



From Innovation Dialogues to Action Plans

Engaging with Industry and Public Authorities

Part 4 - ESTONIA - TARTU



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These nine reports give the reader an overview about the status of the video, computer and mobile game industry in the Baltic Sea Region as a whole and nine of its hotspot regions. The main goal of these document is to provide several examples of how to approach framework changes for an emerging industry such as the game industry, taking different contexts into consideration.

Part 4 of 9 - Estonia - Tartu

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those meetings were SWOT and TOWS matrixes and concrete plans for actions to be performed during the Baltic Game Industry project and beyond.

There were several joint topics/areas of interests that came out of those dialogue events.

For some countries (Denmark, Lithuania), the discussion quickly turned to cluster management or cluster creation. Although cluster development is a difficult concept to define, the idea would be to somehow formalise the cooperation between incubators/accelerators, educational institutions, private companies and public organisations. This would facilitate access to global and national support programmes and incentives for the video games and creative industry and its members. The cooperation in form of a cluster might also support the human resources development/mobilisation among enterprises, or among research systems and enterprises including the attraction of highly qualified human resources.

Other regions are planning to open a game hub or incubator to find the best and the brightest and equip them with entrepreneurial skills, such marketing, management, sales and last but not least game development. The partners from Estonia, Germany and Poland are planning to focus their efforts on building an infrastructure for innovation with game developers as a new instrument in support of the game industry. The idea would be to help indies or non-formal teams, but also young, innovative studios develop a mature approach to business.

Funding-related topics (funding, public support etc.) were discussed by several regions (Sweden, Finland, Germany): the lack of public support, obstacles in accessing information on support instruments targeted for games industry or just knowing which the current bottlenecks to raise the capital are.

Joint marketing efforts were raised by Germany, Finland, Sweden as one of the possible actions to perform as public-private co-operation. This is based on the assumption that improved marketing measures would attract new risk funding and foreign talent to the regions. With the lack of talents in most regions, improved recruiting and marketing actions are necessary to recruit not only local/national level talents, but foremost non-European and Eastern European talents to improve the regional industry's international business performance. Furthermore, if claimed to be important by the city officials, the game industry needs to be more visible in regions marketing statements.

Finally, education-related topics (all the partners). With the objective to increase number of highly qualified specialists for the game industry, the grassroots level of the industry will be tackled. Although global talent is more easily accessible today than ever before, local education and initiatives need to be introduced to allure those talents to the region in the first place. The sooner young industry talents are exposed to business-driven game development and education, the easier it will be to create solid business cases and find artistic vision. So, game education and informal education activities (youth clubs, hackathons etc.) play a crucial role in building local talents.

The above-described process initiated a continuous dialogue in the regions and countries. Although many of the detected areas for improvement require activities the impact of which will only become measurable in the long or medium term, we expect the dialogues to continue and form the gaming-hub of Europe.

Your Baltic Game Industry project team

ESTONIA - TARTU

Snapshot of the Situation

In Estonia, the gaming industry is part of the Creative Industries sector and is therefore curated by the Ministry of Culture. An analysis of the Creative Industries sector is compiled and published every 4 years. The last thorough report of the creative industries in Estonia was conducted by the Estonian Institute of Economic Research (EKI) in 2018 and it analyses the data from years 2011-2015. The quantitative summary of the companies and their financial results are in the table below. Please note that 'gaming sector' is under the title 'interactive leisure software'. For the consistency purposes, we continue using 'gaming sector' in this document.

Economic Indicators of the Estonian Creative Industries 2015

Sub-sector	The number of enterprises and institutions	The number of employees	Total income (million euros)	Exports (million euros)
ARCHITECTURE	1 403	3 430	152	14
Audio-visual: FILM and VIDEO	635	1 196	76	11
Audio-visual: BROADCASTING	86	1 776	161	1
DESIGN	677	1 060	42	15
PERFORMING ARTS	419	3 004	69	1
PUBLISHING	769	5 000	324	92
Cultural Heritage: CRAFTS	320	1 045	14	2
Cultural Heritage: MUSEUMS	256	1 733	89	-
Cultural Heritage: LIBRARIES	946	2 670	42	-
ARTS	210	1 215	12	0,3
INTERACTIVE LEISURE SOFTWARE	48	989	100	97
MUSIC	2 169	4 940	141	9
ADVERTISING	1 160	2 623	259	50
TOTAL	9 098	30 681	1 481	293
The proportion of the whole economy (%)	11,6	4,8	2,8	5,6*

