TITLE OF THESIS

INVENTING THE FUTURE

An investigation of Time Warner's accelerator program: could Australia's media and entertainment industry benefit from this model?

By

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Disclaimer

A large section of this research is based on transcribed oral interviews. Care has been taken to ensure the accuracy of any information and quotations. Any inaccuracies are the responsibility of the author.

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EXECUTIVE SUMMARY

Accelerators fast track the potential of an idea or business, testing its capacity and viability. There are various types of accelerators such as private, university, vertical or corporate.

This thesis investigates two media and entertainment (M&E) accelerators run separately by Turner and Warner, part of Time Warner Corporation in the United States. It considers whether a variation on this model could be applied successfully to the Australian media and entertainment (M&E) industry.

Turner and Warner each run an accelerator called “Media Camp”. Media Camp is an example of a corporate accelerator, a recent phenomenon. The Walt Disney Company and the BBC have also recently established accelerators. There is limited research on corporate and M&E accelerators.

This thesis aims to discover the characteristics of corporate and M&E accelerators and to understand the underlying motivations for involvement from Time Warner and the startups that take part in the accelerator programs. The Media Camp accelerators also provide an opportunity to investigate the way technology is being used to create new opportunities in the M&E industry at inception. This paper proposes the time is right for the establishment of an M&E accelerator in Australia.

The primary method of analysis was qualitative research with alumni and executives from the Media Camp accelerators in the United States. Qualitative research was also undertaken in Australia with individuals from the startup community, professionals from the M&E sector and researchers. Other research was conducted from books, reports, academic papers, newspapers and journal articles.

My research shows the use of a corporate accelerator by Time Warner is strategic and a way of bringing innovation into the corporation. Importantly it allows it to test new business models, products and services, before adoption. Media Camp chooses later stage startups that are relevant and can be piloted in their existing businesses. Media Camp provides the ability to extract value from existing assets and brings both tangible and intangible benefits for the corporation and executives.

Media Camp's primary purpose is for the benefit of Time Warner. This changes its underlying function when compared to other accelerators that look outwards for opportunities rather than inwards to the needs of a corporation.

For Time Warner, Media Camp is a way of creating an alumni network of technical creatives, which may assist in future proofing Time Warner's businesses. Media Camp alumni also provide a window into the future direction of the M&E industry.

My research shows that an M&E accelerator can provide an entry point into the M&E industry for relevant startups with a technical and scalable element. For startups, the value of Media Camp is gaining unfettered access to Time Warner and becoming part of the corporate family. The accelerator gives them the ability to pilot and validate their product or service, the potential for commercial deals, the status of the accelerator brand and leverage in attracting funding. It also helps participants build ongoing relationships as part of Media Camp alumni.

Startups gain a range of benefits from accelerator programs that continue beyond the program. New networks are formed through advisors, mentors, investors and other startups. Seed funding and intensive education on business fundamentals from other entrepreneurs are all benefits that assist startups on the path to success.

Despite the benefits, it is still early in the history of accelerators to determine significant outcomes and shortcomings. Detractors of accelerator programs cite the following drawbacks of accelerators: they only build small companies, they divert talent from other high growth startups, good companies still fail, they exploit startup founders, they attract companies that are struggling, they're helping to create a bubble, they're just startup schools.[1]

Accelerators are just one mechanism for startups to survive in the early days. There is limited research on the efficacy of accelerators for startups.

In the "New Art of Finance" a 2014 UK report by the National Endowment for Science, Technology and the Arts (NESTA), it is proposed the accelerator could be beneficial to arts-related startups and therefore applicable to non-technical or scalable M&E businesses.

My research shows that Time Warner, the 6th largest media corporation in the world, is using accelerators as a mechanism to engage with startups and revolutionize the future of the M&E industry. Hollywood has always been good at finding and exploiting talent, accelerators are the newest mechanism.

Conclusions

The Australian startup sector has increasingly gathered momentum since 2010 and the establishment of one of the first Australian accelerators. Since this time more accelerators have emerged including university accelerators, vertical accelerators and corporate accelerators. There has also been an increase in angel funding available for startups, significantly in the past year.

An M&E accelerator provides a meeting place for technology and M&E to intersect. An M&E accelerator allows the various stakeholders to exploit and understand new opportunities and learn the language of each sector. Technology is an integral part of the M&E industry and the Australian M&E industry should be looking to exploit our capabilities locally and globally.

The Australian screen industry and technology

Technology continues to impact the screen industry globally and locally making aspects of the production pipeline cheaper, opening up new possibilities for distribution of content and impacting screen business practices.

Why do startups matter to the Australian screen Industry?

Investigating the startup sector in particular accelerators provides an indication of how technology is harnessed by startups at a grass roots level in relation to the screen industry. In turn this may provide insights into future possibilities, implications or benefits for the Australian screen industry. Research can reveal whether the Australian M&E industry should be actively involved in startup activity or looking more closely at this sector.

The increased maturity of the Australian startup sector, increasingly tech-savvy professionals, a new generation of digital natives entering the M&E industry, combined with a global shift in the M&E sector provides the perfect climate for the establishment of an M&E accelerator in Australia. In the past year the startup sector has exploded with all major universities now supporting accelerators where before there were only few. The industry is buzzing with activity and potential. It is not uncommon now for 1000 people to gather at startup events that were unheard of four years ago.

The UK and Australian governments are investing millions of dollars in research and development while the US companies are reaping all the rewards through their clever use of accelerator programs.

Recommendations:

- Establish an M&E accelerator in Australia.

Further research:

- Ongoing research with Media Camp alumni and Time Warner executives.
- Research alumni and executives from other M&E accelerators, such as BBC Labs[2], Disney Accelerator[3], and a smaller accelerator, Ideaboost Canada[4].
- Whether a subsided M&E industry in Australia decreases appetite for a M&E accelerator?
- The potential of an arts accelerator as proposed in the recent report[5] by Nesta.
- The corporate accelerator and its adoption of accepting later stage startups and the use of pilot programs within the corporation.
- Investigate other international programs that are growing the digital economy such as Catapult[6] in the UK.
- Further research on female startup founders.

[1] Miller, P. & Bound, K., 2011. *The Startup Factories*, Available at: www.nesta.org.uk. Page 32,33
[2] http://www.bbcwlabs.com
[3] http://disneyaccelerator.com
[4] http://ideaboost.ca
[5] Nesta, 2014. The New Art of Finance – Making Money Work Harder, UK.
[6] https://cde.catapult.org.uk

INTRODUCTION

Technology is under pinning the global M&E industry and Australia will get left behind if it doesn't embrace technology as an integral part of the sector. Profound changes are taking place in the industry, driven by technology and effecting how we produce creative work.

Established markets are being replaced with digital, new business models are evolving, new types of content are being produced and audiences are consuming and engaging with content in different ways. Disruption is occurring but it also provides opportunities. How can these opportunities be exploited and explored? An M&E accelerator is one way of bringing together teams comprising of technical, creative and entrepreneurial individuals, supporting them in the early stages of their business and fast tracking and testing their new businesses. In this paper I explore the Media Camp M&E accelerators and in the process investigate what a content company of the future looks like.

On a personal level this research is timely and relevant. I've spent nearly three decades working in the M&E industry and related sectors both in Australia and internationally. My career began when film was the primary medium, the Internet did not exist and analogue was the standard. I've experienced first hand the impact of technology on work practices and the changing M&E landscape. It therefore seems relevant to investigate more closely the intersecting and merging territories of the M&E world with that of the start-up sector.

> *Every industry is capable of innovating in multiple directions with the aid of ICT.*
>
> Carlotta Perez, 2013.[1]

According to distinguished academic Carlota Perez, technological revolutions have occurred approximately every 50 years since the industrial revolution and all have followed a cycle of bang, bust and renewal. They are revolutions because they transform the whole economy, creating new industries and creating a new paradigm. These revolutions drive a great surge in development and productivity that shapes innovation for decades and they provide a quantum jump in all industries and activities including government. They create a completely new world.

Figure 1: Five Successive Technological Revolutions

Five Successive Technological Revolutions

Revolution	Name	Country	Initiation	Year
First	The 'Industrial Revolution'	Britain	Arkwright's mill	1771
Second	Age of Steam and Railway	Britain	The Liverpool-Manchester railway	1829
Third	Age of Steel, Electricity and Heavy Engineering	USA and Germany	The Carnegie Bessmer steel plant	1875
Fourth	Age of Oil, the Automobile and Mass Production	USA	Ford Model-T	1908
Fifth	Information/ Tele-communication	USA	The Intel Microprocessor	1971

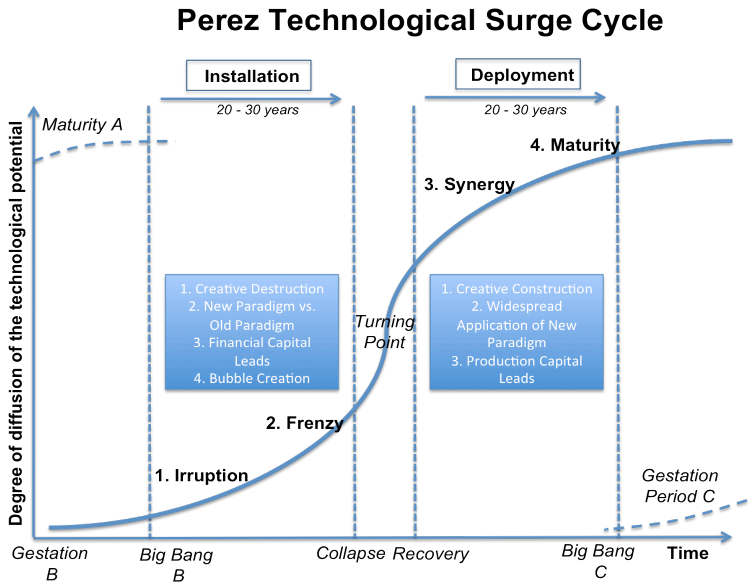
Source: Carlota Perez, *Technological Revolutions and Financial Capital*

The information revolution we are currently in began around the second half of the 20th century and according to Perez we are now at a turning point. This is a crucial time which can herald what she calls a golden age but only if we build it.

Perez says to unleash an ICT golden age requires massive institutional innovation, intelligent policies, super-national innovative finance which serves the real economy and clear consensus for direction in innovation. It requires what she refers to as "a new positive sum gain between, business, government and society and also between advanced and advancing countries". [2]

This golden age then spreads throughout the whole economy and the world. This means the technological revolution has been fully installed and all industries can innovate. This is a time of huge wealth creation and distribution thanks to these new technologies, which can also lead to a huge wave of well-being.[34]

Figure 2: Perez Technological Surge Cycle



If Perez's theories about the current phase of the information revolution are accurate then accelerators are being used as a hedging mechanism, bridging the old world economy with the new.

Accelerators have been active as seed investment vehicles since 2005, but the recent emergence of the M&E and corporate accelerator[5] provides a new area for investigation. This paper aims to expose the fundamental change accelerators will bring to the Australian M&E landscape. Industry participants who don't pay attention risk being left behind. The research lays this bare through analysing the underlying motivations for the establishment of the Media Camp accelerator from a Time Warner perspective and the startups involvement.

When looking at the impact of technology on the M&E industry, most investigations look from a top down approach when the technology is already in place. The Media Camp accelerator provides a bottom up perspective; an opportunity to investigate the way technology is being used to create new opportunities in the M&E industry at inception.

To survive, startup teams must be smart, technology literate and entrepreneurial. They are often male dominated but locations such as New York are emerging as startup hubs for female entrepreneurs and there is evidence to suggest more women are entering the startup sector.[6]

Historically, Google Ventures has been a major investor in startups,[7] but now corporations are embracing startups. “In business one thing seems for certain, companies that have once ruled their industry as category leaders will find their demise at the hands of an innovator”.[8] Corporations are using accelerators to engage with tech-smart and entrepreneurial individuals who can provide them access to new products and services and help the corporations keep their businesses relevant and competitive.

The purpose of this paper is not to champion the use of the accelerator by a major corporation, but to explore how the M&E industry can benefit by engaging with the tech sector through accelerators. By understanding its motivations, benefits and shortcomings to all stakeholders, the researcher aims to assess the applicability, benefits and limitations of an M&E accelerator in an Australian context.

Chapter One focuses on definitions and context. Providing an overview of startups and startup communities, accelerators, incubators and co-working spaces. It provides a brief history of the startup space in Australia and the US, an overview of the different types of accelerators and incubators.

Chapter Two is a key case study of the Turner/Warner media camps run by Time Warner in the US focusing on Time Warner.

Chapter Three is a key case study of the Turner/Warner media camps run by Time Warner in the US focusing on the startups.

Chapter Four provides analysis of the research and conclusions of the findings.

The Appendices include brief case studies of the MAP accelerator program and two of the startups from Media Camp, Portal Entertainment and Incoming Media.

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[3] Perez, Carlota. 2002, Technological Revolutions and Financial Capital

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[7] http://techcrunch.com/2014/02/24/corporate-investors-move-into-the-accelerator-market/

[8] Lehmann, P., 2013. Corporate Accelerators. Copenhagen Business School.

LITERATURE REVIEW

Accelerators are entities that support startup businesses as they go from concept to reality, or support early stage businesses as they gain market traction (Miller & Bound, 2011). The establishment of Y-Combinator in the US in 2005 was regarded as the first accelerator (Feld, 2012). Since then, virtually all accelerators have been a derivation of this model (Christiansen, 2009). They are also known as seed accelerators (Christensen, 2009) or business accelerators (van Huijgevoort, 2012).

Using qualitative research, this paper investigates the media and entertainment (M&E) accelerator, using Time Warner's Media Camp as a key case study. The media camps can also be categorised as corporate accelerators (Kopytoff, 2012; Shieber, 2014). This paper draws on interviews from 10 Media Camp alumni, a Time Warner executive and 11 individuals in the M&E industry and the startup sector both in Australia and in the US. The study relies on 23 hours of interviews with 22 stakeholders. Other research includes reports, papers, articles and books.

While accelerators have been proliferating globally, since 2005 (Feld, 2012) and have more recently gathered momentum in Australia, there is a limited body of research available on their efficacy and impact (Miller & Bound, 2011; Brooks, 2014; Cohen & Hochberg, 2014). This lack of research is due to a variety of factors. Accelerators traditionally take startups at an early stage and most startups have only graduated in the last five years (Cohen & Hochberg, 2014). Media Camp differentiates itself from other accelerators by taking startups that are more mature and have a minimum viable product.

The lack of quantative data available on accelerator output is acknowledged in previous research (Kauffman, 2014; Miller and Bound, 2011; Brooks, 2014). The issue of data collection relying on self-reported statistics is also acknowledged as problematic with the potential for skewing results (Lehmann, 2013; Brooks, 2014).

Confusion surrounding the definition of an accelerator and its difference to an incubator has also lead to confusion in research, the media and elsewhere (Cohen & Hochberg, 2014; Brooks, 2014). A good definition is provided by Cohen & Hochberg, 2014, "an accelerator is a fixed term, cohort-based (team-based) program, including mentorship and educational components, that culminates in a public pitch or demo-day."

Incubators got a bad name in the dot-com boom of the 1990s and became known as life-support systems for startups (Miller and Bound, 2011; The Economist, 2014). They have since evolved to be places that "provide funding and mentorship to a small number of startups over an extended period of time" (Brooks, 2014).

Accelerators are not the only way for startups to be assisted, but they provide an important support network for new entrepreneurial activity (Miller & Bound, 2011; Brooks, 2014). This in turn encourages and fosters startup activity (The Economist, 2014).

Silicon Valley is the most influential startup ecosystem and is globally the largest, but the emergence of other thriving ecosystems worldwide is affecting its dominance (Herrmann et al., 2012). Australia is undergoing similar competition with the ranking of its startup ecosystems slipping despite increased interest and activity. Sydney was ranked 12th in the world and Melbourne 18th according to a report conducted in 2012 (Herrmann et al., 2012). Those numbers have slipped with Sydney falling to 21st place while Melbourne is at 22nd place ((Herrmann et al., 2014).

