



Concept for Game Investment Workshops

Output 2.1 of the BSGI Project





The concept for investment workshops translates the intention of work package 2 to pilot transnational actions that would encourage the private-for-profit sector to engage with incubators and start-ups. Following this rationale, the output will summarise the decision-making process that led to the consensus on the most suitable concept for the competence building pilot workshops to be carried out with investors.

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Content

TOWARDS A CONCEPT FOR A GAME INVESTOR WORKSHOP	4
Investor Survey	5
Respondent Profile	5
Respondent Background	5
Investment Type	6
Preferred Company Features	7
Investment Support	7
Conclusions	9
ANNEX.....	10
Investor Survey	10

Towards a Concept for a Game Investor Workshop

One of the goals of the project is to develop and test a concept for an investor workshop to encourage investors to invest in game start-ups and thus build capacity for investments in the game industry. The target group for this workshop is busy and strict about the ways they use their time; early on, we decided to only implement the concept once to avoid exhausting their interest. This in turn added pressure to the need to plan the event very carefully and put a heavy emphasis on getting high quality feedback from the participants.

In accordance with the objectives of the project we started by repeating the overall goal, and then discussed different mindsets, ideas, and scenarios for the workshop. A preliminary schedule was set up, followed by discussions about what type of investors the project wanted to reach and comparisons of the teams' experiences of investors in different countries.

The discussions led to the conclusion that we needed to know more about the investors' momentums, needs and desires before creating the concept for the workshop. Hence, a survey was conducted. This was also considered to be a good way to reach the target group, since it gave us a reason to make personal contact with different investors in our networks. The survey provided an opportunity to make the investors aware of the coming event, offering them the possibility to register their interest to take part in it.

We placed great emphasis on formulating the questions in the survey. Several team meetings took place, and a few investors from our networks were also involved in the process. The investors feedback showed, amongst other things, that the international context was thought to be particularly interesting, and a good reason to engage in the coming workshop event. It also made it obvious that a great "sales pitch" was needed when contacting the investors. A template was made explaining the context and purpose of the survey. We then used the template as a guideline when contacting the investors for the survey, with our own adaptations.

In total 88 invitations to the survey were sent to known investors and investor networks and 47 answers were compiled.

Investor Survey

Before designing a more detailed programme for the investor competence building event, we endeavoured to better understand the needs of investors who are interested in backing game companies. A survey was conducted to give us some relevant insights.

The survey targeted people who invest or are interested in investing in the game industry, whether as private investors or in a professional role. This target group included game-curious angel investors, VC fund employees, game industry veterans interested in becoming investors, and everything in between.

With this in mind, the project group shared the survey with hand-picked people and organisations, ranging from private angels and angel networks to venture funds. The survey was sent to 88 recipients, and they were encouraged to further share the survey with their own investor networks. The recipients were mostly European.

The survey was open for 26 days, 10.3.-4.4.2020. During this time, it got 48 responses. One of the responses had a duplicate with identical answers from the same person. This duplicate was removed from the results.

Some core figures and tables are included in the text; others can be found in attachments.

Respondent Profile

Respondent Background

30% (14) of the respondents were located in Sweden. Other countries were Finland (19%; 9), Germany (13%; 6), Lithuania (13%; 6), UK (6%; 3), Denmark (6%; 3), Netherlands (4%; 2), Estonia (4%; 2), USA (2%; 1) and Thailand (2%; 1).

Over half of the respondents (55%; 26) had more than 10 years of experience in the game industry in some role. By a mistake, the survey did not have the option to choose “no experience in games at all”, so the option “1-2 years” also includes those people - some of them had commented about this in the next open field question.

32% (15) of respondents had no experience in investing yet, and 13% (6) had experience in investing, but not yet in games. 26% had done occasional game industry investment, and 30% regular.

The data shows a trend towards more experienced industry people also being more likely to invest in it either regularly or occasionally. People with little or no experience in games are overrepresented in the group that has not invested yet in games or at all. However, almost half of the respondents that have not invested at all yet are industry veterans with 10+ years of experience (see table below).

The majority of respondents (68%) were part of some investor networks, either formal or informal. These networks ranged from an unofficial group of friends to angel organisations to participating in a VC fund.

\$InvestorRole*\$GameExperience Crosstabulation

			Experience in games ^a					
			0-2 years	3-5 years	5-10 years	10-15 years	15+ years	Total
Role related to investing ^a	Interested in investing	Count	7	0	1	4	3	15
		% of Total	14,9%	0,0%	2,1%	8,5%	6,4%	31,9%
	Investing in other industries	Count	5	0	0	1	0	6
		% of Total	10,6%	0,0%	0,0%	2,1%	0,0%	12,8%
	Some investment in games	Count	0	2	0	2	8	12
		% of Total	0,0%	4,3%	0,0%	4,3%	17,0%	25,5%
	Regular investment in games	Count	1	3	2	2	6	14
		% of Total	2,1%	6,4%	4,3%	4,3%	12,8%	29,8%
Total	Count	13	5	3	9	17	47	
	% of Total	27,7%	10,6%	6,4%	19,1%	36,2%	100,0%	

Percentages and totals are based on respondents.

a. Dichotomy group tabulated at value 1.

The majority of respondents (68%) were part of some investor networks, either formal or informal. These networks ranged from an unofficial group of friends to angel organisations to participating in a VC fund.

Investment Type

Most of the respondents did relatively small investments in games. The most common ticket size was 10k-50k (26%; 23). Other popular options were <10k (19%; 17), none yet (15%; 13), 50k-100k (15%; 13) and 100k-500k (12%; 11). Larger options were rarer: 500k-1m (7%; 6), 1-5m (3%; 3) and 5m+ (4%; 4).