* the proportion of the exports of services

It is important to note in the table above that while the number of enterprises and institutions as well as the number of employees in the gaming industry is the lowest by a landslide, the sector boasts the highest number of exports with 97 million euros. In fact, 97% of the turnover of the gaming sector is export, making it arguably the most potent part of the creative industries to develop the sector and increase its exporting capabilities.

While the future developments of the gaming sector are in no way guaranteed, there are many signs that give reasons to have positive outlook:

- As of beginning of 2019 there are several successful gaming studios with millions of euros of revenues and healthy profits. While Estonian numbers fall way short of those of highly successful Nordic, the fact that the industry has emerged in spite of not having virtually no state support whatsoever, is remarkable. The emergence of successful companies such as Creative Mobile, Fox3D Entertainment, MobiGrow, Hypester, Snowcat Games

and others shows that even if there are still some negative preconceptions towards games, there is also a lot of intrinsic professional interest in the subject.

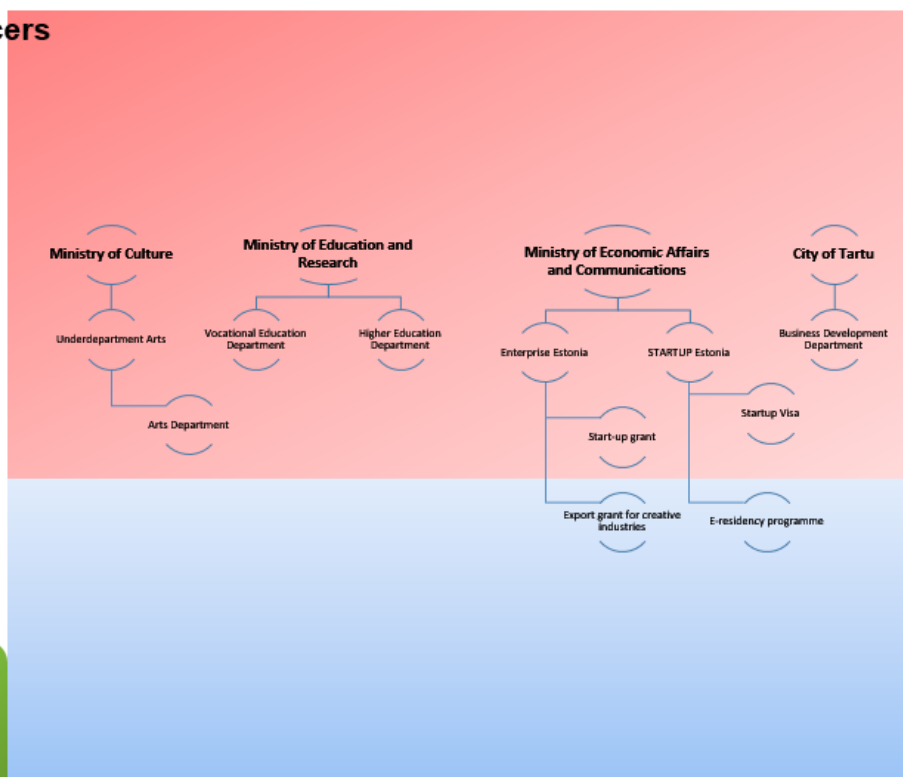
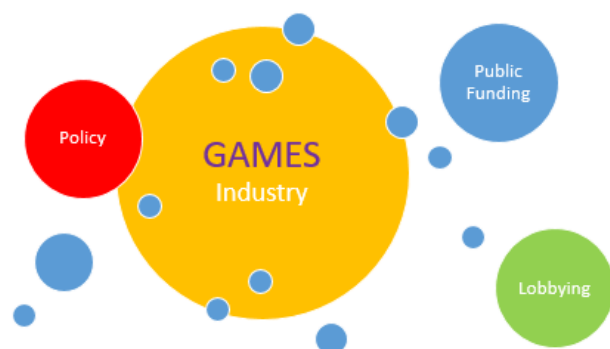
- There is also a noticeable interest in games and games development. While conducting interviews for this report, most interviewees mentioned different publicly unknown studios that have just been created (or are in creation) that have a lot of potential in them.

