Developer Business Summit: An IGDA Think-Tank

-- Proceedings --

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March 22 & 23, 2004
Game Developers Conference
San Jose, CA

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About the IGDA

The International Game Developers Association is a non-profit membership organization that advocates globally on issues related to digital game creation. The IGDA's mission is to strengthen the international game development community and effect change to benefit that community. For more information on the IGDA, please visit www.igda.org or e-mail info@igda.org.

Introduction and Summary

Over an intensive 2-day period during Game Developers Conference (GDC), the Business Summit set out to establish a neutral forum that produced results in industry insiders' best interest. While it unmistakably provided attendees an opportunity to vent, most importantly, it was a forum to create solutions to high-level business issues, exchange ideas and best practices, and ultimately, help move the industry forward.

The IGDA Summit hosted attendees from a variety of disciplines and levels, who represented companies of varying size and notoriety, in a manner befitting to its aims. In fact, 50 percent of attendees were from countries outside the United States. Billed as an expert-level program, the event offered small, new-entrant developers and publishers a rare chance to brainstorm with industry veterans, visionaries, and high-powered executives. From our vantage point, this diversity of participants and issues as well as the pragmatic approach to solutions is likely to draw high satisfaction ratings from attendees.

Beginning with Ray Muzyka's presentation on the current state of the industry, followed by an expert panel discussion on business and industry issues, a research analysis from Michael Gartenberg of Jupiter Research, and a keynote by an industry veteran and visionary, Bing Gordon, participants obtained a solid springboard for discussions. Via these presentations, participants were able to understand the industry's hot issues, likely future trends, and potential ingredients essential for success, then add their own experience and viewpoints to arrive at action plans designed for success.

To that end, the Summit largely focused on the direct involvement of its participants in problem-solving and action-planning within the context of the day-to-day business issues they face. Overall, the work at the Summit flowed from six functional points of view: 1) Production and Operations; 2) Marketing and Public Relations; 3) Finance; 4) Sales and Distribution; 5) Contracts and Legal; and 6) Human Resources and Quality of Life.

Some of the most pertinent issues facing industry insiders today were tackled under the following headings:
- Developer and Publisher Relations
- Contracting and Negotiation Practices
- Intellectual Property Rights
- Risk Aversion Practices
- Financing and Cash-Flow Management
- Alternative Business Models
- Marketing, Promotion, and Public Relations
- Hiring, Retention, and Quality of Life Practices
- Retail and Consumer Relations
- Perceptions within the Greater Business Community (e.g. Investors, Violence/Non-Violence, Gamer Profiles, Ratings)

This report contains a detailed overview of the issues raised, and the solutions offered over the two-days. To the extent that this is a synopsis, presenters' slides and materials, along with the rough

draft notes from the group work are all available via the IGDA website to enhance readers' interpretation: http://www.igda.org/biz/summit.php

State of the Union Address
Ray Muzyka - Joint-CEO, BioWare Corporation

Ray Muzyka, Joint CEO and Co-Executive Producer at BioWare, led attendees in a high-level analysis of the current state of the industry. Indeed, presenting changing consumer preferences, developer marginalization, and industry maturation as realities in the first formal presentation laid the groundwork for attendees' expectations on level of effort required over the two days.

Specifically, Muzyka talked about an industry that is 25 years old, exhibiting greater stratification, fewer opportunities, and a need for razor-sharp focus in order to thrive. Firstly, market saturation has produced a need for differentiation, customer loyalty programs, and brand strategy. Few independent developers are considered more than *work-for-hire*. This was a term that resonated strongly with many attendees, and resurfaced over and over again, across a multiplicity of Summit activities. Secondly, the more discerning consumers of today are more demanding and have a clearer vision of what they want than ever before. Muzyka issued a call for action: *Unless something is done, developers' share of the value chain is likely to decrease over time*. He offered the forum as an opportunity to share and assess what collectively may be done to increase opportunities and alleviate the problems facing the industry. For his part, Muzyka was incredibly forthcoming and candid about his own success, even recommending numerous publications which are captured below[1] and in the link to his presentation.

Thirdly, these changes have placed the role of management in flux. Company managers have the daunting task of simultaneously generating deal-flow, managing larger and ever-growing teams, as well as ballooning budgets. Additionally, managing marketing and public relations is of critical importance. The increasing sophistication and importance of the press makes the public relations component a time-consuming and complicated task.

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[1] Among essential reading that Muzyka recommended were the following:
- Ries, Al and Jack Trout, "Positioning: The Battle for your Mind", (2000), McGraw Hill Trade
- McLuhan, Marshall and Lewis H. Lapham, "Understanding Media: The Extensions of Man" (1994), MIT Press
- Fisher, Roger, William Ury, Bruce Patton "Getting to Yes" (1983), Penguin Books: New York.
- Gladwell, Malcolm, "The Tipping Point: How Little Things can make a Big Difference", (2000), Little, Brown and Company;
- Klein, Gary, "Intuition at Work: Why Developing your Gut Instincts Will Make You Better at What You Do" (2003), DoubleDay: New York.
- Brandenburger, Adam and Barry Nalebuff, "Coopetition: The Game Theory Strategy that's Changing the Game of Business" (1996) DoubleDay: New York.
- Collins, Jim, "Good to Great: Why Some Companies Make the Leap and Others Don't" (2001) HarperCollins: New York;
- Collins, Jim and Jerry Porras, "Built to Last: Successful Habits of Visionary Companies" (1994) HarperCollins: New York;
- Waterman, Robert and Tom Peters, "In Search of Excellence: Lessons from America's Best-Run Companies" (1982) Warner Books: New York.

Finally, branding for both publishers and developers is a necessity, so it is critical to resolve tension, whether real or perceived, between both entities. Muzyka's suggestions for developers, based on BioWare's experience of protecting and developing its brand included: a) Establishing direct contact with the press b) Having a dedicated marketing group that supplements publishers' efforts (e.g. providing help in covering smaller sites) c) Co-opetition; d) Ensuring brand placement via its inclusion in contracts, and e) Developing communities. Muzyka proudly announced BioWare's startling results of 1.72 million registered users.

As to what can be expected in the future, he suggested the following:

- The **reach and persuasion of customers** who are more sophisticated, knowledgeable, and demanding on most every front will be difficult, but the effort is bound to bring **more recognition** for the people creating the games.

- **Management of culture** in the face of growth is bound to be particularly challenging, given increasing budgets, teams, and both customer and hardware demands.

- **Continued consolidation and growth**. Publishers will grow via acquisition and internal growth; Developers will grow naturally from increased demands and complexity. This growth translates into a need for access to capital and direct distribution to customers. Developers will need a set of tools to not just survive, but thrive.