The Kauffman foundation produced a landmark study in 2010 showing that job growth in the US was driven almost entirely by startups[1]. (Kane, 2010,The Startup Ecosystem Report, 2012). Other research by Moretti has shown that, "technology jobs have a larger multiplier effect than other sectors and for each new technology based job five additional jobs are created in other sectors, " (Moretti, 2013; Kinner, 2014). This research informs my thesis because it provides the foundation for why accelerators and startups are important and relevant for the M&E industry.

Australia's first major accelerator, Startmate, was established in 2010 (Brooks, 2014) and since this time Australia's startup sector has continued to gather momentum (Kinner, 2014). The growth of startups, here and globally, has been enabled by developments in technology, which have brought down the cost of starting technology-based companies, therefore making it easier to start these types of enterprises (Feld, 2012; The Economist, 2014). An explosion of startup activity sparked a proliferation of accelerators (Feld, 2012;

Cohen & Hochberg, 2014). This was aided by the franchising of key US accelerator brands Tech Stars and 500 Startups. It is estimated there are between 300 and more than 2000 accelerators globally, spread across six continents, with this figure continuing to increase (Cohen & Hochberg, 2014). In Australia, we currently have around 30 accelerator and incubator programs, including university accelerators (The Fetch Blog, 2014).

Initially accelerators were generalists stretching across all categories from health to media. In recent years there has been a specialisation into types including, the vertical accelerator, the corporate accelerator and the university accelerator (Cohen & Hochberg, 2014). In Australia, the appearance of specialist accelerators has occurred in the past few years. The rise of the corporate accelerator is influenced by the fact that industries (and corporations) that are at risk of being disrupted are now looking to startups (Kopytoff, 2012; Meyer, 2013; Lehmann 2013).

Fundamental to the accelerator is their function as a seed fund (Miller & Bound, 2011; Christiansen, 2009; Cohen, S., 2013.) where equity is provided across the portfolio of accelerated companies in exchange for investment (Feld, 2011). The accelerator brand and its access to networks can influence availability to subsequent funding and commercial deals (Feld 2012). Accelerators may be privately owned, corporate or university run, more recently in the US some are publically backed (Cohen & Hochberg, 2014). Early stage empirical research suggests that top accelerator brands do assist and benefit startups (Hallen et al, 2013; Winston-Smith & Hannigan, 2013).

Angel investors play an important role in providing seed funding for startups. Angels may be entrepreneurs or advisers who want to give back to the next generation of entrepreneurs (Cohen & Hochberg, 2014). Family or friends are another source of angel investment (Feld 2011; Mendelson 2011). Recent websites such as Angel List have also facilitated transparency around funding (The Economist, 2014). The top five corporate seed or angel investors (not limited to startups from accelerators), between 2009-2014, were Google Ventures, AOL Ventures, Intel Capital, T-Venture and Comcast Ventures. (Crunchbase, 2014).

Mentors, advisors, access to networks and education are key reasons why startups participate in accelerator programs (Miller & Bound, 2011; Brooks, 2014). The range and scope of these varies between accelerators (Cohen & Hochberg, 2014). The initial investment by the accelerator is often cited as a less significant motivation for startups to participate in an accelerator program (Miller & Bound, 2011; Brooks, 2014).

The duration of an accelerator may assist the startup, but may also speed up its life cycle, determining whether it will succeed or fail (Cohen & Hochberg, 2014).

"The Lean Startup" method has also significantly influenced the approach of creating a startup. In 2004, Eric Reis combined two fundamental ideas, customer development and agile practices and called them the lean startup (Blank, 2013). This approach advocates, "build, measure, learn" and has since been popularised through university courses, publications and most famously by Reis's book of the same name, published in 2011 (Blank, 2013).

There is evidence to support the establishment of a vertical accelerator, when it reflects industry strengths (Brooks, 2014), and Australia has a solid M&E industry, a growing startup sector (Kinner, 2014), university accelerators and a world-class research centres. In a field where there is limited authorship, Brooks and Kinner provide valuable insights into the Australian startup sector which informed this research.

Whilst consolidation of M&E companies worldwide continues to occur, startups within this sector have an opportunity to take advantage of the changing M&E landscape by harnessing the agile power of a startup to form new relationships with existing M&E powerbrokers or take advantage of new opportunities brought about by technology, in the global M&E sector (EY Report, 2014; Deloitte 2014).

Methodology

M&E accelerators are a relatively new phenomenon and there is not a lot of information available. Therefore as a major part of my research, I chose to investigate this subject matter using the Media Camp accelerators as a case study. Media Camp is one of three significant M&E accelerators globally. It can also be categorized as a corporate or vertical accelerator.

An attempt was made to contact all alumni from the Media Camp accelerator programs held in 2012 and 2013[2]. Additionally, two alumni from 2014 were specifically and successfully contacted. In total, 10 alumni were interviewed, representative of both the Turner and Warner Media Camps in 2012, 2013 and Warner in 2014. In total, there were 27 alumni teams over three years. An attempt was made to contact key executives from Turner and Warner involved with Media Camp, resulting in one key executive, Ethan Applen successfully contacted.

Other interviews were undertaken with individuals from the Australian startup sector and the M&E sector.

A literature review was conducted in the field of startup accelerators, startup communities and ecosystems. There is limited research available on startup accelerators, startup communities and ecosystems and minimal research available on corporate accelerators. No specific research has focused on M&E accelerators. I will contribute to filling this research gap and providing insights.

Method of analysis

Through the literature review and chapter one I establish the defining characteristics of a seed accelerator and its relationship to the startup. In chapters two and three, using qualitative research to investigate the media camp accelerator programs, I describe the characteristics of the M&E and corporate accelerator and the relationship of the startups to it.

After analysing the qualitative research, the findings describe the key differences between a seed accelerator and an M&E and corporate accelerator. The findings also describe the difference in relationship to the startup between the different accelerators.

Qualitative research interviews were recorded and transcribed. When the subject was not located in Sydney, interviews were conducted via Skype. See tables 1 and 2 for a list of subjects.

Limitations

I acknowledge the personal lens brought to the gathering and interpreting of qualitative research and its limitations.

Limitations include:

- Qualitative research was conducted on a US-based accelerator run by a major M&E corporation.
- The startup sector in the US differs from Australia in size, volume and maturity.
- The US benefits from different laws, for example bankruptcy laws that make it easier to fail and start again.
- The M&E industry in the US is a different market to Australia in size and volume. The US is a commercially driven market. In Australia, subsidies and tax incentives are an integral part of the industry.
- The Media Camp accelerator programs have only be running for up to three years. Ten alumni took part in qualitative research and were from all three years of the accelerator.
- Accelerator alumni were limited to the Media Camp accelerator.
- Finance and funding is discussed in relation to startups and Media Camp. The scope of this thesis has not allowed the researcher to analyse funding in any depth.

This thesis recognizes these limitations. Notwithstanding this, the research is still applicable in the following ways:

- By also interviewing Australian accelerator managers and advisors. See MAP case study in appendix.
- The Australian M&E industry can be viewed as a microcosm of Time Warner's ecosystem and the lessons applied after being taken into account and analysed by the researcher.
- Australia is entwined with the global industry and what affects the industry leaders also influences and impacts the domestic industry. Therefore the findings can be applied to Australia.
- By recognising that the differences in culture between the commerce-driven US market and the Australian market are dwarfed by the similarities. Technology is underpinning the industry. Even though Australia's media industry is influenced by a handful of major decision makers and underpinned by subsidies and non-commercial policy, technological change is driving the industry. This has leveled the future landscape.

- The researcher has targeted for study specific Media camp alumni, an Australian company, Incoming Media, and UK firm Portal Entertainment which has an Australian in a key position. Studying these firms helped me refine and apply information drawn from the US analysis to the Australian context.
- Accelerators in general have been running for a relatively short time, since 2005; this research seeks to flesh out and analyse the sector to provide a platform for further analysis.
- While qualitative research was restricted to the media camp accelerators, I conducted extensive interviews and research within the startup community in Australia and the media and entertainment industry. I attended numerous startup industry events, socialised with many individuals from the sector and attended demo days, the final presentation day of a startup from an accelerator.

Some of the limitations of this research are unavoidable due to the embryonic nature of accelerators but the findings can be successfully adapted to the Australian context to inform future research and industry growth.

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[1] Kauffman defines a startup as a 'new firm'.

[2] In 2012, 2013, a total of 16 alumni startups [2] *graduated* from the Turner and Warner Media Camp accelerators.

Chapter One

History, Australia

The first accelerator appeared in 2005 when Paul Graham founded the seed-accelerator Y-Combinator in Silicon Valley.[1] In 2007, the Tech Stars accelerator was established in Boulder Colorado.[2] Both accelerators are now established brands in the US startup industry and Tech Stars also operates globally. Both have multiple accelerator programs running across various cities at anyone time and have graduated hundreds of startups since inception. [3]

The framework for how an accelerator functions adheres to the same basic structure based on Y-Combinator, as Jed Christiansen wrote: "Virtually all of the competitors founded after Y-Combinator have been derivations on the Y-Combinator theme." [4]

Fundamental to the accelerator is their function as a vehicle for angel investment and the ability to assist multiple startups at the one time. This is one of the core reasons for the establishment of Y-Combinator.

The standard length of an accelerator program is 90-days. This decision derived from the practicality of wanting to run the Y-Combinator program over the university summer break, which ran for 90 days. [5]

While the core function of the accelerator has not changed, different types of accelerators have been emerging over the past few years. Vertical, corporate or university accelerators are some variations. Accelerators that run for longer than 90 days or accept more mature startups have also emerged.

Different types of accelerators, some examples

Generalist or horizontal accelerators accept startups across any industry category. Examples include:

- Australia: Startmate*,* founded in Sydney, 2010
- US: Y-Combinator founded 2005, Tech Stars founded 2007
- Europe: SeedCamp, founded 2007

Vertical accelerators, accept industry specific startups. Examples include:

- Australia: Ignition Labs, focus on health and medical. Griffin Accelerator[6], Canberra, founded 2014, focuses on startups where the Australian Government is a potential target customer.
- US: Media Camp (Time Warner) and Disney Accelerator, focus on M&E
- UK: BBC Worldwide Labs, focus on M&E

Corporate accelerators are run by a corporation and may or may not be industry specific.

- Australia: Telstra's muru-d, founded 2014
- US: Media Camp (Time Warner) founded 2012; Disney Accelerator founded 2014
- UK: BBC Worldwide Labs [7] founded, 2012

University accelerators are run by a university or associated with a university. Some Australian examples include:

- INCUBATE, University of Sydney Union, founded 2012 (also runs pop up accelerators, in other universities)
- MAP, Melbourne University, founded 2012
- Slingshot, Newcastle University, founded 2013
- Venturetec, UNSW, founded 2014
- iAccelerate, Wollongong University, founded 2014

Accelerator Brand

With an increase in the number of accelerators globally, the significance and relevance of an accelerator is its brand. In the same way an Ivy League university will afford graduates a certain degree of attention, the accelerator brand has power and enables access to networks of mentors, advisors and entrepreneurs and can facilitate funding.

The Ivy League analogy extends beyond just the accelerator brand. Accelerators are often places where tech-smart or entrepreneurial individuals might end up, having bypassed traditional university education. In the US it is reported that 75 per cent of billionaires under 40 never graduated from university.[8] Accelerators provide a meritocracy with a global reach. Y-Combinator, Tech Stars and Angel Pad are considered the top three accelerator brands in the US. [9]

In Australia, the screen industry has run funding programs to help kickstart projects since 1970. This is not considered to be an accelerator program for the purpose of this thesis. The first successful accelerator established in Australia was Startmate, [10] begun by a group of Australian entrepreneurs in 2010. It is considered the most successful Australian accelerator to date.

Basic structure of an Accelerator

Jed Christiansen's MBA dissertation in 2009, *Copying Y-Combinator,* is regarded as the earliest work on accelerators[11] and identified its key elements as follows:

- "Funding, typically to the seed level,
- Company founders are small teams with technical backgrounds,
- Each cohort (team) is supported for a defined period of time,
- Education program focusing on; business advice, product advice,
- Networking program to meet and/or contact other investors and advisors.

Programs may or may not include:

- Office space, whether free or subsidised
- A demo day for funded companies "[12]

Teams receive on average between $20,000 and $120,000 funding for between 6 and 10 per cent equity stake in their startups or funding is based on existing investment terms (as is the case for Media Camp startups), in exchange for a three-month accelerator program.[13]

An additional and important criteria is that entry into the accelerator is open to all, yet highly competitive. [14] Accelerators also shape the market by acting as gatekeepers deciding what startups to support.

Evolution

The 90-day length of an accelerator program restricts the types of startups it can accept. This has been overcome in various ways, such as increasing the length of programs by four to six months and by accepting later-stage startups. The emergence of specialised accelerators helps industries such as clean-tech or biotech which need mentors with expert and specialist knowledge. These industries cannot just use a general program with a generalist business mentor; they need experts in their field. Some startups will also go through multiple accelerator programs, leveraging the previous accelerator to aid their acceptance into another program.

What do we mean by startups and the startup ecosystem?

Startups or tech startups, is the name given to small technology-based businesses in their earliest stages of formation. A business may still be referred to as a startup even after being in business for a few years. Definitions vary but a key attribute of a startup is its ability to grow rapidly. Paul Graham, founder of Y-Combinator, provides the following definition: "a company designed to scale very quickly… it is this focus on growth unconstrained by geography which differentiates startups (software/internet) from small businesses."[15]

Startups cluster in communities sometimes called, the startup sector or startup ecosystem. There are many theories as to how they are created, grow and evolve and what happens when they mature. As Brad Feld said: "Startup communities are places that attract and support innovative entrepreneurs that are building vibrant startup ecosystems that can spur economic growth, create jobs, and build healthy communities."[16]

Startups do not necessarily need accelerators, but they are increasingly being used in a rapidly changing technology landscape. As accelerators proliferate, the brand is becoming increasingly important to facilitate fundraising and commercial deals. The maturity of a startup sector is also integral to the capability and functioning of an accelerator.

Once they complete the program, they are said to have graduated and may be called alumni. Startup founders regard themselves as entrepreneurs, there is a sense they are doing something unique that no has done before. [17] In Wasserman's book, *The Founder's Dilemmas*, he identifies two types of startup founders, rich or king. The rich founder makes decisions that will build wealth (resulting in greater financial gains, lesser control). The king founder makes decisions that will allow them to maintain control (greater control, lesser financial gains)[18]. There are many types of startup communities but it is the technology (software/internet) startup, its relevance to the M&E sector and its application of the lean startup methodology, that this paper investigates.

The ecosystem, accelerators, incubators and co-working spaces

A startup ecosystem includes accelerators, incubators and co-working spaces, which combine to form a pipeline for start-ups. Terms are often used interchangeably, so it is important to clarify definitions.