- Both the locally founded companies as well as subsidiaries of successful foreign companies (such as Derivco and Playtech) employ and train hundreds of specialists in various aspects of game design, development and publishing. According to the interview with the Vladimir Funtikov, the CEO of Creative Mobile, they alone are looking to hire tens of specialists in 2019. All of these people will get the best training in the various aspects of the game development. This base of skilled professionals creates a basis for future success and the creation of new and successful game businesses.

This success, while likely, cannot be taken for granted. The role of the State in facilitating these developments will be very crucial. Yet taking the current situation and learning from the experiences of Finland and Sweden, it would not be difficult to understand that with well-thought-out and well-executed financing it would be only a matter of time while these investments by the State would reap returns in tens of times on the money invested (as calculated by increased tax revenues, increased value added by the companies etc).

Communication Map

Roadmap: Decision-makers and influencers



Networking

APTGG - Tartu
mänguarendajate MTÜ

sTARTUp HUB

CoreGrow

Representing

IGDA Estonia

Tartu Centre for
Creative Industries

GameFounders

Tartu City Government

Education-Research

University of Tartu

Estonian Entrepreneurship
University of Applied
Sciences

Tartu Art School

Chosen Approach for the Dialogues

Although Tartu City Government is responsible for the framework change process, our approach to the Innovation Dialogue events was based on sharing knowledge and information between us, Tartu Science Park (who is responsible for the incubation programme), local gaming community and other relevant stakeholders in the region and beyond. We reached out to regional stakeholders as well as to potential stakeholders and partners in the development of the gaming industry in Tallinn and organised formal and informal meetings as well as Skype calls to involve all parties.

Yet, in order to get a more detailed overview, bigger meetings were held during key regional events that enabled us (Tartu City and Tartu Science Park) also to get more depth insight into the community. We have managed to establish a good and mutually beneficial relationship beyond regional level with IGDA Estonia, Creative Mobile etc. We started with the identification of the main challenges that need to be targeted, and also conducted (with the help of the external expert) interviews with key persons in the Estonian Gaming Industry.

We have chosen a bottom-up approach for Tartu – we have identified the challenges, collected necessary data and now we are trying to solve those problems on the regional level. If we succeed, our aim is to, together with IGDA and Tartu Science Park, also widen it on the national level.

SWOT Analysis

Strengths:

- S1. Supporting organisations in Tallinn (IGDA Estonia) and Tartu (APT Game Generator) with motivated and competent people
- S2. Top-level universities and vocational schools.
- S3. Several successful gaming companies
- S4. Established brand in Game Dev Days Conference.
- S5. Many people in the community have wide international cooperating network
- S6. Strong startup mentality in Estonia.

Opportunities:

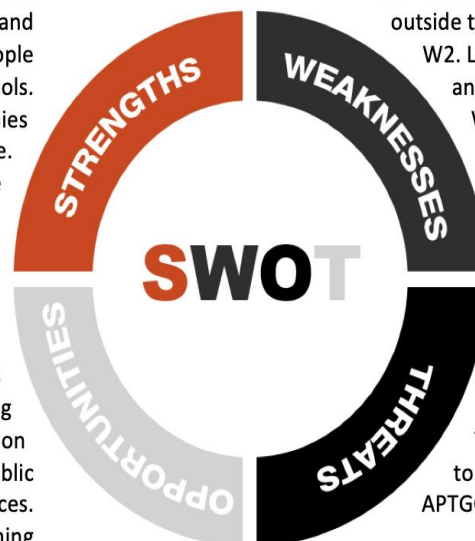
- O1. Building a “bridge program” for winners of the hackathons/ludum dare’s
- O2. Establishing industry lobby group and creating strategy for outside communication
- O3. Raising money from European funds, investors, public sources.
- O4. Building stronger links to the neighboring gaming powerhouses Finland and Sweden.

