The Alberta Game Development Industry

DECEMBER 2015

Presented by:

About GameCamp Edmonton

GameCamp Edmonton was founded in 2009 by industry professionals to meet a need of an organization that can network, promote and advocate for the game development industry that is in Alberta all year long.

Since our founding GameCamp Edmonton has organized events that enable game developers to gather, network and learn from one another through our monthly meetings and periodic gamejams We also work with a variety of other organizations such as Startup Edmonton, Madjam, ExtraLife Edmonton and GDX Edmonton to further various efforts of the community, professional development opportunities and support charitable causes that benefit Edmonton and Alberta.

As a part of its advocacy efforts, GameCamp Edmonton has since 2009 collected data and information about the game development industry in Alberta which has helped us network, advocate and connect studios that are here to other businesses and opportunities to help further their growth. As a part of these efforts GameCamp Edmonton provides its research and information on the Alberta game development industry to organizations such as the Entertainment Software Association of Canada (ESAC) and the International Game Developers Association (IGDA) as a part of their efforts to promote the industry on national and international stage.

GameCamp Edmonton is currently run as a volunteer organization by Andrew-David Jahchan, David Chan and Logan Foster.

The Alberta Game Development Industry

About Our Industry

The game development industry in Alberta was put on the map in 1996 when an Edmonton studio named BioWare released its first title "Shattered Steel" onto the PC market. That studio became synonymous with the games industry in Alberta.

Since that time our industry has grown beyond those humble beginnings, with several new studios emerging as leaders in our industry such as Beamdog, Serious Labs, CodeHatch and XGen. While the studio that started it all, BioWare, grew to become one of the largest independent studios in Canada and remained so until its 2007 purchase by Electronic Arts (for $620 million), which was one of the largest tech acquisitions in Canadian history.

Today the games industry in Alberta has grown to support 28 studios who in turn employ over 425 full time employees (FTE) and drives over $52 million dollars in direct economic activity for the province with the potential to grow much larger. While the size and scope of the projects that are done in the province vary greatly, a commonality that our industry shares is a passion to create memorable experiences through new and emerging technologies and markets.

Comparing Alberta to the Rest of Canada

As of 2015 Alberta has 28 game development studios of various sizes, operating on a full-time basis within its borders, with the majority of these studios (24) being based in the Edmonton region.

In Alberta only one of these studios is ranked as a "large" studio (over 100 employees), 12 are considered "standard" (5 to 99 employees) and 15 are considered "micro" (under 5 employees) in size. In comparison, according to the Entertainment Software Association of Canada's study, "Canada's Video Game Industry in 2015", nationally there are 472 studios across Canada with 24 of these studios considered "Large", 265 "standard" and 183 considered "micro" with the provinces of Quebec, British Columbia and Ontario containing the three largest sectors respectively (Alberta can be ranked as a distant 4th overall in Canada).

Figure 1 - Studio Size Nationally and Province By %
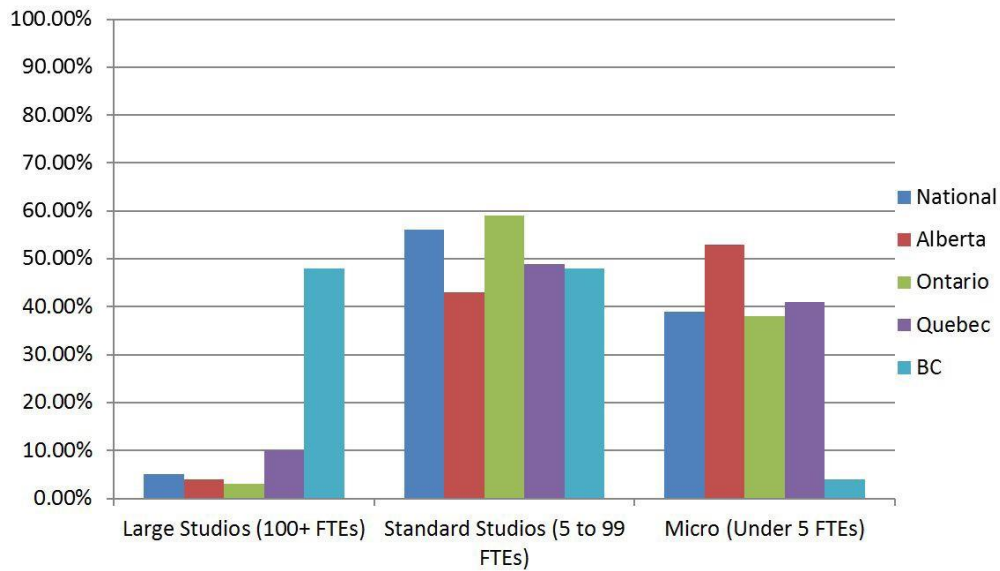
Each province in Canada has a different break down of which percentage of studios fall into each category, with Quebec being dominated by large studios, BC a mix of large and small and Ontario and Alberta being a mix of Standard to Micro.

