

SWEDISH GAME INDUSTRY'S REPORTS 2011

# Game Developer Index 2010

 **DATASPELSBRANSCHEN**  
SWEDISH GAMES INDUSTRY

# Foreword

**It's hard to imagine an industry** where change is so rapid as in the games industry. Just a few years ago massive online games like *World of Warcraft* dominated, then came the breakthrough for party games like *Singstar* and *Guitar Hero*. Three years ago, Nintendo turned the gaming world upside-down with the Wii and motion controls, and shortly thereafter came the Facebook games and *Farmville* which garnered over 100 million users. Today, apps for both the iPhone and Android dominate the evolution. Technology, business models, game design and marketing changing almost every year, and above all the public seem to quickly embrace and follow all these trends.

Where will tomorrow's earnings come from? How can one make even better games for the new platforms? How will the relationship between creator and audience change? These and many other issues are discussed intensively at conferences, forums and in specialist press.

Swedish success isn't lacking in the new channels, with *Minecraft's* unprecedented success or *Battlefield Heroes* to name two examples. Independent Games Festival in San Francisco has had Swedish winners for four consecutive years and most recently we won eight out of 22 prizes.

It has been touted for two decades that digital distribution would outsell traditional box sales and it looks like that shift is finally happening. Although approximately 85% of sales still goes through physical channels, there is now a decline for the first time since one began tracking data. The transformation of games as a product to games as a service seems to be here. Swedish game developers have been exceptionally successful in the traditional value chain with publishing tasks. We are now developing new business in both new companies as well as new divisions of established companies. Swedish game developers continue to grow, both in terms of turnover and employment. In addition, the overall result remains positive for the second consecutive year. There are good reasons to talk about a golden era for Swedish video games.

## Per Strömbäck

Spokesperson, Swedish Games Industry

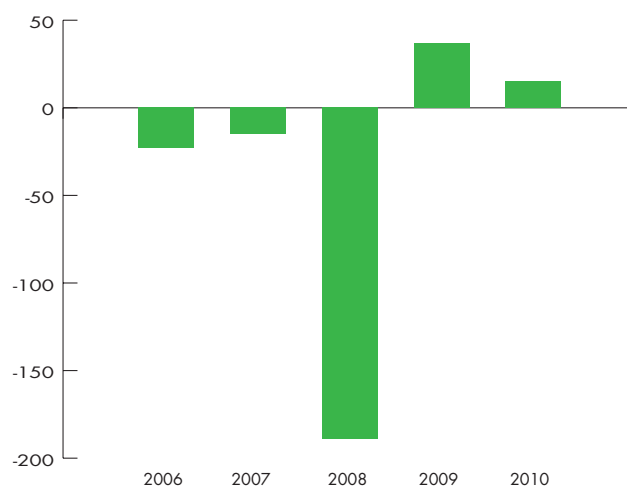
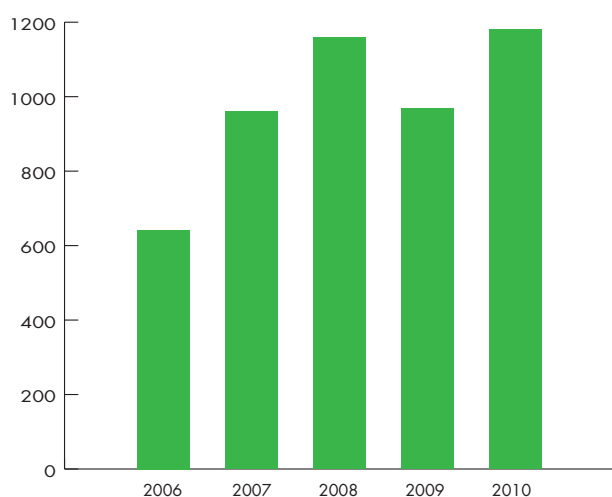
*War of the Roses, Fatshark*



## Key Figures

	2010	2009	2008	2007	2006
<b>N:o of companies</b>	106 (+5%)	101 (-3%)	104 (+14%)	91 (+34%)	68
<b>Turnover</b>	1181mkr (+22%)	967mkr (-17%)	1158mkr (+21%)	959mkr (+49%)	642mkr
<b>T.O. per employee</b>	982tkr (+12%)	877tkr (+3%)	856tkr (+3%)	831tkr (+5%)	790tkr
<b>Result</b>	15mkr (-59%)	37mkr (+120%)	-188mkr (-1121%)	-15mkr (+33%)	-23mkr
<b>N:o of employees</b>	1203 (+9,2%)	1102 (-19%)	1353 (+17%)	1153 (+42%)	812,5
<b>Men</b>	1082 (90%)	993 (90%)	1217 (90%)	1034 (90%)	702 (86%)
<b>Women</b>	121 (10%)	109 (10%)	135 (10%)	119 (10%)	107 (14%)

## Sales and Earnings



The **2010 turnover** of 1181million Swedish kronor is the largest the industry has reported to date. It is historically, the continuation of a natural progression since reporting began in 2006, which was only broken by the crisis year of 2009. Other contributing factors include Sweden's strong economy together with a global slow-down of the economic crisis. Export revenues makeup a large percentage (over 90%) of Swedish game developers' turnover.

