

Report on Business

Making the most of a changing media scene

Animation company diversifies its products and looks to strong year as Hollywood North holds its own

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The [global economy](#) could be the star of a B-list horror flick. So why are media industry players Ken Faier and Asaph Fipke smiling?

They're the president and co-founder/CEO, respectively, of Vancouver-based NerdCorps Entertainment Inc., an animation company that is fresh off the successful launch of its latest show, *League of Super Evil*, in more than 25 countries, including Canada's YTV.

With 120 employees, seven-year-old NerdCorps is gearing up for its busiest year ever. It recently added a 10-member Web development team to its roster and is slated to produce 39 half-hour episodes of both original and for-hire productions this year, up from 32 in 2008.

NerdCorps is one of several mid-sized businesses in B.C.'s film and television industry looking for new ways to ride out the recession.

With drastic declines in [advertising revenue](#), North American broadcasters are nervous about buying new content. So NerdCorps is expanding into the online, video game and toy spheres.

"Our opportunity is to be in all those places," Mr. Faier said. "We're doing it out of survival instinct. The TV business is changing."

For NerdCorps, the key to success is the international connections that allowed it to sell shows beyond the traditional Canadian market. The company initially did work commissioned by U.S. and Canadian companies, such as Alliance Atlantis. But four years ago it began to create and produce its own content. It also nurtured international ties, which are paying off in spades.

"That's really, ultimately, where the upside is and where the opportunity is for profitability and exposure for our properties," Mr. Faier said. "From both a financial and strategic point of view, it just makes sense to involve the international community."

NerdCorps' creative teams are working on websites, video games and action figures to accompany its shows. "These are questions that TV producers would not be asking five years ago, and now we have to," Mr. Faier said.

The film and TV industry is "suffering, but it's not suffering nearly as much as some other industries," he added. "If [families aren't] vacationing they're watching more TV or playing more online or playing more video games."

The lower [Canadian dollar](#) (hovering around \$0.80 U.S., after reaching par last year) and the removal of several Hollywood tax breaks are making Canadian companies more attractive for U.S. broadcasters and studios looking to cut back on production costs.

"A lot of it's about the lowered Canadian dollar; a lot of it's about the uncertainty in the financial markets," B.C. Film Commissioner Susan Croome said of U.S. productions moving northward.

"That makes them go, 'Okay, if we're not going to do it in L.A., where are we going to go that we can eliminate as much uncertainty as possible ...?'"

Indeed, despite the rough economic climate, Hollywood North isn't doing too badly. Thirty-four projects, from feature films to TV miniseries and movies of the week, are now under way in B.C. — a jump of 25 per cent from April, 2008.

Nine of those productions are filling Vancouver Film Studios' 150,000 square feet to capacity. The company is looking to do as well as last year, if not better, said executive vice-president and chief operating officer Pete Mitchell.

"Last year at this time, I like to remind people, the dollar was at par, there was an actors' strike and our tax credits were less than they are. We managed to survive that and do well, and I think this year we're going to do very well."

Much of this year's growth is thanks to foreign studios taking advantage of B.C.'s attractive prices and flexible facilities. That's good news for Vancouver-based companies providing services for foreign shoots.

But producers pitching to beleaguered Canadian broadcasters are on shakier ground: Media giants are shying away from new projects as they deal with billion-dollar asset writedowns and crippling debt.

"It's more challenging on the domestic side right now," said B.C. Film president Richard Brownsey. "We're not seeing a lot of productions triggered by broadcasters at the moment and we're not seeing as much development as perhaps we would like to see."

Kirk Shaw, CEO of Insight Film, for example, is bracing himself for a rough year. Insight Film expects to produce 20 films this year, down from 35 almost every year for the past three. Mr. Shaw is paring his 110-member staff to 20 full-time employees; the rest will stay on as contract employees on a project-to-project basis, the way most production companies operate.

It isn't cheaper, but in times like these the overhead of larger staff simply isn't worth the risk, he said. "We built this studio that was all integrated and we're now taking apart that integrated studio to make it a much more barebones company that outsources more. It'll actually cost us a bit more, but in an uncertain market I'd just rather have much less overhead."

With Canadian broadcasters reluctant to ink deals, success in Hollywood North means having the international connections needed to cobble together enough money to finance a project.

Luckily, Mr. Fipke said, NerdCorps has been able to sell its shows abroad, as well as in Canada. Its projected revenues are up about 20 per cent, clocking in

at just over \$13-million for 2009.

"The wonderful thing about animation is generally you're working with fantasy worlds, which travel," Mr. Fipke said. "[Our content has] allowed us to enter into doors that traditionally would be shut to us if, say, it was a completely Canadian-specific style of show."

If things go well, NerdCorps will keep busy through 2010 — good news for Mr. Fipke, the CEO who still thinks of the enterprise as the tiny startup he co-founded in 2002 with fewer than 10 full-time employees.

"We laugh about it: We started in a little rental apartment with borrowed machines and, you know, a few people working for video games and Thai food. So it's nice to walk into an actual, thriving studio."

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