According to Brooks:

- "Accelerators provide funding and mentorship to a small number of startup teams over a finite, concentrated period of time (usually 3 to 4 months).
- Incubators provide a similar service but over an extended period of time, sometimes for many years.
- Co-working spaces provide shared office resources to a larger number of startups."[19]

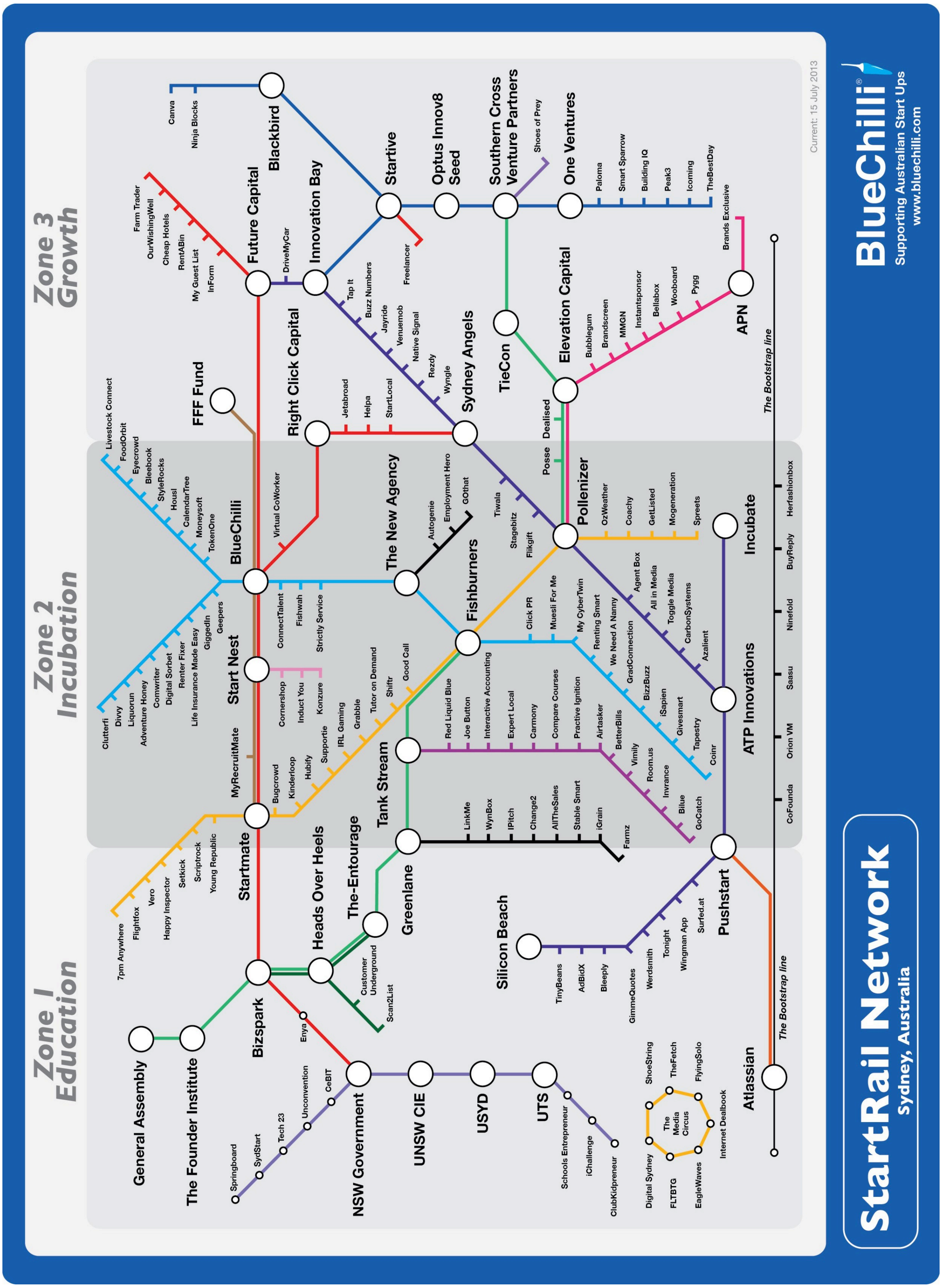
There are three things needed for a functioning and viable startup sector: startups, accelerators and capital. Accelerators connect startups with mentors and strategic resources. Angel investors and venture capital investors support accelerator programs because they create a pipeline of investable companies. Combined, these stakeholders create an ecosystem, providing a focal point for introductions and building trust between founders, investors and other stakeholders.[20] Mentors, advisors and investors are often other entrepreneurs who have been successful, want to give back to the startup community and give their time for free.

Australia and the startup sector

Technology startups are seen as new sources of growth for an economy. In Australia, most technology-focused accelerators, incubators and co-working spaces were established in the last five years, and many within the last two. A few can trace their history to 1990 and early 2000s; still most have undergone intense restructuring.[21]

The Australian startup sector is regarded as immature, in comparison to the US startup sector. The sector has gained momentum in the last five years,[22] and more recently in the last year. Sydney has the largest startup sector and Melbourne the second largest. There is smaller activity in other regions of Australia. Blue Chilli mapped the relationship between the different players in the startup sector in Australia graphically in 2013[23]

Figure 3: BlueChilli - ***Supporting Australian Startups***



Australian university accelerators foster entrepreneurism and mirror a typical startup ecosystem. The giant US Corporation Google has supported the Australian university sector from the start. It is a supporter of university accelerators including the Sydney University Union accelerator INCUBATE, who franchise their accelerator program to universities in other states. Google provides financial support and access to Google technology, platforms and mentors. Google also helps connect startups at these new hubs with a network of entrepreneurs.[24] Google support Melbourne University's MAP accelerator by sponsoring events, being involved in mentoring roles and the MAP Female Founders Network.

Startup founders and communities are largely made up of youngish males of average age 33.[25] This may be because not as many women have pursued technical education as men, yet[26]. Various theories exist about why, but creating a startup leaves very little time for anything else. According to a US study, the startup compass, about 10 percent of startup founders in Silicon Valley and London are women and NYC has the most female founders globally at 20 percent.[27] The global average ratio of male to female founders of startups is 9:1.[28] New York City has improved their ratio of men to women to 8:2. It is not yet clear what has improved their figure.

In Australian universities, male startup founders outnumber women in the accelerator programs. Universities are trying to counter this by actively encouraging female founders through targeted events, such as MAP's Female Founders Meetup.[29]

Startmate and MAP accelerators both include a trip to Silicon Valley as part of their programs. This allows startups the opportunity to meet potential investors and experience the US ecosystem. Technology scouts also inhabit the ecosystem. These scouts act on behalf of corporations, investment funds or venture capitalists.

Accelerators talk to each other both nationally and internationally. Their ecosystems are similar and familiar. Specialized M&E accelerators will prefer to communicate with other M&E specialist accelerators internationally, building relationships in areas of expertise.

Do accelerators work? Market size.

Accelerators are now a global phenomenon yet limited quantitative data exists. The website seed-db [30] is attempting to create a global database of seed accelerators and their companies, however this relies on self-reporting.

Accelerators are said to have played a critical role in creating billions of dollars in value and thousands of jobs since their emergence. Uncertainty remains whether they are a sustainable business model and whether the recent boom in accelerators is just a repeat of the 1990s incubator bubble.[31]

US Bureau of Labor Statistics reveal that in the US, about 60 per cent of start-ups survive to three years age and roughly 35 per cent survive 10 years. [32] Other research provides a different perspective and finds that once venture capital money is involved, the return of investment to founders is significantly reduced. According to Hall & Woodward "among VC-backed startups, 75% of founders received no financial return from their years of hard work building the startup." [33]

For most startup founders, money is a constant worry and the stress of building the startup is an emotional rollercoaster.[34] Accelerators offer a respite from this, providing a small amount of money to get the startup to the next stage and hopefully the next round of investment.

In terms of market size, no sector can replicate Silicon Valley, which invests billions of US dollars each year in the startup sector.[35] The European startup sector began gathering momentum in 2007. Google Ventures, based in London to invest in European tech companies, boosted the sector in 2014 with the establishment of a $100 million fund. [36] Australia has one of the lowest rates of venture capital investment in the world,[37] with Australian venture capital firms investing around 110 million dollars in startups during 2013.[38]

Benefits, drawbacks of accelerators

Startups gain a range of benefits from accelerator programs that continue beyond the program. Accelerators support businesses through their early fragile stage. New networks are formed through advisors, mentors and investors. Seed funding, intensive education on business fundamentals from other entrepreneurs and the accelerator brand itself, are all benefits that assist the startup on the road to success.

The benefits of an accelerator extend beyond the startup to the startup ecosystem, technology community and the wider community. Mentors and advisors often become investors and accelerators give them a chance to get to know the startups. For later stage investors and venture capital firms, accelerators provide a deal-flow of investable businesses.

Despite the benefits and positive outcomes to date, it is still early in the history of accelerators to determine significant outcomes or shortcomings. Still, detractors of accelerator programs cite the following drawbacks of accelerators: they only build small companies, they divert talent from other high-growth startups, good companies still fail, they exploit the startup founders, they attract companies that are struggling, they're helping to create a bubble, they're just startup schools.[39]

Incubators, Australia

Small business incubators first appeared in Australia in the mid-1980s. They were government funded and set up in response to unemployment and industry restructuring. Some still exist today.

They were three different types:

1. General-purpose incubators catering to a broad range of small businesses.
2. High technology incubators (BITS group)
3. Other special purpose incubators (food-related industries, or attached to universities or research and development organisations). [40]

Hamish Hawthorn, the CEO of Australian Technology Park (ATPi) regards the technology incubators within the BITS groups, not as incubators, but as small seed funds.

ATPi is regarded as the preeminent technology incubator in Australia and is owned by four universities; The Australian National University, the University of New South Wales, the University of Sydney and University of Technology Sydney. It maintains a close working relationship with its shareholder universities and assists them with the transfer and commercialization of technology and provides a location for university spin-off companies to work alongside entrepreneurs. [41] In 2014, ATPi was recognized for its excellence by the National Business Incubation Association, a global peak body, receiving the *2014 Randall M. Whaley Incubator of the Year Award* (NBIA).[42]

ATPi also plays a key role in the Sydney startup ecosystem, working closely with accelerator programs in Sydney and throughout Australia. It hosts the Startmate accelerator and has also established its own accelerator, Ignition Labs.

ATPi is also part of the newly established Griffin Accelerator program in Canberra. ATPi also plays a key role with INCUBATE, the University of Sydney Union Accelerator. On completion of INCUBATE, the accelerated businesses are invited to spend time at ATPi to investigate the viability of their business. On average, one team per intake spends time at ATPi on business development.

Australia's maturing startup ecosystem

The Australian startup ecosystem has been gathering momentum since 2010 and the establishment of the Startmate accelerator. University, corporate and vertical accelerators are now also part of the ecosystem.

Co-working spaces have gathered popularity with spaces such as Fishburners and BridgeLane in Sydney are home to hundreds of entrepreneurs and startups. Companies such as Pollenizer and Blue Chilli have made a significant contribution through startup programs and investment. Venture Capital firms such as OneVentures, Blackbird Ventures, Tank Stream Ventures, Blue Sky Ventures and Southern Cross Ventures continue to champion and invest in Australian startups.

The recent establishment by 50 startup community leaders of StartupAus[43] in 2013 is also significant. They are an important united voice for lobbying government. They are advocates for better policy, foster the community and conduct research, such as the 2014 *Crossroads Report*. At the same time there is growing awareness and interest in the sector though the media and various events such as demo days, Sydstart, The Sunrise and the recent comedy web-series *That Startup Show*.

Australian technology businesses have been enjoying success for a number of years and are now becoming well known. Some examples are:

- Atlassian, an Australian software company, recently valued at US$3.3 billion. Founders Mike Cannon-Brookes and Scott Farquhar, both 34, started the company in 2002 with A$10,000.
- Freelancer, established by Matt Barrie in 2009 was recently floated on the ASX and is currently valued at A$500million.
- Big Commerce, founded by Eddie Machaalani and Mitchell Harper in 2009 with A$10,000, has recently raised US$75 million investment.

These and other successful Australian startups have created a climate of increasing willingness by investors to invest in startups. This is reflected in the establishment of new angel funds[44].

The growing globalisation of venture capital[45] and the increasing attractiveness of Australian startups are generating local and global interest in the startup sector.

The technology incubator, ATPi, plays an important role within the startup sector; in its capacity as an incubator, through its shareholder universities and research, in its function as a physical space to accommodate accelerator programs and its relationship with NICTA.

The establishment of accelerator programs by many of Australia's top universities is a significant move in creating education around entrepreneurialism and the practical means to start technology-based businesses. This facilitates activity in the sector and provides a new generation of entrepreneurs and startups to flow into the startup ecosystem pipeline. It suggests graduates from these accelerators and associated entrepreneurial programs will influence the next generation of startups.

Combined, these elements point to a growing and maturing startup ecosystem in Australia. For the Australian M&E industry the future looks bright if it can embrace technology and startups. As Hamish Hawthorn, CEO ATPi said: "Creative industries with digital technologies is a hugely exciting space. A lot of our smartest people are in the creative space, so if you enable it with technology, suddenly you have scalable business models".[46]

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Chapter 2

Media Camp, Case Study

I think we're in the black-and-white no-sound days of digital. Everything we've done so far to date with digital has been a binary transition or even less…I think what's going to happen is our digital offering is going to change over time. What fascinates me about digital is that it's a dynamic relationship with the end consumer. Digitally I think the whole entertainment industry will evolve pretty quickly over the next ten years.

Ethan Applen, Warner Brothers Executive and Media Camp Director. *1*

Context

Time Warner is the parent company of the sixth[2] biggest M&E Company in the world. The business is comprised of three separate entities: Warner Bros[3], Turner and HBO.

Content owners, M&E companies have realised that business as usual is over[4]. In recent years they've recognized the need to engage with startups. Time Warner started the accelerator program Media Camp to connect with startups. The program combines the strength and reach of Time Warner's companies with the nimbleness and innovation of a startup to equip the firm for the fast changing and continually evolving M&E sector.

To define the types of companies chosen each year in Media Camp, Turner and Warner Bros executives are consulted and asked:

- What are your problems, your pain points?
- Where are you looking for help?
- What type of solutions are you looking at? [5]

Innovation and change can be difficult to achieve in large corporations due to size, organisational inertia and because internal pressures to maintain business models are so great. Bringing startups into the corporation through the accelerator mechanism is an efficient way to allow experimentation, innovation and to answer questions internally.

A generational shift is occurring in the M&E industry. Baby boomers are retiring and a younger generation is moving up. This next generation of executives is deeply engaged with technology and sees the opportunities and the necessity of embedding technology at the core of business. The recent appointment of Kevin Tsujihara as the Chief Executive of Warner Bros is a reflection of this and his selection reflects the complexity of this new ecosystem.[6]

The M&E industry in the US is commercially driven with big conglomerates competing against one another. These companies have an enormous volume of inventory which means each of these major corporations are more able to absorb risk and spread it across their businesses. The volume of content produced also means a large percentage of M&E content such as television series; feature films or games will fail. This realisation that most things fail, an ability to offset failure and the knowledge that success is built on the risk taking that must include some failure is important.

What does a content company of the future look like?

"We in the media industry don't quite know how we're going to get into the future, we have strengths as a big company, we have money, we have brand. You guys have energy and you're the creatives and together maybe we can figure out how to do something big." [7] David McKeague, alumni 2014, retelling the pitch from Media Camp.

In any organisation there are progressive people, people that are trying to push the boundaries and bring about change. The Media Camp accelerator gives them the opportunity to do this and bring in people who are thinking differently about their business. The value to Time Warner is being able to test the ideas and solutions of the startups.

Startups have a different way of looking at problems. Trying to solve a big problem is the reason for their existence. This is why startups are valuable to Time Warner. The Media Camp accelerator is the framework for how they engage with startups.

Ethan Applen, from Warner Bros asked: "How do we get engaged with technology companies and entrepreneurs and forward thinkers, in a pre-commercial state of a company? Are there ideas out there that don't have funding, that don't have traction yet, that would be material to our business and we would want to help them? At the same time, Jeff Bewkes (CEO, Time Warner) was saying he wanted Time Warner to be a first stop for a lot of these technology companies, he wanted them to come to us early on. So we weren't just reacting, we were pro-active."[8]

Some of the problems Time Warner is grappling with include: How do you solve the content ownership problem when people aren't owning anything? How do you solve content piracy? How do you retain customers? How do you know your audience better? These are issues Media Camp can help with.

