MDEC MINISTRY OF DIGITAL MALAYSIA DIGITAL

SOUTHEAST ASIA ANIMATION INDUSTRY OUTLOOK 2025

Market Research Report

MDEC @30 MALAYSIA MADANI *kesejahteraan* Visit Malaysia 2026 *Truly Asia*

Table of Contents

List of Figures

List of Tables

List of Abbreviations

Acronyms	Definition
ACPI	Animation Council of the Philippines
AI	Artificial Intelligence
ASEAN	Association of Southeast Asian Nations
BGF	Business Growth Fund
BKPM	Ministry of Investment and Downstream Industry of Indonesia
BOI	Board of Investment
CAGR	Compound Annual Growth Rate
CEA	Creative Economy Agency (Thailand)
CGI	Computer Generated Imagery
CICC	China International Capital Corporation
CREATE	Corporate Recovery and Tax Incentives for Enterprises
DCG	Digital Content Grant
DEPA	Digital Economy Promotion Agency (Thailand)
DICE	Digital Creative Ecosystem Roadmap
DTI	Department of Trade and Industry (Philippines)
EDB	Economic Development Board (Singapore)
FDCP	Film Development Council of the Philippines
FIMI	Film-in-Malaysia Incentive
FINAS	National Film Development Corporation Malaysia
FLIP	Film Location Incentive Programme
ICOF	International Co-Production Fund
IMDA	Infocomm Media Development Authority (Singapore)
IP	Intellectual Property
J-LOP	Japan Content Localisation and Distribution Project
KOCCA	Korea Creative Content Agency
KUR	Kredit Usaha Rakyat (Indonesia)
MATRADE	Malaysia External Trade Development Corporation
MCI	Ministry of Communications and Information (Singapore)

List of Abbreviations

Acronyms	Definition
MCST	Ministry of Culture, Sports and Tourism (South Korea & Vietnam)
MDEC	Malaysia Digital Economy Corporation
MDG	Market Development Grant
MIC	Ministry of Information and Communications (Vietnam)
MPI	Ministry of Planning and Investment (Vietnam)
MTPP	Media Talent Progression Programme
OJK	Indonesia Financial Services Authority
QMPE	Qualifying Malaysian Production Expenditure
OSMU	One Source Multi-Use
OTT	Over-The-Top (Streaming Platform)
PCIDC	Philippine Creative Industries Development Council
PEZA	Philippine Economic Zone Authority
RA	Republic Act (Philippines Law)
RMK-13	13th Malaysia Plan

Acronyms	Definition
SEA	Southeast Asia
SSG	SkillsFuture Singapore
TESDA	Technical Education and Skills Development Authority
TFO	Thailand Film Office
THACCA	Thailand Creative Culture Agency
VCA	Vietnam Digital Content Creation Awards
VFX	Visual Effects

1.0 INTRODUCTION

1.1 Background

Southeast Asia (SEA) is entering a pivotal phase in the development of its animation industry. The region has evolved from primarily supporting international productions to creating original content with growing visibility in both local and global markets. Countries such as Malaysia, Indonesia, the Philippines, Singapore, Thailand, and Vietnam now host a growing base of studios, talent pipelines, creators and digital platforms, contributing to a more diverse and active animation ecosystem.

At the same time, the global animation landscape is evolving rapidly. Demand for culturally distinctive content is rising, distribution models are expanding, and technologies such as artificial intelligence (AI) and real-time rendering are reshaping production workflows. Established markets such as Japan, South Korea, China and the United States continue to set benchmarks for quality, scale and monetisation, shaping competitive expectations for emerging regions. Within this context, SEA's long-term growth will depend on its ability to scale intellectual property (IP), attract investment, achieve export impact and sustain competitive production quality.

This report addresses these gaps by presenting a comprehensive assessment of the SEA animation landscape, positioned within a global context. Drawing on primary research, secondary analysis and industry benchmarking, the study aims to support informed decision-making for stakeholders shaping the region's animation and creative economy.

1.2 Objectives

The intent of this report is to provide an evidence-based assessment of SEA's animation industry focusing on its capability, capacity, market structure and future opportunities. It maps the regional landscape, explores demand and consumption trends, and evaluates key ecosystem pillars such as talent, production infrastructure, technology, policy support and funding.

The study also benchmarks SEA against global leaders such as Japan, South Korea, China and the United States to highlight strengths, gaps and growth drivers that can guide the region's competitiveness and commercial performance. Drawing on stakeholder insights and consumer behaviour, the report provides actionable recommendations to strengthen collaboration, improve ecosystem coordination, and support sustainable long-term industry growth.

1.3 Methodologies

Phase 1: Establishing the aim and targets of the research

In the first phase, we defined the overall purpose, scope and analytical targets of the study. This included clarifying the core questions to be answered, determining the dimensions of the industry to be assessed and setting the parameters that guided the design of the survey, selection of expert stakeholders and identification of supporting secondary sources. This foundation ensured that the study captured both market realities and structural conditions across SEA.

Phase 2: Primary and Secondary Data Gathering

In the second phase, we collected primary and secondary data to establish a robust evidence base. Primary data was obtained using two complementary methodologies.

- **Online quantitative survey.** An online quantitative survey was conducted with 1,400 respondents across Malaysia, Indonesia, Philippines, Singapore, Thailand, Vietnam, and including adult viewers and parents reporting children's viewing habits. Both urban and rural respondents were included to capture differences in access, consumption patterns and content preferences.
- **Qualitative expert interviews**. Stakeholders across the animation value chain including animation studios, technology companies, government and industry bodies, higher education institutions and media or content distribution platforms were interviewed to provide grounded insights on industry capabilities, challenges and opportunities.

Secondary data was sourced from published reports, policy documents, market studies, industry databases and academic literature. These materials were used to validate the primary findings and to deepen the overall understanding of the regional animation ecosystem.

Phase 3: Analysis and Synthesis of Findings

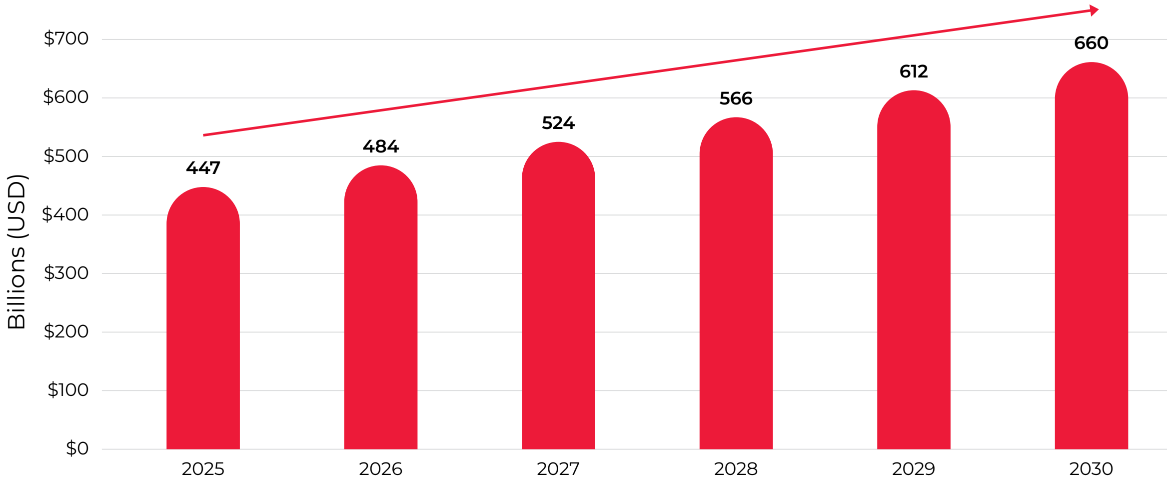
In the third phase, we consolidated and interpreted all collected data. Quantitative results were analysed to identify demand patterns, behavioural drivers and cross-country differences. Qualitative insights were synthesised to assess industry capabilities, ecosystem conditions and structural constraints. Together, these inputs offer a clear and integrated view of the Southeast Asian animation landscape and form the basis for the conclusions presented in this report.

2.0 SOUTHEAST ASIA ANIMATION INDUSTRY

2.0 Southeast Asia Animation Industry

The global animation industry continues to expand rapidly, valued at USD 447 billion in 2025 and projected to reach USD 660 billion by 2030[1]. Animation has become a mainstream medium, reaching diverse audiences across film, television, streaming platforms, and digital experiences, supported by advances in production technology and rising demand for both family and adult-oriented content. Streaming platforms and adjacent sectors such as gaming, education and marketing further drive growth.

Figure 1: Projected Global Animation Market Size in USD



Against this global backdrop, Southeast Asia (SEA) is emerging as an important regional market, valued at approximately USD 1.24 billion in 2025[2]. Growth is supported by expanding audiences, accelerating digital adoption, and government support for creative industries. While smaller in scale compared to global markets, SEA demonstrates consistent growth supported by expanding digital adoption, rising content demand, and ongoing public-sector support for creative industries.

1. The Animation Guild (TAG), CVL Economics, & BRIC Foundation. (2025). Reclaiming California's role in global animation: The case for Modernizing California's Film and TV tax Credit. CVL Economics. https://animationguild.org/wp-content/uploads/2025/05/250428-Re-claiming-Californias-Role-in-Global-Animation.pdf
2. Ipsos Estimation

Figure 2: Projected SEA Animation Market Size in USD

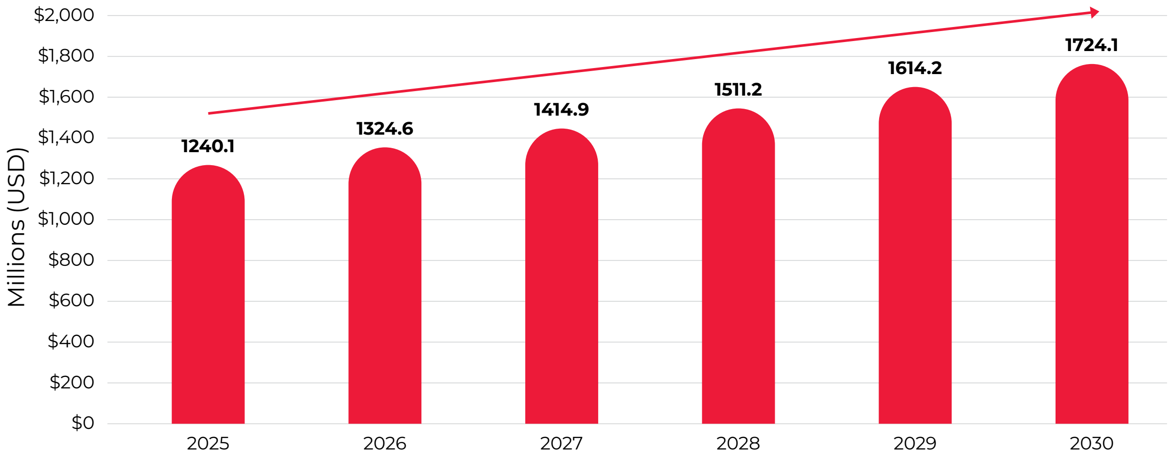


Table 1: SEA Animation Market Size, Growth, and Studio Landscape

	SEA	Malaysia	Indonesia	Philippines	Singapore	Thailand	Vietnam
Market Size 2025 (in million USD)	1,240.1	425.7	121.8	74.3	259.2	107.3	203.1
CAGR 2021-2025 (%)	6.8%	5.3%	9.2%	13.3%	8.1%	2.5%	7.1%
Number of Studios		156	150	50	11	127	200

Within SEA, the countries are developing along different pathways, each contributing to various segments of the animation value chain:

- **Malaysia** records the largest market size in the region with a steady Compound Annual Growth Rate (CAGR), reflecting a balanced and structured ecosystem rather than population-driven acceleration. Its production slate spans animation series, feature-length films, commercial content, and co-productions, demonstrating both servicing strength and original IP capability. Supported by institutional frameworks, funding mechanisms, and export-oriented strategies, Malaysia combines scale and diversified production depth, positioning it strongly as a regional animation hub.
- **Indonesia's** animation industry is expanding rapidly, with growth largely underpinned by population scale and a sizeable youth demographic driving content demand. With 150 studios, production capacity is substantial, combining audience scale with a strengthening trajectory toward commercial IP development[3].
- **Philippines** shows the highest CAGR despite a smaller base, indicating rapid scaling from a lower starting point. Growth is primarily export-led, driven by competitive outsourcing services for global studios. With 50 studios, the industry remains structurally concentrated on service production rather than large-scale domestic IP expansion[4].
- **Singapore's** market size and CAGR reflect trade and transaction driven expansion rather than production scale. Although it has only 11 studios, many regional legal, outsourcing management, facilitation, and funding offices are based there, anchoring cross-border contracting, IP structuring, and distribution arrangements[5]. The relatively higher growth rate is therefore supported by financing flows, deal-making activity, rather than volume-based content production.
- **Thailand** demonstrates steady but conservative growth. With 127 studios, production capacity is significant, particularly in commercial, advertising, visual effects (VFX) and animation[6]. While it generates original IP, growth is moderated by limited large-scale monetisation and a service-heavy structure.
- **Vietnam's** animation market is growing steadily, supported by a large studio base and an emerging digital-native creator ecosystem. Growth is primarily driven by cost-competitive outsourcing, while commercial IP capabilities are still developing.

These conditions enable local studios across the region to strengthen capabilities, expand original content, and participate more actively in regional and global value chains. This chapter provides an overview of SEA's animation market landscape, highlighting the region's current market outlook, government support measures, and key industry and consumer trends shaping its development.

3. Insights from Ipsos In-Depth Interviews.
4. Animation Council of the Philippines, Inc. (n.d.). Home. Retrieved January 10, 2026, from https://www.animationcouncil.org/
5. Media Development Authority of Singapore (MDA). (n.d.). Animation Sector - MDA Singapore. https://www.imda.gov.sg/-/media/imda/files/industry-development/sectors/media/animation.pdf
6. Insights from Ipsos In-Depth Interviews.

2.1 Malaysia

2.1.1 Overview

The Malaysian animation industry is a dynamic, export-driven sector, supported by strong technical capabilities and successful original IP such as Upin & Ipin, BoBoiBoy and Ejen Ali, with Ejen Ali The Movie 2 grossing RM58.4 million (USD 14.7 million[7]) domestically. The digital content industry generates RM87.25 billion (USD 21.39 billion) in revenue, including RM11.18 billion (USD 2.74 billion) in exports, and employs over 11,154 Malaysians since 2011[8]. The animation market is valued at USD 425.7 million and is projected to grow at a CAGR of 5.3% through 2030[9]. Government initiatives led by the Malaysia Digital Economy Corporation (MDEC) and the National Film Development Corporation Malaysia (FINAS) support talent development, IP growth and market access through programmes such as the Animation Shorts Challenge[10], Digital Content Grant (DCG), seed funding while diversified distribution channels from local TV and streaming apps to international Over-The-Top (OTT) platforms have helped Malaysian titles reach audiences across SEA. Strategic support continues with a RM110 million (USD 26.9 million) allocation in the 2026 budget, aligned with the 13th Malaysia Plan (RMK-13) to strengthen the creative economy[11].

Table 2: Malaysia Animation IPs

Malaysian Animation IPs by Format*		
Feature-Length Animated Films	• Papa Zola: The Movie (2025) • Ejen Ali The Movie 1 & 2 (2019, 2025) • Didi & Friends The Movie (2023)	• Mechamato Movie (2022) • BoBoiBoy The Movie 1 & 2 (2016, 2019) • Upin & Ipin Movie (2009, 2019)
Short Films	• Batik Girl (2018) • The 7th Night: MaoMao Revisits (2024) • Pillar of Strength (2018) • Muralz (2023)	• Footprints in the Forest (2023) • VOW (2024) • Hantu Runcit (2024) • Fish Memory (2023)
Series	• Kisah Bawah Tanah (2025) • Mechamato (2021) • Ejen Ali (2016) • Didi & Friends (2014)	• BoBoiBoy (2011) • Upin & Ipin (2007) • Bola Kampung (2006)

* Note: This list is not exhaustive and only provides several popular examples from recent years.

2.1.2 Regulatory Framework and Government Support

1. **Regulatory framework**

    - Copyright Act 1987
    - Trademarks Act 2019
    - Patents Act 1983
    - Industrial Designs Act 1996
    - Film Censorship Act
    - Communications and Multimedia Act

    In addition to regulatory measures, the Malaysian government plays an active and strategic role in accelerating the growth of the animation industry. Key agencies primarily MDEC and FINAS are among the agencies which strengthen the creative or "creative economy" through grants and incentives while capacity building is delivered principally via MDEC.

2. **MDEC** drives this growth through a suite of programmes aimed at IP creation, talent development, and market access such as:

    - MDEC provides animation support initiatives that help emerging creators produce high-quality animation and connect with global platforms[12].
    - MDEC provides seed funding to support both early-stage studios and established companies in developing new intellectual property and bringing it to international markets[13].

    MDEC's Digital Creative Ecosystem (DICE) roadmap focuses on strengthening 4 (four) key pillars such as strengthening local IP, talent development, market access and to attract investments[14].

3. **Film in Malaysia Incentive (FIMI), administered by FINAS,** offers eligible productions cash rebates based on their Qualifying Malaysian Production Expenditure (QMPE), incentivising local spending while supporting workforce development and capacity building[15].

7. XE.com. (n.d.). XE currency converter. Retrieved January 26, 2026, from https://www.xe.com/currencyconverter/
8. Malaysia Digital Economy Corporation. (2025, April 11). Malaysia targets stronger global stage presence with fresh funding for games, animation and metaverse. MDEC. https://mdec.my/media-release/news-press-release/384/malaysia-targets-stronger-global-stage-presence-with-fresh-funding-for-games%2C-animation-and-metaverse
9. Ministry of Economy (Department of Statistics) Malaysia, Ipsos Estimation
10. Malaysia Digital Economy Corporation (MDEC). (2025). Malaysia Targets Stronger Global Stage Presence with Fresh Funding for Games, Animation and Metaverse. MDEC. Retrieved from https://mdec.my/media-release/news-press-release/384/malaysia-targets-stronger-global-stage-presence-with-fresh-funding-for-games,-animation-and-metaverse
11. The Edge Malaysia. (2025, October 13). Budget 2026 to drive growth of creative sector — FINAS. The Edge Malaysia. https://theedgemalaysia.com/node/773889
12. Malaysia Digital Economy Corporation. (2025, April 11). Malaysia targets stronger global stage presence with fresh funding for games, animation and metaverse. MDEC. https://mdec.my/media-release/news-press-release/384/malaysia-targets-stronger-global-stage-presence-with-fresh-funding-for-games,-animation-and-metaverse
13. Malaysia Digital Economy Corporation. (n.d.). Digital Content Grant (DCG). MDEC. https://mdec.my/grants/dcg
14. The Edge Malaysia. (2025, September 8). Cover Story: Turning ideas into assets. The Edge Malaysia. https://theedgemalaysia.com/node/769377
15. FINAS. (n.d.). Improving the Film in Malaysia Incentive (FIMI). https://www.filminmalaysia.com/ms/imrproving-fimi-incentive/

4. **MyCreative Ventures** strengthens the industry's financial ecosystem by supporting business viability and capital access. MyCreative Matching Fund Scheme, introduced under Budget 2025, provides a 1-to-1 matching grant of up to RM250,000 (USD 61,289) for creative projects with strong long-term potential or commercial viability. This encourages companies to build original works, diversify revenue and strengthen their core business offerings[16]. Collectively, these initiatives form part of a broader strategy, aligned with RMK-13, which recognises the creative economy as a strategic developing sector which has the potential to help in the growth of Malaysia's economy.

5. **International Investment and Market Validation**

   Building on this strong domestic foundation, Malaysia's animation and digital content sector has also attracted significant international interest, including:

   - Kucingko Berhad (2024): First Malaysian 2D animation company listed on Bursa Malaysia's ACE Market; raised RM30 million to expand production capacity and establish a U.S. sales office[17].
   - Australia's iCandy Interactive × Lemon Sky Studios (2022): Acquisition formed one of Southeast Asia's largest independent game and animation studios[18].
   - Winking Studios × Pixelline Production (2024): Acquisition to leverage Malaysia's skilled and cost-competitive art talent base[19].

16. MyCreative Ventures. (n.d.). Skim Dana Padanan MyCreative (MyCreative Matching Fund Scheme). MyCreative Ventures. https://www.mycreative.com.my/mycreativematchingfund
17. Swan Consultancy Sdn. Bhd. (2024, July 26). Kucingko Berhad debuts on ACE Market with clawsome opening price of RM0.805 [Press release issued on behalf of Kucingko Berhad]. Retrieved from AlphaSense
18. iCandy Interactive Ltd. (2029, December 16). Notice of General Meeting/Proxy Form (29 pages). Retrieved from AlphaSense.
19. Winking Studios Ltd. (2025, August 13). Half Year Results ended 30 June 2025 [Interim report, 55 pages]. Retrieved from AlphaSense

Beyond equity listings and M&A, Malaysian studios have attracted both international and institutional validation. Lil Critter Workshop, for instance, received Epic MegaGrant funding in 2021 to co-develop its original IP Billy Fei and The Cloud Trials, demonstrating the studio's ability to meet global creative and technical standards. This non-dilutive support accelerated development while preserving ownership, providing strong third-party validation that signals investable potential. Lil Critter Workshop has also benefited from Cradle Fund's early-stage support, which provides funding, commercialisation guidance, and ecosystem services that strengthen studios' capabilities and prepare them for potential angel or later-stage investment[18]. Together, these supports highlight how Malaysian studios can develop scalable IP, access international collaborations, and position themselves as attractive opportunities for venture investment.

Together, these developments reflect a maturing ecosystem characterised by capital market participation, cross-border acquisitions, and international validation mechanisms. Supported by a clear regulatory framework and strategic government programmes, Malaysia is increasingly positioned as a dynamic hub for animation and digital content in Southeast Asia.

2.1.3 Trends

1. **Adoption of AI in production pipelines:** The integration of AI into animation workflows is reshaping production models in Malaysia as it improves efficiency, reduces costs and shortens turnaround times. The use of AI for pre-visualisation, asset generation and workflow optimisation has enabled Malaysian studios to improve competitiveness and scalability, while requiring parallel investments in talent upskilling to ensure creative quality and storytelling.
2. **Emphasis on cultural authenticity:** Cultural authenticity remains a defining strength of Malaysian animation. Studios increasingly integrate multilingual dialogue, local humour, traditional motifs and community values into their content. Titles such as Upin & Ipin reflects Malaysia's multiethnic society and heritage while and BoBoiBoy integrates traditional Malay proverbs into its scripts[20], strengthening domestic audience engagement while offering a differentiated proposition in regional and international markets.

