

# Study on the Role of Regional Animation Support Organization

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**Abstract:** Although various support systems are promoting the animation industry in a multi-layer structure, including central and local governments and local promotion agencies, a solid industrial structure has not been formed owing to the small size of companies, a lack of funds, a lack of global business competence, an overemphasis on specific TV animation genres, and the narrowness of the domestic market. In order for the animation industry to grow steadily, an environment that can continuously and stably produce animations of various genres should be established. With regard to region-based animation industry promotion and promotion policies in line with the national regional balanced development policy and policy for fostering local specialized industries, an animation industry cluster has been established around Chuncheon, Bucheon, and Gwangju, and performance analysis studies have been conducted. This study presents the role and development strategy of regional-based animation support organizations by means of a case study of the establishment of the Asia CGI Animation Center in Jeju.

**Keywords:** Animation, Asia CGI Animation Center, Support Policy, support system

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## 1. Research Purpose

With regard to the culture industry, and to the cultural contents industry as one of the nation's top 10 strategic industries, support projects have been systematized to lay the foundation for industrial development, build infrastructure, and create a cycle structure. For example, the Cultural Industry Promotion Basic Plan was established over various administrations following the civilian government and legal system, including the Culture Industry Promotion Basic Law (1999) and the Contents Industry Promotion Act (2010). Today, the infrastructure creation policy based on the Contents Industry Promotion Basic Plan includes support of loans and investments, legal system improvements, a mutual growth ecosystem, protection of copyright and activation of use, input infrastructure, and the environmental infrastructure necessary to promote the contents industry [1].

Major policies on the local contents industry have developed in line with the cultural contents industry promotion policy. The local content industry has been promoted in earnest since the people's government. This includes a nationwide legal system for the establishment of a cultural industrial cluster and the infrastructure for the local culture industry, including the cultural industry cluster, cultural industry support center, cultural industry

research center, and local media center. In 2014, ways to develop local culture were sought through the enactment of Local Cultural Promotion Act and the establishment of the Local Culture Promotion Basic Plan [2].

With the national industrial promotion policy, the contents industry achieved sales of KRW 105.2 trillion in 2016, five times the value of the sales of KRW 21 trillion in 2000. However, it requires a more detailed strategy as a foundation for sustained growth owing to polarization by the genre of the content industry, game industry-oriented export industry structure, and the concentration of exports to China and Japan [3].

The domestic animation industry has shifted from sub-contracting production to creative production and has become a part of the creative content industry that creates high added value based on one source, multi-use(OSMU). With regard to recent domestic and foreign industry trends in the animation industry, the number of startups is increasing in accordance with the expansion of government support projects in Korea, while a shortage of necessary professional skills is prominent. Certain genres, such as toy animation by toy companies are leading the market. Moreover, an overseas trend shows that opportunities are expanding in line with the explosive growth of the Chinese animation market. With the completion of the vertical integration of global media groups, it is expected that the contents of independent production companies will find it difficult to enter major markets, such as North America. In addition, rapid changes

in the contents distribution channels due to the expansion of the global new media market are taking place.

In such a context, a region-based animation industry promotion policy, in line with the national regional balance development policy and the policy for fostering local specialized industries, tried to form an animation industry cluster around Chuncheon, Bucheon, and Gwangju. In particular, the animation industry selected a localized strategic industry in Chuncheon, which led to the creation of a regional-based animation industry cluster. This cluster possessed scarcity and a monopolistic status as a local industry, except for the metropolitan area and, thus, received successful internal and external evaluations. However, as time passed, a competitive structure emerged after the entry into the animation industry of local governments (Bucheon, Gwangju, and Busan) with the superior local power to Chuncheon. As a result, the project base weakened owing to the trial and error of the new policy. A process of establishing a strategy and executing a project for a new turning point [4] can be explored.

