
How to launch new talent into the video game market? The case of GameBCN

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Introduction

The different universities of Barcelona have made strides to better connect the students with the local industry, and they are ready to take another step by helping them to start, establish and maintain a diverse array of creative businesses. In the case of the students of the bachelor's or master's degrees in video games, for a whole year, they shape a project, they work on it, they look for innovation and they improve it continuously. When the appointed day arrives, the project is presented to the jury members and what could be a future business project remains the umpteenth forgotten bachelor/master final project. This scene has been seen many times by Simon Lee, founder and CEO of Peninsula and GameBCN.

The last decade, Simon worked in the award winning Barcelona's mobile developer Digital Legends Entertainment as Chief Design Officer and went to the final presentations of universities to hire people. "Now I am aware that I was breaking the opportunity for these guys to develop their own projects" (S. Lee, personal communication, March 2, 2019).

Lee is no longer going to look for students to abandon their projects and become part of a large company, but rather to attract the best students to continue developing their projects. "In the university they form teams, work one year together and give shape to a project that has to be exploited in some way", emphasizes Lee. Now, GameBCN does not accept people at the individual level because they look for work teams that have demonstrated the capacity of production in some of the flourishing degrees, postgraduate and masters of the sector of the video games that appeared in the last years. The teams selected will incubate for 6 months to perfect their project and, above all, keep in mind the business part to push their idea to the market. The objective is to transform the projects into start-ups with a clear growth potential.

From the beginning he thought about giving a chance to the students' teams to make their projects reality. These good projects and cohesive teams need good advice, support and business perspective but, in the case they do not reach the market, they will always

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be hired by the companies. Therefore, the idea was to transform university projects into industry projects. He observed how the university teams had the ability to fall, recover and consolidate. It was necessary to give an opportunity to those teams and GameBCN is the tool. Also, the incubator is open to professionals leaving consolidated companies to start their own project. Thus, the teams can have two different origins.

The GameBCN 2014 – 2015 program was the first edition of the videogame incubator. “We received 42 applications, had 16 interviews and selected a final 8 teams. The teams chosen to participate all had designed 100% original games, with fully formed teams and playable games. The participants were mostly from Catalonia, however there were also teams from the rest of Spain and Europe”, says Lee. The teams are provided with office space and 24/7 access. Many teams could be seen working well into the night and in the early hours of the morning. They are also provided access to additional spaces: the Testing and Music Room and the Motion Capture Room.

The program culminates with the Official Demo Day, where the videogame teams present their projects in front of an audience of over 200 investors, publishers and industry professionals. After the Demo Day, qualifying companies were selected to participate in the 8-month Acceleration Program but this second part was removed in the third Edition. According to Lee, “teams lack production experience and have no interest in the business but at GameBCN we have to change it”.

Organization structure and conceptual framework

GameBCN is the videogame specialist program in Southern Europe, which offers the necessary training and mentoring to make a successful launch to the market. They know that the 95% failure rate for indie developers¹ is because they do not know and practice good project management. “This is our specialty. We teach them how to fish in the high-risk ocean of the game industry”. The goal is for teams to release their first title within six months, and then “graduate” within the next six, as a self-sustaining studio (with their own team, offices, resources, and revenue streams).

This is all conducted in a culture of entrepreneurship, based upon talent, risk, initiative and creativity. So, the projects that aspire to be part of the incubator must enter with their own team. This has been Lee's learning through his previous experience in Incubio, leading an incubator for big data projects, where he selected the entrepreneur with his business idea and later helped him start the project and set up his team. Now, since the incubation time in GameBCN is limited, they prefer that the teams be formed and consolidated from the beginning. In fact, the current vision of the incubator for Lee is more like a Start-up Studio or Venture Builder.

The 6-month incubation process offers a comprehensive program of professionalization and is open to projects that meet the following criteria:

¹ Information taken from Burnout Game Ventures: <https://www.orlandoentrepreneurs.org/view/burnout-game-ventures/>

- Projects must be in Beta stage or later.
- It is preferably projects for electronic distribution.
- Projects must have commercial viability, not just testing technology. The teams must be aware of the market: listening to the user (user testing) and positioning themselves in the right niche market.
- Projects cannot include pornographic, obscene, discriminatory or defamatory content.

