



Networked Content Development Grant

SKMM is known to the industry and citizens as the regulator. What many don't know is that SKMM is also nurturing and developing a key industry. Roslan Mohamad has the story.

Digital content is an important industry for Malaysia in its drive to develop a knowledge-based economy. The importance of the digital content industry can be viewed in two aspects. Due to its digital form, content can be easily transferred, shared and leveraged widely around a globe that is connected through its worldwide digital network and new media channels. It is also important due to its ability to generate new economic activities and opportunities.

The market size of this industry is expected to grow to USD600 billion in 2009. Digital content include among others broadcast content, mobile content, online content and advertising content. It can be in the form of animation, games, training and education module, documentary, films, music, video, entertainment, simulation etc.

In the ICT Chapter of the 9th Malaysian Plan, the Government clearly indicated that digital content development is one of the new sources of growth for the ICT industry in accordance with the emphasis on broadband

ICT infrastructural deployment. It also emphasized the urgent need to produce “Malaysian content” for Malaysia and the world, and for Malaysia to be positioned as a hub for content creation, production, broadcasting and outsourcing activities.

The MyICMS 886 strategy, which is the blueprint for the communications and multimedia industry, has identified content development as one of the growth areas in the next 5 years.

The expected results from the MyICMS 886 strategy are, among others:

- ▶ Adequate local content, reflecting the culture and values of the nation are digitally available and accessible for the various application requirements; and
- ▶ Content will be a sizeable export revenue contribution for Malaysia.

All the strategies stated above were derived from the National Policy Objectives as outlined in the Communications and Multimedia Act (CMA) 1998 whereby the Malaysian Communications and Multimedia Commission (SKMM) was tasked to work towards :-

- ▶ establishing Malaysia as a major global centre and hub for communications and multimedia information and content services;
- ▶ growing and nurturing local information resources and cultural representation that facilitates the national identity and global diversity;
- ▶ promoting the development of capabilities and skills within Malaysia’s convergence industries.

DEFINITION OF NETWORKED CONTENT

There are many terms used in the industry to describe content such as creative content, digital content, multimedia content, networked content, broadcast content, printed content etc. All are applicable and valid since the terminologies used are derived from the production, transmission, technology and medium of distribution aspects. For example creative contents are contents that are created by focussing on creativity and innovation through manipulation of technology and software. Examples include animation and feature films leveraging on CGI (Computer-Generated Imagery). Factual content on the other hand are created by focussing on facts, information and figures such as documentary, news and sports.

It is SKMM’s duty, as regulator and developer of the communication and multimedia industry, to ascertain the boundary and domain of content it regulates and develops. The appropriate way

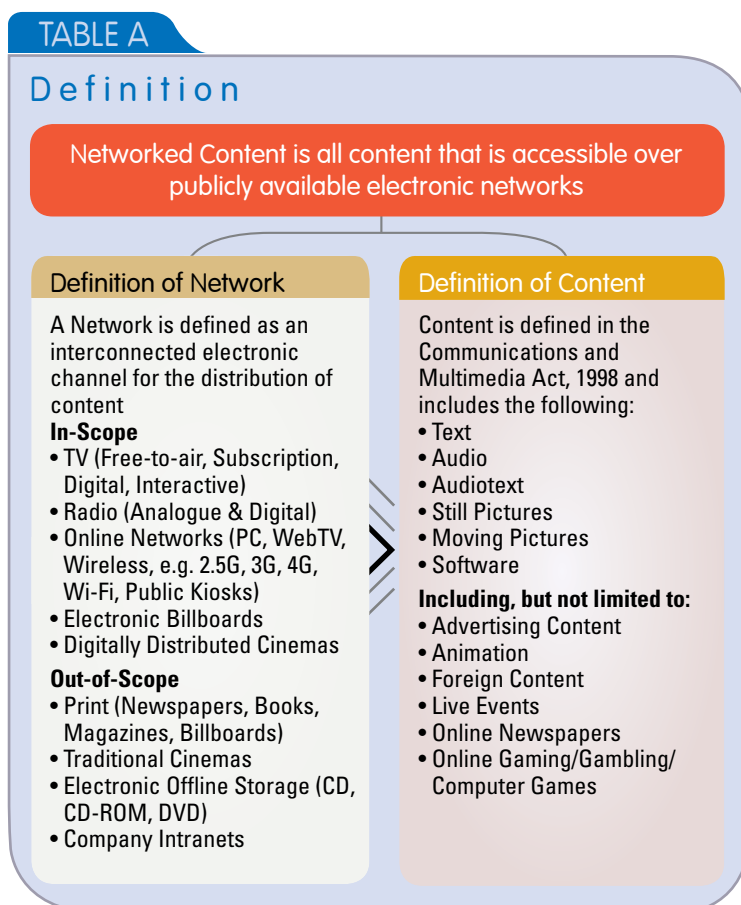
to do this is to refer to the definition of content in the CMA which is the only Act that defines content.

