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Indonesia animation IP Industry Life Cycle barriers and expectations to grow national economic development

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Abstract. Creative industry is no doubt has great potential role in economic development and the animation industry is one of the creative industries that have attracted business concern with the increasing numbers of intellectual properties (IPs) for local content and have the potential for development as the identity of the Indonesian nation. The study aim to address the position of Indonesia animation industry in the phases of the industry life-cycle, analyze the barriers that hinder the development process using qualitative approach to forecast the future of the industry and discussing expectations that should be achieved.

Keywords. Indonesia animation industry, industry life-cycle, intellectual property, creative industry

Introduction

The creative Industry has grown rapidly over the past several years and has become a new popular economic paradigm instead of hard commodities and earth natural resources, human creativity and innovations is the primary resources of the creative economy which offer solutions to existing problems and it is also believed at the heart of today's modern economic development and growth.

There are many definitions of the term "creative industries". The term is believed to have first appeared in "Creative Nation", an Australian report made in 1994. It became better known when the UK's Department of Culture, Media and Sport's (UK DCMS) policymakers set up the Creative Industries Task Force in 1997. The UK DCMS defined the creative industries as "those industries that are based on individual creativity, skill and talent with the potential to create wealth and jobs through developing intellectual property" (BritishCouncil, 2011).(Hanis Syazwani & Sulaiman, 2013). Definition of Creative Industry as it has been noted "Creative economy is about the relationship between creativity and economics. Creativity is not new and neither is economics, but what is new is the nature and extent of the relationship between them and how they can be combined to create value and wealth".(Marta, 2010). Also mentioned in "how the Creative Economy is the first kind of economy where imagination and ingenuity drives what people desire to do and produce (Howkins 2001)". (Badan Ekonomi Kreatif Indonesia, 2019). Simply explained "Creative Economy is the materialization of added values from an intellectual property born of the human creativity, based on science, culture, and technology." (Badan Ekonomi Kreatif Indonesia, 2019).



economic growth in many countries today and even compared over the traditional economy. “There are many researchers who have established a link between creative industries and the economic development of the area where they are established. According to Professor Florida, known for his work on the development of the concept of creative class and its ramifications in urban regeneration, creativity is seen as a driver for growth and is associated with a high level of economic development. In this sense, it is established that areas with a substantial concentration of creative class have been shown to have a competitive advantage.”(Correa-Quezada, Álvarez-García, del Río-Rama, & Maldonado-Erazo, 2018). “Developing countries are advised to develop their creative industries in efforts to boost and diversify their economies. The creative industries are fast becoming an important income generator for the nation, and are proven to be resilient despite the economic downturn.”(Hanis Syazwani & Sulaiman, 2013). The creative industries contribute to more jobs creation, spur more innovation than other sectors and found to be more important to the economy than the financial services. The examples are big player in the global creative industries like USA and UK (Hanis Syazwani & Sulaiman, 2013). “In 2015, Ernst and Young (EY) released the first-ever Creative Economy study of its kind, which revealed that the Cultural and Creative Industries (CCI), as it was termed, was worth 2.3 trillion United States dollars, or equivalent to 3 percent of the total Gross Domestic Product (GDP) globally. ” (Badan Ekonomi Kreatif Indonesia, 2019). So it’s very important for Indonesian government to fully utilized creative industries to underpin economic development.

In Indonesia, the seeds of the Creative Economy was first planted during the 2007 Indonesian Cultural Product Week. In 2009, the Indonesian Government under the administration of Susilo Bambang Yudhoyono issued Presidential Instruction Number 6 Year 2009, a pioneer legislation which sets forth the roadmap for the Development of Creative Economy and which placed the fledgling sector squarely on the national phase. (Badan Ekonomi Kreatif Indonesia, 2019). “Presidential Regulation Number 92 of 2011 established a new ministry, namely the Ministry of Tourism and Creative Economy, with its first minister, Mari Elka Pangestu”. (Badan Ekonomi Kreatif Indonesia, 2019). “The Creative Economy Agency (BEKRAF) was formed under the administration of Joko Widodo. Through the Republic of Indonesia’s Presidential Regulation Number 6 of 2015. BEKRAF received a direct mandate from the President to advance and develop the Creative Economy sector in Indonesia”. (Badan Ekonomi Kreatif Indonesia, 2019). “The Indonesian Creative Economy possesses tremendous earnings potential and economic value. According to the results of a joint research between Statistics Indonesia and BEKRAF conducted in 2016, the Creative Economy sector contributed 7.38% of GDP towards the total GDP of the country. Value-wise, the Creative Economy sector is projected to exceed 1,000 trillion rupiahs in 2017 and increased to 1,102 trillion rupiahs in 2018”. (Badan Ekonomi Kreatif Indonesia, 2019)



**CREATIVE ECONOMY CONTRIBUTION
 TO INDONESIAN GDP:**



Source : (Badan Ekonomi Kreatif Indonesia, 2019)