The most popular stage to enter as an investor was “Start-up stage - starting production, testing with customers” (42%; 43 responses). “Growth stage - market fit found, investment goes to marketing” was the second most popular option (28%; 29), closely followed by “Idea stage - market research, proof of concept & pre-production” (42%; 43). “Mature stage - profitable company, invest to accelerate growth” was the least popular (9%; 9).

There is a correlation between bigger ticket sizes and later stages of investment; investors with bigger ticket sizes are more likely to be interested in growth stage and mature companies (see table below).

\$CompanyStage*\$TicketSize Crosstabulation

			Preferred ticket size ^a								
			None yet	€ <10k	€ 10k-50k	€ 50k-100k	€ 100k-500k	€ 500k-1m	€ 1m-5m	€ 5m +	Total
Preferred stage to enter as investor ^a	Idea stage - market research, proof of concept & pre-production	Count	5	8	12	9	5	1	0	1	19
		% within \$TicketSize	45,5%	61,5%	66,7%	81,8%	62,5%	33,3%	0,0%	25,0%	
	Start-up stage - starting production, testing with customers	Count	10	12	18	11	8	2	1	1	33
		% within \$TicketSize	90,9%	92,3%	100,0%	100,0%	100,0%	66,7%	50,0%	25,0%	
	Growth stage - market fit found, investment goes to marketing	Count	7	9	10	5	5	2	2	3	22
		% within \$TicketSize	63,6%	69,2%	55,6%	45,5%	62,5%	66,7%	100,0%	75,0%	
	Mature stage - profitable company, invest to accelerate growth	Count	3	2	2	1	2	2	2	3	7
		% within \$TicketSize	27,3%	15,4%	11,1%	9,1%	25,0%	66,7%	100,0%	75,0%	
Total	Count	11	13	18	11	8	3	2	4	37	

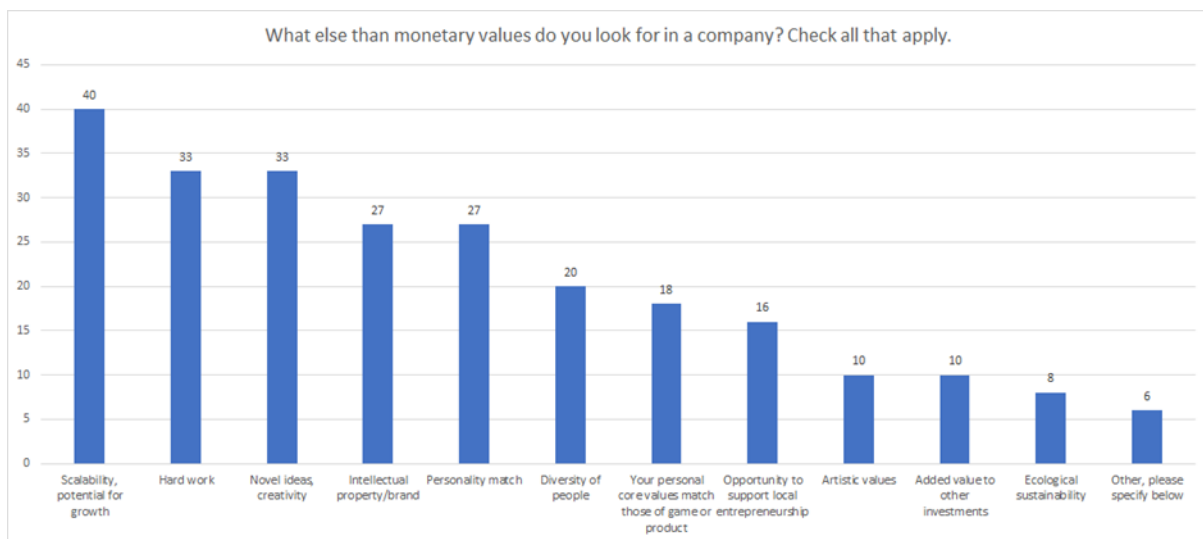
Percentages and totals are based on respondents.

a. Dichotomy group tabulated at value 1.

Preferred Company Features

The respondents appreciated companies having industry seniors as their mentors. A clear majority was either slightly more (45%; 21) or more (38%; 18) inclined to invest in a company that has mentors. For 17% (8) there was no difference; no respondent saw mentors as a negative factor. One respondent pointed out in an open question that name-dropping is not appreciated; the mentors need to be active and relevant to add value.

When asked what they were looking for in a company other than monetary values, 40 respondents (83,3%) - a clear majority - chose “scalability; potential for growth”. Other highly appreciated features were “Hard work” and “Novel ideas, creativity” tied with 33 respondents (68,8%), and “Intellectual property/brand” and “Personality match” tied with 27 respondents (56,3%). “Diversity of people” was chosen by 20 respondents (41,7%).



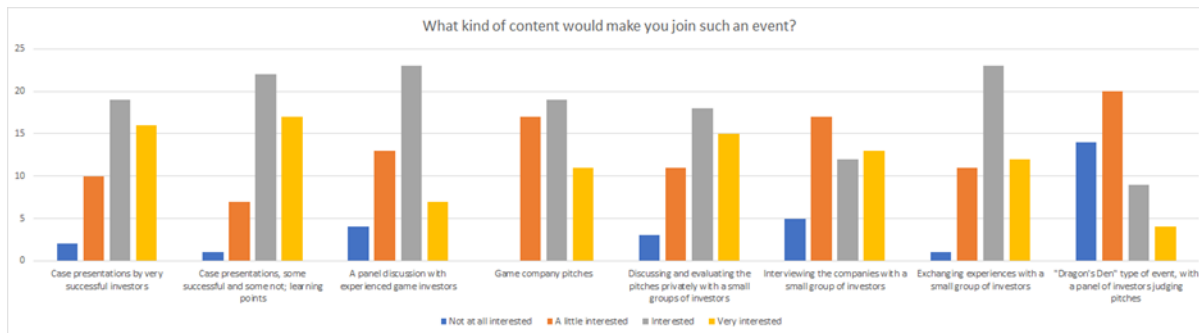
The most common “Other, please specify” response was, by a large margin, “Team”. There were some variations, like the track record, experience, capability to deliver, and team drive. This option should be added to the list of options if further research is done.