Clusters of numerous local content industries, including animation, are being created. Many researchers, including the government and local governments, are conducting phased case analyses of public policy. These include the policy formation process, decision-making process, implementation process, and the evaluation of results. The process of reviewing the significance based on the data of the continuous case analysis and developing a new strategy and policy alternative is indispensable. Accordingly, this study aims to examine the significance and limitations of the policy implementation process, along with a case analysis of the Jeju Asia CGI Animation Center, which has been open for a year. Furthermore, it presents a direction for the role and function of region-based animation support organizations.

## 2 Status of Projects of Regional Animation Support Organizations

### A. Seoul (Seoul Animation Center)

The Seoul Animation Center opened in May 1999. It carries out domestic and overseas marketing support, animation film festivals and exhibitions, cultural contents information material development, and cartoon house operation. The latter includes production support for animation, cartoon, character and game contents development, professional talent training, support for moving, and participation in major overseas markets [5].

**Table 1**  
Seoul Animation Center’s Production Support Project Contents and Support Process (2015)

Category	Project contents
Ani Variety (long-term works of art for TV)	Annual production cost support of KRW 1.5 billion for two creations Securement of broadcasting

	channel (SK broadband, KBS) and marketing support
Animation for theater	In addition to supporting production costs, it includes efforts to create a stable production and distribution environment by expanding networking opportunities with investors and distributors centering on the SPP (Seoul Promotion Plan).
Special animated creation	Support for production of TV series based on the history and attractions of Seoul or new animated films for special broadcasting
Pre-production	Planning stage development support, including early scenarios (the initial stage of animation production), character design, and storyboards
Short animation	Support for discovering new creators to create an environment for continuously attracting new creative people into the industry (Including short animation support linked with Seoul municipal government)

Given the current state of animation production and marketing support projects, it provides long-term works of art for TV, theater, long-term works of art of localized (Seoul) content, short animation production support and support for pre-production phase production, which is the initial production process of animation. In addition, it provides domestic and overseas marketing support. This includes project support for overseas entry, based on the SBA-sponsored international contents market SPP (Seoul Promotion Plan), joint hosting of a Korea–China animation business conference with KOTRA, and overseas market participation support, including ATF [6].

### B. Gyeonggi (Gyeonggi Content Agency)

The Gyeonggi Content Agency was established in August 2001. As the center of convergence contents, leading the creative economy of Gyeonggi Province as of 2017, it promotes the contents industry and the expansion of the contents convergence cluster in the province and in the big data industry [7].

The Gyeonggi Content Agency built a support system throughout the contents companies in support projects focused on comics, animation, and characters when it was established. The agency provides investment and production support, carry out exemption guarantee projects for contents companies for financial support, and supports housing and equipment facility construction and marketing through the export support center. In addition, it is pursuing an education project targeting provincial characterization high schools, including Hanam Animation High School, colleges, and industrial workers [8].

**Table 2**  
Gyeonggi Content Agency’s Animation Production Support Project Contents (2015)

Category	Project contents

Project of creation of myth	Total of 590 million KRW investment for two TV animations Implementation of direct investment support project by discovering animation for global market entry
Bucheon cartoon animation development project support	Support for web animation production for animation related companies in Gyeonggi-do (Implementation of Korea Manhwa Contents Agency)

**C. Gangwon (Gangwon Information and Multimedia Corporation)**

The Gangwon Information and Multimedia Corporation was established in July 2002. By securing a distinctive infrastructure with a creative animation industry structure, it pursues projects centering on animation, character, video production, Chuncheon Animation Town Festival (CAF), space and equipment support, and human resource training [9].

Animation production support is one of the CAF programs. It promotes support projects by attracting domestic and foreign investors for works selected through AAR (Asia Animation Round) competitions and having the Corporation participates directly in production. The Corporation supports domestic and overseas marketing by expanding exchanges with Changzhou City in China, and by actively promoting new exchanges and cooperation with ASEAN countries, including Vietnam [10].

**Table 3**  
**Production Support Project Contents of Gangwon Information and Multimedia Corporation (2016)**

Category	Project contents
Support for creative plan	Carries out AAR (Asia Animation Round) creative plan contest *Changed to creative character competition from 2016
Support for animation production	Supporting production through attracting domestic and foreign investment for works selected through public contest project

**D. Gwangju (Gwangju Information and Culture Industry Promotion Agency)**

The Gwangju Information and Culture Industry Promotion Agency was founded in 2002. It establishes the facility equipment necessary for contents creation and education, such as CG-based animation, games, and movies and production. It also provides global marketing support. In this way, it is constructing Asia’s representative CGI cluster [11].