Time Warner is mainly a business-to-business company and recognises the need to also become a business-to-consumer business. A business-to-consumer business owns the relationship with the customer and is able to sell them more products. Owning the relationship with the customer gives them the ability to collect data, which is a valuable commodity.

Josh Ritcher, Cinecore: *Warner is a dinosaur, it's a huge massive beast that moves very slowly. They've been watching a lot of these startups and watching how nimble and how easily they can pivot and run in a different direction, if they're not finding the right value for the customers in a certain area. They stressed so many times they were learning as much from us as we were from them.*[9]

The Media Camp accelerator

Media Camp was established in 2012 . Turner's Media Camp is in its third year and Warner Bros Media Camp is in its second year. In the future, HBO may also run an accelerator program.

The Turner Media Camp is based in San Francisco not far from Silicon Valley. It focuses on Turner businesses including television networks such as CNN, comedy and sports, animation including Cartoon Network and Cable Channel Turner Classic Movies. [10]

Warner Bros Media Camp is located in Los Angeles and is focused on the needs of its brands, which include Warner Bros Movie Studios, New Line Cinema and Castle Rock Entertainment. It is the world's largest film and television studio and is a fully integrated, broad-based entertainment company that creates, distributes, licenses and markets all forms of entertainment and their related businesses.[11]

Warner Bros first ran Media Camp in 2013 and a significant number of startups were platforms and destination websites. Before they became useful to Warner, these types of companies needed their own traffic and user base, so in 2014 Warner Bros changed the focus of the type of startups it selected.

In 2014, Warner Bros primarily selected startups with technology that could be integrated more quickly into an existing Warner Bros business or service. This allowed Warner Bros to take the new technology and trial it immediately, seeing any impact on its businesses in a short-term period.

One of the strengths of a startup is being open to failure and going through the cycle of proto-type testing. This is an approach not always familiar to people in a corporate setting who run established businesses. Media Camp exposes Time Warner executives and employees to startups and emerging business models. It provides a way to organically inject innovation and change into their established businesses.

Conversely, for startups it is an opportunity to understand the M&E industry at a micro level. Media Camp provides total immersion, allowing them to look under the hood of a media conglomerate and see first hand the challenges they're trying to solve with their startup from a different perspective.

Robin Johnson, MC alumni 2013: *If anything they reached out to us and said you're making this great thing but have you thought of this? They helped us realise it was a perfect marriage of our approach and technology and their content and desire to solve the problem.*[12]

Time Warner is not proprietary. They want the startups to be successful outside of the Time Warner ecosystem, as it validates the approach or solution the startup is offering. That gives startups access to the wider M&E industry.

How Media Camp functions from a Time Warner perspective

Media camp differs from a traditional accelerator in significant aspects:

- It only accepts startups that have a minimum viable product or service (MVP).
  An MVP is a key lean startup concept. Eric Reis describes it as; "A Minimum Viable Product is that version of a new product which allows a team to collect the

maximum amount of validated learning about customers with the least effort".[13] In other words, don't waste time building or creating something without testing it.

- It has evolved its program to only accept startups that can be piloted within its business.
- It selects startups dependent on its own internal needs. This focus changes each year.
- Mentors and advisors are Time Warner executives rather than other entrepreneurs.

Media Camp chooses startups and brings them into Turner or Warner with specific goals.

One goal is to develop relationships with talented technology entrepreneurs and to think of them as creatives.

Ethan Applen, Warner*: We realise as a studio we have a reputation for developing relationships with creative talent. That's been a differentiator for us over our lifetime. For example, Clint Eastwood has been on the lot for 50 years and we have this ongoing relationship. We realise we can do the same for technology talent, entrepreneurial talent.*[14]

Relationships continue beyond the accelerator period, and can result in a founder returning the following year, creating value in unexpected ways. In 2013 Time Warner had a problem, which was discussed, at Media Camp. An alliance of 85 companies, including Time Warner had created the Ultraviolet Locker, a cloud-based digital rights library of digital entertainment content, which can be streamed and downloaded to multiple platforms and devices. It embraces a "pay once, play anywhere" model. Time Warner had no simple, elegant way for consumers to interact with this library. Media Camp participant Adam Johnson devised a solution. He quit the 2013 program but returned in 2014 to co-found Toggle. Toggle is a small cheap, WiFi-enabled HDMI device (similar in appearance to Google's Chromecast), which plugs into the television and enables consumers to access the content.

Another goal of Time Warner, is to take a small investment in each startup company, not as a return on investment but instead as a high-level commercial agreement beyond the accelerator. Time Warner believes their investment in startups raises the tide for everybody and at the same time makes their investment in all aspects worthwhile.

According to Ethan Applen, Warner Bros: "A real success level internally is how many are we doing business with by the end of the program. That's what we want to be doing because we're looking for a material impact on our business. The return that the we look for is in helping to grow a startup that will ultimately help our business, and even to grow the overall media business that we are involved in with our competitors."[15]

The involvement of Time Warner executives as mentors and advisors

The role of a mentor or advisor in a traditional accelerator is that of another entrepreneur. Media Camp differs as Turner or Warner executives fulfill this role. These executives are required to carry on with their normal day jobs, with Media Camp an additional requirement in their workload.

Media Camp also acts to bring attitudinal change into the corporation and to educate employees.

> **Ethan Applen, Warner Bros:** *We were interested in a lot of the soft benefits as well, the ability to expose our employees and executives to entrepreneurial thinking. It acts as an educational platform too.* [16]

The benefits the startups bring are regarded as having a positive effect on the corporation. Media Camp provides a chance for all the siloed businesses that make up Time Warner to participate and see what works. It facilitates the exploration of trending technologies and the ability to help shape these. It provides a space for future thinking and access to new business models that can save time and money. Balaji Gopinath from Turner and the *founder of Media* Camp also believes*:* "We're starting to see interactions with startups deliver a lot of intangible benefits." *17*

Financial terms

Media Camp makes a US$20,000 investment in each company in the form of a convertible note. In subsequent years this may change to a warrant to make this transaction easier. The terms of investment are not dictated by Time Warner but based on the existing terms of each business. The longer-term goal is being open to subsequent investment through their corporate investment group, Time Warner investments. [18]

Ethan Applen, from Warner Bros said: “It’s not a large investment, but it serves a purpose in terms of planting a flag, and providing a bit of capital for each business. We can act like a “farm team”. It’s a feeder - that’s when you put the baseball players that aren’t good enough to play pro on the “farm team”, then you bring them up to play when they’re ready.” [19]

Startup firms interviewed said the US$20,000 investment is the least valuable part of their motivation for participating in Media Camp. Rather it is the access to Time Warner, the ability to pilot their startup, make commercial deals, interact and form long-term relationships with executives.

Balaji Gopinath, Turner: Startups see opportunities; see different ways to make money, move around obstacles. What they lack is how to get access to the right people to help them grow their business and add value.[20]

Startups applying for Media Camp

In 2014, significantly more applications than the previous years were received. In 2014 more than 200 applications were received for Warner Bros Media Camp, resulting in a short list of 15. In consultation with the various businesses across Warner Bros, the final six startups were chosen and Turner followed a similar process.

In 2014, Warner Bros Media Camp had startups from France, UK (Portal Entertainment) and Australia (Incoming Media). Another Australian startup, switchcam was in the 2012 alumni. They have now shut down. Male/Female mix: Startup founders in 2012 and 2013 were all male. In 2014 there was only one female founder out of 12 startups from the combined Turner and Warner media camps. This is reflective of the average ratio of male to female founders of startups, which is 9:1. [21]

How Time Warner executives and accelerator alumni described Media Camp:

- A graduate program, compared to other accelerators.

- Strategic, mature, more business orientated.
- More about commercial deals than fund raising.

Benefit of Media Camp to Time Warner

Historically, the M&E industry has been resistant to technological change. Media Camp aims to provide a bridge between new-technology businesses (startups) and Time Warner's intellectual property. From a technology perspective the platform is important; content is just a widget that passes through. To Time Warner, it's the opposite; the technology is just a device for consuming quality content. Accelerators run by a corporation are more about staying on top of the industry and less about being financial drivers. Time Warner believes these economics tend to work out pretty well for the startup companies.

Media Camp also exposes Time Warner to a lot more companies and a lot more quality companies. It has strengthened Time Warner's relationships with its investment partners including angels, corporate investor partners, Amazon , Accenture and venture capital firms like Andreessen Horowitz[22], Greylock Capital[23] and Rustic Canyon.[24] Subsequently, these investment relationships can be brought into all parts of the business. Conversely, investment partners help with introductions to startups and Media Camp is used as a mechanism to provide validation.

What sort of questions might Media Camp help solve?

Startups like to solve big problems and Media Camp wants to attract startups that are thinking about the big problems affecting M&E businesses today, specifically issues effecting Time Warner. In 2014, Media Camp defined its areas of interest across three distinct categories[25]

Media Business	Media Technologies	Future of Media
Media Landscape and Overview Market Sizing Media Consumption Media and Audience Measurement Regulation Impacts on Media Advertising in Media Content and Ownership International Distribution	Multi-Platform Development Technologies Scaling Growth & Handling Competition Search and Discovery of Content Context Aware Solutions Cross-Platform Video Technologies	Current vs Future of Media Shifting Value Chain Future of Distribution Future of Advertising Disruptive Technologies

An example of the sorts of questions Time Warner are thinking about are:

- Piracy
- How to adapt to the changing nature of revenue streams
- How to add additional value that wasn't possible via analogue
- Should they continue to push content ownership or is content a digital purchase? If content is digital, how are high margins retained
- How to commercially capitalise on a Facebook page with 1.5 million likes
- How to leverage content across all media, including social media
- How to promote content
- New ways to advertise

Ethan Applen, Warner Bros: *In a digital age we can go straight to the consumer. I can feed you more content over time, I can see what you're consuming; I can change what I'm sending you based on that. As a content creator that opens up huge new worlds of what we could be developing and selling ultimately. There are all sorts of products that come out of these worlds. I think the future's bright… we're at the tip of the iceberg.* [26]

Time Warner harnesses the power of startups by working together and allowing the startup to remain independent, by backing them with investment and commercial deals.

The importance of data

Data is crucial for Time Warner. Warner Bros claimed a market share of US$5 billion in 2013[27] but deducted from this figure are significant marketing and distribution costs. If data can reduce marketing and distribution costs by 10 per cent, this is a significant amount. Capturing consumer data and its possible uses, is one of its four strategic initiatives in 2014.[28] The insights gained from data can facilitate intelligent spending. By using data it is possible to target a defined market and spend less money doing it.

Traditional marketing models are changing. Media Camp startups such as SKIT, Social Samba and Tomorrowish are using social media as an integral part of their model business. They've all created products that drive engagement with fans and provide Time Warner with a way to further exploit their intellectual property. In this relationship the fan becomes the advertiser, freely promoting Time Warner content through their social media networks.

Mike Jones from Portal Entertainment believes that in regard to data usage: "It's not about using the numbers just to race to the bottom. At a global level, every niche is sizeable enough to sustain something but one of the core questions Portal asked, which Media Camp helped us to answer is, how much can we spend? Because I don't want to go make something for A$10 million, if I never had a chance of making it back, because it won't let me make a second thing. And we just don't ask that in Australia, we just never ask that."[29]

Insights from data can be used to increase content engagement. Engaging with content is not just about consuming it but staying involved with it. Time Warner is looking for new ways to engage consumers with content. Portal Entertainment is a good example of a new type of content company. They are experimenting with different format possibilities available in the digital space that are different from the current 22-minute or 40-minute television show or 90-minute movie.

Mike Jones, from Portal Entertainment had first hand experience of Warner Bros use of data. "Nothing inside Warner Bros was anecdotal, everything had numbers, and everything had research behind it. Now, you could question the research and the way they got it, they do all the time. But whatever it was, they had it on en-mass, on scale, with the numbers to back it up. So the choices were at least coming out of somewhere. And by and large, you can criticise them all you want, most of their choices are right, in terms of—you want to find an audience, in this space, for this genre, in this form, for this platform, they will be able to give you numbers that will help you make that choice. In Australia, we work anecdotally." [30]

Time Warner are interested in streamlining all stages of production through to post-production by using data. In the productions of the future, data will be an integral and important part of the production process. According to Josh Ritcher, from cinecore: "There is a lot of interest in metadata as well as gathering real-time information on set, that data being extremely valuable to the studio. So we're going to start to move more in that area, scraping what data we can i.e. camera information, lens information that's important for visual effects or post. Offering a tie-in with script-supervising software, (such as) a script supervisor entering information about scenes and actors. We can then use that data again later for finding clips, for example archive clips, or for an advertiser." [31]

Content Discovery

Content discovery is a huge problem for content owners in the M&E industry. With so much content available, it's hard for a consumer to find content they care about. Australian startup Incoming Media solves this problem by learning what you're interested in and predicting what content you want next. The ability to extract these historic analytics is at the core of Incoming Media's software and why it's relevant for content owners like Time Warner.

Time Warner is looking to new technologies like Incoming Media to help it compete with businesses such as Netflix, which has used insights from consumer data to build a massive corporation in a short period of time. Netflix is now the most popular destination for viewing movies, even ahead of YouTube.[32]

David McKeague, from Incoming Media said: "Look at the Netflix model, I watch 4 videos and predict the 5th. Netflix only has 4 videos and tries to predict the 5th. But it doesn't know who was in front of the TV. Machine learning can't understand. When you do it on the phone. It's understanding what you're interested in and being able to translate that into video-watching behaviour with a much more valuable meaning. The software can help pre-fetch things you care about, it can be inside the apps."[33]

Incoming Media's approach is different and targeted. Its software draws consumer data from a phone. The company believes this has much more value, as a phone is a more personal device. It is also drawing its data not just from what videos you watch on your phone but from social media interactions and location information on where you are and what you are doing. The software can also be integrated inside apps.

People are increasingly using mobile devices such as phones and tablets to view content. Incoming Media's software has huge implications for assisting content owners to gain a deep understanding of consumer content preferences and habits.

Warner Bros and future Research and Development

Warner Bros see it as absolutely critical to innovate within the technology space. They see this as essential to building the future of entertainment. Rather than doing this internally, they will continue to form external partnerships with startups or bigger technology companies. They will also buy startups; recent examples are flickster and a number of video game companies.

How important are video games?

Time Warner is the sixth biggest publisher of video games globally. The gaming business continues to evolve and is in a massive era of change. Previously PC and console games were the focus. Now it's all about mobile gaming, free-to-play, strange low-fidelity games like Minecraft that are popular with children.

Time Warner recently built a new mobile game studio in San Francisco. Games are big business, with titles like *Clash of Clans* making about US$1billion to US$1.5 billion per year. This is more than Time Warner made from their entire games business. *Clash of Clans* cost $US1 million to make and came from a small studio.

Time Warner also uses games as vehicles to leverage intellectual property from existing content assets such as films, television and animations.

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[33] Interview with David McKeague, 14 July 2014, via Skype from Los Angeles

Chapter 3

The Startups and Media Camp

> *If you don't have a good problem, you won't be able to get money and build a business – so there's no point in doing it.* [1] **David McKeague, Incoming Media, Warner Bros Alumni 2014.**

In the three years Media camp has been running, it has graduated 27 startups (see Table 3). One startup has shut down and two startups have been acquired. The remaining 24 are still active, ranging from achieving significant funding and commercial deals to struggling to stay afloat. Startups are evenly split as business-to-consumer or business-to-business. Approximately half of the startups have been through a previous accelerator. Two or more people have founded most startups and there has been only one female co-founder.

How Media Camp functions from the startup perspective

Media Camp was described as a golden ticket by a number of startups because they had access to anyone across the Turner or Warner organisations. There is no physical location for startups instead they come together at various times during the 12 weeks of the accelerator. For the rest of the time each startup is working on piloting their product or networking.