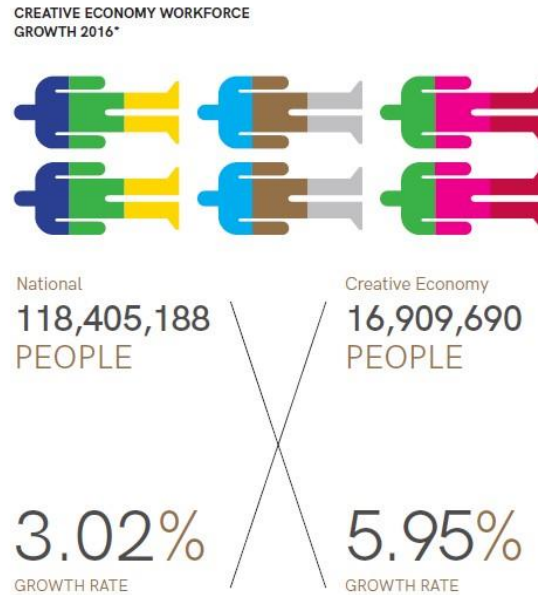
Figure 2.

**CREATIVE ECONOMY WORKFORCE GROWTH
 RATE IN INDONESIA (2014-2017)**

YEAR	NUMBER (IN MILLIONS PEOPLE)	GROWTH (%)
2017	17.43	4.13%
2016	16.91	5.95%
2015	16.06	5.22%
2014	15.46	2.94%

Source :(Badan Ekonomi Kreatif Indonesia, 2019)

“In addition to the GDP, Creative Economy sector also saw an increase in its labor workforce number. In 2016, 16.91 people were actively engaged within the Creative Economy sector. This was an increase of 5.95% compared to the number in 2015’s record”. (Badan Ekonomi Kreatif Indonesia, 2019). “From the IMF research, Indonesia’s economic position in 2016 was ranked 8th with a total GDP of US\$ 3,028 billion. In line with this research, PwC predicts that Indonesia can become the world’s newest “superpower,” occupying fifth position in 2030 and fourth in 2050, capitalizing on its relatively high economic growth and demographic bonus momentum. This position will set Indonesia up as a big emerging market considering Indonesia’s position as the country with the strongest economy in Southeast Asia today”. (Badan Ekonomi Kreatif Indonesia, 2019)



Source : (Badan Ekonomi Kreatif Indonesia, 2019)

Creative industry is no doubt has great potential role in economic development of one nation, one of the subsector of creative industry is the animation Industry as it has been noted in “stated that there are 16 creative industry subsectors, they are: culinary, architecture, music, interior design, visual communication design, fashion, film, product design, *animation* and video, photography, apps and game developers, advertising, publishing, performing arts, as well as television and radio, fine arts (Presidential Regulation No. 72 of 2014)”.(Alexandri et al., 2019)

Animation as one of creative industry sector is a potential that cannot be neglected as noted “The total value of global animation industry was US\$ 259 billion in 2018 and is projected to reach US\$ 270 billion by 2020. Most of the segments in the animation industry are growing at the rate of 2% YoY. The spend on special effects as a percent of production cost is about 20%-25%. The traditional form of content viewership is giving way to a sharp increase in streaming video consumption. The size of streaming market for animation content was US\$ 2.9 Billion in 2018 and is growing at an annual rate of 8%. The size of global video gaming industry was US\$ 96 billion in 2018. Global e-Sports industry is growing at the rate of 30% YoY & is predicted to be a billion-dollar industry”.(www.researchandmarkets.com, 2019)

Based on the type of work the animation creative industry can be divided into two sub sector categories, the first is the service sector industry and the second is the content creation industry sector or intellectual properties (IPs) creation. The animation industry as a service industry sector relies on revenues from orders from other industry such as advertising industry or orders from the non-animated film industry such as making Visual effects or VFX. In South East Asia including Indonesia outsourcing project from another developed country is the reason animation service sector industry is highly lucrative as cited in “we learn that South East Asia is the go-to region for animation outsourcing, mainly for its ample, competitive and reliable creative

on (MDEC), 2018). And also noted in "At present most Western television 3D animation is produced in Asia but pre-production and post-production are located on their own territories. This has led to the emerging and nurturing local industry including local animation content, infrastructure, tools and equipment, skills and intellectual property transfers. In this way animation in Asia and the Pacific have received great experiences".(Tongdhamachart, 2016).

While the intellectual properties (IPs) -based animation industry relies heavily on their original story and character design. Actually these two animation industries have a close relationship that both are requires a trained and skilled labor in the making of animation, and the availability of manpower in the field of animation will help the development of the animation industry in general. The reason why to focus on the intellectual properties (IPs) -based animation industry is mainly because this industry has more measurable parameters and it's the highest achievement in the animation industry. The emergence of local content from Indonesia among imported content domination could signify that the animation industry is really exist and growing. The global demand for animation content has increased substantially in recent years. As noted in "This time around, we are moving to another facet of this fast-growing environment, namely the animation sector, particularly from the production and development angles. From a 2017-figure of USD305.7 billion to a forecasted USD404.8 billion in 2023, the global animation market is something we simply cannot ignore". (South Asia animation report, 2019). From the data we can see "the huge demand for 3D animation has increased the number of Asian countries to develop their animation industry (MarketsandMarkets, 2011)"(Hanis Syazwani & Sulaiman, 2013).