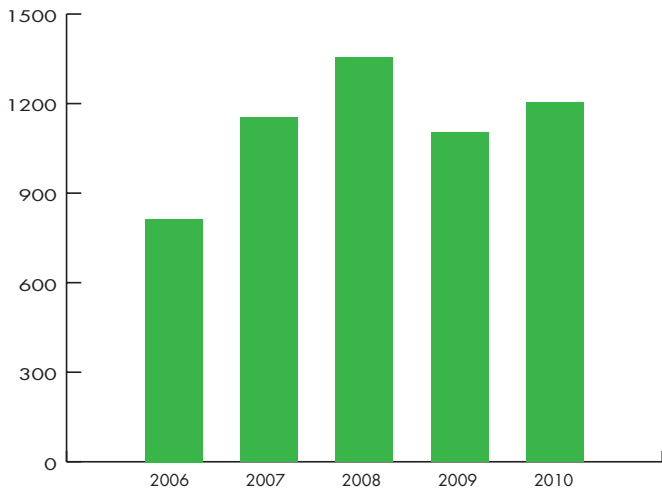
Another reason for the increase is the addition of Midasplayer, which thanks to its revenue more than compensates for the void made by bankrupt companies. In previous years, they have not been included because their business focused primarily on money games, but today Midasplayer focuses on games without the money element. Paradox Interactive has also made huge strides, with a turnover increase of around 51%. Similarly, DICE continues to grow. In addition, having mid-sized companies like Hansoft perform strongly has

helped cement this year's record-high figures. Across the board, several of the major mobile and web game developers have had a good year. Other successes have been achieved by game studios such as Tarsier, which has grown over 130% in sales to nearly 15 million Swedish kronor, hired several new employees and continue to report good results.

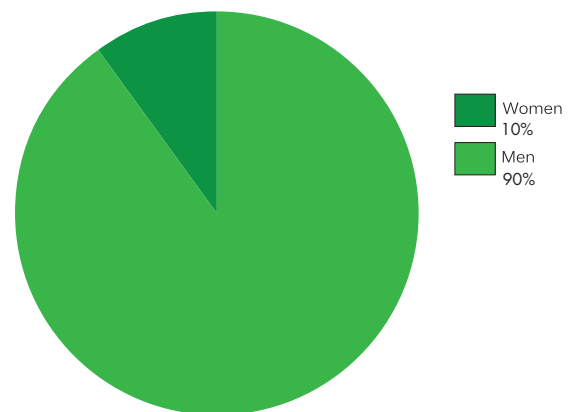
Sweden's GDP growth during the recovery of 2010 was about 5%, compared to -5% the year before. In the same year, revenue generated by developers grew by as much as 22%. Compared with 2008, sales rose by only about 2.2%. The average annual growth rate (CAGR) for 2006-2010 is 16.45%.

**Once again, an overall positive** result has been reported, albeit somewhat less than in 2009. This suggests that several large and mid-sized developers have found solid business models. Approximately 52% of companies report figures in the black.

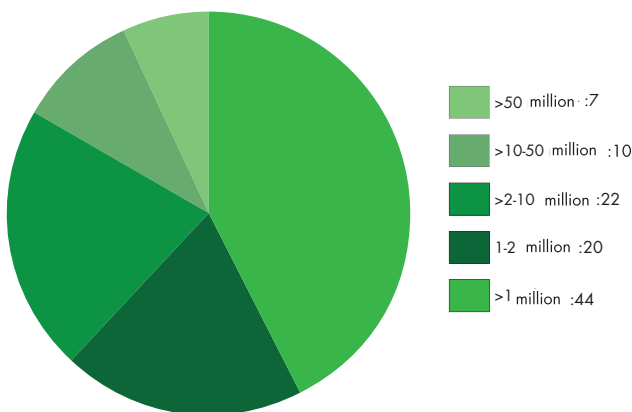
## Number of Employees



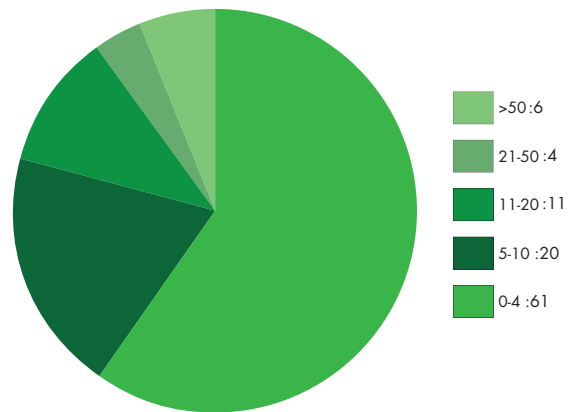
## Gender Distribution



## Turnover Per Company



## Employees Per Company



**With 1203 employees** in 2010, there was a 9.2-percent increase in the number of employees compared to 2009, however this is 11% lower than the number reported in 2008. Reasons for the growth in employment are in part to several mid-sized companies increasing their places of employment as well as the addition of Midasplayer's 83 employees. In 2011, many of the largest companies reported new recruits as well as plans to expand their businesses.