- **Development syndication** is likely as an offshoot of outsourcing. As project size escalates, development efforts may be split between multiple developers. BioWare's approach is to supplement its team via outsourcing to bridge intervals during which the studio faces resource constraints.

- **Developer stratification**. In other words, Muzyka expects more differentiation between what he termed *the haves* and *the have-nots*. As we investigate the project cuts from Activision, Electronic Arts, and Microsoft, Muzyka suggested that we should conclude market leaders are being careful about their investments. Later, in the Q&A portion of this presentation, Muzyka talked of the low likelihood of starting a firm like BioWare and growing it organically, from a garage, in today's market. Given the type of games BioWare creates, there is a built-in requirement for a large team.   Rather than competing in this space, he suggested new entrants and small firms might consider other options, and offered two examples: technology licensing that offers trial options, and the handheld or mobile space, that requires smaller teams. While the mobile space appears to be more fragmented in North America, this market of the gaming industry is at a comparatively earlier stage.

- **Developer maturation**.   This maturation requires developers to be more savvy and sophisticated than ever before, drawing more upon solid business skills, and simultaneously having to manage relationships with industry insiders, consumers, and the media. Increasing skills and capabilities through training, reading and relationships will be necessary.

Hot Seat **Panel**

**Eric Zimmerman - Designer/CEO, gameLab (*Moderator)*
Jeff Briggs - Founder and President, FIRAXIS Games
Tamra Nestler Fionda - President and CEO, Tri Synergy
Rob Huebner - VP/Director of Technology, Nihilistic Software
Greg Richardson - VP Business Development, EA partners**

Eric Zimmerman (Designer/CEO, gameLab), led panelists Jeff Briggs (Founder and President, FIRAXIS Games), Tamra Nestler Fionda (President and CEO, Tri Synergy), Rob Huebner (VP/Director of Technology, Nihilistic Software), and Greg Richardson (VP Business Development, EA Partners), in a fervent discussion of hot industry topics and predictions for the future.

To begin the debate, Zimmerman introduced the topic of **PC technology**, or more specifically, whether the platform is in decline. As Zimmerman noted, this is a topic which resurfaces every 5 years or so. The steady growth of the PC has enabled loyalty to the platform, but there is now a business need to develop games for consoles, in parallel.

Panelists were generally hopeful for the PC as a platform, albeit some more than others. Fionda is convinced that the PC as a game development platform is alive, and that consumers are awaiting the *next big thing*. She expects that the adventure category will be a driver. Huebner pointed out the differences in price relevance, when compared to console games: PC games maintain their price for a year. Consumers are willing to support this price because they are able to play a PC game for 6 months, while a console gamer recycles content every 3-6 weeks. Play patterns are tied to what the technology enables, and the product lifecycles that are fostered. Briggs talked about children's innate ability to multitask. Children often listen to music, send instant messages, email, and play games at the same time. By contrast, the console experience is more encompassing and tends to be used when trying to isolate oneself from other input. Multitasking during play is becoming more prevalent.

Panelists suggested that the core genres the PC may be hemmed into, are largely down-trending genres. PC games have moved deeper into the retail floor over time, and now occupy the back wall. The PC is marginalized as a platform, and although PC games generally benefit from revived interest between platform cycles, the reality of the business model is such that developers who decide to exclusively develop PC titles need blockbuster hits to survive and prosper.

Developing simple games for the casual gamer garnered a surprisingly high level of interest from participants, if a show of hands is an indicator of true intent. Zimmerman stressed the increasing importance of the casual gamer and the reality that established, simple games such as Tetris, Bookworm, etc., far outnumber the mega-budget games being played.

Richardson commented that at EA, success with casual gamers breeds optimism. The market grows larger when we are able to reach consumers with new content. Huebner pointed out that developers without deep pockets have difficulties competing today and simple games are key to markets such as mobile gaming.

At issue is whether there will be **innovation** in the form of commercially viable small scale games and experimental work. Huebner expressed that he would rather be on the winning front with this generation of consoles, than on the frontier. A power shift has occurred in the games industry and with it has come the need to enter the system rather than to remain on the periphery, or unfair advantages will flow to one's competitors, such as to those developers acquired by publishers.

Richardson expressed the need for publishers to take risks. EA's cash position puts the firm in a unique position to take risks. Innovation is clearly necessary, but as Richardson pointed out, so is reaching an agreement between partners. Additionally, we must be careful to not confuse content, and become storywriters in ways that are important to us, rather than to our audience.

Briggs was pessimistic, believing that there has not been a genuinely new genre in 8-10 years. The Sims, he noted, went from a *dog* to a hit, some $350 million later. While it is not necessary to create a new genre to be successful, such innovation impacts long-term growth. To developers, creativity is innovation. On the other hand, to publishers, innovation can mean being over-budget and missing milestones. We need a comparative, more conservative set of goals to complete development projects. When developers want to start something entirely new, they need to ask what it will take to be successful and what kind of work they want to add to their portfolio.

Funding options were also given some airtime. Huebner expressed concern with the trend towards producer middlemen. He added that alternative funding models can be complex and that developers who use them need to be finance-savvy, or at the least, understand finance at an MBA level. Briggs' best examples of success were cases in which a personal relationship between a developer and publisher had been forged and ideally, both won. Richardson also spoke of the need to align interests and goals. At EA, there is a preference to fund projects, but if a developer approached EA with a finished product on which risks had already been taken, such a project would, no doubt, also be of interest. Participants notion of a *sweet deal* included partnering with a publisher who has a reputation of launching top 10 games, getting the developer's logo on the box, earning a fair royalty rate, partnering with a publisher who will both fund the project and absorb risks, and having a marketing guarantee. Richardson noted that self-funding is a high-risk proposition and that developers should strongly consider a collective effort. When many skills come together, there is an increased chance of launching a superior product, which in turn increases the chance of a publisher's continued investment and funding.

The topic of **outsourcing** was introduced by Zimmerman during the panel discussion, and it remained a topic that gathered considerable interest through the Summit. Using a show of hands once again, Zimmerman confirmed that approximately 50 percent of the attendees were from outside the United States. Huebner talked about outsourcing across borders as a sensible decision, given the interest, enthusiasm, and number of knowledgeable developers outside the United States. Establishing a beachhead in a country and transferring best practices in, is already occurring, for example, in Korea. Fionda pointed out that in Europe, developers are actively looking for alternatives to the big publishers, so the majority of her development partners tend to come from outside the United States. However, other countries bring varying levels of government censorship, piracy, and language considerations. Richardson talked about EA's interest in finding content it does not have through its partnerships, and also understanding of culture when it conducts business abroad. He likened resorting to outsourcing for reasons such as cost, as *fool's gold*. The gap between quality and cost can be enormous.