Weaknesses:

- W1. Lack of strategy/action plan for communication and lobby outside the game developers community
- W2. Low knowledge of gaming sector in the VC/business angel community.
- W3. Lack of support measures (elementary financing, co-working space) for gaming startups.
- W4. Lack of skilled specialists in some technical areas (UA, Unity/Unreal development etc).

Threats:

- T1. Still existing negative bias towards games and gaming in Estonia
- T2. Lack of financing would prove fatal to support organisations (IGDA Estonia, APTGG)



gaming scene and bring together individuals and companies to further develop and promote international recognition of the Estonian game developer community.

Currently the national plan does not include any form of game industry support and it was discussed that a worthwhile output of the BGI project could be the inclusion of a game development component on the local level in Tartu. The most efficient and feasible course of action would be to focus on human resource development via trainings, workshops, seminars, jams/hackathons and creation of a systematic approach by introducing an incubation scheme.

Next steps

Coming to the conclusion that human resources development would be the main focus of our strategy, the next steps would be starting an active dialogue with the business support ecosystem and educational institutions to understand today's situation.

Discussion on topic: local community and events

April 20th, 2018

Venue: Ludum Dare event, Tartu

Duration: 4 hours

Participants: 10 regarding the innovation dialogue (in total over 80)

Purpose and background of the event

We organised a discussion round with several local stakeholders during the Ludum Dare 41 //Tartu meeting which already brought together several local enthusiasts from the field. Furthermore, the event enabled to get an overview on different on-going activities in Tartu and its local community today.

Main findings and value propositions

APT Game Generator, the local organisation driving the gaming enthusiasts, aims to bring together people from very different fields and support them in creating the games they have all been dreaming about. They state that a game is more than just lines of code or a couple of pictures. It is a coherent collection of logic, art and sound - a vision realised by the creativity of different people. When discussing the main issues they are facing, they mentioned the following two major challenges:

Lack of funding - The community today is based on enthusiasm and the people developing games are making it as their hobby. Public support instruments are mainly dedicated to companies which are making R&D projects, however, not many small enterprises are familiar with it and do not have the know-how how to use these instruments.

Lack of Knowledge – We lack good experts, either developers or mentors, therefore new gaming start-ups do not receive the necessary advice from mentors, which could be very beneficial during a start-up phase. One of the biggest gaps may also lie in the sales and marketing activities regarding games, because even the small start-ups have managed to create really good products, however they do not have the experience how to sell those products.

Next steps

The main task after this event – in collaboration with our main stakeholders, was to gather and analyse relevant data about gaming industry in Tartu and Estonia and prepare the main proposals what could be improved in local support ecosystem in order to increase the success and viability of game development companies.

Discussion on topic: importance of Design and Marketing in gaming

May 18th, 2018

Venue: Spark Democentre, Tartu

Duration: 4 hours

Participants: 10

Purpose and background of the event

After some meetings with stakeholders on national and local level, expertise and information from abroad was deemed useful in order to define some of the problems regarding gaming in Tartu or Estonia in general. During the UX Tartu meeting, user experience experts Siri Johansson and James Butler were invited to Tartu to speak about user experience and design in general and in game development. Furthermore, marketing, as one of the relevant topics was brought into the discussion.

Thanks to all the discussions held, the biggest co-working space holders sTARTUp HUB and investors Contriber Ventures started to hold events for gaming industry. They organised the UX Tartu meeting and a first all-gaming event in October 2018 attracting around 200 participants including highly renowned speakers such as Peter Vesterbacka, who formerly worked at Rovio.

Main findings and value propositions

The opening of the meeting was focused on giving an overview of the topics discussed during the previous events. sTARTUp HUB, a business and community centre which includes a co-working space at Tartu Town Hall Square for teams, start-ups and freelancers. They have created a brand called sTARTUp Talks, which will feature also a gaming-related event. Their AI and UX events are also to be considered for the gaming community. It is very positive that a private company has taken up the initiative to support and develop the gaming sector.

Next steps

With the newly gathered information, we continued the work on narrowing down possible areas for taking action in order to improve the framework conditions for the Estonian game industry, and in particular the companies settling in Tartu.

