

Networked Content Development Grant



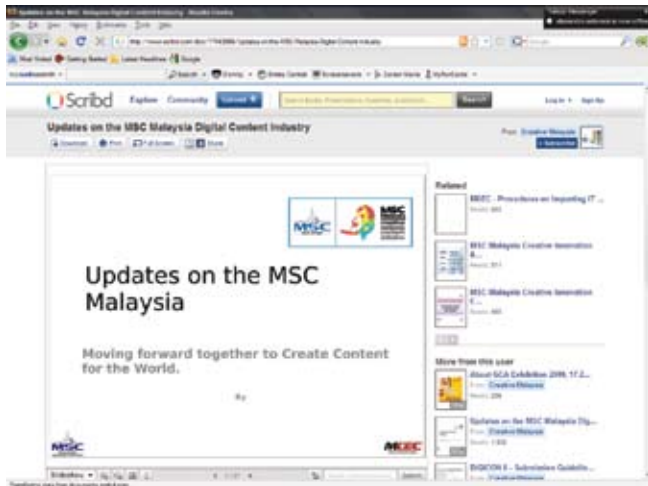
NCDG: Spurring the Malaysian Creative Industry

Since its inception in 2007, SKMM's Networked Content Development Grant gains momentum to push the industry to greater heights. Roslan Mohamad shares some success stories.

There is a growing awareness that digital content plays an important role in our aim to build a sustainable knowledge-based economy. After a five-year slump, the industry is steadily making a comeback. The revival of the content industry can be directly attributed to the measures taken by the Government to spur the development of the local content industry.

Much of the efforts have focused on providing funding and start-up supports to creative entrepreneurs. A multi agency effort is in place with grants and funding programmes run by Government related agencies such as SKMM, MDeC, FINAS, Cradle and so on.

SKMM promotes its creative content development activities through the Networked Content Development Grant (NCDG). According to a report from the Multimedia



Development Corporation (MDeC), by 2010 the digital content industry is poised to reap RM1.14 billion and that roughly translates to about USD326 million. Content export alone will be worth RM660 million (USD188 million). This digital content includes among others broadcast content, mobile content, online content and advertising content. Digital content can be in the form of animation, games, training and education module, documentary, film, music video, entertainment, simulation etc (source: <http://www.scribd.com/doc/17463966/Updates-on-the-MSM-Malaysia-Digital-Content-Industry>).

The report also stated that we should expect 13,100 jobs to be created from the healthy growth of the industry. This projection falls nicely into the Government's plans as outlined in the ICT Chapter of the 9th Malaysian Plan and the MyICMS 886 strategy.

In the ICT Chapter of the 9th Malaysian Plan, the Government emphasised 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, the blueprint for the communications and multimedia industry, has identified content development as one of the growth areas in the next five years.

The expected results from the MyICMS 886 strategy are, among others to have adequate local content, reflecting the culture and values of the nation digitally available and accessible for the various application requirements. It also expects that content will be a sizeable export revenue contribution for Malaysia.

Indicating the industry's importance, in the Malaysian Budget for 2010, the Prime Minister Datuk Seri Najib Tun Razak announced that the Government was going to allocate RM200 million to establish a Creative Industry Fund for the development of local content.

The Creative Industry Fund is going to be a comprehensive policy, including a RM3 million welfare fund for artistes and actors. These incentives are not limited to performing arts and music, but include design, animation, advertisement

and content development. On a separate occasion, the Prime Minister also said that the target set for a number of multimedia content companies operating in MSC Malaysia would be revisited at the forthcoming International Advisory Panel (IAP) meeting to accelerate the industry further.

NCDG

As one of the initiatives to realise the content development agenda envisaged by the National Policy Objectives of the Communications and Multimedia Act (CMA) 1998, the 9th Malaysian Plan, and MyICMS 886, the Networked Content Development Grant was established in 2007 with an initial allocation of RM20 million.

