XYZ

PROGRAMME: MSC INTERNATIONAL MANAGEMENT

LEVEL: 7

UNIT NAME: GLOBAL INNOVATION MANAGEMENT

Assignment Title: Individual report

Executive Summary

Digital transformation is supposed to bring about sustainability, by carrying out investment decisions. That requires building economic, social, and governance-based data sets in the organisation in a methodical manner. Also, through the application of open innovation and business model innovation, sourcing ideas from external sources as well as internal sources becomes an important parameter. It enables sharing of knowledge and information regarding problems and even looking outside their operational duress to identify solutions from outside environments. These factors will be analysed in this report that will be implementing diverse theories and frameworks in the case of Santa Monica Studios, representing the video game industry. The themes will be complimenting each other, and that will be discussed in the below context. This will engage the core ideologies embedded within strategic management that look towards setting goals and procedures, along with different forms of objectives that might make the organisation more competitive on a going basis.

Table of Contents

1.0 Introduction

The current business practices within organisations are driven by digitally sound technologies that look to evolve the business after experimenting with different forms of innovative ideas. That allows the rethinking of new strategies that arise from innovative ideas themselves and enables sorting issues that can be encountered by society. This has allowed an increasing convergence bringing sustainability and digitisation that gives rise to principles of digital sustainability (Vial, 2019). Nowadays, through means of digitisation sustainable development goals enable deployment of creative deployment of innovative practices. This enables the creation of innovative data, sourcing, and transmission of information related to the data, that permits clear decision-making. This hypothesis will be tested within the assignment.

Moreover, there exist innovation-based challenges that impact the economic potential, and it further complicates society complications that might disrupt innovative activities. As any sustainable development requires normative development concerning innovation.

Santa Monica Studios is an American-based video game developing organisation, with a developer office based in Los Angeles. A first-party studio for Sony Interactive Entertainment was founded in 1999, with then-CEO Allan Becker taking over control of operations within the company. Currently, in the modern world, the studio is renowned for creating the God of War franchise which was popular ever since the Playstation 2 era. Recent sequels have made the studio comparatively richer in the form of tastes.

Whereas, the next theme of the assignment will deal with open innovation practice that refutes the classical approach to encouraging creative talent. This engages research professionals and experts, bringing into motion information sharing that leads to value creation and enhancing the company's operating model (Yun et al., 2020). The business model innovation will enhance advantages that can become mutually supportive over time. This methodology will also be researched through Santa Monica Studios, concerning the choice of the target market that will also be key in the above theme.

2.0 Background of the industry to your organisation

The video game industry has grown into a booming business over the years. This status has remained constant throughout, especially with revenue from the personal computer-based game market producing over 37 billion US dollars. Whereas, the mobile gaming market has managed to produce an estimated income of over 77 billion US dollars. The significant aspect of first-generation gamers has now grown, especially with the consumers having greater spending

capacity among them at their disposal (Clement, 2022). Some key players within the industry have made the industry thrive among others. These include the likes of Tencent, Sony, Apple, and even the likes of others. That has made them successful as mere public companies that represented the gaming industry.

Meanwhile, in terms of gaming devices, it can be said that PlayStation 4 is among the current members of the next-generation consoles. In the year 2020, the unit sales of this device equalled about 112 million units. Other data have also surfaced in recent years, these were presented by Statistica as part of the Global Consumer Survey found only 18% spend six hours a day per week playing video games (Clement, 2022). There are still 24% of the consumers who still engage less in video gaming habits and sometimes rely on genre-oriented choices for deciding their choice of favourite video games. Some genres are user-centric, and include the likes of strategy, action, and adventure based on which the game-developing companies look to develop products and market them the same way (Crunchbase, 2022). By 2025, esports has projected to garner more than 640 million gamers, whereas among them 318 million gamers fall into the category of general enthusiasts (Clement, 2022). This enables the establishment of a fanbase popularising gaming as a cultural iconology that is practised among different consumers irrespective of age.