Employment in Alberta Compared To the Rest of Canada

There are currently over 425 Albertan's employed full time at our 28 studios in roles such as programmer, artist, designer, audio engineers, producers and testers. 58.8% of these FTEs come from Alberta's single "large" studio (BioWare), while 43% come from "standard" sized studios and only 3.5% of our FTE numbers are from "micro" sized studios.

When we compare our Alberta FTE numbers to the rest of Canada through the data provided in the 2015 ESAC study, Alberta ranks a distant fourth in total of total game development employment. Across Canada there are 20,400 FTEs with regions that actively support the game development industry the most, such as Quebec (10,850 FTEs), Ontario (2500 FTEs) and British Columbia (5500 FTEs) hosting the majority of those developers. Nationally 89% of all employment is provided by large studios, 10% by standard studios and only 1% by micro sized studios. While these numbers differ on a province to province basis, it does show that large studios employ the most FTEs.
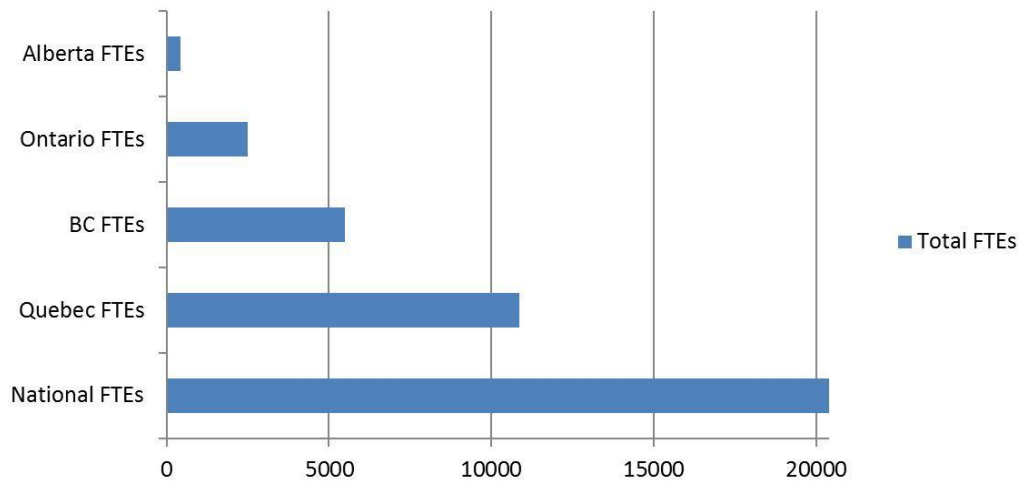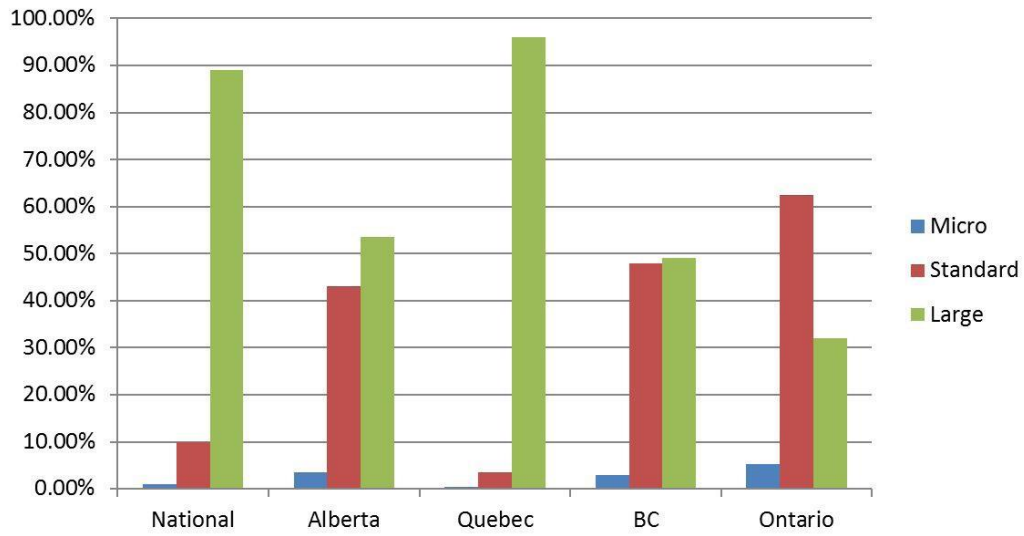
Figure 2 – Full Time FTEs