Investment Support

To the question “which of these has helped or would help you to invest in games”, 94% of respondents selected “co-investment opportunities or making investments alongside others” to be helpful or very helpful. “A network of game investors” was found to be helpful or very helpful by 72% of the respondents, “hearing the experiences of other game investors” by 70%, and “having veterans as strategic advisors” by 68%. On the other hand, the majority of respondents found all the suggested forms of education to be of little or no help at all. “Education in investing in games specifically” was selected to be little or no help by 53% of respondents, “education in the ins and outs of the game industry” by 62%, and “education in investing in general” by 66%.

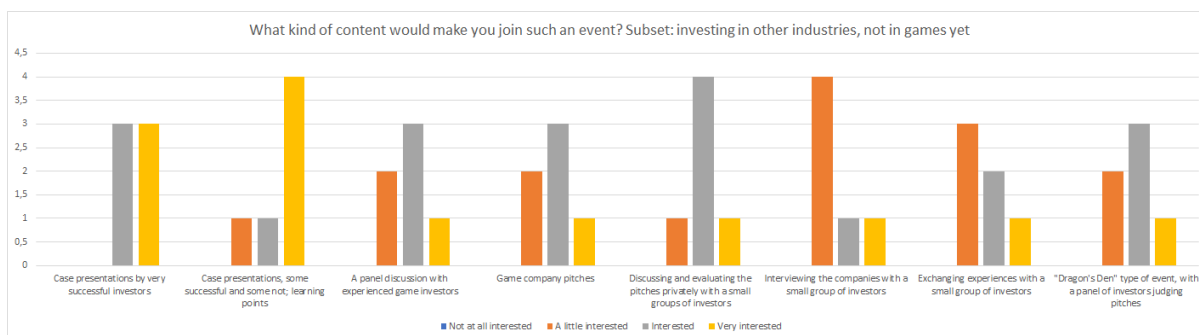
We also asked the respondents to specify what kind of content would make them join an investor event. 83% of the respondents were interested or very interested in “case presentations, some successful and

some not; learning points”. Two other popular options were “case presentations by very successful investors” and “exchanging experiences with a small group of investors”, both with 74% interested or very interested respondents. “Game company pitches were less interesting (67%), but “discussing and evaluating the pitches privately with a small group of investors” (70%) was more interesting than the pitches themselves. “Interviewing the companies with a small group of investors” was interesting or very interesting for 53% of the respondents. The least interesting option by far was “‘Dragon’s Den’ type of event, with a panel of investors judging pitches” with only 28% of the respondents finding it interesting or very interesting.



When comparing preferences in event content with the preferred ticket size and years of experience in games, no clear differences were found. Investors with different ticket sizes and different levels of experience in the industry all had roughly the same preferences.

However, when comparing preferences in event content with the respondents’ roles in relation to investing, some differences became visible. Respondents who invest in other industries but not in games yet, were more likely to be very interested in case presentations, both very successful cases and cases with varying success. On the other hand, they were less likely to be very interested in discussing and evaluating the pitches privately with a small group of investors, and less likely to be interested or very interested in interviewing the companies with a small group of investors and in exchanging experiences with a small group of investors. They were also slightly more interested in a “Dragon’s Den” type of event than any other group of respondents.



The respondents also had the opportunity to talk more about their needs in two open field questions, “If education would help you invest in games, what kinds of topics would be the most useful?” and “What else would help you to invest in games?”. These fields were, in practice, used interchangeably, and thus were analysed together.

By a large margin, the most common theme in these responses was practicalities of investment - structuring investments, co-investing, investment terms and rules and taxation. The second most common theme was the metrics of measuring the success of a game company. A handful of respondents also mentioned the need to understand the games market and the business of games better.

The respondents had the opportunity to leave their contact information at the end of the survey, if they were interested in hearing more about the investor event the project is planning to organise. A clear majority, 83%, of the respondents decided to leave their information.

Conclusions

We reached our target audience well with the survey, and several investor networks were eager to help us spread the word. Furthermore, 83% of the respondents chose to leave their contact information to hear more about the competence building event. There clearly is interest in this type of event.