3.0 Analysis and Findings

Globalisation closely considers how trade and technology have made the world, into a more connected and independent place. Thus, the concept tries to capture the scope of both economic and social changes that have been brought about as a result. Through the above element, globalised principles aim at integrating interactions between events that can transpire what occurs in a faraway country. Any alterations occurring within a globalised environment can be experienced through issues that can disrupt strategies impacting the world. These issues are then resolved through digital transformation frameworks that can be utilised in the initial theme.

Theme 1: Digital Transformation/Sustainability

<u>**Key issues that prevent digital transformation and sustainability**</u>

Firstly, a critical issue that has been ever-witnessed in the Santa Monica gaming studio is the lack of respect for immediate community members. That rubs onto teams positioned in different aspects of technology development in the company (Daley, 2022). It has thus become important, to treat every employee while they are looking to create ideas for innovation with

dignity. Similarly, the studio has also been trying to take stands with the outside community members like customers, to prevent them from posting abuse against the organisational executives. There are still major grounds to cover within this issue.

Secondly, in the models featured in the latest release of the company, which was 'God of War: Ragnarok' the studio failed to consider the fundamentals of time. That allowed it to continue with a delayed release, but could not mitigate at least 40 different bugs within the gaming programme (Daley, 2022). For instance, a central character from the game Atreus showed his face to be distorted. Apart from this, even audio-related problems persisted due to technological drawbacks (Stevens, 2018).

Thirdly, through its recently released game, Santa Monica Studios wanted to create better animation work, including cutscene direction. That complemented the seamless character transitions that were adapted in the current game. Even if the control feature involved better tessellation quality allowing players to navigate through different landscapes (Daley, 2022). Both scene geometry and cube map deployment that supported quality lighting data, granting appropriate colour was difficult to be enhanced owing to the modern screen space-related reflections. Hence, in terms of digital transformation, Santa Monica studios have been unable to give better value through their modern technologies.

A specific framework that can be used in the above criteria, known as the 'Triple Helix Model of Innovation', tries to create interactions between the government, industry agents, societies, and others. The model originated from the minds of Joseph Schumpeter in 1942, whereas the 'Triple Helix' model was developed during the 1990s by Henry Etzkowitz and Loet Leydesdorf (Mergel et al., 2019). The primary ideal originating from this model is the promotion of innovation through development. It can be elaborated further by assessing the potential solutions that might rectify the above problems, in the below manner.
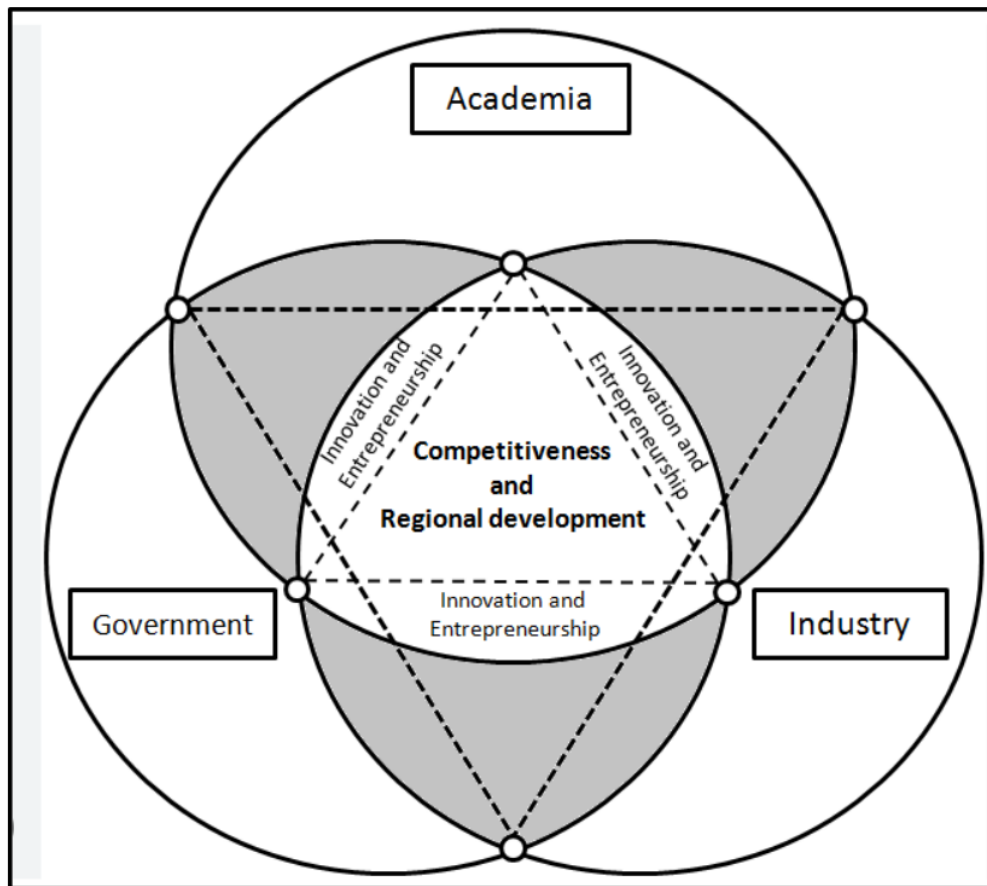
Figure 1: Triple Helix Framework of Innovation

