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Raven Games

BUSINESS PLAN



**Insert a colour company logo or picture representing company or product/service**

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President

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May 7, 2015

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# Executive Summary

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## Business Description

Raven Games develops mobile and online games that are unique, creative, and thematically current to captivate today’s modern game needs. The following will illustrate our market segments and the strategies we are employing to obtain customers and create a solid revenue stream. Our unique focus of creating games with an educational twist gives us advantage over our competitors by providing customers with a new outlet to enjoy mobile games while they learn something new. We will also develop classic style and modern 2D retro games for mobile and web and, of course, add our own stylistic spin to captivate our players with the same immersive approach most pc and console games utilize to ensure sales among classic gamers.

Raven Games is a small company with ambitiously focused aspirations. Our team is comprised of two unique individuals who have a solid background video game programming, video game art, and marketing. Together with a team of local and international software development staff, we are able to bring to market a wide array of unique mobile games that provide an experience that other gaming companies do not.

We will fund development of our own games by providing consulting services to create similar games for corporations who are looking to create mobile games for promotional purposes. These consulting assignments will come from advertising sponsorship relationships that we will establish with companies who are interested in embedding their brand and offers inside our other games and would also like something more custom that they can offer as their own game. In the first 3 years of the business, we expect consulting to constitute a large portion of our revenue stream.

Alexander Sanchez, President, oversees the general management, including game development, of Raven Games studio. Prior to forming the company, he was Lead Programmer and Manager at 851 Entertainment /Auto-Obsessions and prior to that became a Video Game Design graduate. He did his internship by assisting his Video Game instructor Ross Driedger with the development of a website to host the London Regional Bridge Tournament and Strafford Regional Bridge Tournament. He also went to school abroad for 3 years and took some Marketing and Advertising.

Tyler Drury will be the lead Programmer and executive assistant. He also has an extensive background in all programming languages and has and has also been lead programmer in the past during his time at Sky Orchard in London, Ontario. Later he was hired by Auto-Obsessions as support lead programmer under the management of Alexander Sanchez. Together they build and currently maintain the Auto-Obsessions Video Game which is a game like Fantasy Football for Automobile Auction fans. His role at Raven Games is to oversee quality and all Video Game Interns as well as lead and partake in collaborating in all major projects, video games, or apps.

Raven Games is a video game development studio that produces primarily cutting edge video games and applications that live online or in app stores. Much of the focus of internal resources is spent on these projects and to help sustain the business in the first years of operation, as we offer clients small websites and software solutions.

## Products and Services

This should include a very brief overview and description of your products and services, with emphasis on distinguishing features. Be sure to answer the following questions that are usually asked by our Review Panel:

* How will the products be made or the services performed?
* What will they do for the customers/clients?
* What is different about the product or service your business is offering?
* What value do you add to your product?
* What is it that separates your company from the rest of the pack?
* Is your product or technology proprietary, patented, copyrighted?

## The Market

* As the uptake of smartphones and tablets continue to increase in Canada and abroad, Canadian developers are increasingly taking a keen interest in mobile platforms. Although big-budget AAA console games will likely continue to be a staple in the video game industry, business models organized around mobile game development are gaining momentum in their ability to generate substantial revenue. The free-to-play business model and continued uptake of mobile screens is largely responsible for introducing a new type of gamer to the world of video games: the casual gamer. These factors have also played a crucial role in driving the increase in gamers and in-app purchases. Ontario’s introduction of tax-incentives have also been instrumental in attracting medium and larger size companies.
* Our products are marketed towards children, general audiences, and children of all ages.
* We will educate our customers to buy from us through online advertising, either on our website, through advertising on the Android and iOS app stores as well as Steam, and advertising through social websites such as Facebook and Twitter. Advertising could be direct as well through affiliations like triOS College with postings and attending job/career fairs; networking with people in this or similar industries is essential.

## Competition

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**Direct & Indirect Competition in Ontario**

* Major/Direct Competitors
* Minor/Indirect Competitors

|  |  |  |  |
| --- | --- | --- | --- |
| **COMPETITOR** | **LOCATION** | **FOCUS/PLATFORM** | **NATURE OF COMPETITOR** |
| Activision | Barrie | PC, Console | Activision is a developer and distributor of computer and video games. |
| Arctic Empire | Ottawa | Mobile | Arctic Empire is a developer of mobile social games. |
| Arkadium | Toronto | PC, Mobile, Online | Arkadium is a developer and publisher for mobile, social and casual games. |
| Big Blue Bubble | London | Handheld, Mobile | Big Blue Bubble is a game development company striving for the highest quality games possible and to deliver them on time and within budget. |
| Big Viking Games | London | Online, Mobile | Big Viking Games is a developer mobile and casual social games. |
| Bytemark Games | Toronto | Mobile | Bytemark Games is a digital mobile game publisher. |
| Capcom Mobile | Burlington | Mobile | Capcom Mobile is focused on developing games for mobile platforms. |
| Capybara Games | Toronto | Handheld, Mobile | Capybara Games is a mobile and handheld game studio focused on the creation of immersive and innovative games. |
| Digital Extremes | London | PC, Console, Online | Digital Extremes is a development studio in the interactive entertainment industry. |
| Electronic Arts | Toronto, Waterloo | PC, Console, Handheld, Mobile, Online | Electronic Arts is a developer and publisher of interactive entertainment software for advanced entertainment systems as well as PC and games for mobile phone devices. |
| Halfbot | London | Mobile | Halfbot is an independent game development studio. |
| Hardline Studios | Ottawa | Mobile | Hardline Studios is a developer of high end mobile games. |
| Longbow Digital Arts | Toronto | PC | Longbow Digital Arts has been developing technically innovative and artistically unique computer games and utilities since 1998. |
| mindyourmind.ca | London | Mobile, Online, Service Provider | mindyourmind.ca is non-profit mental health engagement program that utilizes interactive games to work with youth, emerging adults and the professionals who serve them. |
| Pleznt Interactive | London | Mobile | Pleznt Interactive is an independent app developer. |
| Ratrod Studio | Ottawa | Console, PC, Handheld, Mobile, Online, Other | Ratrod Studio is an entertainment software company that specialize in cross platform game development. |
| Rocking Pocket Games | London | Mobile | Rocking Pocket Games is an independent developer of games for mobile devices. |
| Rockstar Toronto | Oakville | Console | Rockstar Toronto is a video game development studio that develops action titles exclusively for Rockstar Games. |
| Sago Sago | Toronto | Mobile | Sago Sago is a team of designers and developers who create apps that children love and parents trust. |
| Sky Orchard Studios | London | Mobile, PC | Sky Orchard Studios is an independent company that uses GameMaker Studio to make apps. |
| Spinning Reality | London | Console | Spinning Reality is forging itself as a developer of entertaining, co-operative online-enabled console videogames. |
| UntitledD | London | Mobile | UntitledD is an independent company focused on mobile apps and games. |
| Voices.com | London | Service Provider | Voices.com is the online marketplace that connects businesses with voice actors and voice over talents. |
| Wiggles 3D | London | Mobile, Online | Wiggles 3D develops board games, online and mobile applications. |

**Main / Direct Competitors**

|  |  |  |
| --- | --- | --- |
| Competitor Name | **Sales (2014)** | **Nature of Competitor** |
| Digital Extremes | Over $10 million | Develops PC, console games, and a MMORPG |
| Big Blue Bubble | $5 000 000 to $9 999 999 | Develops handheld and mobile games |
| Big Viking Games | $5 000 000 to $9 999 999 | Develops mobile and social games |

* Our corporate size is much smaller than the competition in physical numbers. That being said we are not faster cheaper or better but we are equally equipped with the skills to make complete and polished games that are immersive and addictive and furthermore because we are not tied down to any particular clients, our companies production allows for further flexibility and creativity during development time and the result of that would be new original ideas and some old with our stylistic twist.
* There is a steady increase in the demand for mobile games and as long as we continuously target the mobile market, as well as keep up-to-date with market research, our position will be protected.
* From the competition, we have learned to take advantage of every opportunity the provincial government offers, grant and tax-exemption wise, and to advertise across as many different types of media as possible while offering perks to customers whenever possible.