Some of the largest corporate workforces declined markedly over the previous year, a trend which, however, reversed in 2011 and beyond. These include Avalanche Studios which lost fifty employees. With plans for expansion and new game projects in development, they will gradually increase.

**The number of women employed** in the industry is still at around 10%. It is about the same figure as in game education programs as well as course applications. This suggests that the situation will persist for the foreseeable

future. Efforts in the form of recruitment and training drives aimed at women (both from the industry and education sector) are expected to give some effect, but not for another few years.

**From 2006 to 2009**, employee turnover has increased every year, despite the overall decrease in net turnover between 2008 and 2009. In 2010, turnover per employee rose by 11.9% to 981 565kr. It is undoubtedly the result of several gaming companies, large and small, finding a business model that is less labor intensive but generates good income. These business models are also in part to the consumers' willingness to embrace digital distribution channels.

Several of the smaller Swedish companies have achieved success with games for mobile devices, and in recent years established mobile content marketplaces such as, AppStore, Android Market, NDSi Store and others, have emerged.

## Largest Industry Players

### Turnover

1. DICE	359
2. Avalanche Studios	96
3. Midasplayer	90
4. Starbreeze	82
5. Paradox Interactive	80

million SEK

### Employees

1. DICE	250
2. Ubisoft Massive	116
3. Starbreeze	111
4. Midasplayer	83
5. Avalanche Studios	79

n:o of employees

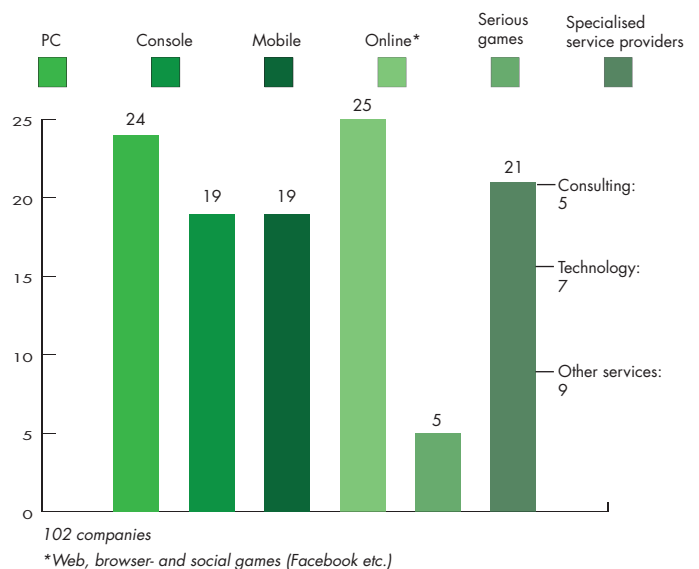
As in previous years, a majority of the Swedish games companies consist of small businesses with fewer than five employees and a turnover of under a million kronor. At the same time, there is an adequate proportion of smaller businesses with a turnover of over a million kronor. There are also plenty of mid-sized companies with 2-10 million kronor in revenue. Sweden has seven companies with a turnover exceeding 50 million kronor, with many of them a lot more than that. In 2009 there were 36 companies with a turnover between 1-10 million kronor. That figure is now up to 42, among others as a result of companies actively involved in mobile and online game development. Several of these have started doing good business and continue to develop in 2011. There are still a large number of companies with 1-10 employees, which is a sign that the entrepreneurial spirit lives on, and that it continues to provide a constant stream of young developers who have a chance to mature.

The average Swedish game developer employs an average of twelve people. As a result of polarization the median is only three employees. The average studio was registered in 2007 and develops mobile and web / online games.

## Sweden's Largest Players

In line with 2009, the top five companies account for about 60% of the industry's total turnover. The same polarization, albeit slightly smaller, constitutes the number of employees, where they account for 53% of total employment. It is worth noting that no company on this year's list earns less than 80 million kronor in revenue. In sixth place is Ubisoft Massive with a turnover of SEK 77 million. Last year there were two companies with 66 and 53 million kronor in turnover respectively on the list. Apart from DICE (EA Digital Illusions CE), it is a lot more even at the top when compared to both 2008 and 2009. The largest companies' aggregate turnover is however slightly less than in 2008. More mid-sized and smaller players have made a big impression in the market thanks to digital distribution and innovative products, which still resulted in a higher turnover for the industry at large.

## Primary Platforms



(A company can be in more than one column, because they focus on several formats (multi). These companies represent about 10% of the total)

Sweden has traditionally been a stronghold for the development and consumption of PC games. Ever since the demo-scene's progression in the mid-nineties, Sweden has had a large number of PC ownership stake consumers and a rapidly growing infrastructure of internet modems and later broadband. Game development aimed primarily for the PC is still popular, but the Swedish gaming flora has grown to an impressive breadth and diversity.

There has been an increase in interest within the areas of online and mobile game development. One reason for this being that companies in these areas can easily publish the games themselves or via digital distribution partners, thus thereby gaining a larger share of sales revenue. Production costs are relatively low and companies are therefore at less risk. Midasplayer, for example, built their own gaming platform via the web. It brings together in-house developed casual games for free, or cash-based, online gaming.