Outsourcing was also discussed within the context of increasing project size and the lag (generally of 6-8 months) between projects. At FIRAXIS, Briggs employs a *stagger model* so more than one project is in play at different stages, and employees can therefore be shifted around. Richardson reasoned that the impacts to internal teams fuel the desire to aggressively explore off-shore outsourcing. Huebner was concerned that contractors do not add to company loyalty, so there is a strong desire at Nihilistic to keep the same number of employees throughout the various stages of a project. Publishers can help by imprinting best practice methodology on developers.

Barriers to women in gaming was a topic raised by the audience. Briggs felt that tapping into the market for women is difficult without having women actually design games. Richardson concurred and talked about The Sims in relation to women as a target audience. To sell to women, he advised that we need designers who are women. Zimmerman, on the other hand, argued in favor of overall diversity, commenting that there is a rich spectrum of people working in the industry and it is a fallacy to believe that only women are capable of making games for women.

Finally, **new entrant strategies** tended to follow the lines of Muzyka's earlier presentation, to some extent. In general, panelists advised using caution and lower risk entry strategies. Richardson's advice was to avoid going from *zero-to-BioWare*. In other words, starting without original IP is wise. Huebner's quote was easily one of the finest of the day: *Starting your own company is like walking through a minefield. There's one way to do it right and twenty ways to blow yourself up*. He advised starting out cautiously, and approaching the deal *like it is your first, and not your last*. Zimmerman's advice was that the single most important goal for a new entrant ought to be *completing the first project*, or entry itself. Publishers have found it difficult to find teams to do add-ons (e.g. Vampire Masquerade).

Fionda talked about different publisher models. Ultimately, developers who bring in profits, acquire control. There are projects that require publisher funding, and those that do not. She too advised entry via a comparatively lower risk strategy, such as penetrating the widely recognized opportunity in the casual games market, or making a product that is more market-centric as opposed to entirely new (e.g. a new spin on a proven genre). While a new entrant might not gain the support of a top publisher, other partnering options may still be available. Richardson remarked that mod communities that use popular games have produced world-class talent. In the absence of a known brand, Briggs felt a strong prototype that clearly demonstrates core gameplay, is essential. Huebner, however, felt strongly that the lower the experience-base, the higher the risk, so more than just a strong prototype may be required and expected. For example, he remarked that students would need to *blow them away*.

Keynote Address
Bing Gordon - Executive VP & Chief Creative Officer, Electronic Arts

Drawing upon more than 20 years of industry experience, and his beginnings as an account executive at Ogilvy and Mather, Bing Gordon's keynote focused on what he termed the Holy Alliance, or *how creatives and suits can work together*.

Gordon deferred in large part to the lessons of David Ogilvy -- his life, his career, and his philosophies -- for a model of building companies that last, where teamwork is a habit, and learning is continuous. Size and creativity are a lethal combination, Gordon instructed. Effective companies have values that allow employees to make decisions without being told; they prize both analytical and creative skills, socialize sharing, and enable construction of an atmosphere in which creative mavericks can do useful work.

Using a dyadic approach, Gordon effortlessly contrasted the viewpoints of creatives and suits: "If your game isn't creative, it won't sell" versus "If your game didn't sell, it wasn't that good anyway." In applying advertising principles to games, Gordon spoke of the need to define both roles and rules to avoid chaos, and accept quality as the highest form of marketing leverage. The incremental sales improvement from marketing is 30 percent, while from quality it is 50 percent or greater. Advertising is only a multiplier and Gordon likened the marketer/developer relationship to that of teachers *holding grades over students' heads*. Readers may recall that *build a company brand name to stand for quality* was among Electronic Arts' original strategies, and that Gordon is a member of the founding team.

It was also clear that he holds the importance of research and testing in high esteem, using Will Wright's 100 prototypes of the same game as a profound example to illustrate this significance. Concept testing is *promise testing* from his point of view, and communication testing is compelling. Gordon used the example of Procter & Gamble, a firm that creates products that are probably 20 percent better than the competition, then attacks test markets. The key is to understand the market and execute quickly. He went on to advocate that *big ideas are simple ideas*, and that immersing your firm in customers and competitive intelligence is all-important.

In his estimation, package testing is important to determine the acceptance of the game by consumers, and he employed a popular basketball game sequel from 1988 to prove his point. Because of poor packaging, 90 percent of all basketball gamers did not even pick up the title. Here Gordon offered a heuristic for print advertising: Five times as many people read the headline of an advertisement as opposed to the body copy, and four times as many look at the screenshots when compared to those who read the body copy.

In form typical of Gordon, application was close behind theory. He offered 5 researchable ideas that included 1) Clicks/minute 2) Time between excitements 3) Save game data 4) Beta Web page clicks and 5) Online play statistics. The first 30 seconds, Gordon reminded his audience, had the power to change final satisfaction ratings by 10 percent.

Teamwork should be central to your strategy. And there was also a list from which to tell whether your company is structured for teamwork: 1) Your employees shadow the leader 2) There is equal

representation on the top team 3) Teamwork values are *on the walls* 4) People can describe their roles 5) There are visual signs of appreciation. Gordon stressed that *there can be no whiners*. If there are, *it's time to take them behind the woodshed.* Gordon firmly believes that it is crucial to keep your team working well together. *Kill grimness with laughter*, he advocates. *If you walk by your marketing or development team and they aren't laughing, it's time to hire a juggler*.

Gordon also offered lessons specific to entertainment marketing, which included: Early adopters are 6 months early; A *street date* is necessary 3 months in advance to spike retailer interest; All hits are surprises; "I'll buy it later" means "never"; and Developers are working on different timeframes. With regard to the last point, Gordon remarked that daily check-ins are important, and that their teams are bigger than the business teams so tend to have 10 times the dependencies.

On the topic of *how to wreck a sequel* was: adding complexity, increasing difficulty, forecasting too high, going stale, and allowing the new team too much creativity. By departing too far from the promise of the first game, it is easy to dilute your brand.

The common theme throughout Gordon's presentation was about people: hiring the best, creating a team, and getting your team to work together under a common culture. The production formula at Electronic Arts appears to be extraordinarily simple: 1/3 new, 1/3 improved, 1/3 the same. But execution is a different matter. We already know few firms are able to muster the discipline with which EA approaches the business of games.

Industry Snapshot: Stats and Metrics
Michael Gartenberg – Vice President and Research Director, Jupiter Research

Michael Gartenberg joined the Business Summit to speak about statistics and metrics in the industry and to provide recommendations for taking advantage of new opportunities created by the shifting composition in the game market and audience. He currently leads a group at Jupiter dedicated to game industry research.