The reason for growth in Animation content industry are numerous. The success of a big studios like *Disney*, *Pixar* and *DreamWorks* have proved there's a viable market in this industry. The Disney's Pixar studios release *The Incredibles 2* in 2018 for instance collecting domestic gross of \$606,772,582 pass the \$486,295,561 record set by another *Pixar* feature animated film *Finding Dory* in 2016. (Sakoui Anousha, 2018), the third highest grossing feature animated film is *Shrek 2*, was produced by *DreamWorks* for \$ 70 m and brought impressive \$ 441,000,000 at the box office. (IMDb-Editors, 2018). The much smaller independent studios with much lower budget to produce an animated film also made an even more impressive \$100,000,000 worldwide return on *Hoodwinked* in 2005 made for a modest \$ 5,000,000. (Pelican, 2007).

International animated films from outside United States now unprecedentedly hit box office. "In order of their current grosses to date, those six films are *Early Man* from the U.K. (\$7.7 million), *Mary and the Witch's Flower* from Japan (\$2.3m), *Bilal: A New Breed of Hero* from United Arab Emirates (\$490,973), *Condorito: The Movie* from Peru (\$447,719), *Have A Nice Day* from China (\$70,956), and *Tehran Taboo* from Germany (\$31,601)".(Amid, 2018) . It's the first time in history and showed that more American distributors willing to take a chance on animation from other countries.

Malaysia as neighboring country that share many similarities in culture with Indonesia, seems to have begun to reap the success from animated films industry, produced by their own local Malaysian studios the feature animated film *Geng The Adventure Begins* produced by *Les' Copaque* animation studio proved to be highly popular in Malaysia as it raked in RM6, 000,000 within a month of being on the big screen since February 2009. Another production of *Les' Copaque* Animation studio an 18-minute clip for *Upin & Ipin* titled *New Toys* has over 27 million views on Youtube. "Hasnul mentioned that in 2015, creative companies under the Malaysia National ICT Initiative (MSC) such as *Les' Copaque* recorded RM86.6mil (US\$20 million) in export sales, a 36% increase since 2011".(Yeoh, 2016). *Animonsta Studios* another Malaysian local



mark over the weekend with a record of 1.5,000,000 million audience. And distributed by *Primeworks Studios*, the movie is currently screening in 60 cinemas nationwide.(Chua, 2016a). And the latest success is the feature animated film *Boboiboy 2* is 2019 from *Animonsta Studios* with Production cost of RM 7,000,000 and breaking the record of RM 18,000,000 .(GP, 2019).

The tumbling cost of professional quality hardware and high-end software also the reason behind the other smaller independent studios around the world now playing in the field, once only open to major studios like *Disney*, *Pixar* and *DreamWorks*. Now the opportunity to join the success of Disney and Pixar is opening worldwide. Among other key factors driving the global animation market are the expansion of target market as the broadband internet and growth in the mobile subscribers becoming increasingly accessible. Indonesia has an animation industry that is still in its early phase, animation as one of the creative economic subsectors of the fifteen existing subsectors is expected to be an economic driver and can also have the potential for development as the identity of the Indonesian nation. Therefore, this study aims to address the barriers that could hinder the evolution of the industry life-cycle to the next phase and forecast the opportunities for Indonesia animation industry. In particular it focuses on analyzing the intellectual properties (IPs) industry the problems constraining that affect the Indonesia animation industry's transition from the Introduction phase to the Growth phase. The industry life-cycle concept will be highlighted to understand the industry development phases. This analysis is based on substantive primary research in the Indonesian animation industry, supported by analysis of strategy from comparative case studies of the animation industry in Malaysia as neighboring country that share many similarities and cultures. Each barriers is addressed by findings from the studies found in animation journals, articles, books and reports.

Methods

This study adopts a qualitative approach aims to construct explanations about phenomena and barriers that hinder the development of the Indonesian animation industry and make the predictions about Indonesia animation industry in the future and discussing expectations that should be achieved. "Qualitative research is usually used to answer questions about the characteristics of phenomena with the aim of describing and understanding phenomena from the perspective of the participant".(Sumartono, 2017). This study is using an abductive reasoning which according to (Sumartono, 2017) quoting (Zoest, 1992) "abduction does not recognize general rules or general conclusions. These general rules or general conclusions appear in the form of interpretations which are left entirely to the interpreter".

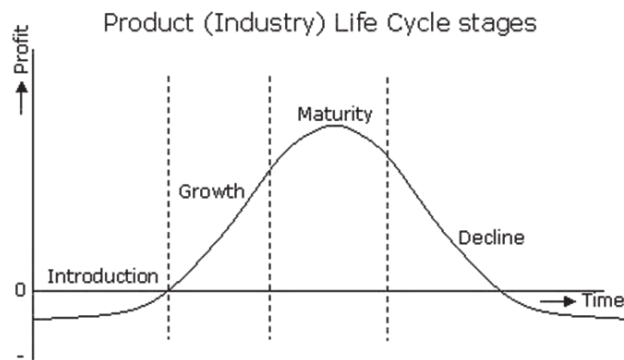
The process of abductive reasoning can be creative, innovative and even resulting in a revolutionary conclusion, begins with rather an incomplete set of observations this research was conducted mainly from literature from animation online articles, magazine, books and journals especially from "2018 South East Asia animation report", "National Animation Development Plan 2015 -2019" written by "Study Team of Ministry of Tourism Creative Economy of Indonesia" and data from AINAKI or Indonesian Animation Industry Association intellectual properties (IPs) Project member catalogue. Comparative case studies are chosen to represent various phases of the industrial life cycle. Malaysia was chosen as the main comparative study because it is a neighboring country that has similarities with Indonesia in many ways, especially culture.