Once the call period ends, the selection process begins with two parts: the analysis of the applications submitted through the form and later and interviews with those who aspire to enroll in the program.

Peninsula leads several projects around the concept of innovation (incubation, acceleration, piloting, challenge map, start-up radar, technical audit and venture building) in the Creative Industries Research Park of Barcelona, building managed by them after winning a public contest of the city council of Barcelona. So, their cross-sector and hybrid orientation let them to design an “atypical incubation program”. Lee says that a video game project is not a start-up because according to Eric Ries (2017), “a start-up is a temporary organization used to search for a repeatable and scalable business model”. The “indies” of the video game see themselves as different but “games are not different than producing a movie or a theatre show”, says Lee. They diversify the risk with different games and know that the economic return will come mainly from one or two games”.

The level of the games is increasing in each edition. Throughout six months the projects are developed by the teams according to the SCRUM² methodology. When the incubation finishes, Peninsula offers the possibility of investing money in some projects, and a 30% discount on space rental rates for the teams that decide to continue in Canòdrom. So, the goal of attracting video game companies to the coworking area is also achieved.

Institutional and business environment

A business incubator is an organization that helps start-ups during their first stages by providing a variety of services like rentable space, management and organizational training for inexperienced business owners, positive interaction between tenant businesses, common shared resources, etc. Incubators improve the economic development of a region and/or encourage growth in a particular area or industry.

The presence of GameBCN is key in the ecosystem of Southern Europe because Catalonia is the region with the largest number of videogame start-ups, the most dynamic region with 130 funded companies (and more than 40 studies that develop their projects although they do not have legal entity) and concentrates half of the occupation and turnover of Spain (the ninth world game power). For several years the Government of Catalonia has bet on this industry and has designed very interesting financing lines to support small studios to access such a competitive market. This, together with the enormous university training offered to more than 1,200 new students per year, has turned Barcelona

² Scrum is part of the Agile movement. Agile is a response to the failure of the dominant software development project management paradigms (including waterfall) and borrows many principles from lean manufacturing. More at: www.scrummethodology.com

into one of the world key cities in the videogame industry, hosting the headquarters of key players as King, Ubisoft, Gameloft, IGG or Zeptolab.

According to the GameBCN³ program manager Oscar Sahun “there is a key factor that could further boost the industry in our country, as in the United States or the United Kingdom: private investment. However, the mentality of most investors in Spain still prevents private investment from investing in video games” (O. Sahun, personal communication, May 6, 2019). So, from a systemic point of view, it is necessary for the public administration to intervene in starting up new companies that will have to learn to move by themselves in the ecosystem, which is promoted by the companies' own interests.

Following this path, Sahun introduces the difference between system and ecosystem. In summary, the system is the set of elements that interact with each other according to defined rules (in this case the rules established by an official program of incubation). And the ecosystem is the dynamic set of living organizations that interact with each other and with the environment in which they live (de Groot *et al.*, 2002; Díaz & Cabido, 2011).

From a narrow point of view, a videogame start-up does not solve any problem or lack of technology, but its value proposition is clear: entertainment. In a more traditional incubator, Peninsula generally guides in the process of discovery and validation of a business model based on the resolution of a problem. In GameBCN, one of the most common problems in the field of creative industries is answered: the professionalization of the production processes of each project while reducing the risks of launching and satisfying better the expectations of the investors.

Most small studios in the country are driven by their passion for video games. Their enthusiasm for working in this sector and the creation of their own games is much greater than their economic needs; so, many teams work remotely in their homes, combining development with the search for opportunities and contests where they present their games. The constitution of a company has a considerable economic cost and the great majority of videogame start-ups do not have resources. Thus, it is not until they get funds or the possibility of obtaining income is real thanks to the publication of a game that a start-up plans to legally establish itself as a company. That is why incubators as GameBCN are important to protect these fragile projects and teams along with their first game(s).