## Operations

Operations is defined as the processes used to deliver your products and services to the marketplace and can include manufacturing, transportation, logistics, travel, printing, consulting, after-sales service, and so on. This section should briefly outline how you will implement all of the above and include a brief description of the organizational structure and the expense and capital requirements for operation. Be sure to answer the following questions that are asked by our Review Panel:

* Are your staffing requirements on par with the rest of the industry, is your pay and benefits package appropriate?
* Have you contacted suppliers and distributors and decided which you will choose?
* Do you have insurance? If so, does it provide adequate coverage?
* Have you prepared a contingency plan if some difficulties should occur?
* What facilities and equipment do you require? How much does they cost?
* What inventory will you have on hand? Where will you keep it?

## Management Team

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* President /Lead Programmer/Web Developer/Artist and Marketing manager

Current work position is that of Video Game Company General Manager oversees all production and head of Programming, Art and Human Resources.

Education Background: Marketing and Advertising 3 years

Web Development 8 months

Video Game Design and Development 2.5 years

See resume and web portfolio

* Lead Programmer - A Programming wizard who will plan structure, and manage code base of all projects. Problem solver and maintains code executing.
* Financial Officer /Accountant
* Programmer
* Video Game Interns
* Art Interns
* Website Development Interns

## 

## Risk/Opportunity

Risks are a part of any business, especially a new one. In this section, it is important to show our Review Panel that you have taken into consideration the risk involved with starting or expanding your venture. Illustrate the market, pricing, product, and management risks as well as how you plan to overcome these risks.

Convey to our Review Panel that the company and product/service truly fills an unmet need in the marketplace. Describe and quantify the opportunity and where you fit. Explain why you are in business along with the reasons why you will be able to take advantage of this opportunity. Be sure to answer the following questions that are usually asked by our Review Panel:

* Have you considered all the possible risks involved?
* Does your business have a contingency plan in place for all of the risks mentioned?
* What makes this opportunity unique?
* What are the financial risks for your business? How will these risks be minimized?
* What is the worst-case scenario? How will your business handle it?

## 

## Financial Summary

The financial section of the business plan will help you estimate how much money will be required and how much profit and sales will be generated. This process will force you to think through the various scenarios that may arise through the course of business and the respective responses to each. Be sure to answer the following questions that are usually asked by our Review Panel:

* Have you stated your break-even point?
* What are the potential problems you are certain your business will face and what are the solutions to these problems?
* Are the balance sheet and income statement completed for three years?

Recap of income statement:

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Year 1** | Year 2 | Year 3 | Year 4 | Year 5 |
| **Revenue** | $112,256 | $269,716.5 | $384,895 | $425,105 | $661,752 |
| **Cost of Goods Sold** | $81327.98 | $139,488 | $165407 | $285,407 | $285,407 |
| **Gross Profit** | $212,256 | $269,716.5 | $384,895 | $525,105 | $661,752 |
| Operating Costs | $81327.98 | $162,655.23 | $200,000 | $300,000 | $350,000 |
| Finance & Admin | $5000 | $5000 | $10,000 | $15,000 | $15,000 |
| Sales & Marketing | $20,000 | $30,000 | $60,000 | $100,000 | $120,000 |
| **Total Expenses** | $106,327.98 | $197,655.96 | $270,000 | $415,000 | $485,000 |
| **Net Income Before Tax** | $30,928.02 | $107,061.27 | $184,895 | $125,105 | $376,345 |
| **Less: Income Tax** |  |  |  |  |  |
| **Net Income** |  |  |  |  |  |

Summary of balance sheet:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| As of [Date] | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| **Assets** |  |  |  |  |  |
| **Liabilities** |  |  |  |  |  |
| **Equity** |  |  |  |  |  |

**Financial Summary**

## Capital Requirements

Clearly state the capital needed to start or expand your business. You should have a very clear idea of how much money you will need to operate your business for the first full year. If possible, summarize how much money has been invested in the business to date and how it is being used. Describe why you need the funds and why the opportunity is exciting. Keep in mind that one of the most common causes of new business failures is under-capitalization. The following tables are useful to portray the sources and uses of funds:

**Source of funds:**

|  |  |  |
| --- | --- | --- |
| **Source** | **Amount** | **Percentage** |
| Your contribution (If any) | 2500 Website | 2.5% |
| Grant | 100,000 |  |
| Loans | 0 |  |
| **Total** |  |  |

**Use of funds:**

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|  |  |  |
| --- | --- | --- |
| **Category** | **Amount** | **Percentage** |
| Sales & Marketing | 20000 | 0.2 |
| Capital Expenditures |  |  |
| G & A Expenses |  |  |
| Other |  |  |
| **Total** |  |  |

**Executive Summary checklist:**

* Does your Executive Summary capture the essence of your business plan?
* Does your Summary sell your distinctive competence for executing the plan?
* Does it sell your strategy for success?
* Does it stand-alone from your business plan (without reference to the business plan)?
* Is your Summary short, clear and exciting? Does it make the reader want to dive into the complete plan for more details?
* Do you cover all of the main elements of your plan (Business Description, Products and Services, The Market, Competition, Operations, Management Team, Risk/Opportunity, Financial Summary and Capital Requirements)

# 1. Business Description

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## Industry Overview

The gaming industry in Canada already employs 14,000 people, according to a 2010 report from the Entertainment Software Association of Canada. It’s worth $1.7 billion in direct economic activity, not including retail sales.

The lucrative industry is poised to grow even more.

Canada is set to be the fastest-growing entertainment and media market in North America, with a projected annual growth of five per cent between 2010 and 2014, the report says.

Brainy graduates of video game and animation programs have generally flocked to Quebec and B.C., Canada’s established gaming hubs. But industry players say Toronto – and the rest of Ontario – is catching up.

B.C. has the Electronic Arts studio in Burnaby – the largest studio owned by the California based company. Electronic Art, known for The Sims, Medal of Honor and Madden NFL titles, also has a studio in Montreal.

Radical Entertainment, known for its Crash Bandicoot series, was founded in Vancouver.

Toronto has more small game companies than Montreal or Vancouver, but overall, the industry still employs fewer people.

Ian Kelso, the president of Interactive Ontario, a not-for-profit digital media trade organization, said he’s seen a surge over the past three years in the number of gaming companies starting up in Ontario.

