



Digital R&D Fund for the Arts: Evaluation

Executive Summary

The Digital R&D Fund for the Arts, England, was a £7 million funding programme supporting collaboration between arts and cultural organisations, technology providers, and academic researchers. The Fund operated as a large-scale demonstrator to explore how targeted investment impacts on collaboration, innovation, development and growth for the arts and cultural sector.

It was a partnership between Arts Council England (ACE), the Arts and Humanities Research Council (AHRC), and Nesta. The Fund was established in 2012, after a year-long pilot in 2011.

The purpose of the Digital R&D Fund was:

To enable use of digital technologies in the arts sector to engage audiences with art in new ways and/or to create opportunities for new business models for arts organisations.”

Funding was awarded to 52 collaborative projects across England to generate and share knowledge and insights on how the arts and cultural sector can innovate using digital technologies. Funds were distributed over five rounds, with all activity completed by November 2015.

What did the Digital R&D Fund deliver?

The Fund, overall, delivered significant positive impact for participating arts and cultural organisations. It was especially impactful in testing and developing approaches which extended the reach and enhanced the quality of audience development. This included real progress in exploring how digital can improve access to art and culture, how audiences can play a more active role in the co-creation of experiences, and in the development of new engagement tools. In doing so, it also:

- Opened up a sector-wide conversation - particularly for the funding partners and larger arts organisations - on the role of R&D in the arts, and on risk, collaboration and innovation. Through a process of 'learning through doing', the Fund introduced an open, collaborative and sometimes audience-driven approach to organisational, content and product development.
- Stimulated many new three-way collaborations. This enabled new ways of working which facilitated richer, more diverse, interactive and personalised relationships with audiences. For example, the Fund enabled some innovations in reach and access for disabled and other 'hard to reach' audiences.
- Supported the development of different research methodologies. It brokered the real-world and live application of academic work with the arts and technology sectors. This in turn, influenced the approaches of academics to collaborative problem-solving, as well as their understanding of the benefits and challenges of cross-sector working. This has generated new knowledge and some transferable practices in areas such as big data collection and increasing accessibility for audiences.

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- Helped accelerate the development of commercial activities which otherwise would not have happened - bringing some projects to a position where scale-up/next-stage investment is possible. However, compared to its role in reaching and engaging audiences, the Fund was not as impactful on transforming existing or developing new business models. It tended to enhance existing approaches and, to some degree, to improve confidence and know-how on how to monetise existing assets/content. These are issues of amplification rather than disruption. It is though, too early to assess longer-term impact.

Demonstrating the challenges

Broadly, the Fund was less impactful on introducing new business models or increasing revenue than it was in audience development. This is itself an outcome of a process which prioritised the quality and depth of audience relationships above the commercialisation of that relationship. The core challenge here for arts and cultural organisations is to identify practical ways to balance their traditional core business of generating great content and experiences which reach priority audiences, with an approach that seeks to couple this with commercial outcomes to ensure sustainability and growth.

The Digital R&D Fund also demonstrated some clear challenges – of collaboration, of nurturing innovation, and of embedding R&D in the arts. It:

- Highlighted skills and capacity deficits and the challenge of maximising the potential of technological and cultural change. In doing so it enhanced understanding of the differing strategic priorities of arts and cultural organisations.
- Provided evidence on the challenge of balancing cultural and commercial value and of the role of R&D in this process. Certainly most funded arts organisations said the R&D work undertaken would not have been possible without the Fund – it is not something they could have self-financed, other public funding sources are not available and commercial investors have yet to show an interest in collaborative digital R&D in the arts.

Signalling opportunities

The Fund had a very significant impact on the 52 funded arts organisations and incentivised a programme of collaboration that lifted capacity, improved confidence, and enabled the pursuit of activities and tools which would not have been possible in ‘normal business’. The Fund affirmed the importance of R&D for the arts; and the role of the arts for the wider creative and knowledge economy. It highlighted ways to embed innovation and develop new and better ways of reaching and engaging audiences.

By doing so, it enriched the knowledge base of the funders and raises some vital questions for policymakers. For example:

- How to incentivise radical and sustainable change in business models across the arts and where might this innovation come from? The Fund stimulated organisations to take some solid first steps on this journey, but it is unclear whether or how they could be supported to travel faster to explore new business models rather than focusing on improving their existing ones.
- How to marry audience development outcomes with commercial outcomes? The Fund was most impactful for organisations seeking to enrich, enhance and extend the reach and quality of their audience engagement. However, with reduced public investment set to continue and with arts organisations across the country nurturing as yet under-leveraged assets, arts organisations will come under pressure to marry their cultural and their commercial agendas much more cohesively than currently.
- How to expand and diversify collaborative digital R&D activities across the arts in ways that generate value to the wider society and economy? The Fund raised awareness of the value that can be generated when arts organisations embark on R&D activities in a focused manner. It also increased awareness of the merits of risk-taking and of the opportunity to learn from failure; and of how risk-taking arts organisations can enhance

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the creative process for technology businesses. Yet without dedicated investment, incentivised collaboration and a co-ordinated programme such as that delivered by the Fund, R&D might not come so easily and risk may not be so readily embraced.

- How to convert increased awareness to increased practice in digital R&D activities and how to blend academic research with ‘just in time’ knowledge needs of organisations and businesses? The Fund developed a rich portfolio of case studies, some of which will flourish into the future. It made some progress in advancing knowledge and sharing learning. Yet it fell short of changing practice across funded organisations and into wider networks across the arts, technology and research sectors.
- How to build an accessible and practical knowledge base from the methodological approaches undertaken by academic and research partners? This is still very much an emergent body of work which, with effective dissemination and explanation, could open up new ways of working for different academic disciplines – e.g. in terms of how they work with arts organisations and technology partners; or more broadly in the ways they co-create briefs and generate knowledge collaboratively. In addition, published materials from the Fund will be of value in shaping future R&D activities and investment programmes.
- How to pick scalable propositions for next stage investment? The Fund operated as proof of concept for multiple potentially investable propositions. It assisted in developing activities, products and services that offer undoubted artistic value plus significant commercial potential. A number of projects show potential for development and growth which could be significant for the arts organisations concerned. If the Fund had actively sought more focused commercial propositions at an earlier stage in the collaboration process, it might have generated more ‘deal flow’ and demonstrated how R&D in the arts can lead to new scalable business models.

These questions are critical for future investment considerations in the arts. *The Culture White Paper* published by the DCMS in March 2016, signalled that the capacity of the arts to reach out, connect and make a difference to people’s lives, has become a core policy agenda.

The Digital R&D Fund changed the terms of engagement and shifted the ‘arts funding’ conversation to one that does not seek to decouple excellence and growth, or inclusion and commercialisation. The challenge going forward for funders and funded alike is to nurture a landscape that encourages collaboration, risk-taking and R&D, internally within the arts and cultural sector, and crossing over to other disciplines. With the pace of technological change accelerating, the role of the arts in contributing to innovation, growth and competitiveness, while also delivering social and cultural value, is in the spotlight.

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