What Does the Industry Look Like?   Gartenberg declared that innovation in technology and content entices new audiences into gaming. Over the past several years the console market has grown steadily and is expected to maintain moderate but constant growth reaching 62M or 52 percent of US households by 2009. The sales cycle of the current consoles has maintained higher average prices than previous cycles, reaching $217 in 2001 while also maintaining higher annual sales (peaking at 16.3M units in 2003). Console makers like Sony and Microsoft are remaining quiet about the next generation consoles because they do not want to spark a disruption in the current sales cycle. Only recently have they begun to recoup their investment in current generation hardware.

The intensive console gaming audience is larger than the Action-PC audience despite the near ubiquity of the PC. Because of this, console revenues dwarf those of Action-PC games and are currently enjoying a cyclical boom. Jupiter expects total console revenues to reach $13,382M by 2009. This far exceeds the forecasted $3820M for the Action-PC business. Because of this trend,

there are fewer and fewer PC-only titles released. Many PC games are ported to the consoles or developed for consoles and ported to the PC.

Games are playing an increasing role in online consumers' media consumption. The average online consumer spends 3.3 hours per week engaged in video games compared to an average of 10 hours of television watching. One-third of gamers play for greater than 5 hours per week and 8 percent play greater than 15 hours per week. It is also interesting to note that according to Gartenberg, the average Everquest player spends 22.5 hours per week immersed in video games.

What is the Impact of the Older Gaming Demographic? The second topic that Gartenberg discussed was the composition of gaming demographics. He stated, "The unique and changing demographic composition provides an opportunity." In 1999 the average game age was nineteen. Many outside of the industry still believe that the gaming consumer consists only of children, but the average gamer today is twenty-five years old and by 2009, is expected to reach twenty-nine. Currently, "the favorite game genre is dominated by low-intensity puzzle and board games," but software revenues are driven by action/arcade titles. This presents an opportunity because there is clearly a group of consumers interested in games that has not reached its full revenue generating potential.

The older market is extremely important because the older consumer exhibits diverse tastes in genre and is increasingly becoming connected to the Internet. Jupiter analyzed genre preferences and determined that there is also a distinct opportunity to target the underserved market of female teenagers. Genres that are most heavily preferred by this segment include Parlor Games, Simulation, and Arcade style games. Another underserved market is that of female adults who prefer the Board/Card/Puzzle, Action/Adventure, Arcade, and Simulation genres.

Jupiter also researched income breaks and detailed age breaks of popular genres. Gartenberg mentioned that sequels tend to be extremely popular, but the industry is wrestling with the challenge of expanding genres without killing the current market.

What is the Future of the Online Sector? The current online Action-PC user base is significantly larger than the online console user base. This is mainly because of the increasing penetration of broadband connections and Internet usage in households; however, connected consoles are expected to surpass online Action-PC gamers in 2006. Both segments show significant growth and revenue generation potential through 2009. Part of this is driven by growth in subscription-based revenue generated by online games, which Jupiter expects to nearly double between 2006 and 2009.

Another important topic covered was the future of digital distribution of game titles and content. Jupiter forecasts that digitally distributed sales will grow from $41M to $490M between 2006 and 2009. Though quick growth is expected, digital distribution is not expected to reach anywhere near boxed sales over the next five years. Physical online sales are expected to be $477M with retail store sales reaching $6666M in 2009.

Jupiter conducted research around consumer perception of digital rights management and found that consumers are in favor of digital distribution as long as their fair use rights are protected. Gartenberg postulated that very vocal extremists on either side are clouding the issue thereby slowing the adoption process.

How is the Gamer Audience "Really" Segmented? Jupiter has done a significant amount of research to re-segment the gaming consumer. Currently game companies use rather simple segmentation schemes to target consumers. Consumers are typically segmented using metrics such as: genre, gender, age, region, and platform. These forms of segmentation do not truly uncover the habits of video gamers.

In order to address this inadequacy, Jupiter segmented the gaming consumer by dollar spending and time spent playing games. "Barely Gamers" (34%) spend little money and time on games, while "Thrifty Gamers" (16%) spend little money but a lot of time gaming. The "Status Gamer" segment represents 21 percent of the customers. These gamers typically spend more money but less time on video games. The "Ultra Gamer" segment (29%) which is the most targeted today spends a large amount of money and time on games. Clearly the latter two segments provide the greatest opportunity for game publishers because they generally spend the most money on games.

Gartenberg mentioned that Parlor and Puzzle games are popular across all four segments. Status gamers are often early adopters of technology, whereas thrifty gamers have shown mobile entertainment acceptance. Ultra gamers are typically the most connected and have strong franchise loyalties and interest in console hardware.

Focusing segmentation on consumer behavior rather than demographics provides a more compelling picture of the gaming audience. Publishers can use this data to better position their games with their target audience in an increasingly complex market.

Gartenberg summarizes by outlining several opportunities in PC and Console Games:
- Software sales and technology
- Hardware sales and technology
- Licensing revenues
- Subscription revenues
- Advertising and promotions
- Broadband value-added services

Group Work Sessions

The Business Summit largely focused on the direct and hands-on involvement of its participants in problem-solving and action-planning. Rather than assigning participants to topics, attendees were allowed to follow their interests, with two important exceptions that were imposed in the interest of diversity: The IGDA requested that participants choose tables with previously unknown, rather than known members and that they participate in working on at least 2 separate issues during the course of the Summit. This change in perspective helped to ensure that issues were covered in sufficient detail, and with varying approaches.

Overall, the work at the Summit flowed from 6 macro points of view, noted below. Upon choosing a track, participants were left to brainstorm on issues, then prioritize and abridge the top 2 into single sentences, before reporting out. Even this prioritization resulted in a rather large number of

issues, given the 19 tables at the Summit, so a total of 18 issues were short-listed for further examination. This strategy helped make in-depth discussion pertaining to each issue, and action-planning more manageable, and no doubt produced output of higher quality as well.

Getting to know other attendees, as well as brainstorming and prioritizing issues was easily a highlight of the Summit for many of the attendees who were solicited for feedback by the authors. Participants were from a staggering variety of countries and management levels. An early round of introductions proved there were attendees from Australia, China, Japan, Canada, the United Kingdom and the United States seated at a single table. Approaches to solutions and best practices were practically as diverse.   One Production and Operations group, for example, engaged in a lively discussion that included EA's *vertical slice*, Nihilistic's *playable level, playable character*, the usefulness of a design document, alternative funding models, building slack into budgets, production issues involving original IP, roles of publishers and developers, production staff size versus cost, the importance of pre-production, and outsourcing issues such as compensating for distance, language barriers, and the need for documentation.

