



Capacity Building & Innovation Dialogues

Engaging with Industry and Public Authorities

Part 5 - FINLAND - HELSINKI



EUROPEAN REGIONAL DEVELOPMENT FUND

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 5 of 9 - Finland - Helsinki

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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

FINLAND - HELSINKI



Snapshot of the Situation

As concluded in the Joint Analysis Report by the project, the Finnish Game Industry is comparably well developed. There were 250 game developer studios in Finland in 2016, 104 of them are located in the Helsinki area. Remarkably, the number of employees in the industry is relatively high compared to other regions in the Baltic Sea region. In Helsinki, the industry employs almost two thousand employees per million inhabitants. This leads to an average size of 21 employees per company which is the second highest value in the region.

All in all, Finnish games industry has more than 2,700 employees with a slightly rising tendency. Also, the number of studios employing more than 50 employees has increased. Finnish game industry is, overall, doing well. The industry has mature development and quest for stability.

Most importantly, the Finnish Game Industry generates by far the highest revenue out of the BSR, in absolute and relative terms. Nine Finnish game developer studios have more than 50 employees, all of them are located in Helsinki. Six of these companies belong to the top 100 industry players globally. About 98% of the turnover of the Finnish games industry is generated by firms located around Helsinki.

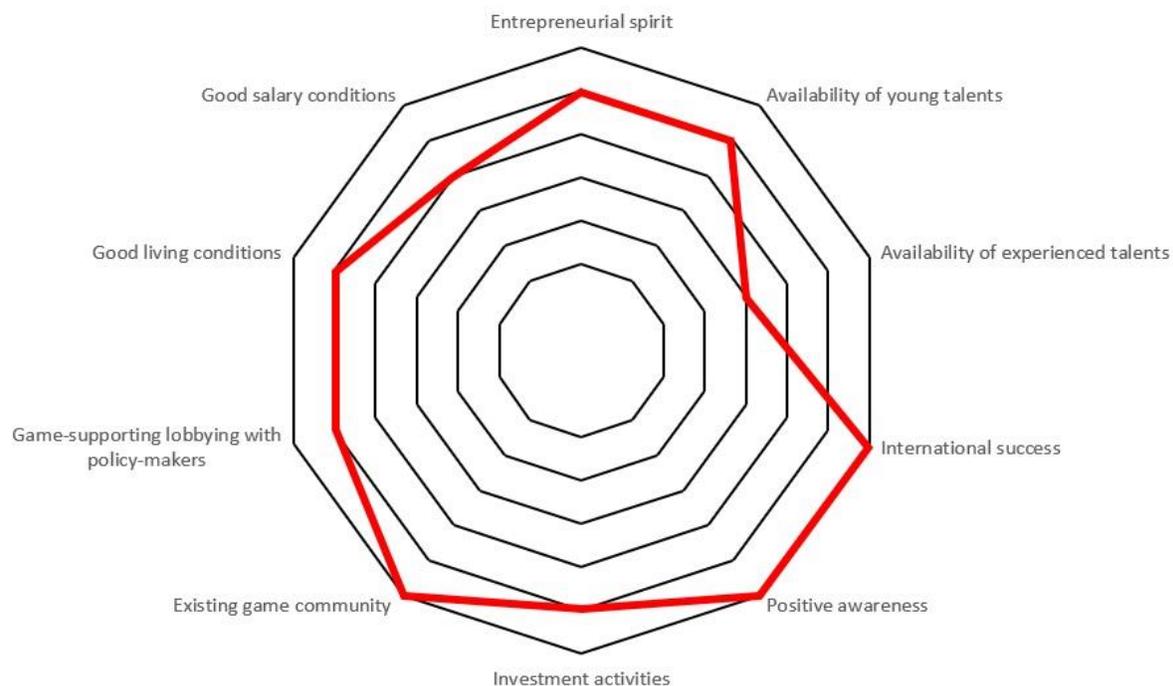
The games community is strong in Finland. There are many events and places to meet people from other game developer studios or other parts of the games community. In the community there is high appreciation for each

member. The community also likes to share – thing that proved to be very helpful and important during, for example, the GDPR-process.

The public government attitude towards games industry is rather good, since games are nowadays seen as a significant economic driver on both the local and national level. The City of Helsinki sees the games industry quite positively and tries to find new ways for supporting it and co-operating with the industry.