Figure 3 – Percentage of employment at each studio size

The Alberta Game Development Industry in 2015

The Quality of Our Talent

The game development industry is truly a multi-discipline industry one that is unique amongst any of the other creative industries. Our unique projects and content that we craft are a blend of both creative and technical know-how and expertise that utilize a wide range of roles to produce our content. Math, programming, artificial intelligence researchers, linguists, creative writing and fine arts graduates are all candidates for employment in videogame development.

In terms of overall cost, over 68% of our total operation costs on our projects (which can range from $150,000 to tens of millions) are directly related to labor. Development labor costs are fairly standard across the industry. Being an industry with such a diverse range of needs, our sector is one that requires our workforce to be highly trained and educated, with most employees holding college, graduate or undergraduate university degrees and an average overall wage of $71,300 (as reported in the 2015 ESAC study on our industry) with larger wages being reported at large studios.

The Diversity of Our Productions

In Alberta each of our game development studios are creating content for a variety of interactive purposes ranging from entertainment, to serious games (training through games technology), education and legal gaming (gambling) and they are producing this content for a wide range of platforms such as the PC (Windows, Mac & Linux), Xbox, PlayStation 4, iPhone, Android, Web/HTML5 and virtual reality (VR).

Figure 4 – Platforms Alberta Studios Are Creating Content For

Platform

- PC
- Console
- Web
- Mobile
- Gaming/Gambling
- Serious Games/Training
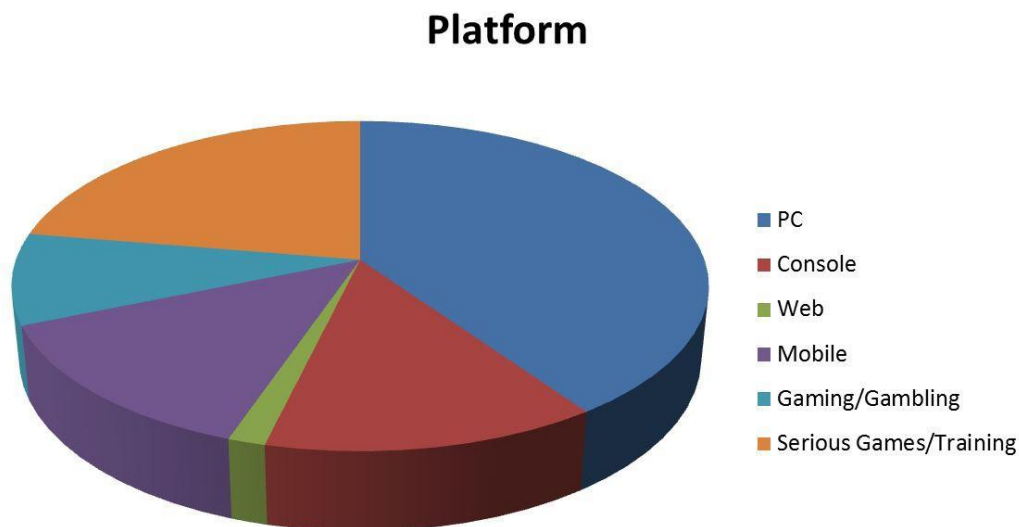
These trends are similar to the type of work that is going on nationally and help show that Alberta is keeping up with technological and distribution trends with the rest of the industry in Canada.

