

AMARAVATI DEEP DIVE WORKSHOP

14, 15 DECEMBER 2017

THE GATEWAY HOTEL, VIJAYAWADA

Liveability | Economic Powerhouse
Infrastructure | Governance



Amaravati Media City



The vision for Amaravati Media City is to develop it into a world class hub



“Develop Amaravati media city (AMC) into a world class media hub with a long term vision to host International events, equivalent to:

- Cannes Film festival
- Grammy awards
- E-sports world cup

Metric

**Amaravati
in 2036**

**Benchmark city
-2017**

**Employing
multi-
national
media talent**

**~60,000-
65,000**

Dubai

**Most popular
global media
event**

**Global
Film Festival,
and e-gaming
events**

Cannes



Different Elements of Media and Entertainment

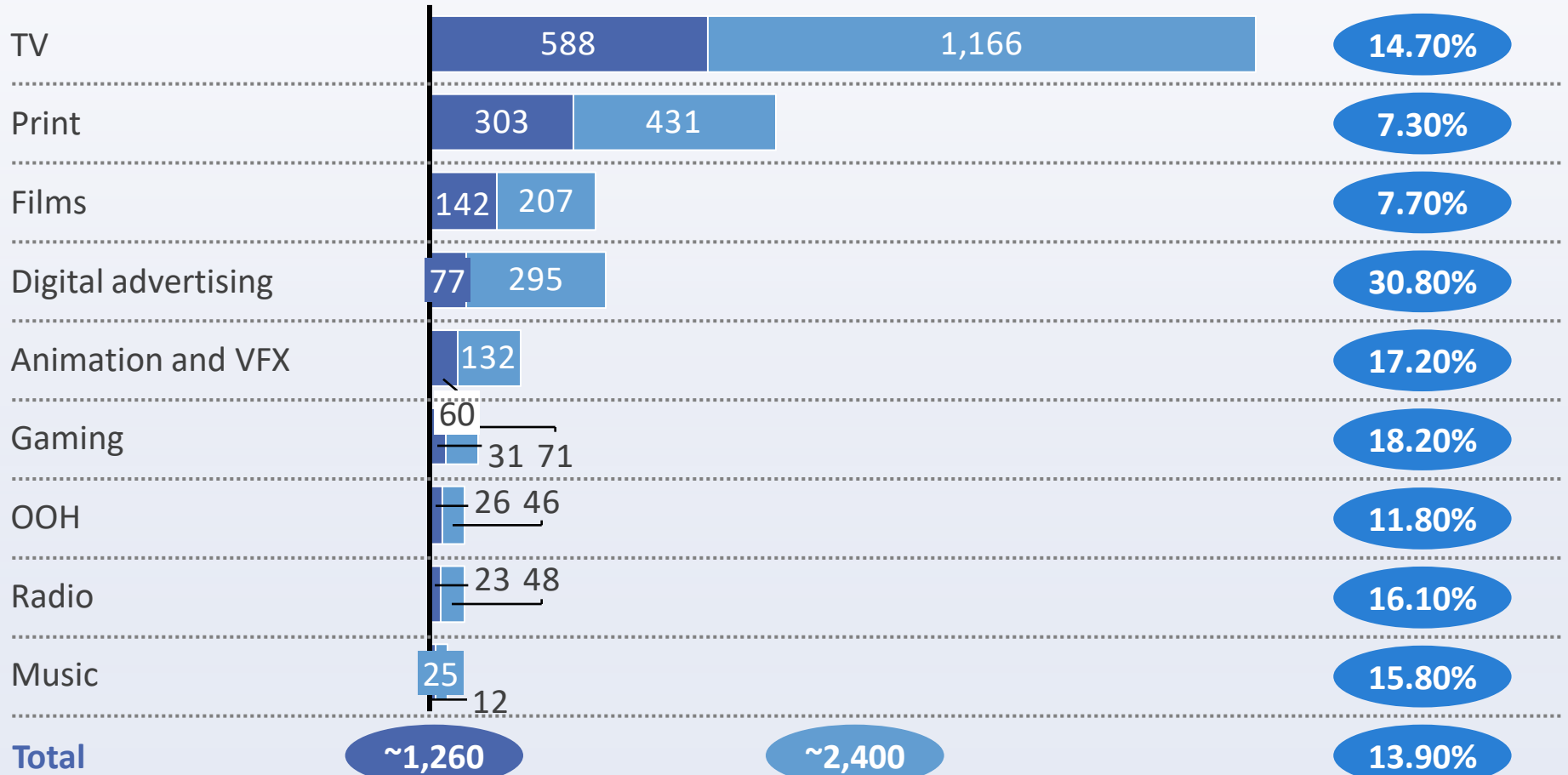


■ 2016 ■ 2021E

Overall industry size in India

INR billion

CAGR
(2016-2012P)