**The success of the mobile sector** is clearly a response to the Appstore's impact as a standard payment model for a very large and affluent user base. There remains a lack of competition in the area, but as the Windows Phone and Android develop – which has the resources to compete – new pathways will be opened in tandem with Apple's platform becoming saturated. Today, however, the entire focus is primarily on iOS.

The umbrella term "serious games" includes among others simulator game development. They are used for example in automotive training, such as Tenstar's digger simulator.

Several companies, in addition to those listed under the heading of consulting services, act as specialised subcontractors and hire out their skills to other companies. DICE helps other developers within the EA group and Tarsier Studios has created content for British Media Molecule. There is room for this since more and more companies like to outsource technical expertise.

Of the technical skills that companies under "technology" deliver can be found Donya Labs 3D optimization, Imagination Studios animation services and Illuminate Labs lighting. Their common denominator is that they are hired by world renowned developers such as Crystal Dynamics, Remedy and Bioware. Those companies that work exclusively as suppliers of gaming technology tends to seek out corporate customers worldwide, as opposed to the consumer market.

### Multiformat

**The more, smaller game** developers who are active, the more common it will be to invest on multiformat. They are often flexible and can easily adapt their games to both the web, Facebook and Appstore. They have more freedom to develop for different formats than companies that spend their budget on AAA titles. For smaller developers, it has become a rule to produce games with the intention of selling them through digital distribution, be it via consoles, PC or mobile - A natural consequence of the digital distribution's superior margins. Difficulties, but also opportunities, which occurs when small companies make use of digital distribution is that they themselves are responsible for marketing and have to contend with thousands of other titles for attention. One challenge is that prices are significantly lower than for boxed games, which is sold through stores.

### Digital Download Via Consoles

**Several console developers** make games for direct digital download, including titles such as Southend Interactive's *Ilomilo*, Fatshark's *Hamilton's Great Adventure* and Tarsier Studio's *Rag Doll Kung Fu*. Of all

console game developers, fifteen make games for digital distribution over channels such as Wii Ware, PlayStation Network or Xbox Live Arcade. Many of the games released for the console digital distribution services are also released for the PC, via services such as Steam and Gamersgate. Almost all PC titles and an increasing amount of AAA games for consoles can be purchased through alternative, digital sales.



*Ilomilo*, Southend Interactive

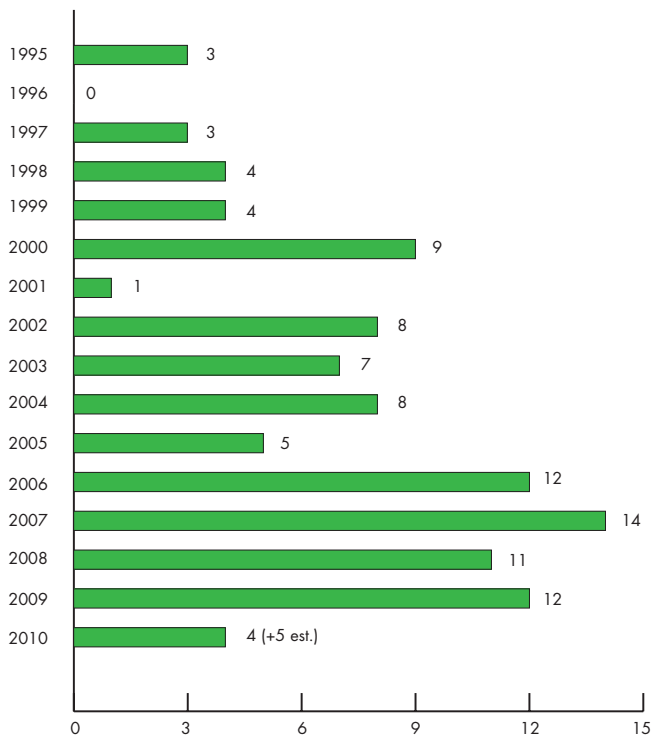
### Specialized Services

**Among the companies listed** under "other services" are several worth highlighting. Hansoft's project management tool for software development is used by among others world famous game studios like Kojima Productions and Id Software, as well as companies outside the gaming sector as Boeing and SSC. Another unique expertise is possessed by Localize Direct who with its software solution offer a streamlined translation and localization process for international game developers. As the gaming industry continues to grow it creates the need for specialized skills. DDM Agents is a creative agency that primarily works with business development for video games developers.



*Word Collapse*, Raketspel and *Mariachi Hero*, Image & Form

## Year of Registration



*(The data is based on registration year for operating companies. The company may have been founded and been active before then)*

**A number of companies** are still active after the Swedish games industry boom of the nineties. Of those still in operations from that period, Starbreeze is probably the most well known as well as being one of the largest players. The majority however comprises of firms established after 2000. Half of all 106 companies were registered after 2005. The Swedish game development industry is, in other words, a young one. Several of the young companies survived the economic crisis and now have stable operations. A crisis can

nevertheless lead to positive things such as a more effective organization and seasoned employees and management. That game companies have the crisis behind them gives them strength for the future, but it remains to be seen what the consequences of the ongoing debt crisis will be.

