

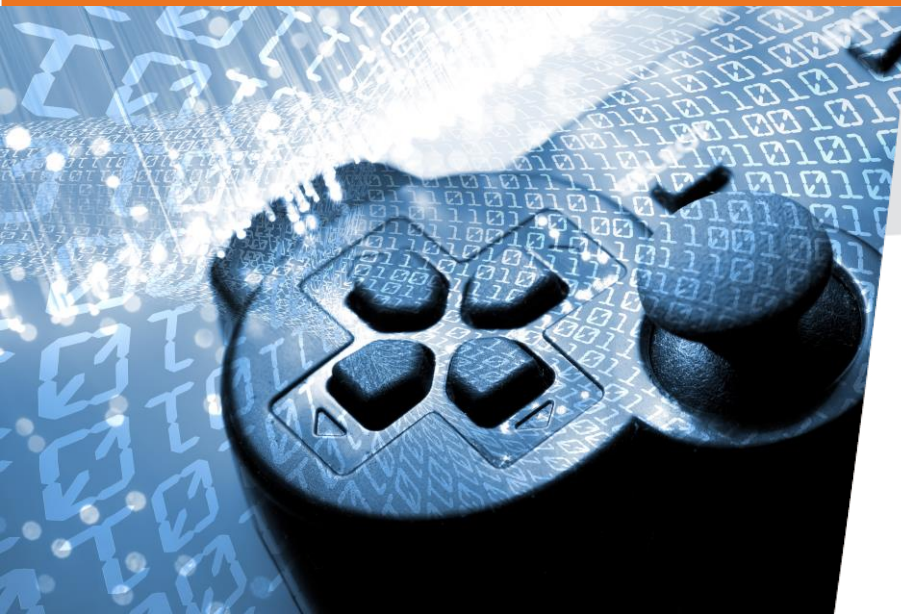


Hochschule für Technik und Wirtschaft Berlin  
University of Applied Sciences



# Implementation Examples of Game Incubation Services and Incubator Operation Schemes

*Output 3.7 of the BGI Project*



EUROPEAN REGIONAL DEVELOPMENT FUND

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This document describes the schemes and plans to provide a sustainable basis for game start-up support based on the experience and knowledge gained from the BGI incubation pilots carried out during 2018-2020.

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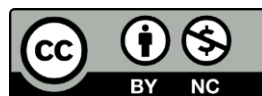
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# 1. Exploring Game Incubation

## The rise of game incubation

Game incubation is a fairly recent practice that has evolved from IT incubation, where games originally found support, yet were not really “at home” there. More common were attempts at game accelerator programmes, catering for game studios with already at least one project in the making.

With the increased understanding of talent growth as one of the big challenges of the European game industry to be competitive with the US, Canada and Asia, dedicated incubation for game start-ups have begun to pop up. While accelerators generally help start-ups in their later-stage projects to prepare for publication or do pitch training for investors from their network, incubators are more about streamlining the creative strength of a team, conveying thereby an entrepreneurial spirit and endeavour. These are programmes that provide game companies advice, guidance and various forms of support for teams in their early stages.

The tech partners in the Baltic Game Industry project explored the requirements of a dedicated game incubator (in contrast to an IT incubator) with several pilot projects. The objectives of the pilots were:

- to identify the programme design that would cater for the needs of game start-ups and the dynamics of game development and marketing
- to provide guidance for parties interested in setting up a game incubation programme

Basically, there are two groups of stakeholders that we found had shown an interest in launching an incubation programme for their regional game sector: tech parks with an IT incubator wishing to expand their offer to cater for game studios as well with a bespoke programme and senior game entrepreneurs who gave up developing game themselves as their core business and turned to coaching and mentoring.

## Piloting game incubation hands-on

The project pilots reflect different approaches, contexts and framework conditions that initiators might face when launching such a programme: several tech parks with IT orientation, such as Tartu Science Park, Kaunas Science and Technology Park, Ventspils High Technology Park and Krakow Technology Park represent the first group, and Game Hub Denmark, Swedish Game Industry, Metropolia University and HTW Berlin University of Applied Science / DE:HIVE with their inherent game expertise represent the second group.

The project partners have documented the results and insights of their pilots, eager to encourage others who are considering setting up an incubation programme, because working with a game start-ups or game teams is a unique journey. This is a journey that does not obey to normal business development rules and does not always qualify for business development support. Also, the business world of the game industry is very specific and complex, so that e.g. consulting requires the insights and experience of veterans of game design and game business. There are many performance and application variables to be aware of with game development, not only artistic “genres”, but also different target groups, different platforms (mobile, console, PC, etc.), different marketing

strategies, focuses (technology, narration or art), technologies involved (engines, VR, animation, 3D, interaction, sound, etc.), monetisation models, etc.

Naturally, we took our lead from existing and established game incubators, such as The Game Incubator in Sweden or Game Hub Denmark. For the Baltic regions, Estonia, Latvia and Lithuania, and their young industries, piloting game incubation on the basis of lessons learnt from the experienced incubators helped them make a big leap, not having to re-invent the wheel or go through the long learning process that arrived at understanding the benefit of game incubation for an emerging industry and creative talents. For the tech parks, and in the project nearly all were from the Baltic states, initiating a game incubator meant reaching out to the game community. By doing so, they jump-started existing game organisations (mostly community-born initiatives formed of volunteers) to shape a vision of entrepreneurial game development for their still very loosely networked game communities.

### **The knowledge base: a roadmap to game incubation**

Most pilots went through several phases or batches to adjust their approach through the lessons learnt from the previous approach. This process is described in this document. The analysis from this experience has been gathered in online roadmap for interested parties to draw from the collected information and expertise and map these to their needs and existing environment.

The roadmap is an online tool and can be found here: <https://balticseagames.eu/>

While the roadmap is organised in knowledge units, this document here offers a narrative of the pilots.

### **The road to sustainability**

Naturally, the pilots were hands-on experimentations to provide not only insight and knowledge, but also a basis for the sustainable implementation of such game incubation programmes:

- the positive pilot results will prove the needs and benefit of such programmes to address sponsors, tech park owners, public authorities, game industry representatives and veterans to support a sustainable format
- the experiment will indicate the requirements and resources needed for business plan
- the momentum of the pilots with their established networks and communication channels will stimulate the continued collaboration of universities, game community, administrations, and decision-makers

Hence, in addition to providing a narrative of the pilot experiences, the partners share their experience and plans of solidifying the programmes explored in the BGI project.

**Impact of BGI for game incubation in the BSR**

We have tested game incubation as a mean to support our regional game industry and its talent growth through fostering entrepreneurial and technical skills for the games business. Together with the Baltic Game Industry network, industry partners and stakeholders, we are creating a new context for cultivating innovative and groundbreaking games.

The BGI initiative has led to the emergence of more game incubators and game incubation programmes in the Baltic Sea region. Fine-tuned game-related incubation service units are now available in nearly all regions and offer information, consulting, mentoring, and training for game start-ups. In each participating city / region, an operation scheme is set up to provide game-related services, along a business plan.

The schemes differ, as they are to be made depending on local situation, stakeholder support, development stage of the game scene, financing sources, etc.

We hope that these guidelines, with examples of successful, functioning game incubators, as well as the lessons learned during the pilot activities, will serve as a realistic example of possible activities and initiatives, some action planning steps and will be the greatest source of inspiration to try. We hope it will be a helpful guide leading to game incubation success!

## 2. Dania Academy (Grenaa/DK)



### I. Regional Context

The game industry in Denmark had been experiencing a steady rise in all the key metrics in the years leading up to the start of the Baltic Game Industry project in 2017. For example, the number of full-time jobs in the industry had risen by 95 % compared to 2009, and in the same period the number of game studios in Denmark and the annual turnover created by these, increased by 158 % and 143 %, respectively. Behind these numbers were of course global hits such as *The Hitman Series*, *Limbo* and not least the most downloaded mobile game ever, *Subway Surfers* - but these were throughout the period accompanied by a steady growing number of new start-ups, typically founded by a new generation of talent graduating from game-related education programmes across the country.

Together, these developers played a vital part in taking the game industry from being one of the smaller of the creative industries in Denmark, to surpassing the film, TV and advertising industries in terms of numbers of companies, full time jobs, turnover and export – despite the fact that the existing framework for the game industry in Denmark is limited with only one national business support scheme in place. A scheme that the game industry has to ‘share’ with the film industry, and which focuses more on cultural and learning aspects of a game than its business potential.

Danish game studios have therefore typically taken a DIY-approach to developing their company – an approach that is also clearly visible when looking closer at the municipality of Norddjurs where Dania Academy’s game educations and incubator are located. Here – more specifically in Grenaa, a small harbour city, home to approx. 14,000 citizens – a local game ecosystem has been developed for the past years; it all started with a vocational education in 3D graphics, which was followed by an upper secondary level education with a focus on game development. The next step was to launch a higher-level game education, developed and operated by Dania, which have since the kick-off in 2011 gone from one to three game-related education programmes – and graduates from these were a few years later given the opportunity to set up their own studio in our game incubator, which started out in a classroom on campus, but has since grown both in terms of companies and staff, and now is placed in a stand-alone building off campus. Together with the incubator, the vocational, upper secondary, higher-level educations form ‘The Game Mile’ as they are placed along the same road in Grenaa, and within 10 minutes walking distance from each other.



The mission of the game incubator has from its inception, been to provide founders of game-related start-ups with advice and know-how that enable them to take the right decisions when they are faced with business related challenges as part of the development of their company. And our vision is to provide this service for free to the start-ups that enroll in our incubation programme – just as we never take any equity in the companies we work with – as we see it as a necessary public service that fosters the creation of new companies and new jobs.

We have been able to achieve this by funding our incubation activities through participation in international development projects – mainly EU-Interreg – as a strong supplement to the one full-time staff member allocated by Dania to this. On top of this, we have managed to secure additional funding from the Central Denmark Region, enabling us to add to our incubation staff, and also strengthen the package we are able to offer game start-ups that are part of our incubator. And going into the BGI Project together with our local public authority, the municipality of Norddjurs, as part of the project consortium, we were also able to initiate further discussions with the municipality about how they can best support the further development of our incubator, and the local game development ecosystem in general.

## II. The Pilot Experience

During the pilot phase, we focused on further development of the systems and models we had been using to evaluate, guide and analyse our start-ups, as these are essential for running an incubator in the game industry. Although the industry is characterised by rapidly changing market trends and a fast technology evolution, there are several design, production and business mechanisms that are robust and inherent to the game industry.

Our models assist us in evaluating the state of each start-up company, and initially create a baseline for the start-up as it is being evaluated, while also assisting the individual mentor in working with the company. This baseline helps us to identify what type of game start-up we are dealing with, which is important in an incubator where a continuous flow of companies is coming in.

We take into consideration that each company is different from the other. Their differences are measured not just in size of the founder group and product type, but also by business model, personal maturity, market preparedness, and skill levels of the individual founders within a number of categories relevant for running a company, building a game product and selling and marketing. We use the models and the output of using the models to help guiding both the individual mentors and the start-ups.

Running a start-up company is a complex and sometimes daunting task; there are so many tasks that need to be done, and often too few hands and minds to deal with them. Prioritising correctly is therefore important, and the models we have implemented help everyone involved to prioritise and sort the various tasks and opportunities that each start-up is faced with.

Assessing the progress of each start-up company, as well as self-analysis of our work is also important. We have been developing our game incubator for a few years now, but we are still learning and have focused on improving our work methods and models in the pilot phase. The

continuous re-evaluation and adjustment of how we work means that we can continue to provide modern and relevant incubation and consulting for new types of games companies.

Regarding enrollment of new start-ups into our incubation programmes, we accept applicants when they are ready – meaning that we do not recruit them in batches. And when accepted, our approach during most of the pilot has been to introduce them to three different phases that frame the programme: 1. Maturing / Establishing; 2. Validation / Proof of Business; 3. Growth / Acceleration. This programme, and the respective sub-topics in each of the phases, has been shared with the BGI project consortium during the pilot for inspirational purposes. We have, however, in the later stages of the pilot decided that while the programme is very valuable for framing the work we carry out in the incubator, it is often not necessary that every team go through all of the stages and topics, and in the same order. This will be elaborated below in chapter III.

In terms of numbers, we have advised 56 companies during the pilot phase. This number has been reached by working with a variety of companies – everything from early stage student teams to experienced indie studios – and in other locations than Grenaa. This will also be described in more details below.

### III. Experience review and future vision

#### **The incubation offer**

In the coming years, Dania Academy will continue the development of our incubation offer to inspire more students and graduates to establish their own game studio. This means that we, as we have done for a few years by now, will continue to offer support and advice to game studios on everything from a very early stage in their career as entrepreneurs – e.g. students who are still enrolled in one of our game development education programmes – to start-ups founded by graduates and more experienced companies who have already proved their businesses and maybe even made their first experiences with attracting external capital, hiring more staff, etc.

In the Baltic Game Industry project pilot, we have learned, as briefly mentioned above in chapter II, that we are able to improve the quality of the advice we give to start-ups, by not having a fixed incubation process and that every company we work with is obligated to go through every step of in a pre-determined order. This is an approach we had taken previously, but we have experienced that this could sometimes be counter-effective if a company were forced to focus on a specific topic in the process while their need was actually something else. Back then, our incubation programme was divided into three main categories as explained above.

Yet, while we still want to address the sub-topics in these categories going forward and discuss these with the studios in our incubator to get an understanding of their level of progress, we have learned that it works better to use them as a guide for where to focus on when dealing with the respective team so they get the right help they need at the right moment in time. Some topics are just less important than others for the individual company, and if the team has e.g. not handed in a competitor's analysis during the initial phase of the incubation process, this will not stand in the way of providing them with assistance with heavier topics such as a deeper discussion of the company's mission & vision if that's where the advisors assess that the real need is.

Our guideline going forward is therefore, to meet the individual company where they are at a certain point of their journey and based on that, decide how they can best be helped. For the very inexperienced studio this can e.g. be assisting them with establishing a real company, with defining the tasks of the respective founders, owner shares, etc. – while a company with years of experience instead has a need for guidance about the long-term strategic development of their business, contact to ventures funds, or complicated legal issues. And in case of the latter, we must be able to meet such demands even if the company has not gone through each and every topic in the original incubation process.

As a direct result of this, we will also move on and no longer define our incubation process as something with a fixed start and end date. Instead, we will treat incubation as a process that for some takes longer than for others – and that this process is a stage a company can be at for a certain amount of time as part of their development and participation in the Game Hub Denmark network. This allows to include studios on every level, and also to keep them in our network after they have become sustainable. A reason for taking this approach, is that we believe such companies can still take advantage from having access to the business developers in our incubator, and our approach will therefore be to work with studios on a continuing basis - even if they are being fully acquired by external investors and as such no longer count as ‘indies’. This, we believe, is an important part of the further development of the Game Hub Denmark brand as it ensures a good mix of experienced and less experienced studios, and an exchange of ideas, trends etc. across the ‘generations’ in the network.

Taking this approach means that we will be in contact with many and very different companies. But precisely the number of studios in our network is essential for us to support as large a critical mass of talent as we can, as this is the foundation of where we aim to be, and also for being able to receive public support that enables us to continue to develop and operate our network.

For the same reason we have also during the last year collaborated closely with innovation hubs in three other cities on the Danish peninsula in order to expand the Game Hub Denmark network, and get our offer out to even more students that have an ambition to establish their own game studio, to more start-ups that are working independently but have not had the opportunity to receive the kind of support we offer as an incubator, and to more well-established, more experienced companies that can help build our brand and also give back to the network in terms of mentoring or even early stage investments in new, talented teams.