“Toronto has become globally recognized for its thriving independent scene. We’ve seen it reflected in our membership, which has gone from about 120 companies to about 300 companies,” Kelso said. “A lot of those are game start-ups.”

To support these start-ups, the Ontario government announced in last year’s budget they would increase the Ontario Digital Media Tax Credit to 40% from 30% for corporations that develop and market their own products.

This means video game companies can get help covering labour costs, and marketing and distribution expenses.

The Ontario Media Development Corporation (OMDC) also doles out the interactive digital media fund. Last month, it announced 19 recipients from across the province would share $2 million in funding.

Most of those recipients’ projects were gaming related.

Financial incentives and industry growth have helped foster a supportive and creative environment, said Kristine Murphy, the OMDC’s director of industry development.

“Ontario is a thriving independent game development jurisdiction,” she said. “There’s growth in the independent games, (particularly) for games being developed for a variety of platforms: the iPhone, BlackBerry, all of the small hand-held devices (and) social media games.”

More platforms means the games will appeal to a broader range of people.

Forty-nine per cent of gamers play on the computer, according to the Entertainment Software Association of Canada.

Thirty-four per cent play on a console like the Xbox 360, 10% play on a hand-held system and 7% use a mobile device like a cellphone.

The digital game industry is a central component of the interactive digital media sector. The latest data from PricewaterhouseCoopers (PwC) states that the global digital game market is anticipated to be worth US $59.3 billion in 2011, up 6.8% from 2010. In previous years, market growth in North America had been slower than that of the rest of the world, with negative growth in 2009. It is estimated that in 2011, the Canadian videogame market (including console/handheld games, online and wireless games and PC games) was worth US $1.7 billion — a 4.8% increase above 2010. The United States is projected to show even more growth for 2011 at $14.1 billion, an increase of 3.9% from 2010, however the Canadian market will catch up with a higher annual increase than the U.S. by 2015.

ESAC reports that the Canadian computer and videogame industry comprises nearly 350 companies, employing almost 16,000 people. The sector grew by 11% from 2009-2011 and is expected to show 17% growth annually to 2013.

ESAC also estimates that, in Ontario, there were 96 videogame companies operating in 2011, employing 2,600 people and spending an estimated $238 million. Historical growth for this industry in Ontario has been 20%, with an expected growth of 21% for 2011. Ontario's industry is not as based around traditional console games as other regions such as Quebec - a larger share of Ontario industry resources are allocated to mobile, social and casual games and the province is home to the greatest number of micro and small companies in Canada.

Canada is a major game developing centre. PwC reports that Canada has passed the U.K. as the third-largest developer of videogames, after the U.S. and Japan. A large pool of talent exists, in no small part due to the presence of several post-secondary institutions with game development programs or curricula. Canada is home to several top videogame developers, including Ubisoft in Montreal, Quebec City, Toronto and Vancouver, and Electronic Arts in Vancouver, Montreal, Edmonton and Waterloo. French videogame publisher GameLoft and prominent social game publisher Zynga have also set up digital gaming studios in Toronto. Investments from the provincial government assist these companies to grow and contribute jobs and economic impact to Ontario.

Consumer market PwC reports that, in 2011, over 400 million smartphones were sold globally, with US $11 billion in spending on mobile apps. ComScore data reveals that, in Canada, smartphone adoption reached 8 million people or 40% of the mobile market in 2011, with 53% of subscribers playing games on their device. As the adoption of newer digital devices increases, consumers have more choice around when and how to consume digital media content. In one recent Canadian consumer study, 48% of those surveyed reported owning a smartphone with a data plan in the fourth quarter of 2012. Eighty percent of smartphone owners used the browser and 63% reported watching a video clip. Between 2008 and 2012, the usage of smartphones in Canada to access video content increased over 500%. Tablet owners in Canada are even heavier media content users, reporting playing more games, accessing more entertainment content and more TV channels or apps than smartphone owners.

## 1.2 Company Description

Raven Games is a brand new Video Game/App Development and Website Design company that is in the initial phases, owned by Alexander A Sanchez. Raven Games will compete in the latest market trends producing video games and applications primarily and, as an aside, will also offer the design of websites to companies.

Raven Games is a virtual office with no physical address at the present time. We will rent an office space for meetings once a week and that is because with the funding we are requesting we only require to cover the costs of members wages and the tools to fulfill their duties. With that being said, the company members can work from home during the first year of production the company exists, virtually, as the programming members that conform the company will be using file sharing tools to keep in close communication during the development of any applications or games. Members will also meet accordingly once or twice, up to 4, times a month in an office space or meeting room.

Raven Games is a video game development studio that produces primarily cutting edge video games and applications that live online or in app stores. Much of the focus of internal resources is spent on these projects and finally to help sustain the business in the first years of operation. We offer our clients small websites and software solutions as well.

Its team members are all highly talented and savant in the art of making video games. We are knowledgeable of the latest market trends in games and the different developer platforms that are most popular. We have an experienced programmer partnership who work in harmony and who together have been producing intricate and high polished projects that require the knowledge of many different programming languages. The high quality and caliber of projects could be considered to use efficacious and complex systems that generate optimal results.

As an alternative location, the members of this company also happen to all be alumni of the same college and are welcome to use the college campus for their meetings as part of the relationship established between the owner and the college. Also included in this harmonious relationship in which both parties benefit, is us accepting their pre-graduates in to our internship programs.

Raven Games hopes to become the next Digital Extremes or Big Blue Bubble as it opens its doors for the first time as a smaller indie video game development company, but its hopes and aspirations are not limited to its physical size. The talented outfit that is Raven Games strives to make quality video games and software applications that will leave a serious and positive imprint in today’s players.

### Mission Statement

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### 

Everything we do at Raven Games is based on the success of the gaming experiences we provide our players. The goal of each discipline within the company – be it art, programming, or customer support – is to make our games as immersive as possible for as many people as we can reach. Raven Games strives to touch the heart of the players who will remember our games for all the marvel and level of excellence and hard work that was invested in to each game or application we create.

Quality is our top priority all throughout the development of each product. The highly adept team of Raven Games is determined and driven to contribute their greatest talents to making games that will be remembered by the masses for many years yet to come.

We make games that are based on innovation and creativity.

We work very hard on our games to reach broader audiences with our content and technology.

## 1.3 History and Current Status

Raven Games begins with a lifetime devotion and a soul passion for video games. Like many of the greatest Video Game company predecessors we begin with the love for the art of video games. The love for video games is so great the owners decided to go to school to learn how to make games, and that they did, and became leading edge candidates for competing and becoming leaders in today’s current video game crazed markets.

Raven Games is just beginning as a brand new company in a conceptual and virtual stage of existence. The members of Raven Games have all completed the Video Game Design and Development course at triOS College in London, Ontario and have established great bonds during the time of their enrollment and continuous relationship established with the schools administrative members and faculty.

We have built a mobile aware website and upon receiving funding we will register a domain name, set-up corporate email accounts, and get business cards.

**Internship Enrollment Program**

A great part of our companies’ members will be conformed of students who have completed their courses in college and are searching to complete their required internships and gain practical experience in a real life work environment. From this, all parties can benefit from each other and work in harmony in the exciting venture which is video game and website development.