20. Hasri, Umar & Md Syed, Md Azalanshah. (2024). A paradigm shift in the Malaysian animation industry: Inclusive transmedia storytelling and cultural preservation contrary to global trends. Jurnal Komunikasi: Malaysian Journal of Communication, 40(3), 132–151. https://doi.org/10.17576/JKMJC-2024-4003-08

3. **Expansion into transmedia and multi-platform strategies:** Malaysian studios are actively extending IPs across films, games, comics, music, live shows and merchandise to sustain audience engagement and diversify revenue. Beyond flagship franchises, preschool IPs such as Didi & Friends and Omar & Hana leverage educational apps and licensed learning products, while Youtube-native IPs including Oko Lele, Kisah Bawah Tanah and short-form comedy franchises such as Lawak Kampus: School Daze illustrates how creators are expanding through digital first platforms and audience specific content models to scale visibility and engagement.

Malaysia's animation industry is evolving in response to changing consumer behaviour, particularly growing demand for culturally grounded, family co-viewing content and anytime, multi-device access driven by platforms such as Netflix and YouTube[21]. Rising fandom and merchandise consumption further support transmedia storytelling and long-term IP ecosystem building, creating a reinforcing cycle between audience expectations, industry innovation and sustained commercial growth.

21. Mohd Syuhaidi Abu Bakar, & Nurul Syamimi Azman. (2025). The impact and contributions of online streaming platforms on creative-content viewing culture in post-COVID-19 Malaysia. International Journal of Research and Innovation in Social Science, 9(7), 3718–3725. https://doi.org/10.47772/IJRISS.2025.907000301

2.2 Indonesia

2.2.1 Overview

Indonesia's animation industry has developed in cycles, with early foundations dating back to the 1950s but long constrained by reliance on advertising and short-form work, while imported Japanese and American titles dominated domestic screens. By the 2010s, the sector had expanded to over 120 studios and around 24,000 workers, mainly in Java, yet many studios struggled to translate growing technical capacity into long-form IP because of financing limitations, uneven market access, and the absence of a strong pipeline for original content.

A key inflection point came in 2025 with the success of Jumbo, which achieved 9–10 million admissions and USD 23.7 million in domestic box office revenue, demonstrating the viability of large-scale, locally produced animated IP in Indonesia. Indonesia's animation market is valued at approximately USD 121.8 million in 2025 and is projected to reach USD 189 million by 2030[22], indicating strengthening commercial momentum.

Table 3: Indonesia Animation IPs

Indonesian Animation IPs by Format*		
Feature-Length Animated Films	• Jumbo (2025) • Panji Tengkorak (2025) • Zanna: Whisper of Volcano Isle (2025) • Si Juki The Movie (2017, 2024)	• Nussa: The Movie (2021) • Titus: Mystery of the Enygma (2020) • Riki Rhino (2020)
Series	• Nussa & Rara (2018) • Si Juki (2014) • Adit & Sopo Jarwo (2014)	• Kiko (2014) • Keluarga Somat (2013) • Entong (2013)

* Note: This list is not exhaustive and only provides several popular examples from recent years.

22. AINAKI, Ipsos Estimation

2.2.2 Regulatory Framework & Government Support

1. **Regulatory settings** for animation operate within Indonesia's broader creative economy framework, which emphasises IP-based growth and talent development but does not yet provide sector-specific incentives or dedicated animation funding[23].

2. **Government initiatives** include:

   - JAFF Market functions as a cross-subsector platforms that bring together creators, producers, distributors and investors, positioning animation alongside film and video in a shared marketplace[24]. This aims to expand visibility and regional reach, helping local creators pitch and validate IP.

   - AKTIF Film and Animation bootcamp focus on distribution readiness, business modelling and market access, reflecting a policy stance that prioritises preparing creators to navigate industry networks rather than subsidising production[25].

   - Selected animation IPs have been brought to global markets such as Asia TV Forum & Market through curated delegation programmes, again reinforcing a facilitation rather than incentive-driven model[26].

   - Government is exploring alternative financing pathways with financial institutions, including Kredit Usaha Rakyat (KUR) schemes and discussions with the Financial Services Authority (OJK) on intangible-asset-based mechanisms[27].

   - Announcement of a planned Rp10 trillion (USD 590 million) IP-based funding scheme for creative industry players, which would allow registered IP, including animation, to be leveraged as a financing asset, indicating a potential shift toward market-oriented, IP-led financing rather than direct sector-specific subsidies[28].

23. Indonesia Ministry of Tourism and Creative Economy. (2024). Outlook Pariwisata dan Ekonomi Kreatif 2024/2025. https://tasransel.kemenparekraf.go.id/outlook-pariwisata-dan-ekonomi-kreatif-20242025/show
24. Wire, P. (2025, November 30). Kementerian Ekraf perkuat ekosistem kreatif lewat aktivasi melalui JAFF Festival 2025. Antara News. https://www.antaranews.com/berita/5277533/kementerian-ekraf-perkuat-ekosistem-kreatif-lewat-aktivasi-melalui-jaff-festival-2025
25. Mandra, M. (2025, November 23). Kementerian Ekraf perkuat ekosistem kreatif lewat aktivasi melalui JAFF Festival 2025. RRI (Radio Republik Indonesia). https://rri.co.id/info-kementerian/1991586/kementerian-ekraf-hadirkan-aktif-film-dan-animasi
26. Akbar, V. D. F. (2025, November 24). Kementerian Ekraf Bawa 6 Film dan IP Animasi ke Kancah Global. Indonesia Info (indonesiainfo.id). Retrieved December 3, 2025, from https://www.indonesiainfo.id/artikel/67634/kementerian-ekraf-bawa-6-film-dan-ip-animasi-ke-kancah-global/
27. Catriana, E., & Ika, A. (2025, June 10). Dorong Animasi Lokal, Menteri Ekraf Buka Peluang Kerja Sama dengan Industri Keuangan. KOMPAS.com. https://money.kompas.com/read/2025/06/10/174325726/dorong-animasi-lokal-menteri-ekraf-buka-peluang-kerja-sama-dengan-industri
28. Nurfitra, B. a. T. (2026, January 11). Indonesia plans Rp10 tln IP-based funding scheme for creative players. Antara News. https://en.antaranews.com/news/399365/indonesia-plans-rp10-tln-ip-based-funding-scheme-for-creative-players

3. Private / Venture Investment

- In 2020, Visinema, the production studio behind Jumbo, raised USD 3.25 million in a Series A round led by Intudo Ventures with participation from GDP Venture and Ancora Capital to support IP development, animation production capacity and talent expansion[29]. The commercial success of Jumbo has reinforced investor confidence, with Visinema announcing plans to allocate approximately USD 10 million toward additional animated feature films[30].

2.2.3 Trends

1. **Shift towards IP ownership driven by domestic demand:** Indonesia's animation industry is transitioning from service-based technical production towards creative and commercial ownership of original IP[31], supported by rising audience demand for domestically produced family and children's content. The strong performance of Jumbo demonstrates local market viability, while the fact that local children's content represents less than 1% of total supply highlights a substantial market gap and growth potential for Indonesian-owned IP.

2. **Maturing talent and production capacity:** The demand shift is supported by a maturing talent base and wider adoption of 3D production tools, with the industry having grown 153% between 2015 and 2020 and producing a larger cohort of creators with experience in international workflows[32]. Together, these dynamics signal a gradual repositioning of Indonesia from a service-focused contributor into an emerging content-originating hub.

3. **Structural and ecosystem challenges:** The pace of transition is constrained by limited financing for long-form animation, uneven distribution access, and ongoing gaps in story development, research literacy and IP commercialisation. Initiatives such as AKTIF focus on market readiness, pitching, business modelling and linking creators to buyers because many works stall after production without reaching audiences.

4. **Technology adoption and workflow evolution:** Rapid advances in AI are reshaping production workflows, creating efficiency gains while placing pressure on traditional animator roles and skill sets[33].

29. Tan, M. (2020, February 26). Indonesia's Visinema to boost animation production after raising $3.25m. AsiaTechDaily - Asia's Leading Tech and Startup Media Platform. https://asiatechdaily.com/indonesia-visinema-series-a/
30. Grahanusa Mediatama. (2025, June 7). Jumbo: Film Animasi Lokal Terlaris Sepanjang Masa di Indonesia, Mengungguli Frozen 2. kontan.co.id. https://industri.kontan.co.id/news/jumbo-film-animasi-lokal-terlaris-sepanjang-masa-di-indonesia-mengungguli-frozen-2
31. Faisal, A. (2025, May 16). Potensi besar animasi Indonesia terungkap lewat kesuksesan "Jumbo" Antara News. https://www.antaranews.com/berita/4839109/potensi-besar-animasi-indonesia-terungkap-lewat-kesuksesan-jumbo
32. AINAKI (Asosiasi Industri Animasi Indonesia). (2021). Indonesia Animation Report 2020. https://ainaki.or.id/indonesia-animation-report-2020/
33. Purwanto, A. (2025, June 9). Mencermati Suksesnya Film "Jumbo" dan Tantangan Industri Film Animasi Indonesia. Kompas.id. https://www.kompas.id/artikel/mencermati-suksesnya-film-jumbo-dan-tantangan-industri-film-animasi-indonesia

2.3 Philippines

2.3.1 Overview

The Philippines animation industry has long contributed to global production pipelines, providing technical and service capabilities in tasks such as in-betweening, clean-up, colouring, and digital workflows for studios like Disney, Cartoon Network, DreamWorks, and Warner Bros Discovery[34].

The sector generated USD 60 million in 2024, employing over 7,500 workers[35], and is projected to reach USD 74.3 million in 2025 and continues to expand to approximately USD 137.1 million by 2030[36], assuming sustained global demand and gradual value. Since 2022, government initiatives institutions have intensified efforts to shift the industry toward higher value activities and intellectual property creation. Initiatives such as RA 11904 and TESDA training programmes, aim to shift the industry toward higher-value activities and IP creation[37]. ACPI's Animahenasyon festival supports emerging talent and original content, strengthening the production base and competitiveness in multistage animation workflows.

Table 4: Philippines Animation IPs

Philippines Animation IPs by Format*		
Feature-Length Animated Films	• Iti Mapukpukaw (2023) • Hayop Ka! (2020) • Saving Sally (2016)	• RPG Metanoia (2010) • Dayo: Sa Mundo ng Elementalia (2008)
Short Films	• The Next 24 Hours (2025) • Sulayman (2023)	• Manang Biring (2015)
Series	• Trese (2021) • Barangay 143 (2018)	• Alamat (2015) • Super Inggo at ang Super Tropa (2010)

* Note: This list is not exhaustive and only provides several popular examples from recent years.

34. The Animation Council of the Philippines (ACPI). (n.d.). About. Animation Council of the Philippines, Inc. Retrieved December 1, 2025, from https://www.animationcouncil.org/about
35. Grace Mahino, S. (2025, November 7). From talent pool to powerhouse: The Philippines prepares to be the next global animation hub with Animahenasyon 2025. From Talent Pool to Powerhouse: The Philippines Prepares to Be the Next Global Animation Hub with Animahenasyon 2025. Retrieved December 1, 2025, from https://www.createphilippines.com/article/from-talent-pool-to-powerhouse-the-philippines-prepares-to-be-the-next-global-animation-hub-with-animahenasyon-2025?
36. ACPI, Ipsos Estimation
37. Technical Education and Skills Development Authority. (2024, December 23). TESDA Animation courses. TESDA Online Program. Retrieved December 1, 2025, from https://tesdaonlineprogram.com/tesda-animation-nc-ii-course/

2.3.2 Regulatory Framework & Government Support

1. **Regulatory Framework**

- The Philippines animation industry is governed by broad creative sector regulations focused on institutional development, copyright protection, and fiscal incentives.
- Key acts include:
    - RA 11904 (Creative Industries Development Act),
    - RA 8293 (IP Code), RA 10088 (Anti-Camcording Act),
    - RA 9239 (Optical Media Act), and
    - legislative proposals HB 10107 / SB 2455

2. **Government Support**

- Government investment promotion agencies support animation firms through the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act or RA 11534. Incentives are administered primarily through the Board of Investments (BOI), in alignment with sectoral priorities set by the Philippine Creative Industries Development Authority (PCIDA). Animation companies classified under Creative Industries or Knowledge-Based Services may access income tax holidays, duty-free importation of equipment, and enhanced deductions for training, labour, power costs, and capital expenditure.
- In parallel, the Philippine Economic Zone Authority (PEZA) provides comparable incentive packages for studios operating within designated economic zones, particularly for export-oriented firms, further reducing operational costs and encouraging technology investment.
- Several agencies and organisations also contribute to capability development and industry growth, such as:
    - The Film Development Council of the Philippines (FDCP) supports animation through initiatives such as the Film Location Incentive Programme (FLIP), which offers a 20% cash rebate of up to PHP 25 million (USD 420,000) per project, with a potential uplift to PHP 30 million (USD 516,000) for productions with significant Filipino cultural elements, to international projects that partner with Philippine studios for animation or post-production work[38].
    - International Co-Production Fund (ICOF) provides up to PHP 10 million in funding for international co-productions, with additional bonuses for ASEAN collaborations and culturally significant projects[39].
    - Skills and enterprise development are supported through targeted training grants such as the SkillsUpNet Philippines (SunPH) programme and also the Cebuanimation Network grant which delivers technical and business capability training for animation and game development professionals.

38. The Film Development Council of the Philippines (FDCP). (n.d.). Film Location Incentive Program (FLIP). Film Philippines (Film Development Council of Phillippines). Retrieved December 1, 2025, from https://filmphilippines.com/incentives
39. The Film Development Council of the Philippines (FDCP). (2025). FDCP ANNOUNCES SELECTED PROJECTS FOR FILM PHILIPPINES INCENTIVES CYCLE 2 - FDCP. Film Development Council of the Philippines. Retrieved January 10, 2026, from https://fdcp.ph/news/fdcp-announces-selected-projects-film-philippines-incentives-cycle-2

3. **Private Investment:** Private capital supports expansion into original content, exemplified by Snipple Animation Studios' GBP 6 million investment from UK-based BGF in 2021, strengthening creative capabilities existing relationships with global broadcasters[40].

2.2.3 Trends

1. **Digital and Technology Adoption:** Philippine studios are upgrading production pipelines and embracing IP-driven growth[41], adopting real-time engines, advanced motion capture, and AI tools for storyboarding, concept art, and task automation. Examples include Animation Vertigo's motion capture workflows and PUNX Studios' AI integration[42,43]. Constraints remain, including high software licensing costs and slow, expensive national digital infrastructure.

2. **Shifts in Consumer Behaviour:** Audiences are migrating from linear TV to OTT platforms, with Netflix capturing ~34% of the streaming market (~2.71 million subscribers) by Q1 2025, and platforms like YouTube, iWantTFC, Viu, and Prime Video filling the rest[44]. This shift is expanding the appetite for animation across multiple formats and demographics.

3. **Content Preferences and Market Opportunities:** Anime continues to dominate SEA viewing, mirrored by strong engagement among Filipino audiences. Local children's animation, including nursery-rhyme content on YouTube and global IP like Cocomelon and Pinkfong, attracts large followings on mobile devices, creating opportunities for both international genres and culturally rooted Filipino stories.

40. Private Equity Wire. (2021, January). BGF Invests GBP6m in global animation studio Snipple. Retrieved January 29, 2026, from https://www.privateequitywire.co.uk/bgf-invests-gbp6m-global-animation-studio-snipple/
41. Grace Mahino, S. (2025, November 7). From talent pool to powerhouse: The Philippines prepares to be the next global animation hub with Animahenasyon 2025. From Talent Pool to Powerhouse: The Philippines Prepares to Be the Next Global Animation Hub With Animahenasyon 2025. Retrieved December 1, 2025, from https://www.createphilippines.com/article/from-talent-pool-to-powerhouse-the-philippines-prepares-to-be-the-next-global-animation-hub-with-animahenasyon-2025?
42. WIPO. (2025, March 25). Motion Capture and Pinoy Animation: Bringing Filipino culture to the world. Retrieved December 5, 2025, from https://www.wipo.int/en/web/ip-advantage/w/stories/animation-vertigo?
43. Newsbytes.PH. (2023, August 21). Pinoy startup unveils AI-enabled animated series. Retrieved December 5, 2025, from https://newsbytes.ph/2023/08/18/pinoy-startup-unveils-ai-enabled-animated-series/
44. M2Comms. (2025). Streaming Services Industry Report. In M2.0 Communications Inc. - Public Relations Firm. https://m2comms.com/2025/07/25/streaming-services-industry-report/

2.4 Singapore

2.4.1 Overview

Singapore's animation sector is primarily oriented towards international markets rather than a domestic commissioning base. IMDA positions Singapore as a leading media hub and "gateway to Southeast Asia," supporting locally developed content for global distribution rather than domestic broadcast[45]. This export focus is evident in co-productions like Dinosaur Train and globally scalable preschool properties such as Oddbods, designed for cross-border audiences. The acquisition of One Animation and the global rollout of Oddbods further highlight the concentration of value in international markets[46]. With a small domestic population and limited broadcast budgets, growth relies on export-oriented production, servicing, co-productions, and cross-border IP development, with the market valued at USD 259.2 million in 2025 and projected to reach USD 382.2 million by 2030[47].

This model carries structural vulnerabilities due to dependence on external decisions. The closure of Industrial Light & Magic's Singapore studio in 2023[48], and the scaling down of One Animation illustrate how service-heavy models remain exposed to global shocks and cyclical downturns[49].

Table 5: Singapore Animation IPs

Singaporean Animation IPs by Format*		
Feature-Length Animated Films	• Tatsumi (2011) • Sing to the Dawn (2008)	• Zodiac: The Race Begins (2006)
Short Films	• She and Her Good Vibrations (2023) • The Seamstress' Secret (2024)	• Neh Neh Pok (2024) • Broken (2024)
Series	• Oddbods (2014) • Counting with Paula (2014)	• Leo the Wildlife Ranger (2012) • Ollie & Friends (2011)

* Note: This list is not exhaustive and only provides several popular examples from recent years.

45. Infocomm Media Development Authority. (2024, October 30). Media. https://www.imda.gov.sg/about-imda/research-and-statistics/support-for-industry-sectors/media
46. Tuchow, R. (2024, February 1). Moonbug shutters Oddbods studio One Animation. Kidscreen.
47. Deep Market Insights, Ipsos Estimation
48. Frater, P. (2023, August 15). Lucasfilm's Industrial Light & Magic to close VFX and animation facility in Singapore due to "economic factors affecting the industry." Variety.
49. Tuchow, R. (2024, February 1). Moonbug shutters Oddbods studio One Animation. Kidscreen

2.4.2 Regulatory Framework & Government Support

1. Regulatory Framework

- Singapore supports its animation and broader screen sector through a structured, layered framework of funding instruments rather than ad hoc, project-specific subsidies. This approach provides stability and strategic direction for the development of both domestic capabilities and globally oriented content.

2. Policy Orientation

- IMDA's funding packages aim to position Singapore-originated content on international streaming platforms while strengthening domestic capabilities in virtual and advanced production technologies.

- Initiatives such as the SGD 55 million (USD 42.5 million) package in 2023 including the International Co-Production Fund (SGD 30 million / USD 23.2 million) and the Virtual Production Innovation Fund enhancement (SGD 25 million / USD 19.3 million) demonstrate the focus on outward-facing content development[50].

- 2025 Talent Accelerator Programme (SGD 200 million / USD 154.7 million) further emphasizes long-term ecosystem building, linking funding to original IP development, co-production partnerships, and structured talent pipelines from story conception to global distribution[51].

3. Government Support for Talent and Studios

- Individual and small studio support is delivered through the Media Talent Progression Programme, which provides content grants and overseas development opportunities with an emphasis on credited roles for local writers, directors, and animators on internationally benchmarked productions[52].

- At the company level, the Media Enterprise Programme co-funds early-stage development of commercially viable projects pitched to broadcasters and digital platforms, ensuring alignment with both domestic capability building and global market readiness[53].

50. Infocomm Media Development Authority. (2023, December 5). IMDA fuels media industry with fresh funding of S$55 million to support international co-productions and enhance local virtual production capabilities [Press release]
51. Infocomm Media Development Authority. (2025, December 3). IMDA launches Talent Accelerator Programme to develop Singapore's media industry talent, grow original IPs and expand global partnerships [Press release]
52. Infocomm Media Development Authority. (2025, September 8). Media Talent Progression Programme (MTPP) – Content Grants: External guidelines
53. Infocomm Media Development Authority. (n.d.). Media Enterprise Programme – Development Grant

4. Investment and Venture Capital

- Singapore's policy orientation is mirrored in venture capital activity, which increasingly targets internationally scalable studios and technology platforms, and examples include:
  - Temasek's 2022 investment in US-based Spire Animation Studios (cumulative funding > USD 40 million)[54], and USD 50 million raised by Singapore-headquartered Video Rebirth in AI-driven animation and video technologies[55].
- Industry data also shows USD 17–18 million invested across Singapore-based 3D animation and creative technology startups, highlighting the complementary roles of public funding and private capital in shaping a globally oriented, technology-led animation hub[56].

2.4.3 Trends

1. **Adoption of advanced production technologies:** Singapore's animation sector is increasingly integrating AI-assisted workflows to enhance creative flexibility and production efficiency[57]. This technological shift supports both local content creation and service provision for regional partners, while enabling a broader move toward immersive and interactive animation used across entertainment, advertising, education, and branded digital experiences.
2. **Growing consumer demand:** Animation enjoys relatively high audience demand in Singapore compared to other genres. In Q3 2023, it accounted for 14.6% of total series demand, exceeding the global average of 12.2% and highlighting strong local interest, particularly in Japanese animation[58].

54. Zahed, R. (2022, August 19). Spire Animation Studios Nabs New Funding from Singapore's Temasek. Animation Magazine. https://www.animationmagazine.net/2022/08/spire-animation-studios-nabs-new-funding-from-singapores-temasek/
55. AI Video Startup Video Rebirth Raises $50 Million in Funding. (2025, November 5). CityBiz. Retrieved January 26, 2026, from https://www.citybiz.co/article/768281/ai-video-startup-video-rebirth-raises-50-million-in-funding/
56. Tracxn. (2026, January 9). 3D Animation Sector in Singapore. Retrieved January 26, 2026, from https://tracxn.com/d/explore/3d-animation-startups-in-singapore/__1DDotY9i_KAVa7s8BfdHwCKnhp3XqtT__dzKCoXHTb0#top-companies
57. Magazine, A. (2025, September 4). Hollywood's Sigma Girl Inks AI Content Pact with Singaporean Animation Shop Tiny Island. Animation Magazine. https://www.animationmagazine.net/2025/06/hollywoods-sigma-girl-inks-ai-content-pact-with-singaporean-animation-shop-tiny-island/
58. State of streaming and television in Singapore Q3 2023: Netflix, HBO, Disney, CBS and Amazon Prime Video. (n.d.). Parrot Analytics. https://www.parrotanalytics.com/insights/state-of-streaming-and-television-in-singapore-q3-2023-netflix-hbo-disney-cbs-and-amazon-prime-video/?

