

Global Game Industry: Level 1

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Miikka J. Lehtonen, D.Sc.(Econ.), B.Soc.Sc.
Assistant Professor, Dubai Institute of Design and
Innovation, Dubai, UAE

@miikkalehtonen

miikka.j.lehtonen@aalto.fi

miikka.lehtonen@didi.ae

www.nordicrebels.com



How are you doing on this beautiful afternoon?



Today's menu:

7 6

Finnish game industry: past, present, and future – as told in five acts

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"Homework": watch The Name of the Game [access to be provided on MyCourses]

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Finnish game industry: past, present, history

From hobbyists to suits





Finnish game industry 1980s – ?

Demo scene

First
companies and
Nokia N-Gage

iPhone &
digital
distribution

First IPOs

Multiple
paths?



Demo scene

- “Established” during the 1980s and early 1990s, hobbyists experimented with computers
 - One of the most famous demo groups *Future Crew*:
 - Founding members went on to establish game companies during the 1990s
 - Also co-organizers of Assembly demo party (1992-)
 - Back then, no one thought of games as a potential career option
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When I graduated from a commercial school in 1995, I thought for about five seconds should I apply to the business school or become an entrepreneur. Three generations before me had been entrepreneurs, so that's why it only took like five seconds for me to make that call. With four other guys we founded Remedy Entertainment, and back then I was only 21 years old working as the CEO in our company. Most business skills I acquired through practice.

Respondent A from our research project



Demo scene: openness and collaboration

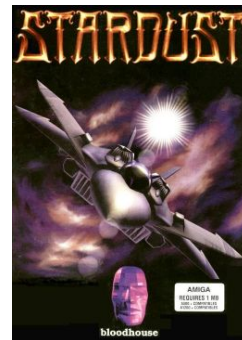
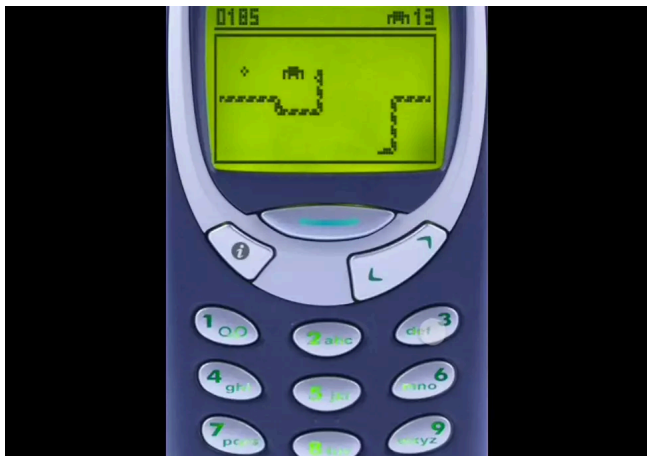
- Openness: playful competition between different demo groups
 - Sharing as means of accumulating prestige and learning from others
- Collaboration: strength in numbers
 - Back in the 1980s, computers and video games were perceived as 'waste of time' or 'leisure'
 - Within the demo scene, however, people found like-minded peers
- Emergence of **resilient values** – seen as a way to form a community





First companies and Nokia N-Gage

- Bloodhouse and Terramarque: 1993
 - Merged in 1995: Housemarque
 - Remedy Entertainment: 1995
 - Nokia's Snake: 1997
 - But! Based on Blockade (1976).
 - Game mechanics cannot be copyrighted -> hence market has always been saturated by clones
 - Nokia N-Gage: 2003
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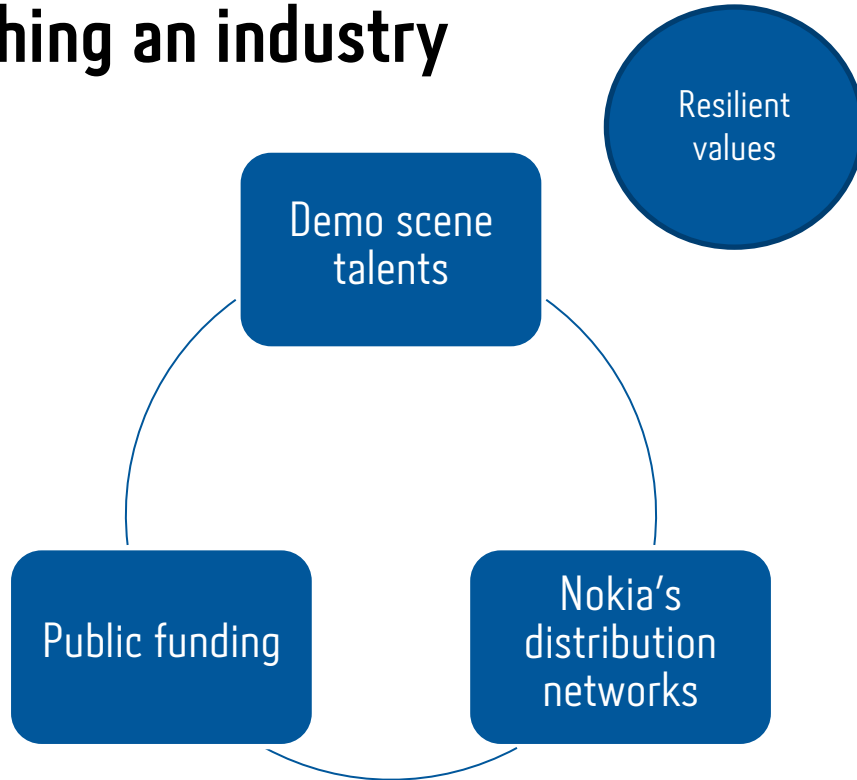
Why was the N-Gage so influential?