When it comes to the national level, the City of Helsinki and local game industry have a joint understanding of the key challenges to be addressed. However, although also on the national level the attitude towards game industry is also rather good, the problem is low prioritisation of the key challenges of the industry in particular in non-economic government sectors.

With three interest and lobby associations and two incubators with a special focus on games, the Finnish Game Industry is rather well supported. There are different support instruments for the Finnish games industry. When it comes to funding, the general investment climate towards games is active. However, the investment community still lacks the understanding in gaming, but the situation is improving. There is very little cultural funding and the majority of VC funding comes from abroad, mainly from UK, USA and China. Availability of seed funding has been identified as a problem.

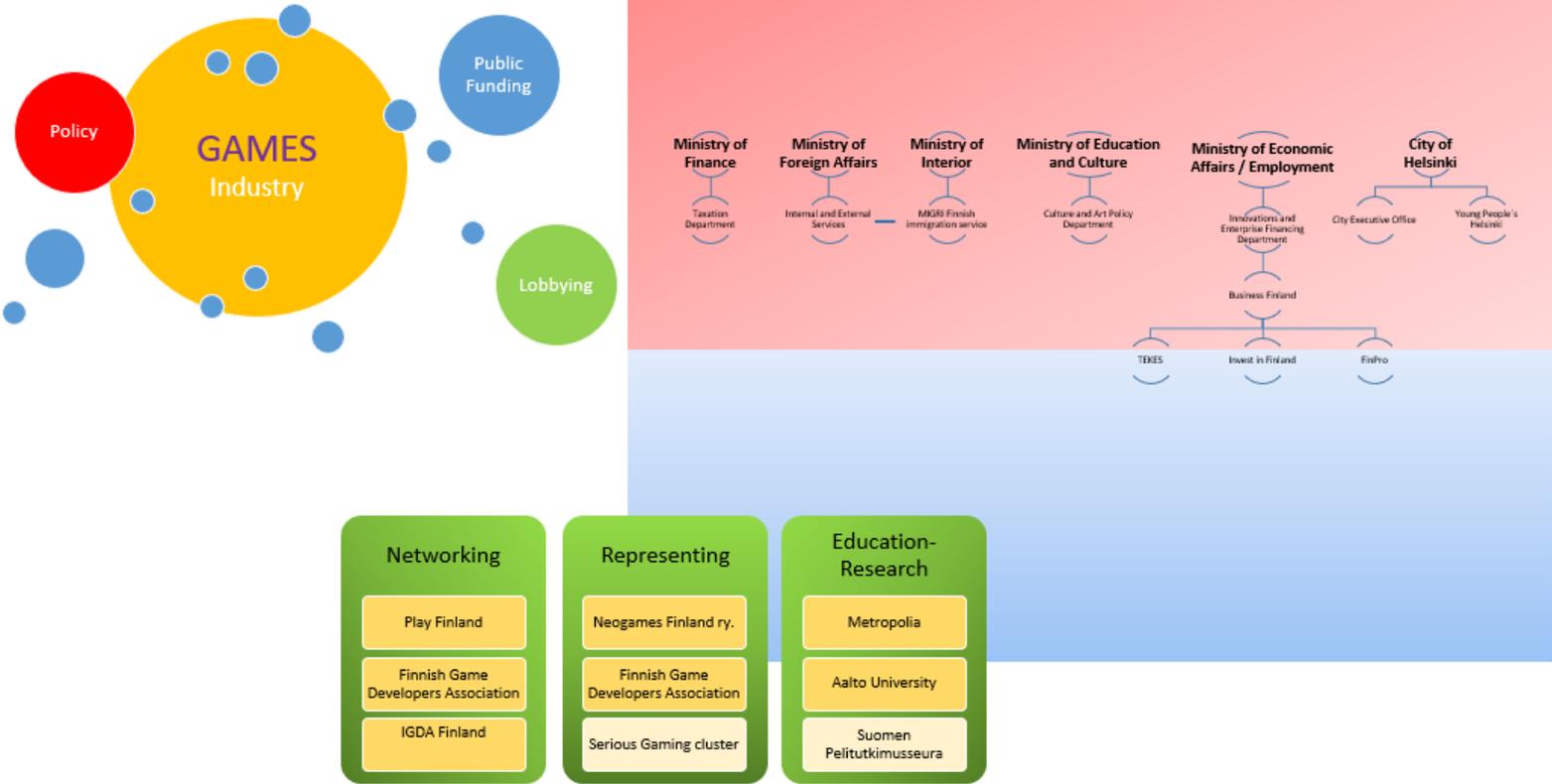


Source: Baltic Game Industry project

There are many actors that provide financial support. The biggest actor in public funding is Business Finland offering both grants and loans. The support is provided to start-ups, SMEs, research organisations and public sector service providers. Business Finland provides funding nation-wide. Other public and nation-wide funding providers are The Mediatonic Game and Media Brand Investment Fund, Finnish Ministry of Education and Culture with its StepDemo and DigiDemo. Regional development agencies provide also financial support for business development, event participation etc. There are also private equity funds Reaktor Ventures and IPR.VC that have interest in video games.

Communication Map

Roadmap: Decision-makers and influencers



Source: Baltic Game Industry project

In the communication map, the key decision-makers and influencers of the local games industry ecosystems are presented. The organizations supporting the game ecosystem are marked in green. There are three kind of support structures: structures facilitating networking and knowledge-transfer in the industry, structures focused on internal capacity building and representing the industry to media and public authorities and structures that educate new talents for and do research on the industry. Public authorities from the national and local (Helsinki) level are presented in the red-blue rectangle. All these public authorities are decision-makers and influencing the possibilities of the ecosystem, and this is why all of these were taken in to account during the innovation dialogues.

Chosen Approach for the Dialogues

Our approach to innovation dialogue events was an intermediate approach. We decided to communicate with public governance authorities, game developer studios and also indie developers through targeted dialogue events on topics identified as a result of the Joint Analysis Cluster report. Also, the innovation dialogue test meetings with the key financial experts and the HR experts of leading Finnish game developer studios helped delineate requirements for development policies that are essential for the growth and evolution of the operational environment of the Finnish game industry. These challenges are to be answered most effectively as a joint effort from both public governance and the industry.