Driven by the forces of technology, consumer preferences and other opportunities mentioned in the introduction above, the animation industry is something that simply cannot be ignore, it's an industry that has great potential role in economic development. By examining the phases of the development of the animation industry in Indonesia and Malaysia, the emerging patterns can show a depiction of how the Indonesian animation industry will evolve in the future.

“The concept of industry life-cycles and the underlying theoretical framework are well established in the economic literature. As a simplifying generalization the ILC has proven to be helpful for describing the evolution of industries from birth to maturity” (Brenner, Dorner, & Analysis, n.d.)

The industry life-cycle is a phenomenon that depicts the various phases where businesses as it passes through different phases from birth to decline. An industry life cycle typically consists of four phases each phases has different features and characteristics. In particular, economists have classified four phases for the industry lifecycle: *Introduction*, *Growth*, *Maturity* and *Decline* (Figure 4 industry life-cycle) these phases can last for different amounts of time, some can be months or years”.

Figure 4.



Source : (Www.researchgate.net, n.d.)

The life-cycle and the phases within it are defined primarily by changes in an industry's growth rate over time. The characteristic profile is an S-shaped growth curve.

“In the *introduction phase*, sales are small and the rate of market penetration is low because the industry's products are little known and customers are few. The novelty of the technology, small scale of production, and lack of experience means high costs and low quality. Customers for new products tend to be affluent, innovation-oriented, and risk-tolerant.

The *growth phase* is characterized by accelerating market penetration as product technology becomes more standardized and prices fall. Ownership spreads from higher income customers to the mass market

Increasing market saturation causes the onset of the *maturity* phase and slowing growth as new demand gives way to replacement demand. Once saturation is reached, demand is wholly for replacement, either direct replacement (customers replacing old products with new products) or indirect replacement (new customers replacing old customers).

...replaced by new industries that produce technologically superior substitute products, the industry enters its *decline phase*" (Grant, Robert M., 2015).

Different industry patterns of change help to predict how industries are likely to evolve over time, every industry follows a unique development path, Look for common drivers (Eggerman, Johnson, Lopez, Stephens, & Tarnowski, n.d.).

Opening example cases : The evolution of Railroad, the *Introduction phase* extended from the building of the first railroad in 1827, *Introduction phase* extended from the building of the first railroad in 1827, entered the *growth phase* in 1870's and In the 1959s, it started to enter the *decline phase*. Another case is the life cycle of Digital audio player, entered *Introduction phase* in 1997-1998, in 2001 entered its *growth phase* and finally 2008-2009 entered the *maturity phase*.

History of modern animation Indonesia itself actually began in 1955, when President Soekarno sent an artist named Dukut Hendronoto (Pak Ook) to study animation at Disney studios for 3 months. In 1972 the first animation studio in Jakarta, named *Anima Indah* was founded by an American named Lateef Keele. *Anima Indah* is developing well, but is growing more in the advertising field. The era of the 80s was marked as the year of the rise of Indonesian animation, including through film *Rimba Si Anak Angkasa's* animation directed by Wagiono Sunarto and made in collaboration *Si Huma's* test was produced by PPFN and was an animation for the TV series. In the 1980-1990s several animation studios were born such as *Asiana Wang Animation, Evergreen, Marsa Juwita Indah, Red Rocket Animation Studio* in Bandung, *Bening Studio* in Yogyakarta and *Tegal Cartoons* in Tegal. (Kurnianto, 2015)

Although Indonesian animation industry seems to have been started early since 1972 the Indonesia animation industry in 90s era is still in its *Introduction phase*, there are several indicators that show that the *introduction phase* applied for the Indonesian animation industry in 1970-1990s. The indicators include: The novelty of the technology, limited competition because only a few firms enter the industry, small scale of production, high costs and low quality product, uncertainty in the market and low profit due to high risk. These are common in the early phases of an industry.

The demand for animation content in Indonesia has risen in year 2000, several networking TV were established since 1990s, recent is indicated by a population of 253 million with a middle class reaching 30% and an average economic growth of 6.1% in the last 10 years. In addition, the growth of the Indonesian media and entertainment industry market is also very rapid where there are 826 cinema screens, 13 terrestrial TV, 12 networking TV, and 20 pay TV. (Marketeers, 2015), in which animation production such as advertisements, and animated series was part of the basic content of a TV channel or cinema screens. From AINAKI the Association of Indonesia animation, in their catalogue there have been 71 identified intellectual properties (IPs) animated films and series, being develop In 2000-2019 period, by some of the animation studios classified as a startup micro firm (less than ten people).