3. **Streaming-driven consumption:** Viewing behaviour further reinforces animation's prominence, with 89% of animation, cartoon, and anime content consumed via streaming platforms rather than traditional television[59]. This indicates a strong alignment between consumer preferences and digital distribution trends.

4. **Expanding applications beyond entertainment:** Animation is increasingly deployed in educational and interactive formats, with 2D and 3D content used in immersive learning environments to enhance engagement and knowledge retention across age groups[60]. These developments reflect the industry's responsiveness to diversifying content formats and evolving digital consumption habits.

59. Magnite. (2023). Streaming TV's New Era: Embracing Ad-Supported Streaming Across Screens in Singapore. In Asia Video Industry Association. https://avia.org/wp-content/uploads/2023/11/Streaming-TVs-New-Era-SG-Magnite.pdf?608063071
60. Connolly, M. (2025, October 15). Educational animation in Singapore: Modern learning tools. Educational Voice. https://educationalvoice.co.uk/animation-in-singapore/

2.5 Thailand

2.5.1 Overview

Thailand's animation sector has a long creative tradition, from Sook Lek and Sudsakorn to Pangpond, Khan Kluay, and Warbie Yama, showcasing strong artistic capability and cross-border collaborations. Domestic commercialisation is limited, as audiences and investors favour imported content, reinforcing a service-oriented production landscape. Under the New S-Curve strategy, studios operate mainly as IP-owning creators or service providers within the broader digital content ecosystem.

Service-oriented work offers stable output but limited revenue upside, slowing original IP growth. While the sector is gradually shifting towards original content development, this remains early-stage. Animation revenue was USD 106.8 million in 2021 rose to USD 112.5 million in 2022 and fell to USD 97.4 million in 2024[61]. It is projected to recover to USD 107.3 million in 2025 and reach USD 121.4 million by 2030[62]. These trends highlight both structural constraints and untapped potential for internationally scalable original Thai IP[63].

Table 6: Thailand Animation IPs

Thai Animation IPs by Format*		
Feature-Length Animated Films	• Out of the Nest (2024) • Mantra Warrior: The Legend of the Eight Moons (2023)	• The Legend of Muay Thai: 9 Satra (2018) • Yak: The Giant King (2012) • Khan Kluay 1 & 2 (2006, 2009)
Series	• My Daemon (2023) • Sea of Love (2022) • Tasty Tales of the Food Truckers (2021)	• Khun Tong Daeng: The Inspirations (2015) • Shelldon (2008) • 4 Angies (2006)

* Note: This list is not exhaustive and only provides several popular examples from recent years.

61. Department of International Trade Promotion Ministry of Commerce. (2023). Thailand's digital content industry. In https://www.ditp.go.th/en
62. Ipsos Estimation
63. Thailand Digital Economy Promotion Agency (DEPA). (2025). Digital Content 2024. https://www.depa.or.th/storage/app/media/file/depa_DC25_PressCon_Presentation_TH_V1.pdf

2.5.2 Regulatory Framework & Government Support

1. Structured Policy Framework

- Thailand employs a structured policy framework positioning animation and digital content as strategic drivers for soft power, economic diversification, and global competitiveness.
- The Third Phase of the Strategic Plan for the Promotion of the Film and Video Industry (2017–2021) sets priorities in talent development, market expansion, IP protection, co-production, and industry competitiveness, aiming to strengthen Thailand's role as SEA's leading content production hub and improve global visibility[64].

2. Coordinated Multi – Agency Implementation

- DEPA anchors the national digital transformation agenda, providing internationalisation vouchers, accelerator programmes, school-based pipelines, and grants to expand production capacity, workforce readiness, and global competitiveness[65].
- CEA complements this by advancing commercialisation and IP protection through platforms such as the Content Project Market[66], the blockchain-based Creative Asset Platform[67], and the CEA Online Academy[68], helping studios scale original IP and participate in international markets.

3. Soft Power and Fiscal Incentives

- THACCA reinforces Thailand's soft power and creative economy by funding film, series, documentary, and animation projects through a 220 million baht (USD 7.1 million) grant scheme[69], promoting international collaboration and workforce development[70].
- The Board of Investment (BOI) provides fiscal incentives, including up to eight years of corporate tax exemption and import duty waivers, positioning Thailand as a competitive regional base for animation, VFX, and digital content services[71].

64. Sukhothai Thammathirat Open University. (2021). Thailand Co-Production Investment Initiative. In https://filmthailand.org/co-production/. Office of The National Broadcasting and Telecommunications Commission. Retrieved December 3, 2025, from https://filmthailand.org/co-production/
65. Thailand Digital Economy Promotion Agency (DEPA). (2023). Digital Economy Master Plan Phase 2 (2023-2027). Retrieved December 4, 2025, from https://www.depa.or.th/en/master-plan-digital-economy/master-plan-for-digital-economy-66-67
66. The Creative Economy Agency (CEA) Thailand. (2023). Content Lab 2025 สร้างสรรค์คอนเทนต์ไทย ดันไกลสู่สากล. https://www.cea.or.th/en/single-project/content-lab-2025
67. CEA ชวนครีเอเตอร์ยุคใหม่รักษาสิทธิผลงานสร้างสรรค์ ไปกับ “CAP” แพลตฟอร์ม Real-Time Timestamp แรกของไทย! (2024, February 6). Retrieved December 3, 2025, from https://www.cea.or.th/en/news-updates/CAP-real-time-timestamp
68. The Creative Economy Agency (CEA) Thailand. (2023b, September 23). Virtual Media Lab ห้องปฏิบัติการสื่อดิจิทัลและโลกเสมือน. Retrieved December 3, 2025, from https://www.cea.or.th/en/single-project/virtual-media-lab
69. Wong, S. (2025, April 1). Thailand reveals 86 projects receiving $6.4m to boost creative industry. Screen Global Production. https://www.screenglobalproduction.com/news/2025/04/01/thaland-thacca-funding-scheme-reveals-projects-recipients
70. Shackleton, L. (2024, November 5). TCCF: Thailand Unveils Plans For THACCA Content Agency; Including New Film Festival, Funding & Export Drive. Deadline. https://deadline.com/2024/11/thailand-creative-culture-agency-chalermchatri-yukol-1236167476/
71. Thailand Board of Investment (BOI). (2025). Investment Promotion Guide 2025. Retrieved December 3, 2025, from https://www.boi.go.th/un/guides

4. **Private-Sector Capital and Strategic Investment**

    - These public-sector initiatives have begun attracting private-sector capital, including private equity and international strategic investors, such as:
    - In 2022, Igloo Studio received investment from North Haven Thai Private Equity, managed by Morgan Stanley, to expand production and deliver original and service work[72].
    - In 2023 by a 32% strategic minority stake acquisition by Japan's Toho Global Inc., integrating Thai animation capabilities into its global production pipeline[73].

2.5.3 Trends

1. **Shifting production formats and revenue stream:**

    - Thailand's animation market is undergoing structural shifts across formats, distribution, and business models. 3D animation is growing steadily, while 2D and motion graphics decline due to automation and regional price competition.
    - Traditional television revenue has contracted as audiences migrate online, while theatrical animation has rebounded alongside cinema recovery, supported in part by successful international co-productions.
    - OTT platforms are the strongest growth engine, generating an estimated 112 million baht (USD 3.56 million) in 2024, with animation accounting for 19% of available titles and regional players like WeTV and iQIYI capturing significant share.

2. **Technology driven workflow transformation:** AI-driven automation is reshaping pre-production, motion graphics, and repetitive tasks, while real-time engines, cloud rendering, and virtual production are becoming integral to modern pipelines. Platforms such as Cloud 11 exemplify this trend by providing advanced infrastructure, training, and cross-sector creative collaboration, enabling studios to modernise production processes and improve efficiency.

3. **Consumer behaviour and cross-platform opportunities:** Thailand's mobile first, OTT first consumer base with 26 million streaming users and high acceptance of ad-supported viewing is reinforcing the industry's transition. Strong engagement across gaming, social media, and short-form video expands content touchpoints, creating new opportunities for cross-platform IP monetisation and regional partnerships, and shaping strategic content development decisions.

72. The Monk Studios. (2022, March 14). MORGAN STANLEY INVESTED IN THE MONK STUDIOS. Retrieved January 30, 2026, from https://themonkstudio.8content.com/morgan-stanley-invested-in-the-monk-studios/
73. Branc編集部. (2023, November 7). 東宝の子会社・TOHO Global、タイのアニメスタジオIGLOOとの資本業務提携契約を締結. Branc（ブラン）-Brand New Creativity-. https://branc.jp/article/2023/11/07/815.html

2.6 Vietnam

2.6.1 Overview

Vietnam has produced animation since the late 1950s but remains modest in commercial scale, having long been shaped by state-backed studios producing about 10–15 short, education-oriented films per year under constrained budgets[74]. While the sector has shifted toward a more market-driven model, persistent gaps in script development, financing and specialised talent continue to limit the consistent creation of export-ready IP[75].

Structurally, Vietnam functions both as a niche domestic market and a cost-competitive outsourcing base, with foreign-invested studios delivering 3D and VFX services for international clients alongside local producers operating with limited funding and distribution reach. Despite these constraints, the market is expanding, valued at USD 171.8 million in 2025 and projected to reach USD 241.8 million by 2030[76], supported by growing outsourced demand, digital platform distribution and emerging corporate-backed IP experiments such as Offspring of Dragon and Fairy and Monta in the Bizarre Galaxy.

Table 7: Vietnam Animation IPs

Vietnamese Animation IPs by Format*	
Feature-Length Animated Films	• Trạng Quỳnh Nhí: Truyền Thuyết Kim Ngưu (Little Scholar Quynh: The Legend of the Golden Ox) (2025) • Dế Mèn: Cuộc Phiêu Lưu Tới Xóm Lầy Lội (De Men: The Adventure to the Muddy Village) (2025) • Wolfoo và Hòn Đảo Kỳ Bí (Wolfoo and the Mysterious Island) (2023)
Series	• Wolfoo (2018) • Thỏ Bảy Màu (Rainbow Bunny) (2015) • Trang Quỳnh Thời Nhí (2010) • Quà Tặng Cuộc Sống (The Gifts of Life) (2010) • Monta trong Dải Ngân Hà Kỳ Cục (Monta in the Bizarre Galaxy) (2018)

* Note: This list is not exhaustive and only provides several popular examples from recent years.

74. Uzabase Inc. (2020, October 15). Animation planning/production industry overview – Vietnam. SPEEDA
75. Hoang, T. M. D., & Hoang, C. L. (2022). “Make-in-Vietnam” cartoons: A hidden kingdom. In Proceedings of the Brawijaya International Conference on Economics, Business and Finance 2021 (BICEBF 2021) (pp. 6–13). Atlantis Press
76. Ipsos Estimation

2.6.2 Regulatory Framework & Government Support

1. **Regulatory Framework**

    - Vietnam regulates animation through broader cultural and film policies rather than sector-specific laws. The Strategy for the Development of Vietnamese Cultural Industries to 2020, Vision 2030 (Decision 1755/QD-TTg) designates film and related screen content as priority cultural industries with GDP and export targets, including animated films and associated products[77].

    - The 2022 Law on Cinematography provides a core legal framework for film and animation, supplemented by Decree 131/2022/ND-CP, which introduced mandatory age classifications and content warnings for online distribution, directly shaping how animation is produced and streamed[78].

2. **Government Support:** Public support for animation is limited and embedded within broader creative and digital content initiatives rather than targeted measures. Dedicated tax breaks or subsidies for animation are rare, and existing policies are reported to insufficiently encourage local studio development, financing, or international promotion[79]. Animation is treated as one component within the wider creative industries.

3. **Private Investment and Industry Initiatives:** Private-sector efforts are beginning to emerge. In 2024, Sconnect launched an Animation Investment Fund to support high-quality animation projects and new IP development in collaboration with local studios and international distribution platforms[80]. While the fund's size is undisclosed, it reflects growing private interest in Vietnam's animation sector, though currently as an isolated initiative rather than part of a broader, systematised financing framework.

77. Vietnam Law Magazine. (2016, October 3). Vietnam adopts strategy to foster cultural industries.
78. Vietnam Law Magazine. (2022, October 3). Law on cinematography.
79. Hanh, M. (2024b, June 7). Vietnamese animation flourishes with development of digital content. Nhan Dan Online. https://en.nhandan.vn/vietnamese-animation-flourishes-with-development-of-digital-content-post136216.html?
80. Online, N. D. (2026, January 11). "Make in Vietnam" animation ecosystem aims for sustainable development. Nhan Dan Online. https://en.nhandan.vn/make-in-vietnam-animation-ecosystem-aims-for-sustainable-development-post138823.html

2.6.3 Trends

1. **Integration into the digital content economy:** Vietnam's animation sector is increasingly embedded in the broader digital content economy rather than being a niche film segment. Digital platforms and technology enable several hundred studios to move beyond low-cost outsourcing into producing content for demanding markets such as the US and Europe, while driving ongoing improvements in formats, production quality, and storytelling[81].

2. **Flagship IP and private investment:** Flagship IP such as Wolfoo demonstrates how market-led success can attract private investment and develop talent pipelines. The platform scale ecosystem including multiple character franchises, internationalised content, and extensions into games, merchandise, and creator services supports reinvestment into new IP and training, even as state incentives for the sector remain limited[82].

3. **Recognition and industry visibility:** Formal recognition mechanisms are strengthening animation's visibility and credibility. The Vietnam Digital Content Creation Awards (VCA) highlight cultural value, production quality, and business potential, The inaugural 2023 edition attracted 256 entries and honoured 15 winners across seven categories, including animated projects[83]. The 2024 framework expands the award structure, introducing additional categories and a dedicated Best Animation Films / Video group that separately recognises film, script and IP[84].

81. Nhan Dan Online. (2024, June 7). Vietnamese animation flourishes with development of digital content. Nhan Dan. https://en.nhan-dan.vn/vietnamese-animation-flourishes-with-development-of-digital-content-post136216.html
82. PR Newswire. (2022, March 11). Wolfoo – Vietnamese animation taking the world by storm. PR Newswire. https://www.prnewswire.com/news-releases/wolfoo---vietnamese-animation-taking-the-world-by-storm-301500720.html
83. VietnamPlus. (2023, December 22). 15 winners honoured at Vietnam Digital Content Creation Award 2023. Vietnam News Agency. https://en.vietnamplus.vn/15-winners-honoured-at-vietnam-digital-content-creation-award-2023-post275325.vnp
84. Vietnam Digital Content Creation Alliance. (2024, April 17). The new features in the 2024 Vietnam Digital Content Creation Awards. DCCA. https://dcca.org.vn/en/nhung-diem-moi-trong-giai-thuong-sang-tao-noi-dung-so-viet-nam-2024

3.0

KEY FINDINGS ON THE ANIMATION INDUSTRY IN SOUTHEAST ASIA

3.1 Key Findings from the Survey

3.1.1 Demographic Profile

This study was conducted with a total of 1,400 respondents across six (6) SEA markets, namely, Malaysia, Indonesia, the Philippines, Singapore, Thailand, and Vietnam. The sample was evenly distributed across countries to ensure balanced regional representation, with 200 respondents each in Singapore, Thailand, Vietnam and the Philippines and 300 respondents each in Malaysia and Indonesia. This multi-country design enables cross-market comparison while capturing diverse consumer perspectives across the region.

Figure 3: Sample Distribution Across SEA

	Malaysia	Indonesia	Philippines	Singapore	Thailand	Vietnam
Sample Size	300	300	200	200	200	200
Total	1400					

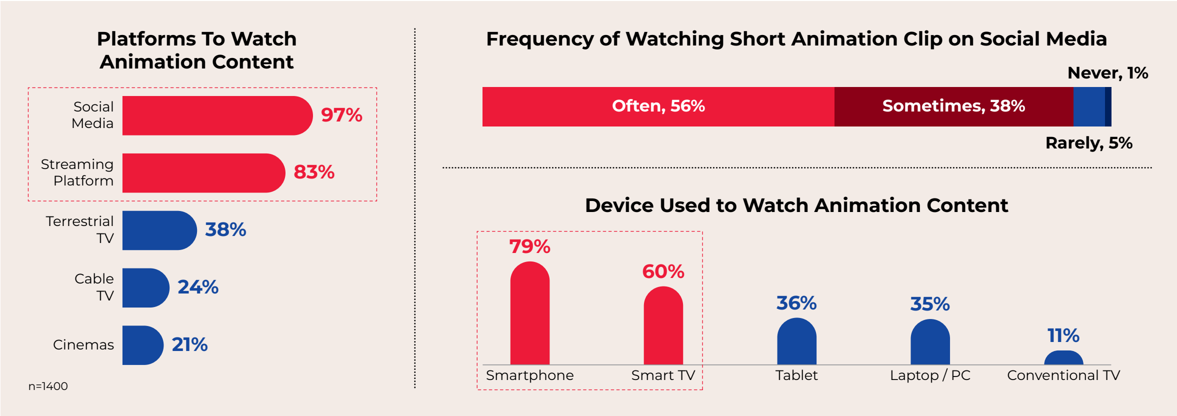
Geographically, the sample was predominantly urban based, with 75% of respondents residing in urban areas and 25% in rural areas. This reflects the higher concentration of digital access, media exposure and animation content consumption in urban settings, while still allowing for meaningful representation of rural perspectives within the dataset.

3.1.2 Viewing Behaviour on Animation Content is Driven by Digital Platforms

Survey results indicate that audiences in SEA primarily watch animation via social media (97%) and streaming or OTT platforms (83%), surpassing terrestrial TV, cable TV and cinemas. The dominance of social media is also shaping short-form content consumption, with 56% of respondents reporting that they often watch short animation clips on social platforms. Smart devices are the main viewing screens, with smartphones (79%) and smart TVs (60%) cited as the primary devices used.

Together, these patterns highlight the importance of digital-first distribution and audience development strategies. Animation content and IP should be easily accessible on major digital platforms, with short-form formats used to support discovery, extend reach and test concepts, and serve as a pathway to scaling into longer-form content and broader monetisation opportunities.

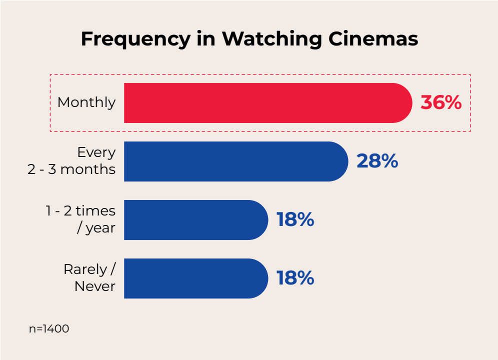
Figure 4: Animation Viewing Behaviour Across Platforms, Frequency and Devices



Source: Q1. Which platforms do you usually use to watch animation content?;
Q4. Which device do you use to watch animation content?;
Q14. Do you frequently watch short clips of animation (highlights, memes, edits) on TikTok / YouTube Shorts / Reels?

Viewing is frequent, with 37% of respondents watching animation daily and a further 46% watching three times a week or more, reflecting sustained engagement across the week. Session lengths are also substantial, with 52% typically watching for 1–2 hours per session and 41% watching for 2–4 hours. Taken together, these patterns suggest that audiences exercise strong autonomy over when and how long they watch, engaging with animation at times of their choosing rather than in short, fixed viewing windows. This underscores the importance of ensuring animation content is readily accessible on-demand, allowing viewers to watch anytime and align viewing with their individual schedules and habits.

Figure 5: Cinema Attendance Patterns



Source: Q12. How often do you watch animation movies in cinemas?

Alongside regular digital viewing, **cinemas continue to function as a periodic touchpoint** for animation consumption. Around 36% of respondents watch animated films in cinemas at least monthly, with a further 28% doing so every 2-3 months, while 18% attend 1-2 times per year and another 18% rarely or never attend. This shows that although cinemas are not the primary channel for animation viewing, **they continue to play a recurring and complementary role.**

3.1.3 Popular and Subscribed Streaming Platforms

Paid streaming is now mainstream among animation audiences in Southeast Asia, with 86% of respondents subscribing to at least one OTT service. **Subscription stacking is common across the region.** Within this mix, Netflix leads reported subscriptions at 70%, followed by Disney+ Hotstar at 30%, alongside a long tail of platforms including Prime Video, HBO Max and Bilibili, each at 8%. These figures are not mutually exclusive and reflect widespread multi-platform usage among animation viewers.

Figure 6: Streaming Platform Subscription Penetration

86%

Animation content audience subscribe to at least one streaming platform.

Global streaming platforms are top choice for animation audience, where most of them are paid watchers. Top choice platform is Netflix, followed by Disney Hotstar, Prime Video, HBO Max and Bilibili.

Subscribed Streaming Platforms to Watch Animation Content

Netflix	Disney+ Hotstar	Prime Video	HBO Max	Bilibili
70%	30%	8%	8%	8%

n=1204

Source: Q3. Which streaming platform do you subscribe to watch animation content?

There are notable **country-level variations in OTT usage.** Local OTT penetration is particularly strong in Thailand and Vietnam, where 52% and 71% of respondents respectively report subscribing to domestic platforms. In this context, **global streaming platforms remain important for achieving broad regional awareness,** while **partnerships with local OTT services in Thailand and Vietnam offer an additional route to extend reach,** support localisation through language and cultural adaptation, and diversify monetisation pathways.

Figure 7: Streaming Platform Subscription Penetration by Country

Unlike other SEA markets, Thailand and Vietnam show strong engagement with local streaming platforms, with subscription levels approaching or rivaling regional players.

	Malaysia	Indonesia	Philippines	Singapore	Thailand	Vietnam
N	266	260	185	161	182	150
Regional Platform	91%	90%	96%	86%	88%	75%
Local Platform	30%	38%	15%	20%	52%	71%

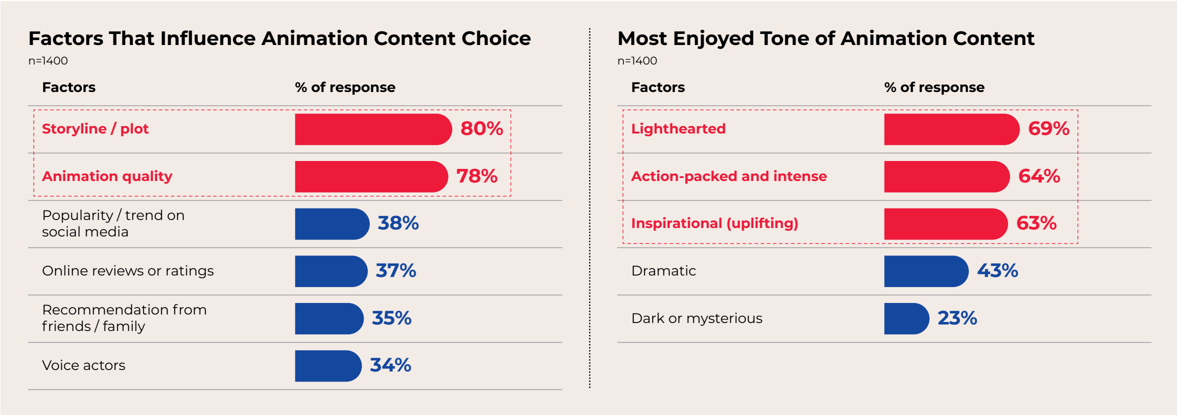
Source: Q3. Which streaming platform do you subscribe to watch animation content?