This reality is repeated in other countries although new experiences like Hamar Game Collective (Norway) explore different strategies to create a sustainable game industry on the Norwegian regional level. They have helped developers through the creation of an environment in which the companies can grow and share, learn and work (Thorsen, 2015). In five years of work, Hamar Game Collective passed from three to eleven companies. The three founding studios (Sarepta, Krillbite and Moondrop) demonstrated that by pushing the local talent they can act as an incubator for indie companies aiming to reach for a share of the market. They were all driven by a desire to have a common place to meet, work and exchange knowledge. The philosophy of this collective is being more than a co-working space, promoting the interests of their members and contributing to the growth of their community, arranging interesting lectures, workshops, social gatherings or putting the students in contact with these companies.

³ Information taken from Burnout Game Ventures: <https://www.orlandoentrepreneurs.org/view/burnout-game-ventures/>

This model of collective is also followed by four game studios that in 2015 created Bergen Game Collective. One of the biggest advantages according to Krister Berntsen (2015) from Bitsquad is “the fact that we are now a more condensed gathering of expertise. Problems can be solved much faster due to the fact that we always have people with experience within any topic related to Gamedev”. Working in a collective is an easier way to manage the creative resources. Each company is less dependent on their own creative skills as they can get input and help from nearby companies, making them more effective. “We also have space for “In-Residence” mentors/artists/gamedevs to help us with topics we lack expertise in” Berntsen (2015) explains. The main differences of these game collectives with an incubator are the professional training, the mentoring program and a scholarship program.

One more inspiring model of incubation is promoted by The Game Incubator (Sweden) defined as a unique, non-profit organization with the sole task of helping create game start-ups and expand the game industry in Sweden. Through a proven and custom made program they also incubate game entrepreneurs and their teams, equipping them with the skills needed to run a game studio and launch their first products on a global market. The start-ups are facilitated in two locations, Gothia Science Park in Skövde and Lindholmen Science Park in Göteborg. Their dynamism and a clear process focus on the market have led to create more than 100 companies in the last 14 years, creating more than 500 jobs. As GameBCN they understand the importance of forming teams in business and market strategy. This aspect is a clear difference with the two Norwegian cases because they are more focused on the creation process and their vision on business strategy is unclear. Their need for survival is not threatened because they have possibilities of obtaining resources through the formal system.

All this knowledge created through inter alia education could stimulate the creation of new, self-sufficient companies. Here the role of game incubators and an adequate cluster policy could stimulate the creation and later growth of new companies, defining new opportunities and uses for the video games in the future.

Resource management

From the beginning teams are encouraged to create profiles of their projects on social networks to start to promote their games from minute one. Many of the training sessions at GameBCN are oriented to identify and locate the target audience of each project; how to capture customers and how to build loyalty with them through commercial strategies and attractive messages. Regarding the business part, they teach the teams how to create a good commercial speech, as well as techniques to speak in public and communicate correctly and attractively. GameBCN has a close relationship with companies such as King and Ubisoft for example. In addition, regular mentorships are conducted with industry experts of different areas (design, gameplay, marketing, communication strategy, and business).

Unfortunately, many entrepreneurs lack the business skills required to launch a new company into success. A business incubator can assist them in the development of business proposals or guide them in the search to get the necessary capital to start their business. Particularly, one of the difficulties that are going to find the projects incubating in Game BCN is the normality with which Spanish players resort to piracy. "Studies have to look at the whole world because only by opening up to all the markets will they find business opportunities," says Marisol López, director of the digital area of ICEC.

Iñaki Díaz and Dani Moya of Appnormals, one of the incubated projects in the 2016 edition, say that "we have opted for markets like the Scandinavian, with a lot of buying power, and the Chinese one" (I. Díaz and D. Moya, personal communication, May 15, 2019). In the case of the Asian market the game had a great impact (half of the sales of this game are in China) thanks to being recommended by a famous Chinese youtuber. This has been a support for Appnormal but apart from its main project they have had to develop other mobile games to guarantee their survival. "It is an unnatural business model because you do not have a return until after a long time. There are many studies that cannot reach the minimum billing to survive", says Díaz.

