

## Animation Outsourcing to India ? Does it make sense?

India's animation sector is witnessing a major boom. Overseas entertainment giants like Walt Disney, IMAX and Sony are increasingly outsourcing cartoon characters and special effects to India. Other companies are outsourcing animation from India for commercials and computer games.

If art and technology could merge to create a business venture, the animation industry would fit the description nicely. With India's emergence as a global outsourcing leader in the late 1990s, initial efforts were made to create a vibrant animation outsourcing industry.

There was intense interest from Hollywood and elsewhere to use the unbeatable combination of the country's artistic talent and low production costs.

Though the animation industry has often been clubbed under the technology sector, entrepreneurs say the business is 70 per cent art and only 30 per cent technology.

This is probably one of the reasons why big corporate houses failed to make a mark and small enterprises driven by the passion of art-loving entrepreneurs were able to win some notable deals.

India's animation industry has triggered a flurry of investments and new companies, with the news that companies from the country have provided vital inputs to blockbusters such as Spiderman and Star Wars. The dream of Hollywood from the comfort of a desktop, many thought.

Estimates by the National Association of Software and Services Companies (Nasscom) showed that the Indian animation industry was set to grow from \$354 million in 2006 to \$869 million by 2010.

India has become an outsourcing hub for animation films because:

- **India has a vast base of English speaking workforce:** Animation, which requires familiarity with the English language, benefits when the work is outsourced to India. A number of animation companies in the country are also creating skilled manpower for the animation market through various training programmes.
- **Presence of good studios:** India has the second largest entertainment industry in the world, after Hollywood. Animation studios in the country provide a large supply of low-cost, high-quality software engineers. A number of Indian animation companies have set up hi-tech studios (equipped with state-of-the-art hardware and software) to execute overseas projects.
- **Low cost of animation services:** The main reason why foreign entertainment firms are flocking to India is the cost advantage the country offers. For instance, in the US, animators can cost about \$125 an hour; in India, they cost \$25 an hour. Toonz Animation offers animation at 25 per cent to 40 per cent lower rates than other Asian studios and much lower than those of American studios.

In this situation, India's advantage of low production costs could be a boon to the domestic animation industry," said Margaret Dean, Sony Pictures' head of family entertainment group and a consultant to various animation studios in the US, during a recent India visit.

Nasscom estimates the animation sector grew at a rate of over 20 per cent last year. "Demand for animation production services from India is growing with the emergence of an organised animation production sector, with state-of -the-art of work required for international TV program production, at substantially lower costs," a Nasscom report said.