Further discussion consisted of applying a pragmatic approach to each of the 18 issues at hand. Participants were allowed to attack their chosen issue at any level of scope or granularity, provided they tempered their discussions with realism, and focused on best practices and solution generation. The macro-categories, the short lists of issues, and the solutions that were generated, are presented below (see appendix A for the complete list of issues raised):

I.   *Production and Operations*

The participants raised several challenging and highly relevant production and operations questions, ranging from management of downtime, to burnout, pre-production, and outsourcing.

   1) **Managing downtime between project lifecycles, as well as between overlapping projects**

   Managing downtime between projects is a difficult proposition for many developers today given the large teams that are required at the peak of production. Two competing issues are: a) do developers maintain large teams between projects even though they risk financial distress, and b) do they use a two-tiered staffing solution which may have negative consequences for morale?

   Solutions/Best Practices:

   Potential solutions offered by participants included: managing headcount by outsourcing and fixed contract employment, finding small projects that are either revenue-bearing or internal contributions for available team members, choosing projects that focus on core competencies, growing to more than one team, staggering ship dates, speeding up the prototype process so there are always projects to pitch, budgeting accurately, and making the hard decisions on projects that are not worthwhile.

2) **Spotting and preventing burnout, including its impacts to production**

Burnout is especially likely to face developers during "crunch" time which is generally equated with work weeks of greater than 65 hours. Symptoms include: repetitive work, excessive hours, change in personality, reduced quality of work, disorganized work, and missing personal deadlines.

Solutions/Best Practices:

Here, participants issued a call for a balance between structure and freedom. Two types of solutions were formulated by the participants. The first is to contract out or rotate jobs that consist of repetitive or routine work. The other solutions are more organizational in nature: better employee and self assessment/expectation setting, social events/vacation, stress-relief mechanisms in the office, strong culture, flexibility, strong project management and communication that is both direct and personal. Readers are advised to look into the work of the IGDA's Quality of Life Committee at www.igda.org/qol/.

3) **Defining pre-production consistently across the industry and as a distinct element of the development process**

The goal of pre-production is to demonstrate the end product of the game or put differently, to create a slice/sample of the game's eventual playability. This includes the game engine, characters, and gameplay elements. It is used as a proof of concept and a baseline for the development of the game. The major issue discussed was how much time should developers spend during this process.

Solutions/Best Practices:

The group agreed that the target schedule should be around six months (or 30% of total production time), and phases should be broken down into minor milestones that focus on components of the game. Pre-production should not last longer than one year because the unique selling point of the game might become obsolete. The team size should be small (8-10) but should form the core of development and have all disciplines represented to maximize efficiency. The goal ought to be to make a product that is good enough to use as an E3 demonstration, and that can be used to answer questions about the final product, create the proof of concept, calibrate all risks, gain management approval, and create the schedule. In short, when preproduction stops, everything needs to be well-defined.

4) **Understanding the role of outsourcing: when (in product schedule), where (geographically), how (tools/pipeline)**

With increased financial pressures, developers are looking more and more to outsource portions of the development process, generally to cut costs. Outsourcing does have the potential to reduce costs and possibly streamline processes, but there are risks involving quality, timeliness, and IP protection.

Solutions/Best Practices:

The first recommendation was to start planning for outsourcing at the beginning of the project (preproduction). Technically, almost everything can be outsourced. However, the key to identifying an outsourcing partner is to make sure the partner can be trusted with your IP, and that s/he has a track record of delivering high quality, and on time. In short, do your due diligence. It is also important to streamline interactions with outsourcing partners by using a feedback integration system, visualization tools, and an audit trail, as well as by building contingencies into agreements to accommodate outsourcing deliverables and timelines.

II.   *Finance*

The key issues discussed by the Finance groups revolved around alternative forms of production financing, IP financial models and publisher/developer economics. The key takeaways are relevant across the industry to publishers and developers alike.

1) **Uncovering alternate forms of funding**

Developers are continually looking for alternate ways to fund their projects. This can be to create their games without a traditional publisher relationship or it can be done to complement that relationship. The developer may want to do the latter to share some of the risk with the publisher and hence, negotiate better terms.

Solutions/Best Practices:

Several interesting ideas came out of this work group. First, developers can look to sources of funding either internationally (e.g. Germany, elsewhere in Europe, and Australia), or outside of the industry. Partnering with government, universities, or research organizations was given as an example. Alternate distribution methods can also be used to reduce distribution costs, especially for those who own their own IP. Financing models include: venture capital, angel investors, bond ventures, selling the IP, launching ancillary products against IP, full IPO, or takeover a currently listed company. It is also sometimes possible to use tax write-offs from a reverse takeover to offset development costs. Participants warned that it is wise to keep some portion of funds raised in reserve to retain control and not have to return to the publisher with a request for more funds.

2) **Uncovering creative solutions for traditional developer-publisher economics**

Developer-publisher economics are challenging because each party is trying to extract as much value out of the value chain as possible while minimizing the risk to their organization. Developers may be more able to take on certain forms of risk than publishers and vice versa.

Solutions/Best Practices:

Participants brainstormed creative ways to change the economics of the industry. Increasing the transparency in the relationships was at the top of the list. Other talking points included: earn-outs that match investment levels, reversed royalty structure (i.e. high early earn-out that tapers off), establishing evaluation criteria up front, and splitting the scope of next generation content (e.g. episodic content? Smaller deliverable portions? Downlaodable?)

3) **Creating financial models around your company's intellectual property**

Developers that create their own intellectual property need to know how to value their property in order to negotiate for deals with publishers. Publishers also need to value IP to determine the value that it will generate over time.

Solutions/Best Practices:

The participants developed ways to leverage intellectual property to add value to their companies. Some of these options included: publisher advance against royalty, investors in content, and building IP, then exploiting different pieces for maximum profit. A good way to actually value intellectual property is to look at comparables across the industry.

III.   Legal and Contracts

Legal and contract issues are a hot topic in the gaming community. Intellectual property issues and publisher/developer contracts were covered. In order to maximize your company's position, it is important for those negotiating contracts to understand the issues facing both sides of the table.

1) **Standardizing portions of development contracts**

Negotiation and creation of development contracts is time consuming and costly for developers and publishers, especially when starting *from scratch*. This work group sought to determine how it might be possible for companies in the industry to standardize development contracts to cut time and also minimize confusion when it comes to contracts.

Solutions/Best Practices:

The ideal solution would be to standardize the terms and definitions into a clear format. Additionally, the definition of acceptable standards including milestones, feedback, and royalties would streamline the process. Developers should aim for specificity in design documents to avoid feature-creep, and define feedback more clearly. The participants determined, however, that with the current power structure in the publisher/developer relationship, the goal of standardization and more transparent and open agreements may not be possible. While there might be potential to reuse contracts from similar projects such as sequels, lawyers often insist on rewriting the contracts.