## Company Locations

**The majority of Swedish** game developers (38%) have their main offices in the capital. The following cities with the highest number of studios are Malmö, Uppsala and Gothenburg, each of which accommodates about 10% of the country's companies. They are densely populated, industrialized cities heavy with some of the country's largest centers for learning and extensive IT investments. Skövde and Umeå also stand out positively. They are two medium-sized municipalities with game focused courses and part of Game Incubator Network's commitment to financially support new talent in game development. Several of the studios in the area, especially in Skövde, are a direct result of students during or after their training starting their own companies.

The majority of this year's new start-ups are established outside Stockholm, which has resulted in a more even spread across the country. Internationally, it is common for there to be the formation of geographical clusters where game development is most intense. In the United States, California is home to more than 40% of the country's developers and in Finland, the Helsinki region has 48%.

*Game Incubator Network is a network of incubators and science parks, which stimulates the startup of new game developers. Game Incubator Network is a non-profit organization run by Gothia Innovation.*



Piclings, Fabrication Games



Aqua Moto Racing 2, Resolution Interactive

# Map of Game Developers

## Stockholm

- 21-0 Media
- A Different Game Sweden
- Active Media Group
- Avalanche Studios
- Bajoum
- Bitsquid
- Contentgarden
- DDM Europe
- DICE
- Expansive Worlds
- Extralives
- Fabrication Games
- Fatshark
- Foolish Entertainment
- Funflower
- G5 Entertainment
- Game and Gain
- Game Installations Rinman
- Gamefederation
- Hidden Dinosaur
- Interactive Productline
- Liquid Media
- Lonely Duck
- Midasplayer
- Might and Delight
- Movinto Fun
- Paradox Interactive
- Pixel Tales
- Play-DO
- PlayCom Game Design
- Polarbit
- Raketspel
- Reachin Technologies
- Reachin Technologies
- Semionetix
- SoGamed International
- Spearhead Entertainment
- Spelkultur Sverige
- Straycat Studios
- Tomorrowworld

## Skövde

- Colossai Studios
- Lockpick Entertainment
- Pieces Interactive
- Sevenatus
- Shorrfuse Games
- Stunlock Studios

## Vara

- SimBin

## Trollhättan

- The Bearded Ladies

## Göteborg

- Devalant Technologies
- EPOS
- Illuminate Labs
- Image & Form International
- Legendo Entertainment
- MindArk
- Muskedunder Interactive
- Outbreak Studios
- Zoink Games

## Malmö

- Illusion Labs
- Junebud
- Leripa
- Ozma
- Planeto
- Redikod
- SouthEnd Interactive
- Spelkultur Malmö
- Starvault
- Swedish Game Development
- Ubisoft Massive
- WannaPlay Productions

## Helsingborg

- Localize Direct
- Pixelbite

## Lund

- Aescapia

## Karlskrona

- Custom Red
- Peligroso
- Spelgrim
- Tarsier Studios

## Karlskrona

- Aikona Games

## Motala

- Onetooftree

## Norrköping

- Goes International

## Linköping

- Donya Labs

## Köping

- LS Entertainment

## Uppsala

- Aniware
- Doctor Entertainment
- Game-Hosting GH
- Hansoft
- Imagination Studios
- Machinegames Studios
- Solnaedition
- Starbreeze
- Stillfront
- Verrano

## Falun

- AE Interactive Studios
- Megafront
- Tension
- Tenstar

## Sundsvall

- Corncrow Games

## Östersund

- Prelusion

## Umeå

- Coldwood Interactive
- Dohi Sweden
- Ice Concept Studios
- Oryx Simulations
- Resolution Interactive
- Turborilla
- Two 58 Productions
- Zordix

## Luleå

- Velcro Interactive

## Skellefteå

- Arrowhead

### N:o of Companies in Nordic Region

Denmark (2011)	106
Finland (2010)	65
Iceland (2011)	10
Norway (2011)	35
Sweden (2010)	106
Nordic Total	322

n:o of companies

### Employees in Nordic

Denmark (2010)	552
Finland (2010)	1079
Iceland (2011)	470
Norway (2011)	200
Sweden (2010)	1203
Nordic Total	3504

employees

### Turnover Nordic

Denmark (2010)	51
Finland (2010)	105
Iceland (2011)	50
Norway (2009)	30
Sweden (2010)	118
Nordic Total	354

million euro

### Headcount Global

France	2500
Germany	2900
UK	9900
Europe	22000
Canada	10500
US	44806

employees

## International outlook and future

**At any given moment**, there are at least five productions in Sweden with budgets over 100 million kronor. Game development in Sweden is dominated by the larger studios that develop AAA productions. Meanwhile, Midasplayer has proven that a new type of player, a developer of web and mobile games with alternative payment models, can grow to be equally as large in today's media landscape. Even Paradox Interactive has proved fruitful in recent years by breaking new ground by acting as both developer and publisher. They release, among other titles, the proprietary strategy series, *Europa Universalis* and Arrowhead's popular action-adventure *Magicka*.

