

Commercial management & money

UNLOCKING YOUR DREAM

OVERVIEW

Who is Dave Clark?

Delivery Platforms

Business Models

The Self-publishing Developer

Discoverability

The Rise of the Publisher

Investors

Summary

DAVE CLARK

Came in to the industry in 1992

Held a number of roles in marketing, sales & business development

Worked for a number of high profile companies

Director and Investor in a number of businesses

DELIVERY PLATFORMS

Cartridge

CD-ROM/DVD

PS1 launch in 1994

GTA V (Rockstar) - \$800 million or 15m units in 24 hrs

Digital

61% of US market - \$1.77bn

Global sales growth of 11% CARG to \$77 billion by 2018 (IDG)

BUSINESS MODELS

Premium

Freemium

Micro transactions

Hybrid

THE SELF PUBLISHING DEVELOPER

The digital delivery platform has changed the corporate make-up of the industry

The decline in the traditional publisher

The growth of the self publisher

DISCOVERABILITY

A flood of product on the market

- +150,000 games on the App store

- +3000 available on Steam

Multiple retailers globally, some who are starting to curate catalogue.

Discoverability is now the issue

How to burn through the clutter?

- Ranging & Catalogue management

- Marketing

- PR

THE RISE OF THE PUBLISHER

The rise of the publisher

Releases time

Releases resources

Keeps overheads down

Focus on core talents

Buys time

THE JOURNEY SO FAR...

Dev studios have survived:

- Changing delivery platforms

- Changing business models

- The demands of the publisher

Wants to be a self-publisher, but doesn't have the money to realise the dream

He needs money. He needs investment

INVESTORS

Lots of money out there

The type of investor

What's the cost of the money?

What is the exit?

INVESTORS

Many types of investor

Friends & family

Government organisations

Crowd funding

Angels

Venture Capital

They all have the same drivers

Confidence in who they are investing in

A reasonable expectation in getting their money back

Enjoy an ROI

INVESTORS – FRIENDS & RELATIVES

Points to consider include:

Why are they getting involved?

How much equity to give?

What happens if it goes wrong?

Do they get involved?

It is important to use an investment contract with friends and family members, just as you would with any other type of investor

INVESTORS - GOVERNMENT

Multitude of schemes available:

Local

Regional

National

Not really designed to generate wealth

More about job creation

Low risk loans & match funding

INVESTORS – CROWD FUNDING

Relatively recent source of investment

Releases pent-up consumer demand

The current industry favourite is Kickstarter

Pre-order campaign

Not an easy source of money!

Driven by same investor principles

INVESTORS – ANGELS

An individual looking to make their capital work harder

Invests in start-up / early stage businesses

Often open to higher risk profile investments

May be attracted by tax breaks. May just want dividends. May want equity. May want a say in management decisions

Typically invest between £10k and £500k

INVESTORS - VENTURE CAPITALISTS

Professional investment institutions

Typically invest in companies that have shown a history of returns –lower risk profile

Typically between £1m & £100's m

Look for partial ownership and also expect to have a say in management decisions

INVESTORS - BANKS

Banks loan money

Charge interest

Tend to request some form of security

Driven by similar set of investor principles

INVESTORS - THE BUSINESS PLAN

Backs up your claims

The executive summary is key

A good plan demonstrates

- Proves your track record – investors invest in people as much as the idea

- Viability and growth potential of the business

- Showcases your market knowledge and understanding of what is needed

INVESTORS – THE COST OF MONEY

Entrepreneurs – get as much money as possible giving away as little as possible

Investors - want as much equity as possible for a little money as possible

Compromise - entrepreneurs accept they will give away equity. Investors accept they leave enough provide incentive

INVESTORS - THE EXIT

How both the investor and / or business owner is rewarded for their time, effort and investment

Examples include

- An Initial Public Offering (IPO)

- Selling to a larger player in the industry

SUMMARY

Scraped the surface

Discussed how industry changes have created opportunity & threat for developers

How investment can help you realise your dream and how that works

Food for thought