3.1.4 Animation Content Preferences

SEA audience animation content **choice drivers are primarily driven by core content fundamentals.** Storyline or plot (80%) and animation quality (78%) are the most important determinants when selecting a title. Influence from others plays a secondary role, with social media popularity or trends influencing 38% of respondents, followed by online reviews or ratings at 37% and recommendations from friends or family at 35%.

In terms of tone, **light-hearted content is most favoured at 69%,** followed by **action-packed or intense content at 64%** and inspirational or uplifting themes at 63%. Dramatic tones appeal to a more moderate segment at 43%, while dark or mysterious themes remain niche at 23%.

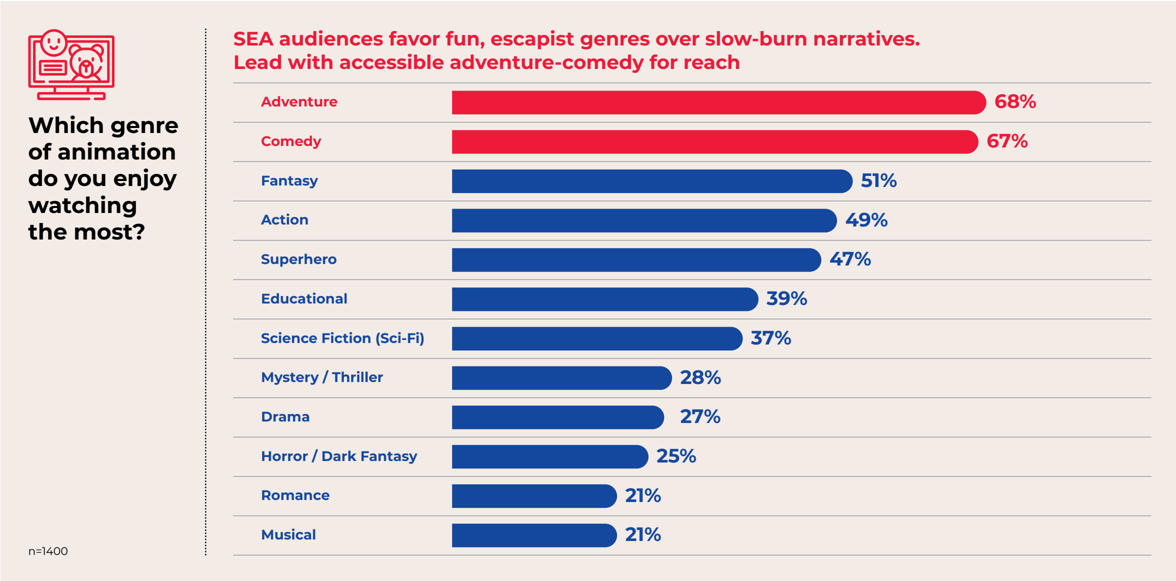
Figure 8: Key Factors Influencing Animation Content Choice and Preferred Content Tone



Source: Q26. What factors influence your choice to watch a specific animation?
Q27. What tone or style do you enjoy most in animation?

Genre preferences are broad-based and non-exclusive. Among respondents, adventure (68%) and comedy (67%) lead, followed by fantasy (51%), action (49%) and superhero (47%). Educational content attracts a sizeable audience (39%), with science fiction at 37%. Tonal preferences skew toward mainstream, feel-good and high-energy viewing.

Figure 9: Genre Preferences for Animation Content



Source: Q18. Which genre of animation do you enjoy watching the most?

These preferences indicate that **investment in strong writing and consistently high production values is most likely to convert interest into sustained viewing.**

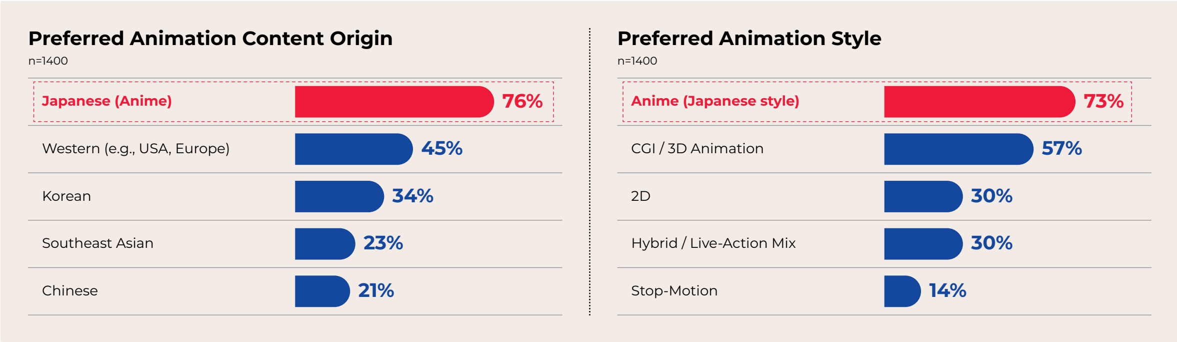
Figure 10: Preferred Audio Dubbing Languages for Animation Content (by Country)

Malaysia		Indonesia		Philippines		Singapore		Thailand		Vietnam	
N=300		N=300		N=300		N=200		N=200		N=200	
English	**83%**	**Bahasa Indonesia**	**80%**	**English**	**90%**	**English**	**85%**	**Thai**	**86%**	**Vietnamese**	**85%**
Bahasa Melayu	58%	English	55%	Japanese	37%	Mandarin	34%	English	38%	English	46%
Japanese	40%	Japanese	33%	Tagalog	23%	Japanese	33%	Japanese	28%	Japanese	22%

Source: Q24. Which audio / dubbing do you prefer to watch animation content?

Audio preferences are bilingual and market-specific. English leads in Singapore, Malaysia and the Philippines, while local-language dubs are essential in Thailand, Indonesia and Vietnam. Japanese audio also has a meaningful following across all six markets, reflecting sustained appetite for anime and supporting the case for multi-audio delivery where feasible.

Figure 11: Preferred Audio Dubbing Languages for Animation Content by Country



Source: Q19. Which style of animation do you enjoy watching the most?;
Q22. Which origin of animation do you prefer most?

By both format and origin, **Japanese anime is the clear frontrunner across the region,** with CGI (Computer Generated Imagery) / 3D also enjoying broad appeal. There is steady interest in 2D and hybrid/live-action mixes, while stop-motion remains niche. In terms of origin, Japanese titles lead, Western content maintains a sizeable audience and Korean animation is gaining momentum. Southeast Asian and Chinese titles currently trail but show potential for future growth.

3.1.5 Animation Content Decision for Children

Parents across SEA want **children's animation to deliver both learning and enjoyment.** Educational value and moral lessons are consistently important alongside entertainment, while "safe for children" is a clear baseline expectation.

Figure 12: 1314Factors Parents Consider When Choosing Animation Content for Children

What do you look for in animation for your child?

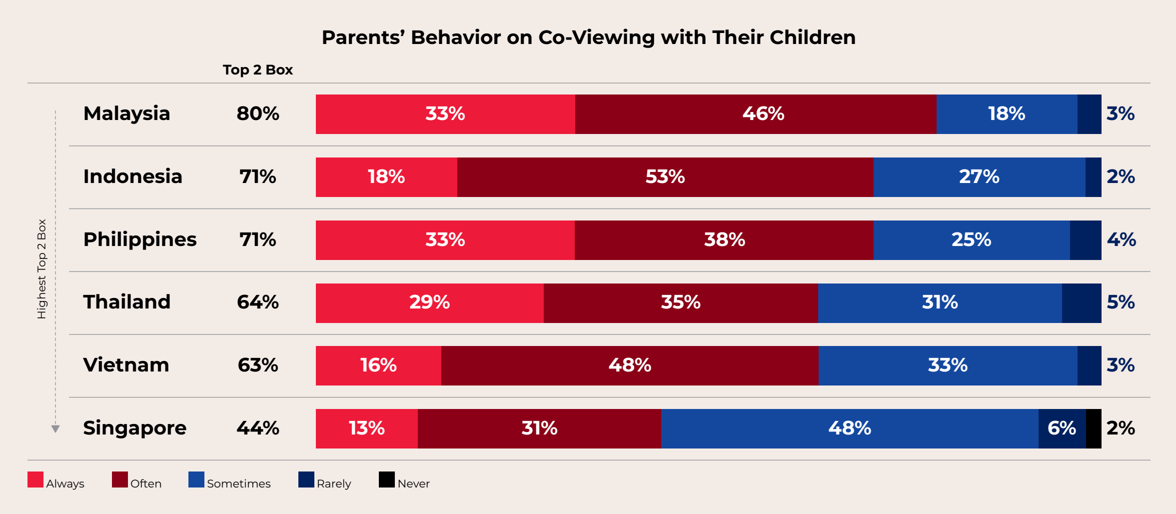
	All Countries	Malaysia	Indonesia	Philippines	Singapore	Thailand	Vietnam
N	528	114	129	73	48	55	109
Educational Value	**71%**	**76%** ▲	**78%** ▲	**79%** ▲	52%	**55%**	**69%**
Moral Lessons	**65%**	**74%** ▲	**67%** ▲	**79%** ▲	52%	47%	**59%**
Language Learning	57%	**65%** ▲	50%	60%	52%	**65%** ▲	52%
Entertain-ment	**68%**	**60%**	**74%** ▲	63%	**58%**	**76%** ▲	**72%** ▲
Teach Culture	37%	**44%** ▲	43% ▲	41% ▲	19%	27%	35%
Safe Content for Children	58%	**68%** ▲	57%	**71%** ▲	46%	55%	50%

▲ : above regional average   ■ : above average

Source: Q16. What do you look for in animation for your child?

Co-viewing is common across SEA, with roughly two-thirds of parents watching animation always or often with their children. Malaysia records the highest combined rate of frequent co-viewing, suggesting a higher incidence of shared parent–child viewing relative to other markets. This aligns with **demand for family-friendly formats that balance entertainment with educational and moral elements,** supported by accessible language features such as dual audio and subtitles.

Figure 13: Parent's Co-Viewing behaviour with Their Children by Country

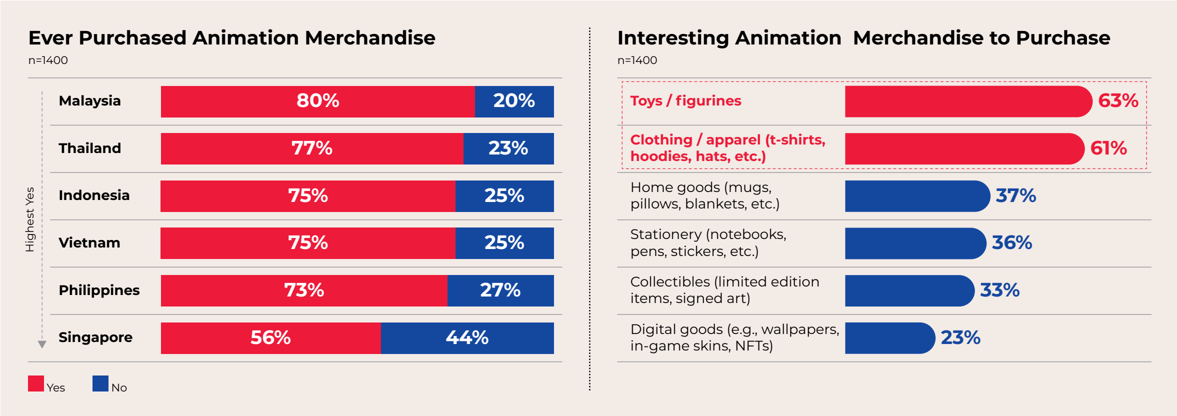


Source: Q17. How often do you co-view with your child?

3.1.5 Animation Spin-off and Merchandising

Merchandise purchasing is widespread among animation audiences in SEA, with 73% of respondents reporting that they have purchased official animation merchandise. Malaysia records the highest incidence at 80%, followed by Thailand (77%), Indonesia and Vietnam (both 75%), and the Philippines (73%), while Singapore is comparatively lower at 56%. This indicates broad consumer engagement with licensed merchandise across the region, with **Malaysia standing out as the most supportive market** in terms of conversion from animation viewership to merchandise purchase, relative to other SEA countries.

Figure 14: Animation Merchandise Purchase Behaviour and Purchase Interest



Source: Q39. Have you ever purchased merchandise from the animated series or content or film watched by you?;
Q41. If your favourite animation offered official merchandise, which types would you be most interested in?

Demand clusters around tangible categories. Toys and figurines lead interest (63%), closely followed by clothing/apparel (61%). Home goods (37%) and stationery (36%) form a meaningful middle tier, while collectibles (limited editions, signed art) attract a committed segment (33%). Digital goods trail at 23% but represent a viable adjunct where the IP and platform fit is strong.

Figure 15: Motivations for Purchasing Animation Merchandise by Country

Motivation in Buying Animation Merchandise

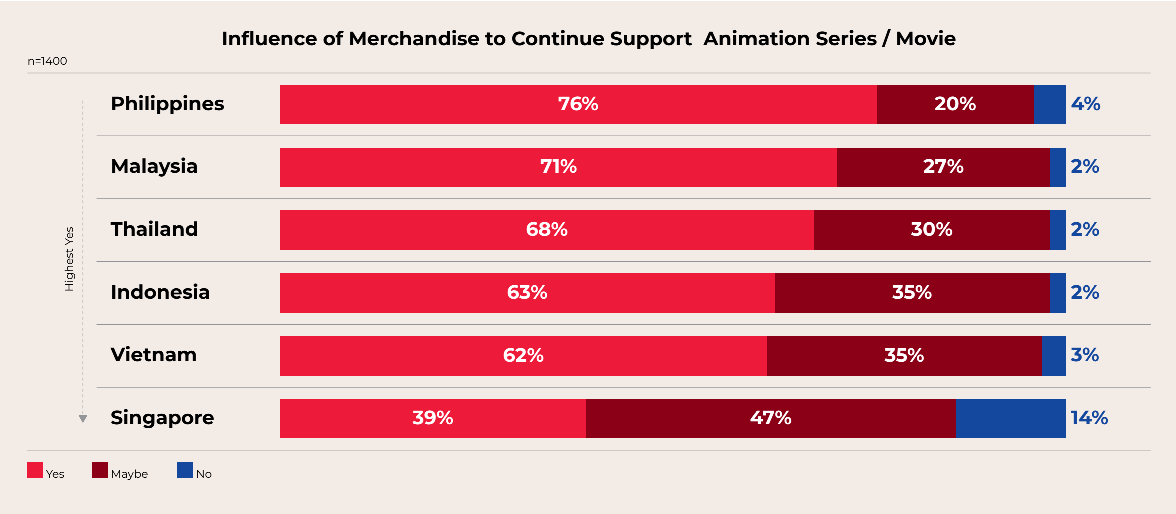
	Malaysia	Indonesia	Philippines	Singapore	Thailand	Vietnam
N	241	226	145	111	153	150
Love for the character & story	**74%**	**78%**	**81%**	**58%**	**81%**	**77%**
Limited edition or exclusivity	**53%**	35%	36%	**46%**	**48%**	40%
To support the creators	43%	35%	32%	32%	**46%**	**49%**
Investment / resale value	19%	12%	14%	14%	20%	19%
To give as a gift	31%	**41%**	32%	19%	26%	23%

: above average

Source: Q40. What motivates you to buy merchandise?

Merchandise availability also functions as a retention lever, with most respondents indicating that it would make them more likely to continue following a series or film. **This effect is strongest in the Philippines, Malaysia and Thailand,** remains solid in Indonesia and Vietnam, and is more conditional in Singapore. These patterns reinforce the importance of emotional attachment to characters and narratives, with timed merchandise releases linked to narrative moments helping deepen fandom and extend engagement beyond viewing.

Figure 16: Influence of Merchandise on Continued Support for Animation Series and Movies by Country



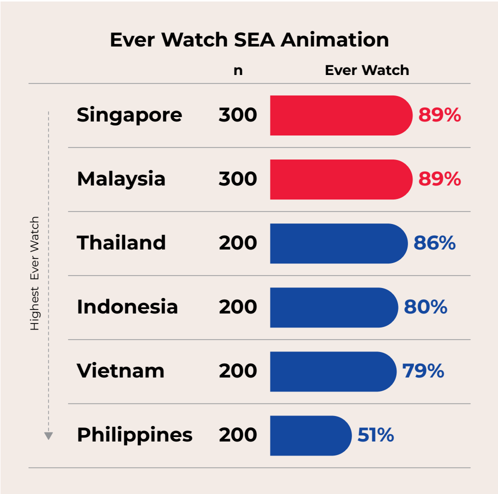
Source: Q43. Would the availability of merchandise make you more likely to continue following or supporting a series or movie?

Purchase channels are decisively digital-first across the region. Online marketplaces are the primary route, particularly in Indonesia and Vietnam, while official brand websites play an important secondary role, most notably in Malaysia, where authenticity and creator-forward storytelling matter.

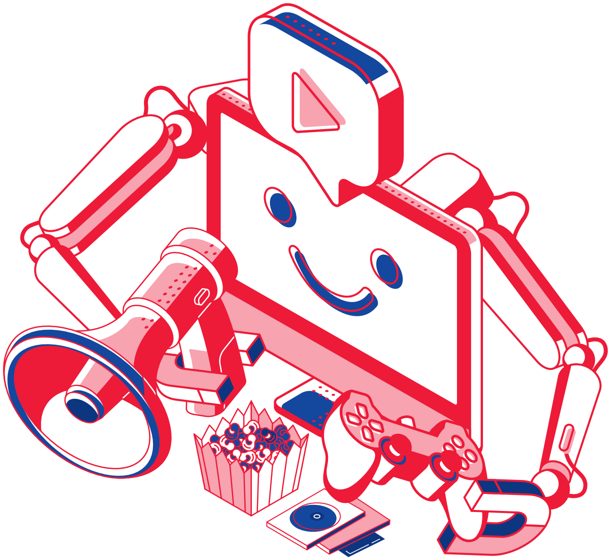
3.1.7 SEA Animation

Viewing is frequent, with 37% of respondents watching animation daily and a further 46% watching three times a week or more, alongside long session lengths of one to four hours. Together, this indicates **strong audience autonomy,** with viewers choosing when and how long to watch rather than fitting into fixed viewing windows, underscoring **the importance of on-demand access to animation content** that can be watched anytime to suit individual schedules.

Figure 17: Viewership of Southeast Asia Animation Content by Country



Source: Q30. Have you ever watched animation produced in Southeast Asia?



Despite relatively high exposure to SEA-produced animation in several markets, top-of-mind awareness remains highly concentrated. When respondents were asked to name Southeast Asian animation titles they had heard of, **Upin & Ipin and BoBoiBoy overwhelmingly dominated recall across countries.** These Malaysia-produced titles were consistently cited as the most recognisable regional animation IPs, with particularly strong recall in Malaysia, Indonesia and Vietnam, and notable visibility across other SEA markets.

Figure 18: Top-of-Mind SEA Animation Titles by Country

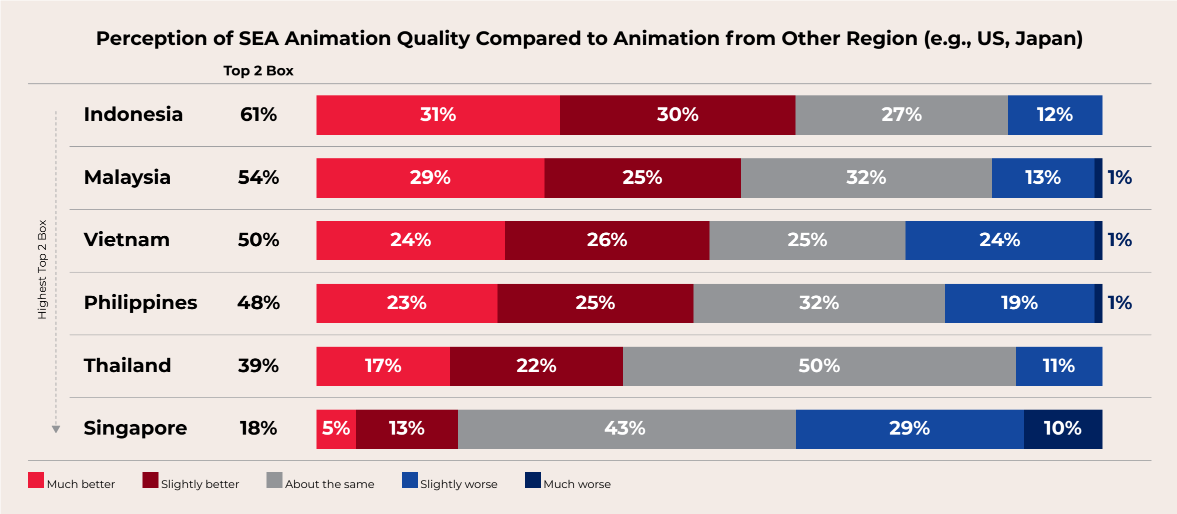
	#1	#2	#3	#4	#5
Malaysia	Upin & Ipin	Ejen Ali	Boboiboy	Didi and Friends	Machamato
Indonesia	Upin & Ipin	Adit & Sopo Jarwo	Boboiboy	Jumbo	Nussa & Rara
Philippines	The First Swallow	Saving Mother	Ollie & Friends	Lac Trôi (Animated MV)	Super Inggo at ang Super Tropa
Singapore	Ollie & Friends	Upin & Ipin	Leo the Wildlife Ranger	Boboiboy	Sing to the Dawn
Thailand	Khan Kluay (The Blue Elephant)	The Legend of Muay Thai: 9 Satra	Yak: The Giant King	Mantra Warrior: The Legend of the Eight Moons	Out of the Nest
Vietnam	Lac Trôi (Animated MV)	Upin & Ipin	Jumbo	Boboiboy	Saving Mother

Titles recognized across multiple markets

Source: Q29. Please name ALL animation titles from Southeast Asia that you have heard of?