Discussion on topic: Supporting organisations in Tartu**August 30th, 2018**

Venue: Spark Democentre, Tartu

Duration: 4 hours

Participants: 10

Content of the event

After recapping on the previous discussions and events, the participants delved into a deeper discussion of what ideas could be realistically applicable. Incubation was considered one of the best ways to create a systematic approach to develop the sector and the companies/indies. And although we would need to source the funding for the teams, the people with GameFounders background stated that as a first step, more important consideration should not be funding but design and conceive a systematic approach on how to reach out to start-ups, how to attract them and how to monetise the idea.

A noteworthy point was made that there is not much game specific education in Tartu and in Estonia. In Tartu, ICT curricula are being taught in Tartu Art School etc, however, those provide only parts of game development study subjects, such as 3D modelling etc or other elements of game development. It might be possible to cooperate with the Tartu Vocational School who is under the responsibility of the Tartu City Government and might be more flexible than traditional educational institutions.

The most valuable observation was that local business support organisations and the gaming community are open to the idea of including game development elements and are favouring the creation of the incubator for which they already had some specific ideas on what and how that could be achieved. This gave a great perspective at what future action plans could look like and a bright outlook that these stakeholders would commit to help drafting them.

Next steps

The main task after this event – in collaboration with our main stakeholders was to start drafting the actions plans on the basis of the input from the above documented events.

TOWS Analysis

S/O

USE STRENGTH TO MAXIMISE OPPORTUNITIES

S1,S2,S3,S4,S5,S6/O1 ("Incubator"): Using all the strengths, establishing an incubator programme for young game studios

S1/O2 ("Communication & Strategy"): With the help of the support organisations develop a strategy and establish a communications strategy to strengthen the industry's positions in the society and help raise awareness of games' positive influence on people.

S1,S6/O3 ("Fundraising assistance"): Helping studios in fundraising.

S/T

USE STRENGTH TO MINIMISE THREATS

O2/W1, W2 ("Communication and Strategy"): Establishing a strategy and communication plan to mitigate the weaknesses.

O1,O3,O4/W3 ("Incubator"): A well-run games incubator would help eliminate the weakness.

O2,O4/W4 ("Education"): One of the goals of the communication would have to be raising overall awareness of the gaming industry. This would also include working with educational institutions to add relevant topics into their curriculums.



W/O

MINIMISE WEAKNESSES BY USING OPPORTUNITIES

S1,S3,S4,S6/T1 ("Communication"): Conducting outside communication to raise people's awareness of games as viable business and educational tool

S1,S3,S5,S6/T2 ("Communication/Incubator"): By utilising the strengths, developing and exercising the strategy, building the means for support organisations to continue their existence.

TOWS

W/T

MINIMISE WEAKNESSES AND AVOID THREATS

All the above strategies need to be executed to eliminate weaknesses and mitigate threats.

The main activities to conduct are:

- creating (and later executing) the strategy plan to continue the development of the gaming industry in Estonia and Tartu Region
- establishing and executing the communication plan to achieve desired results in eliminating weaknesses and mitigating threats
- establishing an incubator for gaming studios, creating a mentoring program and helping the studios to raise necessary financing

The Action Plan

Steps towards an Action Plan

In order to compile an action plan to improve the framework conditions for the regional game industry, the knowledge and insights of the experts were collected and assessed for their feasibility as actions to be carried out within the lifetime of the BGI project. As part of the capacity building activities, 11 people were interviewed, including industry insiders, people from the ministry and experts from outside countries (such as Finland and Sweden). In addition to that, the relevant documentation and strategy papers were analysed and the industry development situation in Finland and Sweden mapped.

#	Action	Targeted outcome
1.	Establishing the incubator for gaming industry start-ups	<ul style="list-style-type: none"> - Established incubator and office space for start-ups - Launched mentoring and assistance programme
2.	Enhancing the game development education in Estonia	<ul style="list-style-type: none"> - pilot programme in game development clubs in high schools - more curricula and courses that help to prepare specialists in different fields of game development.
3.	Communication and dissemination	<ul style="list-style-type: none"> - Raised awareness of the game industry potential among decision makers in ministries and government; - raised awareness of games' potential and role

Summary of the Action Plan

Action 1 - Establishing the incubator for gaming industry start-ups

The action targets to eliminate one of the major weaknesses for aspiring game developers in Tartu region - the lack of physical coworking space and mentoring/assistance available for young and inexperienced founders in the industry.