The Innovation Dialogue

Innovation dialogue of talent attraction and finding place for co-operation

March 20th, 2018

Venue: Supercell

16 attendees (upon invitation): Games industry HR specialists, public authority representatives from city and national governance

Innovation dialogue for games industry entrepreneurs about the challenges and opportunities they have in Helsinki region

June 6th, 2018

Innovation dialogue for games industry entrepreneurs about the challenges and opportunities they have in Helsinki region

Venue: Games Factory

Attendees represented both city governance and the entrepreneurs

Innovation dialogue for games industry key global players about their hopes for framework improvement

June 12th, 2018

Venue: Neogames office

3 attendees (upon invitation): All representatives from global key player studios from Helsinki Region

Meeting of the Games Industry HR network March 20th, 2018

The meeting was held at the Supercell office with both HR officers from many companies and representatives from city and national governance. The main topic for the event was the current situation of the immigration process. The discussion also touched upon talent attraction and integrating talents, what public authorities are doing at the moment on these issues, what HR specialists would need and how they could co-operate.

At the end of the meeting it was agreed that this discussion should continue in the future in order to identify effective solutions and implement respective actions.

Meeting with the Helsinki region Game Industry Entrepreneurs June 6th, 2018

This Innovation dialogue event was held at the Games Factory. Both the Games Factory and the City of Helsinki shared information about their work and available support for entrepreneurs. Neogames also presented their remit and activities, and motivation of the dialogue from the BGI-project perspective.

The majority of participating companies could be profiled as indie developers. During the course of the evening following topics were discussed: what type of business models, developers were using, how to raise money from

private investors, realistic opportunities for funding and business, collaboration with others (e.g. publishers), peer-support and knowledge-sharing.

The stakeholders, both the unit supporting the early stage start-ups at the city and Games Factory were interested in future co-operation. The need for an investigation of incubator practices and challenges was addressed.

Meeting with the Finnish Games Industry Key Global Players June 12th, 2018

This innovation dialogue was held at the Neogames office. We invited the five leading game developer studios in Helsinki. They generate most of the turnover of our games industry and therefore it is crucial to hear their expectations with respect to a framework development. Three studios participated in this dialogue event with representatives from Neogames.