Interns will also have to opportunity to join our smaller or larger projects during their 4 months of internship as a follow up advancement course which all interns of the Video Game Design and Development course require to complete their course and graduate.

The internship is not only limited to those who graduate the Video Game Design and Development course as we are video game and software application company and we can employ many interns from different career paths, which are all related in our field of study. An immediate example being the Video Game Technical Artist course which focuses on the artistic aspect of game development with, for example, the development of 2-dimensional artwork for character sprite-sheets and GUI (graphical user interface) elements like game HUD (heads-up display) or game interface. They also can aid in the creation of 3-dimensional games as they have the knowledge and required technical skills for the fabrication of 3D models that are used in most modern console games, like PlayStation and Xbox, or PC games.

But that is not all and certainly not where it ends, we would also be able to extend and open our doors to the Website Development course and offer interns the hands on practice that they can only receive in a real life work environment and we could benefit mutually from these internship programs. In turn, our company would have these different aspects covered and our reach is extended that much farther and we will be able to offer a more flexible and fun environment to work for our employees and interns and, therefore, increase our service capacity.

## 1.4 Goals and Objectives

**Objectives**

The main objective our company has is to touch the hearts of our players so that we may be remembered and thought of by our consumers, as the signature mark of a great video game. Our intentions to put our stamp in the masses and offer high quality games that are either strictly for entertainment value or in some way send a positive message and/or partake in the educational realm of mobile applications for children and our many target markets. We hope to expand and double in size by the end of our first year of production and any further expansion is most certainly welcome. We believe we do have the possibility of growth, especially since we will be able to employ many college interns at no cost to us, cover higher productivity volumes, and assure that quality will exist in every aspect of development. As time continues to move forward, we will be opening our doors to anyone who would like to join one of our departments and there is a possibility to host many interns at one time. Success will come later once our products are produced and available in the different mobile device stores. Diversity exists of course wherever there is a science or form of art and we try and remain open minded and flexible, and with our technological backgrounds, can offer so much to ensure company growth. Our long term goals are to become a larger studio that could employ 80-200 people like Digital Extremes and be their top competitors in the production of AAA titles that are played and enjoyed by so many.

## 1.5 Critical Success Factors

* Our success relies on the efficient utilization of hours worked by our programmers, and their abilities will determine productivity each hour of work measured.
* **Internship Programs**: Raven Games will also rely on some of the minor or more trivial tasks to be completed by our programming and artist interns.
* Creative ideas and distinct and professional artwork produced by our artists.
* The developer tools that will be used, like the 3D game engine Unity, will allow programmers to complete the games much faster than coding everything from scratch, like is the scenario with most programming languages and environments.
* File sharing tools are also a good way to measure the work being done by an individual working on a project as there are time stamps and details including metrics analysis for measuring employee quantity and quality of commits on a project.
* Some of the internal and external elements that have an immediate and direct impact on our company might be the changing trends and rapid changes in technology.
* The originality and quality of our games separate us from the bunch.
* Some of our competitive strengths are our cutting edge artwork and original style games along with our extensive video game programming knowledge.

* We are requesting funding to essentially pay for our programmers wages, myself included, being that our primary cost that makes everything possible, along with the developer tools that are needed to make our games. Most file sharing systems are free to use online, like GitHub.
* Products include but not limited to educational games and applications for children.

## 1.6 Company Ownership

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|  |  |  |  |
| --- | --- | --- | --- |
| As of May 7, 2015 |  |  |  |
| **Name** | **Title (if Applicable)** | **Number of Shares** | **Percentage of Ownership** |
| Alexander Auriel Sanchez | Owner /President/Lead Programmer/Art Director and head of Web Development Department | 100% | 100% |
|  |  | 0% | 0% |
|  | TOTAL | 100% | 100% |

**Ownership of Company**

## 1.7 Exit Strategy

In the case that I may want to exit the company, the sale or merger of the company is one sure way to go as we live in the Hub for video game development and there are so many website companies here before us. As an alternative, there is also the possibility of a management buyout if the lead programmer or lead artist just underneath in the company hierarchy would want to purchase the company shares.

# 2. Products/Services

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## 2.1 Product/Service Description

Raven Games is proud to be offering exciting and high quality video games and mobile device applications with traditional and new, all-original game concepts across many developer platforms including iOS, Android, and HTML5 web.

Our focus is the mobile market as it is the quickest and most efficient market we could compete in because it is the latest trend in technology, making it incredibly popular among our generation’s youth. Even if we are just a few, our company size is just the right mix of talent that we can produce games that are quality packaged software of equal or greater quality to the games that exist today and are successfully generating a lot of money.

The titles that are released under our seal of approval are for entertainment value mostly and, in some cases, some of our applications may be geared towards the younger crowds that advocate learning and may be used as educational tools. Combine that with entertainment value of our products, we hope that our products may be used by children everywhere who enjoy reading, puzzles and math, or science and that it may be helpful and, most importantly, an enjoyable learning experience.

Our products will be available for purchase in the popular app stores for iOS and Android, and some of our games may also exist as online games redirected from our home website. For games that exist in the app stores, the owners of the device are members of their app stores and there they can download our games for a small price that usually ranges from $0.99 - $10, depending on the titles. As for the latter, our online games will exist on a website(s) somewhere with databases to contain all of our users’ accounts in one place. Users can register their accounts and log in to collect their items and retrieve their saved game data. The games in some cases could be pay to register or free to register and the users pay when they want special items or upgrades, add-ons, and in-app purchases that can be used within the game.

Raven Games has not yet started its production process and therefore have no games ready for the stores at the current time.

The costs of production include mainly labour and the cost of tools or software that is required to make the games.

There are no impediments to our supply and once our games hit the stores and find a dwelling place, downloads of our games are of unlimited supply. There are also no physical boundaries to how far our products can extend as we make our products available to all demographics worldwide.

The future also holds the possibility of services such as website and software development to the general public.

### Existing Products (Conceptual - see Game Design Documents in [Appendix](#_11._Appendix))

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* Animal Tales learn to spell children’s game/app.
* Our products or games are high quality and made with love and high standards using production code our programmers are professionally adept to make excellent software.
* Professional Artwork designed with the latest in technology.
* We make games people will want to play.
* Immersive and captivating.
* Affordable.
* Educational.
* Entertaining and we promote good ethics and moral values, most of our games will be for the general audience.
* We are starting the business so we have to make the games once we hire the team.
* Weaknesses or limitations might include the fact that we are a small outfit and in direct competition with large companies producing console and AAA titles. We are a slightly different market and in comparison to these titles that take 2-4 years to make and sell their games anywhere from $30-$90, we sell our games at no more than $3.99 a download, initially, and they can only be played on mobile devices which could prolong the time required to meet our sustainability. The reason for this, of course, is the size and work capacity of our team, hence, we limit ourselves to development on smaller platforms, like mobile devices, until we get up on our own feet. There are visions of AAA titles being produced within the company, perhaps 3 or 4 years later in its life cycle of the company, and by then we will be in direct competition with companies like Big Viking Games and Digital Extremes, also home-based here in London, Ontario.
* Some of our target markets include general audiences and/or children of all ages, and video game fanatics.