For Josh Ritcher, from Cinecore, also an Art Director it was a surreal experience: "We would meet in the executive board room on the 14th floor and it was over-looking the Hollywood hills. The first time we were sitting in there, I thought, I moved here 11 years ago not knowing a soul, and here I was sitting in the Warner Bros boardroom for this product I created and I never thought 'software' in a million years." [2]

A lot of time is spent educating the startups about Time Warner. How the business operates and functions, the different problems of a big studio, different cycles, international versus local markets and the various businesses across the brands.

Mike Jones, from Portal Entertainment saw the experience as networking: "It's really kind of networking… a lot of briefings from major divisions within Warner Bros and hearing a lot about the numbers. You're getting a lot of the inside information about how they measure audiences, how their distribution channels work. Insights of a granular, micro level, that you don't otherwise get and just wouldn't have access to. It's like you get brought inside the walled garden."[3]

Each startup is assigned an executive mentor and the mentor will help the startup navigate through the organisation. Importantly, a program for piloting the startups' technology or service is built and pilot programs are run.

David McKeague, Incoming Media: *A relationship between two businesses, not of equals, but maybe together we can do something great. 4*

Through this process, the startups gain a deeper understanding of the problem or opportunity they're trying to solve. Throughout, the interests of Turner and Warner are also brought to the startup and ideas from a Turner or Warner perspective that the startup might not have considered are trialled or integrated.

For Mike Jones, from Portal Entertainment the experience was, "… in the best possible sense, a little bit like you're bait hanging in the middle of a shark pond because all divisions of Warner Bros are circling you, going: 'Is there something there for us?'. All the divisions are looking at the Media Camp guys going, 'Have they got something we can use?' And that's different for each separate division of Warner Bros, who each have their own objectives, and key performance indicators and agendas, and what they're looking for." [5]

Startup profiles (see Table's 2 and 3)

- Founders came from a variety of backgrounds, with technology a key theme, though not exclusively. Some founders came from a M&E background.
- All had established their startup before the accelerator. The longest was established seven years prior. Due to the reduced cost of technology, some of the startups were able get traction with a user base before looking for seed money. Though some startup's, such as Incoming Media and Portal Entertainment, had million of dollars of investment in research and development.
- Approximately half the startups had gone through previous accelerators with the same startup.

- If startups consisted of more than one founder, only one or two of the founders partook of the accelerator.
- All startups were solving a problem, usually a big problem. Founders identified as entrepreneurs.
- Startups might be big technology with little media or big media with little technology.

Benefit of the accelerator to the startups

For those companies that did not come from the M&E industry, the total immersion that Media Camp provided was invaluable. For those companies that came from the M&E industry, the feeling was the same, as typically their industry experience was from one particular sector or discipline.

David McKeague, Incoming Media: *We learnt about the Media industry, this was key… we're on the tech side and we needed to be able to understand the media side, to be able to translate what we're doing into their language.*[6]

All startups were happy with the financial terms and were happy to have a US$20,000 investment on the same terms as previous investors. The startups regarded Time Warner as valuable not only as another financial investor, but also more importantly because of their brand name. The Time Warner brand as an initial investor via Media Camp also had strong potential to attract future investment and commercial deals both within the Time Warner ecosystem and outside it. The strength of the accelerator brand facilitated meetings with other M&E corporations. This correlates with other research that found high-status investors provide legitimacy to startups.[7] Sean Wycliffe, from Dealflicks said: "Once we were entrenched with Warner Bros other studios said, we want to meet you guys too. If Warner Bros thought you were that great we should at least meet you and see what's going on. So that relationship with them, lead to relationships with other movie studios and it was a really good thing for us." [8]

The fact that Media camp only accepts startups with a minimum viable product makes piloting and therefore potential commercial deals possible.

Sean Wycliffe, Dealflicks: *I like the way Media Camp did it because it is geared towards startups that have already done their first round of fund raising, so you can start focusing on getting business deals done.* [9]

On a practical level getting advice on pricing, introductions to actual customers, commercial deals and ongoing support were all regarded as significant benefits. Startups reported they gained customers they wouldn't have had and were further along than they would have otherwise been. If a commercial deal was achieved with Time Warner, the startups regarded it as a win-win, because at the same time as they were able to meet the needs of Time Warner, they were also able to receive advice from them and modify their product or service as required. Josh Ritcher, Cinecore, said: "The value is also in the relationships, they're still looking out for us, referring customers to us, I think there is a lot of value." [10]

The scale of Time Warner creates an ecosystem of its own.

David McKeague, Incoming Media: *The object is to get traction within Time Warner. Time Warner is so big you could spend your life inside Time Warner.* [11]

The importance of aggregate consumer data for startups

As well as being important to Time Warner, aggregate consumer data was equally important for the startups. Media Camp provided the startups access to consumer data and was able to apply it to their products or services.

Mike Jones, from Portal Entertainment, said: "Hard data is really hard to come by when you're small. You're taking a lot of guesses, and you've got to be nimble enough to be able to pivot, or be flexible about what the model might mean. You talk to an entertainment entity like Warner Bros, which is huge, and it has a lot of experience, a lot of people dedicated just to understanding those mechanics. You get to tap into a bank, that you otherwise wouldn't get access to. I think a lot of the key learnings for us were in those discussions with their marketing teams, to say, 'What is this audience? How big is this audience? What can we expect from them? How do we access data?' Because they have a body of case studies that we otherwise couldn't see, we could only guess at." [12]

For the startups, there were several values they held as a business, which they were unaware of. It was through conversations with Time Warner, meeting with the various departments and executives they discovered these other areas of value in their startups.

Sean Wycliffe, from Dealflicks, said: "The information we were able to get from different departments, for instance, what is TV working on and why. Why don't they do this, why do they do this. All those questions we were able to go through and debate and challenge them. Sometimes they'd challenge us. We feel we have an intimate understanding about the studios and how they think and what they're focused on and why. And that's really helped us developed a strategy for our company." [13]

Maximising the Media Camp experience, mentors and advisors

Being a good networker and understanding the politics of a large corporation were key elements to achieving the most from Media Camp. Julian McCrea, has previously spent nearly a decade working for the BBC so he may have been able to use skills in this area more than others.

Julian McCrea, from Portal Entertainment, said: "I think in a company like Warners, you've got to be getting people involved because the more people you have involved, people are backing what you're doing, the more likely it is to happen. Just due to the politics of the organisation, so you're bringing them in as support, but also building momentum for what you're trying to do." [14]

The ability of having executives aligned and championing your startup was also vital. The types of startups chosen for Media Camp were influenced by the needs of the corporation but also by the enthusiasm of executives for what the startup may be offering.

Josh Ritcher, Cinecore: *One of our main mentors had this (shared) utopian vision of production and a backbone of software that will carry all the way thru from the creative process thru to post and into distribution, we were very aligned in that way.*[15]

When no commercial deals were done

Not all startups managed to strike a commercial deal with Time Warner. Despite this, they still maintain a close relationship one and two years on from Media Camp and hope that a deal might be forthcoming in the future. Time Warner also doesn't force any of their businesses or productions to adopt any of the products or services from the startups.

Josh Ritcher, from Cinecore, said: "We would love to have a relationship with Warner where they say every production on the lot has to use our software, but it doesn't work that way with the studios. They can highly suggest but they can't force productions to do anything…they've introduced us to a few of their production companies that were trying to go green and paperless."[16]

Simply getting access to and understanding Warner Bros licence agreements with other businesses meant Dealflicks was able to validate its business and increase their sales.

Sean Wycliffe, from Dealflicks, said**:** "We got a really in-depth understanding on the Warner Bros side of things, so when we talked to some of our theatres some didn't know what the 50-page document said. Before we had to take the theatre owners' word for it. Now we actually know and can say to them, this is how you can partner with us."[17]

When Time Warner has any problems with a startups business model, the startup is given advice about modifying their business model and altering their strategy to work through any roadblocks.

Sean Wycliffe, from Dealflicks, said: "Based on feedback we were able to alter our strategy just a little bit and focus on aspects that had a more positive response from Warner Bros and other studios. Not ruffle any feathers, focus on things that were win-win. Before that we had some interesting relationships with studio people, after that we've been able to understand their concerns and how to get around them, address them, and how to empower our theatre studios so we have a really smooth time adding theatre locations. It's definitely accelerated our theatre's growth tremendously." [18]

Could the startups have achieved the success they have now Media camp?

The startups reported:

- It would have been years as opposed to months.
- The core business proposition would have still been the same.
- After Media Camp we were able to get a couple of hundred meetings as opposed to a few meetings prior to attending.
- It helped with fund raising.

Josh Ritcher, from Cinecore, said: "It's a really tight-knit industry and we're finding people are appreciating the fact we come from the industry, we've lived in the trenches, we've been there so that's definitely helped with our sales and getting out there and talking to production companies." [19]

The downside of Media Camp

None of the startups reported a significant downside.

- The ability of a startup to fully maximize on the opportunities of what the accelerator offers is finite. There's no time, you need to move on, there's too many things to do and only so many things can be balanced.
- All 10 alumni said they didn't have any negative experiences.

Demo Day

Startups reported that prior to Media Camp, they didn't have access to many investors and may only be able to command a few meetings.

The startups reported:

- It allowed us to secure funding, because it was a catalyst to continue conversations, to get funding later on.
- You have to refine your pitch, you get a nice demo and video you can share with potential investors.

Sean Wycliffe, Dealflicks: *Media Camp helped us raise US$1.7 million, otherwise we would have raised a few hundred thousand.*[20]

Startups which been through another accelerator prior to Media Camp

A number of startups had been through a previous accelerator prior to Media Camp with the same business. Some believed the validation of having been through another accelerator assisted in being accepted into Media Camp.

They reported:

- The previous accelerator increased the valuation of our business.
- A lot of people didn't take us seriously before we got into the accelerator.
- Networks from the previous accelerator helped us get into Media Camp.
- Previously we struggled to get anyone to work with us. After the (previous) accelerator, a lot of people wanted to work with us.
- It helped us realise there is no silver bullet, but it gave us more confidence to try what's available and if it doesn't work you need to figure it out.
- The accelerator brand is a way to cut through, like trying to get a job after college. If you go to a name-brand college, you'll be able to get interviews and this assisted us in getting accepted into Media Camp.
- It helped us realise (as a business) what we're good at and what we're bad at, and not to make a deal of those things we're bad at, because we're not going to be able to compete on them.
- We realised we had a product that was going to be sold to a media company rather than a Telco, so we pivoted. Media Camp was a great way to get to know media and the opportunities.

What motivates startups?

When asked what motivated them to create a startup, they reported:

- As an entrepreneur my vision is to change the world, to disrupt an industry. To go out and risk everything and make it happen or die trying.
- I'm not doing it for a job; I'm doing it to succeed.
- To create a platform, for creativity.
- To create a billion-dollar business.
- To solve a big problem.

- To make something huge. Your cut will get weighed down, so ultimately it's not worth doing, spending five years or so, killing yourself for a cheque for US$100,000.

Challenges that startups face

When asked what their greatest challenges were, startups reported:

- I worked without a salary for a whole year, I sold my car, and I had saved some money. I was able to do this because my wife was on board, and we didn't yet have a family.
- It's like climbing a mountain. Every stage is just as hard as the last - you're just more equipped to handle the next stage because of the support you earned by reaching the last stage.
- There is a barrier to entry, up against old method. What I've learnt is, if your solution isn't five times better than the current method, no one will try it.

Josh Ritcher, Cinecore: *We were the only production-based or business-to-business startup…a lot of people think it's a limited demographic to just be entertainment production focused. But when you start to think about it globally and look at the numbers or land one of the studios as an exclusive deal, we could become profitable very quickly.*[21]

Buying businesses to hire staff

A new term has been coined: "Aqui-hired". Which means being acquired not for your business but the team. [22] When asked about their attitude about this in relation to their current startup, responses were:

- That would mean giving up my dream
- It's not the goal and it truncates the process, it changes the focus.
- If people want to take a quick exit that's fine, but it's not always that simple.

Startup founders are driven by the motivation to succeed, solve large problems and overcome challenges. Media Camp targets startups at a particular stage in the life cycle of their business and in doing so Time Warner becomes a major beneficiary.

Roadblocks for startups and becoming a Time Warner approved vendor

Depending on the product or service, some startups may be required to pass a security audit. Time Warner requires businesses it engages with to become approved vendors.

Josh Ritcher, from Cinecore said*:* "Warner Bros would not use Cinecore because we hadn't passed the security audit. If we were going to host Warner sensitive files and scripts, they wanted to be sure our security was up to par. Warner Bros graciously offered up a security audit which normally runs at US$15,000 and they did it for free. It was a third-party audit and we got thoroughly probed by this company and a huge list of things we had to change. So last fall we became a Warner approved vendor. Having that as a baseline is going to allow us to be available on the lot." [23]

Life after Media Camp

The Media Camp alumni maintain a relationship with Time Warner after completion. This may include contact by telephone and email, meetings, presentations, pitches or invitations to alumni events. Many companies have commercial deals in place and for those companies that don't; there is an understanding that the door is always open. One and two years on, alumni are still working with Time Warner. Robin Johnson from Skit said, "it's a very fruitful and positive working relationship." And in terms of other alumni, "it's hard to stay in touch, we talk from time to time, but everyone's busy." [24]

Josh Ritcher, from Cinecore, said: "We hadn't really pushed a lot sales-wise with Warner. We have a huge meeting with them in August. They want to follow up on our progress and we want to cash in on those relationships we built up with them. We have a stronger product, they've wanted to continue the relationship, they've invited us to mixers, to South by Southwest (conference) and to pitch in front of investors. They've kept in touch, we feel like family, they've been incredible."[25]

Even after a few years of working hard at building their startup into a viable business, the dream of creating a billion-dollar business is still alive for the majority of the startups.

Sean Wycliffe, from Dealficks, said: "We're getting close to profitability, so hopefully we get there sometime later this year...It could be a billion-dollar company in 5 years. It's been trending that way but it's a startup so you never know what happens along the way. It would be great to have it as a standalone company and do an IPO. We think there's enough here to be able to do something like that. That would be the dream but along the way you never know what happens."[26]

Quantative data available on funding

Alumni were reluctant to provide detail on the specifics of funding and equity relinquished. Seed-db is a website that collects quantitative data on seed accelerators globally and the startups that go through them. Seed-db provides the following details on funding from the Media Camp startups for 2012, 2013[27]. Warner Bros informed me this needs updating but it serves as a good indicator of the scale of funding.

Number of startups, Media Camp, 2012-2013	16
Funding	US$11,853,720
Average funding per startup	US$740,857

Funding, post Media Camp

The startups agreed there is a lot of funding for the first seed level, typically from US$1 million to US$5 million is provided. While it is still difficult to achieve the first level of funding, startups need less money because the cost of starting has fallen[28]. That means that the number of seed-stage companies has ballooned in the US to more than 1,700 in 2012, which is an increase of 64 per cent since 2011[29].

The industry calls the next stage of funding "Series A", which can be anything from US$2 million to US$10 million. Series A funding is more difficult to achieve than seed funding, because the amount of funding available through Venture Capital firms at this level has not increased.

The funnel is wider at the bottom and the same at the top, so more startups are competing for the same amount of money at Series A.

Most startups interviewed after they had been through the accelerator said with regard to funding that the Media Camp accelerator brand facilitated funding meetings. The majority of startups said they are still running lean businesses and are seeking more funding. Most were reluctant to go into details about funding and equity relinquished. Many continued to reinvest revenue back into their businesses.

Misha Leybovich, from Meograph, said: "We haven't raised any money since coming out of the accelerator (alumni 2013). We would like to raise a seed round pre-launch but you need to find a fund that really believes the message of the story or find angels. I'm going to try and sell a story based on our business so far but what we're launching is a new product. We'll see if investors buy that investment." [30]

Once a founder is on the startup treadmill they are reluctant to give up. They continue to persevere, creating new products, trying different approaches to entice investors.