From (Asosiasi Industri Animasi Indonesia, n.d.) 71 intellectual properties (IPs) content identified showed only 20 that are already been produced and released, in this period the product quality do improved compared to the 90s era but still doesn't catch up with the competitor from American major studios. According to (Kurnianto, 2015) "*Homeland* came about in 2004 as the first 3D animated feature film from Indonesia, the 60-minute long animated feature film was produced and co produced by *Kasatmata studio* with *Visi Anak Bangsa* ,in the end it did not survive against advanced *Pixar animation studio Finding Nemo* which technologically way more advanced ,*Finding Nemo* already use technology able to simulate water and fish movements that are very realistic (even surreal). Still according to (Kurnianto, 2015) In 2008 "*Meraih mimpi* a feature animated film made in Batam Indonesia must admit defeat after competing with several feature

...ican productions, including *DreamWorks Kung Fu Panda*, *Pixar Wall-E*, and *Disney Bolt* which was very popular at the time, as expected *Meraih mimpi* didn't get much attention at that time and flop in the market.

There's no data found that suggested that the feature animation with local content IPs produced during this period of 2000 - 2019 are successful, in fact all of the feature animated films was a flop. For examples *the knight Kris* was produced for Rp 18 billion and 3 years in the making it was considered the most expensive feature film in Indonesia even for animated feature film, *Knight Kris's* budget is almost double the price of Indonesian live-action films, which on average are under Rp. 9 billion.(Annisa, 2017). On the other hand *Si Juki the movie* is yet another flop story, failed to reach millions of viewers with total only 630 thousand viewers. (Romadhon, 2018).

It is very difficult to measure the success of animated film series on TV, but it can be estimated from how long the show aired and how many merchandise are available on the market, on average TV series that's been produced only lasted for one year except the animated series *kiko* that lasted from 2015 to 2019 and ranked second in the animated series is the *Keluarga Somat* which survived from 2015-2017. Compared to Malaysia's animated series *ipin & upin* which has been aired since 2007 to present or *BoBoiBoy* which has been aired from March 2011 also to present whose merchandise and licenses are widely known and continues to feature film, we still can't see the animated character merchandise from *Kiko* and *Keluarga Somat* on the market, the more merchandise from an animation such as toys, t-shirts and character licensing on the market is a prove that the IPs product is successful and accepted by the wider public. However *Nusa dan Rara* made by *The Little Giantz* is probably the only and first example of the success of the Indonesian-made IPs animation. As it has been noted in "Getting good reception from the people of Indonesia, the inaugural episode of *Nusa dan Rara* Official has now been watched by 2.2 million viewers and has more than 400 thousand subscribers. In fact, occupying number 3 on the trending topic position on YouTube Indonesia."(Wadidaw, 2018). *The Little Giantz*, until now has reached millions of viewers. The success of the Islamic animation film *Nusa dan Rara* is also motivated by their experience in working on outsourced animated film projects such as *Disney*.(Aqira, 2019).

From the data gathered above it doesn't show the characteristic of the industry has entered the *Growth* phase, at this phase the demand should expands, and should be a greater scale of production, distribution channels are should be established and risk should be covered as a result of the higher profits. But the reality is the other way around.

In this study, the selected comparative case studies have the characteristics of the *Growth* phase or even *Mature* phase. Malaysia probably has entering *Mature* industry phase from the signs in increasing creation of independent animation. However, Malaysia shows a portrait of an *Early Mature* industry that currently has transferred from its *Growth* phase to the *Mature* phase. The characteristic is showed through the profit gained from the industry, for examples; "The mischievous, 3D-animated twin brothers Upin and Ipin are going strong at the box office, taking in RM3 million ticket sales in four days on their newest cinematic adventure."(Chua, 2016b) . "The animation film *Upin & Ipin: Keris Siamang Tunggal* has also chalked up RM25 million in ticket sales in just three weeks since it opened in cinemas on March 21st.A local production by *Les' Copaque* Production Sdn Bhd, it has been viewed by about two million people in Malaysia and is set to break into the international market soon."(Bernama, 2019). "From (IMDB, 2018) *Whelly* animated feature film also has estimated RM 20.000.000 from box office alone. "Malaysian animated film *BoBoiBoy the Movie*, produced by *Animonsta Studios*, and has become the highest grossing locally produced animated feature in the country, according to local outlet Cinema

(about \$1.96 million USD) in its first 11 days of release. The producers are hoping that the film will maintain momentum and reach its box office goal of RM 13 million (just over \$3 million USD). Second animated feature from *Animonsta Studios* made an even sweeter profit in year 2016 on *Boboiboy the Movie*, it hit the RM16, 000,000 with only RM5, 000,000 budget, and mark over the weekend with a record of RM 15,000,000 million audience. distributed by *Primeworks Studios*, the movie is currently screening in 60 cinemas nationwide (Chua, 2016a), *Boboiboy 2* is 2019 latest *Animonsta Production* cost 7M and breaking the record of 18M (GP, 2019) *Boboiboy the movie* is aiming RM 25.000.000 said (Selamat, 2019).