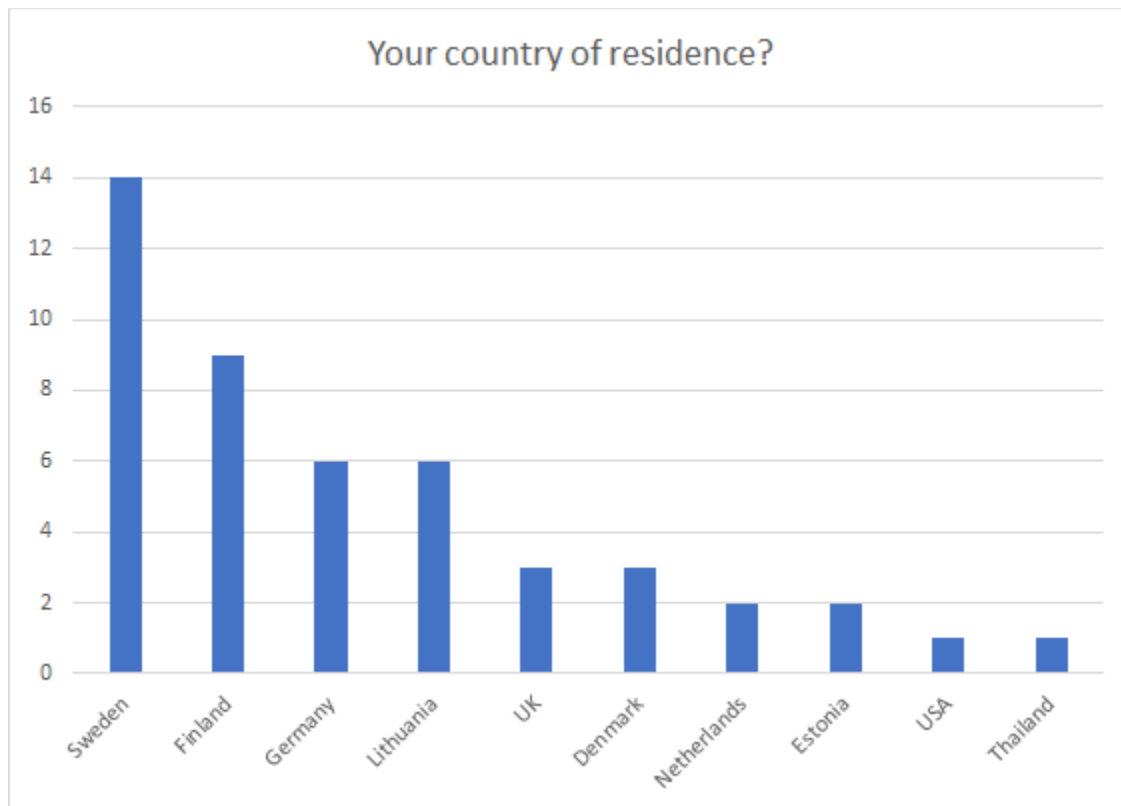
When it comes to questions about support for investment in games, there was a clear trend in responses: the options that investors appreciate the most have to do with sharing experiences with and learning from other investors, preferably with the added value of personal contact with them.

An interesting exception to this were respondents with experience in investing in other industries, but not in games yet; they were less interested in direct interaction with other investors than other respondents. However, it is worth keeping in mind that this subset is quite small and contains only 6 respondents; it is possible that this result would not be repeated in a new survey.

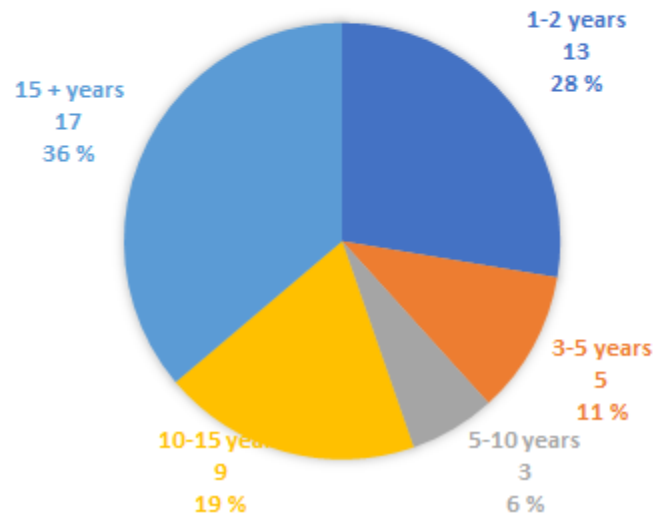
Many of the respondents mentioned the practicalities of investing as a topic that would enable them to invest in games. Combined with the fact that co-investment was one of the most interesting forms of support for the respondents, we can assume that topics considering the practical side of co-investment would be of interest to many investors.

Annex

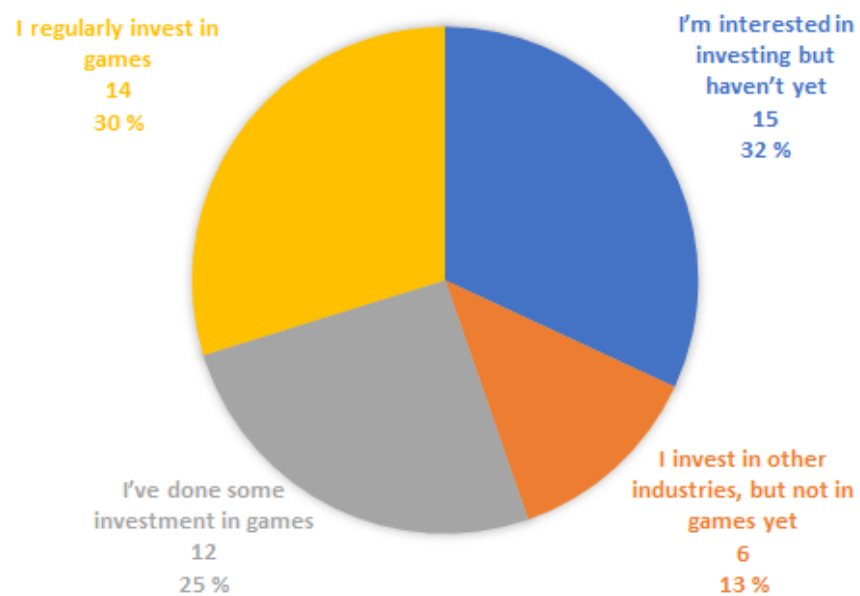
Investor Survey



**HOW LONG HAVE YOU BEEN IN THE GAME
INDUSTRY - AS A REGULAR INVESTOR OR IN
ANY OTHER ROLE, SUCH AS AN EMPLOYEE OR A
FOUNDER?**