### Description of the Products

* Video Games.
* Recreational use 2D and 3D games and applications.
* All games and applications generally have a Menu and interface with which the player interacts with the games different events, sounds music, animations, and creative artwork.
* Creative design and artistic originality so we use all original artwork.
* Entertainment Value.
* Copyright Protection of all intellectual property.
* Our games will be priced anywhere from 99 cents US download to US10.00 for our larger projects.
* Costs for labour are the highest but tools and materials is very low.
* Later once the company is more established Web Design services will be offered.
* We will focus on servicing with smaller websites and be able to offer them to companies at ½ the going rate as they will be created by interns under the supervision of myself, the Web director.

### Stage of Development

* Products are early in the production stages. There are game demonstrations in beta and silver versions created in Unity and a Windows 8 store app which we feel we could invest the resources and make fully functional polish the artwork and make ready for release in 2-3 months.
* Obstacles include to recreate some of the same titles in other platforms to allow them to compete in the major mobile store environments like IOS for IPhone and Android.
* Our applications vary in the amount of labour and resources that are allocated to each product depending on its technical requirements.
* Most applications can be ready in 1 or 2 months.
* Smaller games may take 2-3 months.
* Large games have a bigger development time 6-8 months.

## 

## 2.2 Unique Features or Proprietary Aspects of Product/Service

In today’s mobile market, there is a great constant of unmet demand for top quality standardized games and applications that are as incredibly immersive and captivating as they are well produced. Henceforth, we plan to instill our presence and offer high quality software products that are both well designed and produced by an adept crew of professional technicians conformed of software developers and artists. Our programming team strongly advocates object oriented programming and good software design and the artists use advanced techniques in the latest in 2D and 3D artwork with programs like Photoshop, Illustrator, Maya, and Blender. Our games are very lustrous and rich in its look and feel. The environments that exist in the game worlds are very engaging and atmospheric effects customers and leaves them on the edge of their seats and wanting more. Games can be made quickly and under licensing with high powered 3D game engine Unity 5.Our team of artists produce high resolution and polished artwork to make our games genuine and original. We take making games very seriously and the quality of the games speaks for itself.

Patents for intellectual property will be obtained once the funding is available.

## 2.3 Research and Development

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Our young interns are highly motivated and have the required knowledge about games to become our researchers. One or all interns may at one point be appointed the task of market research in areas of latest trends, technologies and competitors.

Research would be to help us determine what kind of games we want to make in our upcoming projects.

Areas of interest are of course the functionality that lives in each application will help us to determine our milestones we need to set and the resources we need to allocate to each individual project.

* Relatively low investment requirements
* Positive return on investment
* Feasibility of development and execution
* Uniqueness in the market
* Relatively low risk
* Timeliness of results
* Surveys on social Media sites like Facebook, Twitter and Tumblr
* Interns may participate in smaller corporate roles to do market research

## 

## 2.4 Production

### Products

All of our products are manufactured in-house.

We make use of our gaming computers and software such as Unity, Adobe Photoshop, Illustrator, Corel, Maya , Blender, Visual Studio, and Notepad++ for most of our games and applications, this of course may vary depending on the platform that is being developed for and the respective game or application being created.

Production is a result of our programmers and artists making use of these available tools and their craft.

Our costs are highly focused on labour and tools. Labour is 70% of the cost and tools is about 5-10%. Marketing the games conforms the rest of the 20% needed to promote our products.

Most of the software, like Adobe Creative Suite CS6, is already in the hands of the developers. The only additional requirements would be to develop for iPhone/iOS is a couple of MacOS computers and a membership/developers fee.

Cute games are becoming increasingly more and more popular and we intend to get in on some of the action. Our artists are able to produce high resolution and high quality 2D and 3D art characters and level design.

Original music is contracted to Slavel Pavic. He is a musician and composer with studio equipment and software to create all of our original musical scores. He is adept in guitars, keyboards, drums and percussions, and voice.

### Services

## *Website Development Department* - A team of web design interns will operate in this division and put to practice their skills in the development of small applications and small client websites.

## 2.5 New and Follow-on Products/Services

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### Our home base website will keep our fans up to date with any news about upcoming release dates on any current or future products.

### Future Products

List of Products that are included within revenue and cost projections and their respective production timeframes:

* Animal Tales (2-3 months)
* Vampire Runner (2-3 months)
* Squirrel Adventures 1 and 2 (4-8 months)
* Anti-Bullying Double Dragon Spinoff (4-6 months)
* Word Run (4-6 months)
* Purple Pendulum Online MMORPG (1year)

### Market Comparison

* Our principle competitors are iOS and Android developers/companies and indirectly some large online games. They produce high quality games and applications.
* Our games have a unique artistic style look and feel in each of our titles that is signature of our brand. If we are working on a children’s app to teach them to spell words correctly for points, we brought in a gang of really cute high polished characters a lion, a snake, monkey, rabbit, squirrel, frog, and wolf who together advance to the next character in the forest by solving riddles and spelling words in the exciting Animal Tales.
* We intend to make many puzzle and educational games that can be purchased for roughly $3.99, providing children of all ages with fun tools that will make learning their math and spelling fun and engaging.

# 

# 3. The Market

## 3.1 Industry Analysis

* This industry is defined as a company that creates digital content and environments that provide users with a rich interactive experience - either with content itself or with other users - for the purposes of entertainment, information or education, or that provides services that directly enable these products/services. The North American Industry Classification code is 511212 - Video Game Publishers (Canadian Industry). This Canadian industry comprises establishments primarily engaged in video game publishing. These establishments carry out operations necessary for producing and distributing computer video game software, such as designing video games, providing documentation, and providing support services to video game purchasers. They may design and publish, or publish only. Canadian Class only.
* This industry is segmented along four key axes: (a) the type of experience being created; (b) the platforms for which content is being developed; (c) the market segments or customer groups being targeted; and (d) the distribution channels being used to bring interactive digital media products to customers.
* Current trends include the majority of global game revenues now being generated through smartphones and tablets, that’s 34% of the total revenue. Reports also show that 21% of Canadians play video games most frequently on their mobile device. 11 of the top 15 paid apps on the iTunes app store were games and 10 out of the top 15 paid apps on the Android app store are also games. Large growth rates are projected for online games, wireless games, and app development. Within Canada, Ontario is a hub for mobile application development. Another trend also shows that Ontario has the greatest number of small (35%) and micro-sized (53%) firms in Canada. Important developments include Ontario’s introduction of provincial tax credits. This is attracting more medium and larger studios.
* Canada is the third largest developer of video games after the U.S. and Japan. Canada is also home to some of the biggest studios in the industry with Edmonton’s [BioWare](http://en.wikipedia.org/wiki/BioWare) and Prince Edward Island’s [Other Ocean Interactive](http://en.wikipedia.org/w/index.php?title=Other_Ocean_Interactive&action=edit&redlink=1). Other important players include Ubisoft in Montreal, Quebec City, Toronto and Vancouver, and Electronic Arts in Vancouver, Montreal, Edmonton and Waterloo. French video game publisher GameLoft and prominent social game publisher Zynga have also set up digital gaming studios in Toronto.
* Problems and issues the video game industry is experiencing are that in spite of its economic importance, recognition of interactive digital media as a distinct sector has lagged behind some of the other creative industries. It had not been part of the standard series of North American Industry Classification System until the creation of NAICS codes for some digital media activity in 2012. This means industry figures have been captured by a combination of existing categories. This gap is attempting to be addressed. Also, companies cannot always depend on the small Canadian market for sustainability and must look to foreign markets, as well as relying on foreign sales for the majority of their revenue. Financing in this industry also has its challenges, particularly with respect to access to venture capital for seed and early stage growth, as well as with securing loans for operating cash flow. In many cases, companies must sacrifice ownership of their intellectual property, and therefore potential future revenue streams, to ensure that their projects actually reach completion as the development timetable can be quite long and expensive.
* Events are influencing this industry include the provincial tax incentives and government assistance Ontario now has available. Internationally, with the increase in broadband penetration worldwide, digital distribution of content grows as well as the popularity of online gaming.
* Along with online gaming, growth forecasts are high with mobile games and surprisingly high with video game advertising.
* In total, the video game industry generated over $2.3 billion in GDP for the Canadian economy in 2012. Over the next 5 years, Revenue growth in video games for Canada is projected at 5.1%.
* Industry standards include those of the specific language and game engine used, as well as those of the middleware market, which is mainly software licensing. Performance requirements are continuously increasing due to rapid innovations in technology.