During the meeting the access to funding, access to talent and access to markets were noticed to be key challenges for the leading game developer studios. All of these problems and possible solutions were discussed. With respect to access to talent we discussed e. g. that solving immigration-related challenges and making Finland more attractive for global talents should be the key focus for the project. It is also very important that the talented young people enter the games industry as early as possible. The studios emphasised the crucial role of Business Finland in enabling the risk taking, for example enabling the growth of the companies focused on exploiting the possibilities of novel technologies and business models, in Finnish games industry. The role of the policy makers and their understanding on how the games industry operates was stated to be a big part of access to markets, since the policy makers draft new regulations creating market access barriers and provide funding for trade missions that are crucial especially for taking first-round start-ups in the global markets. The key local studios expressed their interest to follow the project.

Outcomes and Next Steps

Outcomes from HR network meeting on March 2018

During this innovation dialogue meeting the needs and co-operation opportunities were introduced. The HR specialists would need support for both talent attraction and talent integration from public authorities. The participants noticed the opportunity of co-operation in marketing and with spouse networking.

Outcomes from Helsinki region Game Industry Entrepreneurs meeting on June 2018

The biggest outcome from this innovation dialogue was an enhanced understanding of the requirements of indie developers and the need of clearer communication of NewCo and Games Factory offers to small studios. It was also noted that early-stage start-ups and also indie developers are reluctant to ask and receive advice from outside. Therefore, it would be beneficial to have more peer-support from other game developers.

Outcomes from Key Global Players meeting on June 2018

During this innovation dialogue the participants introduced their thoughts on access to talent, access to funding and access to markets. According to the participants, the access to talent is mainly a question solving immigration related challenges and making Finland more attractive and exploring the possibilities for more game education. When talking about access to funding, Business Finland was noticed to play a crucial role enabling the risk taking in Finnish game industry. The importance of policy makers and their understanding on game industry were noticed to be great in access to markets.

Next steps

After innovation dialogues the key points of the discussions, the challenges and also the proposed solutions were put on paper. The input the innovation dialogues gave were thought and discussed in the big stakeholder group meeting on October, where the participants already drafted forward the idea which steps to take next and in where the change could be made. After this, action points have been discussed with smaller topic specific groups.

TOWS Analysis

This TOWS analysis preliminary. We are gathering more information during the process of our Finnish Game Industry Report and the TOWS analysis might be updated after that.

S/O USE STRENGTH TO MAXIMISE OPPORTUNITIES

Being trailblazer of emerging market disruptions by securing access to global top talent, risk-taking non-European venture capital and well-tailored public support instruments

S/T USE STRENGTH TO MINIMISE THREATS

Convincing newly elected policy makers on the fact that investment on public support for games industry (and especially on trade missions) is a good public investment



W/O MINIMISE WEAKNESSES BY USING OPPORTUNITIES

Using global nature of games industry on overcoming local challenges (e.g. access to talent and funding) and building self-standing local ecosystem that can survive with less public support

TOWS

W/T MINIMISE WEAKNESSES AND AVOID THREATS

Maximizing inflow of talent and funding from abroad in order to get ready for upcoming market disruptions

