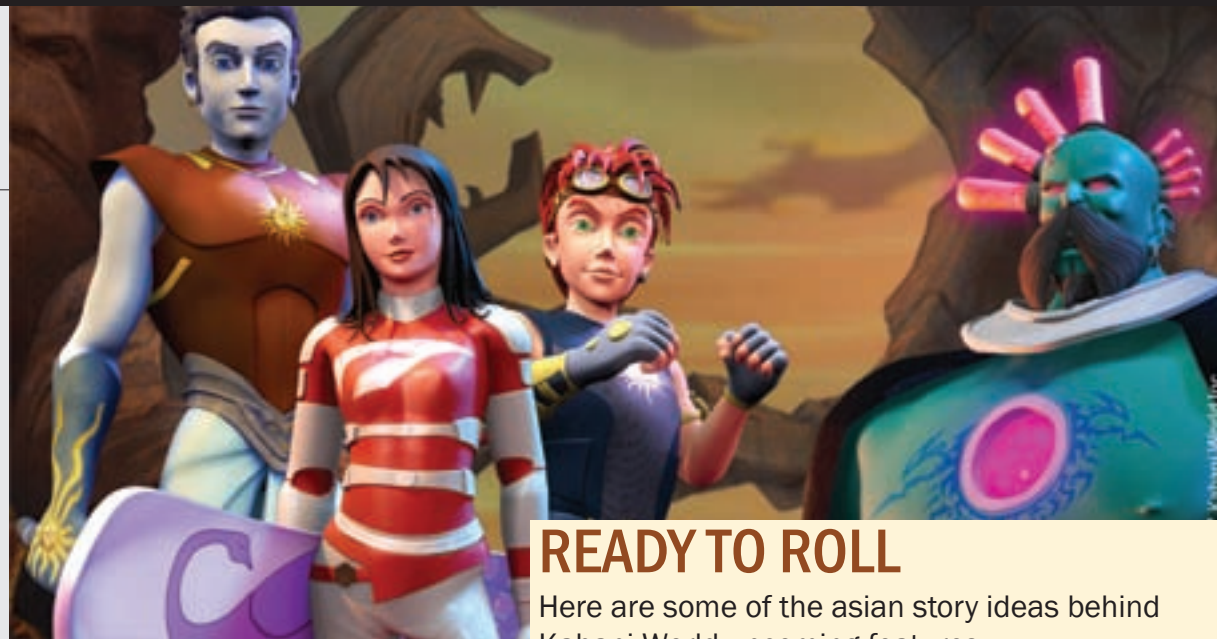


HERE COMES INDANIMÉ

Biren Ghose launched an animation company in 2003. Its first films, based on Indian myths, will be coming out in 2009.



READY TO ROLL

Here are some of the asian story ideas behind Kahani World upcoming features.

- Secrets of Seven Sounds:** A joint venture with Virgin Comics, it is a modern interpretation of an epic tale of two brothers on a mission to rescue a kidnapped princess and the world at the same time.
- Ashati - the Asian Princess:** About a princess on a mission to discover her past and to save the world in the process. The film is being made at Imax studio by celebrated Toronto-based director Srinivas Krishna.
- I Prin:** This is a co-production across animation platforms, created by South Korea-based Sieundesign and Kahani World for Imax. I Prin is a touching and humorous story of a journey of three young girls being groomed to become princesses at Academie Royale, the finishing school for royalty.
- Game Access:** Game Access takes a peek into how alternate realities become , well, real reality. Nelson Recinos, two-time Emmy Award winner for Pinky & the Brain and the Batman animated series, teams up with Kahani World for this joint production.
- Raju the Rickshaw:** Raju the rickshaw has adventures with his friends, Reena and Ali.
- Coderman:** Mani Subramaniam is a computer whiz, who morphs at will into Coderman, a superhero who, with assistance from his sidekicks Chip and Zip, makes life hard for the world's villains.
- Chipkali World:** This is the story of a parallel world that exists inside all high-rises from Mumbai to Mexico. It is a delightful exploration of how two families, one of house lizards and the other, of house humans, co-exist. ■

The cartoon world makes life seem to be simple: the hero swoops from a tall building, spins a deadly web, drives a powerful automobile shaped like a bat, and always prevails over horrendous adversity. It's fare for both young and old and it sells, sells, sells. But is it a fairy-tale world for those in the business of churning the stuff out?