Content is defined in Section 6 of the CMA as “any sound, text, still picture, moving picture or other audio-visual representation, tactile representation or any combination of the preceding which is capable of being created, manipulated, stored, retrieved or communicated electronically.”

From this definition, the term networked content was introduced during the first strategic study on content industry in Malaysia in 2003 in which networked content is “all text, audio, audio-text, still pictures, moving pictures and software that is accessible over publicly accessible electronic networks which includes broadcasting (TV and radio), moving pictures (excluding cinema distribution and VCD/DVD sales), online content, mobile/wireless data services (3G, Mobile TV etc), interactive digital TV and other content which can be created, manipulated, stored, retrieved and communicated through the use of a network facilities and services. Please refer to **Table A** for details.

The advancements in new communications and multimedia technology and digitisation have created an interconnected or a networked society. With this advancement, networked content will be easily distributed across many different platforms, across all borders, quickly and seamlessly.

Thus, opportunities in the networked content industry will be huge as time goes by but the same can also be said of the challenges for a country to protect and nurture their



culture, values and identity in the midst of this highly networked world.

The easy access climate works both ways and could have the effect of turning Malaysian into mere 'consumers', absorbing negative ideas and values which could undermine our national identity and economic well being.

Accordingly, to tackle the above issue comprehensively, a two-pronged approach i.e. content regulation and developmental strategies must be undertaken. The SKMM has put in place the regulations on content but the need for the developmental strategy is now more prevalent in line with our effort to provide broadband infrastructure throughout Malaysia.

SKMM ROLE IN NETWORKED CONTENT DEVELOPMENT

SKMM has always been cognisant of the importance of the development of the networked content industry in Malaysia and based upon this realisation, it appointed AT Kearney to conduct a strategic study in year 2003 which in a nutshell encompassed the following:

- ▶ to review the current state of the networked content industry in Malaysia and the existing framework (i.e. institutional, policy and regulatory) of the said industry; and

- ▶ to recommend and develop a forward looking strategic plan for the future development of the networked content industry in Malaysia taking into account the advent of convergence.

The consultancy found four main factors which are hindering the growth of the networked content industry in Malaysia. These are:

- ▶ the lack of funds available for content creators;
- ▶ ineffective regulations and enforcement;
- ▶ lack of access/coverage for content distributions and
- ▶ lack of sufficient skill and creative manpower resources.

Recognising the intent of the National Policy Objectives, the 9th Malaysian Plan and MyICMS 886, the SKMM recognised the need to take a leadership role in providing much needed assistance in the development of networked content in Malaysia.

Over the past 10 years or so, the SKMM has focused on driving and guiding development and deployment of Malaysia's information and communications highways which among others include the Cabinet Committee on Broadband, MyICMS 886 Strategy, 3G, Digital Terrestrial TV Broadcasting, WiMAX, satellite and others facilitating guidelines and regulations.