AMC to become a world
class media hub with ~60,000-65,000 direct
jobs (~1,00,000 -1,20,000 total jobs) by 2036

Films and Television

- First **hub for OTT**
- Major **hub for Telugu film industry** and attract non-Telugu movies
- Base for Telugu Television

Animation/VFX/ Gaming

- Capture ~10-15% share in fast growing market by 2036
- **Host largest e-sports pro-gaming championship**

Digital Ad & social media

- Capture ~5-10% of digital ad market by 2036
- **Attract major social media players** to open office

Telecom

- Get **offices of leading Telecom service provider**, infrastructure provider and Network and IT vendors

- **Talent** - Media universities / colleges, skilling institutes
- **Quality living** – Initiatives to get Amaravati into top 10 most livable cities globally (High quality healthcare, clean air, houses across different affordability levels - wide variety of retail entertainment dining options, etc.)
- **Soft infrastructure** – ISP providers, Satellite operator, CDN providers etc.

- **Films and TV** was selected as priority element it's the **largest sector by size**
- **AVGC** (animation, VFX, Gaming and Comics) and **Digital ad** were selected as they are the **fastest growing**
- **Telecom** is included due to **synergies with media** and jobs will grow organically as the city growth
- Other elements of Media, i.e., print, news, OOH, music are expected to grow organically in the city
- **Develop talent, quality living** and infrastructure will be priority as **key enablers**

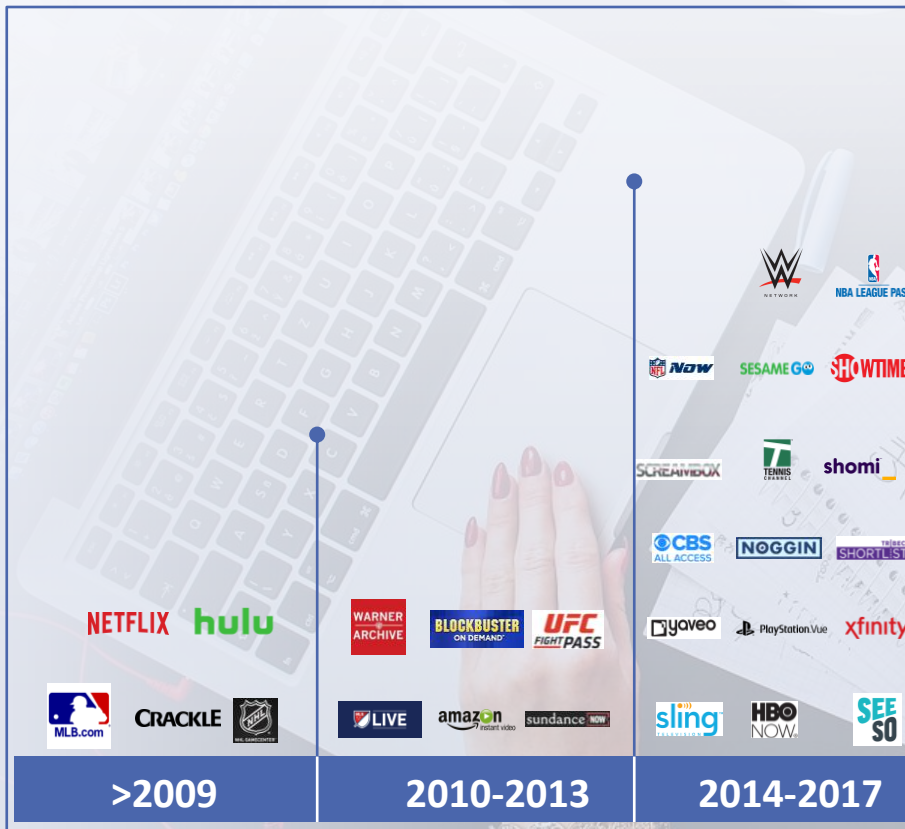


Number of active OTT subscribers is rising, and OTT players are investing heavily in content production