### General Information

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* The structure of the video game industry can be broken down into five vertical stages: development, publishing, manufacturing, distribution, and retail. Then it is broken down again into two more areas of hardware and software. There are both downstream and upstream markets in the video games industry as well. The upstream market is mostly dominated by the manufacturing of hardware and the development of software. The downstream market is the beginning of the distribution stage in which there are both hardware and software areas. The software distribution is organized by the publishers. The publishers have to obtain a license for the rights to sell a game for a specific console and they must pay the manufacturer royalties for each game that is sold. The manufacturers also have to examine the optimal cost structure for their company to determine if the costs/benefits of In-House publishers outweigh the costs/benefit of using Independent or Third Party publishers.
* The majority of the software is developed In-House, by Third Party Contractors, or by an Independent Party. The In-House developers are owned directly by the publishers so they have less freedom but a better funding security than others, due to this consumers expect the game to be highly polished and have graphic intensive games. Now due to rising costs, Independent developers are having trouble competing financially. The industry has a high amount of mergers and acquisitions due to developers lacking financial backing and lager firms recognizing the advantages in the rights over the top developers.
* All the hardware manufacturers organize their own distribution of product by using local or regional subsidiaries, and then from their pass it on to retailers. The retailers may include video game retailers, supermarkets, toy specialist (i.e. Toys R’ Us), discounters, department stores, and internet sales.
* This particular type of industry is the video game development and publishing industry or the digital game industry. Ontario’s Digital Game Industry was defined to include developers and/or publishers located in a permanent establishment in Ontario whose products educate, inform or entertain through text, sound and images that allows users to interact with the content.
* In terms of structure, medium-sized and large companies are incorporated to a greater extent (77% and 83%, respectively) than small and very large ones (52% and 66%, respectively). The share of private partnerships is relatively constant across small, medium-sized and large companies (between 9% and 10%), but relatively greater in very large ones (24%). Sole proprietorships are more common in small (24%) and very large companies (19%) than in medium-sized and large firms.
* The level of competition is currently moderate-high with it constantly rising. In Ontario, the dominant players include Ubisoft in Montreal, Quebec City, Toronto and Vancouver and Electronic Arts in Vancouver, Montreal, Edmonton and Waterloo. These are the main conglomerates who have ownership of many smaller companies throughout the nation. Noticeable new entries to Ontario include larger companies like GameLoft, Zynga, and Sago Sago in Toronto.

### Size, Growth Rate, Trends, Drivers of the Industry

* The Canadian video game sector is anticipated to grow at a compound annual rate of 5.1% to US $1.4 billion by 2017, outpacing most other entertainment and media categories. Revenue growth in video games for Canada is projected at 5.1% to 2017. Growth in the mobile game market in Canada is expected to outpace the U.S. in the next few years, with 9.2% growth expected to 2017, compared to 7.5% for the U.S. Ontario's entertainment and creative industry adds more than $12.7 billion to the province's GDP. Industry expenditures in 2013 in Canada were $1.6 billion, up 12.5% since 2011, and in Ontario alone the industry spent over $134 million. $2.3 Billion is contributed to Canada’s GDP (Gross Domestic Product).
* This specific sector might differ slightly due to advertising methods as well as limitations due to funding available. Although focus will still largely be on the mobile platform.
* Key trends are: the evolution of existing platforms, innovations in console/hardware technology support the production of more AAA games. Also, the emergence of “lighter” platforms, which is more desirable to develop for with the smaller capital investment, as well as the ongoing penetration of broadband technology, these make for many smaller companies emerging.
* With one of the major industry trends being mobile and social gaming, Ontario has been home to the largest producers of mobile and social gaming mainly due to the large number of micro-sized companies. Taking advantage of this would be most beneficial.
* Due to the predicted growth rate of mobile and social games, as well as the increased use of tablets and smartphones, making products available online is essential. As mobile devices are smaller, apps are becoming the norm. Not only are they simple and addictive, they have become daily use items, as well as educational.

### Sensitivity to Economic Cycles & Seasonality

* National and international trends that could affect this business would include the emergence of more small and micro-sized companies, making for more competition.
* With the possible closure of one of the three major companies in London, this makes for a greater demand for products as well as employment.
* Seasonal variations in business should not affect cash flow. Other than the fact that in the winter, people stay inside more and may play games a little more that time of year, there are no real significant variations.
* Demand cycles would include high consumption days or holidays such as Christmas or Black Fridays. Anniversaries of best-selling titles would also be in demand. Updates or bug-fixes to any games would also come in high demand in frequent cycles.

### Legal, Political and Economical Factors

* Present and future laws and policies affecting this business would include business and licensing laws and regulations as well as intellectual property and copyright laws.
* The Ontario Technology Corridor offers the following incentives to bring further investment into the province including the Ontario Computer Animation and Special Effects Tax Credit (OCASE) - a refundable tax credit of 20%, the Ontario Interactive Digital Media Tax Credit (OIDMTC) - a tax credit of 35-40%, the Ontario Media Development Corporation (OMDC) Interactive Digital Media Fund - a contribution of up to $150,000/maximum of 50% of project budget, the Ontario Production Service tax Credit (OPSTC) - a refundable tax credit of 25%, SR&ED - tax incentives to reduce R&D costs, and the Ontario Media Development Corporation (OMDC) tax incentives.
* There are government agencies and regulating bodies for this industry that include licensing laws and regulations and copyright laws. The ESRB controls which consumers can purchase which products according to content.
* Provincial tax-credit and funding programs as well as the federal Scientific Research and Experimental Development (SR&ED) program are the most frequently accessed public sources for both operational/project financing and for financing for capital investments.
* Both political climate and the government are currently relatively stable.
* Local and national regulation can currently affect business in a positive way with the introduction of new tax credits and incentives. The purpose of this is to attract larger companies to Ontario.