If comparisons are made with Finland, the country which together with Sweden is the Nordic region's largest producer of video games, the distribution of staff is somewhat different. Only three companies surpass 51 employees and the largest companies develop primarily mobile games. Historically, Finland has always been a strong nation in the area of mobile technology and mobile game development and the games industry has benefited greatly from long and dedicated nutritional support. Other Nordic countries have also had their share of success. Denmark has among other developers, IO Interactive, who is currently finalizing work on *Hitman Absolution*. Norway's Funcom develops *Age of Conan* and publishes Swedish Stunlock Studio's e-sports title *Bloodline Champions*. Icelandic studios are

engaged in the development of both MMO and casual games. CCP is developing the massive online game *Eve Online* and Gogologic work on casual games such as *Vikings of Thule*. In the period 2003-2008 mobile game development grew by 53% in Norway and online games by 41%. In Denmark, browser and online constitute 54% of game development. The corresponding figure for mobile games is 29%.

**Despite the prominent** achievements of the Nordic countries from an international perspective, they are relatively small players. Together, the Nordic countries form an impressive cluster of pioneering innovations and best-selling game titles in a variety of genres, platforms and price groups.

The games industry has also made significant strides internationally. The industry is expected to earn about 65 billion dollars globally in 2011. The continued growth is seen as a direct result of digital game sales and the huge casual market created by the web and popularity of Facebook games. On the horizon are new formats such as Google + that may prove to be an even more popular platform for online games. Even tablets such as the iPad have provided new opportunities for developers.

Ahead of next year's report, the world renowned independent game developer Mojang – known for *Minecraft* – will file its first annual report. It is estimated that they will report a turnover of around 20-50 million kronor for up to 10 employees.



## Digital Distribution

**Through digital distribution**, it is possible to cut out the middleman in the distribution chain, which traditionally consists of developers, publishers, distributors and retailers. It shortens the distance between developers and users (end user) which means a higher percentage of revenue for the developer. These projects tend to have lower development budgets, shorter production times and not least, lower consumer prices than a boxed game. Many are free with ads, affiliate structures, freemium deals or have micro-transactions as revenue. More and more of the major game developers are working with smaller, alternatively funded projects in tandem with the next blockbuster. Avalanche develops *Renegade Ops*, their first game intended for digital download via Xbox Live Arcade, PlayStation Network and Steam. At the same time, Expansive Worlds, a subsidiary of Avalanche Studios, works on the free-to-play game *The Hunter*. "Free-to-play" means, as the name suggests, that a game offers its users the chance to play free. Revenue is instead generated through the so-called micropayments, to charge for various content such as more weapons, characters and maps. There are also free-to-play games supported by advertising. Easy Studios, a division of DICE develops four different free-to-play games, including *Battlefield Heroes*, a free version of Battlefield focused on online gaming. DICE has also launched *Battlefield 1943*, which is adapted for digital download via Xbox Live Arcade and Playstation Network. This type

of development represents a significant part of gaming Sweden's continued success. Digital distribution has also revealed previously marginalized and alternative types of games, and made games in several different price ranges commercially viable.

**Despite the advantages** of digital distribution, the traditional form of retail trade is still by far the largest – and it is highly unlikely it will disappear in the foreseeable future. It has been speculated that the digital distribution represents approximately 15% of Sweden's total turnover. Paradox Interactive reported that 70% of its revenue is dependent on digital distribution. Their turnover has increased by almost 100% since 2008, notably safely through the crisis. According to the U.S. trade association ESA digital purchases accounted for 24% of the total game sales in 2010, a sum of 5.9 billion dollars.



*Renegade Ops*, Avalanche Studios

## Game Sales

**Below is a list** of the best selling games from Sweden. Efforts are underway to include more games sold through digital sales, which account for an increasing proportion of the total. In August 2011 *Minecraft*-creator Markus Persson announced that the game had sold over three million copies.

DICE's *Battlefield* series has so far sold more than 40 million copies, with all titles on multiple formats included. EA announced in June 2010 that *Battlefield: Bad Company 2* sold five million copies. In July 2011 that figure was 9 million. Projections indicate that *Battlefield 3* will exceed 11 million copies sold.

Title	Developer	Sales	Launched	Information
Battlefield: Bad Company 2	DICE	9 000 000	2010	2011
Battlefield 1942	DICE	3 000 000	2002	2004
Battlefield: Bad Company	DICE	2 320 000	2008	2010
Minecraft	Mojang	3 000 000	2010*	2011
Battlefield 2	DICE	2 250 000	2005	2006
Just Cause 2	Avalanche Studios	1 500 000	2010	2010
Battlefield 1943	DICE	1 444 000	2009	2010
Battlefield 2: Modern Combat	DICE	1 330 000	2005	2010
Just Cause	Avalanche Studios	1 300 000	2006	2010
The Darkness	Starbreeze	1 137 000	2007	2011
Battlefield Vietnam	DICE	1 000 000	2004	2004
Mirror's Edge	DICE	1 000 000	2008	2008
Rallisport Challenge	DICE	900 000	2002	2006
Sno-Cross Championship Racing/Sno-Cross Extreme	UDS	900 000	2000	2010
World's Scariest Police Chases	UDS	800 000	2001	2010
Headhunter	Amuze	700 000	2001	2010
Bionic Commando Rearmed	Grin	699 000	2008	2010
The Chronicles of Riddick: Assault on Dark Athena	Starbreeze	691 000	2009	2011
World in Conflict	Ubisoft Massive	650 000	2007	2010
Terminator Salvation	Grin	620 000	2009	2010
Krakels ABC: Den galna dammsugaren	Pan Vision	608 369	1998	2010
Krakels ABC: Det magiska äventyret	Pan Vision	608 369	1999	2010
Krakels ABC: Storm över Allemansland	Pan Vision	608 369	1998	2010
Backpacker 2	Aniware	600 000	1997	2010
Magicka	Arrowhead	600 000	2011	2011
Bionic Commando	Grin	550 000	2009	2009