In the three additional cities where Game Hub Denmark is now also established, local advisors - employed at our partner institutions – are responsible for screening new start-ups in their area, and for advising those accepted into the network. We do, however, assist them based on our extended experience – meaning that an advisor from Dania will e.g. visit the other hubs and meet their teams on a regular basis (typically 1-2 times per month).

Regarding location, it is our ambition to also offer office space, meeting facilities, hardware for showcasing, etc. in our current building dedicated to game incubation going forward. This building is close to – but not physically coherent with – the Dania Games campus. Establishing a company, whether still enrolled in the education or graduated, is a major step – and we believe that highlighting this by working on the company’s own projects among similar teams in the location where the incubator staff is also placed, works better than installing the team in a classroom on

campus. It puts a little pressure on them, too – but at the end of the day, they will learn that the incubation staff can help and guide them, in a way their everyday teachers cannot.

In the future, one of our ambitions is to be able to offer these office spaces for free to new start-ups – as a minimum for a longer period of time than the current three months that allow start-ups to get settled – or at least to try out working – in the incubation environment before they are required to pay rent. We hope to be able to secure public financial support for this as we see it as an investment in giving new companies the necessary time to become sustainable, as we have seen too many examples of start-ups that have been forced to terminate their lease because of not having sufficient funds to pay rent until they are well under way.

### **Organisation and management**

Our game incubator is an integral part of the Dania Games setup and will continue to be so, as the game education programmes serve as the main pipeline for new talent into the incubator: students form teams that we can support at a very early stage as they have the option of doing their required 10-12 weeks long internship in their own early stage company twice if they do the full, 4-year long Professional Bachelor education. This means that advisors can meet and start working with the potential game studio owners while they are still enrolled in the education programmes – and also that we can develop and offer students extra-curricular courses in e.g. game design, game production, entrepreneurship etc. We do this to try to make sure that they are better equipped for professional game development and running a business once they graduate, and as such smooth the transition from school to work life.

Going forward, we will implement a major change in our approach to how we work with student teams though; in the past we have maybe been too focused on inspiring students to establish a registered company – and with that done, began to address what kind of product the founding team have an ambition to develop. This has in some cases meant that we have wasted resources on teams that were actually not capable of developing a quality game – so from now on we will focus on student teams that are able to prove that have an idea for an interesting product, and that they can work together as a team and develop it. When that requirement is met – something that we help them achieve in the extra-curricular courses mentioned above – we bring them in.

The close connection between Dania Academy and Game Hub Denmark is also helpful when it comes to financing our incubation activities as being part of a public knowledge institution makes it easier to collaborate in e.g. European development projects such as BGI – also because the academy has the necessary liquidity, economics department, etc. which would be a burden hard to overcome for the incubator on its own.

The staff in the incubator are also employed by Dania Academy. Currently our Grenaa branch – where Game Hub Denmark was founded – has three full time employees out of which two are primarily responsible for advising game studios and students, and also for running the extra-curricular courses mentioned above. These advisors have years of experience from running game studios and productions – and are genuinely interested in passing their knowledge on to the new generation of developers. The third staff member's primary responsibilities lie within fundraising, management, and project development & management. The full-time staff will be complemented by external

consultants (part-time employees) with specific knowledge areas, e.g. investor relations, strategic business development, legal issues, etc. And should we get the financial means, adding staff members with community management skills and / or marketing experience from the game industry would be high on the wish list.

### **Marketing**

To continuously being able to reach our main target group, the game developers – whether these are students or already have established their own company – and convinced them to join our programmes, we at Game Hub Denmark in Grenaa as well as at the other locations must be visible and reachable at e.g. the affiliated educational institutions and at industry events. This will of course have to be supported by a strong online presence which we will ensure through updating and further development of our website (<https://gamehubdenmark.com>) and by being more visible and active on the social media where our target group is. On top of that, we will continue to use our dedicated Discord server for internal communication in the Game Hub Denmark network. Currently, this server has around 175 members – mainly game developers, but also incubation staff and teachers - who have all been screened and approved by the server administrators.

### **Financial Projections**

To finance the above-mentioned activities in the coming years, we aim to continuously participate in ambitious, European development projects. Since 2017, we have been a core partner in the EU-Interreg Baltic Sea Region project ‘Baltic Game Industry’, and starting in December 2020, we will participate in the extension of this project (‘Baltic Sea Game Incubation’) for 9 months. Currently, and until mid-2022, we are also participating in the Interreg ÖKS project ‘Game Hub Scandinavia 2.0’ that has a focus on global markets, building accelerations programmes, financing models, and how we can help the region’s studios to get access to growing markets in Asia.

Looking beyond these projects, and in order to attract new funding, we need to present new challenges that we can help overcome – and in that relation we are looking into going beyond working with incubation of game developers only, but also address the needs and potential of the wider game industry ecosystem – for example software for game development, hardware that supports the major platforms, etc. This does not mean that we intend to develop a new incubator; such start-ups would be integrated into our current setup.

We will also continue to seek financial support from local public authorities such as the municipality in which our incubator is placed. We do not believe, however, that it is realistic for the municipality to carry too much of the financial burden due to its relatively small population and budget, but during the BGI project we have managed to secure funding from the municipality until 2021, and we will of course initiate a dialogue with decision makers to explore if extending this, is an option.

Participating in larger projects is what enables us to employ three full-time staff members. But should we fail to attract project funding for a longer period of time in the future, we will continue to develop our game incubator with a least one full-time employee as funding for this is part of the overall budget at Dania’s game education.

## 3. Tartu Science Park (EE)



### I. Regional Context

The game industry in Estonia is rather young and early-stage level. The history of the Estonian game industry began during the nineties. Bluemoon Software (Later Bluemoon Interactive) published Kosmonaut in 1990 and its sequel Skyroads in 1992. The key guys were involved in creating Kazaa and Skype later. It was not until after 2010 that the next success stories happened with Creative Mobile riding the first waves of growing mobile games sector. Until today, their games have been downloaded more than 350 million times. One of the recent success stories was in 2019 with ZA/UM Studio publishing Disco Elysium, an RPG game based on a book by Estonian novelist Robert Kurvitz.

Most of the game companies in Estonia have been established after 2010, and since 2015 the industry has seen a significant growth. The sector has gained some traction after the success of Creative Mobile and even more after the establishment of Gamefounders<sup>1</sup> in 2012. It is an international accelerator for game studios, set up by Enterprise Estonia<sup>2</sup> in close cooperation with private investors. Recently, there has also been a considerable increase of activities in the national game landscape, such as game jams, meetups, etc., an indicator for a growing and lively business sector, with universities also adding game-related courses to their curricula.

The community is led by IGDA Estonia, organising monthly events, the annual GDD conference and company missions to sectoral fairs. Two additional NGOs have been established in 2017 – APT Game Generator<sup>3</sup> (in Tartu) and Gamelab<sup>4</sup> (in Tallinn).

In the higher education field, more and more opportunities are popping up to focus on game development, e.g. Tallinn University School of Digital Technologies is offering a 2-year Master's level training called Digital Learning Games. Since 2015, the Estonian Entrepreneurship University of Applied Sciences (Mainor, a private university) is offering a 3-year Game Design and Development curriculum. In the University of Tartu, IT students can pick several subjects in the field of computer graphics and game development as well as build their final theses on different game development

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<sup>1</sup> <https://www.gamefounders.com/>.

<sup>2</sup> <https://www.eas.ee/>.

<sup>3</sup> <https://aptgg.ee/>.

<sup>4</sup> <https://www.facebook.com/gamelabestonia/>.

related topics. Additionally, they can be involved in the Computer Graphics and Virtual Reality Lab (<https://cgvr.cs.ut.ee>) to work with their projects on powerful PCs under close supervision of experienced developers. It takes a few years, but there is a high chance, these steps will provide specialists for the sector in the future.

## II. The Pilot Experience

### Planning and Implementation

Tartu Science Park has provided incubation services throughout its almost 30-year history. As this was the first time we had the opportunity to work specifically with game development sector, it was decided that we wouldn't develop a new brand for the pilot but instead invest our efforts into the programme design, content development, recruiting top trainers / mentors and relevant participants. For branding, it was decided to use the BGI communication materials instead. The programme was referred to as the Baltic Game Industry or BGI Incubator.

Before launching the programme, key stakeholders were approached to feed into the concept creation in line with the needs of developers. Also, from the start, we decided that most of the workshops would be openly promoted in the region to create as much as possible spill-over effect to the regional game development enthusiasts and start-ups.

After a desk research on key stakeholders, we approached them individually to receive feedback and discuss about the layout of the programme under development and find potential mentors as well as participants.

Stakeholders involved: IGDA Estonia, APT GameGenerator (both NGOs), Tartu City Government (involved in BGI project as a partner), Gamefounders Accelerator, several indie studios in Estonia, University of Tartu, Pallas University of Applied Sciences (higher art school in Tartu), start-up Day (NGO), incubators in Estonia (Tehnopol and Tartu Creative Incubator) and Estonian Business Angel Network.

Overall, the programme tested the approach of setting up goals for the teams and then following these up during the incubation programme. The idea was tested during the first round in 2019 and fine-tuned for the second round in 2020. A lot of flexibility was planned for the programme to be based on incubatees' specific needs (Most of the trainings held were open to the rest of stakeholders and developer community in Tartu. Feedback was gathered from participants, to ensure the quality of mentors / trainings in the future.).

### The main programme elements:

- Promotion
- Call for teams and mentors
- Selection
- Bootcamp

- Programme:
  - Workshops
  - mentor meetings
  - community event, event participation
  - Demo/Pitch day
- Follow-up / alumni involvement in the next rounds

We decided on a flexible approach and prepared a general layout of the programme, that started with an open call for teams. A one-pager template was used for the teams giving a detailed view into the team status and plans.

During the two rounds, altogether 8 teams were selected based on the one-pager and desk research on their background. All the teams were different (e.g. PC vs. mobile vs. VR vs. gamification) and some did not reach a launch of their game / service during the incubation period.

#### Round I teams:

- Blind Fox Studio (<https://blind-fox-studio.itch.io/the-maiden>) working on the PC platformer game “The Maiden”. Team started with great expectations, but unfortunately decided to cancel development after the incubation period.
- Placeholder Gameworks was working on a PC game called “Death and Taxes” ([https://store.steampowered.com/app/1166290/Death\\_and\\_Taxes](https://store.steampowered.com/app/1166290/Death_and_Taxes)). It was published 20.02.2020 on the Steam platform and received a lot of positive feedback from players.
- ALPA Kids (<https://www.alpakids.com>) published a platform of educational games for small kids in the beginning of 2020. Initially this was successfully tested on the Estonian market. The next round will be targeting India.
- Alien Retro Games (<https://lienthealien.itch.io>) is developing pixelart style mini games.

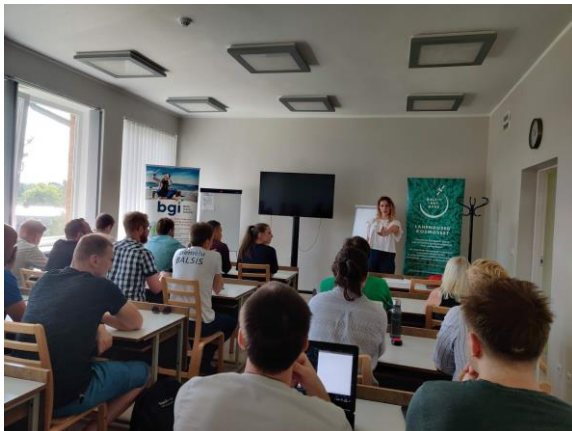




Picture 1: Teams pitching to mentors 20.05.2019

### Round II teams:

- Futuclass (<https://www.futuclass.com>) is developing science puzzles for the VR platform to used by upper-middle school students to improve learning of chemistry and physics.
- Graspic (<https://www.graspic.app>) is developing a mobile app for creating and capturing kids' most special moments. It has gamification / storytelling aspects, so not directly a game company.
- Spinal Developments (<https://spinaldev.com/en>) is an interactive IT service provider working with museums. The team had ideas for a cosmically addictive mobile game and joined the incubation to build the game.
- RCSnail (<https://rcsnail.ee>) is building a solution for racing real RC cars with attached camera over the internet. A technical demo is available and part of their business is running an arcade in Tartu, where this can be tested.



Picture 2: Bootcamp for incubatees 6-7.06.2019



Picture 3: Bootcamp for incubatees 16-17.07.2020

After the selection of teams, a bootcamp was planned for the teams to develop their roadmap / activity plans for the incubation period, attend workshops and meet key mentors. It was a 2-day event in one location, where the teams had the opportunity to focus on their planning in cooperation with mentors and other participants.

After the bootcamp, teams were working according to their roadmaps. They also had 1-on-1 meetings with mentors and regularly participated trainings and workshops. To ensure potential spill-over effects to local ecosystem, most of the trainings were open for community members.

Our workshops during the incubation period covered the following topics:

- Business model validation
- IP and legal issues
- Where to find first paying customers?
- Pitching training and preparing of different pitch-decks
- Where to find users and how to grow community?
- Marketing and branding
- Investor negotiations and funding

To be actively involved in community activities and look for potential ideas and teams for the second round, Tartu Science Park also supported local game jams / hackathons. Two events were held in Tartu by APT GameGenerator (Gamedev community leading NGO in Tartu): 26-28.04.19 and 4-7.10.19. We also held a community meetup for the “Death and Taxes” launch on Steam, 20.02.2020. Additionally, we have shared the BGI experience with other incubators in Estonia during a meeting 12.02.2020.



Picture 4: Death and Taxes launch event 20.02.2020



Picture 5: Meeting of incubators in Estonia 12.02.2020

After the programme, public Demo Days were organised, where all the teams had the opportunity to pitch their progress for feedback and rewards - usually combined with additional free mentoring and / or participation at international game conferences / fairs.



Picture 6: Alien Retro Games at Pitching Hero 19.09.2019

After the first round, study visits were tested with two teams: Placeholder Gameworks pitched their business at a start-up event in Kotka, Finland (31.07.19) and Blind Fox Studio pitched at the Shift Business festival in Turku, Finland (29-30.08.19). Both also visited Helsinki Games Factory.

During the incubation two main tools used were one-pager for the team overview and PPP tool for roadmap status updates and mentor meeting reporting.

#### Examples of tools used:

##### **Application by filling in the one-pager template and updated this during the incubation.**

##### The one-pager included:

- General company information and contacts
- Funding – e.g. available funding and additional funding needed (own revenue, FFF, seed money, start-up grants, etc. in €)
- Seeking for: competences to core team, publishers, investors, mentors, etc.
- Revenue forecast for 3 years including current runway and potential revenue from the game under development
- Team members with role descriptions, previous experience, and competencies. LinkedIn links, if available.
- Achievements and current status – e.g. demo available, first players' feedback, first pitch to publishers.
- Roadmap and key milestones with future plans, incl. dates – e.g. established company, committed team, demo ready, publisher/investor activities, etc.
- Pitch your game - keep this short and attractive. Why would anyone play your game? What is especially cool about it? Game concept - What game(s) are you working on? What is

your core game all about? RPG / Racing / FPS, mobile / PC, PvP / PvE, etc. Business / revenue model - Target group? Where does the income come from? List main partners / potential partners.

- Business / revenue / distribution model – Premium / Freemium / Ads supported / hybrid? Who is your target group? List your main partners/potential partners.
- Market - What is your publishing strategy? What is your go-to-market strategy? Describe your market segment (who is your client? E.g teenagers / housewives in their 50s / 20-40 y old males, etc.?)
- Competition, Competitive advantage - Who are your main competitors (provide a list of similar studios/games)? What is your competitive advantage? How can you maintain your advantage in long run?

