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Outsourcing Creative Content

No one discounts the cultural challenges, but the rise of creative content outsourcing carries with it certain inevitability. Compelling economics and the distribution of talent are ushering in this new phase of the global information age

by Niall McKay   Global Services

When cell phone and video games company, Global Wireless Entertainment (GWE), needed to create a new motor-racing game, it contracted the services of Paradox Studios in Mumbai, India.

The San Diego-based video-games publisher owns the rights to a game based on the exploits of legendary race driver Mario Andretti. Using Paradox, GWE could save 40%–50% from its production budget. "People think of India as a place with good programmers, but they don't realize that we have a very large pool of creative people as well," says Salil Bhargava, CEO, Paradox Studios. "We have a movie industry that is larger than Hollywood."

The trend of large corporations outsourcing repetitive production tasks such as data processing, accounting or even computer programming to offshore facilities is now seeing a change to them outsourcing the creative aspects of their business such as content creation, video editing and video-games production. Some of the world's largest media companies have begun the process, and are outsourcing content creation and journalism to India and the Philippines.

Creative content is now the new frontier in the outsourcing business. CNet's Builder.com, a Website for software developers is outsourcing about 40% of its content, while Reuters has hired over 300 journalists to cover 3,000 small and medium sized U.S. companies from its offices in Bangalore, India. These efforts, largely unreported by mainstream media, are blazing new territory in these service-delivery areas; yet paradoxically enjoy the benefits of trailing edge adoption curve when it comes to governance. In short, no one is having to re-invent the wheel when it comes to managing these processes.

Seeking Contentment

There's a bevy of so-called big media companies such as Reed Elsevier, McGraw-Hill and LexisNexis that have been looking abroad for more and more of their content-creation needs. Now cellular companies, television production companies and even video-games developers are outsourcing everything from mobile content for the cell phone, to video editing to companies in India. Most are characteristically shy about talking about outsourcing their content, lest customers and investors regard them poorly.

Even so, the advantages outweigh the disadvantages, and the cost savings can be great. "Companies can save between 40%–60% from their production cost, streamline their production process and mitigate the risk of relying too heavily on one region for all their content needs," says Mike Maziarka, Director, InfoTrends, a consultancy in Weymouth, Mass.

For example, GWE contacted Paradox last year, and the Indian wireless company gave its employees the task of researching on the life of Mario Andretti. Two weeks later, there was a proposal in San Diego.

Once that was approved, a game-design document was drawn up by Paradox. "In the alpha stage, we do the basic programming and develop the graphics," says Paradox's Bhargava. "Then by the beta stage, we have a playable demo."

The whole process takes between three to six months. Now Mario Andretti is available on the Verizon platform.

Bhargava stresses on companies securing their intellectual property by working with reputed companies when outsourcing creative content. "Our computer labs have no USB ports, zip drives, CD burners or access to the Internet," he says.

The editorial services outsourcing (which includes editing) market is also growing, and is pegged at about $500 million in 2006. This is expected to grow to over two billion dollars within five years, according to InfoTrend's Maziarka. Of that sum, about $300 million is in the scientific, technical, medical and text book market place, a sector well suited to regions such as India and the Philippines.

Dealing with Challenges

Donald Mazzella, Editorial Director, Information Strategies, an editorial-services company based in Palisades Park, N.J., is not a fan of outsourcing content offshore. "English is tribal language," he says. "It's best to find writers from your target audience."

His company provides Website content and corporate newsletters for small to medium sized companies.

Mazzella says that he looks closer to home when finding his writers. He has a stable of about 30 freelance writers. Many are former journalists and stay-at-home moms.

While they charge higher rates than their Asian counterparts, Mazzella believes that he saves money in the long term. "They know the business, never plagiarize and know the difference between cents and pence," he says. Mazzella cited a recent case where an advertising agency in New York was sued for a million dollars, because one of its advertising copywriters had plagiarized an entire ad. Content purchasers should therefore ensure that their contracts indemnify them from plagiarism.

Mazzella also advises that the customer develop a clear idea of what they hope to achieve by adding content to their Website. "The editorial product should enhance the company's message. Most companies want to post content that benefits the company, when they should really be

posting content that benefits the customer," says Mazzella.

Once the message is established, a clear editorial procedure needs to be specified: Who approves the copy? Should the content be permanent, semi-permanent or updated regularly? An editorial style guide needs to be developed specifying how the message should be communicated. An animation company may employ humor, whereas, this would be inappropriate for a military or medical devices company. Finally, a budget should be allocated and a publishing schedule should be established.

Depending on the type of business, Mazzella recommends that companies turn their customers and prospective customers into a newsletter list. This builds brand loyalty and keeps the company on the customer's radar.

Familiar Territory

Innodata Isogen is a Hackensack-based outsourcing and technology provider that caters to the media and information services market sector. Its customer base ranges from the *New York Times,* to the McGraw-Hill publishing company and the Library of Congress. It provides a range of editorial services from data entry to XML-tagging from any one of its nine facilities in India, the Philippines and Vietnam. Recently, it finds that its customers, who at one time only required data-entry services have moved up the production line, and are now requesting data analysis, synopsis of technical documents and content creation.