*Sales are taken from annual reports, information directly from developers and publishers as well as third parties such as analysis companies like NPD and VGchartz. Launched highlights the year the game was released and provides an indication of which year the sales figure is taken from.*

*\*Beta version*

## Average Review Scores

**Swedish video games** are not only worthy of attention for their high sales figures. Over the years, several titles have received good reviews from the gaming press the world over. Metacritic's rating database serves as a standardized measure of a game's quality. It collects ratings from a variety of media and publications in a multitude of countries.

Unlike a traditional review score, Metacritic provides the average of all collected ratings, which means that some media estimates have greater impact on the meta-score than others. Listed below is a selection of Swedish games from 2000 onwards.

Title	Developer	Metascore	Format	Year
Hamilton's Great Adventure	Fatshark	76	PC	2011
Ilomilo	Southend Interactive	81	Xbox 360	2010
Amnesia: The Dark Descent	Frictional Games	85	PC	2010
Battlefield: Bad Company 2	DICE	88	PS3	2010
Just Cause 2	Avalanche Studios	84	PC	2010
Puzzle Dimension	Doctor Entertainment	83	PC	2010
Battlefield 1943	DICE	84	Xbox 360	2009
Hearts of Iron 3	Paradox Interactive	77	PC	2009
Lode Runner	Southend Interactive	76	Xbox 360	2009
Mirror's Edge	DICE	81	PC	2009
R-Type: Dimensions	Southend Interactive	76	Xbox 360	2009
The Chronicles of Riddick: Assault on Dark Athena	Starbreeze	82	Xbox 360	2009
Battlefield: Bad Company	DICE	84	PS3	2008
Bionic Commando: Rearmed	Grin	87	PS3	2008
GTR Evolution	SimBin	83	PC	2008
Europa Universalis 3	Paradox Interactive	83	PC	2007
Race 07 Official WTCC Game	SimBin	83	PC	2007
The Darkness	Starbreeze	82	Xbox 360	2007
World in Conflict	Ubisoft Massive	89	PC	2007
GTR 2 FIA GT Racing Game	SimBin	90	PC	2006
Race: The WTCC Game	SimBin	81	PC	2006
Battlefield 2	DICE	91	PC	2005
GTR FIA GT Racing Game	SimBin	85	PC	2005
Hearts of Iron 2	Paradox Interactive	83	PC	2005
Ground Control 2	Ubisoft Massive	80	PC	2004
Rallisport Challenge 2	DICE	87	Xbox	2004
The Chronicles of Riddick: Escape from Butcher Bay	Starbreeze	90	PC	2004
Battlefield 1942	DICE	89	PC	2002
Rallisport Challenge	DICE	87	Xbox	2002
Europa Universalis 2	Paradox Interactive	87	PC	2001
Europa Universalis	Paradox Interactive	86	PC	2001



Metascores in this report are as of August 29, 2011. For a list of current media included in Metacritic scores or a description of how it works visit, <http://www.metacritic.com>

## Conclusion

**Swedish game developers** represent a wide range of genres, game types and orientations. They were quick to adapt to the digital distribution market and take advantage of consumers' growing interest in casual games. The continued evolution of the casual game market does not mean there is less of a focus on big AAA titles. The market has not changed to be driven by mainly mobile and web games, rather it has grown thanks to consumers' diverse interests and tastes.

In summary, the Swedish games industry is well placed for continued growth. Growth is driven by the demand of the global consumer market and Sweden has, as shown by this report, a strong international position. The threats to continued growth are the interest-crisis, skill shortages, generous support system in rival regions and a lack of security in digital markets. The transition from physical distribution to digital services also places heavy demands on new sources of finance, technological development, marketing, payment systems, concept development and new skills. These are challenges that Sweden shares with game developers worldwide. What speaks in favour for Swedish developers is export orientation, experience, technical competence and confidence from foreign clients.

## Methodology

**The report is based on** the financial statements of Swedish-registered limited companies. In addition to studios that develop commercial game titles are also included companies engaged in technology development, graphic skills, simulations, management systems, consultancies and other relevant activities with video games as their primary focus. Games companies with a focus on gambling and casinos are not included in the report. In many respects, revenue from the Swedish games industry is much more than that what is reported here. In this report, partnerships, private firms, publishers, distributors and dedicated game retail chains are not included.

In those instances when annual reports have been unavailable, figures on earnings, sales and number of employees from the previous year were used for:

Might and Delight  
Hidden Dinosaur  
Game-Hosting GH  
Arrowhead  
WannaPlay Productions  
Play-DO  
Resolution Interactive  
SimBin Studios

Additional information has been gathered from industry reports, the National Institute of Economic Research, and interviews with various industry experts.