In terms of perceived quality relative to animation from established global regions (Japan, the United States, Korea), **SEA animation is generally rated as "about the same," rather than better. Malaysia and Indonesia show relatively more positive assessments, with a higher proportion of respondents rating regional animation as slightly better or much better.** These findings suggest that **SEA animation is not rejected on quality grounds,** but it is not yet perceived as a global benchmark, particularly when compared with Japanese anime or Western productions.

Figure 19: Perceptions of SEA Animation Quality Compared with Animation from Other Regions by Country



Source: Q32. How would you rate the quality of animation produced in Southeast Asia compared to animation from other regions (Japan, USA, Korea, etc.)?

When asked about the strengths of SEA animation, respondents most frequently cited unique cultural themes and stories (68%) and relatable characters for local audiences (66%). Language accessibility, including local-language use and dubbing, was also identified as a key advantage (57%), reinforcing the **importance of cultural proximity and linguistic familiarity in driving engagement.**

Figure 20: Perceived Strengths and Weaknesses of SEA Animation

Perception on SEA Animation Main Strength
n=1400

Unique cultural themes / stories	**76%**
Relatable characters for local audiences	**66%**
Language accessibility (local language / dubbing)	**57%**
Lower production cost (more affordable to access)	**30%**
Creative visual style	**34%**

Perception on SEA Animation Main Weakness
n=1400

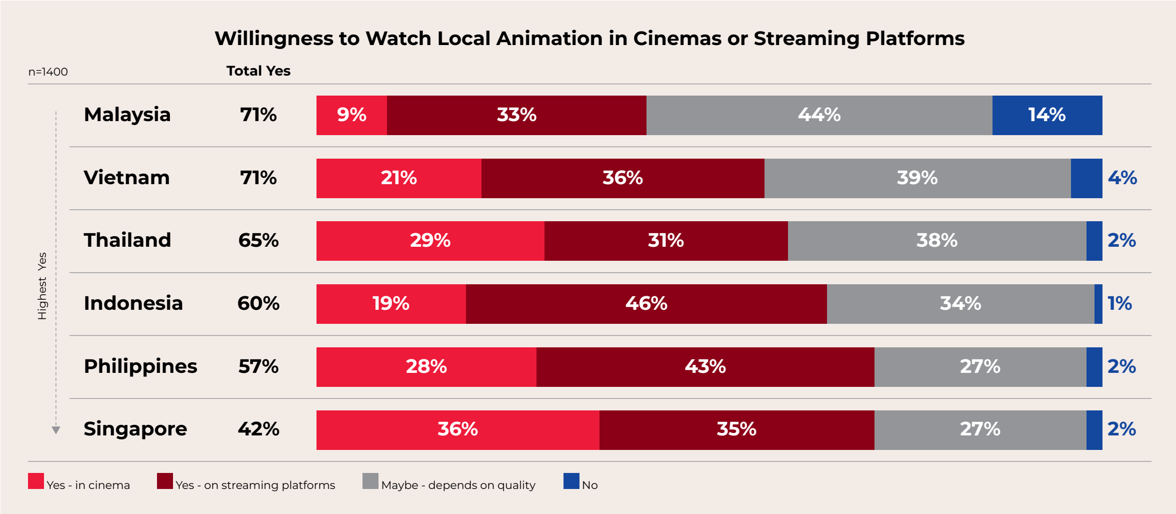
Lower animation quality / technical execution	**51%**
Smaller production budget	**47%**
Limited global recognition and distribution	**44%**
Limited character development	**40%**
Less compelling storytelling	**34%**

Source: Q33. In your opinion, what are the main strengths of Southeast Asian animation compared to global animation?,
Q35. In your opinion, what are the main weaknesses of Southeast Asian animation compared to global animation?

These strengths contribute to **SEA animation's ability to reflect local values, humour, everyday experiences and social contexts in ways that global content often does not.** At the same time, respondents clearly identified **structural and execution-related weaknesses.** The most frequently cited limitation is lower animation quality or technical execution (51%), followed by smaller production budgets (47%) and limited global recognition and distribution (44%). Taken together, these perceptions suggest that **SEA animation is viewed as strong in concept and cultural grounding, but constrained in scale, resources and global market access.**

Encouragingly, **commercial openness toward SEA animation is evident across markets,** with a majority of respondents indicating willingness to pay to watch local animation if available in cinemas or on streaming platforms. **Malaysia records the highest overall willingness, standing out among the surveyed markets,** followed by Indonesia, Vietnam and the Philippines.

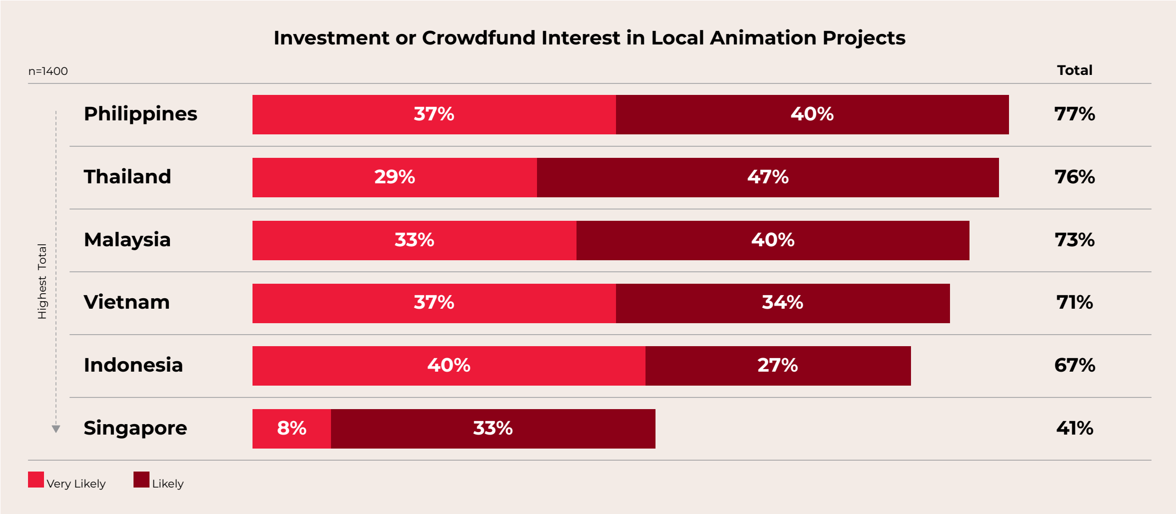
Figure 21: Willingness to Watch Local Animation in Cinemas and on Streaming Platforms by Country



Source: Q34. If local animation were available in cinemas or streaming platforms, would you pay to watch it?

Beyond consumption, there is also notable openness toward participatory support models for local animation across SEA. Interest in investing in or crowdfunding animation projects is strongest in the Philippines (77%) and Thailand (76%), followed by Malaysia (73%) and Vietnam (71%), with Singapore showing comparatively lower levels of interest.

Figure 22: Investment and Crowdfunding Interest in Local Animation Projects by Country



Source: Q44. If given a chance to invest or crowdfund for a local animation project, would you be interested?

Together, these findings indicate that **demand-side barriers are not the primary constraint.** Instead, the challenge lies in translating cultural relevance into consistently high-quality, well-distributed content that audiences are already willing to pay for and, in some cases, financial support.

3.2 Key Findings from the In-Depth Interviews

3.2.1 Highlights from Malaysia

- **End-to-end capability but limited scale:** Leading studios such as Monsta demonstrate that Malaysian players can operate across the full IP value chain from development and production of IP to distribution, localisation and merchandising to retain control over creative and commercial outcomes. However, the wider ecosystem lacks the scale and stability to consistently sustain original IP development, leaving many studios reliant on servicing work.
- **Financing discipline and investment readiness:** Studios such as Lil Critter Workshop highlights the importance of grant leverage, investor validation and measurable market traction in securing growth capital. Its experience shows that funding approvals increasingly depend on demonstrated commercial viability, while lean operations, KPI-driven funding use and strong IP protection underpin sustainable expansion.
- **Talent pipeline and workforce challenges:** There are gaps in graduate readiness, particularly in narrative development and core animation fundamentals, driven by the prevalence of short training programmes and uneven curricula depth; talent retention is further constrained by fluctuating servicing demand, limited stable and high-quality job opportunities and high financial barriers of developing original IPs.
- **High regional potential:** Malaysia is widely benchmarked across SEA for animation quality, IP experience and production reliability with servicing capabilities on par with more mature markets, positioning it to anchor the regional value chain, but realising this potential requires end-to-end investment, stronger international market access and more coordinated industry, education and studio collaboration.

3.2.2 Highlights from Indonesia

- **Gradual shift toward IP creation:** Indonesian studios are increasingly experimenting with original IP creation through character prototypes, shorts or collaborations, moving beyond pure servicing, supported by a growing and geographically diversified talent base beyond major hubs.
- **Capital and risk constraints:** High upfront costs, long production cycles and investor risk aversion continue to limit the development of full-length, premium IP, with commercially scaled successes remaining rare and concentrated in a few flagship cases.

- **Fragmented ecosystem:** Weak linkages between studios, distributors, investors and educational institutions slow industry maturation and hinder Indonesian IP from progressing across the full content lifecycle.
- **Policy coordination still emerging:** Government stakeholders are beginning to prioritise cross-sector coordination across creative, media and financing actors, but the absence of a comprehensive, long-term animation strategy remains a key structural gap.
- **Monetisation and distribution bottlenecks:** Piracy, underdeveloped licensing markets and broadcaster preference for foreign or in-house content constrain revenue generation, creating structural barriers for Indonesian IP to achieve scale.

3.2.3 Highlights from Philippines

- **Service-led legacy limits IP ownership:** A long history of outsourcing has built a technically strong workforce, but most studios remain dependent on foreign service work, reinforcing execution-focused models rather than locally owned IP creation.
- **Talent readiness gaps:** While talent supply is abundant, universities emphasise artistic foundations over production-ready skills, leaving studios to bear training costs in layout, clean-up, compositing and effects.
- **Weak IP and investment capability:** Skills development remains aligned to service demands, resulting in creators who are creatively strong but lack pitching, prototyping, valuation and monetisation capabilities, undermining investor confidence.
- **Challenging domestic market dynamics:** Local animation struggles for visibility against dominant global and Japanese titles; even Filipino adaptations often perform better internationally than domestically, while the decline of free TV and shift to short-form content narrow commercial pathways for local IP.
- **Ecosystem support still incomplete:** Although government agencies and industry associations are showing increasing commitment through updates to education and skills-training frameworks, legislative work and export support, the ecosystem still lacks financing structures, accelerators, streamlined grants and investor-ready prototypes to translate growing creative ambition into competitive IP enterprises.

3.2.4 Highlights from Singapore

- **Shift to IP-led, digital-first models:** Since 2022, Singapore studios have moved away from volume-based service work towards leaner, IP-led and digital-first production models, leveraging AI and real-time engines to streamline pipelines amid slower global commissioning, tighter budgets and rising cost pressure, and prioritising higher-value creative roles and exportable, scalable IP.

- **Market-validated IP focus:** Stakeholders broadly agree that IP only creates value when backed by clear market traction and monetisation pathways, leading to stronger emphasis on early validation (e.g. YouTube metrics, audience retention) rather than pitch-led development.

- **Selective investment criteria:** In a cautious funding environment, studios are more attractive to investors when they tightly control costs, retain IP control, validate concepts digitally before scaling and demonstrate multiple revenue streams.

- **Targeted policy and talent strategy:** Government support prioritises high-value capabilities such as AI, advanced 3D and real-time engines, rather than attempting large-scale, end-to-end production. While this strengthens competitiveness in targeted segments, it also limits the depth and breadth of domestic production pipelines.

- **Regional coordination hub model:** Singapore positions itself as a high-value creative and coordination hub within a regional production corridor, offshoring labour-intensive production to lower-cost neighbours while retaining higher-value roles. AI and automation reinforce this specialisation, improving efficiency but limiting the domestic scaling of full-cycle IP production.

3.2.5 Highlights from Thailand

- **Service-led industry structure:** Thailand's animation sector remains heavily reliant on outsourced work, as high financial risk and limited early-stage funding constrain original IP development.

- **Uneven access to funding:** Imported copyrights and content continues to outnumber Thai developed creators, while existing funding mechanisms favour large, established studios, limiting viable IP pathways for independent creators and slowing diversification of local IP.

- **Talent readiness gaps:** Although the talent pool is growing, graduates often lack end-to-end production readiness, placing a heavy upskilling burden on studios and constraining Thailand's ability to scale production capacity efficiently.

- **Challenging market dynamics:** Broadcasters prioritise Japanese and other Asian titles with reliable and predictable ratings and lower acquisition risk, reducing visibility and investment appetite for Thai-developed animation.

- **Risk of structural lock-in:** Without stronger early-stage financing, industry-aligned talent pipelines and incentives that reward local content, Thailand risks remaining trapped in a service-centric model with limited scalable, commercially sustainable IP.

3.2.6 Highlights from Vietnam

- **Predominantly service-led:** Vietnam's animation industry remains primarily service-led, with gradual and uneven movement towards original IP creation. An ecosystem of roughly 200 studios is sustained mainly by outsourced international work in areas such as game cinematics, education content and VFX, which continues to anchor revenue and production capacity.
- **Concentrated IP transition:** Movement toward original IP creation is gradual and uneven, led mainly by a small number of well-capitalised studios rather than broadly embedded across the sector.
- **Financing constraints:** Investment appetite for original animation IP remains cautious due to high perceived risk, reinforcing dependence on internal reinvestment or media-group support rather than full-cycle production funding.
- **Talent and distribution constraints:** Universities provide broad entry pathways but limited production-ready training, pushing studios to absorb retraining costs or develop in-house academies and internship pipelines.
- **Platform- and coordination limits:** YouTube dominates monetisation and audience reach, while local OTT platforms prioritise licensed foreign titles despite a clear IP legal framework, targeted industry development is largely driven by associations and foreign partners rather than a cohesive national animation strategy.

3.3 Applied Industry Insights: From Funding to Commercial Success

The findings indicate that animation audiences across SEA are digitally oriented, highly engaged and commercially receptive to local content. Content selection is primarily driven by strong storytelling, production quality and cultural relevance, with parents additionally prioritising educational value and safety. While Southeast Asian animation is positively regarded for its cultural authenticity and relatable characters, it continues to face structural constraints in scale, financing capacity, distribution reach and global brand positioning.

In this context, it is pertinent to examine the case of Monsta Studio, which has successfully translated audience demand into a sustainable commercial model and achieved international market penetration. The studio's growth trajectory offers practical insights into how structural constraints in financing, distribution and global positioning can be addressed to strengthen the regional animation ecosystem.

Case Study: Monsta Studio

Over a 16-year trajectory, Monsta has developed a structured IP ecosystem anchored by original titles such as BoBoiBoy and Mechamato, producing multiple television seasons and feature films while expanding into more than 70 international markets. The studio demonstrates how early-stage support, combined with strategic commercial planning, can enable a Malaysian IP to transition from domestic success to global competitiveness.

monsta™

1

Early-Stage Government Support

Access to production-related incentives (e.g., MDEC grant, FINAS filming incentive) provided foundational support during early growth phases, helping offset production costs and enabling IP development momentum.

2

Integrated IP Ecosystem Strategy

Adoption of the “Power Sphera Universe” model, linking multiple IPs within a shared narrative universe to strengthen brand continuity and long-term monetisation potential.

3

Diversified Revenue Model

A significant share of revenue derived from merchandising, licensing, toys, and related ventures, the studio embedded commercialisation beyond content production. Collaborations with major corporations and public-facing institutions strengthened brand visibility and monetisation across multiple consumer touchpoints.

4

Global Platform Penetration

Distribution across major international platforms, including Netflix, significantly enhanced global visibility and accessibility, positioning the IP alongside international titles.

5

Structured International Expansion

Progressive rollout strategy beginning with regional markets before expanding into competitive territories such as Japan and China through strategic partnerships.

While Monsta Studios illustrates how regional IP can scale through franchise strength and structured distribution partnerships, Lil Critter Workshop demonstrates how strategic grant leverage and preparation for investment can be used to finance growth and build sustainable studios.

Case Study: Lil Critter Workshop

Lil Critter Workshop is a Malaysian animation studio focused on developing original IP that can succeed internationally while maintaining ownership and building a sustainable business. In its early years, the studio explored multiple ideas to identify which IPs had commercial potential, adopting a multi-slate strategy to develop and test multiple IP concepts concurrently in order to assess market viability. During this formative period, early-stage support from initiatives such as MDEC provided guidance and initial funding, helping the studio build its foundations. The studio's first major breakthrough came with Cradle Fund's support, which enabled the development of a project that became the first Malaysian animated show on Netflix. The series also sold to Discovery Kids and reached over 100 territories, demonstrating clear international commercial potential and marking a turning point in the studio's growth.

When applying for larger funding from MyCreative Ventures to secure five years of operational cash flow, the studio was initially rejected twice and required to demonstrate international market traction before approval. Rather than viewing this as a setback, the founder treated it as a challenge to demonstrate commercial viability. After securing an international distribution deal, he returned with tangible proof of market demand and subsequently obtained funding approval. This experience reinforced a key lesson: investors fund validated outcomes, not just ideas.

Building on its broader growth strategy, Lil Critter also explored ways to test audience demand efficiently. The studio shifted to a direct-to-consumer approach, using YouTube and social media as validation platforms at roughly one-third of traditional production costs. One example was Lawak Kampus, a short-format series launched online with TikTok as a social media partner and MDEC as a government partner. Within five months, it gained one million subscribers, illustrating the power of going directly to audiences rather than relying solely on traditional distributors. This approach allowed the studio to maintain control over revenue, distribution, and audience engagement.

Financial and operational discipline underpinned the studio's expansion. Lil Critter carefully managed P&L, ensured cash flow coverage, set clear KPIs for grant funding, and eventually repaid MyCreative Ventures with interest to regain full ownership. Early investment in long-term legal counsel provided strong IP protection and supported commercial structuring.

For smaller studios, Lil Critter's journey offers several practical lessons. Studios should begin lean, with a core team of three to four members, and use seed funding strategically to validate IP demand and demonstrate measurable traction before scaling. Equally important is treating the studio as a business balancing creative development with disciplined financial management, operational planning, and legal structuring. Software and production investments should remain minimal at the testing stage, focusing on developing a minimum viable product and scaling only once the IP demonstrates clear market viability. Lil Critter Workshop demonstrates how careful planning, disciplined operational and financial management, strategic use of government support, and direct audience engagement can enable Malaysian studios to grow sustainably.

4.0 REGIONAL OVERVIEW

4.0 Regional Overview

SEA's animation industry is entering a pivotal decade of transformation, as countries including Malaysia, Indonesia, Philippines, Singapore, Thailand, and Vietnam shift from outsourcing-led production towards original IP and innovation-driven ecosystems. Despite differing starting points ranging from Indonesia's large multi-city production base and Malaysia's recognised IP franchises to Singapore's policy-led innovation, Thailand's cost-efficient creative workforce, Vietnam's rapid technology adoption and the Philippines' long-established outsourcing capabilities, the region is collectively moving towards higher-value content creation, stronger IP ownership and deeper integration with global content markets.

In line with this broader industry transformation, governments across these countries are actively supporting their animation sectors, each pursuing strategies and initiatives tailored to their unique strengths. Below is an overview of the key government efforts in each country.

Table 8: Summary of Government Initiatives

Country	Key Agencies / Ministries	Government Support
Malaysia	1. Malaysia Digital Economy Corporation (MDEC) 2. National Film Development Corporation Malaysia (FINAS) 3. MyCreative Ventures 4. Ministry of Communications 5. Ministry of Digital 6. Malaysia External Trade Development Corporation (MATRADE)	• Digital Creative Ecosystem (DICE) Roadmap 2026–2030 (in development under MDEC) • MDEC Seed Funding • MDEC Animation Support Initiatives • MyCreative Ventures Matching Fund Scheme • FINAS Film-in-Malaysia Incentive (FIMI) • RMK-13 (13th Malaysia Plan) emphasis on developing the orange economy (creative industries) • MD Status • Market Development Grant (MDG)

Regional Overview

Country	Key Agencies / Ministries	Government Support
Indonesia	1. Ministry of Tourism and Creative Economy (Kemenparekraf) 2. Ministry of Education, Culture, Research and Technology (Kemendikbudristek) 3. Ministry of Communication and Informatics (Kominfo) 4. Ministry of Investment and Downstream Industry of Indonesia (BKPM) 5. Local government creative economy units (e.g., Bali)	• Bali Creative Economy Roadmap • AKTIF Film & Animation Bootcamp • Government supported participation in regional content markets (e.g., Asia TV Forum & Market, JAFF Market)
Philippines	1. Philippine Creative Industries Development Council (PCIDC) 2. Film Development Council of the Philippines (FDCP) 3. Department of Trade and Industry (DTI) 4. Philippine Economic Zone Authority (PEZA)	• The Philippine Creative Industries Development Act • Philippine Creative Industries Development Act (RA 11904) • Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act incentives (BOI) • Philippine Economic Zone Authority (PEZA) incentives for creative/IT zone studios • Film Location Incentive Programme (FLIP) by FDCP
Singapore	1. IMDA (Infocomm Media Development Authority) 2. SkillsFuture Singapore (SSG) 3. Ministry of Communications and Information (MCI) 4. Economic Development Board (EDB) 5. Enterprise Singapore	• Media Industry Digital Plan by IMDA • Skills Framework for Media (a collaboration between IMDA & SkillsFuture Singapore) • Media Talent Progression Programme (MTPP) by IMDA • Talent Accelerator Programme by IMDA (2025 onwards) • Media Enterprise Programme by IMDA

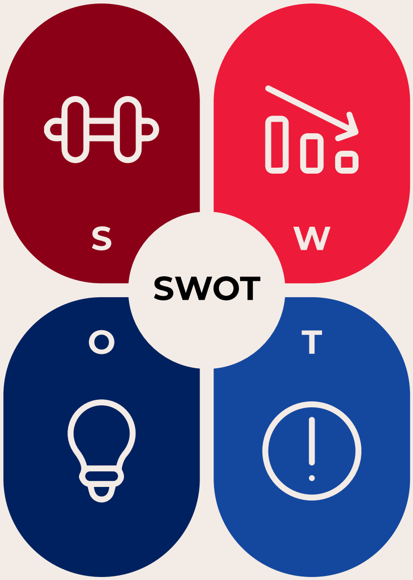
Country	Key Agencies / Ministries	Government Support
Thailand	1. Thailand Film Office (TFO) 2. Creative Economy Agency (CEA) 3. Thailand Board of Investment (BOI) 4. Thailand Creative Culture Agency (THACCA) 5. DEPA (Digital Economy Promotion Agency)	• Thailand Film Office (TFO) Film Incentive Scheme • Creative Economy Agency (CEA) programmes (e.g., Content Project Market) • Creative Asset Platform (blockchain-based) • Creative Economy Agency (CEA) Online Academy • Thailand Creative Content Agency (THACCA) funding for film & animation • Thailand Board of Investment tax incentives
Vietnam	1. Ministry of Culture, Sports and Tourism (MCST) 2. Ministry of Information and Communications (MIC) 3. Ministry of Planning and Investment (MPI) 4. Provincial People's Committees (culture / digital units)	• Cultural Industries Development Strategy (Decision 1755) • Vietnam Digital Content Creation Awards • National Digital Transformation Programme supporting digital content

Nonetheless, despite the key initiatives undertaken by governments across the region, challenges and vulnerabilities remain. Conducting a detailed regional and country-level SWOT analysis in the following chapters will help dissect these strengths, weaknesses, opportunities and threats, providing deeper insights into SEA's animation ecosystem and informing a more comprehensive understanding of its growth potential.