Josh Ritcher, from Cinecore said: "We've done one seed round, there's still room on the initial convertible note. We've run an extremely lean company and put all our money into the product. We have no office; we've been able to do everything on skype. We have server/tech guys in Vancouver, development guys in Serbia. We want to keep running lean as much as we can to put the money into the product, unless a big round comes through, we plan on staying lean."[31]

For other alumni from 2014, such as Portal Entertainment and Incoming Media, the future looks bright. Commercial deals with Warner Bros have been outcomes for both startups and additional funding rounds have been successful.

Mike Jones, from Portal Entertainment believes: "The M&E industry is going through a natural transition, whereby the audience is dying off, dying off in terms of their known experience or expectation. For content creators, the opportunity is about engaging with small innovative product service development teams that you would find within a small accelerator environment. By tapping into that engagement and passion they can create and make their content relevant, using this mechanism.

In terms of an objective, it's about having and creating memorable experiences as a screen user."[32]

For content creators, working in teams of people across a range of disciplines, balancing the needs of all is familiar territory. The time pressure of creating a minimum viable product (the film), needing to constantly pivot and make decisions, is a standard operating environment for screen industry practitioners.

Screen industry practitioners are perfectly placed to take advantage of the accelerator environment by combining with a technical team to create the next generation of M&E startups.

[1] Interview with David McKeague, 14 July 2014, via Skype from Los Angeles
[2] Interview with Josh Ritcher, 18 July 2014, via Skype from Los Angeles
[3] Interview with Mike Jones, 5 August 2014, in person, Sydney
[4] Interview with David McKeague, 14 July 2014, via Skype from Los Angeles
[5] Interview with Mike Jones, 5 August 2014, in person, Sydney
[6] Interview with David McKeague, 14 July 2014, via Skype from Los Angeles
[7] Wasserman, N., 2012. *The Founder's Dilemmas.* Page 271. Princeton University Press, New Jersey.
[8] Interview with Sean Wycliffe, 15 July 2014, via Skype from Los Angeles
[9] Interview with Sean Wycliffe, 15 July 2014, via Skype from Los Angeles
[10] Interview with Josh Ritcher, 18 July 2014, via Skype from Los Angeles
[11] Interview with David McKeague, 14 July 2014, via Skype from Los Angeles
[12] Interview with Mike Jones, 5 August 2014, in person, Sydney
[13] Interview with Sean Wycliffe, 15 July 2014, via Skype from Los Angeles
[14] Interview with Julian McCrea, 20 August 2014, via Skype from Los Angeles
[15] Interview with Josh Ritcher, 18 July 2014, via Skype from Los Angeles
[16] Interview with Josh Ritcher, 18 July 2014, via Skype from Los Angeles
[17] Interview with Sean Wycliffe, 15 July 2014, via Skype from Los Angeles
[18] Interview with Sean Wycliffe, 15 July 2014, via Skype from Los Angeles
[19] Interview with Josh Ritcher, 18 July 2014, via Skype from Los Angeles
[20] Interview with Sean Wycliffe, 15 July 2014, via Skype from Los Angeles
[21] Interview with Josh Ritcher, 18 July 2014, via Skype from Los Angeles
[22] Economist, T., 2014. A Cambrian Moment. *The Economist*, p.13.
[23] Interview with Josh Ritcher, 18 July 2014, via Skype from Los Angeles
[24] Interview with Robin Johnson, 3 July 2014, via Skype from Los Angeles
[25] Interview with Josh Ritcher, 18 July 2014, via Skype from Los Angeles
[26] Interview with Sean Wycliffe, 15 July 2014, via Skype from Los Angeles
[27] http://www.seed-db.com
[28] http://www.inc.com/magazine/201310/david-freedman/why-the-series-a-crunch-might-be-good.html
[29] http://www.inc.com/magazine/201310/david-freedman/why-the-series-a-crunch-might-be-good.html
[30] Interview with Misha Leybovich, 1 July 2014, via Skype from San Francisco
[31] Interview with Josh Ritcher, 18 July 2014, via Skype from Los Angeles
[32] Interview with Mike Jones, 5 August 2014, in person, Sydney

Chapter 4

Findings and Conclusions

This thesis aimed to investigate the following:

- Discover the characteristics of a corporate accelerator and an M&E accelerator.
- Understand the underlying motivations and benefits to Time Warner for running an accelerator program.
- Understand the underlying motivations and benefits to startups that participate in the accelerator.
- Investigate the way technology is being used to create new opportunities in the M&E industry.

Characteristics of a corporate accelerator

My research shows that Media Camp's primary purpose is for the benefit of Time Warner. This changes its underlying function when compared to other accelerators that look outwards for opportunities rather than inwards to the needs of a corporation. Time Warner also has the capacity to fund and buy innovation.

Time Warner is using Media Camp as a way to engage with technology and startups. Startups bring them ideas for regenerating their existing assets. The benefits of the accelerator to Time Warner can be significant because of the potential of the startups businesses to transform existing Time Warner assets. The power and size of Time Warner is a two-edged sword. On the one hand they have existing business structures with revenues they need to protect. On the other hand they are being challenged by new M&E businesses such as Netflix. Any new opportunities they engage with through the accelerator program needs to strike a balance between evolution and revolution, so they don't cannibalise their incumbent assets.

Motivations and benefits of an accelerator to Time Warner

The strategic use of a corporate accelerator by Time Warner brings innovation into the corporation at an embryonic stage. Media Camp is not about how startups can build a company, its much more to do with the issues that Time Warner are really worried about and specific problems. It allows Time Warner to test new business models, products and services, before adoption. Media Camp chooses later stage startups that are relevant and can be piloted in their existing businesses. Media Camp provides the ability to extract value from existing assets and brings both tangible and intangible benefits for the corporation and executives.

Time Warner is an organisation built on intellectual property and it needs to guard this. It is also an organisation that bets on creative talent. Time Warner sees every bit of content as a piece of intellectual property and leverages this in every way. Time Warner has so much content that there is a diversity of potential avenues of exploitation of that content and a variety of platforms for startups to engage with.

Time Warner is using to their advantage the volume of startups and the 'merely good companies'. It doesn't matter to them whether their Media Camp companies go on to be 'truly great companies', because they can cherry pick, use and integrate the elements that are useful for them at that point in time. "There's no room at VC's (venture capital firms) for companies that are going to merely be very good. If you can't prove you have a chance of building a truly great company in eight years, no one will want to fund you for the next two."[1]

For Time Warner, Media Camp is a way of creating an alumni network of technical creatives, which may assist in future proofing Time Warner's businesses. The benefits of such an alumni are already reaping rewards, such as was seen with Adam Johnson from Media Camp 2013 returning again in 2014 to bring Toggle into the Time Warner fold.

The use of the name Media Camp and excluding the word accelerator allows for Media Camp to evolve in the future from an accelerator program into something else.

Motivations and benefits of an M&E accelerator to startups

My research shows that an M&E accelerator can provide an entry point into the M&E industry for relevant startups with a technical and scalable element.

For startups, the value of Media Camp is gaining unfettered access to Time Warner and becoming part of the corporate family. The accelerator gives them the ability to pilot and validate their product or service, the potential for commercial deals, the status of the accelerator brand and leverage in attracting funding. It also helps participants build ongoing relationships as part of Media Camp alumni.

The fact that Media Camp is also a corporate accelerator whose underlying benefit is for Time Warner restricts the types of startups chosen. It only chooses startups that are relevant to its businesses. This means there are M&E startups that are rejected because they don't fit this criterion.

How technology is being used to create new opportunities in the M&E industry

Media Camp alumni provide a window into the future direction of the M&E industry. My research shows that Time Warner is using accelerators as a mechanism to engage with startups and revolutionize the future of the M&E industry. The difficulty for a big company engaging with technological change is they don't know if this is the right solution.

Media Camp is designed to help Time Warner capitalize on the technology that is disrupting its businesses. By engaging with startups at an early stage, they can steer the technology towards an outcome for their own benefit. They take advantage of the fact that startups need support in the early stages of business, and turn the disrupter into the disrupted.

Media Camp gives Time Warner a fresh perspective on the M&E industry and allows it to engage strategically in a pre-commercial way with the next generation of disrupters.

Conclusions

The ability of companies such as Netflix, YouTube, Amazon and Google to transform industries and create new business models has motivated incumbents like Time Warner to embrace new business models and engage with technology to future proof their corporation. The M&E industry is a global industry. If Australia wants to compete globally it needs to embrace technology and new business models as an integral part of its industry. To create a sustainable M&E industry in Australia we must exploit opportunities provided by technology to enhance and grow the industry.

The Media Camp accelerator is used by Time Warner to create competitive advantage by capitalising on their networks and businesses. Time Warner is using startups to discover new ways of engaging with consumers through technology, discovering new business models, new revenue streams and new sources of advertising. The time has come for the M&E industry in Australia to similarly capitalise on their networks and businesses and create the right environment to engage with startups. An M&E accelerator is one way of doing this.

Increasingly, content owners are selling direct to the consumer. For Australian television networks that buy a large portion of their content from corporations like Time Warner, in the supply chains of the future, their businesses are in danger of becoming superfluous. Corporations like Time Warner still need networks Seven, Nine or Ten as they provide a source of revenue, but in the future they may not need them.

Australian television networks should be thinking about future proofing their organisations, looking at new ways to make money and to understand what consumers want. As people have more and more channels to watch and ways to engage with content, television organisations are getting pushed back to a few mechanisms to make money. Live events such as sports become increasingly important because they know they can derive a certain level of revenue from advertising. But even sports are reliant on existing business models that may not remain the same in the future.

Gaming is an integral part of any M&E sector and Time Warner uses games in various guises to further exploit and promote their intellectual property. In Australia we should reconsider the lack of engagement with the gaming sector by content producers and whether in some instances it can be part of cultural funding though Screen Australia. This would enable new revenue streams for content owners and at the same time stimulate the games sector.

As geographical market barriers increasingly break down, new opportunities arise. As content owners are increasingly able to connect with their global audiences and their fans, more disruption will occur.

A disrupter can be located in any location. The geographical distance of Australia should not impede startups in the M&E sector. We have a sophisticated ICT sector, a skilled M&E sector and combined this creates the right conditions for Australian M&E entrepreneurs to become disrupters and create businesses.

Data and transparency

The engagement and use of consumer data by Time Warner demonstrates its value and importance. Time Warner use data to gain audience insights into film and television watching so they can target the delivery and type of content in the right way. Data is not about changing the creative process; it is used to reach fans and audiences who care about a particular specialised film or other content. Time Warner is thinking about the future and whether they can effectively reach the right audience with a new piece of content.

The Australian economy is lagging behind other economies in using and applying insights derived from aggregate consumer data. According to a report commissioned by Google, Australia is said to have missed out on A$48 billion in 2013 due to a lack of expertise in making the best out of digital data, with the arts sector making the least usage.[2]

The Australian M&E industry should be using data to their advantage to assist in understanding audiences and the what, when, how, where of content. Access to and transparency around data collected by government agencies such as Screen Australia is an essential tool for a startup in the M&E sector. Many of the Media Camp businesses stressed that access to data was essential and integral in being able to create viable sustainable businesses.

Technology has inextricably changed the way we live and work.

Accelerators attract smart ambitious and entrepreneurial individuals. As Paul Graham the founder of Y-Combinator said, "For the most ambitious young people, the corporate ladder is obsolete"[3], accelerators help fill this void.

Australian universities are rising to the challenge and making themselves relevant for entrepreneurs, creating their own accelerator programs. The emergence of university accelerators is an important contribution for fostering entrepreneurship, creating the next generation of startups and providing deal flow for investors. An M&E accelerator supported by universities and higher education facilities is a model for consideration for an Australian M&E accelerator.

Accelerators bring together technical innovation and investment in a symbiotic relationship. Corporate accelerators and industry accelerators further this relationship, as a mechanism to regenerate incumbents existing assets. As Carlota Perez said, “Technology is the fuel of the capitalist engine.”[4]

Digital media has gone from being disrupted to people starting to know how to make businesses. This is the perfect time to create a business, when opportunities become clearer about what works and how to make a business work. This is the perfect climate for the Australian M&E industry to establish an accelerator.

Opportunities and challenges for an M&E accelerator in Australia

David McKeague from Incoming Media believes we have a huge ICT industry in Australia and it’s an asset we don’t use. Incoming Media worked with NICTA (National Information Communications Technology Australia)[5], to create game-changing technology for the M&E sector. Time Warner and Intel are positioned to garner the benefits of Incoming Media, though NICTA has an investment stake in Incoming Media, which will provide funding for new research.

Research centres such as NICTA are a valuable asset for other startups in the Australian M&E sector; its role is to pursue significant technology-related research with economic potential for the Australian economy. [6]

While more Angel funds and micro venture capital funds, have emerged in the past few years in Australia, the funding environment here is still challenging. The reliance on Silicon Valley to fill this funding gap is demonstrated at all levels. Venture Capital funds, accelerator programs such as Startmate, the Melbourne university MAP accelerator, and successful startups such as Incoming Media, all look to Silicon Valley to fill this funding gap.

According to Australian investors like Andrey Shirben, it is not the lack of capital in Australia that is the problem but rather that the capital is being deployed outside of Australia.[7] Australian companies like Telstra invest about A$30 million each year through Telstra Ventures[8] but most of it goes offshore. Hopefully Telstra initiatives such as the establishment of their muru-d accelerator will help to grow the startup ecosystem in Australia and provide Telstra Ventures with future deal flows in the same way Media Camp does for Time Warner Investments[9].

It is a chicken-and-egg scenario. The startup ecosystem needs to grow and it needs a combination of capital, startups and accelerators to make this happen. There is a time in the life of a business when it's appropriate for an accelerator. Startups do not stay startups forever, some become businesses, of which some become very profitable.

For an M&E accelerator to succeed in Australia there has to be the motivation from all stakeholders. It needs investors who understand media/tech, entrepreneurs and business people that understand the M&E business. It needs a community of people around it.

M&E startups need more guidance than most new companies to survive the shifting digital landscape. An M&E accelerator can provide this community.