(Source: https://www.researchgate.net/figure/Proposed-new-conceptual-model-Triple-Helix-Triangulation_fig3_234203424)

University-Industry interactions: Under this element, universities aim to provide education towards individuals and research. It behaves like a linear model of innovations, whereby the universities provide research-based information that aids industries in establishing different commercial goods (Herts.ac.uk, 2022). The interactions take place between university faculty, and industry managers in both sectors as well. For instance, thriving on sound design technology especially related to audio programming since 2008, an undergraduate degree provided by the University of Hertfordshire saw gaming studios like Santa Monica to collaborate (Robinson, 2022). Similarly, a recent collaboration within the university allowed the studio to produce talented sound designers like Michael Leaning. As they represented the alumnus of the university. Currently, Michael now works as a sound designer with Sweet Justice Sound partnered with Sony PlayStation services, resulting in cinematic and in-game

audio for the God of War franchise-based Ragnarok. Furthermore, Santa Monica studios have also received many advanced programmers who are well-versed in programming languages, these languages include Assembler, C, and C++ among others. Therefore, smaller projects like simple games, visual effects, audio effects, sound synthesis, and later shaders-related talents were also recruited from the University of Hertfordshire by Santa Monica Studios. The university's creativity comes from its students attempting to do digital 3D modelling, for getting content by basking on game development-related experiments. The labs within the university compel researchers to continuously experiment, with engineers working on hardware, firmware, and SDK for using powerful features that help shape system libraries. Also, working in fixed environments with low-level access to platforms results in truly empowering capabilities. It helps hardware functions to grow by 99.9% over the period (Herts.ac.uk, 2022). Such information is shared within the industry as well. It results in better cultivation of digital technologies and sustainable measures, with different members of the community coming together, sharing their creative ideas, and using technologies to ensure transformation occurs.

University government interactions: Both governments and universities tend to depend on a former's stance on higher education. Different governments can affect universities because the majority of these institutions are publicly based, and governments can influence them financially as well. For instance, with programming courses, IT-based knowledge-transferring rituals, along with other forms of innovation are normally encouraged. For instance, the US Department of State has recently announced a new project that would look to engage over 2700 students. These students will likely be representing diverse groups and arrive from countries like UAE, Israel, and the US (Smith, 2021). The core factor of this digital transformation is to enable video game development to occur by focusing on social impacts. Moreover, the support granted to video game developers, allows them to test the social messages for meeting people where they exist as well. Bringing these students instils tremendous skills that carry merit within the industry. The students are also enabled to think critically and develop STEM skills that help in generating leadership values (Smith, 2021). This dynamic distribution of talent and divergent levels of skill deployment could eradicate the bugs encountered in popular video game programs as well.