4.1 Regional SWOT Analysis

A regional SWOT assessment reveals key dynamics influencing SEA's animation competitiveness:

Figure 23: Regional SWOT Analysis



Strengths
- Young, adaptable, and scalable talent base
- Cost-competitive production with global reliability
- Proven capability in both servicing and original IP creation
- High international readiness and market alignment

Weaknesses
- Fragmented governance and policy coordination
- Inconsistent IP protection and enforcement
- Overdependence on foreign commissions
- Underdeveloped monetization and distribution
- Talent gaps in high-end technical and creative skills

Opportunities
- Rising global demand for digital-first and short-form animation
- Industrywide adoption of AI and real-time production technologies
- Growing appetite for regionalised and culturally resonant content
- Shifting industry structures toward IP ownership and co-creation

Threats
- Rising external pressure from aggressive, state-backed competition
- Global price competition
- Rapid technological change (fast-moving advances in AI and real-time production)

SEA's animation industry is underpinned by strong structural strengths, including a **young and adaptable talent base, competitive production costs and a solid reputation in global animation pipelines.** Key hubs such as Malaysia and Indonesia have demonstrated the ability to create culturally resonant IP, while the Philippines remains a trusted high-quality outsourcing partner. Strong English proficiency, improving policy frameworks, fiscal incentives and expanding digital distribution further reinforce SEA's position as both a production hub and an emerging source of original content.

Significant opportunities are also emerging as global demand shifts toward digital-first, short-form and regionally grounded storytelling. High audience usage of social media and OTT platforms supports a short-to-long funnel where digital pilots can scale into series or films. With audiences prioritising storyline and animation quality, SEA is well placed to **leverage OTT reach, regional co-productions** and **AI-enabled pipelines to develop scalable IP,** as seen in the rise of digital-native content and increasing regional and international consumption.

However, persistent weaknesses constrain growth. These include fragmented government coordination, inconsistent IP enforcement, limited access to financing and continued reliance on foreign service work. While general talent is abundant, there is a **shortage of specialised high-end skills** in areas such as storytelling, advanced 3D production and pipeline management, limiting the region's ability to consistently deliver premium, globally competitive content.

Externally, SEA faces mounting threats from state-backed competitors, entrenched audience preferences for Japanese and Western content, intensifying price competition and rapid technological change. Piracy, volatile commissioning cycles and tightening global studio budgets further heighten risks for service-dependent markets. Against this backdrop, understanding each country's distinct strengths and constraints is critical, and the following section presents country-level SWOT analyses to identify pathways for sustainable growth and long-term competitiveness.

4.2 Country-Level SWOT Analysis

4.2.1 SWOT Analysis: Malaysia

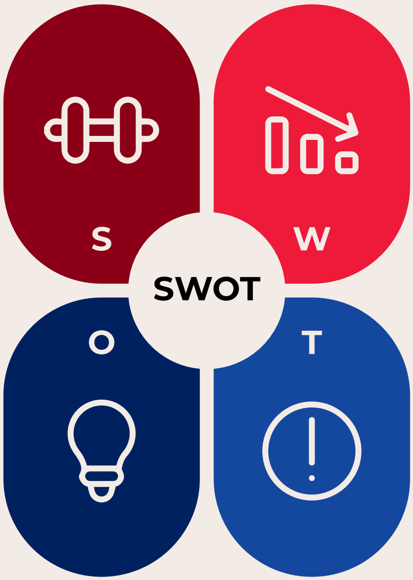
Figure 24: Country-Level SWOT Analysis: Malaysia

Strengths

- Strong regional IP success with proven cross-border commercial appeal
- Coordinated government and industry support strengthens studio readiness and exports
- Distinct multicultural storytelling differentiates Malaysian IPs in regional and global markets
- High production quality and reliable servicing capabilities meet international standards

Weaknesses

- Limited IP commercialisation pathways restrict scaling and sustainable monetisation for studios
- Short training durations weaken fundamental storytelling and animation skills
- High production and marketing costs raise financial risk for original IP
- Talent retention and structured industry upskilling remain insufficient



Opportunities

- Strengthen talent pipelines and production infrastructure through education and funding
- Develop multi-format IP for social platforms and streaming services
- Apply AI-driven promotion while protecting original storytelling
- Expand export and merchandising pathways to diversify revenues
- Build on strengths in cross-generational family content
- Leverage established studios to mentor emerging players

Threats

- Migration of skilled talent into the games industry, particularly outsourcing-focused studios
- Emerging technologies raise IP ownership, licensing and rights governance concerns

Strengths

1. **High Commercial Viability and Strong Regional IP Appeal:** Malaysia has demonstrated strong commercial success with IPs such as Ejen Ali and Upin & Ipin, which enjoy sustained popularity across SEA and generate box office, merchandising and export revenues.

2. **Active Government and Institutional Support:** A coordinated ecosystem led by agencies such as MDEC and supported by industry associations strengthens studio readiness, co-production opportunities and Malaysia's positioning as a reliable regional content hub.

3. **Distinct Cultural Identity and Storytelling Advantage:** Malaysia's multicultural heritage provides rich narrative and aesthetic material that resonates regionally, enabling studios to focus on original IP creation with global franchise ambitions.

4. **High Production Quality and Strong Servicing Capabilities:** Decades of exposure to international projects have built strong technical, managerial and pipeline expertise, allowing Malaysian studios to consistently deliver premium-quality animation for global partners.

Weaknesses

1. **Limited IP Commercialisation Pathways Across All Studio Size:** Many studios struggle to scale IPs beyond digital platforms such as YouTube, where audience traction is strong but long-term monetisation and licensing structures remain underdeveloped.

2. **Gaps in Fundamental Skills and Training Duration:** While technical foundations are solid, shorter training programmes limit deeper development in storytelling, classical animation and narrative design compared to leading global markets.

3. **High Operational and Production Costs for Original IP:** Significant upfront investment requirements and limited funding options make original IP development financially challenging, particularly for small and mid-sized studios.

4. **Talent Retention and Industry Upskilling Gaps:** Freelance-heavy work patterns, fluctuating demand and limited structured upskilling pathways constrain long-term talent retention and studio scaling.

Opportunities

1. **Investment in Human Capital and Production Infrastructure:** Malaysia's strong base of animation-focused higher education institutions can be further leveraged through specialised training, public–private partnerships and improved production infrastructure.

2. **Aligning Content Formats with Evolving Audience Behaviour:** Digital-first and multi-format content strategies allow studios to test IPs on social platforms before scaling to OTT or theatrical formats, reducing creative and financial risk.

3. **Technology-Driven Promotion and Viewer Personalisation:** AI-enabled discovery, marketing optimisation and audience targeting offer opportunities to expand reach, while creator-led storytelling remains the core value driver.

4. **High Export Potential and Expanded Merchandising Pathways:** Proven IP success creates opportunities to formalise access to international distribution, retail and merchandising channels, diversifying studio revenue streams.

5. **Strategic Gap in "Family" and "Pan-Family" Content:** Malaysia's track record in cross-generational storytelling positions it well to fill a growing regional and global demand for inclusive family-oriented content.

6. **Leveraging Established Studios to Grow the Ecosystem:** Successful studios can play a catalytic role through mentorship, collaboration and knowledge transfer, strengthening overall industry competitiveness.

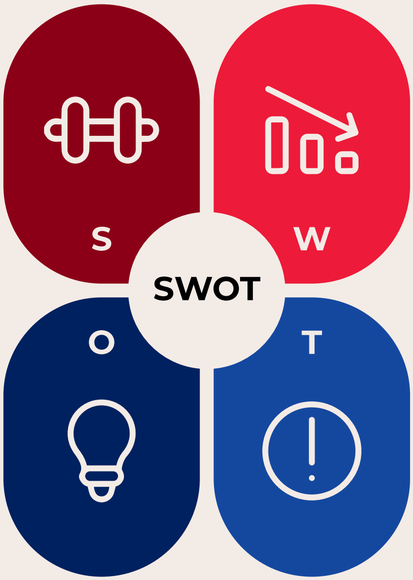
Threats

1. **Talent Migration to Games and Outsourcing Studios:** The movement of skilled talent into the games industry, particularly outsourcing-focused studios, has reduced workforce depth in animation and constrained innovation within smaller animation productions.

2. **Emerging Technologies Heightening IP Ownership and Rights Concerns:** Increased use of AI and cross-border collaboration heightens concerns around IP ownership, licensing clarity and rights protection, requiring stronger governance frameworks.

4.2.2 SWOT Analysis: Indonesia

Figure 25: Country-Level SWOT Analysis: Indonesia



Strengths

- Multi-city talent base enables large-scale, cost-competitive teams
- Global standard pipelines and leadership de-risk complex, high-volume production
- Integrated IP holding layer supports ownership, audience growth and monetisation
- AINAKI provides coordination and unified industry representation

Weaknesses

- Fragmented policy ownership weakens funding, incentives and commercialisation pathways
- IP value chain breaks at financing, licensing and downstream monetisation
- Heavy reliance on foreign commissions exposes studios to global demand cycles
- Limited audience and market data constrain informed IP and investment decisions
- Shortages in senior creative and technical roles limit quality, scale and IP advancement

Opportunities

- Shift from “ghost workforce” to local IP ownership and value capture
- IP-backed financing reforms could unlock domestic growth capital for studios
- Responsible AI adoption accelerates production while meeting global compliance standards
- Government-led connectivity efforts expand co-production and global market access
- Large domestic demand remains underexploited for scalable local animation IP

Threats

- Rising cost competition and automation threaten Indonesia’s cost-quality advantage
- Piracy and regulatory shifts create uncertainty in digital monetisation and licensing
- Global commissioning slowdowns reduce outsourcing demand and revenue stability

Strengths

1. **Indonesia as a Multi-City Talent Engine:** Indonesia's animation workforce spans multiple cities, supported by vocational schools, universities and specialised institutes, enabling the rapid assembly of large-scale teams of 200–300 artists at competitive cost.

2. **Embedded Global Standards and Leadership:** The presence of globally integrated 3D production operations and senior leaders with international franchise experience anchors global production standards, mature pipelines and execution reliability within the local ecosystem.

3. **Presence of an Integrated IP Holding Layer:** Unlike many regional peers, Indonesia has an IP holding layer that supports character ownership, audience development and downstream monetisation, reducing common bottlenecks between production and commercial scaling.

4. **Active Industry Representation through AINAKI:** AINAKI provides a centralised platform for coordination between studios, educators and policymakers, improving industry coherence and collective positioning.

Weaknesses

1. **Fragmented Governance and Policy Ownership:** Animation policy is split across multiple ministries, with no single agency overseeing the full value chain, limiting commercialisation outcomes and weakening competitiveness due to the absence of dedicated grants or tax incentives.

2. **IP Value Chain Breaks at Finance and Commercialisation:** While studios can produce content, financing, licensing and merchandising pathways remain underdeveloped, leaving many projects unable to progress beyond initial production.

3. **Overdependence on Foreign Commissioned Work:** Large studios derive most revenue from international clients, leaving the sector highly exposed to global commissioning cycles and weak domestic demand.

4. **Lack of Systematic Audience and Industry Data:** The absence of consistent market and audience data forces studios to rely on foreign benchmarks or partial platform insights, constraining strategic decision-making.

5. **High-Skill Gap:** Despite a large workforce, shortages persist in senior creative, technical and production leadership roles, increasing training costs and limiting progression into premium, IP-led projects.

Opportunities

1. **From "Ghost Workforce" to IP Ownership Upside:** Indonesia can leverage its role as a major animation workforce and its strength in family and Muslim-oriented narratives to negotiate greater IP co-ownership and long-term value capture.

2. **Making IP Bankable in the Financial System:** Ongoing efforts with financial regulators to formalise IP valuation and collateralisation could unlock structured financing, reducing reliance on grants and private risk capital.

3. **AI as a Responsible Force-Multiplier:** Ethical and compliant adoption of AI can improve efficiency and feasibility of original IP development while strengthening competitiveness in global project bidding.

4. **Growing Government Focus on Connectivity and Ecosystem Building:** Increased government support for international exposure, matchmaking and festival participation is improving visibility and expanding co-production opportunities.

5. **Untapped Domestic Demand for Scalable Local IP:** Indonesia's large domestic audience remains underserved by local animation, presenting strong growth potential for scalable children's, family and faith-oriented IP.

Threats

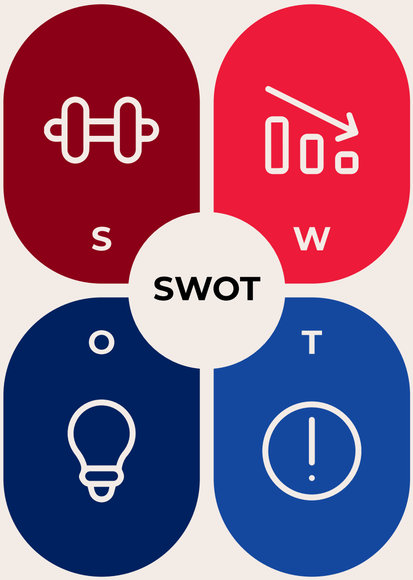
1. **Cost Competition from Emerging Hubs and Automation:** Rising competition from lower-cost hubs and increased automation threaten Indonesia's cost–quality positioning unless studios move toward higher-value and IP-led models.

2. **Piracy and Regulatory Uncertainty:** Widespread piracy and shifting platform and content regulations create revenue uncertainty and deter large-scale IP investment.

3. **Global Commissioning Slowdown and Budget Cuts:** Reduced outsourcing demand and AI-enabled in-house pipelines among global studios heighten vulnerability for service-dependent Indonesian studios.

4.2.3 SWOT Analysis: Philippines

Figure 26: Country-Level SWOT Analysis: Philippines



Strengths

- Deep, full-pipeline production expertise built over decades of global service work
- Strong export orientation with deep integration into international animation markets
- Favourable fiscal incentives and coordinated policy support encourage reinvestment and scaling
- Steady adoption of real-time, motion capture and AI-enabled production technologies

Weaknesses

- Heavy reliance on outsourcing limits IP ownership and increases cycle risk
- Limited IP financing constrains scale and ambition of original content
- Production-ready skill gaps increase retraining costs and slow delivery
- Infrastructure and software costs hinder scalability and competitiveness

Opportunities

- Shift from outsourcing toward co-owned IP, licensing and merchandising
- Leverage OTT and digital platforms to diversify revenue streams
- Stronger policy alignment supports IP development and capability building
- Closer academia–industry links improve production-ready talent supply
- Regional collaboration enables co-funding, distribution, and value-chain upgrading

Threats

- Rising regional competition threatens service contracts and partnerships
- AI automation risks entry-level roles without rapid upskilling
- Streamer consolidation tightens commissioning and weakens studio bargaining power
- Persistent piracy erodes IP revenues and investor confidence
- Ongoing talent brain drain disrupts scaling and capability building

Strengths

1. **Deep Production Experience and Full-Pipeline Capability:** With over 40 years in global animation servicing, the Philippines has strong end-to-end pipeline expertise and a reputation for reliability, disciplined workflows and consistent delivery.

2. **Strong Export Orientation and International Market Integration:** Around three-quarters of industry revenue comes from exports to the US, Japan and Europe, embedding Filipino studios deeply within international production networks and cross-border collaboration norms.

3. **Supportive Fiscal Incentives and Policy Environment:** The CREATE Act and the Philippine Creative Industries Development Act offer competitive tax incentives, grants and rebates that support investment in talent, technology and IP creation.

4. **Gradual but Steady Adoption of New Technologies:** Studios are increasingly adopting real-time engines, motion capture systems and AI-enabled production tools to streamline workflows. Educational institutions are beginning to integrate these technologies into curricula, positioning the country to upskill its workforce in preparation for higher-demand, tech-driven content production.

Weaknesses

1. **High Dependence on Outsourcing Revenues:** More than 80% of studio work is service based for overseas clients, limiting IP ownership, compressing margins and increasing exposure to global commissioning cycles.

2. **Limited Access to IP Financing and Investment:** Weak familiarity with IP valuation among local investors constrains funding for original content, forcing studios to rely on internal capital and limiting IP scale.

3. **Gaps in Production-Ready Talent:** Despite a large workforce, many graduates require significant retraining due to gaps in foundational skills, production practices and real-world pipeline exposure.

4. **Infrastructure and Ecosystem Bottlenecks:** High software licensing costs and uneven digital infrastructure raise operating expenses and reduce competitiveness.

5. **Weak IP Protection and High Piracy Rates:** Inconsistent enforcement and widespread piracy undermine monetisation, discourage IP investment and weaken confidence in long-term franchise development.

Opportunities

1. **Moving from Outsourcing Toward IP Ownership:** Filipino folklore and contemporary stories have proven global appeal, creating opportunities to expand co-owned IP, licensing, merchandising and long-form franchises.

2. **Expansion Through OTT Platforms and Digital Distribution:** Increased investment by global and regional OTT platforms opens pathways for co-productions, licensing, branded content and long-tail digital monetisation.

3. **Strengthened Policy Support and Institutional Alignment:** Combined fiscal incentives and sector strategies support talent upgrading, technology adoption and export-oriented IP development.

4. **Improved Academia–Industry Linkages:** Curriculum updates in real-time animation, AI workflows and interactive storytelling can accelerate the supply of industry-ready talent.

5. **Growing Regional Collaboration and SEA Content Exchange:** Greater participation in international markets and regional partnerships allows Filipino studios to support SEA co-productions, diversify markets and reduce reliance on Western service work.

Threats

1. **AI-Driven Automation and Workforce Displacement:** Automation of early-stage tasks risks eroding entry-level roles without rapid upskilling into higher-value creative and technical functions.

2. **Consolidation of Global Streamer Demand:** Reduced commissioning by global platforms increases competition, lengthens project cycles and weakens bargaining power for smaller studios.

3. **Persistent Piracy and Market Leakage:** Ongoing piracy undermines content, licensing and merchandise revenues, deterring IP-focused investment.

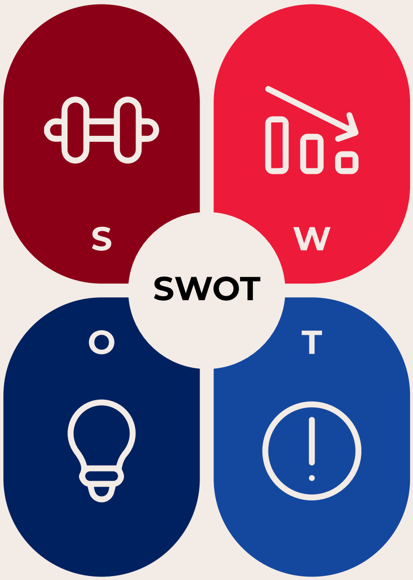
4. **Talent Attrition and International Brain Drain:** Continuous outflow of senior talent to overseas studios creates capability gaps and constrains local studios' ability to scale into higher-value work.

4.2.4 SWOT Analysis: Singapore

Figure 27: Country-Level SWOT Analysis: Singapore

Strengths

- Targeted policies reduce risk and anchor high-value animation work locally
- Strong IP governance ensures certainty for creators and investors
- Continuously upskilled workforce aligned with industry needs
- Regional platforms provide direct access to global players
- Virtual production leadership strengthens advanced animation capabilites



Weaknesses

- High operating and labour costs limit local production scale and volume capacity
- Small, fragmented domestic market constrains commercial viability of long-form IP
- Gaps in story writing and narrative development weaken global IP competitiveness

Opportunities

- Scale premium international co-productions and higher-value creative roles locally
- Specialise in digital-first, short-form, and experimental animation formats
- Lead regionally in advanced production technologies and ethical AI workflows
- Position Singapore as a hub for creative technology education and training

Threats

- Heavy reliance on foreign commissions exposes studios to global spending downturns
- Generative AI commoditises production, pressuring high-cost studios to move up value chains

Strengths

1. **Comprehensive and Targeted Policy Support for Animation:** IMDA production grants can cover roughly half of eligible local spend, while subsidised market access at events like Kidscreen and MIPCOM lowers pitching and buyer engagement costs, with support increasingly targeted at commercially viable and priority projects.

2. **World-Leading IP Protection and Governance:** Singapore's Copyright Act 2021 and strong IPOS-backed enforcement frameworks provide clear rules for ownership, licensing and dispute resolution, positioning Singapore as a trusted IP hub for digital content in Asia.

3. **Highly Skilled and Continuously Upskilled Creative Workforce:** SkillsFuture-linked frameworks and IMDA-backed programmes provide structured pathways for animation, VFX and virtual production skills, supporting continuous upskilling in real-time and immersive pipelines.

4. **Strategic Hosting of Regional Markets and Co-Production Platforms:** Major events such as Asia TV Forum & Market and the Singapore Media Festival bring global buyers, commissioners and investors directly to Singapore, strengthening its role as a regional co-production and distribution hub.

5. **Technological Leadership:** IMDA's Virtual Production Innovation Fund has enabled studios and professionals to adopt real-time engines and hybrid workflows, positioning Singapore at the forefront of next-generation animation-adjacent production.

Weaknesses

1. **High Operating Costs and Labour Expenses:** Singapore's cost structure limits large-scale local production, leading studios to retain creative leadership domestically while outsourcing labour-intensive work to lower-cost markets.

2. **Small and Fragmented Domestic Market:** Limited domestic demand for local animation means Singapore-produced IPs cannot rely on home audiences alone and must scale internationally to achieve commercial viability.

3. **Gaps in Story writing and Narrative Development:** While technical capabilities are strong, interview feedback highlights a thinner pool of globally competitive writers, weakening pitching strength for original, narrative-driven IP.

Opportunities

1. **Scaling International Co-Productions and Premium Commissions:** IMDA co-funding enables Singapore studios to anchor high-value creative roles in internationally financed projects with global players, shifting participation beyond service work.

2. **Rising Demand for Digital-First, Short-Form and Experimental Content:** High production costs and strong technical talent naturally position Singapore to specialise in short-form, experimental, branded and platform-native animation formats.