The Action Plan

Steps towards an Action Plan

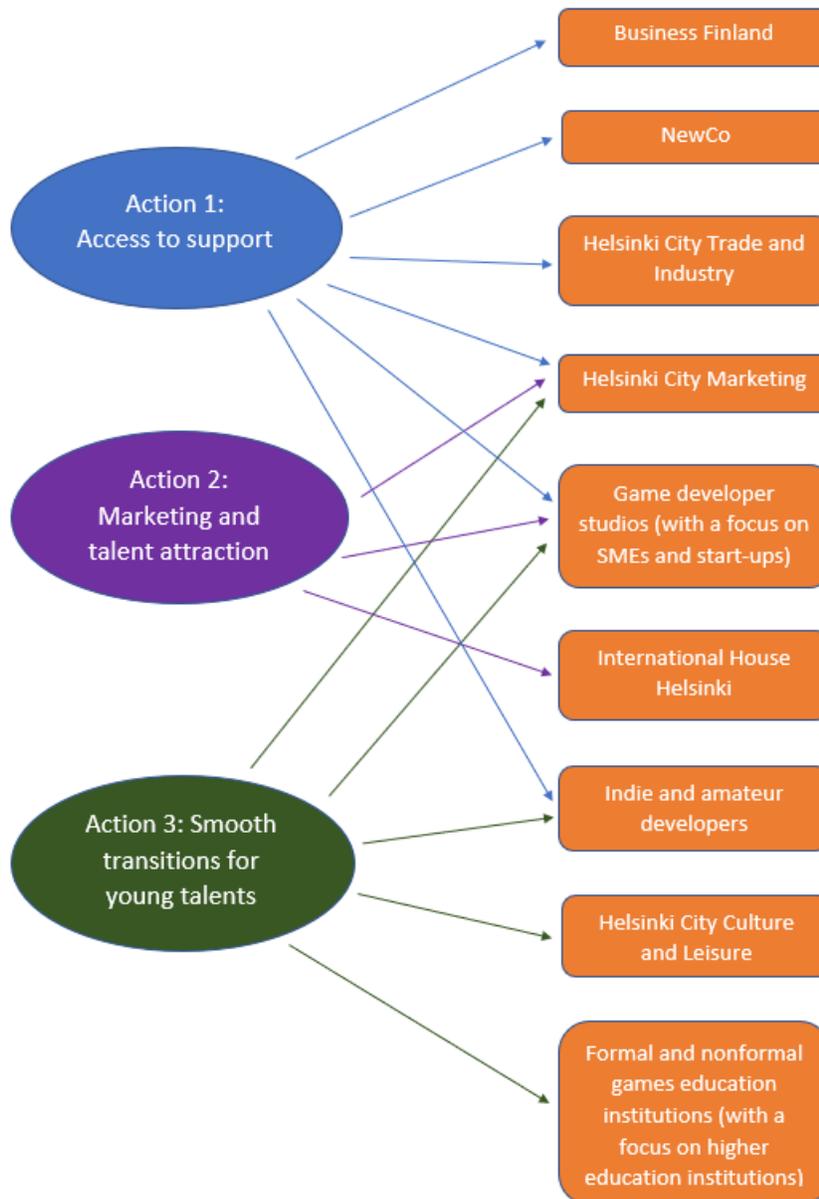
The change process will have an impact on viability of the Finnish games industry, and it addresses challenges the industry faces today. The action plan addresses changes in the implementation of the strategy of the City of Helsinki rather than changing the strategy itself. The strategy that is currently being implemented is for the years 2017-2021, so changing an on-going strategy would be highly ineffective since this strategy period is in midpoint. This decision was made as a result of the joint analysis, the innovation dialogues and the SWOT and TOWS analysis, and the big stakeholder group meeting held in October. We have identified three action areas to cover: Access to support, marketing and talent attraction, and smooth transitions to amateur talents.

The challenges the Finnish games industry faces are somewhat similar than in other countries in the Baltic Sea Region, but of course every country has its idiosyncrasies and its unique challenges. In some countries, the games industry is just starting to grow into a significant economic driver while in other countries, such as Finland, the games industry has been a significant economic driver for years. Thus, Finland can provide a good example for emerging national and regional industry ecosystems. The intended change addresses international harmonisation by boosting the whole Baltic Sea Region in attracting experienced talents and providing smoother transitions for young talents – more talents in the whole Baltic Sea Region will benefit all individual regions as well.

The drafting of the action plan took place between the beginning of the January and mid-March. During this time, there were work group meetings with smaller groups from the City of Helsinki and from the Farm League (BGI incubator). We discussed the action plan in the context of the implementation of the strategy of the city of Helsinki.

The drafted action plan would affect following stakeholder groups:

Stakeholder groups affected by the action plan



For each area identified as most relevant for change, different steps will need to be taken.

For access to support, the main challenge is the access to information on support measures. There is a need for mapping the gaps in access to information and bridging those gaps. Furthermore, in order to secure more effective mobilisation of better information-sharing practices, there is a need for a lead body in city administration. This body should be responsible for strategic development of support measures targeted to the industry, in general.

For marketing and talent attraction, we identified the need for stronger co-operation between public authority and the industry. As concrete steps we'll focus on building a Helsinki model for talent attraction and finding ways to make the public services more accessible in English.

For smoother transitions for young talents, the main challenges are focused on barriers of entry to Finnish games industry and intergenerational knowledge transfer. As concrete steps, we plan to identify and create support measures helping students to find a route to entrepreneurship, implement BGI incubator pilot, and examine a way to build a mentoring system.