The term "networked content" for the purpose of the NCDG is "all text, audio, audio-text, still pictures, moving pictures and software that is accessible over publicly accessible electronic networks which includes broadcasting (TV), moving pictures (exclude cinema distribution and VCD/DVD sales), online content, mobile/wireless data services (3G, Mobile TV etc) and interactive digital TV and other content which can be created, manipulated, stored, retrieved and communicated through the use of a network facilities and services".

For the purpose of the NCDG, the focus areas for development are Mobile Content (for 2.5G and 3G) and TV Content. The types of content that are being considered for funding are:

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

In 2009, the size of the scheme was increased to RM50 million to introduce a new programme called NCDG Campus Scheme.

Under the NCDG Campus Scheme, 10 public and 10 private higher institutes of learning (IHL) are selected to be nurtured for creative talents. Each IHL will be given an annual grant of RM150,000 to fund content development projects undertaken by students. The aim is to reduce the skills gap among fresh graduates by allowing students to acquire more resources to produce better content when doing their academic projects.

Challenges faced

Traditionally, the creative industry is seen as high-risk due to uncertain returns-on-investments. Hence, procuring funding is difficult and is one of the biggest challenges faced by entrepreneurs venturing into this area.

In conventional financial practice, funding normally requires collaterals or properties to insulate the lender from losses. Most content developers only have their creativity and skills to produce a content which can be registered as an intellectual property (IP). Unfortunately, conventional banking principles do not recognise creativity, talents and even IP as convincing collaterals. Hence, getting a commercial funding assistance from conventional banks is almost like a 'mission impossible'.

Under these difficult circumstances, Government grants like the NCDG and venture capital investments become the lifelines for the local content industry.

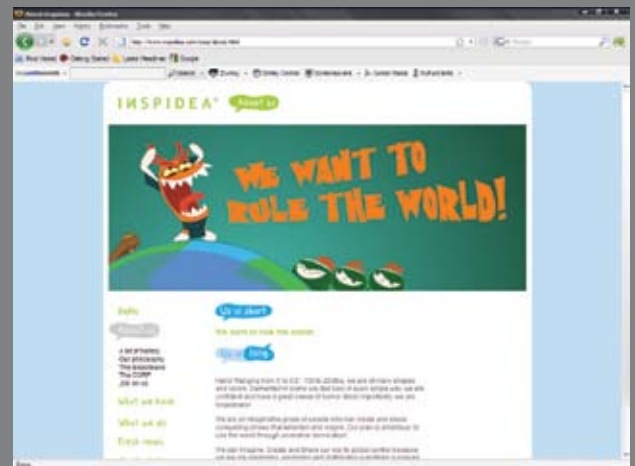
Insufficient funding and capital also impairs the ability of local players to expand their market scale in order to yield good returns from their content. In many cases, an adequate return on investment may only be realised if the content finds buyers in multiple markets. Established global contents are considerably cheaper than local content because their market scale is already sufficient to generate lucrative returns. The market scale affects the acquisition costs in the local scene which becomes another challenge to the local players.

The cost of buying local content is generally ten times higher than foreign content. For example, a local TV station may acquire a half-hour episode of a popular cartoon like Doraemon or Crayon Sin Chan for around USD1,000 (RM3,700), while the asking price for an episode of a new local animation series may be as high as RM40,000. The real issue here is market scale without which local animation companies have no choice but to ask for a high price from local broadcasters in order to sustain their operation. By expanding the market scale, local animators would have more avenues to gain revenue which then may lead to the production of more local content.

However, getting into the global buyer circuit costs a considerable amount of money to carry out promotions and advertising which many new content developers might not have. Without a proper marketing strategy and sufficient funding, it would be difficult to penetrate and promote our local content to other potential markets.

Success stories

To date, the NCDG has eight approved projects. Through this grant as well as the marketing and business support that the Government agencies provide, these grantees should be able to achieve global success. Among them are Inspidea Sdn Bhd, Firdaus Maju Sdn Bhd, Murasu Systems Sdn Bhd, Just Mobile, Billadam and Trinity Wizard.



Inspidea Sdn Bhd

They are the producers and creators of an animated series known as Mustang Mama Die Hard Sports Fan. The series is currently distributed locally and in Japan, Russia, Canada and Italy. During the Olympics, Yahoo bought the licensing rights to showcase Mustang Mama on their online portal.