- Part of Nokia's strategy was to reach as many customer segments as possible
 - How do you get people excited? Offer them entertainment!
 - But: Nokia did not have the required competencies in-house. Games need to be outsourced!
- In terms of design and market performance, it was a major failure
 - However, its impact on the Finnish game industry was critical





Establishing an industry





iPhone & digital distribution

During six years, we developed over thirty games with the vision that WAP and SMS games are only a passing fad. Eventually, 3d games will also find their ways into mobile devices. In 2006, Java-based games reigned supreme, and our investors said to us 'your vision might be right, but the timing is wrong'.

Respondent A from our research project



Digital distribution as a change agent

- Previously: 30% developer, 70% distributors, publishers, retailers etc.
 - Now: 70% developer, 30% distributors
 - Remember Nokia's N-Gage? Because of that, most game development companies in Finland focused on mobile games
 - Luck also had some influence: Relude (now Rovio) seen as a laughing stock in the scene – prior to Angry Birds...
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Digital distribution as a change agent

They say digital distribution has democratized the game industry as well as made it relatively easy for companies to gain global coverage.

But what could be wrong about this assumption? Why is it a double-edged sword?



First IPOs: the scene is maturing

- Next Games, Rovio, Remedy Entertainment, Nitro Games
 - Partly to get key employees committed, but also to gain more resources to compete in the global markets
 - However, going public also means more secrecy...
 - ...and this has had an impact on the Finnish game industry
 - Traditionally, people would be openly sharing successes and failures (or trade secrets in other industries), but legal restrictions prevent publicly listed companies from being equally open
 - ...and to what extent are game companies suitable for being listed?
 - Recently, both Next Games and Rovio have been hit -> share price going down
 - Remains to be seen in the near future, how shareholders learn to appreciate game companies (and game companies shareholders!)
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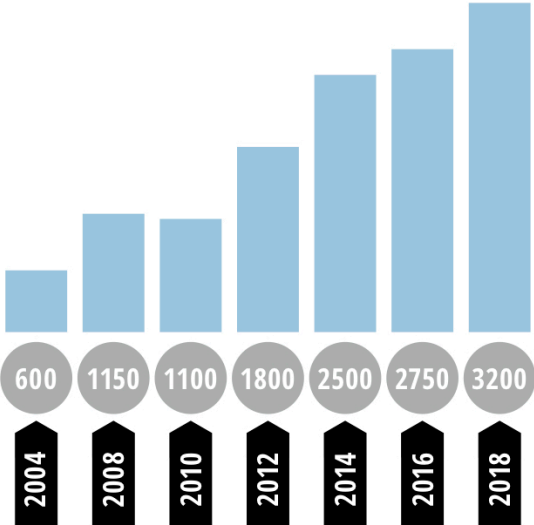
Developers & Diversity

These figures include entrepreneurs and persons employed abroad by Finnish studios.

Out of the 140 companies surveyed, 86 (61 %) estimated that they are going to hire at least one new employee within the next 12-18 months.

Altogether, these companies are expecting to hire Over 500 new game industry professionals during 2019–2020. Due to the volatile nature of the industry, the actual demand for new employees is hard to estimate with any precision. However, these figures confirm that the Finnish game developers are still looking for growth, and the lack of employees is still a challenge to the industry.