Figure 5. List of Indonesia animation IP Content released from 2000 to 2019

No	Studio	IP title	category	Original Network	years
1	Red Rocket	<i>Dongeng Aku dan Kau</i>	TV series	RCTI	2000
2	Spektra Film	<i>Janus Perajurit Terakhir</i>	Feature film	Indonesian Theatre	2003
3	Studio Kasat mata	Homeland	Feature film	Indonesian Theatre	2004
4	IFW	Sing to The Dawn	Feature film	Indonesian, singapore Theatre	2008
5	Castle Studio	Kabayan lip lap	TV series	TVRI, RCTI, Indosiar, BCTV	2009 -2010
6	Pixel effect	Didi Tikus	TV series	MNCTV	2011
7	Dreamtoon	Dufan defender	TV series	Indosiar	2012
8	Dreamtoon	Nina Sahabatku	TV series	Indosiar	2012
9	MD Animation	Si Entong	TV series	MNCTV	2013
10	MD Animation	Tendangan Halilintar	TV series	MNCTV	2014
11	Digital Maxinema	Kuku Rock You	TV series	Indosiar	2014
12	MD Animation	Adit & Sopo Jarwo	TV series	MNCTV	2014 - 2015
13	MNC animation	Kiko	TV series	RCTI	2015- present
14	MSV Pictures	Battle of Surabaya	Feature film	Indonesian Theatre	2015
15	Hompimpa animation	Gob and Friends	TV series	RCTI	2015

			TV series	Indonesia	2015-2017
		Somat			
17	Pionicon	Si Juki the movie	Feature film	Indonesian Theatre	2017
18	PFN	Si Unyil	TV series		2017
19	Viva Fantasia	Knight Kris	Feature film	Indonesian Theatre	2017
20	The Little Giant	Nusa	Youtube Series	Youtube	2018

Figure 6. List of Malaysia animation IP Content released from 2000 to 2019

No	Studio	IP title	Category	Original Network	years	
1	Animasia Studio	ABC Monsters	TV series	Astro	2009	
2	Inspedia	Akis	TV series	Nickolodeon	2012- 2019	
3	Animonsta studio	boboiboy	TV series	TV3 MNCTV Disney Channel Hungama Cartoon Network	2011 - 2016	(Malaysia) TV
4	Animonsta Studio	Boboiboy Galaxy		TV3 (Malaysia) MNCTV Disney Channel Hungama Cartoon Network	2016 - present	TV
5	Animasia Studio	Bola Kampung	TV series	TV 2	2006 -2009	
6	Inspedia	Boo and me	TV series	KidsCo	2009-2011	
7	Animasia Studio	Chuck Chicken	TV series	TV 9	2010	
8	Addeen multimedia	Dunia Eicak	TV series	TV3, Nickolodeon	2011 - present	
9	WAU animation	Ejen Ali	TV series	TV 3 ,Disney Channel	2016- present	
10	Animasia Studio	Harry & Bunnie	TV series	Disney Channel, Netflix, TV 3, TV 9 ,Trans 7, VTM kids	2016 - present	
11	MDEC	Ibn Batuta	TV series	TV 2	2010	
12	Lacewood Studio	Kampung boy	TV series	Astro	1999 - 2000	
13	Vision animation	Kuukuu harajuku	TV series	10 peach, Nickolodeon	2015 - present	



	Copaque	dahulu		TV al Astro,MNCTV, Nickolodeon	
15	MDEC	Saladin	TV series	Al Jazeera Kid	2009
16	Animasia	Supastrikas	TV series	Disney Channel	2008 - present
17	Article I. ead studios	<i>The Amazing Awang Khenit</i>	TV series	TV 9, TV 3	2014-present
18	Article II. oung jump animation	<i>Nien resurection</i>	Feature film	Direct to Video	2000
19	Young jump animation	Article III. S kyland	Feature film	Direct to Video	2001
20	Studio climb	War of the worlds: Goliath	Feature film	Malaysian, United states Theatre	2012
21		Budak Lapok	Feature film	Malaysian Theatre	2007
22	WAU animation	Ejen Ali The Movie	Feature film	Malaysian Theatre	2019
23	Les' Copaque	Geng the adventure begin	Feature film	Malaysian Theatre	2009
	Flare studio	Mantera	Feature film	Malaysian Theatre	2013
24	KRU studios	Ribbit	Feature film	Malaysian Theatre	2014
25	Silver Ant	Seefod	Feature film	Malaysian Theatre	2011
26	Les' Copaque, KRU studios	Upin & Ipin ; Jeng jeng jeng	Feature film	Malaysian Theatre	2016
27	Animasia Studios	Bola Kampung the Movie	Feature film	Malaysian Theatre	2013
28	Netcarbon	Super squad	Feature film		2014
29	Infinite motion	Oh la la	Feature film		2015
30	Animonsta Studio	Boboiboy The Movie	Feature film	Malaysian, IndonesiaTheatre	2016
31	KRU studios. Kartun studios	Wheely	Feature film	Malaysian Theatre	2018
32	Animonsta Studio	Boboiboy Movie 2	Feature film	Malaysian, IndonesiaTheatre	2019
33	Les' Copaque,	Upin & Ipin: Keris Siamang Tungal	Feature film	Malaysian, IndonesiaTheatre	2019

From the results of the data obtained, Indonesia in 90s is still in the *introduction period* in the IP-based animation industry. And in the 2000s to present Indonesia animation industry is in its *Early Growth phase*. At this phase the industry seem stagnant. While Malaysia has already leaving a growth phase to the next phase. The thing that causes why Indonesia so lags behind Malaysia is. According to (Porter, 1980) , there are different entry barriers that prevent the evolution of an emerging industry. These barriers include: Product differentiation, Capital requirements, and Cost disadvantages independent of scale, which include proprietary product technology, access to raw materials, skilled labor, and learning experience curve, Access to Distribution Channels. And government policy.