Well, in quest of an answer, let's take a look at the strivings of Biren Ghose, India's most interesting and imaginative toonist. He co-founded Kahani World, a privately-held animation feature company, with \$ 3 million in 2005. The first productions of his company will be rolling out next year.

By way of an explanation that also sounds like an apology, Ghose explains, "Animation is a business with very long gestation periods. But I have no complaints. It has been fascinating so far. The returns will follow."

And the returns could be massive. Take, for example, mega success stories like manga, the Simpsons, the Jetsons, Superman and Spiderman, comic brands that have become a global cult, and spun huge fortunes for their

creators, distributors, publishers, merchandisers and license-holders around the world. In all its countless manifestations, manga – comics from Japan that tell stories of love, mystery, fantasy and even horror – represent a global business of around \$ 36 billion with revenues flowing in from sales, merchandising and licensing of books, films, TV, DVD, games, gear, logos and a whole range of other associated trivia. The same is true of every other comic super-brand. Though, India is a marginal player in this space, its animation industry is expected to touch \$ 1 billion by 2010 according to Nasscom.

Getting to the idea

For a while Biren Ghose's career resembled that of a standard ladder-climbing executive. A corporate planning & management control grad from the Massachusetts Institute of Technology's Sloan School of Management, he had a long innings at the Bangalore-based alcoholic beverage major United Breweries, rising to the rank of Director. Then in 1999 he switched to the media sector and to a more entrepreneurial mode.

He set up and ran a

broadband-streaming business for UTV, the Bombay-based media and entertainment biggie. Later, for five years from 2001 to 2005, he was COO at UTV-Toons working with over 1,000 professionals at some of Asia's largest studios. Part of the job entailed working with Disney, Teletoon, Cinegroupe, Funbag, Decode, Teleimages, Futurikon and Fox. Does that lend some credibility to Ghose's prediction that "returns will follow"?

It was in 2003 while he was CEO at Animation Bridge that the Eureka moment occurred. "I was with friends unwinding over cappuccinos at a cafe in San Jose. We were generally chatting about

opportunities", says Ghose. And suddenly "we were all getting pretty excited about the toon business." Animation was anyway so close to Ghose's heart that "it was a no-brainer – we just had to go into the toon business." Although Kahani World was founded formally in September 2005, "spiritually it was born on that day at the Santana Row in San Jose," says Ghose

Two people played a key role in the years of gestation: Akash Sahai, a law and management grad from Toronto who had piloted a Canadian start up Capital One as CMO and worked as financial head of the Air Miles programme, and R K Moorthy,

Key Facts

Company name	: Kahani World Inc.
Base	: Bangalore
Ownership	: Privately-held
Business start-up	: 2005
Start-up capital	: \$ 3 million
Cost of production	: \$ 5-10 million
Concept	: 5%
Pre-production	: 40%
Production	: 35%
Post-production	: 10%
Project management	: 10%
Production time	: 2-3 years per feature
Payback time	: 4-5 years from founding of company
Revenues expected	: \$ 50 million in three years from 2009

a HR professional who had held senior management positions at IBM, Bank of Montreal and Ontario Hydro, and is still with the company. One key to success was going to be the ideas for the animation features.

Insourcing the ideas

Out of those San Jose cappuccinos was born the business proposition of marrying animation and Asian content. Biren Ghose explains: "I grew up

on homespun comics like Amar Chitra Katha and absolutely adored them. I wanted to share those beautiful stories with children everywhere, the great but largely lost literary gems of the East, in a contemporary language and form."

The basic aim of Kahani World, says Ghose, was to, "create and produce world-class animation brands that become icons in India, resonate throughout Asia, and also appeal

to audiences around the world." Animated films are not new but Ghose is putting a new spin to them. "We aim to produce stories that have an Indian DNA," he says, "but which also have the potential of appealing to the global kidizen."

So the first focus is on the home market and beyond that Indian and Asian expatriates all over the world, which as Ghose puts it, is a massive market. It is well known that older Indian settlers in the US or Europe, for example, look constantly for ways to connect their children to their cultural roots. To them, Kahani World's comic features based on stories culled from India's rich literary storehouse might actually be a godsend.