3. **Strengthening Singapore's Position in Advanced Production Technologies:** Early adoption of AI and virtual production, combined with strong governance, allows Singapore to lead in compliant, transparent and client-trusted production models.

4. **Potential for Regional Leadership in Creative Tech Education:** Deep industry–education linkages create opportunities for Singapore to become SEA's training centre for advanced animation, XR and real-time production skills.

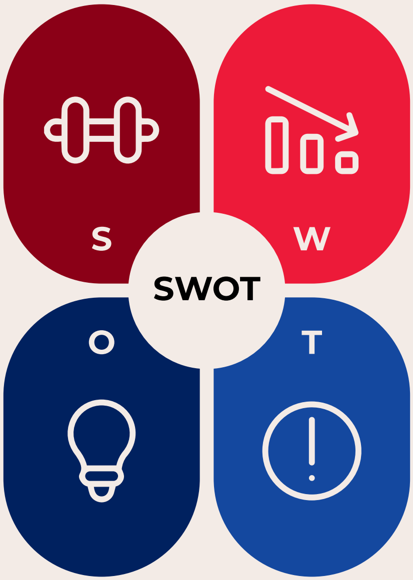
Threats

1. **Vulnerability to Global Commissioning Cycles:** Reduced spending by studios and streamers has tightened service pipelines, leaving Singapore's foreign-commission-reliant studios vulnerable to project gaps and cashflow risk.

2. **Commoditisation Driven by Generative AI and Low-Cost Tools:** Rapid diffusion of generative tools is reducing labour demand and lowering entry barriers globally, putting pressure on high-cost studios unless they continue moving into IP strategy, direction and creative leadership.

4.2.5 SWOT Analysis: Thailand

Figure 28: Country-Level SWOT Analysis: Thailand



Strengths

- Strong technical production capabilities in CGI, VFX and end-to-end animation services
- Cost-competitive environment delivers high-quality output at attractive price points
- Creative, adaptable talent with distinctive cultural and visual expression
- Growing international recognition strengthens credibility with global clients and platforms

Weaknesses

- Fragmented funding limits scale and original IP investment
- Weak international collaboration reduces co-production opportunities
- Immature IP commercialisation constrains long-term value creation
- Inconsistent policy and governance hinder industry growth
- Limited scale restricts long-form, international projects

Opportunities

- Rising digital-first consumption expands opportunities for short-form and IP-driven animation
- Global demand for culturally grounded storytelling supports exportable Thai IP
- National soft power focus may unlock stronger policy and funding support
- AI and real-time technologies enable cost reduction and production scale-up

Threats

- Rising regional competition threatens Thailand’s service and co-production share
- Rapid tech shifts outpace upgrades and skills at smaller studios
- Language barriers limit pitching, collaboration and global market access

Strengths

1. **Strong Technical Capability Within Production Houses:** Thailand has a solid base of studios with strengths in CGI, VFX, character animation and end-to-end production, built through long-standing work for the advertising industry and global brands.

2. **Cost-Competitive Production Environment:** Thai studios offer a favourable cost–quality ratio, enabling them to deliver high-end CGI, hybrid animation and VFX at lower price points than many regional peers.

3. **Creative, Adaptable Talent with Distinct Cultural Expression:** Thailand's workforce is known for artistic flexibility and strong visual storytelling, drawing on distinctive cultural motifs, humour and mythology that translate well to regional and international audiences.

4. **Growing International Recognition and Portfolio Credibility:** Successful international collaborations and awards earned by leading studios have strengthened Thailand's credibility and visibility in global animation markets.

Weaknesses

1. **Limited and Fragmented Funding Ecosystem:** Heavy reliance on private capital and limited access to structured grants or co-production funds constrain studio scale, infrastructure investment and original IP development.

2. **Insufficient International Collaboration Channels:** The lack of formal co-production incentives and government-led matchmaking reduces exposure to global networks and limits access to overseas distribution and advanced pipelines.

3. **Underdeveloped IP Management and Commercialisation Pathways:** Low IP literacy, weak monetisation pathways and limited investor confidence hinder the progression of Thai IP beyond early development stages.

4. **Policy Inconsistency and Structural Fragmentation:** Short-term, project-based support and poor inter-agency coordination create uncertainty and limit long-term industry scaling.

5. **Limited Large-Scale Production Capacity:** Many studios lack the workforce size, capital and technology needed for multi-season or international-standard long-form projects.

Opportunities

1. **Expanding Local and Global Demand for Digital-First Animation:** Expanding consumption on social platforms and OTT services creates opportunities for short-form, character-driven and platform-native IP that reduces reliance on advertising work.

2. **Increased Global Appetite for Creative, Culturally Grounded Content:** International interest in authentic regional storytelling positions Thai studios well to export stylised, culturally expressive animation.

3. **Alignment with Thailand's National "Soft Power" Agenda:** Increased government emphasis on creative industries could translate into stronger incentives, export support and co-production funding for animation.

4. **Technological Upgrading Through AI, Virtual Production and Real-Time Engines:** Adoption of AI, real-time engines and virtual production tools can help Thai studios reduce costs, accelerate workflows and compete for higher-value projects.

Threats

1. **Intensifying Regional Competition:** Lower-cost or more heavily incentivised markets in SEA risk drawing service work and co-productions away from Thailand.

2. **Rapid Technological Shifts Outpacing Local Capabilities:** Studios that cannot invest in new tools or upskill talent fast enough may fall behind as global pipelines shift toward AI-enabled and real-time production.

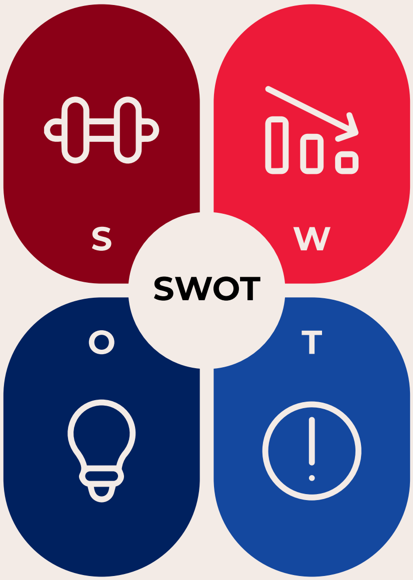
3. **Language Barriers Limiting Global Engagement:** Limited English proficiency and international exposure constrain pitching effectiveness, cross-border collaboration and the scalability of Thai IP.

4.2.6 SWOT Analysis: Vietnam

Figure 29: Country-Level SWOT Analysis: Vietnam

Strengths

- Rapid pipeline innovation driven by real-time engines, AI, and virtual production
- Strong cultural storytelling rooted in folklore, family values and moral themes
- Entrepreneurial, vertically integrated studio ecosystems enable independent IP scaling
- Adaptive training institutions closely aligned with studio technologies and workflows



Weaknesses

- Heavy reliance on foreign outsourcing limits reinvestment in original IP
- Lack of centralised policy and institutional support slows ecosystem development
- Gaps in specialised, production-ready skills reduce studio productivity
- Weak IP enforcement and widespread piracy undermine commercial viability

Opportunities

- Studios are shifting from outsourcing toward original IP ownership and global distribution
- Digital-first platforms enable diversified monetisation beyond foreign service work
- Growing creative funding and regional investment support scalable local content development
- Stronger education–industry alignment builds production-ready, tech-fluent talent

Threats

- Rising costs and rapid tech obsolescence strain smaller studios' competitiveness
- Weak domestic demand limits monetisation of local animation IP
- Fragmented policy and regulatory instability deter long-term investment

Strengths

1. **Rapid Technological Advancement and Pipeline Innovation:** Vietnam's leading studios have rapidly adopted real-time engines, AI-assisted tools, cloud rendering and virtual production, significantly accelerating workflows and enabling faster integration into regional and global pipelines.

2. **Strong Cultural Storytelling Identity:** Vietnamese animation draws heavily on folklore, family values and moral narratives, creating culturally authentic content that differentiates itself from dominant Western and anime-led styles.

3. **Entrepreneurial, Self-Reinforcing Studio Ecosystems:** Several studios operate self-sustaining ecosystems that combine training, production, merchandising and distribution, allowing them to scale independently while retaining creative ownership.

4. **Adaptive and Technically Versatile institution:** Private academies and training institutes have aligned closely with industry needs, integrating real-time engines and AI into project-based curricula and producing graduates who adapt quickly to new technologies.

Weaknesses

1. **Heavy Reliance on Outsourcing Revenue:** More than 80% of studio income still comes from foreign service work, limiting reinvestment in original IP and slowing the shift toward ownership-driven business models.

2. **Absence of Centralised Institutional and Policy Support:** The absence of a dedicated national animation agency or structured grant framework results in fragmented support and weak ecosystem coordination.

3. **Gaps in Specialised Skills and Production-Ready Training:** While the talent pool is large, limited practical training and industry exposure mean studios must retrain graduates extensively before deployment on live projects.

4. **Weak IP Enforcement and Widespread Piracy:** Widespread counterfeiting and unauthorised distribution undermine monetisation, reduce consumer trust and discourage long-term investment in original IP.

Opportunities

1. **Shift from Outsourcing to Original IP Ownership:** Successful local IPs demonstrate the commercial potential of Vietnamese-owned characters and series, encouraging more studios to pursue licensing, merchandising and long-form storytelling.

2. **Digital-First Platforms Unlocking New Monetisation Models:** Platforms such as YouTube, TikTok and domestic OTT services provide new revenue models through advertising, subscriptions, branded content and co-productions.

3. **Growing Access to Creative Funding and Regional Investment:** Growing interest from investment funds and media groups signals an expanding financing pipeline for Vietnamese digital and animation content.

4. **Strengthening Education–Industry Integration and Tech Curriculum:** Continued alignment of curricula with real-time production, AI workflows and applied storytelling can help close skill gaps and improve studio productivity.

Threats

1. **Rising Production Costs and Rapid Technology Obsolescence:** Increasing investment requirements for hardware and software risk widening the gap between well-funded studios and smaller players.

2. **Limited Domestic Market Appetite for Local Animation:** Strong audience preference for foreign content limits commercial scale and reinforces dependence on external markets.

3. **Fragmented Policy Environment and Regulatory Instability:** Inconsistent implementation of creative industry policies creates operational risk and discourages long-term capital investment.

5.0 GLOBAL BENCHMARKING

5.0 Global Benchmarking

This chapter provides a broader view of the global animation industry by examining how the United States, Japan, South Korea and China built strong and successful ecosystems. These markets were selected not merely for their commercial size, but because each represents a distinct "archetype" of industrial success, including:

- The United States sets the gold standard for commercialisation, "showrunner" leadership, and the legal/fiscal infrastructure required to build global franchises.
- Japan illustrates the longevity of the "Media Mix" model, maximising value through deep IP pipelines and export-led growth.
- South Korea demonstrates how a mid-sized nation can pivot from outsourcing to becoming a global content powerhouse through systemic government intervention and IP incubation.
- China offers a blueprint for rapid technological leapfrogging, utilising state-led industrial policy to scale domestic capacity and modernize cultural heritage.

By analysing the divergent policy mechanisms of these four nations, we can identify best practices adaptable to the developing market context of SEA.

5.1 United States

The strength of the U.S. animation industry does not stem from centralised cultural planning or protectionist policy, but from a market architecture that consistently rewards scale, originality and IP ownership. Crucially, this architecture is underpinned by massive liquidity from both private capital and state-level incentives, creating a high-investment environment that de-risks creativity.

Animation in the U.S. operates within a globally integrated commercial system in which platforms, studios and investors interact continuously, enabling content to scale internationally while retaining creative and commercial control at its source. This structure, fuelled by an animation market estimated to be value at nearly USD 63.3 billion in 2025, explains why the U.S. continues to dominate the highest-value segments of the global animation value chain, even as significant portions of production are outsourced abroad[85].

For SEA, the central lesson is that global competitiveness in animation is achieved not by increasing production volume alone, but by designing ecosystems that combine catalytic funding with IP strategy to convert creative output into scalable, monetisable IP. Within this context, two capabilities of the U.S. model are particularly instructive.

85. Precedence Research. (2024). Animation market size, share, and trends 2024 to 2034. https://www.precedenceresearch.com/animation-market

1. U.S. Excels at Using Platforms as Global Market Makers Backed by Massive Private Spend

One of the defining features of the U.S. is the role of global streaming and digital platforms as active market makers rather than passive distributors. This "market making" function is powered by immense private capital injection. Platforms such as Netflix, Disney+, Amazon Prime Video and Apple TV+ commission animation at scale, provide upfront financing and offer immediate access to global audiences. For instance, Netflix alone invested approximately USD 16 billion[86] in content in 2024, while Amazon's content spends reached USD 22.4 billion[87]. A significant portion of this capital flows directly into animation pipelines, effectively subsidising the risk of new IP creation. This replaces fragmented, territory-by-territory sales with centralised global distribution, significantly lowering the commercial risk of original animation.

U.S. studios retain leadership over creative direction, showrunning and IP structuring, even when production is distributed across international partners. Platform-led commissioning supports multi-season planning, data-informed development and rapid iteration, allowing animation to scale across demographics, formats and regions. As a result, animation becomes a repeatable commercial product rather than a one-off creative bet.

Key lessons for SEA countries: Most Southeast Asian studios operate in small domestic markets where private sector funding is scarce. The U.S. model shows that large-scale capital injection, whether from platforms or investors, is necessary to validate original IP. For SEA, this implies that policy strategies must not only prioritise platform readiness but also unlock funding mechanisms (such as co-investment funds or completion bonds) to match the "upfront financing" advantage seen in the U.S.

2. U.S. Anchors Value Capture Through IP-Centric Industry Design AND Strategic Incentives

A second critical strength of the U.S. animation industry lies in its ability to separate value capture from production location. While labour-intensive animation work is increasingly outsourced, the highest-value activities remain anchored within the U.S. ecosystem. This anchoring is reinforced by targeted government support through aggressive fiscal incentives. For example, the state of California allocates over USD 330 million annually through its Film & Television Tax Credit Programme, specifically designed to keep high-value pre-production, storyboarding, and voice work within the state[88, 89].

86. Spangler, T. (2025, January 17). Media giants' content spend reached $210 billion in 2024. Variety. https://variety.com/2025/biz/news/content-spending-2024-media-giants-1236250000
87. Amazon.com, Inc. (2025). Form 10-K: Annual report for the fiscal year ended December 31, 2024. U.S. Securities and Exchange Commission. https://www.sec.gov/edgar
88. Entertainment Partners. (2025). California's film tax incentive expands to $750M in 2025. https://www.ep.com/blog/california-expands-film-tax-incentive-to-750m-in-2025
89. Lang, J. (2025, July 5). California's expanded tax credit now covers animation. Cartoon Brew. https://www.cartoonbrew.com/business/californias-expanded-tax-credit-now-covers-animation-248303.html

This IP-centric design, supported by both state tax credits and private venture capital, enables U.S. firms to extract long-term economic value far beyond initial release windows. Successful properties are engineered for multi-format expansion from inception, allowing revenues to compound over extended commercial lifecycles. The projected doubling of the U.S. animation market between 2024 and 2034 underscores the sustainability of this model and confirms that IP ownership, safeguarded by a robust funding ecosystem is the primary driver of industry growth.

Key lessons for SEA countries: Animation sectors across SEA remain heavily dependent on work-for-hire and outsourced production, where value capture is limited and non-recurring. The U.S. experience demonstrates that moving up the value chain requires deliberate investment in IP strategy. However, IP creation is capital-intensive and high-risk. For SEA, the priority is to ensure that ownership of original IP is retained locally. To achieve this, government support must evolve beyond small grants to providing the "risk capital" and fiscal incentives that mirror the U.S. state-level support systems, giving local studios the financial breathing room to own their creations rather than selling them off early.

5.2 Japan

Japan's animation leadership is the outcome of deliberate ecosystem design, one that aligns upstream IP creation, coordinated production structures and globally oriented commercial strategies. Critically, this design is fuelled by a dual-funding engine: private risk-pooling that funds the USD 3 billion production market[90], and strategic government capital that drives the USD 25 billion global export market[91].

These systemic strengths reinforce the mechanisms outlined in the previous section and illustrate why Japan consistently generates internationally scalable IP, while many Southeast Asian industries remain constrained by fragmented pipelines, limited upstream testing and short-term funding cycles. Two (2) capabilities stand out as especially instructive for SEA markets.

90. Association of Japanese Animations. (2025). Anime industry report 2024 summary. AJA. https://aja.gr.jp/english/japan-anime-data
91. Harding, D. (2025, October 31). Anime industry reaches record highs in 2024 as international revenue far outpaces Japan. Crunchyroll News. https://www.crunchyroll.com/news/latest/2025/10/31/anime-industry-report-record-highs-2024-association-of-japanese-animations

1. Japan Excels at Building a Scalable IP, Market-Tested IP Pipeline

A defining competitive advantage of Japan's ecosystem is its powerful upstream IP engine, anchored in manga, light novels and games. The Japanese publishing sector produces a high volume of new stories each year, many of which accumulate substantial readership before animation is even considered. Hit franchises such as Demon Slayer, Jujutsu Kaisen, Attack on Titan and Tokyo Revengers all originated as manga with established fanbases.

This "upstream" sector functions as a massive, privately funded R&D lab. Animation studios adapt only a small portion of available titles specifically those with demonstrated audience appeal. By the time a committee invests the typical USD 2– USD 4 million required to produce a 12-episode anime season, the IP has already been de-risked through manga sales[92].

This upstream validation significantly reduces creative and commercial risk. Instead of developing untested scripts, production committees rely on concrete audience signals, including sales data, social engagement, fan community activity to determine investment. Given these titles are inherently suited for cross-format expansion, they become high-probability candidates for long-term monetisation. This capital-efficient logic explains how Japan's industry achieved a record ¥3.84 trillion (approximately USD 25 billion) in total market value in 2024, despite the actual cost of producing the animation being only 15% of that figure[93].

Key Lessons for SEA Countries: SEA already has vibrant digital creator ecosystems (Webtoon, Wattpad, local comics), but these are not systematically connected to national content strategies. Japan's model proves that funding should not just go to "production" but to incubation:

- Support upstream creators through grants that validate IP before expensive animation begins
- Use digital readership data as a prerequisite for production funding, similar to Japan's commercial committees
- Prioritise adapting proven IP rather than funding high-risk, original screenplays from scratch

92. Secretariat of Intellectual Property Strategy Headquarters. (2024). New Cool Japan strategy: Cross-media IP expansion and committee structures. Cabinet Office, Government of Japan. https://www.kantei.go.jp/jp/singi/titeki2/
93. Association of Japanese Animations. (2025). Anime industry report 2024 summary. AJA. https://aja.gr.jp/english/japan-anime-data

2. Japan Excels at Coordinated Industrial Structures and State-Backed Export Financing

Japan's second major strength lies in its ability to align multiple industries behind a unified commercial strategy. The Production Committee System (Seisaku Iinkai) pools investment from publishers, broadcasters, merchandise companies, and record labels to distribute the financial risk of production cost (per episode) across multiple partners. This model ensures that no single studio bears the burden of failure.

This coordination extends into global commercialisation aggressively backed by the Japanese government. Recognising that domestic growth has peaked, the Japanese government has set a national target to increase content exports to ¥20 trillion (approximately USD 130 billion)[94] by 2033. To achieve this, the government committed ¥35 billion (approximately USD 228 million) in the FY2025 supplementary budget specifically to support global expansion and localisation[95]. When a new anime is released, this public-private machine activates simultaneously:

- Streaming platforms distribute the title globally
- Music companies release theme songs that drive additional revenue
- Government agencies (e.g., J-LOP) provide subsidies for localisation (subtitling / dubbing) to ensure day-and-date global release

Key Lessons for SEA Countries: Most SEA markets operate in silo with small, fragmented grants. Japan demonstrates that moving from "outsourcing hub" to "IP owner" requires scale by:

- Encouraging multi-stakeholder financing models (Production Committees) to pool private capital and share risk
- Establishing a specific "Export Fund" similar to Japan Content Localisation and Distribution Project (J-LOP), dedicated solely to the costs of selling SEA content abroad (marketing, dubbing, legal)
- Designing IP with long-term commercialisation in mind, ensuring that government funding requires a clear "monetisation roadmap" beyond just the broadcast

94. Secretariat of Intellectual Property Strategy Headquarters. (2024, June 4). New Cool Japan strategy. Cabinet Office, Government of Japan. https://www.kantei.go.jp/jp/singi/titeki2/chitekizaisan2024/pdf/siryou4_e.pdf
95. Ministry of Economy, Trade and Industry. (2025, November 28). Press conference by Minister Akazawa (Excerpt). Government of Japan. https://www.meti.go.jp/english/speeches/press_conferences/2025/1128001.html

5.3 South Korea

South Korea's animation success is not accidental as it is the result of deliberate structural choices that align creative development, market validation and massive, strategic financing. These strengths demonstrate why South Korea's ecosystem consistently produces commercially viable IP while many SEA markets remain trapped in small-scale, grant-dependent cycles.

The proof of this commitment is undeniable by recognising the need to move beyond low-margin TV formats, South Korea's Ministry of Culture, Sports and Tourism (MCST) launched a KRW 1.5 trillion (approximately USD 1 billion) masterplan in April 2025 specifically dedicated to funding the animation industry's pivot to global IP ownership[96]. Two (2) capabilities stand out as especially relevant for SEA.

1. South Korea Excels at Commercialising "Web-First" IP (Powered by Private Tech Capital)

One of Korea's strongest competitive advantages is its ability to commercialise stories that succeed before they enter the animation pipeline. Korea dominates the global digital storytelling market through platforms such as Naver Webtoon and KakaoPage, where thousands of new titles are uploaded daily and audience traction is immediately measurable. Backed by hundreds of millions of dollars in private technology investment, this upstream ecosystem functions as a massive, privately funded R&D lab. It creates a continuous flow of validated IP, such as Solo Leveling, Tower of God, Lookism, and Noblesse that have demonstrated popularity long before animation begins.

For animation studios, this reduces narrative risk. They no longer need to predict consumer preferences but instead, they adapt IPs already proven to attract large, engaged communities. This is precisely the logic behind Korea's One Source Multi-Use (OSMU) model and Korea Creative Content Agency's (KOCCA) transmedia funding, a Webtoon that trends online are treated as a commercially viable asset ready for expansion into animation, games, merchandise and licensed products. By the time a studio seeks a multimillion-dollar production budget, the IP has already been financially de-risked by its digital readership.

Korea's success in commercialising web-first IP is further supported by talent and technology infrastructure. Agencies such as KOCCA supports the industry through initiatives such as the Animation Human Resources Fostering Project, which matches trainees with production companies for practice-based training. Meanwhile, studios also leverage advanced production tools including real-time engines, AI-assisted animation and 3D/VFX pipelines to efficiently convert popular web-based IP into high-quality animated content, reducing production time and cost.