Product differentiation in the IP industry is not the barrier inhibited the mobility since there are over 70 differentiated IP content listed on AINAKI or Association of Indonesia animation.

The Capital requirements is probably the biggest barrier since the cost of animation production is very high than for normal media, for example *Knight Kris* was produced in Rp 18 billion while Indonesian live-action films, which on average are not up to Rp. 9 billion.(Annisa, 2017). With the high risk and uncertainties makes it difficult for any animation studios to fund their IP content or to get loan from the bank.

However, *proprietary technology* is not relevant as a barrier because the same animation software, such as MAYA, 3D Max and other software's were used globally and access to the software is not problematic.

The access to raw materials, skilled labor and learning curve is consider a bit of a barrier but not the biggest barrier. In Indonesia there are more than 11 schools and institutions that develop creative technology talents focusing on improving the skilled labor providers, because this will improve the outcome of the skilled labor For examples : *Binus University, SAE, HHK Animation Academy, Institut seni Indonesia, institute Teknologi Bandung, Politeknik TEDC Bandung, Telkom University, Unikom, UMM and Universitas Pelita harapan.*(Malaysia Digital Economy Corporation (MDEC), 2018).

In terms of *government policy*, as stipulated in (Rochman & Subiyantoro, 2015) the National Animation Development Plan 2015-2019 by BEKRAF or Government Creative Economy Agency there has been an effort from the government to make regulations aimed at developing the national animation industry, including those as stipulated in Policy Direction for Providing Access to Financing Appropriate and Easy to Access for the Animation Subsector Industry:

“Increase the availability of access to finance for animation industry players that is easily accessible, transparent and open by creating and developing special financing models for animation industry players for banking institutions. Government agencies related to the ministry and local government have the opportunity to develop alternative financing through policies and regulations that are rolled out. Form other subsidies besides financing need to be developed to ease the burden and cost for the continuity of the creative business in the field of animation. Providing subsidies in the form of funding or tax cuts for creative business actors in the animation subsector can be a solution for developing a small animation industry in these areas. Of course, by considering several aspects so that the animation industry in the regions to be able to access financing and tax relief provided by the government. Business in the field of animation is profitable and labor-intensive business, because nearly 70% -80% of production costs will be sucked in labor finance. The amount of cost of producing animation makes animation studio especially the small ones are very difficult to develop. For this reason the animation studio to be able to access financing one of them can be started from the validation of the work. Film

work animation that can penetrate or appear on local or even international television will get access to finance”. (Rochman & Subiyantoro, 2015)

In the *Access to distribution channel* with many TV programs and internet streaming should not be a significant barrier in this day and age, even some businesses from industry and government have formed Some of the industry associations set up to assist and develop the animation business at country levels, like Asosiasi Industri Animasi dan Kreatif Indonesia (AINAKI), Cimahi Creative Association (CCA), Indonesian Animation Association (Asosiasi Animasi Indonesia, Former-ANIMA).(Rochman & Subiyantoro, 2015)

Right now, the economic contribution of animation in Indonesia is still small part in the film industry group, video and photography. Animation is a huge creative economic potential for Indonesia, Contributions to the animation subsector, which are included in the mapping of the film, video subsector, and Gross Value Added based photography is only 1% from a total of Rp8.4 trillion in 2013, with an overall Gross Value added 2013 value of Rp641.8 trillion. Growth rate this animation subsector decreased in 2011 by 7.74% to 5.76% in 2013.(Rochman & Subiyantoro, 2015)

On the other hand Malaysian animation industry has evolved to maturity “The production and exportation of original IPs is a strong indication the Malaysian animation industry is maturing, along with the rest of the region.”(Mak, 2019). According to (Muthalib, 2007) animation was first introduced in Malaysia by the British in Kuala Lumpur in June 1946 as the first documentary film studio was set up, but it was Goh Meng Huat who became Malaysia’s first animator in 1947. But in order to increase local content and cut down foreign animation Malaysian government promoted locally made animated TV series in 1994.(Hassan, 2007). But one of the drivers that have accelerated the evolution of the animation industry in Malaysia is the success of animated film *Geng* and *Upin & Ipin* produced by Les’Copaque, it’s what makes IP creation skyrocket in Malaysia. Technically, Indonesia has actually been able to make animations like those made by Malaysia, but in terms of content, story and character there is not yet one content made in Indonesia that is able to achieve the success achieved by Malaysian products. The *Nusa* and *Rara* by The Little Giantz animations seem to almost match the *Upin & Ipin* animations in terms of content, has now been watched by 2.2 million viewers and has more than 400 thousand subscribers.(Wadidaw, 2018). But the success of Malaysia’s animation content for animation is not just *Upin & Ipin* as it has been noted “The success of local animation project *Ejen Ali* by WAU animation which was said as one of Malaysia's biggest services exports through the creative media industry. It has been exported to more than 25 countries. The export of *Ejen Ali* around the world grossed about RM10 million in 2016 (Jaswa, N. (2017) (AuYong HN, 2018).

