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Indie Game Funding

This week I want to look at how indie game developers get funding for their games and what tactics they typically deploy in order to stay afloat while spending months, and even years working on a game. I want to start with the simplest and maybe the most obvious option – they don't receive funding. Many indie developers create games in their spare time while working a day or night job. One of the most famous examples is, and yes, I'm talking about Stardew Valley again, Eric Barone. Eric worked as an usher for the Seattle Opera House for 4 years while living with his girlfriend (who he has said helped financially) and developing Stardew Valley. This is not atypical for many indie developers given the fact that most coding libraries are free, and so are powerful tools like Unity and Unreal engine.

Another widespread and powerful tool at developers' disposal is crowdfunding or crowdsourcing. The most popular platform for this is most likely Kickstarter, which collectively raised \$23 million dollars for indie games in 2020 while having 408 games reach their funding goals (this equals to an average of ~\$50,000 per funded game, ranging from as much as \$3.2 million for *Eiyuden Chronicle* and with many games requesting less than \$10k). As of September 2021, there have been 2,439 projects submitted to the platform, but no data has been released yet as to how many of those games will/have met their funding. Kickstarter has become a powerful tool for indie developers who do not have the backing or resources of a large firm like Blizzard or Ubisoft. But this is not to say that indie developers cannot gain support from more "conventional" methods of funding.

Indie developers can also look to independent grants to fund their games. For obtaining grants, let's look at a few prominent ones to get a better sense of how they work. There is an aptly named fund called "indie fund" which is funding source for independent game projects which is run by a collective of other game makers. This fund has an interesting repayment model "Once the game is released, you first pay back the investment and then share 25% of the revenue, until we double the initial investment, or until 2 years after the initial launch date, whichever comes first." This begs the question, what if the game doesn't sell well? Given that the fund is run by experienced developers, they probably have a better sense of which games will do well and what the market is looking for, but there are no guarantees. Although the wording is a little vague, it seems like you are not contractually obligated to pay back the funds after 2 years if your game is not generating enough revenue. In my opinion, this is not a strong for developers with confidence in their coding or design abilities. Although having opinions from other developers is helpful, their repayment method is pretty steep compared to publishing companies and the indie fund does not support marketing or PR support like a typical publishing company.

Although indie developers are technically supposed to self-publish through crowdsourcing/grants, there are people/studios called "third-party developers" who can choose to either self-publish or find a publisher (but they do not sign long term contracts with any given publisher or platform). Third-party developers, also known as "almost indie developers" can look to established game publishers for funding. For game publishers, the deal

is pretty straight forward – typically, the publisher pays in advance for most of the costs throughout the development cycle and takes a percentage of the recurring revenue of from the game as well as paying off their initial investment. This trade-off is beneficial for the developer because in many cases, they retain the rights to their intellectual and creative property and can make sequels or spin-offs as they please. There is some risk that goes into this (as with any investment) because if the game flops, the publisher most likely won't recoup their payments. One potential risk for the developer is losing out on a significant amount of money if the game does well. If the publisher has a 10-20% royalty, then that is 20% that the developer could have had if they went with a different funding route (like Kickstarter or the Eric Barone route).

With the rise of crowdsourcing and the diversification of funding options, we are seeing indie games being released at an all-time rate. The number of indie games release on steam absolutely skyrocketed to 9,873 in 2020, which is up 24.6% year-over-year. The myriad of options for funding has contributed to this growth and it will be interesting to see which new avenues indie developers choose to take, and how this number continues to grow moving forwards.