Activity	Description
Establishing the incubator	The incubator would serve as a hub for aspiring game studios and entrepreneurs. As of now there is no physical location the people interested in game development could regularly meet and work together. With this action, the co-location is created and communicated to the members of the community.
Running a mentoring and assistance programme	<p>Game development is most interesting to relatively young entrepreneurs in their 20-s or even in their late teens. At that age, people are seldom knowledgeable in different aspects of running a business and therefore the assistance is vital. The assistance that the incubator provides should be in two broad categories:</p> <ul style="list-style-type: none"> - general aspects of running a business. This involves help with everyday nuances of running a business, paying taxes etc; - games business related aspects. These include business models in games, designing retention and monetization, helping with acquisition and other relevant topics. Ideally there should be a person who could mentor the team throughout the incubation programme and then there should be guest lectures/mentoring for specific relevant topics.

Expected outcomes	Expected impact measures
Launched incubator. Conducted incubation programme.	<p># of gaming companies that have participated in the incubation programme;</p> <p># of founders and/or employees in these companies;</p> <p># of people that have participated in the events organised by the incubator;</p> <p># of games launched on commercial platforms by the companies in the incubator.</p>

Action 2 - Enhancing the game development education in Estonia

The objective of this action is to work in unison with educational institutions and industry in creating the courses and curriculums that would help the local industry to grow and flourish.

Activity	Description
Mapping the most relevant topics.	In this sub-activity, the most relevant topics for the local gaming industry will be identified. The gaming industry companies will be interviewed to understand their needs and where they feel the most 'burning' demand for specialists. In addition to mapping the current demand for the specialists, it is also important to identify trends in gaming industry to understand what kind of specialists will be needed in years to come.
Meeting educational institutions and facilitating co-operation between educational institutions and the industry	<p>This sub-activity is mostly about meeting the educational institutions all over Estonia to acquaint them with the potential of the gaming industry and the demand for the specialists in the area.</p> <p>The facilitation part of the activity is about to create connections between educational institutions and industry. This is necessary to ensure the educational institutions that there is indeed a demand in the job market and the companies are also into providing practice bases for the students.</p>

Expected outcomes	Expected impacts' measures
Facilitated cooperation between industry and educational institutions. Educational institutions' response to market demand for game industry specialists.	<p># of courses launched</p> <p># of curriculums launched</p> <p># of contacts between educational institutions and industry</p>

Action 3 - Communication and dissemination

The objective of the action is to raise the overall awareness of games and game development and a viable and attractive business and career opportunity and to create positive perception of games and gaming in the society.

Activity	Description
Communication and dissemination	<p>As a first step, a communication plan is created. The overall communication plan should have the following intentions:</p> <ul style="list-style-type: none"> - improve the public perception of games and gaming as a pastime among general public; - educate law-makers and officials in the potential of games as industry; - communicate games and game development as a viable and attractive career option; - promote establishing game development clubs in high-schools.

Expected outcomes	Expected impacts' measures
Public perception of games as a pastime and of games as a career opportunity has improved.	The objective is to see statistically significant difference in measures at the beginning of the Action Plan execution (2Q19) and at the end (4Q20).
Lawmakers' understanding of game industry's potential has improved and game industry is considered an important contributor in the success of creative industries.	<p># of creative industry roundtables with game industry represented;</p> <p># of policy documents mentioning and addressing game industry and its needs.</p>
Game Development Clubs established in high-schools.	# of game development clubs launched or to be launched.

To implement our action plan, we will be working closely with Tartu Science Park, who will run the incubation pilots during the BGI project. We are also putting an emphasis on improving the awareness raising and education possibilities for game companies and gaming enthusiasts. This topic closely connects to our other action area – knowledge sharing, which includes informing and educating national government and general public on how much potential gaming industry might have.

The public version of the action plan can be viewed at:

https://www.tartu.ee/sites/default/files/uploads/Ettevotlus/Action%20Plan%20for%20Baltic%20Game%20Industry%20project_03092019.pdf

THE PROJECT

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

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

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

Read more at www.baltic-games.eu

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