**YOUR ROLE IN RELATION TO INVESTMENT IN GAMES,
EITHER AT WORK OR AS A PRIVATE INVESTOR?**

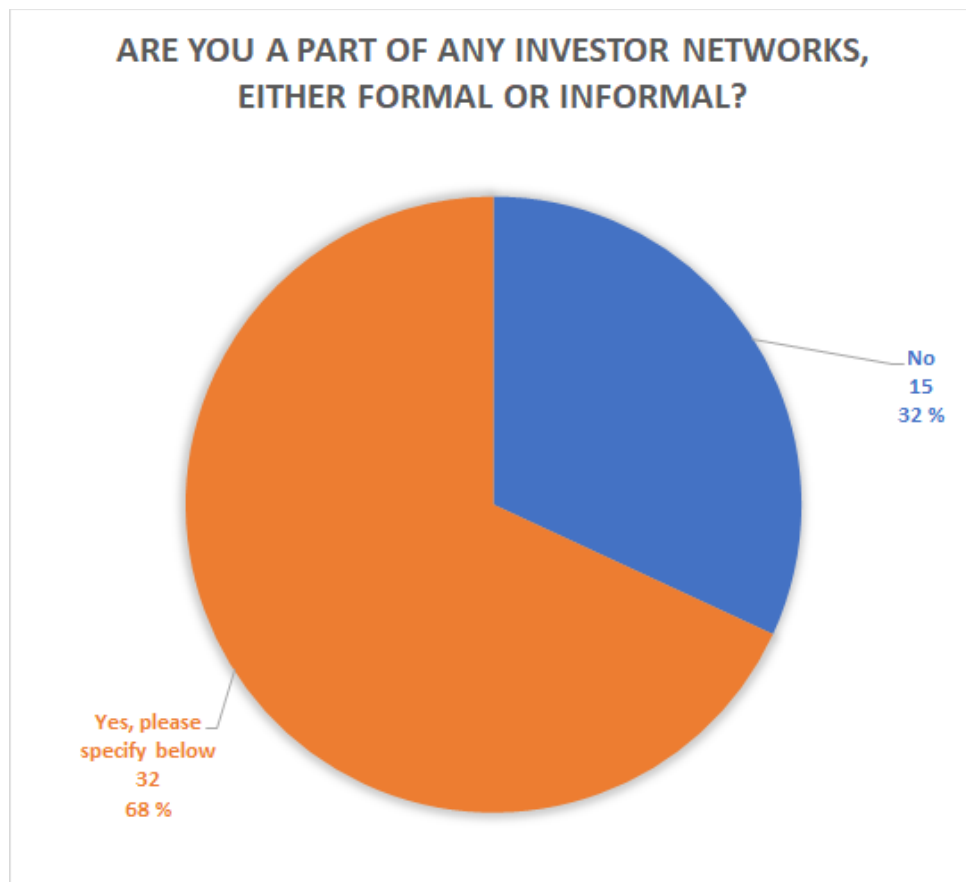


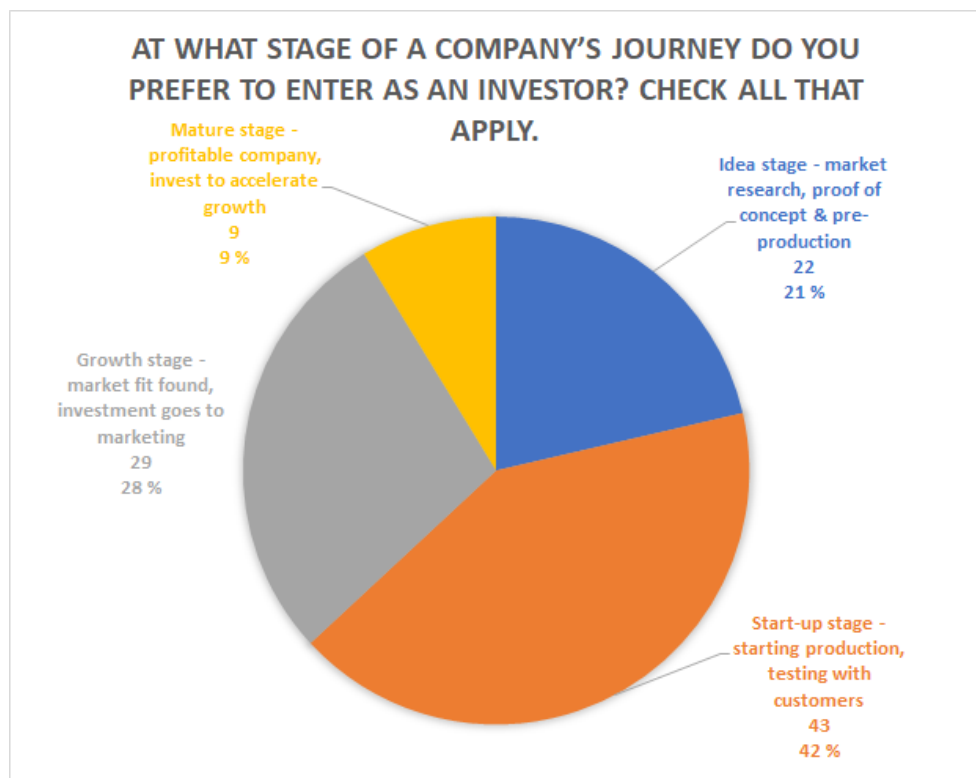
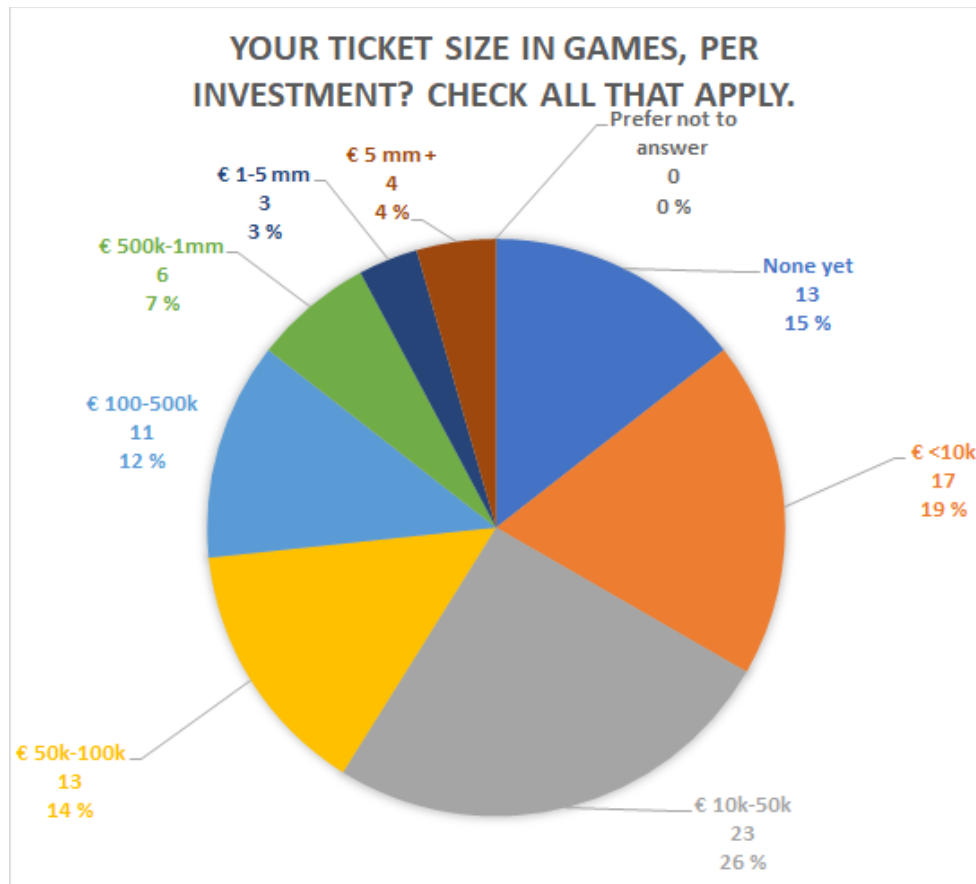
\$InvestorRole*\$GameExperience Crosstabulation