Eventually, however, Ghose believes that the appeal of Kahani World's stories and its characters will spread way beyond ethnic boundaries and Chipkalis, Rajus and Luxes will then become as much a part of the global toon lore as say Pokemons are. Says Ghose: "We want to be iconic in India, resonate in Asia and yet have a strong global appeal. Animation has that unique capacity to straddle these spaces."

One story idea, to see the darkness of rooms in 2009, is the Secrets of Seven Sounds, based on a particularly stirring element in the Hindu mythological epic of Ramayana. This saga of love, sacrifice, heroism and triumph of good over evil, lends itself brilliantly to adaptation and has already been rendered into hugely popular Bollywood and television productions. Ghose views his Secrets of Seven Sounds as "the first action adventure feature in animation with the

global ambition to capture both the Holly and Bolly woods simultaneously"

Somewhat as he hopes to straddle continents, Ghose hopes eventually to straddle age segments. Kahani World's productions will be positioned essentially in the fantasy-fable-adventure segment, which generally has a core audience of children in the 7 to 15 age group (Indian, Asian and of expatriates). Later, of course, Ghose hopes that it will "embrace the Global Child and the Child in every Global Adult." Experience shows that a well made animation films transcend age segments - a Mickey Mouse or a Spiderman is enjoyed by the young and old alike.

Given how crowded the animation market is, what chance will Kahani World's productions, based as they are on obscure stories from Asia, have in high-value markets like the US and Europe? In response, Ghose can of course cite the success of the "fastest-sword-of-the East" films that drew on arcane material from Japanese history—and made billions in hard currency. Or on the big-bucks succes of manga material— and now of its South Korean copycat, manhwa. There have been billions of dollars in real money sacrificed at box offices the world over in tribute to their spell.

Ghose believes that curiosity will drive spectators to his productions. "Loads of curiosity and mystique will ride out with stories with titles like Chipkali World and Raju the Rickshaw – curiosity that we mean to capitalise on with slickly produced narratives." Kahani World is betting that these exotic



Ghose has eschewed the pre-sale model of financing production. Though this model considerably de-risks animation projects, it carries the danger of considerably curtailing the creative freedom of production houses, which to Ghose is simply not worth sacrificing. “We do not want to pre-sell anything as it could affect our ability to create these iconic shows that we believe will define a new paradigm.

tales will “appeal universally because of how different and unique they are—ranging from fantasy to mythology and great legends that most of the world has never heard about.” (see Box: Ready to roll, for a list of the Asian project ideas)

The business model

Putting together an animation series takes longer than even big-budget TV shows or epic-grade commercial films, the cost can be daunting. As a token of that, consider the fact that in more than four years of work, costing tens of millions of dollars, Kahani World has yet to release its first feature. “In that much time several of the biggest Hollywood movies would have rolled out,” Ghose admits, but then shrugs it off by saying, “the gestation period is the greatest enemy of an animation entrepreneur.”

In the future, when we know the code that works with audiences and are assured about our artistic freedom, it might be an option,” says Ghose. “Pre-sale presupposes a lower price point for a start up. So, as of now, we hope to be able to finance our productions as in the past two years and sell them at the highest point on completion.”

His business model has been to establish partnerships with leading players in the animation space. It is a collaborative business model based on engagement with several partners that covers product development and all the aspects of marketing: pre-selling, promotions, merchandising, and distribution involving licensing and syndication for different platforms in multiple markets. For example, Virgin is in charge of merchandising globally Secrets

OBSTACLE RACE

The finished product is fun, fast and light-hearted. But getting to it is slow and not for the light-hearted.