If Australia's M&E industry established an accelerator, it would provide deal flow for strategic investment by Australian M&E companies and in turn assist in creating Australian M&E businesses like Incoming Media which could compete in the global M&E market of the future. The problem is, that future has already arrived

[1] http://www.inc.com/magazine/201310/david-freedman/why-the-series-a-crunch-might-be-good.html
[2] http://www.afr.com/Page/Uuid/7ad71a68-38ad-11e4-9294-f9efb366eece
[3] Paul Graham, founder of Y-Combinator
[4] Perez, Carlota. 2002, Technological Revolutions and Financial Capital, p155
[5] https://www.nicta.com.au
[6] NICTA's research is focused in five research groups: Software Systems, Networks, Machine Learning, Computer Vision and Optimisation. NICTA is often funded by government or industry partnerships, which may include startups or Australian government funds. Funding is mainly assessed on the basis of the potential economic value for Australian industries or communities. Available at: https://www.nicta.com.au.
[7] Interview with Andrey Shirben, 29 August 2014, in person, Sydney
[8] http://www.telstra.com.au/ventures/index.htm
[9] http://www.timewarner.com/company/time-warner-investments

TABLES

Table 1: Respondents, Qualitative research by Organisation and Primary base

	Accelerator	Incubator	Investor	Other
USA	Ethan Applen, Warner Brothers Media Camp Accelerator			
Melbourne	Rohan Workman Director, MAP Melbourne University			
Sydney	James Alexander Founder & Director INCUBATE, Sydney University			
	Andrey Shirben Advisor, muru-d		Angel investor, entrepreneur	
	Kim Heras Founder Push-start No longer operating		Angel investor, entrepreneur	
		Hamish Hawthorn CEO, ATP Innovations		
	Rick Ellis Advisor, muru-d		Angel investor, entrepreneur	
				Andrew Stead Director New Ventures NICTA
				Mark Pesce Inventor, writer, entrepreneur, educator and broadcaster.
				Ben Brooks Researcher
				Zareh Nalbandian CEO, Animal Logic
				Stefan Gillard Big data
				Martin Brown Feature Film Producer

Table 2: Respondents, Qualitative Research: Time Warner, Startups

Respondents		Nationality
Ethan Applen Media Camp Executive, Warner Bros		American
David McKeague Incoming Media, Founder http://www.incoming-media.com Media Camp, Warner Bros, 2014Los Angeles	A technology platform that uses behavioral data analytics to deliver mobile content more efficiently, resulting in a better user experience, increased user engagement and retention, and lower data bills for consumers. The platform uses on-device personal machine learning, predictive analytics, and network connectivity awareness to intelligently pre-position video content to mobile devices.	Australian
Julian McCrea Portal Entertainment, Founder www.portalentertainment.co.uk Media Camp, Warner Bros, 2014 Los Angeles	A content company that uses technology to enable a new type of interactive entertainment experience for mobile and tablet devices that responds to the audience's facial reactions and leverages device features (e.g. camera, calendar, maps, etc.) to add a real world component to the story.	English
Mike Jones Portal Entertainment, Lead Writer www.portalentertainment.co.uk Media Camp, Warner Bros, 2014 Los Angeles	As above.	Australian
Misha Leybovich Meograph, Co-Founder Media Camp, Turner, 2013 San Francisco	Meograph is a platform for easily combining all media types into a video inventory. It provides users the skills and tools to create content.	American
Robin Johnson SKIT Co-founder Media Camp, Warner Bros, 2013 Los Angeles	Skit! turns every iPad into a storytelling studio. It allows the user to bring anything to life, from pop culture icons to Facebook friends; creating stories is simple. Gestures give life to the creation, and the user's voice provides the soundtrack.	American
Sean Wycliffe Dealflicks, Co-founder https://www.dealflicks.com Media Camp, Warner Bros, 2013 Los Angeles	Dealflicks is a yield management for movie tickets, which allows consumers to get the best value on movie tickets and concessions.	American
Josh Ritcher Cinecore, Co-founder http://www.cinecore.com Media Camp, Warner Bros, 2013 Los Angeles	Cinecore is a complete paperless project management solution for film and television productions. It keeps the entire cast and crew on schedule and organized with digital document distribution, digital file storage and location maps through an in-app Google maps interface.	American
Aaron Williams Social Samba, Founder www.socialsamba.com Media Camp, Turner, 2012 San Francisco	SocialSamba operates an online scripted social networking platform that enables users to chat with fictional characters they love.	American

Eugene Lee Channelmeter, Co-Founder http://channelmeter.com Media Camp, Turner, 2013 San Francisco	ChannelMeter, tracks and analyzes the top 40,000 shows on YouTube to help publishers determine what audiences want, much like Nielsen TV measurements. ChannelMeter has helped Turner figure out what types of video work best on YouTube. It also paves the way for selling advertising against YouTube videos.	American

Table 3: Media Camp Alumni 2012 – 2014

Founder/s Background of founders	B2B or B2C	Alumni year, Turner or Warner	Business Description Year established	Commercial deals post MC Business status after Media Camp	Previous Accelerator
Alumni 2014, total = 11					
David McKeague Entrepreneur, electrical engineer, MBA	B2B	2014 Warner	http://www.incoming-media.com. Pre-positioning video content on mobile devices. Data analytics. Est: 2012	Yes, Intel and seed round prior to MC	Citrix Accelerator ARPI (Incubator)
Julian McCrea, Founder	B2C	2014 Warner	www.portalentertainment.co.uk A cross-platform production company, employing facial recognition technology.	Development deal with Warner Bros Digital Series Group 2014.	No
Mauhan M. Zonoozy, Co-founder, CEO. Studied Law, Georgetown University. Stanford, Graduate School of Business. VC at Yas Capital. Founder of startup, collegecraig. Similar to Craig's List but for University students. Rob Perkins IV, Co-founder. University of Oregan.	B2B	2014 Warner	www.bubbl.me A mobile enabled app that allows users to clip 9 seconds of video and immediately share. Licensed to content companies. Analytics tell content creators who is sharing their content, what parts of a video, and the demographics of the people that see it.	Seed investment from Entrepreneurs Roundtable Accelerator.	Entrepreneurs Roundtable Accelerator, a seed-stage investment fund /accelerator NYC. Mass Challenge 4-month accelerator. No equity taken. 1776, incubator. Washington.
Peter K Chen, Founder, CTO Engineering graduate, Stanford University. University of Washington Justin Wu, Founder Engineer graduate, University of Washington, University of San Francisco.	B2B	2014 Warner	www.sidevision.com A video ecommerce platform that allows brands and content creators to better monetize their videos, through merchandise integration and interactive call to actions. Sidevision lets you tag relevant products and social media content to your videos. Content creators earn commission based on sales they generate. Sidevision connects merchants to publishers.	Seed investment from StartEngine accelerator.	StartEngine powered by Accenture. Largest startup accelerator in Los Angeles.
Stephane Allard (French), Founder Serial entrepreneur who has been launching internet-related companies since 2001. Previous venture was a pioneering social media agency, sold in 2006. Benjamin Rey, Founder,	B2B	2014 Warner	http://www.wisemetrics.com Content amplification platform powered with data It's increasingly expensive to advertise on Facebook and Twitter, and the huge volume of information being posted creates uncertainty over what people actually notice. Using prescriptive technologies,		

COO, Background in mathematics, data scientist and developing algorithms for 15 years. Principal Research engineer Yahoo! Labs US. 12 patents. Benjamin Lan Sun Luk, Founder Benjamin Gelis, Founder			Wisemetrics makes your content rise above the clutter on social media. We will tell you what will happen and what to do about it. We make analytics more actionable, more transparent by embedding data-driven recommendations at the point of decision. Our early pilots doubled traffic from Twitter (Media Website) or generated comparable results with organic messages as with paid ones (Entertainment company). Our algorithms are the result of data mining on millions of private data points.		
Adam Johnson, Founder	B2C	2014 Warner	www.toggle.com Toggle brings the largest collection of movies and shows to your living room. All you need to do is plug Toggle into your TV, connect to wifi, and enjoy access to a gigantic digital library of movies and shows, including the newest releases	Seed round investment led by Warner Bros Investments (undisclosed)	
Ryan Singel CEO, Co-founder Writer and editor at wired.comBen Autrey, CTO, Co-founder Specialises in building graph-based ranking, recommendation and inference systems on large social datasets. Studied math, statistics and economics at UC Berkeley	B2B	2014 Turner	http://www.contextly.com Contextly helps publishers make more money by showing readers great things to read. Using a combination of editorial curation and machine learning, page-views and time-on-site are increased.		No
Michael Masters, CEO Studied at Berkeley. Previous founder of startup MoVoxx, a US-based mobile advertising company which was acquired in 2010. Marshall Beddoe, Founder Software engineer	B2B B2C	2014 Turner	www.Adtonik.com. AdTonik provides TV to Mobile advertising analytics.		Runway incubator. Invitation only incubator in San Francisco
Kabriel Robichaux Matt Coalson, Co-founders. Met 12 years ago at game development company Electronic Arts.	B2C	2014 Turner	www.flawk.to Flawk is a conversation platform aimed at helping brands and celebrities connect and engage with their followers. A one to many communication tool		No
Yunha Kim, CEO and founder (female). Graduated magna cum laude from Duke University. Studied Economics and	B2C	2014 Turner	www.getlocket.com Locket is an Android lock screen company. Its product portfolio includes Locket App, an application that enables users to see trending	$3.7 Million in 2 Rounds from 3 Investors. Great Oaks Venture	

Chinese. Paul Jang, Co-founder Studied economics at Duke University.			content on the lock screen, and Locket Engage SDK, a re-engagement Android platform that allows app publishers to re-engage users with their content via the lock screen.	Capital, Fierce Capital and angel investors.	
Adriano Farano, Co-founder Stanford graduate. VP and Digital Media Strategist at OWNI. Co-founded and ran cafebabel.com, a pan-European online media outlet entirely translated in 6 languages with offices in 35 European cities. Jonathan Lundell, Co-founder, CTO	B2C	2014 Turner	www.watchup.com Watchup allows users to build their own personalized newsreel from news and information channels. Partners include, The Wall Street Journal, The Washington Post and PBS.	$1.5 Million in 2 Rounds from 11 Investors. Seed stage investment from the Stanford/Start X Fund, Microsoft Ventures and Knight Foundation.	Farano, was Entrepreneur in Residence (EiR) at StartX, the Stanford startup accelerator
Alumni 2013, total = 10					
Josh Ritcher, Film/TV industry Art director	B2B	2013 Warner	http://www.cinecore.com Complete project management solution for screen productions. Est: 2005		No
Sean Wycliffe, Entrepreneur (previous startup) economics graduate	B2C	2013 Warner	https://www.dealflicks.com. Save up to 60% on movie tickets and concessions Est: 2011		500 Startups (2012-2013)
William Mainguy, Founder, CEO Based in Vancouver, Canada. Previously a Producer at Electronic Arts. Bill Harrison Previously an Executive Producer at Electronic Arts	B2C	2013 Warner	https://www.reelhouse.org Reelhouse is an online video community that provides filmmakers complete control to self-distribute content directly to their viewers. Filmmakers access the latest monetization, social, and showcasing features, which in turn engage viewers in what Reelhouse is setting as the new standard for online viewing experiences.	Sundance Institute Reelhouse continues to add new films every day to its growing list of 600+ titles. It launched several new features on its film platform last month, including more flexible payment processing, acceptance of Bitcoin, and more robust discount and bundling options.	
Josh Karp, Founder and CEO David Greene co-founder Adam Johnson co-founder	B2B	2013 Warner	http://www.kumbuya.com Kumbuya is a social commerce platform that connects like-minded individuals through common interests. Communities gather around those interests and are curated by the most enthusiastic members. It facilitates	$198.7k funding	

			transactions through the presentation of relevant products on a visually stunning platform.		
Robin Johnson Video games, ex Electronic Arts. Previous startup in gaming.	B2C	2013 Warner	http://skitapp.com A platform for creating and sharing animated video messages with the community. This user-friendly mobile app allows you to create fun animated videos for free using your vibrant photos and decorating it with stickers, crazy outfits, filters and more. So, you get to animate your stories and memes, and share the video clips with the community - the best animation app for kids. Est: 2012	Yes, Warner brands	Tech Stars, 2013
Misha Leybovich Aerospace engineer and business consultant	B2B B2C	2013 Turner	http://www.meograph.com Marketers want engaged customers as brand ambassadors. Your customers creating video around your brand gives you authentic content for a fraction of the cost. Est: 2011	Yes, customers include NBA, PBS etc	No
Mick Darling, Founder and CEO 'Serial entrepreneur', Boston based	B2B B2C	2013 Turner	http://www.tomorrowish.com Tomorrowish Social TV displays social media comments synchronized to video of an event like a TV show. When a show originally airs on TV, social media commentary about that show is captured and broadcast. Our API's integrate social media for major TV broadcasters and other video distributors so their audience can engage in the social conversation about their shows, live and any time later.	Raising as a convertible note: US$1,500,00 Seed funding: UD$250,000	
Eugene Lee, Founder Studied at: California Polytechnic State University-San Luis Obispo Bachelor of Science (B.S.), Business Management & Entrepreneurship	B2B	2013 Turner	http://www.channelmeter.com YouTube Analytics - performance data for any YouTube channel or video		
Sandeep Casi, Founder CEO Based in Tokyo. Research scientist. Previously worked for Industrial Light & Magic, Turner, Xerox	B2B B2C	2013 Turner	http://www.cinemacraft.tv Cinemacraft is an interactive media platform for brands and publishers to create monitisation around marketing.	US$2,835,000 from 4 rounds Investors include: Samsung, Tyra Banks NTT DoCoMo Offices in: Tokyo, Los Angeles, Seoul, and Mumbai.	500 startups accelerator program

Guillaume Cohen, Founder (now listed as employee on Angelist) French national	B2B	2013 Turner	http://signup.plumzi.com. Plumzi works with existing animation, adapts this into a new and immersive form of entertainment for touch devices	Unknown but investors include: Walt Disney Co. Luminari Capital (digital media fund with an emphasis on global innovation and disruption) KDDI Open Innovation Fund (Japanese Telecom Venture fund)	
Alumni 2012, total = 6					
Guy Piekarz, Founder Previously founder of a startup Unisfair, which was acquired Ian Ben-Zeev, Founder,CTO Paul Petrick, Founder	B2C	2012 Turner	Matcha - Aquired by apple Video Discovery Experience for Connected Devices. The easiest and most enjoyable way to find and watch movies and TV shows on connected devices. With more than 250,000 channels scattered across multiple services and devices, the process of deciding 'what to watch' has become increasingly fragmented - and frustrating for consumers. Matcha makes it easy again. By applying smart aggregation technology on the most popular video services such as Netflix, iTunes, HBO GO, Hulu, Amazon and more we create a compelling, personalized video experience	Acquired by Apple Estimate US$10- $15 million http://techcrunch.com/2013/08/15/why-apple-acquired-matcha-tv	
Michael Yuen, Founder and CEO Founder and CEO of startup: Appterra, which raised more than US$20 million (the world's first web-based speech application platform that hosts over 100 million calls per year for customers like Bank of America and Fandango). Producer of 3D games for The Fifth Element & The Titanic.	B2B	2012 Turner	http://www.showbucks.tv Mobile video platform for e-commerce and entertainment. Showbucks combines social video with social gaming technology to bring face-to-face interaction to mobile entertainment and commerce apps.	No activity on their website of Facebook page since 2013 – so business may no longer be active. Optus Capital	Founders Den incubator, San Francisco – a shared office space and private club for experienced entrepreneurs
Isaac Mosquera, Founder Previously founder and CTO	B2C	2012 Turner	Socialize Acquired by ShareThis	Acquired by ShareThis	

of various startups. Sean Shandman, Founder Previously founder of other startups with Mosquera. Daniel R. Odio, Founder Scott Suhy, Founder			(three of the four founders are now working at ShareThis) Socialize is a drop-in social platform that creates a community around apps, leveraging networking features through a single interface Founded: July 2008	https://www.pehub.com/2013/03/sharethis-buys-socialize-inks-23m-series-c/ US$1.8 million seed funding	
Brett Welch, Founder Previously founder of startup, Business Catalyst, acquired by software giant Adobe. Chris Hartley, Founder, CTO	B2C B2B	2012 Turner	http://www.switchcam.com Shutdown[1] Switchcam's technology automatically pieced together camera phone footage of events posted on YouTube. What made the technology unique was its ability to stitch together videos using a mix of audio recognition and timestamps. It was then presented on a website where users could watch the compilations, even choose the best angles from which to view events. It made it easier to find good material among thousands of bad video and audio clips shot by smartphones users	US$1.2 million	500 startups accelerator
Gaurav Sharma, Founder Computer science graduate, Chaudhary Charan Singh University, India Gregarious Narain, Founder Co-founder of previous startup, Lil'Grams Ranvir Gujral, Founder Co-founder of previous startup, Lil'Grams	B2B	2012 Turner	http://www.getchute.com Chute is a cloud platform that provides tools to capture, manage, and display media files. Chute help brands and publishers discover consumer photos and videos, organize them, secure the rights to use them and publish them in any form – from mobile apps to banner ads to billboards to social hubs and everything in between.	US$9.7 million in total US$7 million Series A US$2.7 million seed	Y-Combinator accelerator (Gaurav Sharma)
Aaron Williams, Founder, CEO Founder of previous startup in 2002 Matthew Shilts, Founder CTO	B2B	2012 Turner	http://www.socialsamba.com/ front **Social**Samba is automated, scalable conversations in social networks. SocialSamba operates an online scripted social networking platform that enables users to chat with fictional characters they love.	US$20,000 seed SocialSamba have worked with: Fox, Turner, Harper Collins, Warner Bros, USA network, MTV	

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APPENDIX 1

CASE STUDY – MAP ACCELERATOR

MAP is a university-affiliated accelerator program. The MAP accelerator takes advantage of the Melbourne University brand and its global reach through affiliated universities and alumni networks spread across all industries. ATPi regards MAP as the benchmark university accelerator program in Australia.

