entertainment industry work done here, the big task will be educating local companies on ways they can grab some of that work.

One big hurdle is that even though the study shows medium and large-size companies are the ones prospering, the "typical" company in the area is described as having two employees and generating about \$250,750 in annual revenue, according to the study. That means there is still the possibility that small companies may continue to leave Central Florida or could close up shop entirely.

"We know that small companies are not equally participating in the growth," says Hagen. "Part of that is because they don't have the money or resources to make the shift. Part may be due to not wanting to make the shift."

Either way, Suzy Allen says the film office will use the numbers to better educate local companies on what the market is doing, "so that those who choose to make Central Florida their home will have the tools to make informed decisions about the direction their company takes."

For Simon, the industry shift is really nothing more than a blip on the radar screen. After all, says the animator and storyboard specialist, "I think the people who are here now are ones who made the decision to build a life here. We'll find the work we need to stay busy."

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