2) **Dealing with the legal implications of the submission and review of new game ideas**

Submitting new ideas for review with a game company is an obvious step in the process of publishing a game. There are, however, important issues around intellectual property. What if your game is turned down but then you learn that the publisher is creating a game based on a similar concept to your IP?

Solutions/Best Practices:

The participants discussed several issues and potential ways to protect intellectual property rights. It was determined that internal submissions are not generally an issue (given employee assignment), but submissions to external companies have a whole host of potential issues. The key to protecting your rights is to have a strictly defined submission process in which the team, talent, treatment, and technology are presented. During the first pitch, it is important to avoid going into depth on the technology. Also, patent any technology believed to be unique. Additionally, the participants believed that it is essential for game developers to be proactive and create a trade union to address such issues as protection of IP rights through advocacy.

3) **Sharing best practices of IP licensing (licensing in and out)**

Many developers would like to understand best practices when licensing intellectual property. This is especially a concern for new developers who are developing their own IP and hope to leverage it in their negotiations with publishers.

Solutions/Best Practices:

The working group divided the issue into two parts: licensing in and licensing out. No matter which was more pertinent, it was clear that firms must hire IP experts or lawyers who specialize in game, or at least entertainment IP. Secondly, firms must build relationships that can carry them through a long and arduous approval cycle.

When licensing in, include someone who knows the IP well on your team. Integrating IP and utilizing public domain IP are potential strategies. Include opt-out clauses if the original IP performs poorly.

When licensing out, be honest and only pitch ideas when they are ready for pitching, and worthwhile, because you essentially only have one chance. Explore all channels and attempt to retain rights for as many different channels as possible. Include global trademarking for key areas that may be future IP possibilities. Finally, insert mutual consent clauses to balance contentious issues.

4) **Protecting your company in IP issues through patent protection, copyrights/ trademarks**

Intellectual property is an obvious concern to all parties in the game industry. This group attempted to define best practices for protecting your investment in intellectual property. Since the industry is so content-oriented, IP not only is a revenue-generator, but owning and controlling your own IP provides creative freedom.

Solutions/Best Practices:

Protecting IP should be an ongoing process that must be part of your firm's business and development process. It is essential to define an IP development process, register your actual IP early on, then defend your IP and enforce the process. If you are licensing your IP make sure that you monitor its usage to ensure compliance with the licensing agreement. Where possible register your IP with patents, copyrights, or trademarks. Research all IP issues thoroughly and consider international considerations. One memorable quote espoused the need for strong legal council: "there's nothing more expensive than a cheap lawyer."

For further details and information on IP topics, readers are directed to the IGDA's own extensive white paper on IP rights at www.igda.org/biz/ipr_paper.php.

IV.   Marketing and Public Relations (PR)

The marketing and public relations discussions were concerned with the positioning of developers' brands in the marketplace, international marketing, and marketing of non-violent games. Several interesting solutions were generated that can be applied to any organization, large or small.

1) **Moving developers to *haves* from *have-nots* through marketing/positioning your company as its own brand**

    With publishers exercising increasing control over the value chain, developers must build strong brands. The obvious follow-on question became "should they brand themselves to consumers or publishers?" The answer was: both.

    Solutions/Best Practices:

    Developers should explore different approaches to make their companies known, and they should differentiate themselves using specialization. They need to brand their products to the consumers so that over time they build up brand recognition, which will hopefully stimulate consumer demand for their products. Some brand-building tactics include: negotiating to have your brand on the game box, including an animated logo in game, creating a simple easy to remember name, having a simple logo and a personal story that customers can associate with, using PR and the press to your advantage, and establishing direct relationships with customers, such as through the management of game communities. Once consumers recognize a developer's brand, it will have a pull-through effect and increase the developer's power in the industry.

Developers also need to brand their company to publishers. They can do this by building core competencies that are recognized throughout the industry as well as consistently delivering high quality games, on time. If your company has a strong brand, publishers will be most likely to work with you next time around than with those of your competitors who have little or no brand equity.

2) **Using best practices in international PR and marketing**

In an increasingly global economy, another important topic in marketing is how to market games to international markets. Games, or any product in general, sell best if those selling the product have a good understanding of local tastes and customs. The difficulty is to understand different regions without a major presence in each.

Solutions/Best Practices
The participants offered international marketing advice from many different viewpoints. There are several types of localization: package, game, and business model. Products that perform the best tend to be the result of business models that are localized for each target region, and not just localized packages. Marketing and PR is generally cheaper outside the United States, and once located, the foreign press is generally receptive to game development. One participant recommended using a "*CIA Factbook" approach* to research marketing in various regions that contains lists of local contacts, opportunities and know-how, written be people from the region.

3) **Marketing non-violent games to a mass audience: Perceptions and related PR-issues**

In the first session, only two people participated in the discussion at this table, signaling a need to get the industry more involved in the issue of marketing non-violent games. In the second round, there was more of an equal representation of participants. A non-violent game was defined as any game that does not require death or killing as a condition of proceeding in the game. It was pointed out by the first set of discussants, that anecdotal evidence from the covers of all of the PC Gamer covers shows that 97 percent depict death or violence. Although many in the industry are on either extreme, participants felt that most people tend to cluster towards the middle on the issue of violence versus non-violence in gaming. However, it is the outliers who tend to be the most vocal.

Solutions/Best Practices:

Many of the solutions revolved around generating awareness for non-violent games. Participants felt that standard marketing vehicles are inadequate to market non-violent games. Some recommendations included: working through industry organizations such as the IGDA, educating employees on ratings and facts to better field questions from fans, critics, and the press, conducting PR independently and also as a united front when in partnership with other companies, and creating pre-shipment buzz that is generally lacking with non-violent games. To reach a mass audience, consider advertising in non-gaming magazines.

Note that the IGDA is actively involved in lobbying and is working closely with the ESA to get rulings overturned and laws changed, that attempt to regulate or censor games and developers' creative freedoms. On the proactive front, the IGDA is facilitating discussions at venues like GDC and is involved with ESRB on ratings-related issues.

V.   Sales and Distribution

Alternative distribution models and distribution relationship building were the key ideas discussed as topics in the sales and distribution groups. Many of the discussions evolved into brainstorming sessions to determine the most likely future of game distribution, while other participants created a list of practical ways to build relationships.

1) **Uncovering alternative distribution models that consider both publisher involvement and non-involvement**

   Developers should be open to explore alternate distribution options if they believe that they will gain more, than when compared to a typical relationship with a publisher. Since independent developers generally need less financing, they should also expect smaller numbers to recoup their investment.