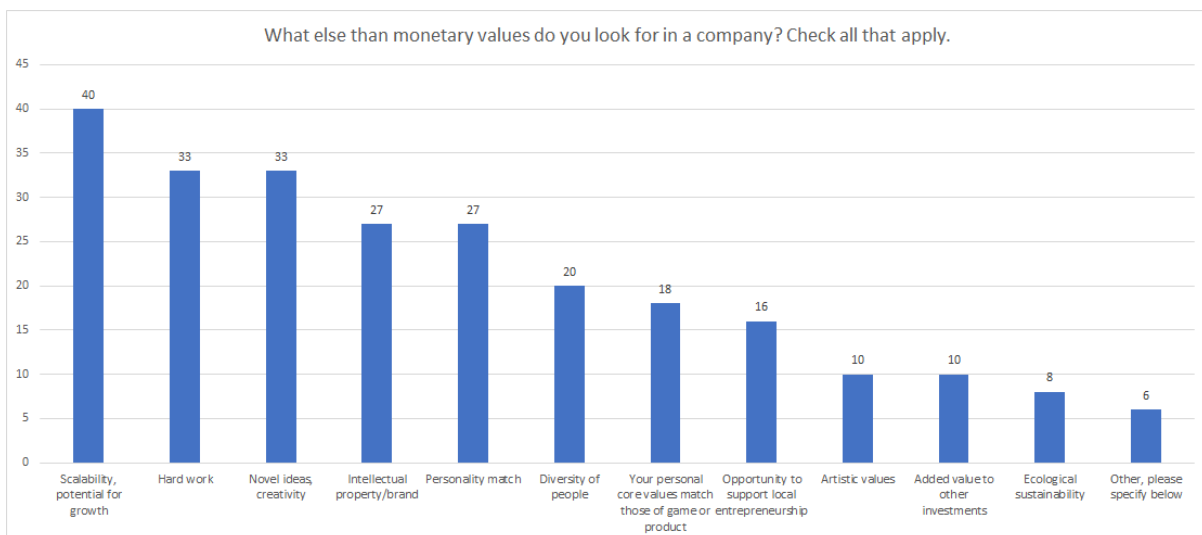
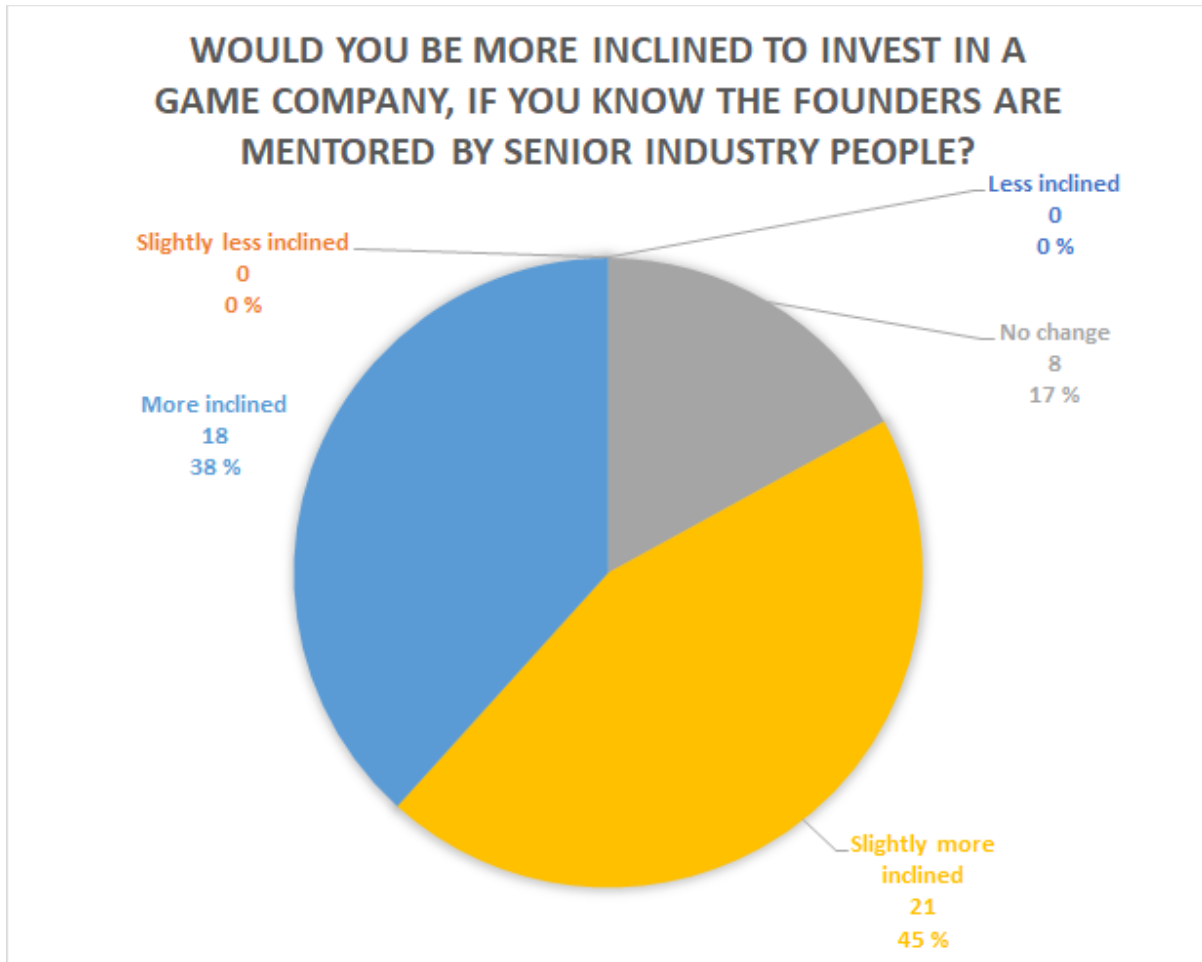
			Experience in games ^a					
			0-2 years	3-5 years	5-10 years	10-15 years	15+ years	Total
Role related to investing ^a	Interested in investing	Count	7	0	1	4	3	15
		% of Total	14,9%	0,0%	2,1%	8,5%	6,4%	31,9%
	Investing in other industries	Count	5	0	0	1	0	6
		% of Total	10,6%	0,0%	0,0%	2,1%	0,0%	12,8%
	Some investment in games	Count	0	2	0	2	8	12
		% of Total	0,0%	4,3%	0,0%	4,3%	17,0%	25,5%
	Regular investment in games	Count	1	3	2	2	6	14
		% of Total	2,1%	6,4%	4,3%	4,3%	12,8%	29,8%
Total	Count	13	5	3	9	17	47	
	% of Total	27,7%	10,6%	6,4%	19,1%	36,2%	100,0%	