According to the survey, the number of female employees in the 140 companies surveyed has increased from



Number of people employed Finnish Game Industry 2004–2018



Looking ahead: multiple paths

- Many things have happened in the past: demo scene, first companies in the early 1990s, Angry Birds, IPOs
- Factors influencing the future of the Finnish game industry
 - Positive: good luck, more local and foreign talents, new innovations, new supporting actors, esports
 - Negative: not enough talent, bad luck, new platforms, less sharing and more IPOs, less cross-pollination between industries





Looking ahead: multiple paths

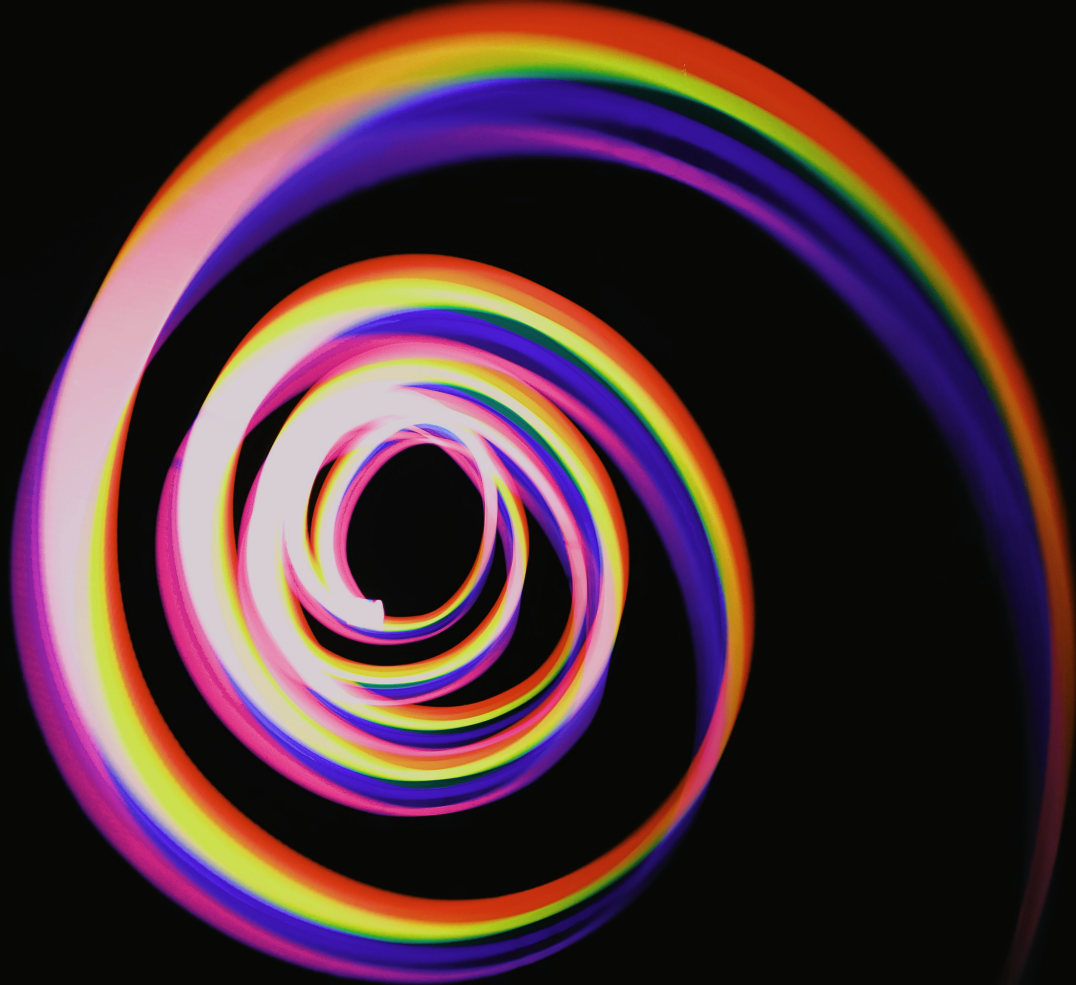
- The Covid-19 pandemic has not had a negative impact on the Finnish game industry (mostly positive due to increased revenue)
 - Game development more independent when compared to other software development projects (not dependent on clients)
 - Resilient values: the “secret sauce” for diversifying the industry’s future trajectories
 - Values interpreted differently for various purposes
 - But how far can the industry go? Recruiting professionals from outside Finland isn’t easy
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Legitimacy in creative industries develops and emerges over time through three different stages: incubation period, growth phase, and peak legitimacy.

In a way, the Finnish scene is currently in the peak legitimacy phase.

- **Institutional environment hinders growth**
- **IPOs, game museum, industry is maturing**
- **Where are new innovations coming from?**

What will you do to change this?





Preparations for the next session

- Familiarize yourself with the readings for tomorrow
- Discussion on ideation processes AND an exercise
 - Session 16:00-17:30
 - Exercise to be posted on MyCourses by 9:00 tomorrow



See you tomorrow!

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