



Action Plan to Strengthen Berlin's Games Industry



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In recent years, Berlin has become a major games hotspot in Germany and Europe. With over 2 billion euros in revenue, Germany is one of the world's leading markets for the computer and video game industry.

The attraction of the capital for international and domestic game developers is not only based on the city's attractiveness with its cultural diversity and high quality of life, but also on the innovative environment and support of the State of Berlin with diverse initiatives and special funding opportunities, especially for young and creative companies.

Berlin has the highest number of gaming companies in Germany and Berlin's games industry is therefore in a good spot. Nonetheless, there are potentials for optimisation that are explored both by state authorities, associations and initiatives or by projects such as Baltic Game Industry (BGI) and BerlinBalticNordic.net, in order to help Berlin's games industry achieve a balanced and productive ecosystem.

The fields of action for such support are largely based both on a study commissioned by the State of Berlin (published at the end of 2017)¹ and on analyses by BGZ Berlin International Cooperation Agency GmbH, as Lead Partner within the framework of the Interreg-BSR project "Baltic Game Industry (BGI)"² in which the State of Berlin and the University of Applied Sciences Berlin are also project partners

The goals associated with the study were, on the one hand, to gain a realistic picture of Berlin's games industry and, secondly, to provide clues for tailor-made support measures. [...] The findings from the study should also form the possible basis of a Federal Council initiative of the State of Berlin, with which nationwide regulatory issues and objectives could be pursued.³

¹ Commissioned by the Senate Department for Business, Energy and Business Berlin: *Die Computer- und Videospieleindustrie in Berlin*. Forschungs- und Kompetenzzentrum Audiovisuelle Produktion der Hamburg Media School. Hamburg. 2017. https://projektzukunft.berlin.de/fileadmin/user_upload/Gamesstudie_2018.pdf

² <http://baltic-games.eu/171/>

³ *Die Computer- und Videospieleindustrie in Berlin*. P. 4

Accompanied by the work in the BGI project and the discussions⁴ within Berlin's games industry, various actors of the State of Berlin have dealt in detail with the question of which specific challenges the Berlin games landscape is facing and which supporting measures could be installed to cope with those challenges.

This action plan is a result of this process.

⁴ See also related events hosted by the [media:net](#) initiative [games:net](#) and the ERDF project [berlinbalticnordic.net](#)

Berlin's Games Landscape

The attraction of Berlin for creative industries is undisputed. Accordingly, Berlin also has the highest number of game companies (developers and publishers) in Germany. Berlin's games industry consists of about 100 companies, composed of game developers, publishers, distributors and platform operators in the core market. In addition, there are about 40 suppliers that are specifically focused on the game industry.⁵

As a magnet Berlin draws in many creative talents, which makes the city increasingly attractive for large companies. From an industry perspective, Berlin is well-endowed with a range of funding programmes for both games projects (over €1.5 million in 2018) and industry support activities (events, trainings, network organisation and conferences - 2018 with over €500,000). This increases the attractiveness of the city as well as its outstanding reputation as an open, young and creative metropolis.

On the other hand, despite these subsidies, in terms of revenues Berlin's games industry is still not up to par in Germany. More so, there is also a clear need to catch up in terms of national and international market shares for the whole German industry. For example, only a fraction of the more than €2 billion generated in the German market was generated by German companies themselves (5.4 % in 2017).

The Berlin games landscape consists mainly of many small companies, founded by young or experienced game developers, including many so-called "Indies". These are developers who try to bring their games on the market irrespective of the requirements of large publishers. This particular composition of Berlin's games landscape also explains the comparatively low revenues of Berlin's games industry. In the medium and long term, however, this young and creative scene will also favour the establishment of large companies.

Given the well-equipped project funding situation in Berlin, there is also the question of whether and where there is potential for supporting the growth and stabilisation of small and also more experienced games studios.

⁵ *Die Computer- und Videospieleindustrie in Berlin*. P. 6

I. Berlin's Games Ecosystem

Especially in young industries such as the games industry, a balanced ecosystem is the most important basis for their stabilisation and growth. To maintain or strengthen the attractiveness of the location for such an industry, it is essential to address the needs of this ecosystem and realise how to intervene to overcome vulnerabilities.

Due to the strong and young community, Berlin has the advantage of a pronounced sense of community shaping the coexistence and exchange of knowledge and experience. For this reason, two games collectives have formed in Berlin ("Saftladen" and "Happy Tuesday"), whose success can be explained only in part by "co-working" in terms of favourable use of space and shared operating costs. The specialised knowledge of how to market and profitably sell a game, write applications and receive capital or awards is largely based within the companies themselves. "Peer Learning" is currently the easiest method of entrepreneurial knowledge acquisition for young companies. The collectives therefore show how to use the willingness to help each other for the benefit of the community.