Rise of Over the Top Media and Original Content Creation

More streaming video services launched in the last 4 years than all prior years combined

India's active OTT video subscribers are expected to grow to 105 million by 2020 and OTT players are increasingly investing in original content creation



- **Amazon has set aside \$300 million for content in India**, higher than the annual programming budgets of the top three Hindi general entertainment channels put together
- **YouTube to fund production of 40 original shows this year**
- **Star India, has injected Rs.1,233 crore (\$192.04 million) into its digital content arm—Novi Digital Entertainment Pvt. Ltd—over the last six months.**
- **Hotstar has movies and TV shows in English, Hindi, Telugu, Marathi, Tamil and Malayalam.**



Amaravati can emerge as the hub for OTT content



Way forward

- **Regional players like Vuclip and SunNXT** can serve as potential anchors
- Eventually Amaravati can attract national players like Netflix, Hotstar and Amazon Prime

Leading OTT content providers in India



- The Government can encourage producers to converge to Amaravati studio facilities for OTT content by providing incentives like:
 - **Reimbursing production cost:** e.g. Gujarat has a policy of reimbursing up to 75% of the production cost
 - **Ensuring supply of talent:** via incentives like recruitment assistance
 - Organize and conduct an **awards function for OTT originals** – this would be a first in this industry



Amaravati can also be hub for Telugu Film and Television industry initially..



Way forward

- **Telugu film industry is 17% of total Indian film industry. Amaravati can tap into this opportunity by:**
- **Set up a big studio over ~20-30 acres :** To facilitate this, government could consider providing incentives like:
 - Lease rent subsidy or land at subsidized rates for studio development
 - Offer **recruitment assistance** for local talent hired within first few years of operation
 - **Guarantee of continuous power:** already offered by GoAP to certain media tenants and could be extended to film studios
- **Ensure Amaravati studios are the preferred destination for producers** by providing **financial incentives equivalent to other governments:**
 - **Subsidy on production cost for movies produced in Amaravati, using local Andhra Pradesh talent:** E.g., Govt. of UP offers subsidy, up to INR 10 million for at least 50% of shooting days in UP
 - **Rewards for locally produced movies** that win national or international accolades, for example Gujarat government offers assistance in the range of INR 20-50 million
 - **Tax Credit** - ~50% tax credit offered by Canada, ~30% by Malaysia
- Government can also provide **non-monetary incentives:**
 - **Simplification of procedures and single window clearance mechanism** for any film permissions
 - **Marketing support for films shot locally in global film festivals** (offered by Maharashtra)
- **Television will grow organically**
 - Telugu News Channels will come to Amaravati as it becomes the seat of all political and administrative activities
 - GoAP already has existing policies like – reserving 5-15% airtime on channels to promote locally created content



...and eventually tap into the Hindi and other South Indian languages film market



Long Term strategy

- Amaravati to have world class institutes to **produce the best talent**
- **Conduct world class events:**
 - **Amaravati Film Festival**
 - **River-side open area performances for Amaravati based Media festivals**
 - **Develop Amaravati as the preferred tourist destination for movie buffs**
- Amaravati Film Festival, river side performance area would give tourism the initial push
- Eventually, Amaravati could develop a Universal Studio like theme park-cum-studio



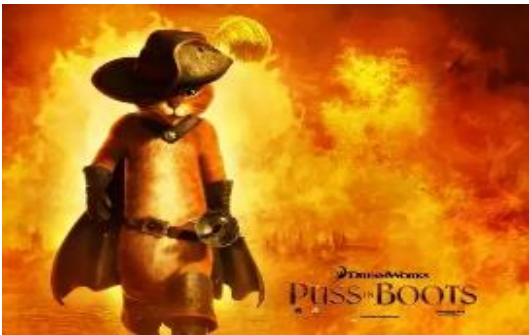


Rise of Animation and VFX in India

Some of the recent Hollywood blockbusters are output of Indian VFX and graphic studios



Gravity



Puss in Boots

Indian Animation and VFX industry is growing with increasing international business

- Indian animation and VFX industry grew at **16.4% in 2016 to reach a size of INR 59.5 billion**
- The animation and VFX services market is dominated by **outsourced projects**:
 - **85% of animation** business is outsourced
 - **70 % Indian VFX business** is from international projects



Amaravati can tap into the opportunity and become a hub for Animation and VFX companies



