



Project & Studio Financing Snapshot July 2024

Project Financing



Low

CURRENT

Previously: Low



Warming

OUTLOOK

Previously: Warming

Previously noted that publishers were positioning themselves to sign projects after settling budgets and business strategy around GDC, now it's Gamescom. Publishers recognize the need to sign games slated for release in 2025 and beyond, necessitating the release of funds by the year's end. The warming trend noted in previous snapshot continues.

Insight from DDM Representation Services:

- Mostly risk averse, publishers have closed, downsized, or divested after pandemic over-expansion with many having cash-flow issues, conservative forecasts, high interest rates, and no "white knights" like Apple's Arcade, Xbox's GamesPass, or Web3 monetization
- Publishers are focused on core franchises and proven IPs, work-for-hire and co-dev opportunities; less on OIP and external IP/games
- Publishers prefer projects to be further in development to reduce their risk, i.e., highly polished vertical slice and smaller budget
- Sweet spot for budgets in the \$500K to \$3M range although a number of publishers are asking for less expensive games that are sub \$500K
- Gamescom will be important for seeding deals to close early 2025

Studio Financing



Low

CURRENT

Previously: Low



No Change

OUTLOOK

Previously: Warming

As the [Q1 2024 Games Investment Review](#) noted, total games investment value and volume increased, while M&A value increased but volume decreased. Median investment in developers increased QoQ. Value of new capital raises decreased while volume increased. Cautious growth was noted in Q1 and this is expected to continue as industry settles.

Insight from DDM Investment Services:

- From Q2 2023 until end Q1 2024, the industry experienced its most challenging period and the 'COVID investment spree' hangover is real
- Still, very active funders out there focused on (Pre-)Seed, Series A and C, while Series B has been difficult as investors focus on either start-ups or already successful companies
- Multipliers remain low and investments in single game project studios continue to be challenging
- Mobile continues to be difficult, PC and console continue to be leading platforms, as opportunities lean towards content, games-as-a-service with multiplayer and user-driven experiences
- Preferences for target companies based in Europe over North America