With regard to animation production support, it provides production support for the original, pilot, and web animation contests. By forming the Asian Culture Industry Investment Association, which is a regional investment

partnership, it supports investment in animation production (number 1, KRW 19,040 million in 2012, and number 2, the formation of a 10 billion scale in 2016). Furthermore, it supports exhibitions including the Gwangju ACE Fair, Seoul Character Licensing Fair, Asia-EU Cartoon Connection, Hong Kong Licensing Show, and MIPCOM, as well as domestic and overseas market participation. It also provides customized marketing support based on project progress. In this way, global marketing support projects are being promoted to enhance the competitiveness of cultural content companies [11].

**Table 4**  
**Gwangju Information and Culture Industry Promotion Agency’s animation production support project contents (2015)**

Category	Project contents
Production support of original project for CG	CG-based contents production support, including animation and VFX, support for complete projects with completed planning and 800 million support for two animations Free support for selected companies for space and equipment
Support of planning and creative studio and pilot production	Support of KRW 100 million per project for animation pilot video production support, with a one-stop support system from creative planning to production and marketing. Free support for space and production equipment and SW
Web Animation Festival	Contests for creative digital animation and cartoons that are implementable on the web In the case of winning work, additional points are granted when applying for planning and creative studio operation support projects carried out by the promotion agency

**E. Jeju (Asia CGI Animation Center)**

The Jeju Asia CGI Animation Center, which opened in May 2016, supports global animation discovery and production, CG technology and marketing, human resource development, and moving and facility equipment [12].

The Jeju CGI Center established a system to support the discovery of global animation, investment, and distribution by establishing the Korea–China GAP (Global Animation Partners). By conducting the ACAAni Star contest for the discovery of global animation projects, it provided pilot video production support and local language dubbing in post-production for target entries.

**Table 5**  
**Asia CGI Animation Center’s Production Support Project Contents (2016)**

Category	Project contents
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Pilot production support	Production support of 4 pilot videos for the selected project by carrying out <ACA Ani Star>contest
Support for postproduction	Support for production of local language dubbing for entry into target market in China, Support for 6 pieces, 176 episodes

### 3. Case Analysis of Jeju Asia CGI Animation Center: Meaning and Evaluation of Establishment

#### A. Asia CGI Animation Center (ACA Center) establishment and business direction

The Ministry of Science, ICT and Future Planning and Jeju Province established the ACA Center by implementing the Asia CGI Creation Center construction project budget of KRW 10 billion in 2014. In February 2014, Jeju Province formed the Asia CGI Animation Center Development Committee for the smooth promotion of the Center's projects. The center's site decision, development planning, and direction were discussed six times in total.

In April 2014, the center was built in the Donghongro prefectural site in Seogwipo City, Jeju province. Through remodeling and the enlargement of the former lifelong learning building, the design and construction of floor space of 2,340 m<sup>2</sup> and two stories above ground were facilitated. The construction of the CGI Center was completed in January 2016, and in May, the center was officially opened.

The Ministry of Science, ICT and Future Planning and Jeju Province stated that it would be operated directly by animation industry experts, with the goal of "creating an animation cooperation hub with China centering on the ACA Center" in order to enhance the autonomy of operations, such as the 24-hour operation of the facility and actively taking advantage of private business know-how. Its operation is customizable to fit business demand [12].

The ACA Center provides an environment for creative production, because Jeju Island has the best natural environment in Korea. As a no-visa international free city, it established a base establishment strategy that strengthens the advantage of easy business exchange with Asian countries, including China. As a key strategy, it has an Asian animation hub to cope with global competition and established a strategy for building infrastructure centered on technical (creation and production) [12] support through collaboration with China and the participation of experts. By leveraging the private business network along with the opening of the center, it launched Korea-China GAP (Global Animation Partners), in which 27 companies related to Korea-China contents investment and

distribution participated.<sup>1</sup> It established a system that can support all directions, including investment and production support, and securing domestic and overseas distribution networks by discovering global animation projects through the ACA Ani Star contest.