The Berlin ecosystem consists mainly of micro enterprises (< 10 employees) and small enterprises (< 50 employees). In addition, there is a strong growth in university graduates, freelancers and business start-ups. According to experts⁶, many of the studios lack the entrepreneurial knowledge to establish themselves long-term and the ability to close financing gaps between two consecutive games productions, without having to say goodbye to their proven team. In this industry, it is essential that a successful development team is kept together, as the growing and proven interplay of expertise is the biggest asset of a game studio.

Strong and experienced small studios are the breeding ground of a well-functioning ecosystem. They are both employers and providers of peer support for start-ups and young game developers. They attract large companies who want to work with them, not only as subcontractors but also as partners in innovative projects. A balanced ecosystem also appeals to specialised service providers (consultants, sound engineers, specialists for localisation, marketing offices, etc.). Game hotspots also frequently emerge at locations with a good training situation. Additionally, the stronger the ecosystem, the more support for teaching is available.

⁶ As part of the interviews and workshops of the innovation dialogues conducted by BGZ in the BGI project, opinions were gathered from around 40 experts.

Approaches to Optimisation

There are a number of options to strengthen the ecosystem of Berlin's games industry: the inclusion of the proven collective model within a larger framework, underpinned by services and an operator concept that favours the growth of creativity, professionalism and entrepreneurship, as well as the creation of new opportunities to leverage entrepreneurial knowledge to increase the survival chance of small businesses, including during the stage of marketing a finished game and preparing for the next game production. Experts' opinions⁷ differ widely on what level of entrepreneurial thinking is necessary, how entrepreneurial action strategies can be conveyed in the area of games, and how incentives can be created to acquire an entrepreneurial spirit. But there is widespread consensus that a physical games hub, as a co-working space, as an event and a cross-innovation space, would be an effective way to boost the ecosystem.

What has by now proved to be good practice in many European regions would fall on fertile ground in Berlin due to the numerous small businesses and the open games community: a physical centre, not only as an opportunity for a business location with revenue-dependent and start-up-friendly rents, but as a starting point for the games community, the public, the press and politics, for service providers and companies interested in cross-innovation.

The BGZ Berlin International Cooperation Agency GmbH will support the games community in the development of a concept for such a hub and will act as an advisor together with the State of Berlin in the search for suitable real estate and financing options.

The Investitionsbank Berlin (IBB) is the business development bank of the State of Berlin. As a bank focused on business development, it offers a wide range of grants and funding programs, with a particular focus on small and medium-sized enterprises. In Germany, games companies mainly use project funding, i.e. for funding the production of a game. Economic development though primarily supports companies themselves, of course with their projects. The use of such economic-focused funding requires an appropriate self-image of the company and a long-term entrepreneurial perspective. But even for game companies that have sufficient economic orientation and planning, the funding programmes of the IBB are difficult to access. The focus of most funding programmes is on technological innovation.

The exclusion of non-technological innovations has led to intense discussions between the games industry and representatives of the State of Berlin in recent years. Not only in Berlin, but throughout Europe, discussions are being held on this topic, which has already led to changes and an opening of the definition of technological innovations in many countries.

The State of Berlin is currently evaluating the IBB's innovation programmes and will examine together with the IBB how a broader concept of innovation could be incorporated into the funding

⁷ See comment in footnote 6.

programmes and to what extent the particularities of the games industry could be taken into account in the programme design. To this end, impulses from the games industry are expected.

II. Infrastructure and Services

Berlin's games community is very well equipped with a whole range of support structures and services. Berlin is not only the seat of the Verbandes der deutschen Games-Branche e.V. (association of the Germany games industry), but also the regional network organization media:net berlinbrandenburg e.V. with its initiatives games:net berlinbrandenburg and BerlinBalticNordic.net.

The State of Berlin has been aware of the importance of the creative industry for many years, especially in conjunction with the IT industry. For this reason, there are a number of governmental and state-owned organisations that are responsible for the topic of games.

Existing information programmes include among others the following organisations:

<i>Organisation</i>	<i>Contact point for</i>
Medienboard Berlin-Brandenburg	Advice on project funding
games:net berlinbrandenburg: Initiative of the regional network of the media and digital economy for Berlin and Brandenburg (media:net berlinbrandenburg e.V.)	Networking with the games industry; industry-relevant knowledge transfer
Projekt Zukunft (Project Future) of the Senate Department for Economics, Energy and Business	Information about Berlin's games industry and games politics
Berlin Partner - Department Media / Creative Industries	Information especially for newcomers Online platform "gamescapital.berlin"
IBB Investitionsbank Berlin	Advice on technology / innovation promotion

The Berlin games policy is implemented primarily at the following authorities and institutions:

The Governing Mayor and the Senate Chancellery	Head of the Senate Chancellery as State Secretary for Media and the Department of Media with the Policy Officer for Internet politics
The Senate Department for Economics, Energy and Business	Speaker for media, technology and games industry; Film & Television Industry and ICT Cluster Berlin-Brandenburg (InnoBB25)
Berlin Partner	Head of ICT Cluster Berlin-Brandenburg

Approaches to Optimisation

It's not easy for start-ups or newcomers to figure out where to turn first, given the abundance of points of contact.