### Sociocultural Factors

* With an economy recovering from a recession, lifestyle changes have become a factor to success. This caused a change in the use of consumers’ disposable income and therefore, expensive console games have become more of a luxury that many forego for mobile or social network games. With many of these being inexpensive or free with in-app purchases they are becoming more and more desirable.
* There are no current environmental concerns that could affect this business.
* Majority of target consumers in the immediate context (London, Ontario) have amenities such as locations with free Wi-Fi to download/purchase and/or use the games or applications. Many residential locations have free utilities (included in their rent) causing more disposable income and purchases of luxuries. London has minimal pollution that affects living conditions.

### Technological Factors

* Breakthrough technologies include the PS4 and XboxOne consoles and their move technologies, as well as recent 3D capabilities. Technologies under development include graphic and animation technologies.
* The rate of technological innovation is always growing and at a more rapid rate.
* With high growth rates and technology always improving, the relative cost of technology, research and development has grown as well. The demand for better, faster technology will always be there to support this high cost.
* This industry has a high dependence on technological factors. There has been a huge impact with technological innovation in this industry. The better and faster the technology available, the more opportunities for development available.
* Energy use would be relatively moderate. Use of hydro for running computers with an internet connection would have minimal impact on energy consumption provincially.

### Finance Norms & Patterns

* There are four main vendors that are in the hardware business and they are: consoles, PCs, online, and mobile.  With consoles having a 73% market share, they are the most significant. The console market is currently being run by the big three companies: Microsoft, Sony, and Nintendo. Each of these companies target different segments of the market. There are PC games, handheld games, and consoles that are segments.
* The standard markup of products vary by platform but can range anywhere from 99 cents to $69.99 for AAA titles. It greatly varies with monthly and yearly online subscriptions as well.
* Profit expectations for the first year intend to be minimal but still positive, profit margins calculated bi-annually and expected to steadily increase.

## 3.2 Market Analysis

### Market Segmentation and Target Market

There is an unmet need in the marketplace for our products. There is a higher and higher demand for mobile and social network games and less and less companies fulfilling those needs. We will sell products directly to consumers.

**Demographics**

* Target age ranges from 8 to 40, target income range would be any, target sex is both, target occupations would be any, target marital status would be single and married, target family size would be 1-5, target ethnic groups would be all groups, mainly Canadian, target education would be around entering high school or earlier.

**Geographics**

* Immediate area served is London, Ontario and roughly a 50km radius around it. The target neighborhood is in central or Downtown London or within 5km.
* This is a densely populated area in an urban setting.
* This is London’s Downtown location. It is a central hub for business, shopping.
* Downtown London is also a hub/central location for the public transportation system. There is also ample parking, paid and otherwise.

**Lifestyle**

* Target family status includes those who are single to families with up to 5 members. Most products are geared towards children and the younger generation.
* Hobbies would involve the use mainly of console games, sports enjoyed, to play and watch, include OHL and the London Knights, and entertainment interests vary from comedians to famous musicians/ bands due to our large arena, Budweiser Gardens, as well as some theatre with Centennial Hall and the Grand Theatre, etc.
* Local television includes that on CTV, as well as the small London Network channel through Rogers. There are also many local FM radio stations including Virgin Radio (97.5), Energy Radio (103.1), BobFM (102.3), FM96 (95.9), BX93 (92.7), as well as news Radio AM980 and the local colleges’ broadcast stations such as Fanshawe’s 106.9fm. Other media preferences include the internet and online media.
* Our business currently has no political affiliation but has a strong connection to triOS College London Campus as we look to them for interns and graduates of the Video Game Design and Development course.

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**Psychographics**

* We are currently in the status seeking stage.
* We tend to be more socially conscious.
* Initially, spending is to be as conservative as possible but as profits are made, spending can become freer.
* Our products are more fun seeking with a moral behind the game, such as anti-bullying.

**Buying** **Factors and Sensitivity**

* Customers today tend to be attracted to the products with not only a recognizable brand name, but a reasonable price is just as or possible more desirable. Many customers still very much impulse buy products based on visuals and packaging. They will also be attracted to our special product features such as promotions and extras.
* Location will be in a centralized downtown location in London with a clean, professional, office setting.
* Our non-target customers in some way will still be exposed to technology and our advertising and therefore have full and easy access to our products at any time. There are not many people anymore today that do not own a mobile device or at least 1 piece of technology compared to those who do. And those who do generally own multiple devices.

### Market Size and Trends

**Table 1. Video Game Market Revenue, Worldwide, 2012-2015 (Millions of Dollars)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Segment | **2012** | **2013** | **2014** | **2015** |
| Video Game Console | 37,400 | 44,288 | 49,375 | 55,049 |
| Handheld Video Games | 17,756 | 18,064 | 15,079 | 12,399 |
| Mobile Games | 9,280 | 13,208 | 17,146 | 22,009 |
| PC Games | 14,437 | 17,722 | 20,015 | 21,601 |
| **Total Video Game Market** | **78,872** | **93,282** | **101,615** | **111,057** |
|  |  |  |  |  |

*The worldwide video game marketplace, which includes video game console hardware and software, online, mobile and PC games, will reach $93 billion in 2013, up from $79 billion in 2012, according to Gartner, Inc. Driven by strong mobile gaming and video game console and software sales, the market is forecast to reach $111 billion by 2015.*

*Mobile games are the fastest-growing segment of the market, with revenue set to nearly double between 2013 and 2015 from $13.2 billion to $22 billion (see Table 1).*

*"As mobile devices (smartphones and tablets) continue to grow, the mobile game category will show the biggest growth due to the entertainment value provided by games compared with other app categories," said Brian Blau, research director at Gartner. "This growth is fueled by healthy premium mobile device sales globally and a desire by consumers to play games on these multifunction devices that are capable of displaying increasingly sophisticated game content."*

*2013 is an important year for the game industry as Sony, Microsoft and recently Nintendo are releasing their next-generation video game consoles to a market that may be moving in another direction due to the popularity of mobile devices.*

*Some of the significant growth in mobile games also comes from revenue in the emerging markets. Today, mobile app revenue comes from the U.S. and Europe, where smartphone and tablet penetration is greatest. However, growth in device sales in emerging markets is accelerating. The potential to sell-in back catalog games exists in emerging markets, because many game players in these regions don't have the means to purchase games on multiple platforms, and games titles on mobile devices are considerably less expensive than those on game consoles."*

*(Source: Gartner, October 2013)*

* This is a very fast growing market that has no signs of slowing down.
* This market seems to be heading mainly towards mobile devices as well as social and casual games. Ontario will see a huge growth with the attraction of new companies.
* With disposable income slowly becoming more and more available, leisure items like video games are being purchased more. Console games are also on the rise again with the introduction of new console systems (PS4, XboxOne). Although, with constantly advancing technology, mobile games and apps are in high demand.
* The market’s needs will always slightly differ. In Ontario, social network and casual games are a huge fad, but if technology introduces a new and better piece of hardware, needs could easily change. Advancing technology is the main reason right now for market needs changing.

### Market Needs

Current needs in today’s market include those on mobile devices and social network games. Our product is interactive and responsive across multiple platforms appealing to numerous consumers. Focus will be on those products in high demand but a variety of others as well. Addressing and advertising online will be a main concentration as well.