"The rules of this industry have much to do with those of the cinema or other creative industries: billing can start after months or years of work", says Lee. The example of Altered Matter, participants in the second edition of Game Bcn (along with 7 other projects, including Appnormals Teams) is very illustrative of what Lee says. This team of five people started designing Etherborn, a 3D game in which the character explores a world of platforms and puzzles based on gravity: the structure modifies the gravity of the character and thus can move through all scenarios. Now, the game is still in the development phase after two years of work. "The visual and aesthetic part is very important, and therefore, we have been working for a long time to be able to compete with the big ones. This, added to the fact of having a small team with limited experience, forces us to need more time and a lot of promotion", says Carles Triviño (C. Triviño, personal communication, May 15, 2019), co-founder and lead programmer of Altered Matter.

Triviño emphasizes that GameBCN has been a key player not only for the funding received but also for the fact of working with other great studios so close: "We help each other, we do not have the feeling of competing because the market is huge". This philosophy of collaboration is transmitted and was implemented from the beginning in GameBCN because the incubator follows an open innovation model, connecting with the big players of the industry, investors, indie studios and players. The teams also collaborate and have a daily relationship between them, formally and informally because developing a good network is also a key aspect to survive in the ecosystem (sometimes the lack of funds must be replaced with the timely help of colleagues, collaborators and friends).

Leadership and management challenges

There is a strong articulation of the principles of transformational leadership in which the hierarchical leader develops leadership capacity at all levels beneath them (Bass, 1990). In this way, Simon Lee has built a team, cascading leadership and responsibility through

the incubation program. He clearly assumes a senior executive responsibility, ensuring that GameBCN has its own organization culture which has been analysed through the six key issues defined by O'Donnell and Boyle (2008) as follows:

1. Creating a climate for change. GameBCN uses internal and external drivers to open the incubator to all the video game ecosystem according to a model of Fourth Helix (industry, academia, administration and users). Lee inspires all the team and he ensures that all the workers are aligned in values and strategic objectives. There is labour flexibility and a great sense of commitment.

2. Leaders as champions. There is an alignment between the corporate culture and the subculture of each incubating team and the rest of the formal structure. Lee has the ability to act as a conductor, detecting and promoting the abilities and potential of each “musician” but focusing on what is important for the piece to sound in tune.

3. Employee engagement and empowerment. Thanks to applying JIRA, they can detect deviations from the work plan that they analyse with each team and helps to see what problems they have had. So, they can organize specific training sessions for each team in order to cover their shortcomings. But this methodology is extended at all the levels of the program.

4. Team orientation. In a very innovative program like GameBCN the staff is always crossing existing barriers, promoting and implementing new cultural traits. All the teams work as professional studios and this is the main reason to limit the incubation period to six months and to have a final project delivery date (according to the Scrum methodology the development can take only 4 months). For GameBCN, in terms of individual and organisational development, teams are the investment focus for talent development.

5. Tracking cultural change. “Culture gives organisations a sense of identity and determines, through the organisation’s legends, the way in which things are done around there”, O’Donnell and Boyle (2008). In the incubator there is a process of assessing whether the culture has become misaligned in terms of subgroup cultures’ practices, or whether there are issues or challenges to be addressed which could undermine the cultural ethos and underlying assumptions of the organisation. Furthermore, when some changes need to be more structural, they are incorporated in the next edition of the program.

6. Training, rewards and recognition. The workers of the incubator have placed as much emphasis on non-monetary rewards, converging the values of the program with those of the worker himself; but obviously the monetization of the video games developed is a key aspect for the success of the incubated projects. The idea is to create a winning culture in which the staff, workers, and incubating teams share the same values and aims, besides enjoying developing their own games with a business and market vision. .