The Mobile Content Challenge launch 2007



1. Mobile Content Challenge promotion booth
2. Meeting with Universiti Malaysia Sabah



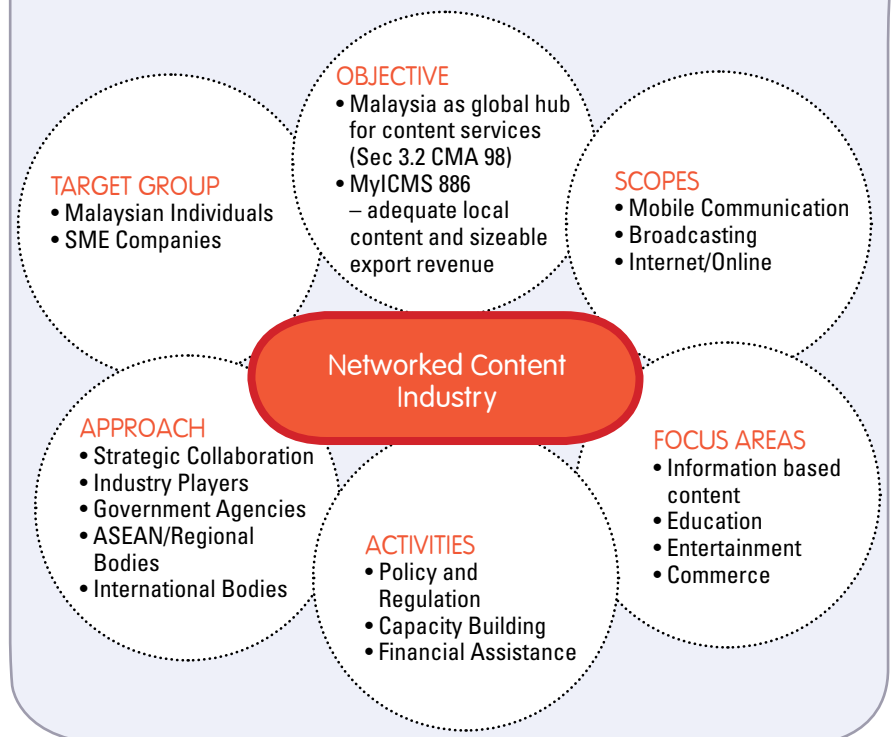
Now that these plans of deploying info-highways and infrastructure are in place (these efforts address the lack of access/coverage for content distribution), SKMM has expanded its focus on facilitating the development of networked content by addressing the other three challenging areas specified in the strategic study. These activities are tasked to a newly-created department focusing on content industry development. The department has developed a framework for the networked content industry development as per **Table B**.

The department has also developed a three-year plan for the development of the networked content industry. There are three phases of development as envisaged by the SKMM namely:

- ▶ Phase 1 - Creating Excitement in the industry
- ▶ Phase 2 - Creating Value for the industry
- ▶ Phase 3 - Creating Image of the industry

TABLE B

Framework



The Networked Content Development Grant Factsheet

Focus areas of the NCDG

Focus areas of the NCDG are Mobile content (for 2.5G, 3G and beyond) and TV content. The types of content are:

- a. Information based content – content created based on information such as tourist attraction locations, nearest hotels with ratings and prices etc.
- c. Entertainment – content created for entertainment such as multiplayer gaming, folklore music and jokes, funny video clips etc.
- d. E-commerce – transactional based content such as mshopping, interactive advertising etc.
- e. Education – content utilised for educational purpose such as quick notes and formulas; interactive education content etc.

Eligibility

- a. Applicants must be a Malaysian individual or registered business or small and medium company as defined by SMIDEC.
- b. Applicants have yet to be given grants or subsidies from other content development funds.
- c. Applicants are not blacklisted or have records of failure in their past project implementation upon receiving similar types of grants from other government agencies.
- d. Applicant's proposal is in line with objectives and focus areas of NCDG.

Fund Size

- a. The amount of funding will be up to a maximum of 70% of the total project cost.
- b. The procurement of infrastructure (consisting of hardware and software) is allowed up to 20% of the approved grants.
- c. Only one grant per applicant (the applicant can apply for subsequent grants but not more than three times based on the successful commercialization of the first project funded by the grant).

Assessment of application

1. Concept
 - a. creative and appealing
 - b. unique value proposition
 - c. demonstrate export potential/universality

2. Business potential, the ability to be exploited through
 - a. different platforms/channels
 - b. market size
 - c. marketing strategies
 - d. potential revenues
 - e. subscribers
3. Operational capacity of the applicants
 - a. key manpower experiences
 - b. technical and technology knowledge
 - c. strategic collaborations with any third party
 - d. financial commitments and investments

What we need from you

Eligible applicants will be invited to submit project proposals to SKMM for consideration. Companies are to submit duly completed application forms, together with the following:

Concept

- a. Full description of the content's concept and its unique value proposition; and
- b. The focus areas that the content grant wishes to address i.e. education, information-based or e-commerce.

Business Potential

- a. Business model, target market;
- b. Potential revenue and number of subscribers;
- c. Anticipated market sizes;
- d. Cost breakdown i.e. manpower, hardware, software, IP licensing fee, training etc; and
- e. International collaborations if any.

Operational Capacity

- a. Track record (if any), experience and profiles of key manpower;
- b. Project timelines i.e. trial, launch etc;
- c. Technology and technical arrangements/agreements (if any);
- d. Strategic collaborations with the third parties (if any); and
- e. Financial commitments and investments

Disbursement of Fund

- a. 30% of the grant to be disbursed upon approval.