Government industry interactions: Government attitudes towards the markets form the basis for relationship formation. Ordinarily, the role of any government is to reduce the market-centric failures that might grip the gaming industry. However, the government is involved in the economy rather than typically regulating the industry. For instance before the release of its leading game 'God of War: Ragnarok', the government in the US and the world, were ready to

accept the sudden price hike made by Sony for its PlayStation consoles. The PlayStation 5 was supposed to use 'God of War: Ragnarok' as its exclusive title for drawing customers, and with the prices revolving around $399-$499, the game needed to return bug-free due to which Santa Monica studios preferred delayed the title (Coulson, 2019). Still, the release was not immune to any lesser bugs but the Sony PlayStation managed to reduce its carbon footprint by 82.2 kilograms (Coulson, 2019). The consoles tend to harm the planet, and a reduced carbon footprint along with plastic would gradually allow gamers to pursue their habits without resorting to computers that release more carbon into the air (Nussey and Mukherjee, 2020). Hence, Santa Monica Studios is helping others through its digital transformation for promoting sustainability.

Theme 2: Open Innovation/Business Canvas Model

Key issues that create problems for open innovation and business model canvassing

Firstly, in light of the consideration that a spirit of open collaboration exists in the technology circles. UX designing teams with Santa Monica Studios decided to keep 70+ accessibility innovations within 'God of War: Ragnarok a secret (Studstill, 2014). While it was fine to receive uniqueness through accessibility when it comes to cross-collaboration if someone prefers the innovation to be spread. There is also a great deal of containment by relying on one franchise which in this case limited the scope of open innovation.

Secondly, Santa Monica's competitors in the form of Naughty Dog brought about groundbreaking innovations, in its 2020-based game 'Last of Us: Part II'. That provided players a set of tools for customising their individual experiences, based on individual preferences and needs (Glennon, 2022). Whereas, the same level of innovation was not to be had within 'God of War: Ragnarok' because the game was already in development at the time.

Thirdly, the last instalment as released by Santa Monica studios through the 'God of War' franchise, believed in high-contrast visual modelling for pioneering brightly coloured filters. That enabled better recognition among enemies, bosses, NPCs, and other forms of treasure chests (Studstill, 2014). These returns without too much emphasis allowed low-vision players to thrive, whereas the improved vision-based players were confused as to what was unfolding on the screen.

The above issues can be considered as chief problems towards open innovation that allows assessment of the business model canvas and emphasises the value proposition that is created by many elements for shaping open innovation that regards the above issues (Bogers et al., 2019).

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
Technicolor Games University of Hertfordshire Sony Entertainment	Development of bestselling video games Development of entertainment programs Development of UX programs, cloud programs, and others (Ollila and Elmquist, 2011).	Santa Monica Studio intends to leave a strong internal and external legacy that depends on a broad spectrum of innovative and diverse game titles. Developing compelling intricacies that enable consumers to find a dynamic window for its games. Ensuring games, programs, and other applications are filled with key colours, textures, and content, as displayed through screenshots before release. Including better customisable features that are present in-game (Studstill, 2014).	Facilitating customers, by requesting for any bugs that might have been experienced while running the applications that might be either the game programs or normal applications (Ollila and Elmquist, 2011). Reaching out to customers via a daily email, especially after their subscriptions looks to resolve any in-game experience-related queries (Studstill, 2014). Facilitating customers by sending them regular updates, through a daily upgrade of its mobile applications that keeps the customers apprised of the studio's	Targeting the generation z segments between the age of 18-24, who look to engage in different gaming activities, applications, and other programs (Ollila and Elmquist, 2011). Enabling millennial groups from the age of 25-35 to purchase games with an age approval requirement enables better experience building (Studstill, 2014).

			upcoming releases.	
	Key Resources Talented Developer teams Testing Labs that enable better engagement of different gaming programs Flexible creative development practice among teams, that basks on creativity		**Channels** E-commerce platforms: Amazon, eBay, Alibaba, and others. Physical stores: Digital media outlets, normal gaming equipment stores, and others. Open interactive platforms: Steam (Studstill, 2014).	