### **Mentor updates with PPP tool (Progress, Plans, Problems), acquired and adjusted from:**

<https://weekdone.com/resources/plans-progress-problems>

PPP tool is an easy way to update/involve the mentor and keep the team focused with bi-weekly / monthly updates on their key Progress, Plans and Problems, by outlining and discussing the top 3-5 topics in each category. The PPP form with a short summary can be used for meetings as well as follow-up emails to people involved. They are then fully up to date on how the team is progressing, and what the next efforts will be. Updating people any other way takes time and effort away from what really matters: building the company and the game. During the accelerator programme, this was used to map the team's progress.

**Progress** (What have you done? – List / describe shortly 3-5 major accomplishments, finished items and closed tasks for the period ending.)

- Hired a graphic designer
- Website went live
- Game prototype v0.1 released

**Plans** (What are you going to do next? List / describe 3-5 goals and objectives for the next reporting period.)

- Hire a sound guy
- Use feedback data for launching a new feature
- Apply for a start-up grant
- Release game prototype v0.2

**Problems** (Any problems you are facing? List / describe 3-5 items you cannot finish and/or require mentor input/additional team members / additional funding, etc. Quite often problems need help from someone else, not just you. The reasons can be waiting behind other team members, external factors, or just unexpected happenings.)

- Need intros to investors/publishers

- Running into issues with online visibility. Need someone with online marketing skills for feedback
- Solve game prototype V0.1 technical issues

### **Findings and Conclusion**

Already before the start of Baltic Game Industry project, the local ecosystem has been actively organising itself via regular community events and hackathons. They continued throughout the project with our support and we have had a mutually beneficial cooperation. This is, why the incubation programme has been working rather well.

The number of teams applying is relatively small, but according to our experience with other incubation programmes carried out during recent years, the overall impact has been already strong. Before running the programme, we set a target to find 3-5 teams per incubation round. After the programme, out of 8 teams joining the two rounds of BGI incubation programmes, two have successfully published their games.

Death and Taxes published on Steam, 20.02.20 with 25K+ units sold and Alpa Kids soft-launched their learning platform for kids in Estonia on Google Play and App store in Spring 2020. After showing successful user take-up and initial monetising testing in Estonia, they are currently targeting the Indian market. Another two are close to publishing - Futuclass and Graspic.

The mentor network involved in the two rounds has been steadily growing and involves both game business experts as well as expert game developers. A lot of mentors are happily joining the activities for free or minor cost for travel. Additionally, there is high potential to involve more mentors from the alumni of the BGI incubation programme.

## **III. Game Incubation as a Permanent Service**

One of the most important impact for Tartu Science Park is re-branding and re-launching of a wider new incubation programme. S2B Launchpad, the new programme, will be open to science / technology-based teams for long-term incubation (12+12 months), mentoring support and shared office services. Game development will be one of the tracks of the programme.

There has been a lot of political support on the local level, with Tartu City involved in the project as one of the partners and developing an action plan to continue support game developers. However, we have not succeeded with political lobbying at the ministry levels. Thus, the support for game development is rather low from the governmental perspective. It is shared between different fields (partly under Ministry of Economic Affairs and partly under Ministry of Culture) and thus relatively hard to reach without clear route to support for a starting game development business. The main areas for support are the initial funding for prototyping a game and support for participation at international fairs, where the game developers would have a chance to pitch in front of publishers and potential investors.



With the excellent opportunity to learn from peers during the BGI project, the work will continue after the project ends. For the next few years, until 2022, Tartu Science Park is well-funded to continue working with the game developers' sector.

Project funding has been secured to carry out and continue fine-tuning of the incubator programme:

- Baltic Sea Games Incubation, the extension of the BGI project built around testing of longer cross-border development bootcamp method (part-funded from INTERREG Baltic Sea Region Programmes) and
- Baltic Explorers for game companies export readiness and approaching of new regions, e.g. South-East Asian markets (partly funded by INTERREG Central Baltic Programme)

One of the last BGI events for the local community, start-up Gaming was held 23.09.2020 with 80 participants to share the BGI experience, promote the game developers' sector and network with relevant stakeholders. During the event, a new incubation programme was launched together with Tartu Centre for Creative Industries, the Tartu Film Fund looking for teams working with games and films.

Experience, mentors contacts, and the network built during BGI will be used to continue working with the game development sector in Estonia. The best teams will be promoted at the growing start-up festival in Tartu - sSTARTUp Day 2021. A co-operation agreement with Tartu Centre for Creative Industries is in preparation to carry out the joint incubation programme, share mentors and work together with participating teams.

Future lobbying is being planned to push for public programmes similar to the ones available in Finland, where game developers can apply for demo project and further start-up funding support for creative projects.

An alumni programme is under development to continue utilising the knowledge of successful game companies that have participated in the BGI incubator.

## 4. Metropolia University of Applied Sciences (FI)



During the implementation of the Interreg-BSR BGI project, it was planned to develop and test game incubator's pilot activities in Helsinki with the support of the local, relatively mature game development community.

**The plan was to take an iterative approach: We run three batches of incubation, each with some changes based on feedback and our learnings from the previous ones – an approach with more than a superficial resemblance to game development best practices.**

Starting out, Metropolia already had years of experience in guiding entrepreneurial game students and running an internal game studio. On top of this, we had good connections to the industry and all the research of Neogames Finland to support us. Relying on these sources, we were able to build a hypothesis for the first batch, and then take it from there.

Among Finnish game development students, there is always a fair deal of entrepreneurial ones and this was our initial target group. It was clear that while they do have adequate skills in game development itself, their understanding of the financial side of the industry is typically less strong. They lack understanding on how to define their target customer and find out the financial potential of a game, what does it take to be fundable, and so on. Moreover, they rarely know much about the practical side of running a company – cash management, HR and company culture, legal challenges, etc. With all this in mind, we crafted an initial incubation programme and launched into our iterative journey.

So, in this part we will discuss the initial situation in Helsinki, our approach during each batch, the lessons learned, main mistakes and the outlook.



## I. Regional Context

Finland has one of the most successful game industries in the world, especially on the mobile side, and Helsinki is its capital. The game industry has a good reputation and steady government support. Games are an attractive career opportunity for many, and several schools and universities around the country offer game-related education. Thanks to certain historical factors, the industry also has a somewhat unique, open, and caring culture, and knowledge sharing between companies is not rare. Plenty of companies are founded every year, even though the biggest boom, caused by the initial success of Supercell and Rovio, seems to have passed.

However, we have three main issues. A lack of senior talent is slowing down the growth of successful companies. At the same time, fresh graduates find it hard to secure their first trainee and junior positions in the industry. Some entrepreneur-spirited people solve this issue by founding their own companies, and we also have a vibrant indie- and jam scene that regularly spawns new studios, but companies founded by non-senior developers often struggle.

Of these three challenges, the last one is the most relevant for an incubator. A closer look at those studios reveals that most of them are professionals in game development, but few know enough about games as a business, running a company, defining a target audience, and branding a game, and other subjects essential specifically for an entrepreneur.

Knowing the industry also led us to a unique opportunity: our game industry is open and ready to share. Thus, a game incubation programme in Helsinki can rely on the support of the community, volunteer work and mentoring relationships more than most.

Metropolia University of Applied Sciences is one of the most important, if not the most important game industry educator in Helsinki area. Thus, it was easy for us to find the initial pilot batch of companies; they were former and current student teams. Our approach to reaching out to companies and mentors varied some from batch to batch. This will be described more closely with connection to each batch description later. The ecosystem in Helsinki is relatively mature, so we could also collaborate with some other important actors in the area.

## II. The Pilot Experience

During the three batches of pilot incubation in Helsinki, we piloted support concepts with 16 teams, varying from three to ten, some of the teams assisting us in the evaluation for more than one batch. Two of the batches explored remote participation with varying success. Each batch lasted for approximately five months.

The incubator, originally called “Farm League”, started as a collaboration between Metropolia and Games Factory. Before the third batch, Games Factory ended up in financial trouble, and Farm League moved on to be supported by the City of Helsinki.

The incubator pilot was run by a game industry senior, a former game entrepreneur, with support from Games Factory’s management and marketing and Metropolia’s project management. During the collaboration with Games Factory, the incubator was in a game company-specific building in

Finland's biggest start-up centre, Maria 01. During the last batch, it moved into Helsinki NewCo start-up centre.

### **Game Incubation – Batch 1**

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For the first batch in autumn 2018, we had three teams of students and fresh graduates. Our plan was simple: weekly education, mostly done by the head of programme, an experienced game entrepreneur. Teams were also encouraged to contact the head of programme whenever they had things to discuss. Some outside mentors with more specific skill sets visited during the programme. The location for the education was Games Factory, which meant the teams regularly met with experienced industry professionals. During the first batch, we did not yet have a shared office for the teams.

#### **The education programme was divided into 8 sprints:**

1. How to Start Up
  - a. Team Building
  - b. Production Process Overview
  - c. Business Idea Evaluation
  - d. Company Administration
2. Making a Game
  - a. Ideation & Prototyping
  - b. Production Process
  - c. Project Management
3. Games that Sell
  - a. Monetisation
  - b. Sales and Marketing
4. Let's Talk About Money
  - a. Marketing Metrics
  - b. Cash Flow Management
  - c. Budgeting Process
  - d. Financial Forecasting
5. How to Be Heard
  - a. Funding
  - b. Pitching and Demoing
6. Legal Side of Things
  - a. Intellectual Property
  - b. Contracts
7. Launch
  - a. Soft Launching
  - b. Beta Testers
  - c. Community Building
8. To the Deep End

- a. Pitch with a Real and Relevant Audience
- b. Recap and Feedback

The plan for a pitching event with a relevant audience, including investors, dried up. This was mostly due to the fact our batch 1 teams were inexperienced and at an early stage, and because of that, not all that interesting for investors in an environment ripe with more experienced teams. This was discussed with some of Finland's most prominent game investors, and their message was clear. When we realised, we would not be able to attract the audience we wanted, we changed the plan, and made the teams pitch publicly to stay in the incubator for a second batch.

From the start, a lot of attention was paid to the culture of the incubator. Teams were encouraged to ask questions, discuss things, and support each other. This was highly successful. Education events soon became more like a guided discussion than a lecture. Knowledge sharing and even concrete help between teams were a common occurrence. Two of the three teams were forged together so tightly they have shared an office ever since, and regularly do outsourcing work for each other.

### **Batch 1 – Findings and Conclusions**

With only three teams to incubate, we quickly found the pre-planned sprints to be unnecessarily inflexible. Different teams had different types of projects, and not all the subjects were relevant for all. The same level of challenge often was not right for all teams in specific subjects. Moreover, the sprint system could not respond to changing situations and ad-hoc needs – which would have been possible with a more individual plan for each team, with not much more resources spent.

For some of the teams, the programme had too much game development basics, and not deep enough game company-specific information. Getting early stage teams to understand the importance of company management best practices was a challenge. The only PC development company felt the programme was too mobile-centric for them. This lack of individual support led to teams dropping out of specific sprints, which in turn harmed the connection between them, other companies, and the head of incubation. Teams rarely contacted the head of incubation outside of the weekly meetings.

At the end of batch 1, we decided that batch 2 would be more concentrated on customised support for each team. Outside mentors would be more regular visitors to enable more individual support for each team. Community and knowledge sharing with peers would be even more central, partly thanks to a shared office we were able to secure for batch 2.

### **Game Incubation – Batch 2**

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For batch 2, we had a group of 10 teams – two of the previous three continued, and 8 new teams joined. The decision to keep some of the old teams in the loop was twofold: we wanted to preserve the open culture of the incubator, and enable knowledge sharing between teams on different stages of development. We also knew that with our new, more customised approach, we would still have a lot to give to these teams. Most of the teams moved into our shared office at Games Factory, but some joined the incubator remotely.

Our target group was slightly different. Since knowledge sharing between teams was a central part of the strategy, mixing different types of teams made sense. We reached out to the game development community more openly, promoting the incubator through Play Finland and IGDA (International Game Developers Association) Finland events and social media, and got 33 applications from a wide variety of teams on different stages. Some of them had more experience in the industry but none in business, some were technically very advanced, some worked in applied games (“Serious Games”) instead of entertainment, etc.

There was also a plan for Games Factory to mediate outsourcing projects to secure some income for the incubated teams. However, mostly due to lacking resources and Games Factory’s management issues, no sales were closed. This was a major disappointment for some of the teams.

The community of teams in the shared office grew tight. Each week, we had a meeting where each team checked in and briefly described their current progress and challenges. More often than not, some of the teams offered their help to another during the weekly meeting. We also found the weekly meetings to be a good practice for peer pressure and inspiration.

Education was less pre-structured, and more based on the actual current needs, mostly done by volunteering outside mentors. This needs-based education too often led to events on short notice, which made it unpredictable and hard to participate especially for remote teams.

As the industry learned about the incubation programme, our volunteer mentor pool grew to 20+ industry seniors. To make it easy for them to get to know the teams, we started to organise speed date events. These were a success, loved by teams and mentors equally, often leading to more long-term discussions between a team and a mentor.

The head of incubation was always available for all the teams on a short notice. Some of the teams used the opportunity regularly, while some never contacted her outside of the scheduled events.

## **Batch 2 – Findings and Conclusions**

Batch 2 was a mixed bag of great new practices and total failures to deliver. Being largely unstructured, it left a lot of weight on the teams, and was far too chaotic for some. On the other hand, the community became amazing. Peer pressure and peer support had a huge role, and the mentor pool connected the teams to the wider industry.

For batch 3, we decided to bring back more structure and predictability, to ensure all the teams would get the support they need. At the same time, we would take good care of the community and mentor pool, developing them forward.

### **Game Incubation – Batch 3**

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For batch 3, we had nine teams: four continuing ones and five new. Again, most of the teams moved into our shared office, and a couple joined remotely. The target group was roughly the same as for the second batch. The amount of applications was clearly smaller, 17, which was mostly because not that many new teams were established during the half-year between the application periods. Some originally rejected teams applied for a second time, and one of them was accepted.

In the middle of the batch, we lost our office at Games Factory and their team's support due to financial hardship. We were, however, able to secure a new office close by, at Helsinki City premises at NewCo. Because of this, we lost some of our daily connection to the game development community.

While losing our office made the situation slightly chaotic for some time, the incubation itself was clear and structured. We had a regular, monthly event schedule for activities:

- week 1: coaching with the head of incubation, structured with a status board file clearly showing the team's progress
- week 2: workshop with an outside mentor, deep dive into specific subjects
- week 3: workshop with the head of incubation, practical hands-on knowledge about running a game company
- week 4: speed dating with mentors

With some exceptions, this schedule was used through the batch. On top of these events, we also continued with our regular weekly meetings on Fridays and kept developing the open culture at the open office. Our mentor pool grew by half, to 30+.

### **Batch 3 – Findings and Conclusions**

Having a repeating structure and pre-scheduled coaching meetings made the incubation a lot clearer for the teams. Batch 3 also somewhat effectively used the greatest advantage we have in Helsinki: volunteering mentors. This strength was something obviously worth developing further.

The batch 3 approach was relatively resource heavy. When getting continuous financial support was uncertain, we decided to design a system that would take up less resources and would be easier to fund until we can again get more comprehensive support for game incubation.

### **Living Game Intelligence Network (LGIN) Approach**

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After the three pilot batches it was clear we would not have enough resources to keep full scale game incubation running. It would take some time to build a new plan and gather the support needed for funding after what happened in the industry in 2019.

But it would have been folly to abandon our audience, and especially the mentor pool we had built. Keeping up some form of game company support with the help of the community was essential to keep the ecosystem developing.