Firdaus Maju Sdn Bhd

This company produced a six-episode documentary called Alexander Bukan Zulkarnain. Firdaus Maju was successful in getting Astro Oasis to broadcast the content in January 2009 and more recently Celcom offered short clips of the series on its 3G services. In addition to that, they came up with a book on the same subject.

Murasu Systems Sdn Bhd

Mobile applications creator, Murasu Systems has developed an application for Jawi messaging called Mobile Jawi. This is a Java application that allows users to compose text in Jawi and send it to their friends. It is currently available on Maxis, DiGi and Celcom. They also have a version for the iPhone. This company is also working with another company to introduce the application in different languages.

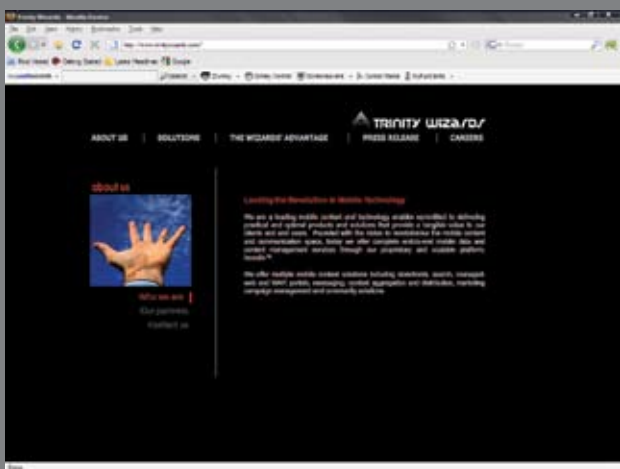
Just Mobile

Another mobile related content developer, Just Mobile produces mobile games. Subscribers can upload their scores on TV while playing. The company is working with Media Prima and has launched the UPlayUWin game on local channel, 8TV.



Billadam

Billadam gets the grant to develop animated mobile greeting cards. Billadam launched MobiGreets in three different languages with customisation features. These animated greeting cards are available from local telcos. They also have P. Ramlee On Mobile video greeting cards which are based on classic P. Ramlee comedies. P Ramlee is a legendary local actor.



Trinity Wizard

This company introduced its version of Mobile Pets (Mopetz) where users can feed, take care and interact virtually with the pets. Trinity Wizards launched this service with Maxis. Thus far they have five Mopetz characters available for adoption with more being planned. The company has also seen interest from foreign telcos and it is in discussions with service providers in Thailand and Indonesia to bring Mopetz there. Trinity Wizards was named Malaysia's Best Mobility Content & Applications Company at the inOvation Malaysia Awards handed out recently at the Mobile World Star Awards & Gala Dinner 2009 organised in conjunction with GoMobile 2009.

Current efforts

Apart from seeding creative companies and individuals, SKMM, FINAS and MDeC also jointly sponsor pavilions at international content trade fairs such as in Cannes, Middle East, Hong Kong and so on, allowing those with ready-to-market content to be highlighted to potential global buyers. These market access plans carried out by SKMM, FINAS and MDeC are vital for our local creative industry because the Government absorbs most of the cost to provide the exhibition space and even offer subsidies on the marketing costs.

Interested parties only need to liaise with the agencies to confirm attendance and foot the bill for flight and accommodation. There are a lot of advantages to binding local content providers together. Aside from keeping overheads low, Malaysia can be well-represented under one SKMM-FINAS-MDeC pavilion which will make a bigger impact than a single exhibitor fighting to be seen in a crowded marketplace. To date they have participated in exhibitions held in 3GSM World Congress (Barcelona), HK Filmart, Locations Trade Show (LA), MIPTV, Mobile Entertainment Forum (UK), SICAF, Seoul Character Fair, MIPCOM, BIFFCOM (Busan), Thailand Entertainment Expo, TIFFCOM, Character Dubai and ATF.

The Government is also committed to providing infrastructure, expertise and encouragement for content developers to get access to opportunities. There are also tax incentives for the private sector involved in the creative industry. [my](#)



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