Why Alberta is the Largest Region For Game Development In Canada

What makes Alberta a smaller player in the video game industry in Canada however is not its level of talent or expertise, but a difference in the playing field in Alberta in comparison to what is offered in numerous other provinces in Canada, notably Quebec, British Columbia and Ontario.

To put this in perspective, while nationally the 2015 ESAC Report shows that employment numbers grew by 26% between 2013 and 2015, in Alberta we actually lost 23.5% of our FTEs due to manpower and work being moved out of province or jobs or were lost due to the higher operation costs in Alberta. To put a hard number on this fact, while Quebec, BC and Ontario increased their FTEs by 3100 between 2013 and 2015, in Alberta we had a decrease of 115 FTEs.

If we were to compare Alberta to its next closest competitor, Ontario, we can see a significant difference in the expenditure that has taken place between 2013 and 2015. While Ontario has seen substantial growth due to its favorable policies for our industry (that were put in place only a few short years ago), Alberta has not continued to match this or any other national growth trend.

Figure 5 - Expenditure
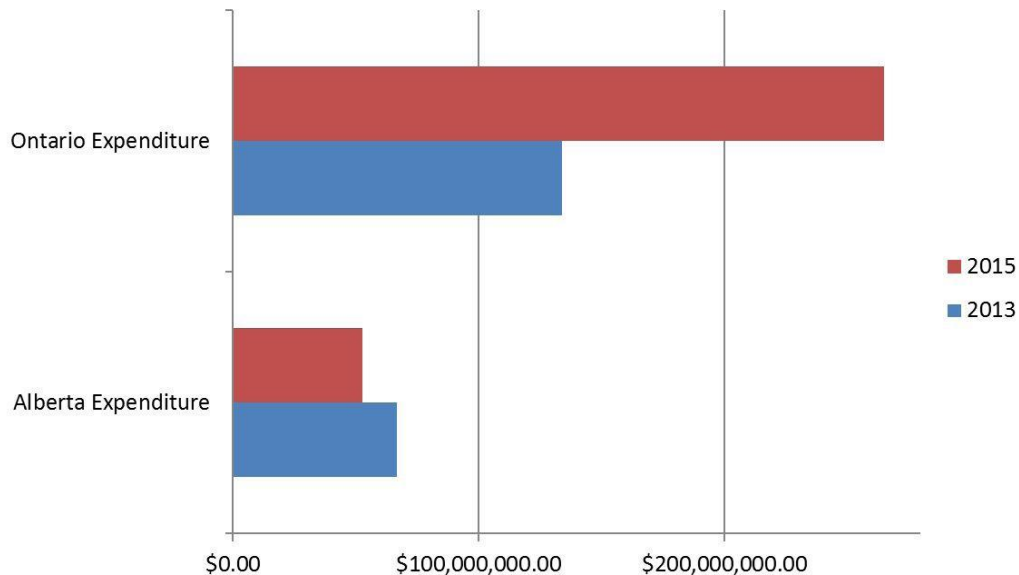
How Does Helping The Games Industry Benefit Alberta?

The game development industry is one of the few truly multi-disciplined industries in the world, involving a wide range of talent and abilities, from creative to technical, all working together to craft unique and interactive projects.

While many industries can make a claim towards being that they can benefit Alberta we feel that supporting the games industry in Alberta will have direct and rapid positive effects. The games industry is an important early target for the Alberta government and its diversification efforts for the following reasons:

- The games industry is one of the more easily identifiable and well respected creative and technological sectors to both the general public and those working in related creative and technological industries.

- It is one of the few creative and technological industries in the province that currently supports a wide range of development budgets, from $20+ million dollar productions at studio such as Edmonton's BioWare to the standard and startup sized studio working on independent game projects with a more modest budgets between $150,000 to $500,000. This makes the game development industry a perfect example of how the right efforts can benefit both large and small business equally and potentially draw in more work of this size and scope to Alberta.

- It is a sector in the digital media industry in Alberta that has been thoroughly documented in regards to its size, scope and impact on the Alberta economy, and done so over several years. As such it is very easy to identify what benefits and impact that it directly has for the province at this point in time.