To ensure this we decided to rebrand and restructure; to build a bootstrapped form of game start-up support that would rely heavily on the community. We also realised that an emphasis on company mentoring by volunteering industry seniors would make the system more inclusive than a traditional incubation pipeline could ever be. The Living Game Intelligence Network (LGIN) was born.

During the first 6 months of operations, 19 teams joined the network, and the mentor pool grew 36 members strong. Joining the mentor pool required active acceptance; all former mentors of Farm League were asked to join, and many did, but there are also many new mentors in the pool. Reaching out to mentors and teams has largely happened through IGDA Finland and Play Finland, social media and word of mouth.

Due to COVID-19, LGIN has been running almost fully online for its first months. Much of it will stay online even when the situation is over since it is more inclusive for teams outside Helsinki and saves time.

**LGIN is a network of young game companies and volunteering mentors. It aims to support young teams individually while strengthening the culture of sharing by making it easy to participate.**

#### LGIN support for the teams

- In-depth coaching-spirited interview to understand situation and needs
- A handpicked, long-term mentor
- A range of ad-hoc mentors with specific skill sets available when needed
- Occasional workshops and lectures on selected subjects
- Networking, incl. speed dating with both mentors and other teams
- Weekly meetings, occasionally themed

One of the key features of LGIN is its flexibility. Any type of team can be included, no matter their stage, platform, or income model. **With minor tweaks, it can also work as an additional layer of support on top of traditional incubation.**

### III. Game Incubation as a Permanent Service

#### Current Situation

The bankruptcy of Games Factory did harm our local ecosystem development and the support it gets from political decision makers, but we are recovering. There are several actors with a strong will to support it, and some early but ambitious plans too. The game industry is an important factor in the Finnish economy, and in the post COVID-19 world it might be even more so; the game industry is traditionally not very sensitive to economic fluctuations, and it has not suffered during the crisis as much as many other industries.

After the initial success of game incubation (despite all the hardship), Business Finland decided to buy a research project. The goal of this research was to define the needs and challenges of the industry and sketch out possible solutions for them. This research project led to the development of a high-level recommendation for the structure of our industry ecosystem.

## **Outlook**

Having a support structure for young game companies in Helsinki is worth its while. Without it, we would be wasting a lot of the knowledge of industry seniors, and potential in the form of juniors, the jam scene, and indie developers. The most efficient way to support our junior companies is to channel to them the learnings of more experienced industry experts. On top of this, they would benefit from some basic start-up support; affordable office and services, support in the basics of running a company, hands-on help with applying for funding, etc.

The game industry is at the crossroads of creative industries and technology and has learned how to monetise creative products very efficiently. Because of this, there has also been some interest to enable cross-pollination between games and other creative industries.

Our current goal is to set up more comprehensive support structure for game incubation either as a collaboration with Helsinki XR Center, as a part of a wider creative industries initiative, or as a combination of both.

Since this incubator would include very different types of companies, the plan is to build it as modules; some basic blocks can be offered to all companies, and some are industry specific, to be mixed and matched according to the needs of each company. Thanks to its flexible structure, LGIN can seamlessly be added as a game industry-specific module.

Before this expansion is possible, we will need to achieve a wider political support in the area. The Living Game Intelligence Network, however, is alive and well. In November 2020, it was announced, that Business Finland is buying start-up mentoring services from Metropolia and will subsequently secure LGIN's work until the end of 2021.

# 5. HTW Berlin University of Applied Sciences (DE)



## DEBEEHIVE

### I. Regional Context

Berlin is one of Germany's start-up hotspots. Due to its fairly low living and housing costs, it naturally attracts young professionals and new businesses. Within the game sector, there are predictably also a fair number of start-ups and indie studios (teams that are intent on remaining independent from the major market players). Berlin has about 118 developers and 57 publishers (however, companies that do both may have been counted twice, once for each role – the figures are based on a survey done in 2017).

Berlin's public authority is well aware of the regional importance of its game industry which is reflected in the wide range of support given, from media funding of game projects to community building measures. The support structure in Berlin also mirrors the most common approach towards the game industry in Germany: games are first and foremost dealt with as a creative and cultural production.

Another forte of Berlin's game ecosystem is its educational stronghold. There are several dedicated game design study programmes, within both an artistic and an IT environment. On top of this, many study programmes offer game design or programming modules.

In brief: there is a strong appreciation and self-understanding of game development as a creative production, there is a qualitative approach to game development education and there is a very lively community willing to share and support. In terms of creative and young talent, Berlin for sure is a showcase within Europe.

It is, therefore, surprising that the situation looks slightly different when looking into game incubation and entrepreneurial talent growth support, all the more given the high number of start-ups and the city's determination to provide start-up support. There seems to be a lack in enthusiasm in promoting the entrepreneurial side of the industry on the game community's front and an indeterminacy on how to provide attractive and appropriate offers on the business development side.



This ostensible commonness possibly reflects two highly different notions: A still prevalent attitude within the game community, though admittedly on a steady decline, is that art and business are opposites, with the rules of the latter corrupting the unbridled creative scope of the former. This also is often a result of the fact that creative people start working on a game to produce a good game and not so much with the intent to set up a business. Once they have some success, they tend to think more about the business side, but often just to give themselves a legal basis (e.g. for funding) than with an ambition to generate growing revenues and expand the company.

On the other hand, from a business development side, games constitute professional industry that is not mature enough to be comparable to or supported like the movie or music industry (even though world-wide and Europe-wide the game industry generates higher revenues). But when looking at game production as an IT business, then public authorities are restrained due to the notion of “innovation” in order to be able to provide financial support (this is also where the question of state-aid usually comes into play). In recent years, however, the understanding of “innovation” as purely technological in nature has been challenged and been the focus of many an ardent discussion between the community and the public authorities.

Having said that, there are increasing tendencies on both sides to encourage start-ups and indies to embrace entrepreneurial visions and practices, though none of them is targeting the establishment of a standalone dedicated game incubator. All except the University of Applied Sciences, the HTW Berlin, who have inaugurated their game incubator DE:HIVE within their premises in 2020 as part of their enhanced study facilities.

## II. DE:HIVE Game Incubator



The name DE:HIVE has been chosen to designate the idea of an “integrated centre of game-making” within the University of Applied Sciences. In this concept the creative process and the business endeavour are considered equally important and inseparable parts of making games. Also understanding the business side of game development and marketing or being able to pitch successfully is as much part of an employed senior developer as it is for an entrepreneur.

A 6-months’ internship with a company is part of the studies. The institute for Game Design always had open days and visitors were amazed at the high quality of the student projects. But naturally there is a big step between a well-designed game that one plays for 5 min and one that has a sustainable entertainment worth. Hence, it has always been part of the idea of the study programme, but in particular an aspiration for the recently implemented master studies, to instil a sense for game development as a business.

### **Game Incubation Planning and Implementation**

The incubator plays an elemental role in steering the business aspects in combination with fostering the creative quality for developing a market-ready game. It offers a smooth transfer from the “safe haven” of the university to the competitive environment of the business world, which is usually termed pre-incubation. The sensitisation for the business-side of game development was the original plan, but with the establishment of the master studies, the incubation learning curve became more intensive and together they form a version of incubation.

The crucial conceptual approach of the DE:HIVE incubator was to physically integrate the incubation teams into the realm of the students to form a common environment for research, design and business, and to allow for smooth knowledge transfer and exchange. In contrast to other university-born incubators which are commonly situated within the premises but in a secluded own space like a “lab”, DE:HIVE fully relies on the open and transparent architectural concept devised by Prof. Brandhorst and Prof. Bremer.

DE:HIVE harbours its four incubation teams within the open-plan student space, separated only by glass walls, but otherwise using the same common social spaces, presentation and meeting facilities. This is the reason for the integrated concept. Students literally see the start-ups and that piques their curiosity. The contacts and the know-how are being shared with the students. In return, DE:HIVE offers the use of equipment and infrastructure and the support from professors and teachers as the teams’ coaches.

The incubation teams are alumni from the Bachelor studies and now with the new study programme, often participate in the master’s study courses. Some have left the university to get some work experience before returning for the incubation to found a company of their own. The master study programme offers additional competence in business skills.

So far, the first round of incubation has been initiated last year. The university harbours each team up to 2 years.

### **Findings and Conclusion**

The initial vision of creating a combined incubation-study space and learning environment that would nurture a culture of encounter and exchange exceeded the founders’ expectations.

#### **There are a series of success stories**

Responding to a change of attitude in the students: The mind-set of the student had changed in the last 4 years from steering exclusively to the safe harbour of an employment to looking for a challenge and thinking about starting one’s own business enterprise. The incubator was responding to this change in mindset and this was met with wide appreciation not only amongst the students but also amongst the applicants.

Enhancing the appeal of studying games at the HTW: Applicants said they had noticed the incubation offered by the university and stated that they considered this an added value and an added incentive to apply for a study course there.

The incubator proved a convincing complementary justifier for the master study programme. It helped students understand where they want to go, i.e. directly into business, and what knowledge they need for a high professionalisation. In this, the incubator served as a bridge between bachelor and master or a soft-landing into the business world.

Competence building across all levels (teacher, teams, students): e.g through the questions from the incubation teams or from their application experiences made with funding programmes. A sustainable competence structure is being built up gradually through the active involvement of the permanent staff. This also ensures that the knowledge gained is conserved and perpetuated for the following generations of both students and incubatees.

Successful funding applications: All four teams from this first batch have applied and received regional funding amounting to around 480,000 Euro. The monetary value of the university's support they receive in form of space, equipment, coaching has been accepted as co-funding.

### III. Future Vision

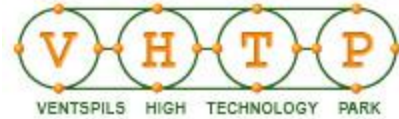
The success of the first trial of the DE:HIVE incubator naturally led to thinking about a follow-up stage for the incubated teams. But also, considerations of external teams joining the incubator came up. What is clear, is that both, second stage and external start-ups joining the incubation programme as an affiliated programme to the university would require other resources and more space and other set-ups, e.g. with using the university equipment (insurance issues would come into play at another level).

DE:HIVE is located in a larger compound with other buildings, called Technologie und Gründerzentrum Spreeknie (Technology and Start-up Centre Spreeknie). In principle, game developer teams could rent space there for phase 2 (post-DE:HIVE).

The vision would be to accommodate more start-ups, also external teams in the vicinity, with a space offering similar equipment, infrastructure, and work environments as DE:HIVE has now. In addition, the vision would be to create with them a partly integrated environment for mutual benefit by providing expert support and quality resources for the teams and foster the exchange with students at the same time.

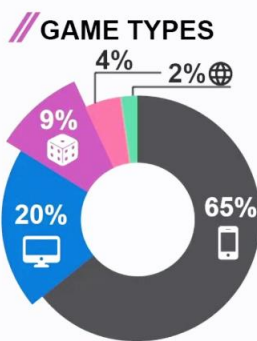
But this would basically require an involvement by policymakers as this could not be done within the scope of the university's remit alone. As with most incubators that are not an integral (and thus financed) part of a university, they would need some funding and the political will to foster talent growth for their regional game industry.

## 6. Ventspils High Technology Park (LV)



### VHTP GameDev Incubator

#### I. Regional Context



With a total of roughly 61 game companies (2018), the Latvian game industry belongs to the young and emerging game industries within the Baltic Sea region. Nevertheless, in the last 4 years there has been a slow but steady rise in both turnover and profit of game development companies registered and operating in Latvia, mainly thanks to the input of smartphone game developers. About 65 % of all games developed in Latvia fall on mobile games, 20 % - PC and Mac games, 9 % - board games, 4% - consoles and 2 % web games.

The survey conducted at the end of 2018 by the Latvian Game Developers Association (LGDA) concluded that there are about 450 game developers in Latvia, 80 % of whom are based in the Latvian capital – Riga, while the remaining 20 % work in regional cities. And while business incubators have grown in scope to play an ever increasing role in stimulating the entrepreneurship ecosystem (a total of 15 business incubators in Latvia), they commonly offer opportunities and support channels primarily in and around the business perspective, with little to no scope into game development, as well as generally remain geographically limited in the capital. Hence, the first step was to gather the available information and knowledge from the game community and existing mature studios both in Riga and the regional centres, define the main target groups, find mentors and learn about the potential of organising game industry-related events and meetups outside the capital.

After the first round-table discussions between industry and state representatives held in Ventspils, initiated by BGI partner German-Baltic Chamber of Commerce (AHK), Ventspils High Technology Park (VHTP) began working in close collaboration with the LGDA in order to compile a tentative incubation and study programme for mobile and PC game developers, include the most relevant topics and practices that are specific to the local situation, and get involved in relevant activities both in Riga and Ventspils.



*Pic. 1. First round of Table-talks between industry and state representatives. Ventspils, 2019.*

Since the development of the ICT sector had been set as one of the priorities of the Ventspils City Council (at the end of 2014 the Council adopted the Ventspils information and communication technology (ICT) sector development strategy and action plan for 2014 – 2020), projecting notable events for a more rapid growth of the ICT sector, which would promote economic activity and the entrepreneurial environment in the city itself, involving various ICT sector stakeholders – Latvian higher education institutions, municipal and ICT support organisations of Ventspils, as well as more than twenty local and international ICT companies, incl. TestDevLab, DPA, Microsoft, IBM and others, the planned VHTP GameDev Incubator could make use of different resources and cooperation to implement its activities throughout the region, thus creating the necessary tools for the game industry support ecosystem in Latvia.

## II. The Pilot Experience

Having had prior experience in business incubation, and utilising the resources provided by VHTP, our first approach was to keep up with the “classical” programme, offering start-ups from the game development industry work premises, basic training in business topics, workshops (on actual business topics), and mentoring sessions, along with consultancy and networking. However, having interviewed a few of the potential participants in the pilot, we discovered that some additional services were required, specifically pertaining to the aspects of the industry.

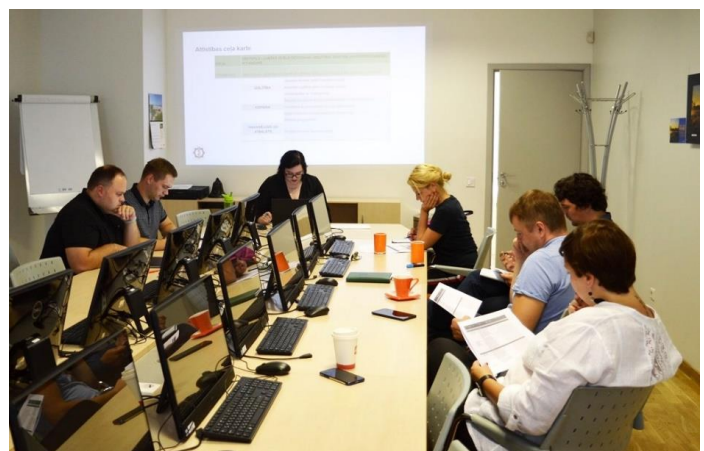


*Pic. 2. Ventspils High Technology Park Incubator, 2018.*

Latvian game developers had expressed their interest towards specific topics, therefore during the pilot it was planned to work on the following topics:

- 3D modelling and design;
- Mathematical solutions that are unique to the game development;
- Game scenario – how to keep players engaged;
- Market penetration, investors and monetisation;
- Individual coaching work with each group to boost teamwork and productivity.

Also, taking into account the fact that the majority of potential game development start-ups and lecturers were located outside Ventspils (EKA University of Applied Sciences in Riga, Valmiera University of Applied Sciences, Liepaja University of Applied Sciences, etc.), the GameDev Incubator sought out mentors and coaches willing to cooperate 'on-demand', as travelling to Ventspils on a regular basis did not entice the latter. This is one of the main reasons why VHTP's Incubator chose to offer coaching instead of mentoring in its subsequent stages of operation, and also established regular online workshops for some of the teams, setting up a precedent for a conceivable virtual incubation programme.