Way forward

Develop Local Talent

- Key challenge for animation in India currently is that it is perceived as a 'back office', with training courses are structured to suit the needs of outsourcing studios, with focus on production skill. Amaravati can take the lead by **developing talent with rock solid foundation of storytelling and filmmaking**
 - Talent can also be borrowed for the Film and TV element of the media city
 - Establish new universities, training centers or facilitate tie-ups of world class institutes with already existing colleges
- Invite Animation, VFX companies in the Integrated Business Park, and eventually setup an **exclusive Center of Excellence** with **shared support infrastructure**
- Establish supporting ecosystem like **reliable and high speed telecommunication link** as the volume of data transferred is multifold compared to IT industry
- **Ensure reliable power** by setting up appropriate backup power and exempting industry from statutory power cuts
- Setup **an incubator for Animation and VFX companies**
- Partner with investors, international studios, etc. to **set up a seed fund** for Animation and VFX startups



E-sports culture is increasing in India, and multiple national tournaments are being organized

Emergence of E-Sports

League of Legends – World Championship

Teams competed for the champion title, the 70 pounds (32 kg) Summoner's Cup, and the US\$5,000,000 champion prize (2016).

E-sports culture is increasing in India, with entrepreneurs hosting national level tournaments and sponsoring professional players

- **The Global gaming industry** is expected to reach a **market value of 1 billion USD** and **~310 million online gamer(s)** by 2021
- **10 million Indian youth** are actively involved in e-sports
- India has **~2000 professional gaming teams** that are sponsored by brand and high net worth individuals
- Domestic gaming startups including Nova Gaming Ventures, Nodwin Gaming, e-Gamers Arena and leading international players such as ESL are making investments in setting up **national-level tournaments** every month



Amaravati can become a hub for Gaming companies



Way forward

Develop Local Talent

- Via Gaming training institutes, introducing colleges in existing universities, developing exclusive media college in Amaravati

Support development of original IP

- Karnataka Government announced that original intellectual property content in animation and gaming will be eligible for a **grant of up to Rs 50 lakh**. Amaravati could give similar grants to encourage gaming companies in India

Set up Gaming Cafes and high end e-Sport lounges

- Amaravati could consider providing space on subsidized rent for establishing professional game cafes – this would not only create a buzz around e-sports in the city, but also **increase demand for gaming companies, both directly as well as indirectly** – by getting youngsters interested

Set-up an incubation center for start-ups

- Karnataka Government had announced a **VC Fund for the Animation, VFX and Gaming and Comics Sector** with an initial fund of INR 500 million, to be funded jointly by the Government of Karnataka with Private Venture Capitalists with Government contribution of 26%. Amaravati could similarly encourage start-ups in Gaming



Amaravati can become a hub for Gaming companies



Way forward

Build an e-sports arena

Get investors like

- Domestic gaming startups including Nova Gaming Ventures, Nodwin Gaming, e-Gamers Arena
- Serial entrepreneur Ronnie Screwvala has earmarked Rs 80-100 crore for setting up a tournament
- American gaming company Valve has also partnered with Indian gaming companies

Sponsor the prize money: Government can on-board sponsors such as

- GIGABYTE, a leading manufacturer of motherboards, sponsored BYOC 2012¹

Sponsor players to draw best talent:

- Currently in India, a gamer's salary is ~22,000 a month, a figure which may dissuade players
- To best talent, Government could sponsor players, especially those who represent the country at international arena

Establish Gaming houses or boot camps

- Amaravati could encourage gaming houses, **equipped with high performing gaming PCs** and sound equipment, as a **shared infrastructure that teams can lease out**

Set up Gaming Cafes and high end e-Sport lounges

- India has only ~300 cafes, as opposed to ~1,60,000 in China
- Amaravati could consider providing **space on subsidized rent** for establishing professional game cafes which would act as practice ground for local talent and encourage home grown talent



Talent will be a key enabler for the media city to develop as a world class hub



Talent

Leverage Existing universities

Introduce tie-ups of existing universities, i.e., Nagarjuna, Amrita, VIT, KLU, SRM **with top media institutes, leverage online courses**

Government can provide incentives such as

- Sponsor an exchange program for students
- Provide scholarships for students pursuing selected online courses
- Enable placements through incentives such as recruitment assistance

Invite training centers to open an Amaravati branch

These centers will grow organically as there is demand for talent. For an initial push, the Government can:

- Consider providing lease rental subsidy
- Enable tie-ups of these centers with offices and studios in the city to facilitate placements
- Lead demand generation for these training institutes by providing awards or scholarships to students undergoing these courses

Open holistic media colleges

Invite colleges equivalent to FTII, Whistling Woods International Institute

Government could:

- Leverage existing land allotment policy, to attract educational institutes by providing land at nominal prices, i.e., INR 50 lakhs an acre
- Introduce Single window clearance and facilitate procedural clearances by mapping one government official of CRDA to each university

Andhra Pradesh Government, via the Andhra Pradesh State Skill Development Corporation (APSSDC) can tie-up with MESC

- MESC could support APSSDC in creating skill development centers / Multi Skill Institutes
- MESC could then conduct assessment of trainees and provide certification
- MESC could organize train the trainer programs
- MESC could establish Centres of Excellence (CoE)



Social Infrastructure of the city will attract the best talent



Retail, Entertainment and Dining

For Amaravati to develop the best talent, we would also need a vibrant city, with the following Retail, Entertainment and Dining components:



Clinics & pharmacy



Restaurant



Retail Shops



Coffee Shop



Cafeteria



Bread & Bakery



Catering Services and restaurants



Health Club / Fitness Centre



Beauty Salon



Convenience Store



Supermarket



Shopping Mall & cinema



Hypermarket



Laundry services

Hotels and Convention Centres

To support its large floating population, Amaravati Media City would also need to develop:



Hotels – 3 , 4 and 5 stars



Hotel Apartment – Standard



Hotel Apartment - Deluxe



Guest Houses



Convention Center



Event venues



A phase-wise plan for Amaravati Media Development is needed to create a sustainable ecosystem



Phase 1 (2017-2021)



Integrated Business Park with majority Media tenants



Studio [medium size]



Affiliation/set up of international media based universities and training centers



Localised TV channel with land provided at nominal¹ prices



Phase 2 (2021-2036)



Increase count of studios etc. based on demand



Residential accommodation for media city talent



Launch Amaravati film festival + short film contest



World-class theme park like universal studios



River side open area performance venue for Amaravati based Media festivals





Government Action Plan: 2021 (1/2)



Launch the Anchor Project: Integrated Business Park (IBP) across ~20-50 acres

Release an RFP to attract a **leading mixed use developer** to construct an IBP in about ~20-50 acres where:

- **60%** of built up area will be focused on **office space**
- **20%** of built up area will be for high **quality residential complexes**
- **20%** of the built-up area will be for **Retail, Entertainment and Dining complexes**

Developer will be mandated to attract media tenants in at least 30% of the total built up area, i.e. ~ 50% of office space will be reserved for media tenants

Announce Financial Incentives for Media Tenants: Animation, VFX, Gaming Companies

Ensure Financial incentives at par with other leading states like Telangana, Karnataka, including **power study**, reimbursement of expenditure for obtaining **quality certification**, **reimbursement of Internet Bandwidth** charges up to INR 2 Lakhs per annum for 3 years and **exemption from statutory power cuts**

Invite One medium size studio ~ 20 acres

Facilitate this by providing **land at nominal rates** (~50 lakhs per acre) for studio construction and ensuring a **single window clearance mechanism**

Announce Incentives and lead demand generation for Film and Television production in Amaravati

Announce **monetary incentives** like **reimbursing production cost**, **recognition to award-winning films** and **Tax Credits**



Cultivate and attract the best media talent

- **Introduce tie-ups of existing universities**, i.e., Nagarjuna, Amrutha, VIT, KLU, SRM with top media institutes in India as well as globally by providing incentives like sponsor an exchange program for students, providing scholarships for students pursuing selected online courses, enable placements via recruitment assistance
- **Invite leading media institutes to open an Amaravati campus ~ 20-25 acres**
 - Leverage existing land allotment policy, which offers flexibility to attract educational institutes by providing land at nominal prices, i.e., INR 50 lakhs an acre shall be an enabler
- **Invite training centers to open an Amaravati branch ~2-3 acres**
- **Tie-up with Media Sector Skill Council:**
 - Support creation of skill development centers / Multi Skill Institutes
 - Conduct assessment of trainees trained in Media & Entertainment sector
 - Organize train the trainer programs in the media and entertainment Job roles
 - MESC could establish Centers of Excellence (CoE) in various segments of Media & Entertainment sector as per local requirement