- It is an industry in the digital media sector that can be compared against other provinces across Canada both in terms of manpower and impact as well as what level of support and incentives are offered that are impeding its growth here in Alberta. We can see what has and has not worked from the examples of other provinces that have already gone down this path and enabled exponential growth through their policies and practices.

This places the games industry in a unique position where it can represent many different types of production environments and be an effective leading example of how economic diversification into the technology and creative sectors can work in Alberta.

In the end we see supporting the game development industry in Alberta to be but one small step towards the eventual possible support of various creative and technological industries in the province and this is the ultimate goal that we see.

What Can Be Done To Grow the Games Industry in Alberta?

Tax Credits for Labor Expenses

Many provinces, states and Countries offer their own set of tax credits on labor expenses to help lure and maintain game development and interactive media studios. In Canada the provinces of Quebec, British Columbia and Ontario offer the best support for the games industry are also those with the greatest employment numbers; however it should be noted that several other provinces with smaller industries also offer tax credits to our industry as well. This places Alberta as one of the few jurisdictions in Canada that offers little to no support whatsoever. Examples of tax credits available in other jurisdictions in Canada:

- Quebec 37.5% of labor costs (other tax breaks bring this up to 50%)
- Ontario 40% (+ up to $100,000 for marketing)
- Manitoba 40% of labor costs (up to $500,000)
- BC 17.5% of labor costs
- Nova Scotia up to 50% (and up to 25% of total production costs)
- PEI 35% of 150% of eligible labor done in-province (max $40,000)

Since tax credits began to be offered in the province of Quebec, we have seen that game development studios are able to push their budgets further. Allowing studios to spend more money on improving the quality of their work, employ more talent, to take more risks on innovative projects and attract additional capital and investment. This has not only allowed Quebec to increase its FTEs from existing studios, but has also draw in significant investment with new studios being established by publishers that did not have studios in these locations previously.

Needless to say, companies that can utilize a tax credit system are at a substantial economic advantage over those who cannot. This is an advantage that developers here in Alberta cannot compete against and the net result is that work is being lost to out of province competitors. Jobs are being moved out of province and investors are hesitant to bring their capital into the province when it makes more sense to invest where tax credits reduce risk.

To put it bluntly, the lack of tax credit support for labor expenses in the province is one of the largest issues that is threatening the growth and continued viability for the game development industry in Alberta. Over the past 5 years we have seen the employment in the game development industry in Alberta reduced by 125 (a 23.5% reduction from our industries peak).

What is more troubling is that during this same period of time industry employment across Canada was attributed to have grown 26% since 2013, showing that the government of Alberta and its policies of not supporting the games development industry is causing the industry in the province to trend in an opposite direction of the rest of the country.

While this alone is alarming, more troubling is that this loss of talent and knowledge is something that is not easily replaceable through our post-secondary institutions and the resulting brain drain is a significant loss for Alberta's creative and technological sectors as a whole.

The Alberta Game Development Industry in 2015

Empowering Growth through Advancing Education

The game development industry is one that relies on emerging technology and trends to succeed and grow. We leverage this reliance through our existing talent, but also through the knowledge and expertise that new graduates enter the workforce with as well.

As a creative and technical industry, the quality of the graduates that are emerging from post-secondary institutions is paramount towards our industry's growth. A pool of strong talent that is well versed in the theory, tools and techniques is something we need. It enables our industry to grow by not only attracting new employees, but also creating new entrepreneurs in this space. In the province of Quebec, industry and education have a symbiotic relationship where industry drives what the post-secondary schools need to produce, and the talent that the schools create is more readily prepared to enter the industry right away and produce content.

Unfortunately this type of relationship is less prevalent in Alberta and our industry feels that more needs to be done to elevate the level of technical and more importantly the creative graduates that are being produced in the province. This can be done through the following means:

- Increased engagement between post-secondary and industry in regards to evaluating the course curriculum and discussions on emerging trends within our industry and requirements that the schools need their students need to meet.
- Allowing industry to meet with the students more frequently throughout the school year for portfolio reviews and talks so that the students and post-secondary institutions can know if they are meeting industry standards and in the process help guide the students onto the right path earlier rather than after a full term or semester.
- Have students be more engaged with industry through events and practical experience, like internships or game jams, and other opportunities for the industry to engage with both educated and students on a regular basis.