This has since been recognized and solved with the approach via the online portal "Games Hub". As a result, a platform was created under the "Games Capital" brand to bundle information about the Berlin games landscape. The associated BGI partner media:net will be responsible for the portal in the future, so that the information can be made to fit the needs of the community. Likewise, games:net has a broad network and is therefore always up-to-date on events and events for the industry.

In this respect, a physical hub as a "one-stop shop" would be a useful addition. Through such a hub, the various existing contact points could be more coordinated and the most meaningful transfer of start-ups, newcomers etc. to the corresponding competence carrier could be initiated.

An important step for both sides, IBB and game companies alike, would be a better information situation. The virtual games hub "Games Capital" is intended to become an information pool for improved access to existing funding opportunities. Studio tours and the continuation of the dialogue between political and administrative decision-makers and representatives of the games community, initiated by the BGI project, together with the state of Berlin and associated partners media:net and game e.V., are intended to optimise the information situation.

III. Games Capital in an International Context

Berlin enjoys a high standing in the world. The high number of visitors prove this. The city has a reputation for being young, lively, open and creative, which explains the growth of young talents. The excellent educational offers are another magnet for young people. With a total of 25 training or study programmes at 11 universities and private institutions, this also applies in particular to the field of games training.

Events such as gamesweek Berlin, EXG, the German Computer Games Award or the joint exhibition booth at Gamescom are measures that are sponsored by the state of Berlin in order to strengthen the international visibility of its games industry. Projects such as Baltic Game Industry or BerlinBalticNordic.net ensure European networking. Global companies such as Ubisoft Bluebyte, King, Riot Games among others also contribute to the image of an international "Games Capital".

According to game companies, many workers from abroad see Berlin as the only location in Germany where they would settle. However, the attractiveness of a "cool" Berlin for many executives and experienced professionals only seems to motivate them to a visit or a short stay. To settle in Europe long-term, cities such as Stockholm are, e.g. with the perspective of family settlements, a more interesting location for professionals.

Since the team is the real capital in the games industry, a studio makes great efforts to retain its team in the long term. For a manager from abroad, considerations such as the arrival of the family are often added, as well as the existing industrial context: one would like to have the opportunity to switch companies, if the one currently held is not satisfying in the long runs. Therefore, locations with several larger companies are particularly preferred by professionals from non-European countries.

The question of "internationality" is approached from two perspectives in the games industry: how visible are games "Made in Berlin" on the world market and how many companies and specialists are coming to the city to settle here in the long term?

As far as the visibility of German games abroad is concerned, there is a pent-up demand, according to expert opinion⁸: the important German market seems to entice developers to not deal sufficiently with the international market. Translations into English are not an adequate internationalisation strategy.

For the area "international visibility" of the games produced in Berlin, again both optimisation areas come into consideration, same as for the area "Entrepreneurship": create incentives through support programmes and their conditions and knowledge transfer programmes. The Senate Department for

⁸ See comment in footnote 6.

Economic Affairs, Energy and Enterprises' foreign trade promotion teamed up with IBB, Berlin Partner and IHK to launch the "Internationalisation Program".

Games experts⁹ are unanimously in favour of a stronger internationalisation of the community. There have been various actions in the past, e.g. to help Asian IT professionals immigrate to Berlin. Many of these groups have not been sustained. The question is whether the communities are not too secluded and e.g. events are frequently offered in German only, therefore discouraging attendance by qualified personnel from abroad. For example, the lack of Polish game developers in Berlin is unexpected. For the international stimulation of the games landscape in Berlin, it needs more talents from abroad.

Approaches to Optimisation

Strengthening of transnational exchange

The BGI partners BGZ Berlin International Cooperation Agency GmbH and HTW Berlin will, with the support of the State of Berlin, strive to intensify their exchange with other regions in the Baltic Sea Region, e.g. through the networking of incubation programs in the Baltic Sea Region and joint actions and appearances of this network.

The BerlinBalticNordic.net initiative will continue to be funded to connect companies and investors internationally.

Improve location marketing for executives

For the perspective of "international attractiveness" for specialists and executives, aspects such as "Berlin as a job market" and "Berlin as a family-friendly city" could be placed more in the spotlight of the location marketing in order to improve the perception abroad.

Together with Berlin Partner, the BGZ Berlin International Cooperation Agency GmbH will work on a strategy for an easier recruitment process of specialists from the international games landscape. This also includes improved navigation to locate the existing excellent services that Berlin Partners offers, but many companies are unaware of, as well as knowledge transfer on job profiles in the industry to better apply exemptions and assess the business need for recruiting.

⁹ See comment in footnote 6.

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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