"We're working with a number of magazine and journal publishers to produce rich data products," says Jack Abuhoff, Chairman and CEO, Innodata Isogen. "In most cases we can provide cost savings of somewhere between 40%–60%."

A proportion of that can come from lower wages and less costly real estate. However, with 10%–15% wage inflation in Bangalore, according to a report by DiamondCluster International, a consulting firm based in Chicago, wage advantages while significant may be short lived.

In fact, Abuhoff says that wage savings are only part of the equation. "We re-engineer the content-production process," he says. Innodata Isogen turns a production process into a manufacturing process by breaking it down into its individual parts, eliminating any unnecessary stages and introducing new technology.

The first stage examines the current production process at the level of individual steps. For content creation, the company examines how the editors assign a topic to the writers; how the employees collect data; how they source subjects to be interviewed; how they analyze the data; what are the constituent parts of an article or essay such as the introduction, statistics, body of the essay or article and conclusion; how is the article edited and who carries out quality control. These steps need to be documented so that the knowledge can be transferred to workers outside the company.

KEY ISSUES IN CONTENT OUTSOURCING

» Typically, content production outsourcing works best for domain-specific areas such as the scientific, technical and medical sectors as it relies on people with graduate degrees rather than cultural, social or geographically specific backgrounds

» Quality control is perhaps the central issue when outsourcing content, as plagiarism is common in the editorial business.

The next step is skills remediation. For example, what skills are needed to write an article on Java, and how is it possible to bring the new employees up to speed; do they need to be re-educated; can existing employees train them and so on.

A project-management methodology is then defined. Then the whole process needs to be examined to see if there are ways to streamline the production, eliminate any unnecessary stages so that costs can be cut. Once this process is complete, the technology platform can be re-designed to suit the application. So it's not just the cost saving but also the manufacturing process and risk mitigation that attracts major publishers.

In short, the outsourcing companies are attempting to do for content production what Henry Ford did for automobile production.

Furthermore, following the Asian Tsunami disaster, many large companies do not wish to locate all of their content creation in an earthquake or natural-disaster area. For example, one technique is to "co-locate work" in India and the Philippines.

Multimodal Strategy

InfoTrends' Maziarka, adds that these days companies also need to realize that the creation and delivery of content are inextricably linked. "Content creators need to understand that the content has to be used across a number of platforms such as the Internet, DVDs and smaller devices such as cell phones," says Maziarka. "It's incorrect to think of the cell phone as just another Website. It requires different navigation, and one has to be conscious of creating verbose content."

He suggests that companies consider moving toward a single source or repository so that a technical manual is repurposed for the Web, repurposed again for DVD and repurposed yet again for a PDA or cell phone.

The offshore content companies such as Innodata Isogen have made it their business to develop these content repositories. In the television and film production business, however, the process is a little different. Dean Thompson, President of OMI Business Communications says that his company will frequently work with a producer or production company in other parts of the world. OMI produces Internet, DVD and video content for the large corporations such as American Express. "There are advantages with working with people in local markets," he says. "There are issues around localization." For example, stylistically, television programming and graphics tastes vary by region, so it's helpful to work with local producers in that region. Asia, for example, tends to favor brighter colors, while Europe favors duller ones. However, OMI always sends one of its own people from its head office in New York. "British production companies tend to be the easiest for us to work with but we always send one of our own people to oversee the production.

SHIPPING BACK CONTENT ELECTRONICALLY FROM ANYWHERE, MAKES MORE SENSE THAN GETTING PULLOVERS IN CONTAINERS FROM CHINA

There seems little doubt that cities like London, Paris, New York and Los Angeles will retain their positions as the major hubs for content creation, but we are certainly beginning to see these functions traveling to other parts of the world. And why not? Surely it makes more sense to write a story in Scotland or create a video game in India, and ship the bits electronically back to the U.S.A., than it does to manufacture a pullover in China, pack it in a container and drag it 3,000 miles across the ocean.

The bottomline remains that corporations should go beyond cost arbitrage to re-engineer the content-production process, mitigate risk by dispersing the creative regions geographically and re-design the technology. That way, a long-term benefit can be achieved.

10 ACTIONABLE IDEAS

- Hire reputed companies. Companies that are handing sensitive intellectual property should employ proper security measures. For example, workstations should not have USB ports, DVD drives or Internet connections

- Choose content carefully. Content production is most effectively outsourced when it does not require regional or cultural knowledge. For instance, medical technicians and computer programmers are working with the same basic set of data

- Know what you want. Companies should develop a clear idea of exactly what sort of content they want and what the content is supposed to achieve

- Indemnify the company from plagiarism

- Outline a content-production procedure. Who gives the final approval? How often should the content be updated and so on

- Develop a content-production style guide

- Break down the production process into its individual parts; analyze the process and see if any of the stages can be reduced or eliminated

- Mitigate risk by spreading the production process across a number of campuses

- Assess the skills at the offshore campus, and try and remediate those skills by education or in-house training

- Be aware that often content and delivery mechanisms are inextricably linked.