Structure

- Established 2012.
- Runs one program a year with 16 startups.
- A$20,000 per startup with no equity taken.
- The program length is four months, from July though to early November.
- One startup member needs to be a student, staff, or alumni that has graduated within the last five years from one of the participating faculties.
- The startups are given office space, mentoring.
- In 2014 the startups are going to Sydney and Silicon Valley. Accelerator manager, Rohan Workman says these perks are helpful in attracting people to MAP.[1]
- MAP has had early success with the startups they selected into their program in 2012, such as; 121cast, Bluesky, New Wave Power Systems, Venuemob. This has bred more success.

How MAP is funded

Five of the 10 university faculties fund the program. The aim is to have more involved. Of the five faculties involved, this equates to about 85 per cent of the university student population.

In the future it is proposed that funding will also come from these additional sources:

- Donations. This is based on the belief that successful graduates may fund a program like MAP.
- Corporate partners.
- By taking equity in the startups of around 1to 2 per cent.

Mission

- To become a feeder for the startup ecosystem.
- To become one of the globally renowned entrepreneurial universities.
- To play a vital role in the startup community
- To be renowned in Australia and globally as the most entrepreneurial university.

Results so far

- 10 startups have gone through the MAP accelerator.
- Mentors and advisors involved: from between 40 to 50.
- Raising A$5.1 million in capital.
- The startups have created 60 jobs, which have generated almost A$1 million in revenue in two-and-a-half years.

This is a bit less than what the Startmate accelerator has achieved.

Key strategies MAP employs

- MAP creates a funnel of potential startups through their other programs. This strategy is starting to work. Two startups that had been through this funnel are in the MAP accelerator.
- MAP gets its start-ups ready for investor It introduces them to investors and mentors throughout the program so on completion they're ready to go out and raise money.

  For investors, MAP is curating a list of potential deal flows from startups.

Why go to Silicon Valley?

MAP wants to foster and encourage relationship building between Australia and Silicon Valley due to Australia's smaller market size and population. They believe the best way to do this is by going there, meeting people and establishing relationships. If the startups are well connected to Silicon Valley then future funding raising and accessing business development opportunities in the US are easier.

Rohan Workman, Manager MAP: *I don't think it's that much of a trouble for start-ups in Australia to go and raise up to A$1million in funding. If they've created a great business. I think that any business that does well won't have trouble-attracting funding. Beyond A$1 million, it is a bit harder, and so people do look overseas more often at the same time, if you've got a great business, and you know what you're doing, you should be able to attract funding.*[2]

The relationship-building that MAP engages with is the same strategy used by the Startmate accelerator, with a trip to Silicon Valley an integral part of their accelerator program. If Australia had an M&E accelerator, a similar type of relationship building could occur with other M&E accelerators and with relevant startup ecosystems.

History of MAP

Dr Charlie Day together with Thas Nirmalathas, the Dean of Engineering started MAP to kick start a culture of innovation and entrepreneurship at Melbourne University. MAP was established with A$20,000. The founders soon realised that to increase the culture of entrepreneurship, they needed to have an impact beyond the startups that went through the accelerator program. They needed to engage with a wider group of people who wanted to be entrepreneurs but didn't know how to get to the stage where they could apply for the MAP accelerator. Subsequently MAP created a range of activities to inspire and educate, including:

- Big public events with speakers, designed to inspire people to start businesses.
- Fortnightly master-classes of practical workshops about tax incentives, term sheets, capital raising, legal and accounting and how to take a start-up abroad.
- Feeder programs, designed to get people accelerator-ready. Commencing with a program designed for people who have an idea, but don't know what to do with it.

These activities and programs increase the number of startups applying for MAP and competition for the limited spaces. Since establishment, MAP has grown in the three years it's been running. Initially it attracted 500 people to public events in 2012 and it now attracts more than 2,600 in 2014.

MAP and the future

MAP's future vision is to have two intakes per year of 20 startups each. This would enable it to employ two full-time people working in global engagement roles. The purpose of these roles is to establish relationships in the US, Asia or UK for business development and funding opportunities to provide a network for future startups.

[1] Interview with Rohan Workman, 13 August 2014, via Skype from Melbourne
[2] Interview with Rohan Workman, 13 August 2014, via Skype from Melbourne

APPENDIX 2

STARTUP CASE STUDIES:

1. PORTAL ENTERTAINMENT

2. INCOMING MEDIA

STARTUP CASE STUDY 1

Portal Entertainment, Warner Bros Media Camp alumni 2014
Founder: Julian McCrea

Country of origin of founder and startup: UK

Years in business: 3 ½ years

Product: Facial recognition technology for an iPad, for example to recognize when a person is scared while watching a horror movie so lighting or sound can change accordingly, causing the film to become interactive.

Motivation of founder: Julian says he really likes to win and works really hard.

Employees: 6, Julian is the only full-time employee; others are part time or engaged on a consultancy basis.

Other key individuals: Lead writer, Mike Jones attended Media Camp with Julian. He is an Australian writer based in Sydney. Julian and Mike met on Twitter and conduct their working relationship via digital means. Attending Media Camp together was only the second time they had met in person.

Portal use tablets and mobile devices to tell stories that immerses users in the experience, responding to facial reactions, and incorporating other device features (such as text messaging, phone) to make the user actually feel like the main character. These changes act to intensify the story at different times.

Portal specialises in thrillers and psychological horror. Their research shows that people like to be scared differently, for example in the UK British Gothic is the preferred horror genre. Portal will soon work in other genres with comedy the next genre.

Portal is the first content startup to go through Media Camp to date. This is significant, as it may signal a shift in the type of startups Time Warner is looking towards in the future.

How Portal came into existence

Portal's founder, Julian McCrea has a background in advertising, specialising in digital strategy and user experience, with the BBC as a key client. He worked for BBC Worldwide as a digital strategist for *Doctor Who*, commissioning games, extending brands, and managing direct relationship with the audience via FaceBook. It was from this experience he saw the opportunity for Portal.

> **Julian McCrea:** *I knew we needed to tell stories that the audience took part in. The first thing was to investigate different ways the audience could take part. Secondly, we then focused on genre. If we went too wide we wouldn't have been able to solve the problem.* [1]

"Game-ification" and the engagement this brings is an important element in what Portal has created. Games continue to make lots of money. People play games for hours; people watch a television show for a few hours or less. Games are the embodiment of the active audience, the active participation in entertainment. Portal is increasing audience engagement by game-ifying their content. This is important because it's becoming intrinsic to how we consume content these days.

The technology that Portal uses came out of research. Portal was established from a combination of UK grants (Crave England, Crave Europe, Technology Strategy Board), finance from Angels and Venture Capitalists and two years of sweat equity from the founder and his own capital investment. In total this cost £650,000 (A$1,205,000). The journey to Media Camp took three-and–a-half years:

- Year 1; built the team
- Year 2; raised money
- Year 3; created the first production with the underlying technology

To date, Portal has been a lean startup. Julian has been the only full-time employee, with other team members part-time or engaged on a consultancy basis.

Prior to applying to Media Camp, Portal applied to the BBC Labs accelerator and was not accepted. The fact Portal had received considerable funding from UK innovation grants, would suggest the technology Portal was developing had validity in the UK M&E sector. It is therefore surprising the opportunity to test this new technology via BBC Labs accelerator was not taken. The chance to invest in Portal and exploit its potential seems a missed opportunity for the BBC and UK M&E sector.

This opportunity was certainly not missed by Time Warner which is reaping the benefits of more than US$1 million of research and development they haven't had to pay for.

Why Portal were attractive to Warner Bros

Time Warner is a traditional, conservative institution and has to answer to market forces.

Portal hit a sweet spot for them, a happy middle ground between innovation and familiarity. The innovative use of technology developed by Portal allows Time Warner to exploit their own intellectual property in new ways**.** It was also something that could be sold internally at Warner Bros.

Mike Jones, lead writer at Portal Entertainment said: "We gave them something that felt really innovative, and quite unlike anything they'd ever seen before, but at the same time, was not a huge stretch. It was kind of television, but it certainly had interactive components, but it wasn't a console game. They went: 'Yes, this is not a phone; we're not making something out of experience. We know those audiences yes, we know that.' At the same time, they get the benefits of, 'this is not like anything we've made before'. So that sweet spot's really important for a big institution. If we went in with something really radical, and we had a few radical things up our sleeves, there'd be a pushback." [2]

Portal is a hybrid, a content-creation company that's developed its own platform. Their technology can be licensed and used for other purposes and at the same time their content showcases the technology. This was applicable within the Warner Bros context because Portal knows how to tell an interactive story in this format, using their platform. They know their audience, genre, the form and the legacies of the genre. But they also needed to be able to test the technology further and this is why Media Camp was important for Portal.

Mike Jones, Portal: *We have this technology we need to test at scale, we need to use it another way. So, there were questions there—they were asking, …we've got theatrical release here, and we've got traditional broadcast rights here, and home entertainment here. But we realised there's this whole middle gap of 'other stuff', that we are still yet to wholly quantify. And you're making some of that* *stuff on the platform. So there was that balance, the story proofed the technology, the technology proofed the story in that form, and we had both those hands.*[3]

For Portal and Media Camp, timing was everything. In April 2014, Warner Bros announced a new division: a live-action digital-content production unit[4]. Portal proved a perfect fit for this new division. Multiple commercial deals were done with Warner Bros by the end of week two of Media Camp. Portal has since established a US office, with funding from their commercial deals and other investors.

Julian McCrea, from Portal Entertainment said: "We signed a development deal in two weeks. In that two-week period, we went from having probably the most intense creative meetings I think I've ever had. It was so overwhelming because it happened so quickly; we then got momentum from the other studios. Because they were like: 'Oh, wait a minute, who are those guys?' It's been incredible, but at the same time, things are just moving so quickly. But it's when you get momentum, and I think my philosophy about it at the moment is that you're the hot thing at the moment. That isn't going to last forever, so you crush it and you capitalise on all your opportunities. So that's what we're doing, even if it kills us for the next year-and-a half, two years... Because they'll move on to the next hot thing."[5]

STARTUP CASE STUDY 2

Incoming Media, Warner Bros Media Camp, alumni 2014
Founder, (now Vice President, Business Development): David McKeague. He fired himself and hired a 'proper' Chief Executive.

Country of origin of founder and startup: Australia

Motivation: David say he doesn't do it for a job but because he wants to succeed. He always aims to hire the best people.

New Founder / CEO: Tom S. Adam; Berkeley MIT PHD, previously created three video startups before and received funding from Comcast & Kliner Perkins.

Co-Founder: Max Ott, Sydney based.

Years in business: N/A

Product: Incoming Media is a piece of software that predicts what video you want next. It turns your phone into a personal content remote. The software sees all the content you're interested in, your social networks and what videos you watch. It also knows how you travel during the day, when you're in the car, when walking or running and where you are.

How can Time Warner benefit from this software? In a number of ways but initially by the insights generated by the consumer data.

Previous programs: US$250,000 in a convertible note from the Citrix accelerator, a highly technical enterprise accelerator focused on computers and mobile carriers.

How did Incoming Media come about?
David McKeague is one of a select group of people in the world that successfully spins technology out of labs. He worked with the research centre NICTA (National Information Communications Technology Australia)[6] for 18 months developing Incoming Media's software. It was initially licensed then bought by Incoming Media. He is an electrical engineer, has an MBA and has previously been involved with two technology startups.

David McKeague: *NICTA had some work to do with solving the mobile video delivery problems. So we went back and created a project to solve the problem. As we got into it, we realised this was not a technology for a carrier, but for a media company... So this is what you'd call a pivot. We thought* *we'd be selling something to Telstra, but we're actually selling something to Warner Bros.*[7]

David McKeague's approach to creating a successful startup was to build two teams, Australian and American. He regards this as essential because he believes funding is not available in Australia. Incoming Media has two offices: one at ATPi in Sydney, where the data / engineering team is based and one in the US in Santa Clara at the Citrix accelerator next to Intel, where the American Founder /CEO, along with the business and product team are located.

In Australia companies like The Engine Room, focus on enabling companies to derive insights and revenue from their data. Stephan Gillard, from The Engine Room said: "Everyone is talking about big data now, and the challenge of its abundance, its variety, the volume. So what we do is apply the principles of supercomputing to solve complex questions. Everything has a time or a place, either has a location, or a time around when the event occurred. And what we do is we bring those two together, and then enable people to derive insight and value, lensing through all these disparate data, and then creating context around them."[8]

Incoming Media, funding to date

Seed round: US$1.1 million, Citrix, One Ventures (Australian VC fund), NICTA (Australia)

Series A: US$8 million invested from Intel Capital, Warner Investments and others.

Why Intel is interested: Intel is planning to embed this software in their computer chips for tablets.

Future plans for incoming Media

David McKeague wants to build Incoming Media into a big company and sell it for a huge amount of money. He estimates this will take five to seven years and believes the time to $US1 billion dollars is shortening. It used to be 10 years.

David McKeague believes we have a huge ICT industry in Australia and it's an asset we don't use. Research centres such as NICTA could be a valuable asset for other startups in the Australian M&E sector.

David McKeague: *Basically labs go about it the wrong way – they don't work on problems, the right problem – they can't get the product people around them and get it funded, so they end up with a bit* *of technology. For a startup, there's an order of doing something, you can do it very efficiently.*[9]

NICTA's role is to pursue significant technology-related research with economic potential for the Australian economy. Its research is focused in five research groups: Software Systems, Networks, Machine Learning, Computer Vision and Optimisation. NICTA is often funded by government or industry partnerships, which may include startups or Australian government funds. Funding is mainly assessed on the basis of the potential economic value for Australian industries or communities.

Australian venture capital firm OneVentures, is an early investor in Incoming Media and is focused on investments in emerging Australian technology. It invests in Telecommunications, Information Technology, New Media, Cleantech and Life Sciences sectors. It says it has a genuine desire to support the commercialisation of Australian R&D[10].

OneVentures was established in 2006 by Dr Michelle Deaker, following the successful exit of her high-growth technology company, E Com Industries. Michelle Deaker is on the board of Incoming Media and also a non-executive director of NICTA and Seven West Media.

OneVentures, Blackbird Ventures and Southern Cross Ventures are some of a small number of Australian Venture Capital firms that invest in early-stage startups. Blackbird Ventures and Southern Cross Ventures founders include Silicon Valley investors. Blackbird Ventures managing director, Niki Scevak, is also the founder of Startmate, one of Australia's most successful accelerators.

Michelle Deaker and Niki Scevak are reflective of the size and closeness of the Australian startup ecosystem, where people remain in the ecosystem but move on to take advantage of new opportunities.

[1] Interview with Julian McCrea, 20 August 2014, via Skype from Los Angeles
[2] Interview with Mike Jones, 5 August 2014, in person, Sydney
[3] Interview with Mike Jones, 5 August 2014, in person, Sydney
[4] http://www.timewarner.com/newsroom/press-releases/2014/04/23/sam-register-promoted-to-president-warner-bros-animation-and
http://batman-news.com/2014/04/23/warner-bros-develop-live-action-digital-content/
[5] Interview with Julian McCrea, 20 August 2014, via Skype from Los Angeles
[6] https://www.nicta.com.au
[7] Interview with David McKeague, 14 July 2014, via Skype from Los Angeles
[8] Interview with Stephan Gillard, 23 July 2014, in person, Sydney
[9] Interview with David McKeague, 14 July 2014, via Skype from Los Angeles
[10] http://www.one-ventures.com.au/home