Animators face a long and daunting obstacle race in bringing their work to market. To begin with, they must find a producer prepared to speculatively develop and package the work to see that it is shown. However, since Kahani World is both animator and producer it at least does not have to clear this hurdle. But others are unavoidable:

- a) Find an international consortium of broadcasters, distributors and sales agents prepared to commit themselves to the production – international because no single, local market outside the US offers prices sufficient to underwrite a major animated work.
- b) Ensure that the buying consortium is supported by investors or lenders prepared to underwrite the production against the consortium’s ‘presale’ and distribution commitments, which are normally contingent on delivery of the finished work.
- c) Despite such arrangements, there is typically a shortfall or ‘gap’ between the production cost and the presale commitments, and it is usually fairly substantial. The gap and must be plugged by third-party investors together with the production team.
- d) Only after hurdling all these obstacles and after many years of effort may a work enter the final test of consumer acceptance. ■

of Seven Sounds, a feature directed by Shekhar Kapoor and scripted by Virgin’s co-founder (along with Sir Richard Branson) Deepak Chopra. Virgin will also be responsible for all non audio-visual distribution and marketing. Says Ghose: “This is potentially the biggest merchandising deal for any Indian movie yet, which we signed even before starting out.”

Ghose appears to have invented a win-win business model, which secures the viability, cash-flows and business interests of Kahani World.

Ghose summarises: “Most of our funding has come from promoter funds and co-production partner studios. Our major movies are being represented and will be distributed by India’s No 1 distribution company whose name we will announce in due course. This company will give us a reach across the widest geography and platforms ever for any animation production in India.” The model also ensures creative freedom: Says Ghose: “The core of this business idea is that we get to keep the intellectual property (IP), which

enables Kahani World to build its franchise and library.”

The Virgins of the world find value in collaborating with Kahani World because it finds in Biren a film maker with sound understanding of the co-production model for creating, delivering and selling animation brands out of the Indian market.

Ghose compares his model to that of certain consumer product companies: “We are like a consumer product company devising products that will be made and distributed by partners. Coca-Cola does not make the drink nor does it bottle or distribute it. It comes up with the formula and abets the marketing process. Similarly, Kahani World will look to collaborate with multiple agencies to market its productions and tap into a variety of sources for revenue: upfront fees, licensing to broadcasters, movie chains, DVDs and the entire range of new media.”

On the distribution front, marketing an animation feature is not fundamentally different from what it is for a movie except for the number of platforms involved. Says Ghose: “You would sell distribution rights to cinema theatres and licenses to TV broadcasters and DVD companies for a movie. Here in addition to those you have



consoles and toys that can play our features,” or indeed their spin-offs. When it comes to an animation product, other than a full length movie or a TV series, there could be several shorter spin-offs involving its main characters rendered in the form of games etc for the gadgets market. Each one of these is a rich source of revenue.

Risk management

Being a business where you spend first over extended periods of time and then hope your efforts will not flunk the consumer test, the risks are obviously high. Says Ghose: “I am in a business with extraordinarily long gestation periods. Projects take between 2 to 4 years to

complete if everything goes right and it takes energy, patience, know-how, understanding spouses and deep pockets! It also requires a multinational talent ecosystem to bring the best into the product and involves pools of expertise from all over the world. It costs anything between \$ 5-10 million to complete a full-length animation film and that is because costs are low in India.”

Managing the risks paradoxically means spending more: on great talent and effective promotional campaigns designed to create the right buzz. A key element of risk management is to tweak productions optimally for the target markets. Animation producers are known to screen

their features at different stages to license buyers across media for feedback that could help them optimise their saleability.

And as Ghose likes to point out, Kahani World is a zero-debt company: “We have no secured loans or debts that cause us any concern,” he says.

Typically, with projects close to the finishing line the focus of production houses inevitably shifts to selling licenses and syndications to broadcasters, agents and distributors, especially, as in the case of Kahani World, if they have not signed up pre-sale agreements with broadcasters, distributors and sales agents. Many of these prospective buyers, significantly enough, could have been involved with the films at various stages and would, therefore, to a large extent be already sold on them. There is of course still no guarantee that despite all the engagement they will not say no.

2009 and beyond

Ghose is very clear about what he wants Kahani World to create. “We want to build an identity of our own in a unique space and not follow in the footsteps of the west. Across industries, food, clothing, grooming, design, we have chased western trends. It need not be that way in animation. Why should we copy the western world when we have such an incredibly rich treasure of our own stories?” he explains.

The next few years will tell whether the Asian story ideas and the Kahani World production models are viable. We’ll get a beginning of an answer in 2009 when Secrets of Seven Sounds should come out. ■