Cost Structure		**Revenue Streams**		
Operating costs that can be over $200 million		Game sales worth $9.6 billion		
Administrative costs are somewhere around $75-125 million		Normal downloads of applications that can be more than 90000 a year		
Talent management costs are worth $65-90 million (Studstill, 2014).				

4.0 Conclusion on the company's current situation

After assessing Santa Monica's case in terms of digital transformation that compliments sustainability, and open innovation that can be managed through a better emphasis on business model canvassing. It was determined that technically games, applications, and other forms of technologies possessed different forms of bugs as developed by the organisation and forging together teams that hinge on the ideal of respect which is believed by the company. There exist issues where talents are not allowed to work together in resolving the internal complications mainly that set within games and related entertainment applications. Also, Santa Monica diversifying across different nations prevents the company from deploying better tesselation. Improvisation of the gaming studio after conducting digital transformation enables sustainable measures. The triple-helix framework recognised the urgency through collaboration which might bring in different universities, along with the government, to merge itself with the industry. This showed that UI developers, UX developers, sound design technology developers, and other talents were all furnished through the University of Hertfordshire. Whereas, the US government upon bringing in another country student through an innovative program, allowed themselves to resolve critical issues, especially with the dynamic skills that other country students tend to bring. Meanwhile, the government allowed the gaming machine-developing

companies that were also involved in the entertainment industry like Sony to create a better carbon emission stance. That might provide better avenues for digital transformation without releasing carbon into the atmosphere.

The next theme that tried to look into open innovation resulted in 70+ accessibility innovation-related issues, moreover there existed limited interventions that permitted customisation in characters within the games, and high-contrast visual modelling shaped open innovation in a limited manner. This was evaluated through the determination of different partners, with whom Santa Monica Studios were looking to set up a partnership. Thereby identifying the customer segments that might be targeted by better-quality gaming applications. That impact the overall brand proposition as well, and after facilitation of different customer groups involved with the company. The company also intends to improve its approach, to texture improvement along with creative development. That enables better distribution in diverse channels thereby allowing better flexibility for open innovation to thrive. Adjusting costs related to the same, especially with its growing operating expenditure along with the administrative expenditure becomes critical for the company. That supports its stance for improving open innovation distribution by adjusting game sales and controlling the application downloads within a year.

References

Bogers, M., Chesbrough, H., Heaton, S. and Teece, D.J. (2019). Strategic Management of Open Innovation: A Dynamic Capabilities Perspective. *California Management Review*, [online] 62(1), pp.77–94. doi:https://doi.org/10.1177/0008125619885150.

Clement, J. (2022). *Topic: Video game industry*. [online] Statista. Available at: https://www.statista.com/topics/868/video-games/#topicOverview [Accessed 3 Apr. 2023]. Coulson, J. (2019). *Study Breaks Down The PlayStation's Carbon Footprint On Its Anniversary*. [online] TheGamer. Available at: https://www.thegamer.com/playstation-carbon-footprint/ [Accessed 3 Apr. 2023].

Crunchbase (2022). *Santa Monica Studio - Crunchbase Company Profile & Funding*. [online] Crunchbase. Available at: https://www.crunchbase.com/organization/santa-monica-studio [Accessed 3 Apr. 2023].

Daley, S. (2022). *A Look into the Gaming Industry Featuring Types of Video Games & Gaming Jobs | Built In*. [online] builtin.com. Available at: https://builtin.com/gaming [Accessed 3 Apr. 2023].