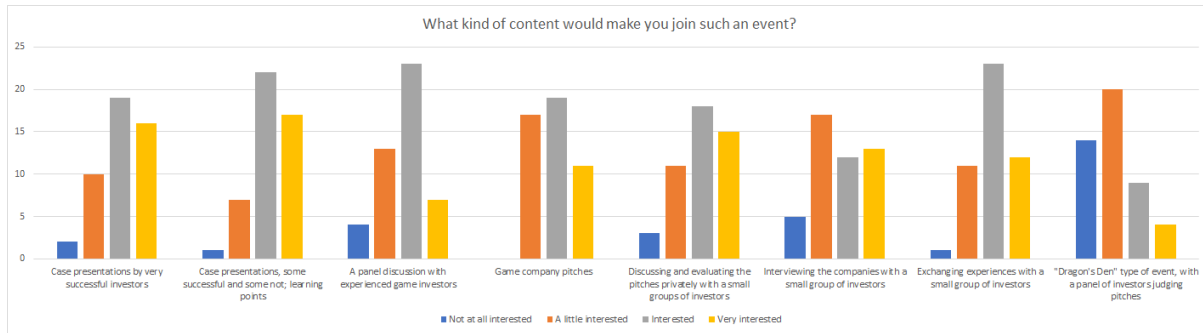
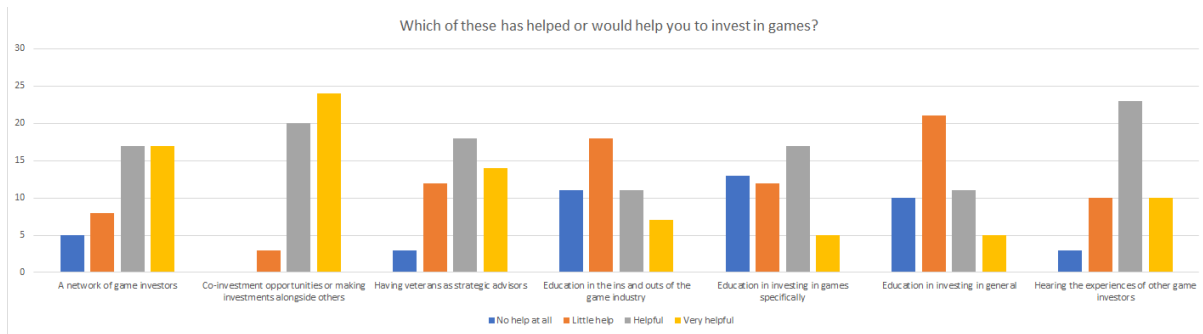
Percentages and totals are based on respondents.

a. Dichotomy group tabulated at value 1.