96. Screen Daily. (2025, April 24). South Korea commits $1bn to boost growing animation industry. https://www.screendaily.com/news/south-korea-commits-1bn-to-boost-growing-animation-industry/5204204.article

Key Lessons for SEA countries: SEA already possesses the raw ingredients to replicate this model: a massive mobile-first population, rapidly expanding digital comic readership and strong creator communities on platforms such as Webtoon Canvas (especially in Indonesia, Thailand and the Philippines) and local publishers. However, SEA markets currently underutilise this upstream creator base. Governments and studios tend to commission new scripts from scratch rather than adapting successful stories that already have audience momentum.

By tapping into local digital creator ecosystems, instead of starting with untested screenplays, SEA studios can significantly reduce IP development risk, improve commercial viability and ensure that their projects launch with a built-in audience via IP Incubation grants that fund upstream creators and link them directly with animation studios. Aligning this upstream creator support with targeted talent development and the adoption of modern production technologies ensures that studios are equipped to translate validated stories into high-quality animated content, creating a pipeline that mirrors Korea's integrated approach to IP, talent and technology.

2. South Korea Excels at Building a "Private–Public" Investment Bridge

Another core strength of the Korean system is its ability to mobilise private capital through a structured financial mechanism. The Fund of Funds model, often linked with the K-Content Fund is central to this approach. Recognising that grants alone cannot build a global industry, the government acts as a venture capitalist, recently expanding its policy financing for the broader content industry to a historic KRW 1.74 trillion[97]. Public capital is contributed via a central "mother fund," which acts as anchor capital to reduce early investment risk. Private venture capital firms then co-invest alongside the public funds and make the investment decisions for individual content companies.

This structure preserves market discipline while enabling promising content studios and original IP projects to access sustained, long-term financing. The presence of strong credit guarantees, and completion bonds further enables banks and investors to participate in the animation sector with confidence. The Korean government effectively de-risks the industry rather than subsidizing it blindly. This allows animation studios to access bank loans, attract private investors and plan multi-year production cycles without relying solely on grants.

97. Ministry of Culture, Sports and Tourism. (2024, February 6). MCST's new cultural, sports, and tourism policies for 2024: Content policy finance of KRW 1.74 trillion. Government of the Republic of Korea. https://www.mcst.go.kr/english/policy/pressView.jsp?pSeq=347

Key Lessons for SEA countries: Across Southeast Asia, grant-based funding remains the primary public support mechanism for animation and creative media. While such grants have been effective in enabling content development and talent cultivation, their short-term and project-based nature can limit longer-term business sustainability. Private investment participation remains limited, as the sector is often perceived as high-risk and lacks structured frameworks for risk sharing. Introducing a co-investment or Fund-of-Funds model, similar to Korea's approach, could strengthen collaboration between public and private capital. By sharing investment risk and aligning incentives, governments can encourage participation from venture capital firms, corporate venture units, and media funds. This approach would complement existing grant systems, supporting the growth of a more self-sustaining and commercially scalable IP ecosystem across the region.

5.4 China

China's rise in animation is not the result of isolated hits but of intentional ecosystem design and massive, highly targeted capital injection. By cultural policy, industrial clustering, platform integration, state-backed credit, and technology adoption, China has created a high-capacity environment where original IP can be tested, scaled and commercialised across multiple formats. This strategic coherence reinforces the mechanisms outlined in the previous section and explains why China has exploded into a 300 billion RMB (approximately USD 41 billion) animation industry[98], now capable of producing global blockbusters such as Ne Zha 2, expanding transmedia franchises and competing with Japan, South Korea and Hollywood across both domestic and international markets. For SEA, the core lesson is clear, animation becomes globally competitive when it is supported as a national industry, economically, technologically and culturally, not treated as a niche creative activity.

1. China Excels at Turning Domestic Demand into an IP Engine (Financed by Private Tech Capital)

A central advantage of China's ecosystem is its ability to convert domestic market scale into a continuous incubator for new IP. This incubator is heavily financed by private tech capital. The country's box office, online video platforms and short-video ecosystems act as real-time laboratories for testing story concepts, visual styles and emerging talent. With more than 500 online animation titles registered annually on platforms such as Bilibili, Tencent Video and iQiyi, the platforms that operate as strategic investors pouring billions of RMB into upstream content, studios receive immediate audience feedback before committing major resources to feature films or transmedia expansions[99].

98. Global Times. (2023, November 9). Total output value of China's animation industry expected to reach 300 billion yuan in 2023: Official. https://www.globaltimes.cn/page/202311/1301529.shtml
99. Bilibili Inc. (2025). Form 20-F: Annual report for the fiscal year ended December 31, 2024. U.S. Securities and Exchange Commission. https://ir.bilibili.com/

This reduces creative risk and enables the most resonant concepts to graduate into high-value formats such as films, mobile games, consumer products and theme-park attractions. The financial return on this validated IP is staggering, the blockbuster animated film Ne Zha 2 recently generated over 15.4 billion RMB (approximately USD 2 billion) at the domestic box office. When private investors see that a single animated IP can yield a USD 2 billion return, private capital floods the market, reducing the industry's reliance on government grants[100].

China's "national style + technology" strategy strengthens this pipeline. By modernising mythology and cultural heritage through high-quality CGI, real-time engines and AI-assisted workflows, China has created a recognisable creative identity that differentiates its content globally. This blend of cultural authenticity and high-end production values provides a repeatable model: start with local resonance, validate through platforms, refine using technology and scale into multi-platform IP.

Key lessons for SEA countries: Most Southeast Asian markets have large, digitally engaged youth populations, yet local animation often struggles to reach them due to fragmented distribution, limited platform partnerships and a reliance on foreign commissions. China demonstrates that domestic demand can be structured into a national IP incubator. SEA can replicate this by:

- Strengthening national distribution pathways and collaborating with local streaming and video platforms to co-finance upstream content
- Encouraging small-scale online pilots for audience testing before committing to multi-million-dollar production budgets
- Positioning local platforms, festivals and agencies as coordinated engines of demand creation

This directly reinforces Mechanism 1 (state-backed demand and coordinated markets) and can help SEA studios reduce risk, build local fanbases and develop IP with long-term scalability.

2. China Excels at Building a Technology-Enabled, Scalable Production Ecosystem (Funded by State Credit & Targeted Subsidies)

China's second major strength lies in its aggressive adoption of digital production technologies. Crucially, the Chinese government learned from past mistakes, they stopped subsidising animation "per minute" (which only produced low-quality volume) and shifted state funding entirely toward technology, infrastructure, and high-quality milestones. Rather than competing with Japan's tradition of hand-drawn craftsmanship, China prioritised industrialisation of animation by leveraging real-time engines, CGI, cloud rendering and AI to increase production capacity without proportionally increasing workforce size.

100. Xinhua News Agency. (2025, June 30). China focus: "Ne Zha 2" ends record-breaking China run with 2.13-bln-USD haul, but global journey continues. Government of the People's Republic of China. https://english.news.cn/20250630/7d35cb2a336e4374bd-30b47972899829/c.html

The provincial governments provide massive tech-driven incentives. For instance, Guangdong Province offers up to 20 million RMB (USD 2.7 million) in phased subsidies specifically for high-quality animated films[101], while municipal governments like Beijing's Xicheng District allocate 50 million RMB (USD 7 million) in annual special funds to support digital IP operations[102]. The broadcast of Qianqiu Shisong, described as China's first AI-generated animated series illustrates how state encouragement, platform validation and industry experimentation converge to reduce costs, accelerate workflows and elevate overall visual quality.

Technology also underpins China's broader transmedia ecosystem. Many of China's most successful global IPs, such as Genshin Impact and Honkai Star Rail, originate from gaming companies that integrate animation, comics and merchandise into unified franchises. This synergy demonstrates how a technology-driven, platform-centric model creates multi-billion-dollar revenue engines that transcend the boundaries of traditional animation.

Key lessons for SEA countries: SEA studios face chronic challenges: small teams, limited budgets and long production cycles. China shows that technology and strategic capital can act as a strategic equaliser. SEA can accelerate its competitiveness by:

- Pivoting state grants away from "production volume" and toward adopting AI-assisted workflows and real-time engines to reduce labour bottlenecks
- Building shared rendering and digital production facilities within creative clusters using public-private infrastructure funds
- Partnering with universities and tech firms to create modern, industry-ready pipelines

In addition, SEA's existing strengths in 3D / CGI outsourcing provide a natural foundation. It is far more feasible to scale a workforce trained in digital tools such as Maya, Blender or Unreal Engine than to replicate Japan's decades-long mastery of hand-drawn animation. By embracing technology as a national priority, SEA can leapfrog traditional constraints and build a production ecosystem aligned with modern global demand.

3. China Excels at Linking Animation to Multi-Platform Commercial Ecosystems (The Closed-Loop Financial Model)

China's most distinctive strength is its platform-centric approach to IP commercialisation. Animation, online video, mobile games, digital comics and merchandising are developed as interconnected verticals, often financed and distributed by the same platform companies (e.g., Tencent, Bilibili, ByteDance). These platforms utilise a closed-loop funding model, they finance the web-novel, fully fund the 3D animation, and then monetise the mobile game, effectively absorbing the financial risk that normally bankrupts independent studios.

101. Publicity Department of the CPC Guangdong Provincial Committee. (2025, May 22). Several policy measures on promoting the high-quality development of Guangdong's film and television industry. People's Government of Guangdong Province. http://www.scio.gov.cn/xwfb/dfxwfb/gssfbh/gd_13844/202505/t20250526_897443.html
102. Xicheng District People's Government of Beijing Municipality. (2023, July 21). Nine pragmatic measures to support the high-quality development of the pan-animation industry. Beijing Municipal Government. https://www.beijing.gov.cn/ywdt/gqrd/202311/t20231110_3299499.html

Real-time audience data enables rapid refinement of content, while transmedia strategies extend the lifecycle of IP and multiply revenue opportunities.

China also reinforces commercial viability through domestic market protection, such as “Domestic Animation Protection Month,” which guarantees screen space for local animated films. While SEA cannot adopt such policies wholesale, China demonstrates the importance of giving local content a fair competitive runway in crowded markets.

Key lessons for SEA countries: SEA animation ecosystems remain siloed, with limited integration across gaming, e-commerce, platforms or merchandising. China shows that:

- Animation becomes commercially durable when linked to multiple revenue engines, not just film or TV
- Platform-led ecosystems provide predictable pathways for scaling IP and financing
- Ensuring visibility, whether through platform quotas, curated showcases or export branding is essential for local IP survival.

SEA governments could consider light-touch “screen quota” mechanisms (e.g., 10% domestic animation on local platforms) or coordinated “ASEAN Animation” export branding to improve discoverability and global competitiveness.

5.5 Benchmarking Summary

Benchmarking against leading global animation markets highlights several shared success factors that underpin sustainable and globally competitive animation industries. Across these markets, animation is positioned as a strategic, IP-driven sector fuelled by massive capital liquidity, where long-term value is anchored in ownership of characters and franchises rather than production volume alone. Strong upstream IP pipelines, clear rights retention and deliberate downstream monetisation across streaming, games, merchandising and live experiences are consistently prioritised by both private venture capital and state-backed funds.

Government intervention functions primarily as a market-shaping and risk-reducing mechanism through strategic capital injection, production-linked incentives, platform integration, export facilitation, shared infrastructure and co-investment financing tools rather than direct creative control. The importance of this funding evolution is most evident in China, when the Chinese government stopped subsidising mere “production volume” and pivoted state capital toward digital IP operations and tech-infrastructure, the industry exploded into a 300 billion RMB (USD 41 billion) global powerhouse, proving that high-level IP ownership is impossible without structured, high-volume financial backing. Crucially, these ecosystems are characterised by high levels of coordination across policy, finance, talent, technology and market access, enabling repeatable IP success rather than one-off creative outputs.

Global Benchmarking

Taken together, these benchmarking insights suggest a viable pathway for positioning Malaysia as a potential animation hub within SEA. Malaysia demonstrates alignment with many of these global success factors and is well placed to apply them at a regional scale by further strengthening IP incubation, enhancing platform readiness and leveraging coordinated institutional support and multi-tiered funding model (e.g., public-private venture matching) to mitigate long production cycles.

By progressively anchoring creative leadership, IP development and commercialisation within Malaysia through strategic ecosystem grants, while integrating complementary capabilities from across SEA the country could evolve into an IP-ready and execution-reliable centre for the region. This approach reflects the systemic financial and structural characteristics observed in leading global animation markets and supports Malaysia's potential positioning as a hub capable of converting regional creative capacity into scalable, commercially viable animation IP for regional and international markets.

6.0 RECOMMENDATIONS

6.0 Recommendations

Drawing on insights from the surveys, IDIs and benchmarking exercise, SEA's next phase of animation development requires a shift from fragmented, service-led growth toward a coordinated, IP-driven, highly capitalised, and platform-integrated regional ecosystem. Crucially, this requires moving beyond isolated, short-term government grants and establishing structured mechanisms to crowd in private VC and institutional funding.

Collectively, SEA represents a USD 1.24 billion regional market, with 675 million connected consumers. By tapping into strong cultural storytelling advantage, the next phase of growth lies in regional orchestration by aligning financing, distribution, talent mobility and IP ownership into a coordinated ecosystem that complements the strengths across SEA.

The following three (3) regional recommendations consolidate structural reforms, capability upgrades and market-access strategies into an actionable roadmap. These pillars create a multiplier effect: the Economic Zone provides the legal and financial framework for content creation and SME investment, the Distribution Alliance ensures market access and commercial ROI for VCs, while the Talent System supplies skilled professionals to execute. Together, they transform SEA from six (6) competing markets into one collaborative, highly funded powerhouse.

6.1 Establish a Southeast Asia Animation Economic Zone (SAEZ)

Across all six markets, studios are technically capable but face limited access to full-cycle financing and fragmented policy frameworks. Public support remains nationally siloed, while private capital perceives projects as too small or too risky.

At the same time, each country contributes a distinct strength, including:

- Malaysia with proven regional IP creation and institutional coordination
- Indonesia with large domestic validation market and multi-city talent base
- Singapore with IP governance, co-production structuring and financing sophistication
- Thailand with strong CGI and commercial production capabilities
- Philippines – deep export-integrated pipeline expertise
- Vietnam with agile digital-native studios and technology adoption

A SEA Animation Economic Zone would function as a virtual coordination framework to enable cross-border IP development, financing stacking and shared standards, including:

- Regional Co-Production Framework allowing incentives from multiple countries to be combined, increasing project bankability.
- SEA Talent Passport enabling certified professionals to work seamlessly across markets.
- Unified IP Registry & Rights Recognition Mechanism to strengthen investor confidence in cross-border IP ownership.

This transforms six medium-sized ecosystems into one investable regional production economy.

6.2 Pan-Southeast Asia Digital Distribution Alliance

Survey findings demonstrate that demand is not the constraint, with 97% of respondents consume animation digitally, 86% of respondents subscribe to OTT platforms and 73% of respondents would purchase merchandise. Besides that, respondents show strong willingness to pay for regional content. SEA audiences already respond to regional IPs, particularly those with strong cultural relatability. However, distribution remains nationally fragmented, limiting visibility, data aggregation and commercial leverage.

A Pan-SEA Digital Distribution Alliance would coordinate the existing platforms by:

- Aggregating regional viewership data to strengthen investor confidence
- Aligning regional release strategies to maximise visibility
- Creating performance-linked commercial pathways (e.g., merchandising, gaming, licensing)
- Strengthening brand recognition for SEA animation collectively

Malaysia's strong merchandise conversion rates and IP commercialisation track record position it well to serve as a regional access and monetisation coordination hub, while Singapore's deal-making expertise and Indonesia's scale provide complementary leverage. This approach converts fragmented national audiences into a single, monetisable regional market.

6.3 Build a Regional Talent and Creative Leadership System

Across all six Southeast Asian markets, IDIs and country-level SWOT analyses consistently highlight a critical talent paradox, with high graduate output but shortage of production-ready, showrunner level and IP commercialisation talent. Without leadership-level capability, SEA risks remaining a service base rather than an IP originator.

The study showcases that each country brings complementary strengths, which are:

- Malaysia in IP development experience and institutional coordination
- Singapore in advanced production technologies and structured upskilling
- Philippines in pipeline discipline and export workflows
- Thailand in strong visual craft and CGI
- Indonesia in scalable talent engine
- Vietnam in rapid AI and digital workflow integration

Hence, establishing a Regional Talent & Creative Leadership System (RTCLS) would:

- Align industry and academia across SEA with shared competency standards
- Enable cross-border mentorship and production placements
- Integrate AI and real-time production skills regionally
- Develop showrunners, creative directors and IP strategists, not only animators

This creates a unified, mobile and future-ready workforce capable of executing premium IP at scale.

6.4 Conclusion

Collectively, the three regional pillars establish the structural foundations required for Southeast Asia to evolve from a fragmented, service-led landscape into a coordinated and investable animation ecosystem. By aligning financing frameworks across borders, the region can improve project bankability and enable productions to reach the scale necessary to attract institutional and private capital. Aggregated audience demand, shared data visibility and coordinated distribution strategies reduce investor risk while strengthening commercial confidence in Southeast Asian IP. At the same time, clearer rights recognition and cross-border collaboration mechanisms support stronger IP ownership retention and long-term monetisation pathways, allowing studios to move beyond one-off service contracts toward sustainable franchise development. Rather than operating as six (6) parallel markets competing for limited resources, SEA can function as an integrated creative economy in which each country contributes complementary strengths, from production depth and technological capability to financing sophistication, audience scale and cultural storytelling assets. Within such a coordinated framework, Malaysia's established IP track record, institutional experience and commercial ecosystem position it well to facilitate regional alignment and capture greater value from cross-border collaboration, while ensuring that domestic industry capabilities continue to deepen and scale.

SEA's competitive advantage lies in collective scale, diversity and coordinated execution. By aligning policy direction, capital mobilisation, talent systems and digital distribution at a regional level, SEA can transition from a dispersed outsourcing base into a resilient, IP-driven animation ecosystem with meaningful regional influence and growing global relevance.

7.0

WAY FORWARD: GAMING INDUSTRY AS A PARALLEL GROWTH ENGINE

7.0 Way Forward: Gaming Industry As A Parallel Growth Engine

SEA's gaming industry is increasingly emerging as a high-potential growth pillar within the broader creative economy, presenting a significant potential to drive a more integrated digital content ecosystem. This convergence is underpinned by shared demand drivers including mobile access, community participation, localised IP, platform engagement and immersive storytelling, which are accelerating growth across gaming, animation and digital content in parallel.

The scale and trajectory of the gaming market reinforce this opportunity. The industry generated USD 5.37 billion in revenue in 2024 and is projected to reach USD 6.47 billion by 2029, supported by a gamer base expected to grow from 285.82 million to 324.4 million over the same period[103]. Structurally, the market is highly attractive: it is mobile-first, socially driven, and deeply embedded in everyday digital behaviour. More than half of Southeast Asian gamers engage with livestreaming content, value social features such as in-game chat and rankings, and localisation remains a critical success factor[104]. These dynamics mirror those shaping animation and digital content, signalling strong alignment in how audiences consume and interact with content.

This alignment is increasingly translating into production and IP convergence. Animation and gaming are drawing from overlapping talent pools and leveraging shared technologies such as real-time engines (e.g. Unreal Engine), while IP development is shifting toward multi-platform ecosystems rather than single-format outputs. As a result, animation studios are presented with a clear opportunity to expand beyond linear content into interactive, game-based and transmedia formats, unlocking new monetisation pathways while deepening audience engagement.

The SEA region is reinforcing this convergence through a combination of policy alignment and market momentum. In Malaysia, MDEC's collaboration with China International Capital Corporation (CICC) to establish a USD 100 million gaming and digital content fund[105], alongside targeted programmes and earmarked RM 20 million for animation and digital games sector under the Budget 2026 allocations, signals a clear shift toward developing gaming and animation as an integrated ecosystem[106,107].

103. Lukman, J., & Lukman, J. (2025, September 30). SEA of Opportunities: Exploring the rise of Southeast Asia Video Games Market. Niko Partners. https://nikopartners.com/sea-of-opportunities-exploring-the-rise-of-southeast-asia-video-games-market/
104. Ibid.
105. Technode Global. (2025, May 19). MDEC inks MOU with CICC Capital to set up $100M China-Malaysia Gaming and Digital Content Fund. TNGlobal. https://technode.global/2025/05/19/mdec-inks-mou-with-cicc-capital-to-set-up-100m-china-malaysia-gaming-and-digital-content-fund/
106. Malaysia Digital Economy Corporation (MDEC) Sdn Bhd. (2025, April 11). MALAYSIA TARGETS STRONGER GLOBAL STAGE PRESENCE WITH FRESH FUNDING FOR GAMES, ANIMATION AND METAVERSE. https://www.mdec.my/media-release/news-press-release/384/malaysia-targets-stronger-global-stage-presence-with-fresh-funding-for-games,-animation-and-metaverse
107. NST Online. (2025, November 17). Recognising importance of AI in creative, innovative growth. NST Online. https://www.nst.com.my/business/2025/10/1316784/recognising-importance-ai-creative-innovative-growth

Way Forward

Indonesia showcases strong market scale and demand, holding the largest market share and leading mobile-game downloads in 2025 in the region[108]. Thailand is emerging as a high-growth market the highest projected CAGR and mobile-gaming revenue exceeding USD 400 million in 2024[109]. Vietnam and the Philippines remain important scale markets due to fast-growing mobile adoption, gaming communities and e-sports participation, while Singapore plays an enabling role through advanced digital infrastructure and premium IP examples such as Cat Quest.

Taken together, these trends point to a structural shift: gaming is no longer adjacent to animation but increasingly intertwined with it. For animation studios, this creates a pathway to extend IP lifecycles, diversify revenue streams and participate in more interactive and scalable content ecosystems, calling for a need for continued investment in hybrid talent, cross-sector collaboration and IP strategies designed for multi-platform expansion.

108. Mordor Intelligence. (2026, January 7). Southeast Asia Gaming Market Report | Industry Growth, size & Forecast analysis. https://www.mordorintelligence.com/industry-reports/southeast-asia-gaming-market
109. Allcorrect Games. (2025, February 10). The gaming market in Southeast Asia (SEA) | Allcorrect. https://allcorrectgames.com/insights/the-gaming-market-in-southeast-asia-2/.

MALAYSIA DIGITAL ECONOMY CORPORATION (MDEC) SDN. BHD. (389346-D)

2360, Persiaran APEC,
63000, Cyberjaya,
Selangor Darul Ehsan, Malaysia

Tel: +603 8315 3000
Toll Free No: 1 800 88 8338
Fax: +603 8315 3115
Website: mdec.my