

# BUSINESS



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## Trade deal with India 'a natural' for Canada

Agreement will provide  
great potential to open  
markets, Emerson says

**PRITHI YELAJA**  
STAFF REPORTER

Canada and India have signed a new deal aimed at boosting two-way trade by making it easier and more secure for both countries to invest in each other.

International Trade Minister David Emerson and India's Minister of Industry and Commerce, Kamal Nath, announced their signing of a Foreign Investment Protection and Promotion Agreement at the Indo-Canada Chamber of Commerce's annual gala in Toronto on the weekend.

"India offers just an enormous opportunity that we as a country need to take advantage of. We've got something in the neighbourhood of a million Indo-Canadians in Canada. They're a natural human bridge to that market. And yet we've underperformed our potential for a decade or more," Emerson told *the Toronto Star*.

The move allows Canada to open up other markets and be less dependent on the U.S., he added.

"With 80 per cent of exports going into the U.S. . . we do need to grow other markets and diversify our trade basket."

Trade between India and Canada, which was \$3.6 billion last year — or roughly the same amount as between Canada and Switzerland — has been hindered by a lack of a legal framework that would ensure investments are treated in a transparent way.

Under the reciprocal deal, foreign investments are protected from appropriation and nationalization; profits may be repatriated and investors will have access to international arbitration to settle disputes.

The deal is expected to increase Canada's trade flow with India to \$20 billion a year within five years.

Areas of opportunity for Canadian business include financial services, information technology and infrastructure improvement. However, while Canada gives India priority nation status in terms of trade, the Indians have yet to reciprocate.

Emerson and Nath were the chief guests at the chamber's gala, attended by 1,000 people on Saturday, but were greeted by protestors decrying the outsourcing of jobs from Canada to India.

The protestors were members of the Canadian Telecommunications Employees' Association. They represent about 18,000 Bell Canada workers, some of whose jobs have been outsourced to call centres in India, said Serge Gagnon, the union's vice-president.

## THINKING BIG



CARLOS OSORIO/TORONTO STAR

Xenophile president Thomas Wallner, third from left, shows off the Emmy Award his firm won for its online game of the Canadian show *ReGenesis*. Also pictured, from left: executive producer Keith Clarkson, associate producer Jay Bennett, project manager Ted Biggs and researcher Annie Unnold.

# Interactive with an X

Toronto multimedia company Xenophile's pioneering work on science fiction series *ReGenesis*' interactive website generates international acclaim

**TONY WONG**  
BUSINESS REPORTER

You can see a hint of Emmy gold flashing through the second-floor window above the fruit wholesaler and neighbouring dollar store in bustling Kensington Market in downtown Toronto.

It's not the first place you'd expect to see a newly minted International Emmy Award — but it's a major sign of the success that a tiny Toronto company is having in the global media and entertainment business.

From the fruit stands of Kensington Market, Xenophile founders Thomas Wallner and Patrick Crowe jetted to Cannes in April to pick up the award for their pioneering multimedia work on the television science fiction series *ReGenesis* — which combined interactivity to a degree never before seen in a TV series.

"You can't just expect people to watch a show on Sunday and then come back again next week — the TV universe is too fragmented — you need to bring them into a more immersive world, so they will follow along with you," says Thomas Wallner, 40, co-founder and president of Xenophile.

To people not familiar with the online world — or who think pens

still work great with a quill on the end — this story probably won't speak to you. But it should, because it shows how the narrative of story telling in a multimedia world has changed.

On one level, Xenophile's work is a fascinating social study at the way traditional entertainment media and technology has tried to work in a world of iPods and laptops. On an-

other level it is a compelling business case study of how one tiny Canadian company is making it profitable — something that has eluded many media conglomerates.

Large corporate media have long touted the advantages of convergence, having access to many different media platforms such as radio, print, television and online to promote a brand. But few have made it

## Q&A WITH THOMAS WALLNER

**Q: What were your total sales and profits in the last corporate year?**

**A:** I would say \$2 million with less than \$100,000 profit, which is mainly re-invested in the company. Our main area of business is still experimental in nature since TV networks are slow to invest in the kind of innovative format work we create.

**Q: How much seed capital did you have when you launched your business and how did you get it?**

**A:** We had \$0. We launched Xenophile on our professional reputations, sweat equity and operated at home until we were able to establish an office.

**Q: What's been your biggest**

**success so far?**

**A:** Winning the International Emmy Award in Cannes for the *ReGenesis* Extended Reality Game, which led to new clients such as Disney and BBC.

**Q: What are the biggest challenges facing your business?**

**A:** I would say that life on the cutting edge is tough. Being ahead of the curve is cool, but you are constantly making forays into uncharted territories with partners, such as broadcasters who are traditionally conservative. Xenophile has done a good job in getting our partners to agree to some formidable risks, which have fortunately translated into critically acclaimed work.

work as well.

"Traditional broadcasting is an endangered species, and broadcasters are faced with this really complicated universe where they can see that we are hitting a really critical point as the different media worlds meet," Wallner says.

Xenophile's break came when producers of Toronto's Shaftesbury Films approached him several years ago with a written pilot for *ReGenesis*, about a team of scientists who investigate disasters in biotechnology. The series has aired on Global TV and The Movie Network.

"We thought it was a tremendous idea. They originally wanted a website to support the series, but we thought we could go a lot further."

Wallner's team created a total parallel online world to support the series. Their work in the first season won a 2006 Gemini Award for best cross-platform product.

Wallner got more ambitious with season two, shooting two hours of exclusive video footage with the actors, creating nine separate websites and blurring reality and fiction by hosting live events and podcasts to draw viewers further into the science fiction world of *ReGenesis*. About \$1 million was spent on creating an online world for both seasons.

XENOPHILE continued on B4



In this new Labatt commercial, a customer lets his case of discounted beer fall off the rollers when he sees the new price for an 18-pack of Blue.

## Labatt rolls out attack ads

**DANA FLAVELLE**  
BUSINESS REPORTER

When Canada's largest premium brewer bought its biggest rival in the discount segment, beer writer Stephen Beaumont predicted the buyer would try to get price-sensitive beer drinkers to "trade up."

So, it didn't surprise him when Labatt Breweries of Canada Ltd. began running a new television ad campaign this spring urging consumers to switch from "the okay stuff" to "the good stuff."

The campaign, which began rolling just months after Labatt bought Lakeport Breweries of Canada, kicked off a summer long promotion for Labatt Blue.

Positioned as a "premium" brand, Labatt normally charges \$36 for a case of 24 bottles of Blue, or \$1.50 a bottle, plus deposit.

The new summer package features 18 bottles of Blue for just \$20.95, or about \$1.17 a bottle, plus deposit.

That sounds like a pretty good

deal until you consider that Lakeport charges just \$24 for 24 bottles, or \$1 a bottle, plus deposit for its most popular sellers.

Labatt Breweries say the promotion, a first in Ontario, is just one of many competitive offerings it will put out this summer.

But the ad campaign behind the deal delivers a message some industry watchers say could be a sign of things to come.

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