Professional Development Funding

One key element to growing our industry is ensuring that our talent here has awareness of and access to cutting edge training, technology and trends. In many regions this problem is solved through professional workshops, conferences and speaking events that bring in outside subject matter experts to share their expertise. Unfortunately Alberta is very isolated from most of the existing events that take place for this type of professional development and as such this is a cost prohibitive option for most industry professionals in the province.

GameCamp Edmonton feels that by providing access to funding towards assisting businesses, NPOs or industry groups and associations for the purpose to organize such events. Examples could be professional development through day long workshops or longer conferences such as the Game Discovery Exhibition at the U of A. This type of funding is currently not available for game development in Alberta and as such limits the ability of an NPO or industry association to hold these types of events.

Digital Media Business to Business Networking

The Alberta government currently lacks the programs to connect a businesses to a qualified digital media provider, such as games development, within its borders. This is due to the fact there are no formal list of businesses that operate within its boundaries in the digital media space nor are there any formal agents within the government who specialize in our industry on a full-time basis. This not only prevents digital media businesses from interacting with one another, but also limits traditional media or other businesses business from finding digital media partners to work with to help fulfil their digital media development needs. This often results in businesses looking out of province for a digital media partner.

We feel that a potential solution could be done by the following:

- Provide funding to create a new "master list" of digital media businesses in Alberta. Who they are, where they are located and what they do. This list should be provided online so that it cannot only be accessed by government and the general public as a directory to find business, but so that it can also be kept up to date by the industry as it adapts to market trends and changes.
- Organized various gatherings where digital media businesses (gathered by groups or sub-groups of the industry segment they represent) can meet with various representatives from Ministries such as AET, Culture & Community Spirit and Economic Diversification so that they can get to know one another and allow for a better understanding of the industries capabilities within this province and how to connect them to opportunities. These networking opportunities between business and government could be done yearly, if not more often.

Source from Alberta Businesses

The government of Alberta needs to ensure that projects that receive funding from the government Alberta and have a digital media component be required to attempt to source the work first from Alberta based businesses.

In the past there have been several unfortunate examples of work that has been solicited by the Alberta government, or as a part of capital project or fund that the Alberta Government is a partner of (such a museum project) being sourced to an out of province company through the projects 3rd party design firm or consultant when capable businesses in Alberta were able to do this work.

It is imperative, especially in today's economy that we try to ensure that this type of work is done in our own backyard before it is outsourced beyond Alberta. This will not only help ensure that we are contributing towards the investment and growth of other Alberta based businesses from these projects, funds and grants, but it will also help grow the Alberta digital media industries.

Micro Funding

Alberta has a wealth of small studios and independent developers, many of whom bootstrap their projects through their own personal finances or resources. Often these developers need a small extra push to complete their projects through the hiring of talent or purchasing specialized equipment or technology, and this is exactly where a micro fund or similar form of alternate funding method, could come into play.

Such a fund would provide small amounts (between $5000 and $10,000) to Alberta based corporations or businesses with the targeted goal of short burst development that can help get the project over a small hurdle. Businesses could apply to the fund on a project by project basis and all applications would be reviewed by a panel of industry and government experts to ensure the applicants) are capable of completing the project (knowledge, experience, expertise, good track record) and have the ability to take it to the next step.

Improve the Effectiveness of Trade Missions.

Alberta has no presence at key industry events such as Game Developers Conference, Electronic Entertainment Expo or Penny Arcade Expo, to name but a few, to market Alberta talent or promote Alberta based studios to new markets, users and other perspective business partners. If the government were able to book floor space for businesses to demo their work, hold workshops on how to connect with businesses at these events and send trade representatives who can work with Department of Foreign Affairs and International Trade to effectively represent Alberta based studios, they could help address this issue.

In Conclusion

The video game industry is an explosive sector all around the world. From blockbuster titles like Dragon Age that are developed by teams of hundreds to the game on mobile that goes viral from a team of 2 working in their home in their spare time, there is a huge spectrum of possibilities for people in the province of Alberta. In our province video game development is an industry on the edge that needs a push in the right direction. GameCamp Edmonton feels that the new NDP government and its commitment to diversity in the economy has the opportunity to nurture the seed of a vibrant industry and grow it