Moreover, to establish an infrastructure centered on technical (creation and production) support in Jeju Island, where the CGI contents industrial infrastructure is still incomplete, an influx of experts from outside the area was required. For this, it attempted to attract a professional production team capable of supporting production. By attracting the best production company in Seoul, the center's pilot video production was linked with businesses providing in-kind support. As a result, it became a production support facility. It also contains the mid- to long-term vision of the strategy aimed at establishing a global CGI production studio in Seogwipo by focusing on the ACA Center.<sup>2</sup>

As an animation specialized support organization, the ACA Center is, first, a global Animation Company Accelerator, attracting leading animation companies and fostering local companies. Second, it is a global CGI animation production base with a stable man power supply system, having established a production technical support team and cultivating local talent. Third, it took the first step toward acting as an Asian animation business hub for Korea-China GAP networking and collaboration.

#### B. The significance and limitations of establishing the ACA Center

Evaluating the Center's business performance at the stage of establishing a facility equipment infrastructure and base to function as an animation business hub would be premature. However, from the perspective of its future vision and development strategy, the initial business direction is considered significant.

As described above, the ACA Center promotes businesses after clarifying that it will create an Asian animation business hub as a collaboration base with China by differentiating itself from other animation support organizations. This is a product of the process of establishing a business direction based on the understanding and demand of related industries, rather than designing the project as a public organization.<sup>3</sup> It is a

<sup>1</sup> May 18, 2016. GAP launch ceremony, eight domestic partners including digital animation promotion center, which is a private ACA Center operating agency, EBS, CJ CGV, SK Broadband, NEW, Company K Partners, Central Investment Partners, SV Investment participated.

<sup>2</sup> 19 Chinese partners including Number 1 broadcaster for Chinese animation channel hunan TV jjing-ing cartoon, China 1st?2nd New Media Companies iQIYI, YoukuTudou, Tencent Pictures founded by one of China's three largest IT companies, Tencent, China's largest private film production company Guangxiang Media, China's toy companies in 1st?3rd place Alpha, Lingdong, and Starjet, other investment, movie distribution, publishers participated.

<sup>3</sup> Digital animation promotion center, ACA Center 2016 Operational Business Plan internal data.

<sup>3</sup> Business inducement activity promotion by launching Asia CGI Animation Center Establishment Committee' centering onNational

meaningful case because it is a consumer-oriented policy. Accordingly, in-depth research should be conducted for future performance evaluation.

Furthermore, direct support for animation planning and production, as well as for the organic development of investment and distribution, including the OSMU-based profit model, and the composition of a vendor consortium by genre are needed to activate the creative animation. As the need for indirect support has increased, [13] the significance can be explored as a case that attempted to support the organization's business-oriented production.

Lastly, the ACA Center, as an animation specialization support organization, is actively promoting an animation production environment and technical support projects for market expansion. In particular, it operates R&D programs for animation contents production support for platform diversification, including multi-view video and VR, as well as animation production support projects using real-time game engines in order to improve the production pipeline.<sup>4</sup>

With regard to the technology-based fourth industrial revolution, the key to success is the source that will be provided, that is, contents using 4th-generation industrial fields, such as the commercialization of VR or AR. [14] In particular, animation refers not only to high-quality content but also to a leading source of non-photorealistic content. This is the content with the largest convergence in the cultural industry. It plays a vital role in enhancing the content industry in various fields, including characters, games, performance, VR, and AR. It has been pursuing meaningful projects, given that the R&D function of the

support agency needs to be expanded to cope with the rapidly changing media platform. [15] However, with regard to the significant role and function of the ACA Center, there are several difficulties in project promotion due to structural limitations.

