

## EGDF: EUROPEAN GAME DEVELOPERS FEDERATION TIGA, APOM, GAME, TIGA NL, PROF DK

### Getting Media Plus 2007 ready for the Game Challenge:

The EU Commission has set up a discussion about the future of the Media Plus Program 2007–2013. The following ideas try to use this discussion to improve the conditions of European Game Developers.

Games should be a part of this reform accepting the fact that this new audiovisual medium is of rising cultural importance. The game development must be embedded in the audiovisual system, as creativity and visualisation are nowadays severely touching these grounds. Europe is undergoing tremendous changes also in a cultural manner: The importance of games rises as games conquer living rooms and leave the computer corner of an household. This influence of games on our culture is permanently increasing as games are becoming a very important market and an even more important part of nowadays culture for children, teenagers and adults. This means that Game development becomes more and more important to our cultural heritage as they are used by the masses. In the near future, games will probably have a lead-medium function, which is currently still held solely by TV.

But beyond the cultural importance, the European Game Developers are striving to be a competitive industry in our information society to counterbalance the influence from the American and Asian continents. Developers of games are one of the fastest growing industries within the entertainment business. It's expected that the sales of games will rise from \$ 18 billion in 2001 to app. \$ 43 billions in 2006. Unfortunately for the time being most of this money leaves the European continent.

The game developers are mostly dependent of having an international Publisher. The Publishers are consolidating and not leaving much room for new developers for the time being. We have to work for better conditions for the European games Industry so they can better handle the overwhelming size of competitors from the other continents.

Under the Media Program there is the Multimedia area where game developers can apply for funding. Games developers are honoured with 10 % of the Multimedia funding. Budgets are limited by a maximum of 50 000 €. That is not much compared to the fact that development of a demo is very expensive, but at the same time a necessity to attract a publisher. The publisher is investing in the production of a game. In Denmark 66 % of the Media Funding goes to Game Developers. We believe that it is the picture for the rest of the European countries compared to other multimedia projects.

- In the development program there should be a special chapter for Games. We suggest that the Multimedia chapter be divided into 4/5 Game development and 1/5 other Multimedia projects.** The European approach to Game development should be taking the importance of a vital SME-structured Game developer scene for the cultural expression and self finding process. But as always in this field, the cultural aims must be backed by a farsighted financial policy. The game industry in Europe urgently needs to become competitive to the overseas developers who are market leaders in game development, or it will disappear completely. The development phase is the most crucial and vulnerable phase, especially for developers who are depending on a publisher. Also for developers, who do not many projects at a time there is a difficult "waiting period" during the transition from one project to the next.

It is important that the developers can keep their employees during this transition time in order to keep the know-how in the company. This is very hard if there is only have one project at a time. All of this is mainly because the natural workflow of a game developer does not allow extra activities in peak times, in order to prepare the next project. The logical consequence is that when the next game is in preparation, companies are normally forced to lay off. The awareness of this coherence of business cycles and cultural relevance is important.

- **In the development funding we propose to focus especially on prototype development. We propose to distribute the money by slates of up to 100.000 € and additionally to provide financial support for console development by taking charge of costs for development kits, surroundings and middleware licences up to additional 35.000 €. In the development funding, the limits for the development of a game prototype should correspond to the limits of a pilot in animation (100.000 € by now).** Prototypes are an essential part of the development phase of a new game. They are needed to pitch the project to a publisher, who will decide upon a playable demo (the prototype) if he will finance the production of the game. An average developer can currently only afford once to make one prototype – if it fails, having to file for insolvency is the usual consequence. As the prototypes for console games cost (300.000 €) 3 times as much as PC prototypes (about 100.000 €) it is necessary that console-developers receive funding on top, which is linked elementarily to their console development. To prevent fraud it is the best solution to pay special additional elements of the console development as mentioned above up to 35 000 €. Over the years and until 2013 this number needs to be treated flexible as innovation will most likely demand much higher investments in a few years, as the processing power and demand on game content rises with the new console generations.
- **Concerning intellectual property rights, we underline the standpoint, that for the good of the developers the Media Plus money may only intervene when the rights to the title lies at the developers side.** It is true, that often in the industry publishers hold licences and title rights. But we should use this opportunity to support efforts of development studios to create and own their very own titles, for at least two years after release of the game solution: title yes, not IP.
- **The criterion “story based” is sometimes not valid and should not be used any more.** There are games, which are not story based (e. g. motor races or sports games). They should not be excluded.
- **In the distribution funding we consider it valuable to open this up for games as well as the promotion funding in especially cultural matters.** The diversity of cultures doesn't stop at the games door. Children games f. e. should be distributed from one European member state to the other. So the diversity could be improved in a cultural and European context. Games are less language based than films and can therefore easier surpass language frontiers which will surely help a European perspective.
- **The support of promotion should be open for games and the participation for markets and festivals should also be open for the Game Industry.** The game industry has a very specific market and festival scenery. It is desirable to improve the presence of cultural diverse games in the future. (e.g. to go to: E3, Tokyo Games Show / to organize: Edinborough, GC and GCDC [Leipzig] or Game Connection [Lyon].)
- **In the training section games on console, pc and mobile should be taken into consideration.** It is clear, that still too few training initiatives have Media support in the Game training sector. So it is not

yet possible that individual game development projects are based on the criterion that the applicant must have graduated from a Media supported training initiative.

- **Pilot projects should involve b-to-b solutions.** Digitalisation and convergence of the media implies often also solutions which are in between several media (e. g. games-TV). Here it becomes crucial that the b-to-b provider and subcontractors can also install digital pilot projects (e. g. motion capturing technologies).
- **The evaluation of the Media Funding should specify the last investment by country and size of the company and should specify the amount of money spent on game development.** It will become very obvious that the game funding is much less bound to the big media centers in Europe, than film or TV and that the size of the companies is even smaller.
- **The data base on games should be improved by special reports of the European observatory.** Developers, but also the media Plus Program administration do not have sufficient data to predict or to understand the markets in the game sector thoroughly. This is crucial for a fair and solid development as well as for a foresighted subsidy policy.
- **For the process of administration, which is perceived as being very long and complicated we suggest a two step system. The first step should demand as little information as possible and the project should be evaluated by a Software Evaluation tool in general (one week). The second step should demand all the necessary information and the evaluation should be made by experts (one month).** The administration form should be more game oriented than today. Some questions (e. g. about the relations to tv broadcasters is irrelevant to game development). Also there is a challenge of making endless reports and budget follow ups to the media program – it takes a lot of time and we estimate that up to 20 % of the granted amount is used on administrative procedures instead of being used on making a prototype (demo). We suggest that the commission look in to ways of making this process less complicated. We highly recommend shortening the administration process which is due to internal EU control systems an which does not have a real effect on the outcome of the decisions. (DG Budget). It is a big problem that in reality these processes can result in administration times of more than a year.
- **The game sector can help the Media Program to improve their position in not favoured regions and among small and medium sized companies.** Game developers are often small but highly innovative companies with about 10–20 employees. A game studio can be set up anywhere, and does not require specific local networks such as e. g. the film industry needs big studios. They are therefore often located in remote places, where the media funding has not yet gotten to. Some countries have a particularly weak game industry while they are doing all right in other sectors. It would be helpful if Media Plus would actively provide more Media Data about regional resources, preferences etc.

The European Games Federation will very much like to go more thoroughly into details about the gaming industry in Europe. We hope you will give us this opportunity in the coming months.

*Responsible for Media Plus: RA Malte Behrmann, behrmann@game-bundesverband.de*