*Battleforge, Easy Studios*

## Industry Experts

“ The open platforms, such as PCs and Tablets have demonstrated their strength with free to play, and consoles are now only platforms for a few major publishers. Independent development is the word of the day and this will grow further as downloading becomes increasingly common. We are also looking ahead to making our titles playable through a standard browser. Pure distributors will find it very tough with declining margins and sales. Paradox grew 50% in 2010, approximately 100% in 2011 and in all likelihood 30-40% in 2012 so it will be an exciting year for us and the industry as a whole.

**Fredrik Wester - CEO, Paradox Interactive**



“ Some say that the game industry is undergoing a change; I see it as more of an extension. While there are still major productions on consoles with traditional physical distribution in stores that generates the most money, a wider distribution of games through social networks and smartphones has increased accessibility and attracted people who were not traditional gamers. Tablets and streaming through cloud computing show that the trend will continue. The different target groups and channels have made game development a more differentiated business and have opened up the possibility for smaller companies to be successful. Developers should find a niche and be specialized within a target audience, genre, or platform. Whether you're big or small, there should be a clear and have a vision to follow, but be prepared for change and expansion when opportunities present themselves. The gaming industry will continue to expand and transform. Companies will consolidate and there is a constant struggle to reach the end customer and build a relationship on all these old and new channels. Some changes are temporary trends, like the rise and fall of music, while others such as games on smartphones seem more stable. Wherever the future takes us, we can expect an exciting journey for the gaming industry this coming year.

**Martin Lindell - Acquisitions Manager, PAN Vision**



“ It's my belief that both developers and consumers will value products that build on creative craftsmanship even more. I hope that we and others can contribute to a future industry that hold ideas higher than technical novelty - making WHAT we bring to the coming culture more important than HOW we do it.

**Jakob Tuchten - Art Director, Might and Delight**





Consumer perspectives on the price of games has changed, that they have started getting used to paying 7 kronor for a mobile game makes it more difficult to justify prices of 600 kronor and over. I think we'll see more variety when it comes to game prices and that the industry will experiment with new distribution models and other ways to charge for content than we have seen so far. ”

At GamersGate, in the autumn we will launch an ad-funded games service, where the player in exchange for seeing commercials when the game starts, can download the game free of charge. We believe alternatives are needed for players, while at the same time it is a great way to reach out to more players.

Furthermore, we expect to see the indie scene continue to expand. Marcus Persson has with Minecraft's success sowed seeds of hope in the hearts of many aspiring game developer students.

**Angelica Norgren - CRM Manager, GamersGate**



DICE continues to focus on making AAA games of high quality with the goal to significantly increase the number of Battlefield fans and seize market share in the competitive heavy FPS genre. The future looks bright, especially for PC gaming. The current console generation is getting old and we look forward to what Microsoft and Sony will come up with next. Wii U's potential is also something we will be keeping a close eye on. But the 8th generation of console hardware will take time and the current cycle will exist for a while longer because of the enormous costs and squeezed margins associated with the development of new machines. In the meantime, PC games, direct distribution of games as well as new business models (such as free-to-play, freemium, micro-transactions) will take a share of the market. Companies like Apple and Google will also help themselves while Microsoft and Sony weigh up the potential risks of new consoles, and how a focus on large hard drives, direct download of complete games via Xbox Live and PSN would be able to create waves on the market. Above all, it will be interesting to see what Apple might do with its Apple TV platform. The future is very exciting and a lot will change, and not over night! ”

**Karl Magnus Troedsson - CEO, DICE**



The Play4Free section within EA has aggressive goals and is growing quickly, both in titles, revenue and people, and with our global P4F HQ based in Stockholm, the growth in this region will continue. More and more consumers discover the power of digital distribution combined with the pricing flexibility of the freemium games segment, and our titles are consumed from more corners of the globe than ever for an EA product. Over the last 12 month we've expanded our staff with about 50% and I expect this growth to continue, Stockholm has a fantastic mix of creativity, innovation and technical excellence, which makes this the region of choice for EA in this business segment. ”

**Oskar Burman - General Manager, Easy Studios**

Swedish Games Industry is a partnership between MDTS and Spelplan-ASGD. MDTS is the trade association of publishers and distributors, and Spelplan-ASGD for developers and producers.

**Dataspelsbranschen** Swedish Games Industry  
Klara norra kyrkog 31, Box 22307  
SE-104 22 Stockholm  
[www.dataspelsbranschen.se](http://www.dataspelsbranschen.se)

**Jacob Kroon**  
Communications/Analyst  
[jacob.kroon@dataspelsbranschen.se](mailto:jacob.kroon@dataspelsbranschen.se)

**Per Strömbäck**  
Spokesperson  
[per.stromback@dataspelsbranschen.se](mailto:per.stromback@dataspelsbranschen.se)

**Vic Bassey**  
Communications/Translation  
[vic.bassey@dataspelsbranschen.se](mailto:vic.bassey@dataspelsbranschen.se)

**DATASPELSBRANSCHEN**  
SWEDISH GAMES INDUSTRY