First, the ACA center establishment budget was formed based on a two-year infrastructure construction project. There are no mid-term or long-term budget plans after the completion of the construction of facility equipment infrastructure. Accordingly, there are structural contradictions in terms of the establishment of medium- and long-term goals and the promotion of sustainable and stable projects. That the Ministry concerned and local governments did not initially create a budget for mid- to long-term center project expenses is a problem for the "Asia CGI animation center development committee."

Second, where there are still concerns and complaints by local companies, which were present from the early stage of establishment, in terms of location selection, business promotion method, and project target,[16] the center was unable to clarify that it is a facility focused on metropolitan animation companies. Accordingly, it faced difficulties in carrying out its business in the political draft. [17] This is a problem that originates from the fact that active communication and collaboration with local businesses and residents for the center's function and role were insufficient, despite it operating the Asia CGI animation center development committee for a year and undergoing a negotiation process. This is the base of the collaboration with China and the establishment of an infrastructure focused on technical (creation and production) support and direct benefit measures.

Third, with regard to the short-term construction project budget, as well as conflicts among external and internal interests, a fundamental limitation has resulted from an unstable power motive for promoting subjects, including related organizations and stakeholders, to establish an overall perspective. Because various interpretations are possible, owing to issues with the private-public cooperation structure and an absence of control, theoretical reviews and research on future policies and execution processes should be conducted.

In May 2017, Jeju Island passed the evaluation of the Ministry of Government Administration and Home Affairs and established of the Jeju Culture and Contents Promotion Agency (tentative name). It is expected that it will secure a stable budget for ACA center projects and establish an operational organization. However, policy insight is required on how to develop an operational system that is suitable for carrying out the original purpose of the ACA center construction project and the private-public cooperative system that uses private business networks for Asian animation hub creation.

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Assembly Culture Tourism Industry Research Forum in April 2013 (Jeju Province, Center opening ceremony project promotion progress report data, May 19, 2016).

In February 2014, Asia CGI animation center development committee formed by Jeju Island established a strategy for center development direction by reflecting the result of the animation company survey in Asian CGI Creation Center Development Plan Research Service Report.

As a summary of the core contents of the animation company survey results, establishment of a specialist support system covering all fields, such as creation-production-marketing, in accordance with the characteristics of the animation industry and organization and operation of investment funds were presented as Asian CGI Creation Center's success factors. Through establishment of expert support system in related field rather than simple corporate support operation of equipment and facilities rental, it implied professionalism, flexibility and investment support system demand (Ministry of Science, ICT and Future Planning & Jeju province, Asia CGI creation center development plan, 2014, p. 12).

<sup>4</sup> In 2016, ACA Center hosted the Production support workshop for multiplatform expansion and conducted training education Animation production using real-time game engine. In 2017, it is pursuing Animation production using real-time game engine manual production and the expansion of enterprise technical support training program

## 4. Conclusion

The domestic animation industry is dominated by the TV animation market for infants and young children, in which additional business using characters is easy to conduct. In order for the industry to grow steadily, all fields, including commercial animation, independent animation, and short/long animations, should achieve balanced development. [18] To build this foundation, the role and function of a region-based animation support agency will need to be reviewed for the strategic support of the government and local governments to build an environment where animation can be produced continuously and reliably.

First, to overcome the limitations of the local infrastructure, a change is needed for production support per project, and the competitiveness of local companies needs to be strengthened.

Second, it is necessary to develop a specialized model of a support organization, based on regional specialization, and to establish a strategy. For example, the Seoul animation center should seek overseas co-production, global distribution, and distribution-oriented center operations. Gyeonggi should develop a model for commercialization in cooperation with smart toys, webtoons, and the game industry. Gangwon should develop a business model that includes educational contents, and Gwangju should develop a model as a hub of animation for theater using a CGI center infrastructure. Jeju should specialize in the development of business models linked to the tourism industry.

Third, a complementary support system that utilizes the infrastructure of local support agencies should be built for production support, facility support, marketing support, and human resource development.

By developing specialized support organizations based on regional characteristics and building complementary support systems, the ecosystem of the contents industry in the region will be strengthened and synergy effects can be realized by establishing nationwide governance.

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## Biographies



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