According to the four major types of organisational culture (flexibility, control, internal and external) revealed in theoretical analyses of organisations (Zammuto, Gifford and Godman, 1999), GameBCN could be defined as an open system model. Here the organization involves a flexibility/external focus in which readiness and adaptability are utilised in order to achieve growth, resource acquisition and external support. This model has also been referred to as a “developmental culture” because it is associated with innovative leaders with vision who also maintain a focus on the external environment (Denison and Spreitzer, 1991).

Initially GameBCN aimed to focus on both incubation and acceleration of projects. But overtime they realized the difficulties in the acceleration and preferred to focus just on the incubation for the third edition. It has been one of the lessons learned. A second learning was that teams cannot be forced to attend the training sessions (as it happened in the first and second edition) because the teams ended up sending a grantee and also scored the training in negative (all training is evaluated). Currently, attendance at all training sessions is not mandatory. This was intended to correct unnecessary tensions between the teams and the project and program managers.

One of the new challenges is the internationalization of the program to attract talent and private partners. Currently one of the teams comes from a foreign country. Accordingly, they have signed an agreement with a Korean video game accelerator. They contribute money and one of the projects incubated is selected to be installed in the Korean facilities. Also, GameBCN collaborates with Fira de Barcelona in the organization of Barcelona Games World, taking responsibility for the Games Start-up Competition. They also collaborate with the state fair Gamelab.

Conclusions

Leadership and organizational culture are seen as two of the most important factors in determining the success of GameBCN. Through a proven and custom made program they incubate teams of game entrepreneurs, equipping them with the skills needed to run a game studio and launch their first game on a global market. Teams always perceive the particular view of GameBCN and the organization involves a flexibility/external focus in which readiness and adaptability are utilised in order to achieve growth, resource acquisition and external support.

Successful organizations over time are more likely to possess a strong, well-defined culture (Ledford *et al.*, 1989). It is well known by Simon Lee who considers that the strategy to create a team and retain talent is based on trust and to get it the leader must be close to his team. So, the promotion of the organisation culture and letting people work on what they like is fundamental to create cohesive work teams.

An organization's culture helps to align and clarify staff members to their specific role and function (Barney, 1986; Wilkins and Ouchi, 1983). Furthermore, these values determine some skills that Lee considers indispensable to incorporate people into the incubator. In fact, the way to be successful in hiring people "is to look at the skills such as commitment, confidence, ability to work, proactivity ... and that in a CV does not appear. You have to look more at the person than at the professional," says Lee. But this culture is not only focused on the people, it is also clearly oriented to the project and particularly to the process. Thus, this 3Ps philosophy is funded on these three fixed variables (people, project, process) that result in a product (a game) that will be updated with new versions and launched in a place that nowadays is global for any game developer.

GameBCN promotes and is part of the ecosystem but at the same time is part of the official system. We could say that the incubator uses the system to arrive at the ecosystem. It is said, the public administration intervenes by starting up new companies that later will have to learn to move by themselves in the ecosystem, which is promoted by the companies' own interests. The CEO and program manager of GameBCN are between the private and the public system, but at a lower level the project manager is only focused on helping the incubating teams to solve their daily day problems.

The teams observe as they do not have an economic return until after a long time. There are many studies that cannot reach the minimum billing to survive, according to some of the interviewed teams. For this reason, it would be relevant to reconsider the acceleration stage that existed in the first edition of the incubator, which gave the teams more time to mature visual, narrative or game aspects before going to the market. The teams feel accompanied and guided, they learn about business and market strategies and they value positively the creativity and the work philosophy transmitted by the incubator.

GameBCN works as an open innovation lab in which the combination of newness and often asymmetric dispersion of knowledge suggests that relevant knowledge will most likely reside in networks of organizations, rather than in individual members of a technology innovation system (Powell *et al.*, 1996). It is also a beta lab, a space with a high number of prototypes in beta state available to be tested. Therefore, an incubator such as the one analysed understands how important is the research and innovation that takes place in the practitioners' communities (Starkey and Madan, 2001; Søraa *et al.*, 2017), incorporating all the agents of the value chain and giving a special role to the end users as co-creators. These game studios work in an open ecosystem, live with other projects in a similar stage and are well oriented to business and market to launch its first product on a global market.

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