Meeting with foreign investors in Pocket Gamer Connects in September

Discussion of the status of private investment needs in Finland

Meeting with Business Finland

Discussion on how to support Finnish Game Industry to find solutions and methods on utilising emerging technologies and ongoing technology disruption

Discussion with number of key games industry CEOs

Discussion of the ways to support diversity in the Finnish Game Industry

Discussion with the department of international marketing of the City of Helsinki

Discussion of the ways to support talent attraction and talent integration

Discussion with the department of culture and leisure of the City of Helsinki

Discussion of the ways to support smooth transitions for young talents and games culture

Discussion with Farm League (BGI incubator)

Discussion on entrepreneurship and start-ups

Summary of the Action Plan

The proposed action plan for Helsinki describes three main actions. These actions were noted to be the important ones as a result of the innovation dialogues and experts' consultancies we had. The whole action plan can be found [here \(www.neogames.fi/wp-content/uploads/2019/03/BGI-Action-plan-Helsinki.pdf\)](http://www.neogames.fi/wp-content/uploads/2019/03/BGI-Action-plan-Helsinki.pdf).

1. Improving accessibility of public support measures for games industry SMEs

In this action we are seeking to map the gaps and bridge those gaps in access to information on support measures. We are also seeking to identify a lead body in city administration responsible for strategic development of support measures targeted for games industry.

At the moment Finnish Game Industry is beyond its recent hyper growth but the industry is still growing. New game development studios are established every year in Helsinki, but the rate is slower than before. At the same time some of the studios established during the start-up boom in 2011-2015 have not been able to stay in business. This alone suggests that the local games industry ecosystem and its game development studios need now more and better targeted support to enable continuous renewal of local industry.

Innovation dialogues organised by the project highlighted the need for better support as well. Especially, the local games industry start-ups called for better community-based knowledge transfer actions. This was also noticed during the SWOT and TOWS analysis.

Consequently, the first meeting of the first internal games industry network of city officials and industry ecosystem stakeholders acknowledged:

- the necessity of public support and its smooth continuity
- obstacles in access to information on support instruments targeted for games industry
- demand for more attractive and accessible industry community spaces

2. A public-private co-operation in city marketing and talent attraction

In this action we are seeking to co-operate in talent attraction and talent integration.

According to the joint cluster analysis, the slowdown in the hyper growth of Finnish Game Industry can be explained by intense competition in international games markets and global struggle to find employees. Although Helsinki based game developer studios have so far been fairly successful on global markets its future is overshadowed by lack of talent.

During the innovation dialogues, increased presence of local games industry in city marketing was noted to be crucially important for the growth of the industry, as more successful marketing measures allure new risk funding and foreign talent to the city. Finland and Helsinki area must be an appealing place to invest in for investors and work and live for the top industry talents and their families. City of Helsinki, the neighbouring cities, games industry and also the national decision makers have a great role in helping foreign talents to get interested to working and living in Finland and later on to settle in. In particular, close co-operation between these actors is crucial for the success of marketing activities.

Consequently, as concluded in TOWS and SWOT analysis, in order to tackle these challenges: the game industry needs to be more visible in the city marketing to allure both investors and global talents in Helsinki.

3. A clear route for games industry professional for amateur talent

In this action we are seeking to tackle the barriers of entry to Finnish games industry and entrepreneurship for both young foreign and local talents. We are also seeking intergenerational knowledge transfer.

Global struggle to find employees is a key challenge for Finnish Game Industry. In addition to helping global talent to move to Finland, the innovation dialogues addressed the importance of securing steady growth of local super talents as well. Although young talent in general and some art-for-art's-sake indie developers value their artistic integrity over financial ambitions, inclusive community and strong peer-learning culture enable business knowledge transfer for all community members. Earlier the young industry talents are exposed to business-driven game development practices easier it is for them to, if they wish to do so, take required steps to combine strong artistic vision with solid business practices. The earlier they have an opportunity to do so the better. Therefore, the young talents in Finland should enter the local games developer community as early as possible. Both formal games education and informal education activities on youth clubs for example play a crucial role in this. It is very important to have spaces for these young talents to develop their skills and step by step move towards finding their own studio.

In this action we are seeking to tackle the barriers of entry to Finnish games industry and entrepreneurship for both young foreign and local talents. We are also seeking ways to improve intergenerational knowledge transfer through improved mentoring activities.

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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