*Pic. 3. BGI work group meeting on GameDev prospect and incubation in Ventspils: VHTP, Ventspils Digital Centre and Ventspils University of Applied Sciences. 2019*

## **Game Incubation Planning and Implementation**

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### **The recruitment process**

Taking advantage of the emerging game development community and VHTP's cooperation with LGDA, new members were recruited mostly through word-of-mouth and vetted by the members of LGDA and VHTP.

3-6 teams usually participated in the VHTP GameDev Incubator pilot:

- New businesses;
- Indie developers:
- Mobile games (Android / iOS);
- PC;
- Console games.
- (the 3rd Batch included the first VR teams.)

The applicants should be able to represent typical needs of start-ups to participate and to clearly describe the expected support and outcome of the incubation.

In order to select the most promising applicants, the selection consists of the following criteria:

- Balanced team;
- Commercial potential;
- Opportunity and willingness to attend and take part in incubator events / activities;
- The game project is at least in the development phase (existing MVP or demo version);
- Additional pros – there are already commercially successful projects.

After the selection, meetings and interviews were conducted with incubator participants and potential coaches. The meeting process was used to further explore the needs of the participants and determine the conformance of the coaches depending on their experience.

### **Business Development**

The incubator employs 3 in-house staff members from VHTP's "Ventspils Business Support Centre" department who act as business coaches and 2 mentors from LGDA, who are also skilled game developers with a 6+ years of experience operating in Latvian and international game development and across sectors, to provide the needed game development training and insights – the mentors were involved on a regular basis during the incubation process as well as during events, such as hackathons and meetups.

Considering the maturity level of the current start-ups as well as their requirements in terms of further business development, the main focus of the support provided to incubator teams focuses more on improving the quality of their games and the current business processes. Sessions and workshops offered to the teams include building and implementing marketing and PR strategies, monetisation of games, current market analysis and setting of future plans.

To ensure that all areas where start-ups need to receive expert opinion were covered, the incubator staff involved existing gaming studios that shared their experience in solving various issues and situations.

To further motivate start-ups, they were given opportunities to attend conferences, exhibitions and seminars in Latvia for free (costs are fully or partially covered by LGDA in cooperation with VHTP), thus providing an exchange of experience, motivation for learning from game developers and networking with industry representatives.

### Figures & Facts

As most of the start-ups were located in Riga, in order to join the GameDev Incubator support programme the teams needed to be performers of economic activity, have an MVP (minimum viable product), a demo or a commercially successful project and of course commercial potential and balance, as most of the workshops in the 1st Batch were carried out in Riga (as part of the on-demand sessions) by associates of the Incubator, e.g. German-Baltic Chamber of Commerce (AHK) and LGDA.



*Pic. 4. BGI workshop with LGDA. Riga, 2019.*

### 1st Batch:

- 4 start-ups
- 1 mentor (LGDA) and 3 business coaches (VHTP)
- 6 workshops (online and on-site in Riga)
- 1 seminar

Face-to-face meetings between the start-ups and coaches took place on demand and given the necessity – more often in Riga.

Given that VHTP does not have its own facilities in Riga, meetings were hosted free of charge in agreement with the following organisations in their facilities:

- Baltic-German Chamber of Commerce – BGI project partner;



- Options provided by the members of the LGDA;
- Creative Industries Incubator operated by Investment and Development Agency of Latvia;

Meetings organised via the Internet – Skype, Discord – included sessions with business coaches from VHTP. All meetings were coordinated by a VHTP coach, who organises and supervises the progress of the start-ups and informs them of planned activities.

Challenge: A lack of game development teams willing to undergo test incubation – a few teams in Riga, one in Liepaja, and no teams in Ventspils. The first batch had to include teams that followed VHTP’s initial criteria, hence only mature teams with minimum 2-year experience were qualified. The criteria for the applicants were amended for the second batch.

### 2nd Batch:

- 6 start-ups (registered and unregistered teams)
- 2 mentors (LGDA, “SoapHog”) and 2 coaches (VHTP, “Estoty”)
- 6 workshops (online and on-site in Riga)
- 2 local game exhibitions
- 1 conference

In the second batch, the GameDev Incubator focused on providing general knowledge to the start-ups (PC and mobile game teams), considering their maturity level and requirements. Despite some experience with game development and even having several published games, the biggest gap was still the business mindset – as the small teams consisted mainly of tech-savvy people, the incubator had to double down on marketing and PR strategies, monetisation of games, current market analysis and pitching activities.

This was also the first batch where VHTP test-piloted incubator alumni as potential mentors for the young game development teams. The experience proved valuable, as the coaches were not just able to share their experience with the participants, but also provide a great input into further development of the Incubator.

GameDev Incubator teams have mentioned a number of benefits in their evaluation of the support and coaching programmes so far, e.g.:

- improved business experience;
- assistance in identifying the strengths and weaknesses of the teams;
- assistance in making informed decisions about issues that the team has doubts about;
- opportunity to discuss strategic issues & receive advice from an experienced specialist;
- increase of contacts;
- new ideas, knowledge;
- moral support and encouragement;
- cooperation with the coach will continue after the end of the programmes.

The teams recognised that the key to a successful outcome is how active they are in the coaching process, how well they have set their goals, how well they are pursuing them, and how open they are with the coach.



*Pic. 5. Pitch session. FourHobbits entertainment. Ventspils.*



*Pic. 6. Ventspils Tech-Up Meet.*

### Baltic Sea Game Award

Through the cooperation with the Baltic-German Chamber of Commerce in November 2019, teams from the 1st and 2nd batches got an opportunity to attend and participate in GameOn Vilnius – Game industry networking conference and Culture Con, where a team from the VHTP incubator was able to present their unpublished game to a group of judges as part of the “Best Start-Up Game 2019” competition and award ceremony carried out under the Baltic Sea Games brand established by the EU-Interreg Baltic Game Industry project.

Challenge: Having established a lack of game developers in Ventspils six months into the operation of the pilot, VHTP approached the Ventspils University of Applied Sciences, which had a strong ICT and engineering programme, to initiate a trial study programme in game development, which, after much discussions and a signed Cooperation Memorandum, had been accepted by the dean’s office as a C course (6 months, optional) and by December 2019 had produced its first batch of students.

Having utilised the local resources of BGI partner Ventspils Digital Centre (VDC), VDC organised courses for school children grades 7-12 as part of extracurricular activities: Introduction into game development, programming school and 3D design classes. This allowed VHTP to locate young talents interested in game development and invite them to join the Gamedev Incubator in Batch #3 as part of a ‘student team’ with students from University of Applied Sciences.

### 3rd Batch:

- 4 start-ups
- 1 mentor (LGDA)
- 3 coaches (VHTP, Ventspils University of Applied Sciences, Vidzeme University of Applied Sciences)
- 6 workshops (online and on-site in Riga)
- 2 game exhibitions

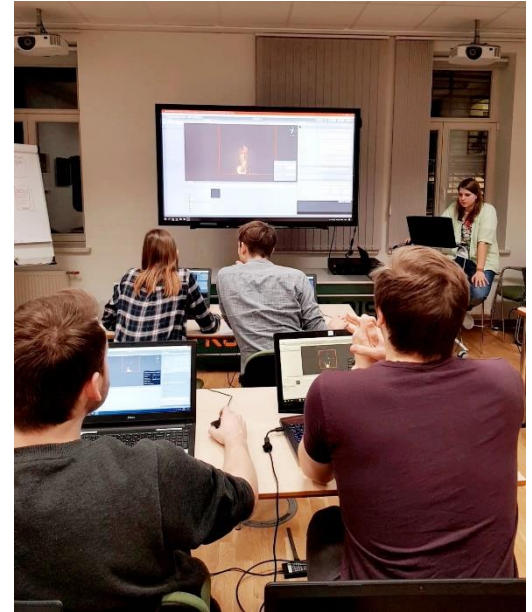
- 1 seminar

In the third batch, VHTP accepted the incubator's first VR / AR team and through the new Game Development Course established by the University of Applied Sciences – the first student game development teams. This called for adding to the “teaching staff”, so a cooperation with Vidzeme University of Applied Sciences was formed, extending the incubator's overall cooperation network to 3 of the 4 regions of Latvia.

In March, to highlight the achievements of the VHTP GameDev Incubator, enable the involvement of potential investors, utilise the current network of mentors and ensure further knowledge transfer with ICT and game development start-ups, VHTP organised the first-ever game development hackathon in Ventspils – “GameHack Ventspils 2020” which included an ‘A-to-Z’ game development experience: new teams were offered to “Develop a new game from zero”, while Incubator alumni took part in the “Upgrade your current prototype” slot.

The Hackathon also included 24-hour mentoring provided by experts from LGDA, Ventspils and Vidzeme Universities of Applied Sciences, VR Vividly and Pitch Dataline Latvia, as well as workshops on game monetisation, publishing and design, as well as pitching sessions and networking with grant providers (two teams received grants for further game development).

The outcome of the ‘graduation hackathon’ were 10 new video games in 48h, two grants awarded by “Google Cloud” and the “Innovation Grants for Students” programme for further game development, and new teams to enter the current GameDev Support Programme provided by VHTP.



*Pic. 7. BGI workshop on Versatile Particles. Ventspils, 2020*



*Pic. 8+9. GameHack Ventspils 2020. Forestreet.*

**Challenge:** no state funding to continue a full-fledged GameDev Incubator in Ventspils, as the industry is still considered young and ‘risky’ for public or private investors. The solution was to approach the local government to convince them to extend our package “free office space services” to game developers in need of facilities, training and funding – the negotiation was successful. Game developers operating in Ventspils have full access to sources of funding offered by cooperation partners of VHTP.

## Findings and Conclusion

Since the Latvian game development industry is slowly but steadily gaining momentum, the current number of professional mentors and coaches is limited, however there are a few “home-made” Latvian game development experts and companies, who are willing to share their knowledge as well as shortcomings despite being in the development stage themselves. These pioneers of the industry are the main source of the newly established pool of experts that VHTP began using in its incubation pilot.

Currently, the GameDev Incubator operates both on-site in the premises of the Ventspils Business Support Centre and remotely (online workshops, meetups), hence the need for in-house staff has not been significant throughout its operation. Therefore, VHTP deals mainly with external experts when it comes to coaching and conducting workshops with the start-ups, independent of the location of the service provider and / or the users of these services.



*Pic. 10. Coaching session in Design. Ventspils, 2020*



*Pic. 11. Pitch session by boolGames. Ventspils, 2020*

In the start-up phase, teams greatly value interacting with and leaning from peers. VHTP GameDev Incubator tries to actively facilitate this interaction, especially in the latest batches as the number of game developers occupying the free office spaces provided by the Support Centre has increased significantly.

Along with the support tools, VHTP managed to accumulate from the regional government (100 % rent cover of the Support Centre by the Council; free training and re-training) and educational institutions (2019 – game development course in Ventspils University of Applied Sciences; planned in 2021 – VR / AR course in Ventspils Technical College; game development groups for school children at the Ventspils Digital Centre), the industry is becoming more noticeable on state levels, as cooperation with the Ministry of Economics and the Ministry of Culture has resulted in several future projects for the development of the game development industry – games to be used in the field of medicine, sports, as well as forest protection.



*Pic. 12. Seminar "Women in IT and Games" by Riga TechGirls.  
Ventspils Business Support Centre. 2019*

The situation is less positive on the monetary side of the cooperation aspect – while trying to lobby the interests of the game developers' community the partners involved (LGDA, VHTP, VDC) encountered several obstacles, which continue to decelerate the realisation of a state-funded game development incubator in Latvia:

1. To this day 'video game development' is not classified as an economic activity in the company register (NACE), so game development companies can only register under the general 'games', which is a very broad term that provides challenges for the legal activities of start-ups and also hinders the statistical count of companies working in game development in Latvia (this item is currently under review by the Ministry of Economics).
2. State funding is unavailable for even short-term game development incubation support, as the priorities of the Ministries do not include this sector (which is yet to be defined officially). However, the state departments are willing to provide their assistance in various other aspects, provided the funding is found elsewhere.
3. Due to frequent changes in personnel in the Ministries, the lobbying of industry interests can often hit a wall, as the newly appointed representatives are (again) new to the industry and need a lot of time to understand the facts, ideas, the general situation or solutions that need to be dealt with, or implemented.

### III. Game Incubation as a Permanent Service

After the conclusion of the BGI project, VHTP will not be able to keep the fully functioning GamDev Incubator, as the Technology Park is aiming at changing its operational activities in the near future. However, thanks to the established industry support network, VHTP will continue to provide the following relevant services and promote the growth of the game development industry in the region, providing coworking premises with office space and meeting rooms, as well as secretarial services free of charge to gamedev teams operating or willing to expand to Ventspils:

- Organising events to raise awareness of the game development sector in Latvia;
- Providing business consultancy for teams, including raising funds, developing business plans, marketing, market and industry research in the field of game development;
- Offering individual coaching / mentoring services and organisation of various training courses in ICT (free of charge) and game development;
- Ensuring support in the form of grant funding where applicable;
- Participating in the preparation and implementation of projects promoting the development of the digital game sector in Ventspils and the region;
- Facilitate networking between gamedev teams in different regions and the LGDA;
- Providing assistance with legal formalities in registering a company in the Latvian Enterprise Register.

Through the cooperation with LGDA, the workshops conducted during the incubation pilot will be transferred to monthly meetups managed by LGDA, involving Incubator alumni for seminars and lectures where appropriate.



*Pic. 13. Second round of Table-talks between industry and state representatives. Riga.*

In terms of game development teaching and coaching, VHTP plans to cooperate with Ventspils Business Academy – a programme established within the Memorandum of Understanding signed in 2019 between Ventspils High Technology Park, Municipal institution Ventspils Digital Centre, the Latvian Game Developers Association and Ventspils University of Applied Sciences, incorporating different start-up management courses, with a wide outreach in the region, which will allow to pool and share all resources and tools between the start-up support network and the game development sector, thus creating a favourable environment for the game developers' community in Ventspils, the Kurzeme Region and Latvia.

# 7. Kaunas Science and Technology Park (LT)



## Pilot Incubation Analysis

The Kaunas Science & Technology Park team, and its the tech incubator, has more than 20 years of experience assisting companies to establish or develop their business, helping tech start-ups grow. But after several mentor meetings with students and an analysis of game companies' needs, we found that the game industry and game business have to be addressed in an exceptional way. Therefore, a separate game incubation programme was created, consisting of game related thematic hands-on workshops, mentoring sessions, business support and business growth services.

**The original idea was simply to test a mentoring programme with students working on game projects, with the help of experienced game industry experts.**

In this analysis we will discuss the potential of the Kaunas region for these services, introduce the game incubation programme and discuss the content of the thematic workshops. In addition, we will reveal the main mistakes and outline future plans.

### I. Regional Context

While factually Kaunas is not a central game development hub in Lithuania, emotionally it is. Historically, Kaunas has deep traditions and strong relationships with video gaming.

**First of all, Kaunas University of Technology is nationally known as an education facility, capable to prepare expert level programmers and is also extremely active in promoting and supporting game development in Kaunas via various initiatives like **hackathons, small incubators for its own students, game jam events, LAN Party events** and so on.**



For example, the Kaunas University of Technology Start-up Space fulfilled the basic needs of start-up game development studios, like dedicated rooms to set up a small office, meeting and convention spaces, irregular meetings with mentors and field experts. While it does not sound like much, it kick-started several studios that were developed in Kaunas. TinyLab games and Sneaky Box are game companies that at some point in the past employed 100+ students and young talents with an annual revenue reaching over €1 million. Most IT- / gaming-related media outlets and web resources were founded and published in Kaunas, this includes gaming and ITC dedicated magazines, websites, and video channels. The largest and Europe-wide known GameOn event was also founded and created in Kaunas, yet it took place in Vilnius.