   Solutions/Best Practices:

   Potential alternative distribution channels include: online, direct sales (800 numbers, website, direct to retail channels, direct to small mom-and-pop stores on consignment), OEM deals with local computer hardware providers, peer-to-peer, digital distribution, and cross-licensing and merchandising opportunities. All of these are viable for distribution so developers have to weigh each option carefully, given the content they are planning to distribute. Each distribution channel requires a unique mix of sales and marketing tactics, the cost of which should be weighed in the project.

2) **Overcoming the challenges of electronic/digital distribution**

   Although digital distribution has not seen significant interest from studios developing console or PC titles, as seen in the Jupiter report, it will become an increasingly used model in the future. This group was tasked with determining how this interesting field will evolve over the next few years.

   Solutions/Best Practices:

   There are several potential business models for digital distribution: developer-provided, publisher-provided, retailer-provided, portal-provided, and consortium-developed (e.g. Movielink). A mixture of all of the above is most likely and will evolve based on several factors including retail objectives, bandwidth costs, and consumer adoption.

Some retail objectives will be to deliver special content, provide incentives, and to distribute without a retailer. One major issue is that needs to be overcome is channel conflict. Wal-Mart might object to distributing your games if you sell them on your website (particularly if you provide online discounts). These options are viable today, but there are bandwidth concerns with games now employing multiple gigabytes of data. Consumers will have to face digital rights management issues before they adopt. It seems that most have no issues as long as their fair use is protected. Ways to entice consumers to adopt include personalizing their experience, creating communities or offering pay-for-play service. A viable opportunity is to approach broadband providers or B&M retailers, pogo.com, yahoo.com, etc. as potential; distribution partners. Along with digital distribution, we should be considering new payment models.

3) **Building relationships with key industry companies from the *outside***

Many participants wondered how to build relationships within the industry, from the outside. It is often difficult to find the right contacts particularly if you are dealing with large companies.

Solutions/Best Practices:

Practical advice was generated by the group as to how to break into companies within the industry. Before even interacting with companies, it is imperative to know and be able to articulate your core competency, and to practice your sales pitch. It is also important to research the industry, as well as your target companies and their business cycles. Finding centralized lists or joining organizations like IGDA and networking, are useful ways to build relationships. Cold calling and meeting people at events such as E3 and the GDC can be effective ways to break into the inner circle, but you must be proactive, be present, and follow-up.

VI.   *Human Resources and Quality of Life*

The key to the human resources discussion was how to build a flexible organization. This is definitely more challenging than in other industries because of the cyclicality of game development.

1) **Building flexibility through organizational processes and structures that accommodate scaling**

With the rapid growth in the industry and cyclical nature of project development, the HR and Quality of Life group sought to develop best practices regarding organizational flexibility. Maintaining a nimble organization allows your firm to act quickly and beat out the competition.

Solutions/Best Practices;

The key to building a scalable organization is to streamline flexible business processes and it all begins with putting the right people in the right roles. Recommendations include:

defining a recruitment strategy, build organizational culture, create a matrix organization, create appropriate bonus structures, and outsource tasks that are not your core competency. Though there are many processes to weigh, you must continually assess the risk of your endeavors. Since the game industry is quickly growing and rapidly changing, we must track and adopt relevant best practices proven in other more mature industries.

Open Town Hall Discussion

After breaking from the group work sessions, Jason Della Rocca, the IGDA's program director, hosted an open question and answer session to discuss any topics that were not covered during the two days. A wide range of questions were explored.

The opening question asked if anyone had validated the **business model of mobile game development**. A lively discussion ensued since mobile gaming is still a rapidly evolving segment of the game market. One participant mentioned that his firm had tried to extend its IP to mobile devices but had not been as successful as management had hoped. Many developers are shifting emphasis to this area because it is growing quickly, but the business model is still quite undefined as yet.

In response to, "what is the **next step for the IGDA**?", Kathy Schoback remarked that the IGDA recently reviewed what the organization stood for, and found that it meant something different to everybody. Since that study, the IGDA has been refocused on building community and advocacy. Because the IGDA does not have a large budget, it relies on the initiative of its members to move the organization forward.

A developer asked "**How much are publishers willing to give**?" Representatives of several publishers in the room offered their opinions, all agreeing that games is a hard-won business and that developers cannot expect to get anything they do not ask for, from their publishers. The key is for developers to do their research, and try to understand the publisher's perspective. Publishers must mitigate the risk of their projects while extracting as much value as possible. A number of factors are involved in negotiations, and publishers will naturally strike a much different deal with a new independent developer than they would with an established studio. A developer executive remarked about the adversarial nature of the negotiations, and the probability that this stemmed from the numerous independent developers that are seeking partnerships, and the perceptions about publishers having the upper-hand. One publisher assured participants that independent developers will continue to provide innovation in the industry because most large publishers cannot afford to take risks, given the overhead involved in running their operations.

Publishers were asked **if there exists discretionary funds that can be used for risky or non-conventional projects**. Attention was called to a prototyping budget at Microsoft that exists to test new ideas. While companies are interested in pushing platforms to their maximum potential, not all genres are represented equally well.

"**Why is everybody trying to make EA games with money that they don't have?**" was a question posed to the development community. A participant in the room mentioned that typically consumer expectations drive the budget because of increasing expectations with regard to

production values. It was agreed that there is room for games with all ranges of budgets within the industry.

When participants were asked about **advice for students looking to enter the business**, the responses were encouraging, at least for MBA students: As the game industry grows, there is increasing need for business skills to help build a strong position in an increasingly competitive industry.

Closing Remarks
Kathy Schoback – IGDA Chair, and Director of Product Operations, Eidos

Kathy Schoback, Chair of the IGDA closed the conference with a retrospective on the two-day Business Summit, that included witty insights and surprising facts[2]. She reminded the audience that 50 percent of them were from countries outside the United States; She also reminded attendees of the lesson that incremental sales improvement from marketing can reach 30 percent, whereas increases in quality can reach 50+ percent.

Schoback reiterated Rob Huebner's quote that sums up the perils facing independent developers rather well: "Starting your own company is like walking through a minefield; there's one way to do it right and twenty ways to blow yourself up." Quoting from Jupiter Research's findings on online gaming, Schoback quizzically pondered: "Why on earth would you make an MMO?"

To allay worries of management who refuse to send employees to GDC, for fear that company secrets will be at risk, came her closing comments: "The best and the brightest regularly tell us how they do it, so why aren't we all creating million-selling titles?"

Shifting gears toward the future, Schoback created a developer *to-do* list, including recommendations such as: identify and partner with external organizations that can add value to your business; research digital distribution as a way of disintermediating retail and platform holders; patent and trademark your good stuff; negotiate an earn-out that matches your investment level; and improve outsourcing-related processes.