- b. 70% drawn down in phases based on delivery and milestones as agreed by both parties.
- c. Funding period will not exceed 12 months. An extension will be considered on a case-by-case basis upon approval.
- d. Effective funding period will commence from first drawdown to last drawdown within a calendar period based on proposed milestones.

Project Monitoring and Reporting

- a. Monthly progress reports are to be submitted to SKMM.
- b. Monthly meetings with SKMM to evaluate progress in terms of timeliness and quality.
- c. Site visit for auditing purposes.

Intellectual Property

- a. If more than one party is involved in the project, a binding letter of understanding between project partners setting out existing and proposed ownership, disposition of intellectual property rights associated with the project, and exploitation of the project result must be submitted to SKMM before funds are disbursed.
- b. The IP shall be owned by the content developers with SKMM being recognized as a partner in the development of the content and would be allowed to use the content for other purposes except for commercial use.

Other Terms and Conditions

- a. Successful applicants shall enter into a contract with SKMM upon approval.
- b. SKMM shall be acknowledged in the credits upon successful distribution/commercialization of the product.
- c. SKMM shall seek full reimbursement of funds disbursed in the event of the incompleteness of the project or termination due to contravention of terms or failure to meet milestones satisfactorily.
 - i. The full amount is to be repaid based on zero interest rate.
 - ii. Repayment period is to be determined on an agreed term by both parties prior to disbursement.

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TABLE C

Phases

2007	2008	2009	2010
<p>excitement</p> <ul style="list-style-type: none"> • Framing the local content definition and enforcement • Availability of quality information • About the industry • Introduction of demand creation policy • Establishment of NCDF • Strategic Collaboration initiatives with industry players • Conduct hands on capacity building workshops • Well developed focused capabilities, for example in: <ul style="list-style-type: none"> - Information Documentaries - Education - Entertainment Animation - Commerce 	<p>value</p> <ul style="list-style-type: none"> • Enforcement of the demand creation policy • Continuous monitoring and review projects and its mechanic • Inter regional capacity building initiatives • Increase NCDF allocations • Intensified Strategic Collaboration initiatives with industry players including international players • Host ASEAN or regional contents exhibition expo seminars • Showcase Malaysian content overseas • Ensuring rapid deployment of new contents distribution channels i.e. DTTB, WiMAX, 3G & Broadband 	<p>image</p> <ul style="list-style-type: none"> • Review and introduce new demand creation policy • Continuous monitoring and review projects and its mechanic • International capacity building initiatives by exporting our expertise to other countries • Review NCDF and introduce new mechanism • Host international contents exhibition expo seminars • Showcase Malaysian content overseas • Establish strong support • System for Malaysians to venture overseas market 	

The details of the three phases with specific activities are as per **Table C**.

CONCLUSION

The SKMM is committed in fulfilling its obligations as per the National Policy Objectives of the CMA and the Government’s strategic plans in the 9th Malaysian Plan and MyICMS 886 to develop digital content as a new source of economic growth for the communications and multimedia industry in Malaysia. This commitment can be clearly observed when the YB Minister of Energy, Water and Communications announced the establishment of a RM20 million Networked Content Development Grant in July 2007 (see accompanying column).

SKMM in its plan to create excitement in the industry had conducted a nationwide Seminar on Opportunities in Networked Content Industry with all relevant and related parties. The objectives of this seminar are to create awareness about the potential and opportunities offered by the networked content industry and also to provide detailed information of the financial incentives offered by the Ministry of Science Technology and Innovation (MOSTI), SKMM, Malaysia Debt Ventures (MDV), Multimedia Development Corporation (MDeC) and National Film Development Corp (FINAS). The seminar attracted more than 1,500 participants from five different regions.

In its efforts to create pools of talented content developers that will address the lack of sufficient local skill and capacity, SKMM has worked with industry players such as Maxis and ASTRO in organising content competitions such as Mobile Content Challenge 2007 and NextGen Contrepreneur Award. These competitions focus on students of Institutes of Higher Learning who are the next generation of content developers.

SKMM has also made recommendations to the Ministry of Energy, Water and Communications on the urgent requirements by the industry to have a clear definition of “Malaysian Content” and the draft of what characterises Malaysian Content for the purpose of development and regulatory has been drafted.

SKMM is also involved in the market access program with MDeC and FINAS to assist local Malaysian content developers in promoting their creations overseas by offering them assistance in the form of space in major international content event for free.

The future of digital networked content industry in Malaysia is at an important and exciting juncture at this point in time and SKMM hopes all related and relevant parties realise its important roles and strategic contribution to the nation building. [smy](http://www.smy.gov.my)

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