These examples show a deep tradition within the city and its community. Being famous for its several universities and due to its geographical situation, Kaunas attracts tens of thousands of students from Lithuania and foreign countries (the city has a wide range of universities and schools specialising in business, technology, and arts). This shows the huge potential of the city to become a central hub for game development, ITC and creative industries, provided that there will be no shortage of start-ups and young talents seeking opportunities to join the game industry (including all production steps related to game development, programming, math, art, music, business, and marketing).

Currently, there are several fully operational gamedev studios in Kaunas, two of them (TuttoToons and SneakyBox) are among the oldest, largest, and most experienced studios nationwide. Unity has opened and regularly expands its R&D offices in the city. There are also numerous small teams and individual professionals working in industry too, therefore creating a sustainable environment with a wide variety of professionals.

While discussing the environment for start-up business, living in Kaunas is also way cheaper compared to the capital city Vilnius. Established studios look for a way to extend their reach to the capital in order to tap into its network of experts and resources, because kick-starting business there is way more difficult and expensive compared to Kaunas, basically due to living costs, rents, transport, etc.

With all above statements in mind, Kaunas is still in need of a serious push to establish itself as a gamedev city. Even though many young teams can find shelters within university managed incubators, many of them are in dire need of expert knowledge in business development, marketing, user acquisition, studio management, investor pitching and other important fields.

## II. The Pilot Experience

As a business incubator, piloting the game incubation programme was one of our main focuses. Through a series of 3-months trainings, we helped game developers to create and build a professional game studio. Every second and last Friday of the month at our business incubator's office, the pilot participants gathered for a full day of Q&A's, workshops, and discussions.

We provided access to knowledge required to run a business, connected participants with experts in the game industry, and gave new insights to the companies. The workshops focused on a specific theme each month, such as marketing, team management, strategy, design tendencies, financing, and pitching.

Participation was free of charge, but not free of obligations. We expected studios to commit fully to the pilot, meaning that we expected participants to be present and share their knowledge with others.

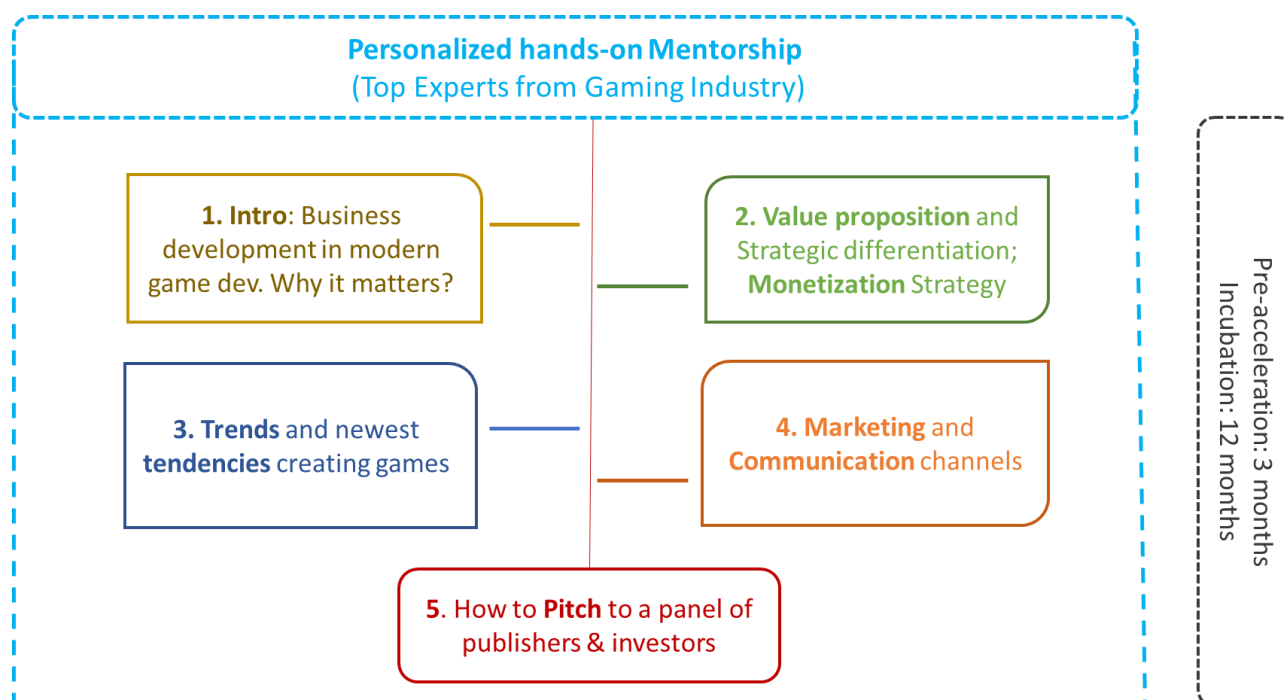
### **Game incubation pilot programme**

- The “intensive learning” part of the programme was 3 months long.
- It provided mentoring for the team to improve their business and game development quality skills by over 10 top industry mentors.
- Game developers were taught through the business viewpoint: including finding and growing the market, plus monetisation strategies.
- Main thematic workshops: (1) Business development in modern game dev. Why it matters?; (2) Value proposition and strategic differentiation, monetisation strategy; (3) Trends and newest tendencies in creating games; (4) Marketing and Communication channels; (5) How to pitch to a panel of publishers and investors (detailed programme view is provided in Picture 1 below).
- We offered pitch practice, playtesting, and field trips to successful game studios, and at the end of the programme - pitch to the investors and publishers.

### **Understanding the benefits**

The goal of incubation programmes is basically to offer:

- Help / Assistance in creating and building their own professional studio.
- Hands-on Workshops.
- Personalised mentorship from top experts from the game industry programmes that provide companies advice, guidance, and various forms of support for start-ups in their early stages.
- Legal and financial consulting from our external lawyers and accountants.



**Picture 1.** Game incubation programme visualisation

### Implementing the game incubation pilot

As one of the pilot objectives lies with evaluating and assessing the need for and value of creating a brand or unique visible identifiers for a game incubation programme, we have introduced a logo and name for the pilot incubator: “Kaunas GamesPOT”.

After a first test phase with game design students, the developed game incubation programme (with game start-ups and teams) was piloted: the first call to join the programme was announced, start-ups and teams were introduced to the programme. Next, the hands-on individual mentorship started (start-ups and teams based on their individual needs were matched with mentors and game industry experts, and then five thematic workshops took place (on 06.12.2019; 13.02.2020; 21.02.2020; 28.02.2020; 03.03.2020).

Through a series of 3-month game business related trainings, mentorship sessions and individual consultations we have assisted the participants in the professional game studio development process. Every second and last Friday of the month at Kaunas GamesPOT business incubator’s office, the programme participants gathered for a full day of Q&A’s, workshops, and discussions. The pilot activities were attended by 10-15 participants representing several game start-ups or teams.

During the Kaunas game incubation programme pilot activities, mentorship services were provided for game start-ups and teams. A local mentor pool of game industry experts was created. The hands-on mentorship was one of the most successful services for teams and start-ups. In-depth insights into each team’s issues, providing industry mentoring and follow-up meetings are the service most appreciated by the participants.

During the pilot activities 5 thematic workshops took place. Below you will find the key messages of the workshops. It is also planned to prepare a short booklet based on the practical tips from these workshops. This collection of useful recommendations for start-ups will be available at Kaunas Science and Technology Park (Kaunas STP) GamesPOT Business Incubator's website.

### 1st WORKSHOP – Intro: Business development in modern game dev. Why it matters?

The topic includes studio operations, project management, marketing and other fields which vary from platform to platform. Marketing strategies employed in a studio focused on hyper-casual games will be dramatically different from strategies employed in a studio focused on VR. The same applies to project management, release management, quality assurance and many other fields. This essentially means, that a studio has to take a specific shape and form depending on the game that is being developed, to avoid problems or inconsistencies in the future. Thus, early analysis and careful selection of release platforms, genres and tools can play a crucial role in defining a studio's or project's success.

### 2ND WORKSHOP – Value proposition and strategic differentiation; Monetisation strategy

Many young studios have a common flaw: they have nice projects, demos, or even playable games, that ultimately fail to gain any attention or make money. The current game market is quite fragmented with different rules of engagement in each case. While we can imagine a successful indie game launch on PC, it is very unlikely to be successful (or sustainable) on mobile and vice versa. This boils down to numerous choices in game design and monetisation practices. In this case, a proper way using the NABC model, Customer Journey Mapping and other tools helps to identify the profile of targeted customer / player.

### 3rd WORKSHOP – Trends and newest tendencies of creating games

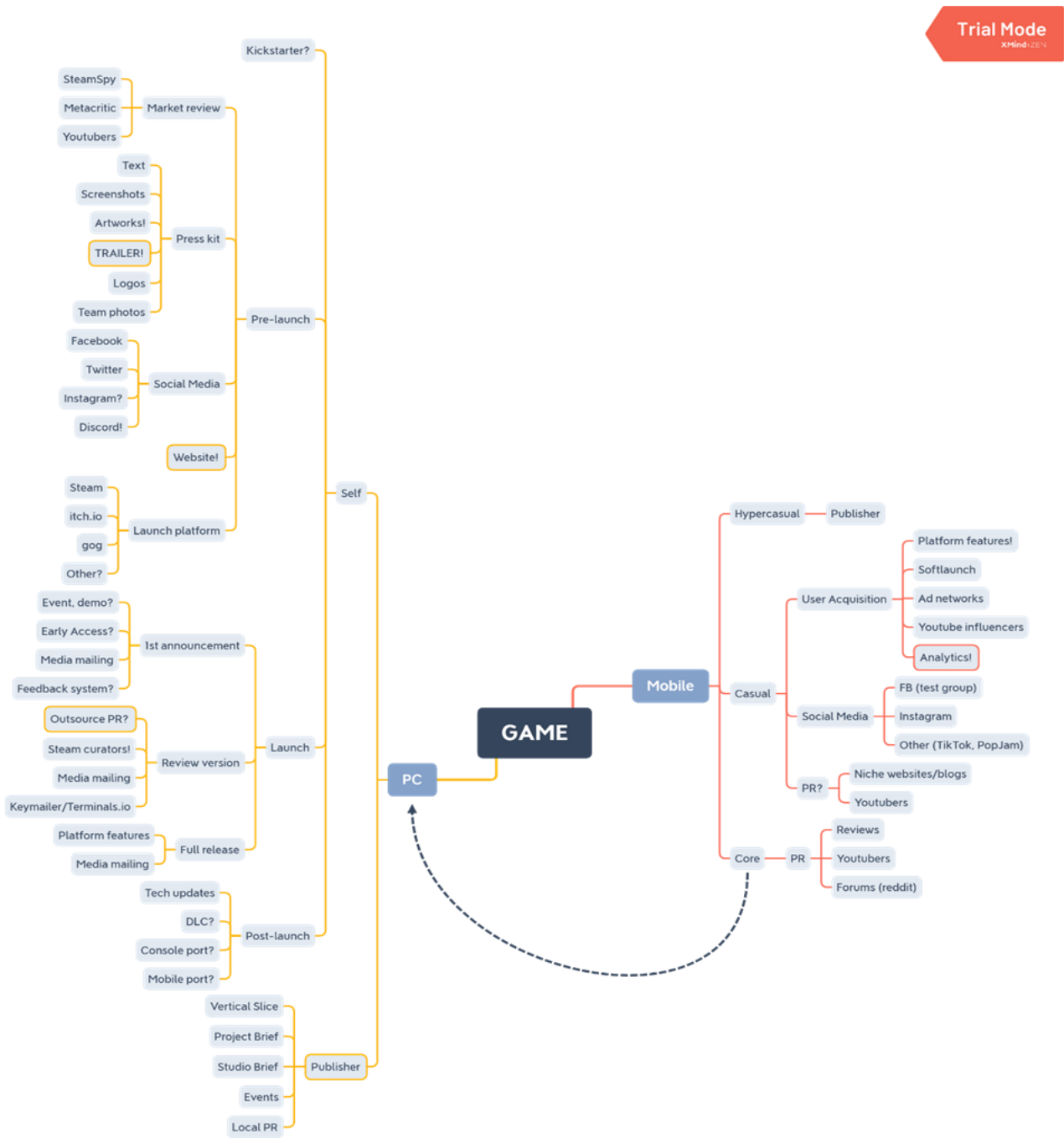
Modern game development cycles are much shorter than they used to be, yet the windows of opportunity are very narrow and age quickly. Most successful studios worldwide are constantly experimenting with new models, but for them it is more of a means to explore options and maintain competitive edge. For start-up studios though, this may mean more publicity, publisher access, new meaningful relations, and access to various grants from technology / marketplace holders.

### 4th WORKSHOP – Marketing and Communication channels

Marketing and communication activities play an essential role in the game development process. The current games market is extremely oversaturated. The audience during the past years also grew much larger thanks to the proliferation of mobile devices, so the challenge for marketing is how to identify the target audience for your game and how to reach it.

Some ways to segment an audience are differentiated by platforms, preferred game difficulty and involvement (casual, midcore, hardcore), dominant genres and other criteria. The important decision is how large, or how niche the audience might be based on a game concept. This forms the basis for marketing and communication activities, as there are many different steps and ways to reach an audience depending on its size and type.

The second part of the workshop is dedicated to planning marketing and communication activities. There are many ways to approach this, but we have chosen the method called mindmap.



Picture 2. Main marketing activities

## 5th WORKSHOP – How to pitch to a panel of publishers and investors

If a team is looking to raise funds from publishers and investors, there are crucial steps they must take beforehand: Research potential publishers and investors. Understand their business model and portfolio. Determine and adapt the project to publisher / investor needs. Prepare a coherent pitch, that briefly introduces the game and its potential audience and gives a detailed roadmap for development, user acquisition and monetisation practices.

## Findings and Conclusions

### Successful practices

In the Kaunas GamesPot incubation pilot case, it was observed that the most important aspects consist of publishing, game design, community management and communication since that is where most Lithuanian game developers have the least knowledge.



The hands-on mentorship was one of the most successful services for teams and start-ups. In-depth insights of each team's issues, industry mentoring and follow-up meetings were the services most appreciated by the participants.



In an ideal scenario, a mentorship programme should be able to locate and identify the most promising teams and / or projects in Lithuania and assist in their development from the earliest stages. The teams should function independently most of the time but should have regular meetings with mentors as often as possible. Then mentors would be able to review and assess their progress, provide them with insights and recommendations on how to progress further. Each team would have their own mentor that would be able to identify these specific areas where they might need help and connect them to other mentors that are specialists in these fields. They would mostly help the teams improve in areas where they are most lacking specific knowledge.

### Challenges

The lack of knowledge of Game design



The higher education institutions of Lithuania are perfectly capable of “producing” very able programmers and artists which are very important for game development. The biggest problem now is related to game design, since most of the game developers can create quality products that look great but are rarely engaging or fun to play for their core audiences.



Another issue with that is that it is almost impossible to study game design in Lithuania. The majority of the best game designers in the country either studied abroad or worked or are working at the Nordcurrent company since it is one of the few game developers in Lithuania that take game design seriously. Higher education institutions are either unwilling or unable to provide students with with sufficient training. Worse yet, even the

ones that are attempting this are usually doing so at an extremely low level of quality. The Lithuanian Game Developers Association hosts regular gamedev meetups where experienced creators of all fields relating to game development share their knowledge. It is necessary to help the higher education institutions amend these problems to prepare their programmes to be more effective.