Finally, Schoback asked whether IGDA members would stand up, and nearly 80 percent of the attendees did. In typical Schoback fashion, her final questions was addressed to those seated: "why?" had they not signed up for IGDA membership, and could they please *see* her, so IGDA can understand what it needs to do, in order to attract them.

Our own final question should be addressed to Jason Della Rocca, who effortlessly and light-heartedly manned the moderation, "may we please sign up for next years' Summit?"

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[2] Schoback introduced one book to the reading list, to be read "after all the others": Bossidy, Larry, Ram Charan, Charles Burck, "Execution: The Discipline of Getting Things Done" (2002)

Appendix A – List of issues

Below is a list of all issues that were brought up during the group work sessions. Those chosen for a more detailed discussion are in bold, and are listed first.

I.   Production and Operations

1) **Managing downtime between project lifecycles as well as between overlapping projects**
2) **Spotting and preventing burnout, including its impacts to production**
3) **Defining pre-production consistently across the industry and as a distinct element of the development process**
4) **Understanding the role of outsourcing: when (in product schedule), where (geographically), how (tools/pipeline)**
5) Overcoming the lack of a defined product development process
6) Considering alternatives to the Big 5 publishers
7) Weighing creative tension between production-driven, versus designer-driven creative styles
8) Evaluating production methods for driving risk to he beginning of a project cycle
9) Accounting for the concept pitch process and its related issues

II.   Finance

1) **Uncovering alternate forms of funding**
2) **Uncovering creative solutions for traditional developer-publisher economics**
3) **Creating financial models around your company's intellectual property**
4) Distributing benefits more evenly between publisher and developer through financing
5) Exploring models for developers to create titles without publishers
6) Standardizing development tools to build attractiveness of alternative financing
7) Exploring why developers are not bankable
8) Uncovering strategies to manage development costs during platform transitions
9) Understanding sources of funding for escalating development costs for next generation systems

III.   Legal and Contracts

1) **Standardizing portions of development contracts**
2) **Dealing with the legal implications of the submission and review of new game ideas**
3) **Sharing best practices of IP licensing (licensing in and out)**
4) **Protecting your company in IP issues through patent protection, copyrights/trademarks**
5) Using creative business models to incentivize developers from a financial standpoint
6) Avoiding litigation from missing milestones
7) Considering cross-border thresholds for litigation
8) Recuperating and halting revenue losses from hacking and/or cheating by MMPs via legal means
9) Valuing IP as a result of convergence with the motion picture industry.

IV.   Marketing and Public Relations

1) **Moving developers to *haves* from *have-nots* through marketing/positioning your company as its own brand**
2) **Using best practices in international PR and marketing**
3) **Marketing non-violent games to a mass audience: perceptions and related PR-issues**
4) Creating awareness/buzz without large publisher-involvement
5) Connecting product design and marketing re: break out strategies
6) Using PR and marketing to leverage a developer's relative strength/core competency
7) Understanding alternative marketing models and how to build your game to support them
8) Facilitating a venue for B2B exchange of information and related assets among groups; Considering the division of labor between developers and publishers regarding Marketing and PR

V.   Sales/Distribution

1) **Uncovering alternative distribution models that consider both publisher involvement and non-involvement**
2) **Overcoming the challenges of electronic/digital distribution**
3) **Building relationships with key industry companies from the *outside***
4) Dealing with the limitations, expense, and inaccessibility of retail shelf space

VI.   Human Resources and Quality of Life

1) **Building flexibility through organizational processes and structures that accommodate scaling**
2) Considering the demands on employees at development studios (e.g. work-life balance, overtime, crunch)
3) Focusing on staff development and effective management
4) Understanding the impacts of project management and scheduling
5) Balancing time-quality-resources and thereby, the impact of scope-creep
6) Recruiting
7) Dealing with game content and/or quality that is incongruent with one's personal values, morals, and standards
8) Educating staff on job requirements in the face of constantly changing industry standards

Appendix B – IGDA Business & Legal Advocacy Summary

http://www.igda.org/biz

The rapid growth of the game industry is bringing increasing challenges for new and experienced developers alike. Too many studios run into operational and financial difficulties – or even fail outright – because of a lack of knowledge about the industry and/or a lack of business experience in general. To combat this and provide a respite from the increasingly challenging world of the video games business, the IGDA is working to empower the development community with business knowledge and advocate for developers through the following initiatives:

Contract Walk-Through

The Contract Walk-Through essays help to educate all developers on game contract issues, so they will be better able to understand and discuss such matters with their lawyers and publishers. Game industry lawyers have compiled essays on important contract issues (sample topics include IP ownership, definition of net sales, the reserve, etc.) and each essay includes annotations from industry experts. Two sets of essays were released in 2003, the first prior to E3 in May and the second at GDC Europe in August.

http://www.igda.org/biz/contract_walkthrough.php

Intellectual Property Rights White Paper

The Intellectual Property (IP) Rights White Paper is a comprehensive analysis of key forms of IP rights, legal definitions and information about global intellectual property rights as they relate to games and those connected to game development. The White Paper was released in October, 2003 via the IGDA web site. Topics covered in the White Paper include the history of IP rights; forms of IP protection; overview of IP in video games; practical applications; and three opinion essays from leading game industry thinkers. The Paper was written by the IGDA's IP Rights Committee, consisting of forty members including game developers, musicians, journalists, CTOs, CEOs, open-source evangelists, students, academics and lawyers from North America, Europe and Asia.

http://www.igda.org/biz/ipr_paper.php

Game Submission Guide

The Game Submission Guide is an invaluable resource for developers who are submitting/pitching games to prospective publishers. It includes publisher feedback on submission checklist items, and information on what to expect before, during and after the pitch, along with insight into the

publisher decision-making process. The Guide was released on the IGDA web site in May 2003, just in time for E3.

http://www.igda.org/biz/submission_guide.php

Best Practice Reports

The Best Practice Reports are a set of documents available from the IGDA web site that were generated from a series of roundtables at GDC 2003. They help educate and provide solutions for developers on industry best practices in various disciplines, such as financing, resource management/scheduling, human resources, marketing/promotion and quality assurance.

http://www.igda.org/biz/best_practices.php

Business & Legal Column/Articles/Reference

The IGDA hosts the monthly column, "Famous Last Words" by industry lawyer Jim Charne, to provide insight into legal issues that developers deal with on a daily basis. Further, the IGDA publishes articles and reference lists on myriad topics related to the business and legal side of games (e.g., industry stats, alternative royalty models, business formation, etc.).

http://www.igda.org/biz/references.php

http://www.igda.org/columns/lastwords/

http://www.igda.org/articles/