Glennon, J. (2022). *'God of War Ragnarok' breaks a fundamental rule of video games*. [online] Inverse. Available at: https://www.inverse.com/gaming/god-of-war-ragnarok-accessibility [Accessed 3 Apr. 2023].

Herts.ac.uk (2022). *University of Hertfordshire alumnus wins BAFTA Game Award for hit game God of War Ragnarök*. [online] www.herts.ac.uk. Available at: https://www.herts.ac.uk/about-us/news-and-events/news/20223/university-of-hertfordshire-alumnus-wins-bafta-game-award-for-hit-game-god-of-war-ragnarok [Accessed 26 Apr. 2023].

Linneman, J. (2022). God of War: Ragnarök on PS5 is like a maxed-out PC port with flawless performance. *Eurogamer.net*. [online] 3 Nov. Available at: https://www.eurogamer.net/digitalfoundry-2022-god-of-war-ragnarok-on-ps5-is-like-a-maxed-out-pc-port-with-flawless-performance [Accessed 3 Apr. 2023].

Mergel, I., Edelmann, N. and Haug, N. (2019). Defining digital transformation: Results from expert interviews. *Government Information Quarterly*, [online] 36(4), p.101385. doi:https://doi.org/10.1016/j.giq.2019.06.002.

Nussey, S. and Mukherjee, S. (2020). Sony PlayStation 5 to launch in November priced at $499.99 and $399.99. *Reuters*. [online] 16 Sep. Available at: https://www.reuters.com/article/sony-playstation-5-int-idUSKBN2673G9 [Accessed 3 Apr. 2023].

Ollila, S. and Elmquist, M. (2011). Managing Open Innovation: Exploring Challenges at the Interfaces of an Open Innovation Arena. *Creativity and Innovation Management*, 20(4), pp.273–283. doi:https://doi.org/10.1111/j.1467-8691.2011.00616.x.

Robinson, A. (2022). *Sony Santa Monica issues statement calling for 'respect' following online abuse*. [online] VGC. Available at: https://www.videogameschronicle.com/news/sony-santa-monica-issues-statement-calling-for-respect-following-online-abuse/ [Accessed 3 Apr. 2023].

Smith, N. (2021). U.S. State Department announces new video game diplomacy program. *Washington Post*, [online] pp.1–2. Available at: https://www.washingtonpost.com/video-games/2021/04/07/video-game-diplomacy/ [Accessed 3 Apr. 2023].

Stevens, C. (2018). *Santa Monica Studio Shares Entertaining Bugs From God of War's Development*. [online] IGN India. Available at: https://in.ign.com/god-of-war-project/129387/news/santa-monica-studio-shares-entertaining-bugs-from-god-of-wars-development [Accessed 3 Apr. 2023].

Studstill, S. (2014). *The Future of Santa Monica Studio*. [online] PlayStation.Blog. Available at: https://blog.playstation.com/2014/07/22/the-future-of-santa-monica-studio/ [Accessed 3 Apr. 2023].

Vial, G. (2019). Understanding Digital Transformation: a Review and a Research Agenda. *The Journal of Strategic Information Systems*, [online] 28(2), pp.118–144. doi:https://doi.org/10.1016/j.jsis.2019.01.003.

Wronski, B. (2016). *Santa Monica Studio Creatives: Decoding Imagination*. [online] PlayStation.Blog. Available at: https://blog.playstation.com/2016/03/16/santa-monica-studio-creatives-decoding-imagination/ [Accessed 3 Apr. 2023].

Yun, J.J., Zhao, X., Jung, K. and Yigitcanlar, T. (2020). The Culture for Open Innovation Dynamics. *Sustainability*, 12(12), p.5076. doi:https://doi.org/10.3390/su12125076.

XYZ

Internet Source

<1 %

10	scholar.colorado.edu

Internet Source

<1 %

Exclude quotes   Off   Exclude matches   Off
Exclude bibliography On