As a result, hands-on training on design trends, key accents, and the main task of making the game attractive was evaluated in a very positive way from the participants' side. However, the need for this type of knowledge is even greater, and it was stated that the demand is high for more subtopics. Therefore, we can see that there is a great need for practical training on certain topics, but we also have a shortage of experienced lecturers or a reluctance to share the knowledge.

### Evaluation of the achievements

Game development is unique as a business and thus requires special attention due to several reasons. First, it is a creative industry which is harder to quantify and put in the same box as other technology-related development businesses. To create a successful game, we need team members with different backgrounds such as programmers, game designers, artists, sound engineers, business developers and marketing managers. For a start-up company it is difficult to find all these competences, so a solution is needed to provide them with missing knowledge and skills.

From topics we would stress everything outside of the core creative process, as the teams usually demonstrate a high skill, except game design and an academic approach to it, as in Lithuania we do not have many experienced and professionally educated game designers. So, the main topics would be studio management (including legal issues), business development, marketing and communication, HR, pitching and presenting game projects.



We found out that teams and young start-ups lack the knowledge of business development and HR management, so it is planned to include such thematic practical trainings on entrepreneurship basics in the next game incubation programme stages.

### How long should the game incubation programme take?

Game development processes are usually longer than for typical development of start-up ideas, so the incubation / acceleration programme should be as long as possible. During the pilot we have found out that the minimum duration should be 3 months. If the organisational arrangement and budget are flexible, it is worth to extend the process up to 1 year. The participants' selection process for the next incubation steps should be based on milestones and progress evaluation from experts' side.

### III. Game Incubation as a Permanent Service



Programmes like incubators are crucial if we want to develop the game industry in Lithuania more effectively. Lithuania has numerous artistic and IT initiatives that finance or incubate similar types of projects. The problem with these is that almost none of them target games specifically. Games are too artistic for IT initiatives and too technical for culture initiatives which makes it incredibly difficult for game developers to find any assistance or financing for their projects. The Lithuanian Game Developers Association has been trying to persuade the Ministry of Culture and the Ministry of Finance for help in trying to establish a game accelerator in Lithuania as they believe that it would be the most effective initiative in helping the Lithuanian game industry create products of a higher quality and commercial application.

- *Knowing that no more game incubation support initiatives are available yet in Lithuania, the idea of a game incubator will be further developed in Kaunas.*



One of the core hurdles for new studios is the lack of experience and starting capital. The contact cycle, combined of production, marketing and programming, game design professionals, would benefit from a network that could enable to connect these experts. These people would empower young studios to identify their problems or lack of knowledge from very early on.

- *In terms of experience sharing it would be helpful to create a regional network of industry veterans or specialists of different fields.*



On the other hand, it would be extremely helpful if there was a way to finance the living costs of a studio while they are in development of their game as it is one of the larger issues at the moment. In addition, financing the search for publishers or minimal marketing costs might also yield great results for some projects. Often, studios have to spend at least some money to go to conferences where they could meet potential publishers or partners.

- *This is a need expressed by all the small studios and teams, so we will look for financial support instruments to support them.*



Despite the fact, that Kaunas played a key role in the upbringing and nurturing of the local gamedev sector, successful teams are operating, or choose to operate in Vilnius. This is happening mostly due to funding, networking, and hiring opportunities that exist in the capital, again, in some part due to national politics. Professional foreign studios that are opening offices in Lithuania, do that in Vilnius and this way enlarge the local pool of experience, mentors, and talent even further. Subsequently, most of the networking events and know-how knowledge are in Vilnius too.

- *Kaunas as a city which could be transformed into the Lithuanian game industry powerhouse, but for that, however, we need to establish a strong local community.*



We believe that proper early incubation initiatives could help to close this gap and boost Kaunas' game development industry into new heights. Mentorship programmes, especially in terms of studio management, business development and publisher relations could lay the foundation and encourage more teams to release their first game. Teams are invited to join the incubator at the very early development stages. Participants are preselected by panels of experts, mentors who later provide help for the projects in development. In this case we are ensured, that missing components / experience that are identified during the initial pitch, are initially tackled by the mentors.

## GamesPOT incubation

**Mission:** The proposed mission of the incubator is to stimulate the establishment and growth of game-related start-up companies and other compatible businesses. We help emerging game start-ups gain access to mentors, training, shared space, professional assistance, capital, and other business support services that will move them onto the fast track to success.

Business incubators accelerate the successful development of entrepreneurial game related companies through an array of game business support resources and services.

The incubator includes facility space, shared use of common office equipment, trainings, direct business assistance and guidance, mentoring and networking activities. The facility includes a mix of office and lab space.

**Vision:** GamesPOT - game related business support leader, game industry's powerhouse in the Kaunas region empowered by a strong local community.

Target Group for Incubation: game-related start-up companies and teams with minimum viable product (MVP; pre-company or at the prototype stage).

### Benefits to incubatees:

- Reduced Barriers of Entry – the incubator environment and services would provide an “easy start”.
- Networking and Mentoring – the incubator's team would facilitate a “knowhow” network to address tenant's unique needs for partnerships, suppliers, and / or potential sources of capital.
- Increased Visibility and Status – the incubator would significantly increase the visibility and presence of tenant companies in the marketplace and advance their success potential.

**Organisational Structure:** Kaunas STP is a public institution with a not-for-profit structure which allows the incubator access to public funds (national and international ones). Kaunas STP is subordinate to the university and the Ministry of Innovation and Economy, but does not receive financial support, and the main sources of income are the revenues from services and international / national project activities.

Currently, GamesPOT is a part of the park's incubator with a separate game incubation programme. There are plans to separate and expand this initiative as a separate game incubator, with game laboratory equipment designed to test prototypes and products of game developers.

### **Staff / Experts**

Internal staff: Currently, GamesPot's activities are coordinated by a single manager, who brings together teams with mentors, experts, organises trainings, and coordinates networking events. External communication takes place centrally, there is no additional and separate marketing specialist.

External staff: During the pilot initiative the expert pool from the game industry for coaching and mentoring sessions was created and used according to the teams' and companies' needs. Most of these internal mentor network members are experienced game companies' representatives or CEOs.

The business development side, pitching and investment readiness issues are professionally covered (these services are available on regular basis) by Kaunas STP internal staff.

Plan: Attract as many game industry experts and mentors as possible to help teams grow and improve and employ a game community coordinator on a full-time basis.

Also assign a separate marketing / communication specialist who will enhance the brand awareness in the region. Based on the number of tenants projected, this would begin as a part-time position and could increase over time as tenant occupancy and revenues increase.

**Programme:** As a business incubator, the game incubation programmes is one of our main focuses:

- I. Pre-acceleration – 3 months
- II. Incubation – 12 months

The programme is free, but not without obligations. We expect studios to commit fully to the programme, meaning that we expect participants to be present and share their knowledge with others.

**Service Offerings:** Offering value-added services is key to the incubator's ability to successfully propel graduates into the community.

#### Start-ups selected for the game incubation programme receive:

- Individually customised coaching / mentoring – help / assistance creating and building their own professional studio.
- Hands-on thematic workshops.
- Personalised mentorship from top experts from the game industry programmes that provide companies advice, guidance, and various forms of support for start-ups in their early stages.
- Legal and financial consulting from our external lawyers and accountants.
- Facility-based services (Premises under favourable conditions. Discounts are provided for the rental price, respectively: 60 %, 40 % and 20 %. High-speed internet, basic hardware (VR equipment for testing, sound tech, showrooms, etc.)

**Client Selection:** We expect studios to commit fully to the programme, meaning that we expect participants to be present and share their knowledge with others. The screening process is customised to meet the incubator's mission and ensure the selected companies can benefit from its value-added services.

Client selection process: (1) Complete Application, (2) Provide Business Description or Business Plan, (3) Present to Incubator Panel

**Revenue / Financing:** The game incubation programme will be financed like other Kaunas STP business support activities using internal resources. However, the scope and intensity of the park's activities is always facilitated by the financial support of various project initiatives through national and international programmes.

The fundamental change is the emergence of a new, game-oriented business incubation programme that, as practice has shown, is truly unique, requiring exceptional competencies related to the business development of the gaming industry. Therefore, there is a need for separate strategic planning activities, motivated staff, and representatives of the game industry, who have long been working in this market.

The intensive game incubation programme will be running once a year funded by Kaunas STP, with the use of organisation's own financial resources (it might change due to the fact that the applications for additional funds will be approved).

#### **Schedule of the Game Incubation Implementation**

- Next round of intensive learning starts in December 2020.
- The game-related start-ups can apply for daily business support services - the invitation to join is valid on a permanent basis. It is planned to install a separate incubation space with laboratory equipment for game industry companies and teams only. The organisation has already applied for funding.
- Starting from November 2020, it is also planned to assign a responsible person who will take care of GamesPOT's networking activities and community building.

## 8. Krakow Technology Park (PL)



### I. Regional Context

As technology park and as partner in the organisation of the international annual B2B conference and exhibition Digital Dragons, we were privileged to have had a strong ecosystem and game industry background from the beginning of our pilot incubation experience. We have the physical infrastructure for such activities, space for workshops and conferences. We have an existing network in game industry, and we know it pretty well due to our offer designed for game companies on different stages of maturity and thanks to Digital Dragons ecosystem.

We could count on many experts willing to consult the programme of incubation with us. We have also based many decisions on our experience learned from applying other tools in our offer – conferences, workshops, game jams, consultations, lectures, and others. Our knowledge of the specifics of game industry was the reason why we decided to split the pilot incubation into two batches – one designed for mobile game studios and the other for PC / console games developers.

- As tech park already had the required infrastructure
- There was no game incubator in Poland and only one accelerator
- The game industry has been growing in Poland
- We knew that incubation of some sort is what our offer in KTP was lacking
- We had some insights about the industry and its needs, thanks to the reports prepared by KTP and our partners
- The existing network of the Digital Dragons ecosystem allowed us to reach out to a lot of specialists and start-ups
- We already had experience in incubating game studios in our Technology Incubator – the incubation was general, without a focus on game industry-specifics; however, a few game studios have flourished under our wings
- We had specialists in legal and formal (e.g. procurement) issues to help us with test incubation
- We were free to promote the programme and recruitment using different channels on social media, also industry websites and groups
- We could contact the mentors personally, while the rest of the communication to start-ups was open
- It is customary to pay mentors for leading workshops, however – another tool from our offer shows that it might be possible to engage specialists voluntarily in the future

## II. The Pilot Experience

### Planning and Implementation

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We carried out two batches of incubation:

#### 1st batch:

Duration: October 2018 to February 2019.

We organised six 2-day long workshops with different mentors and focused on topics relatable to mobile game industry, such as: budgeting, project management, team building, freemium games design, marketing, PR, community building, publishing, legal issues, user acquisition, monetisation, ASO and pitching.

We also tested 1-on-1 consultations with the mentors and took the teams to Pocket Gamer Connects London 2019, where they were to test their pitching and networking skills. The batch finished with a demo day where the teams presented their pitches in front of investors, game association representatives and academia.

- 4 start-ups
- 16 mentors
- 6 two-day workshops
- mentors from big studios: BoomBit, Mindsense Games, Reality Games, Ten Square Games, Vivid Games, GameDesire
- 16 applications to the programme from all over Poland

#### 2nd batch:

Duration: November 2019 to March 2020

The second batch was designed for PC and console game industry.

We started off with six 2-day long workshops carried out by specialists in topics such as: project management, team building, game design, business modelling, marketing, PR, branding, cooperation with influencers and journalists, community building, pitching, networking strategies, creating pitch decks, data-driven development, publishing, legal issues, cooperation with investors and digital distribution platforms.

As a new tool, we held a “feedback day”, where our teams had one hour to talk individually to experts from a variety of fields they have identified as their weaknesses, in a “speed dating” formula. The programme has also finished with a successful demo day in March 2020.

- 8 start-ups
- 20 mentors
- 10 consultants during feedback day
- 6 two-day workshops
- mentors from big studios and companies: Techland, 11-bit studios, Polyslash, Flying Wild Hog, Vile Monarch, One More Level, Anshar Studios, GOG.com
- 37 applications to the programme from all over Poland

## Events

The pilot “Digital Dragons Incubator” has been tested as a new tool to join the existing tools in the game industry support ecosystem in Krakow Technology Park, where we already had different tools for events. One of them is a conference – Digital Dragons – for which we have also invited the participants of test incubation in both pilot batches. The other ones are e.g. KrakJam – a regional edition of Global Game Jam, the biggest one in the country. KTP is also the organiser of Digital Dragons Academy – a series of lectures once a month where specialists talk about different aspects of creating games.

That is why we did not have to come up any extra events to test whether they make sense for empowering game studios – we already knew it. However, what we tested as a new method were two demo days with pitching, business speed dating and networking. We also took active part in Baltic Sea Games Award held during GameOn in November 2019, where we introduced a game from Poland (“Weakless” by Punk Notion), which won the main award for the Best Start-up Game.

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## Findings and Conclusion

### Expert Feedback

Every expert we have introduced to the topic of game incubation and our test pilot spoke about it positively. The mentors were excited to take part in this experiment and wanted to stay in touch with the start-ups even outside of the project. We have been collecting feedback after each workshop and each new form of activity from both the start-ups and the mentors.

Some of the more prominent comments from our start-up experts were:

- “Great knowledge, the answers were exhaustive.”
- “Emphasis on honesty and a good atmosphere to ask questions and share your thoughts.”
- “Relaxed workshop formula, practice, not just theory.”

As for feedback from the mentors, here are some examples:

- “The group was very active, everyone got involved in the discussion and had a lot of nice and good comments.”
- “I got very interesting people, generally the level was higher than I expected.”

We were also encouraged to continue the incubation by our Board of Directors and partners from the Marshal's Office of the Lesser Poland Voivodeship after talking to them and presenting the goals and, later, the results of the test incubation.

### Successful Practices

We were satisfied with the majority of issues related to carrying out the pilot incubation. The programme we have built turned out to be effective, as we learned from talking to our start-ups.

Some of the practices we consider as successful and could be recommended to other incubators are:

- the division of batches by the platform, as mobile games are in many aspects very different from PC / console games not only design-wise, but also business- and sales-wise
- the promotion channels we used turned out to be sufficient – we mostly utilised groups and fanpages on Facebook, but also cooperated with the biggest Polish website with job openings in the game industry

- setting development goals with our start-ups, individually for each company, at the beginning of the programme and checking their progress every two workshops
- the duration of the programme itself (more or less 3 months) and the frequency of the workshops (more or less 2-3 weeks apart) turned out to be a good compromise for our formula of the test incubation
- most mentors we invited to lead workshops and consultations were recruited thanks to our Digital Dragons ecosystem, therefore we already knew, more or less, that their skills were suitable for the programme we created
- the feedback day, as in – short, intense, individual and tailor-made consultations – was extremely successful, even though some of the game specialists were able to talk to start-ups only by Skype
- remembering that incubators can also help the start-ups with team building – one of our teams in the second batch, which is working remotely from different cities, organised an internal “game jam” in our building, during which they bonded, compared their expectations and made a big step forward in discovering a common vision of the game
- it is important to build a community of incubated companies and then – animate it. We have tested a Discord channel as it is a communication platform well-known in the game industry and it has indeed helped us build a stronger bond between the participants of the test incubation
- engaging a partner, as in – a mature game company – in selection process helps a lot due to their extensive knowledge of the industry. In our case our partners in both batches wanted to keep in touch with the start-ups and were also the guests of the demo days
- all mentors have received one-pagers – documents with a summary information about the start-ups – more than a week before their workshops, so they could understand who the target of their activities is.

