Pentamedia Graphics

Header: Toons reloaded
Intro: This one is only partly into BPO. Pentamedia is making its own 3D animation movies and distributing them to global audiences

Pentafour Software Exports and Multimedia started off in 1992. This was a typical software company in the Infosys/Wipro/TCS mode. Except for the multimedia part. It would have been impossible to predict that one day the multimedia division would take off in such a big way. In 2000, the software export division was merged with another group company catering to the domestic segment – Pentafour Communications – and the multimedia division was hived off to another company – Pentamedia Graphics. The link from a software company to animation is rather tenuous. But the shift from animation to a full-fledged entertainment company is real wild. Pentamedia started offering 2D animation entertainment to companies around the world. This is an animation BPO. Later on Pentamedia started making its own animation movies and started distributing them overseas. It has also ventured into making live action movies with movie stars for Indian audience. It has also set up an entertainment park on the lines of Disneyland or Esselworld. Pentamedia also offers Indian channels to NRI audience through Internet via NumTV. It has set up a sports complex in Chennai named after Krishnamachari Srikant and has also bought into a children entertainment channel – Splash TV. In short, they are a full-fledged entertainment company. The question is why does Pentamedia figure in this book? Because part of its work includes BPO – business process outsourcing. It till does some animation work for animation majors across the world – US, Singapore and Japan. Its strength lies in 3D animation. Pentamedia has also made some 3D movies that it has distributed on its own strength – ‘Sindabad’, ‘Pandavas’, ‘Alibaba’, ‘Son of Alladin’.

3D animation is different from 2D animation. A large part of animation done around the world is 2D animation – almost 90% - with 3D only lately catching up. 3D animation is done mostly using software. A human movement captured through camera in a studio is imposed on the character and the entire process of animation is carried out using software and animation graphics. India has significant strengths in 3D animation. 2D animation, however, is mostly done manually. And it is intense work. For instance, a 100-minute 2D-animation movie may require 200,000 hand drawn frames. India does not have adequate human infrastructure to support this. Problems
stem from the lack of schools imparting training in animation and the peculiarity of artistic talent in India that does not easily lend itself to robotic artistry involved in animation. Hence, Pentamedia has been outsourcing some of the 2D work to other countries like Manila and Philippines which have a tradition of creating animation work for American companies like Disney for around three decades. However, not everything is outsourced. 2D animation involves many activities – background drawing, animation, scanning, painting, composing and so on. Pentamedia recently outsourced the animation work to Manila. Why? Simply because the people there are extremely efficient. And the quality is consistent. However, the remaining work is done in India. But can’t the animation work be done in India at cheaper rates? Possibly. But there is no guarantee on quality. And it would take a lot longer. India just does not have the kind of talent for generating quality 2D animation at an efficient pace. Which is probably why Pentamedia Graphics has downsized from 1,500 employees to 500 employees. Pentamedia now outsources most of the work. The company found from experience that training employees to the standard required by global audience for 2D animation work was a long and frustrating experience. The animation entertainment business needs to be run like a movie business with contract-based employment based on performance – rather than like a conventional corporate employment with security of tenure built into employment.

What about the other animation companies? Are they doomed? India is adequate for TV animation movies. However, the country still falls short on talent requirements for movie animation and there is strong competition from China, Philippines and South Korea.

Is it the end of the road for Indian animation? No. The world is moving from 2D animation to 3D animation. While 3D animation has a slightly rigid character, which does not offer an equal range of emotional displays as 2D animation does, this is likely to change with the evolution of technology. There is a perceptible movement towards 3D animation and India has adequate talent to match the best in the world. Pentamedia’s movement from being an outsourcing partner to a global entertainment company is interesting. Instead of working for American bosses on American themes for pittance of an amount, Pentamedia has, instead, gone ahead with making its own 3D animation movies and chosen to distribute them to global audiences. The production costs are fixed and need to be controlled and the returns are regular and for a long period. The movies
could then be given to TV channels. Videos of movies could also be sold in stores.
However, this model has its risks -- unpredictable revenues. For instance, revenues have dipped sharply from Rs 468 crore in 2001-02 to Rs 249 crore in 2002-03. This is the movie business. Sometimes the audience likes a movie and it sells. Sometimes it does not. The key thing is to keep costs under control.
Pentamedia has built an excellent infrastructure outside Chennai at Kellambakam with a state-of-the-art studio, shooting facility and 3D animation software facility. Indeed, Pentamedia looks more like a competitor to Disney productions. And the business model is very similar - animation studio, the movie shooting, the theme park and so on. Pentamedia has modelled itself after Disney and it shows. Though Pentamedia has evolved into an entertainment company, the BPO activities for other entertainment majors are still part of the offering and form a considerable component of the revenue mix.

Start-Up Year: Pentafour was set up in 1992 and Pentamedia Graphics demerged in 2000
Area of Operations: Animation, movie making, licensing and distribution
Location: Chennai
Chairman and CEO: Dr V Chandrasekaran
Ownership and Fundings: Founders of Pentafour Software Exports and Multimedia
Approximate Headcount: 500
Approximate Revenues: Rs 243 crore (2002-03)