\$InvestorRole*EventContent1 Crosstabulation

			Case presentations by very successful investors				
			Not at all interested	A little interested	Interested	Very interested	Total
Role related to investing ^a	Interested in investing	Count	2	3	3	7	15
		% within \$InvestorRole	13,3%	20,0%	20,0%	46,7%	
		% of Total	4,3%	6,4%	6,4%	14,9%	31,9%
	Investing in other industries	Count	0	0	3	3	6
		% within \$InvestorRole	0,0%	0,0%	50,0%	50,0%	
		% of Total	0,0%	0,0%	6,4%	6,4%	12,8%
	Some investment in games	Count	0	3	7	2	12
		% within \$InvestorRole	0,0%	25,0%	58,3%	16,7%	
		% of Total	0,0%	6,4%	14,9%	4,3%	25,5%
	Regular investment in games	Count	0	4	6	4	14
		% within \$InvestorRole	0,0%	28,6%	42,9%	28,6%	
		% of Total	0,0%	8,5%	12,8%	8,5%	29,8%
Total	Count	2	10	19	16	47	
	% of Total	4,3%	21,3%	40,4%	34,0%	100,0%	

Percentages and totals are based on respondents.

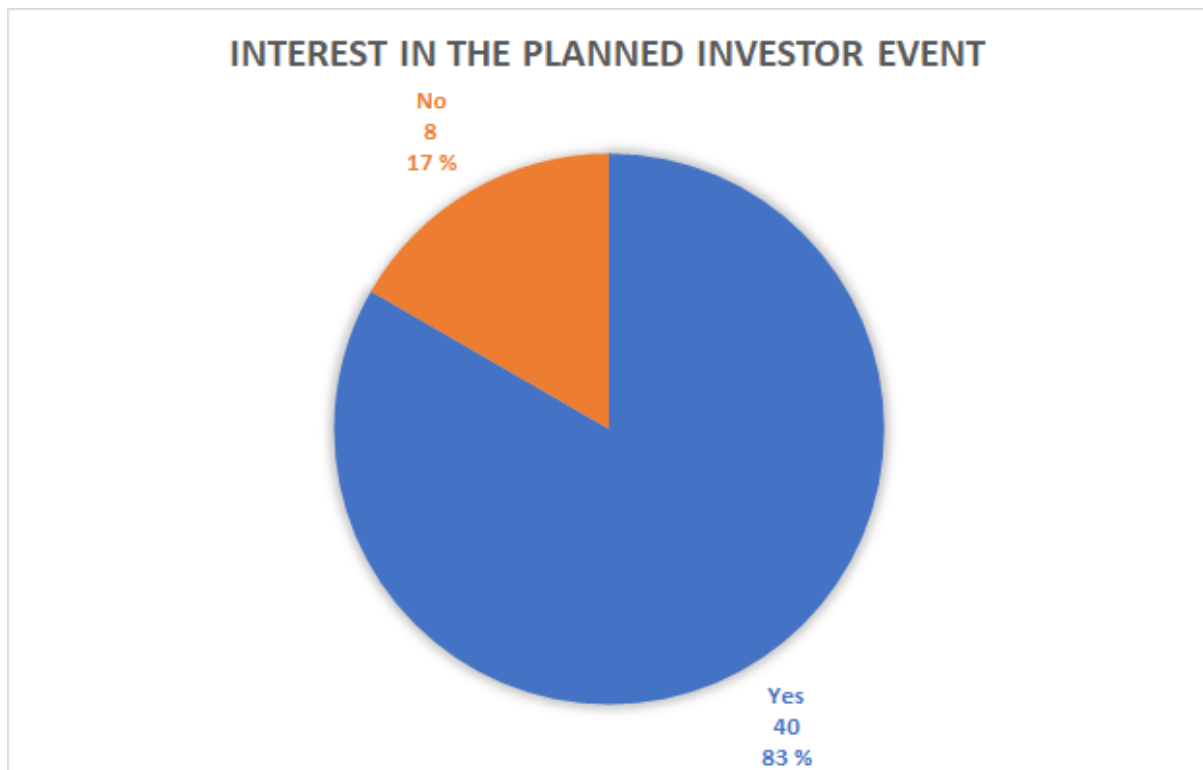
a. Dichotomy group tabulated at value 1.

\$InvestorRole*EventContent3 Crosstabulation

			A panel discussion with experienced game investors				
			Not at all interested	A little interested	Interested	Very interested	Total
Role related to investing ^a	Interested in investing	Count	2	4	6	3	15
		% within \$InvestorRole	13,3%	26,7%	40,0%	20,0%	
		% of Total	4,3%	8,5%	12,8%	6,4%	31,9%
	Investing in other industries	Count	0	2	3	1	6
		% within \$InvestorRole	0,0%	33,3%	50,0%	16,7%	
		% of Total	0,0%	4,3%	6,4%	2,1%	12,8%
	Some investment in games	Count	1	4	6	1	12
		% within \$InvestorRole	8,3%	33,3%	50,0%	8,3%	
		% of Total	2,1%	8,5%	12,8%	2,1%	25,5%
	Regular investment in games	Count	1	3	8	2	14
		% within \$InvestorRole	7,1%	21,4%	57,1%	14,3%	
		% of Total	2,1%	6,4%	17,0%	4,3%	29,8%
Total	Count	4	13	23	7	47	
	% of Total	8,5%	27,7%	48,9%	14,9%	100,0%	

Percentages and totals are based on respondents.

a. Dichotomy group tabulated at value 1.



THE PROJECT

The extension project “Baltic Sea Game Incubation – Piloting Network Activities to Foster Game Incubation in the BSR” (BSGI) builds upon the BGI-project and continues to work on boosting the game industry in the Baltic Sea Region – giving special attention to capacity building. Its main objective is to enhance business support of game incubators through strategic transnational collaboration with other game incubators in the Baltic Sea region (BSR). Joining forces in transnational cooperation will significantly raise the impact on industry development as opposed to acting alone. A viable international incubation network, a standardised incubation approach with powerful support tools and the expansion of the talent pool will enable young game studios and game developers to compete successfully in the game market and turn it into a growth market.

Read more at <https://baltic-games.eu/171/project-extension-bsgi/>

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