We incubated more start-ups than anticipated. The results of the test incubation were satisfactory – each start-up has either learned a lot and incorporated the knowledge into their work or revised their base assumptions and pivoted. The majority of start-ups have reached their individual development goals.

## **Challenges**

Naturally, not everything went smooth and some aspects of the incubation have yet to be transformed. It was not easy to place the Digital Dragons Incubator within the existing and intricate ecosystem of Digital Dragons and Technology Incubator.

Getting in touch with a lot of mentors was tedious as the industry is busy and the companies are often crunching when working on their new titles.

Also, while testing a number of different tools of support, we have learned that not every tool is right for everybody, as well as not every form of support will be beneficial within the objectives of a given project.

The component which needs to be worked on, is the logistics of individual consultations with mentors – the more start-ups and specialists, the more complicated managing this form of support is.

## Conclusions

- We have been supporting the game industry for a long time and we are confident to have gained a good understanding of what it needs.
- We have divided the test batches by game platforms to focus on more specific needs of our start-ups.
- We have consulted the forms and topics of workshops with different specialists before the programme was created.
- We have sent the information and needs of start-ups to mentors before workshops so they could modify their presentations and exercises.
- We had small groups – 1 or 2 representatives from each company could participate in one workshop, with many exercises done in smaller groups.
- Feedback day was tailor-made to every participant of batch 2 – we asked them before what they need and who they would like to consult with, and we delivered as good as we could.
- Our start-ups could use individual consultations with the mentors they found to be most valuable to them.
- We offered additional training materials – business and game industry books, while the companies have given us the titles most interesting to them.
- We have been consulting and monitoring the progress of realising the individual development goals of each start-up.

## III. Game Incubation as a Permanent Service

### Stakeholder Communication

We have organised a few meetings with the Marshal's Office of the Lesser Poland Voivodeship, during which we presented the goals of game incubation and the results it can bring to both indie game studios and to the region. We took part in the Lesser Poland Innovation Council, where we talked about incubation in more detail. We have also taken along a representative of the Marshal's Office to Stockholm, so he could participate in an Invest in Games event and witness how important game start-ups are to investors and how they could attract funds to the region.

During both demo days amongst our more distinguished guests were representatives of the Marshal's Office and the Municipality of Krakow.

The Board of Directors of Krakow Technology Park was strongly engaged in the test incubation activities from the very beginning. The will to implement a sustainable incubation service after the Baltic Game Industry project, was also written in the newly updated company strategy for 2020-2024. An external expert was also asked to examine the ecosystem for game industry support in KTP and confirmed that incubation is one of the most important missing items in our offer and should be continued.

We have made an impact on social media – not only during the recruitment process, but also by writing about our start-ups. Some of the mentors have written about us voluntarily and praised the programme.

We have networked with various parties, e.g. Indie Games Poland Foundation (guests of demo days), IGDA Southern Poland, many informal groups, and communities on Facebook, including a regional community of "Thursday Gamedev Meetings".



## Challenges

1. Sustainable budget – how to combine public, private and KTP’s own funds?  
>> In-house discussion (IDD staff, The Board, director of the park department), with BGI project partners, and with the Marshall's Office of the Malopolska Region.
2. Highly skilled and experienced Incubator staff (trainings, participation in international game events, own game project etc.)  
>> In-house discussion (IDD team, DD team, director of the park department) and with game development specialists on how to develop our skills and knowledge so we can provide better services to the game studios in IDD.
3. Network building (alumni, game studios, investors, publishers, business support institution, communities etc.)  
>> Discussion inside of KTP, with BGI project partners, with alumni of IDD. We are keeping in touch and plan to organise some meetings so the participants of current batches can meet with the alumni and share their experiences.
4. More incubation batches and/or incubated game studios per year  
>> Discussion inside of KTP, with game industry specialists, with investors, with BGI project partners on what is feasible at the moment.
5. More added value for incubatees, more value for business partners (investors, publishers)  
>> Discussion inside of KTP, with game industry specialists, with alumni, with investors, with BGI project partners. We are in the middle of talks with several investors about possible cooperation in that matter.
6. Unusual game project incubation: approach to VR, serious games, gamification, student projects (similar to GameHub Denmark)  
>> Discussion inside of KTP, soon to include local universities.
7. Wider support for the game industry and IDD – cooperation not only with Malopolska Region and the City of Krakow, but other cities and regions  
>> Discussion inside of KTP, soon to include Polish leading self-governments.
8. Further internationalization of IDD – offer for CEE game industry, international events active attending  
>> Discussion inside of KTP, with BGI project partners.

## Future Plans

We plan to continue under the current name – Digital Dragons Incubator (Inkubator Digital Dragons in Polish - IDD), while the form and scope of each new batch of incubation will depend on the respective sources of funding. We are also examining the possibility to make the incubator commercial. While we are mostly positive about keeping the division between PC / console and mobile games, we are also considering organising more specialized batches in the future.

We have recently launched the third edition of Digital Dragons Incubator, this time – out of scope of BGI, but with the financial aid of the Marshal's Office of the Malopolska Region. Thus, it will not be a pilot anymore, as we had many opportunities to test different forms of support during BGI incubation and can now start with a full-fledged incubation programme.

As incubating young game studios has been pointed out as one of the goals in Krakow Technology Park's strategy, our goal is to continue running the incubator.

The nearest batch will be focused on mobile games and will be carried out online (due to the coronavirus pandemic). We have the funds for this batch from the Marshal's Office of Lesser Poland. We will start the recruitment process in the summer and finish in early autumn with a Selection Day (beginning of October), for which we want to invite the most promising companies to work with us during a full day to activities, pitching and setting development goals.

After this we will select 4 most interesting start-ups to work with and invite them to 8 online workshops on the topics similar to the first (test) incubation programme, strongly focusing on mobile specifics of the industry. The programme will be finished in mid-December.

We plan to acquire the mentors through our usual channels (directly), especially due to an already existing network of mentors we have built from the two pilot batches. As for the recruitment process, we would like to create a fanpage on Facebook dedicated solely to IDD, while also utilising the other channels to broaden our reach.

The incubation staff will probably not be changed during the closest batch and we will continue networking activities. Our long-term goal is to build a community of IDD alumni supporting and counselling the current participants, hence we will try to incorporate them in our new Discord channel for batch 3 start-ups.

In the end we have decided to incubate 7 companies. All workshops and consultations in the 3rd batch are held online due to COVID-19 limitations.

We plan to continue the incubation in 2021 with another source of funding and, perhaps, in a stationary form.

### **Future Ideas**

- cooperating more closely with universities; we would like to scout whether it would be possible to follow the Game Hub Denmark's example and incorporate business incubation as a vital part of graduating from a game design-related major;
- finding new projects both on EU-level and regional / national, including such foreseeing cooperation with numerous partners – it is always a great opportunity to learn from each other;
- collaborating with either an investor or a publisher to work as a broker for promising game projects to be introduced to them, in return the publisher / investor would serve as a mentor / business coach to our incubatees;
- creating a “game development venture builder” where we take care of a game team from its very beginning to its investment readiness;
- following LGIN's example to organise a “call for mentors” – instead of paying them, giving them a reason to stay within the ecosystem based on their own will

- building a strong Social Media presence (we are currently working on it as we have launched a Facebook profile for our incubator a few weeks ago) in order to become a go-to place for all indie developers who wish to learn about the business aspects of the craft;
- setting up a batch of incubation for less obvious projects – VR, serious games, games incorporating solutions for visually impaired gamers, educational games, etc.

### **Rough Business Plan**

- target aim – on one hand honing business / entrepreneurial skills to help young companies grow, but at the same time the Polish game development industry suffers from the lack of experienced medium and senior level specialists, thus we may consider teaching them programming or designing so that they can join already existing, bigger studios;
- target group – incubating young companies has turned out to be a good start as these are the people who are fairly new to the industry but already take it very seriously as they want to develop their products. On the other hand, we do not exclude the possibility that future incubation will be focused on university students and / or informal teams;
- financing – we are still in the middle of looking for opportunities. Applying for various contests and short-term projects is fine for shorter batches. However, if we wanted to prolong the incubation from 3-4 months programmes to continuous programmes or co-working, we would need a more stable source of income. We cannot currently say such more about it other than that we are active and are looking close at various ways of doing that, e.g. cooperating with publishers, investors or universities;
- programme – the two pilot editions and now the third one all have similar programmes. We believe the topics and components of incubation we have thought of so far are pretty good. Naturally, we are open to new approaches, one of them being a greater focus on individual mentoring rather than workshops in groups;
- operation – we find it strongly connected to financing as if a new project demands its, we may have to change our approach. So far, however, we do not plan to change anything in that matter;
- acquisition of staff / experts – we still have the access to the Digital Dragons ecosystem, we have also created our own network of experts who recommend being a mentor to other specialists. For now, we are paying our mentors, but we might want to ask them if they would be willing to volunteer, following LGIN footsteps. As for staff – if we want to scale up our activities, we will have to find more staff, perhaps also among the ex-mentors willing to work for us part-time;
- network activities – as we have created our own facebook page (<https://www.facebook.com/inkubatordigitaldragons/>) we are now creating content about the everyday life of IDD as well as expert content on business side of creating games. We also comment on industry posts, in groups, etc., so we can establish our position next to the standard DD and KTP ecosystem channels we have been utilising so far;
- marketing of the programme – this strongly depends on whether we will simply utilise the tools we already have (as mentioned above) or whether we shall have additional funds for marketing and promotion of IDD;
- indicative schedule of the implementation – effective as of now, meaning – we are in the middle of the first successfully started batch outside of BGI scope, and with many ideas for the future.

Last but not least, still we have rule: at least 5-10 % of tenants in Krakow Technology Park should be dedicated to the game development community. We have physical infrastructure for IDD and game studios (small and large office spaces, conference and meeting, rooms, showroom, etc.) in the Krakow Technology Park.

# 9. Swedish Game Industry (SE)



## Pilot Incubation Analysis

### I. Regional Context

In this project we have mapped out and networked with all game incubators in Sweden, as well as interviewed start-ups who have been a part of major Swedish incubators. The past decades, the main game hubs of Sweden have been in Stockholm and Malmö, and these cities are still today the biggest and among the fastest growing game regions.

Local clusters and incubators also have a role in establishing new companies. The incubator programme in Skövde has been running for over a decade, with an additional branch in Gothenburg. In the last few years, initiatives have been centered in cities such as Linköping, Skellefteå, Malmö and Stockholm. Stockholm got its first game incubator in 2017, when we with support from Sting and Stockholm Innovation and Growth, introduced Sting Game, which now has a list of start-ups in the alumni stage and a proven concept. Partners of Sting are among others Goodbye Kansas, Resolution Games and Paradox Interactive.

### II. The Pilot Experience

What we have learned from the initial game incubation (Sting Game) programme is that the funding and incentive structure from companies is a very important reason why they choose to join or not. The most popular feature of the pilot has been matchmaking with international investors. We have organised this biannually in collaboration between us, Stockholm Invest and Sting Game. We have also organised the Indie Game Dungeon 3-4 times per year and the Invest in Games conference where game start-ups present their games and pitch for investment companies.

From other game incubators and their alumni / incubatees we learned in the early pilot phase that a fixed structure of incubation did not suit all game companies, and even were felt to be obstructing to some. We collected several anecdotes of how the incubation structure and fixed requirements can stand in the way for product development and creativity, and foremost can become a thorn inside of the relationship between incubators and start-ups.

## **Game Incubation Planning and Implementation**

Incubators can be financed in several different ways. The way in which an incubator is financed will lead to different incentives for both the ones running the incubator and the game start-ups incubated. A key aspect of how Sting Game is run may be the ownership structure.

Sting is privately owned by a foundation with a purpose to grow investments (in contrast to incubators run by municipalities). Investors have ownership in the foundation, which in turns 'invests' in the start-ups joining the incubator, often owning 2 % of shares in the company in exchange for business advice, investor network, offices, coaching and knowhow.

Sting has been running incubation for more than a decade, the games division exists since 2017. Since its inception, Sting Game seems to lead to success stories so far with several companies having proven concepts and getting more seed investments and later-stage capital (Starstable, Kavalri Games, Warpzone, Gro Play, Valiant Games etc.). The plan is to keep on focusing on "splinters" – people with longer previous experience in the games industry starting new companies as entrepreneurs. Sting is planning to take in 1-2 more companies per year.

## **Organisation and management**

Since the early pilot, called the Sting Game Test Drive, in June 2020 Sting Game has 10 alumnis, one company in acceleration and one company in incubation. The main staff has been one person throughout, and different key mentors depending on incubation phase and what type of challenges the companies have been facing, etc.

Events have been the biannual Sting Investor Sessions and the annual Invest in Games Conference and Dragons' Den. Here, start-ups have had the opportunity to pitch to investors and network. Sting has received very positive feedback from both participants, partners, and external experts.

It was clear that there is a great need for specific coaching for game start-ups, especially around the actual business development; there they could see that teams made incredible progress during the programme. When you make games, you have to think early about the business model, and that is where we could see that Swedish game start-ups needed the most help with. The business model is also inheritely a part of the game design, which makes it crucial to get feedback and evaluate during the early stage.

## **Findings and Conclusion**

Successful practices throughout the programme have been events, mentorship, exits and a number of investments have been successful, for example Warpzone signing with T17, Kavalri Games signing with Goodbye Kansas, etc.

A challenge has been to reach enough companies. Attracting splinters can be hard depending on how secure they already are, and to reach them through the network early enough is not always easy. Compared with the expected achievements, we are happy with the outcome - 10 alumni of Sting

Game have released games / products and have received investment (included in the [Swedish Game Developer Index 2019 & 2020](#))

### III. Game Incubation as a Permanent Service

A permanent incubation service has now been installed: Sting Game.

It is financed by a combination of mostly private investors who are contributing partners to the programme, for example Embracer Group, Paradox Interactive, Resolution Games and others. The leadership of Sting have a history of looking into new “tech sectors” and games was a natural step at the time, especially when we could be a part of a bigger programme.

SGI is continuously lobbying towards local authorities to give more support to game start-ups, the main targets now are for cheaper housing and easier administration when hiring from outside of the EU.

Sting Game will continue in its current form. Sting is owned by the Electrum Foundation. There are both public and private organisations in the foundation: Stockholms stad, KTH, Ericsson, ABB, research institutes, etc., and of course invested in the Sting Game programme mentioned above.

The target group will continue to be splinters, game industry veterans creating new game start-ups, and the programme will continue to be finance by close partners from the industry. We will keep organising Sting Investor Sessions in collaboration with Stockholm Invest, East Sweden Game and Sweden Game Arena. The programme will also continue to be marketed at conferences, trade fairs and industry gatherings.

## THE PROJECT

The project 'Baltic Game Industry' (BGI) aims to foster the game industry in the Baltic Sea region - turning an ambitious game developer scene into a competitive and attractive business sector with sound innovation potential and thus making the region a game hotspot with worldwide competitiveness.

The partnership works together on framework condition improvements, on making business support services fit for the special needs of game start-ups and finally on new business opportunities for game developers in other industry sectors, such as health care. The core element is the installation of durable game incubators, programmes and schemes for game start-ups across the region.

BGI effectively combines policy and business development. Tailor-made game business support fosters a durable economic growth of this innovative industry in the whole region. The introduction of VR technologies in non-game industries contributes to boosting innovation beyond games. The common branding of the Baltic Sea region as game innovation hotspot will attract international clients, investors, creative entrepreneurs and qualified workforce.

Read more at [www.baltic-games.eu](http://www.baltic-games.eu)

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