Upin & Ipin is probably still the biggest character IP with strong brand recognition in South East Asia region especially Indonesia and has now protected by copyright law. Licensing *Upin & Ipin* characters has been another successful way for Les ‘Copaque to bring in more brand awareness. The studio is also trying to develop a theme park.(AuYong HN, 2018). The success of intellectual property rights will expand the success of the animation series to film, and move on to games, licensing and merchandising (L&M), as it has been noted” Ideally, the revenue from any successful animation show such as *BoBoiBoy* would have 75% of its revenue coming from licensing and merchandising (Lee, 2015)(AuYong HN, 2018).

The animation sector posted 52% growth in exports, underpinned by firms like Animonsta, Giggle Garage, Tau Films and Les’Cospaque (Mahalingam, 2016). In 2015, the animation film industry grossed RM101 million in export revenue, and RM127 million locally (Mohsen, The Sun Daily, 1 November 2016).(AuYong HN, 2018).

Conclusion

The animation Industry in Indonesia especially the IP content creation is still in *early growth phase* of the industry life-cycle, while Malaysia has already moved to maturity, there are some positive indications for the future such as the Government policy to make regulations aimed at developing the national animation industry, including those as stipulated in Policy Direction for Providing Access to Financing Appropriate and Easy to Access for the Animation Subsector Industry. However, evidence suggest that even though the biggest mobility barrier is suspected to be from the Capital requirements, the Malaysian case studies shows that Indonesia biggest barriers is actually the need of an IP content with strong brand recognition, to propel the industry forward just like Malaysia with *Upin & Ipin*.

Upin Ipin initially aired in Indonesia during Ramadan in 2006. As a five minutes short animation airing only briefly and limited during the meal (sahoor) and before the breaking of the fast (maghrib). The *Upin & Ipin* short animation is a hilarious slice of life about two twin children living in a rural Malaysian village. Along with the lesson and knowledge about Islamic religion particularly about fasting in the month of Ramadhan. The story is packed with religion content starting from the beginning of fasting, the time of dawn, when fasting, when breaking fast, tarawih prayer, zakat and Eid al-Fitr prayer”(Change, Pasek, Adnyana, & Santosa, 2018).

There’s an interesting evident from the case studies that the success of *Upin & Ipin* and *Nusa & Rara* both are carry Islamic content, this shows that there is a huge demand for the Muslim market share in Southeast Asia, where the majority of the content is imported from the United States of America, UK, Europe and Japan, which does not contain any Islamic religious education

It’s very important to challenge the mobility barriers so that industries doesn’t shift directly from the *Growth* phase to the *Decline* phase without approaching *Maturity*. And the biggest barrier is not the *Capital requirements* but the biggest barrier is the lack of creativity and strategy to create or to invent IP content that really sell. if there are no successful IP products in the next 2 years, Indonesian IP animation will not going to move from the current phase or even directly move to the *Decline* phase, without even approaching *Maturity*, This translate to loss of the opportunity to take part in joining the gold rush of animation industry or the opportunity to gain national economic development trough animation as a billion-dollar industry. Indonesia is a country blessed with cultural richness and diversity that should be an endless source of inspiration for creating Intellectual property IP for animation, it’s ridiculous if Indonesia is run out of ideas to create content. Indonesia is a country with big potential to create wealth and jobs through developing intellectual property.

The limitation of research to only study case from the IP animation content creation is important so that the study is focused, and IP is used as a benchmark for whether or not the animation industry is relevant because in developing countries the *introduction phase* actually starts from the outsourced animation from developed countries whose animation industry has matured enough.

Limitation of this research is that the data gathered is too many and will make this research too long to write. The present study also did not examine about what is the best content that can propel the mobility of the Industry. However from the conclusion drawn there’s point towards topics to be addressed for the future research, whether Islamic content in animation can be a trigger for the advancement of the animation industry in Indonesia.

About the Author

Hario Sasongko is a director and animator who has been involved in a number of national and international projects such as the famous racing video game *Need for Speed* and the CGI Animation series *Tripping the Rift*, he has won several national and international animation competitions and festivals, among them are *Asia Animation Super pitch 2002* with *Dementia animation Team*, *First Winner of Indonesian ICT Award 2008*, and finalist of *Asia Pacific ICT Award 2008*.

He was also a finalist of *The International Young Creative Entrepreneur Of The year film Award* in 2007 and 2008, and founded *Skyboost animation studio* in 2007 to 2011, now he is a lecturer animation academics at *Bina Nusantara University* and *SAE Institute*.

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