Funding Plan

Sad Pumpkin Games

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Introduction

This paper will cover the initial funding needs of the game development startup Sad Pumpkin Games across two different levels of funding, either fully lean bootstrap mode or full-time operations. The lean bootstrapping model assumes that the founding team of developers will be working in their spare time, continuing their day jobs as a source of funding for the startup, using mostly outside contractors and outsourced resources for additional needs. Full-time operation mode assumes the founders are contributing their entire focus to the startup and hiring salaried remote workers to fulfill the studio's requirements. Both plans will be liberal in their funding need estimates in order to account as best as possible for unforeseen circumstances and sudden expenses. After establishing both funding goals, this paper will detail potential sources of funding which may be applicable during the startup phase of growth for Sad Pumpkin Games.

Sad Pumpkin Games

Sad Pumpkin Games is a game development startup focused on lean development strategies in order to minimize unnecessary costs and overhead, as well as to reduce the likelihood of a failed release as early in the pipeline as possible. The startup is being founded by two senior software engineers each with a decade of experience in multiple roles across game development studios of all sizes and have worked on games ranging from educational, to competitive, to industrial simulation. Sad Pumpkin Games's development strategy focuses on developing minimum-viable-product (MVP) game prototypes as quickly as possible and then introducing them to focus groups and players in order to shape gameplay and aesthetics to the audience's needs.

Funding Goals

Sad Pumpkin Games has two different funding goals, lean bootstrap and full-time startup. Both

funding goals account for a one-year runway in order to develop 2-3 MVP prototypes in different genres

and for different audiences. By the end of this one-year runway, the studio is expecting to have released

prototypes to the public and iterated on them to a sufficient degree that what exists at the end of the

year are games viable for crowdfunding campaigns and pitches to publishers, either of which can fund

the remaining polishing work that needs to be done to make a game worthy of a full release.

The first funding goal, the lean bootstrap mode, assumes that the founders are contributing only their

spare time to the startup and funding the studio primarily through their personal income. In this mode,

all non-founder resources will be acquired via outsourced or contract roles in order to minimize

outgoing cash flow and risk for the studio. Consequently, the MVP titles created using this mode of

funding will be more less extensive and polished due to the lack of in-house resources. To fund the

development of 3 MVP titles within a year using lean bootstrapping, Sad Pumpkin Games needs

approximately $15,000 of capital. This number assumes all design and development costs are negated

by the contribution of the founders, and accounts for a $5,000 of outsourced art, audio, and testing to

bring each title to early markets as a feature-complete by under-polished prototype. These values are

based on a rough estimation of $100 per outsourced art piece (character art, backgrounds, key art, etc.),

$250 per original music piece, and $500 for outsourced game testing.

The second funding goal, a full-time startup, assumes the founders are contributing the entirety

of their professional time to the design and development of titles. This goal also accounts for the hiring

of salaried remote employees to flesh out areas of development that the founders are weaker in. Like

the first goal, a significant portion of one-off resources will be outsourced in order to optimize budgets.

This funding goal will result in the production of 3 much more polished prototype titles that are fully

ready for crowdfunding campaigns or for pitching to publishers. To fund the development of 3 MVP

titles within a year using this mode, Sad Pumpkin Games needs approximately $160,000 of capital. This

amount assumes a full twelve months of design and development by both founding engineers at a

minimal rate of $4,000/engineer/month. Unlike the bootstrapped development, this goal includes the

cost of hiring two full-time artists at a base rate of $40,000/year each for nine months of development

time. This plan assumes both testing and audio will be outsourced, using assumptions from the

bootstrapping estimate of $1,000/MVP worth of testing and $500/MVP worth of original music and

sound effects.

Bootstrapping

Regardless of funding goal chosen, Sad Pumpkin Games will begin its early stages in a

bootstrapped model. The founding team will spend the majority of their personal time working on the

design and initial development of several prototype titles in order to best establish those which can be

best achieved within the timeline and monetary constraints of the funding goal. Bootstrapping is a risky

form of funding, as it puts the entirety of the costs associated with development and growth onto the

founders and they become personally liable for the company's bills. Bootstrapping also requires that the

founders are lucky enough to have significant disposable income and savings in order to fund operations

for any length of time. For these reasons, bootstrapping of Sad Pumpkin Games will only be used to fund

the very initial establishment of the studio or through the first lean funding plan.

Investment Fund

Investment funds are another avenue of funding for the first year of active development of Sad

Pumpkin Games, whether operating in lean mode or full-time mode. Game development startups

traditionally have a very hard time securing funding through standard equity investment funds due to

their volatility and lack of inventory to be liquidated, unless the startup is helmed by one or more notable parties with significant track records of successful launches. A viable alternative for Sad Pumpkin Games is to seek funding from a non-equity funding source such as Indie Fund, an indie-oriented funding syndicate formed by successful indie game developers. Syndicates such as Indie Fund often have small cap funding limits since they're aimed at small indie developers working on their first title. Most indie funding syndicates offer a simplified funding scheme with fixed return expectations, such as Indie Fund's expectation that 25% of revenue will be returned to the fund up to a total of two times the initial investment. Sad Pumpkin Games would pitch one or more of the playable prototypes created in the early bootstrap phase to these indie-focused investment funds in order to receive valuable feedback in addition to potential funding for the title.

Publisher Funding

Publishers are the traditional method of funding for game development, especially the development of larger titles with extended teams in the hundreds. Recently, more indie game publishers have been established which focus on funding smaller teams' projects. Publishers are a font of resources for game developers aside from just funding: marketing, testing, and web development are all aspects of a game's development that are often handled or advised by the game's publisher. In exchange for a standard publisher's funding, services, and name recognition, publishers generally expect to receive 20-30% of a game's revenue for the life of the product (often including revenue from secondary products such as merchandise, downloadable content, and expansion packs). If Sad Pumpkin Games is unable to procure funding for the continued development of one or more MVPs via an indie-oriented investment fund, it will seek the aid of an indie-oriented game publisher with a track record of supporting developers throughout the entire development process, such as Maximum Games or Humble Games.

Crowdfunding

Product-level crowdfunding is the newest form of funding for game development, allowing developers to pre-sell copies of their games with the hopes that they garner enough funding to complete development. Multiple crowdfunding sites and methods exist, from the most well-known Kickstarter to the more game-oriented sites like Fig and Gambitious, each with their subtle nuances and quirks. Crowdfunding is a chance for a burgeoning indie game studio to fully fund its development costs or to fall flat and lose face with millions of potential customers. As Sad Pumpkin Games's goal is to develop games that players want to play, crowdfunding during the later stages of development will be an integral part of shaping the game to account for player feedback as well as a great inbuilt marketing opportunity. Crowdfunding will not be able to solely fund Sad Pumpkin Games from the start but will be a contributor to the finishing touches and marketing of the studio's titles.

Conclusion

At this stage of planning, Sad Pumpkin Games might take on one of many forms depending on the funding plan established, but this paper covers two potential funding plans that would allow the studio to develop multiple MVP titles in hopes of garnering further support. Both plans build one year of runway for the studio to become established and develop varying levels of prototypes that can themselves be further funded through investment, publishing, or crowdfunding. Regardless of final funding plan, initial lean development will be fully funded by the founders as they build the designs, tools, and prototypes with which to attract additional funding.

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