**Market Growth**

* The price of products should only slightly increase after a long period of time on the market, just as every other product in other markets will as well, mostly due to demand.
* This market is growing fast. Consumer spending in this industry is on the rise as well.

* The stage of development of this market is the growth stage.

The market is affected by the state of the economy directly due to consumption, which would decrease if the economy was in a state of decline. The rapid advancement of technology causes a higher cost of development and production and therefore the price of products. Technology will always advance, the economy on the other hand is sometimes unstable. This market will continue to grow in the short run, and start to perfect and mature in the long run but will still grow with technological advancements.

## 3.3 Competitor Analysis

### Competitive Landscape

* There is a moderate to high but increasing level of competition in this industry with roughly 150 companies in Ontario alone and about 329 companies in Canada.
* The types of competition affecting this business would include other indie studios that are constantly emerging within London and web-based business making games as well.
* The competition types would include those in the video game developing and publishing industry, the digital gaming industry, and the interactive digital media industry (although these could be considered one industry), including similar web-based indie companies.

**Competition in Ontario:**

Legend:

* Major/Direct Competitors
* Minor/Indirect Competitors

|  |  |  |  |
| --- | --- | --- | --- |
| **COMPETITOR** | **LOCATION** | **FOCUS/PLATFORM** | **NATURE OF COMPETITOR** |
| 3Di Solutions | Toronto | Service Provider | 3Di Solutions uses realtime 3D game engine technologies to create interactive 3D content. |
| Absurd Games | Toronto | Mobile | Absurd Games is an independent mobile games developer. |
| Activision | Barrie | PC, Console | Activision is a developer and distributor of computer and video games. |
| Algoma Games for Health | Sault Ste. Marie | Service Provider | Algoma Games for Health is a serious game development studio. |
| Alien Concepts | Toronto | Service Provider | Alien Concepts is a 2D and 3D art and design studio. |
| Alt Software | Toronto | Service Provider | ALT Software delivers inventive software products, services, and design solutions to enable integrators to rapidly produce, deploy and use embedded devices. |
| AngelFrog Games | Agincourt | PC | AngelFrog Games is a company dedicated to creating super-cool-fun games for the Mac. |
| Arctic Empire | Ottawa | Mobile | Arctic Empire is a developer of mobile social games. |
| Arkadium | Toronto | PC, Mobile, Online | Arkadium is a developer and publisher for mobile, social and casual games. |
| Arpix Media | Toronto | Service Provider | Arpix Media is involved in handling both music licensing and composer management for film, television, and video games. |
| Atlantis Systems International | Brampton | Other | Atlantis Systems International is a developer of military and commercial training simulators. |
| Autodesk Canada | Toronto, Ottawa | Service Provider | Autodesk is a software and services company for the manufacturing, infrastructure, building, media and entertainment, and wireless data services fields. |
| Battle Goat Studios | Ancaster | PC | BattleGoat Studios is a sofware developer committed to developing leading edge intelligent strategy games for the PC. |
| Big Blue Bubble | London | Handheld, Mobile | Big Blue Bubble is a game development company striving for the highest quality games possible and to deliver them on time and within budget. |
| Big Impact Studios | Milton | Online, Mobile | Big Impact Studios is an independent developer of social MMORTS games. |
| Big Viking Games | London | Online, Mobile | Big Viking Games is a developer of a MMORPG. |
| Bitcasters | Toronto | PC, Console, Handheld, Mobile, Online | Bitcasters is a media company that develops broadcast, Internet, and gaming properties. |
| BlackCherry | Ottawa | Mobile, Online | BlackCherry creates 3D games for the web and mobile platforms. |
| Breakthrough New Media | Toronto | PC, Handheld, Online | Breakthrough New Media creates innovative, convergent websites and games based on television properties. |
| Bytemark Games | Toronto | Mobile | Bytemark Games is a digital mobile game publisher. |
| Capcom Mobile | Burlington | Mobile | Capcom Mobile is focused on developing games for mobile platforms. |
| Capybara Games | Toronto | Handheld, Mobile | Capybara Games is a mobile and handheld game studio focused on the creation of immersive and innovative games. |
| Cat Amuck Studios | Toronto | Mobile | Cat Amuck Studios is an independent game studio focusing on creating interactive media for the downloadable market. |
| Cerebral Vortex Games | St.Catharines | PC | Cerebral Vortex Games is a games developer. |
| Chocolate Liberation Front | Toronto | Service Provider | Chocolate Liberation Front is focused on the development and production of content for television, online and video games. |
| Cieo Creative | Toronto | Service Provider | Cieo is a creative agency specializing in developing innovative products for children across all platforms. |
| CrowdWave | Ottawa | Other | CrowdWave is a mass-participation, interactive, game and entertainment platform for arenas and stadiums |
| Digital Extremes | London | PC, Console | Digital Extremes is a development studio in the interactive entertainment industry. |
| Digital Leisure | Gormley | PC, Console | Digital Leisure is a software publisher that also that acquires, remasters, and publishes numerous classic video-based arcade games into new platforms. |
| Distil Interactive | Ottawa | PC, Console | Distil Interactive creates automated teaching and testing solutions that enhance personnel skills training and assessment. |
| dotBunny | Peterborough | PC, Console, Mobile, Online, Service Provider | dotBunny is an independent game studio that also does work in the areas of application development and visualization. |
| Dreamcatcher Interactive | Toronto | PC, Console | DreamCatcher is a publisher and distributor of interactive entertainment for both core gamers and the mass-market audience. |
| Drinkbox Studios | Toronto | Console | DrinkBox Studios is an independent video game developer. |
| Egerter Software | London | PC | Egerter Software are the creators of Power Render, a full blown general purpose commercial 3D engine. |
| Electron Jump Games | Toronto | Handheld | Electron Jump Games is a game software development studio dedicated to producing simple, fun games. |
| Electronic Arts | Toronto, Waterloo | PC, Console, Handheld, Mobile, Online | Electronic Arts is a developer and publisher of interactive entertainment software for advanced entertainment systems as well as PC and games for mobile phone devices. |
| Emotional Robots | Niagara Falls | Mobile | Emotional Robots is an independent software developer for mobile platforms. |
| eyeon Software | Toronto | Service Provider | eyeon Software develops 3D computer graphics and digital special effects postproduction software for gaming, commercials, and feature films. |
| Five Archers | Port Hope | PC | Five Archers is an independent developer. |
| Firetoad Software | Toronto | PC, Console | Firetoad Software is a video games development studio. |
| Frozen A.V.E | Toronto | Mobile | Frozen A.V.E is an independent mobile development company. |
| Frozen North Productions | Waterloo | Console | Frozen North Productions is an independent game development studio. |
| Fuel Games | Ottawa | PC, Console, Mobile, Online | Fuel Games is the games development division of Fuel Industries. |
| FUN Technologies | Toronto | Mobile, Online, Other | FUN Technologies is a provider of online and interactive casual and fantasy sports games and sports information. |
| G4Box | Toronto | PC | G4Box is a publisher and distributor of interactive entertainment products. |
| Game Pill | Aurora | Console, Mobile, Other, Service Provider | Game Pill creates interactive entertainment for broadcasters, brands, producers, & agencies. |
| Ganz Studios | Woodbridge | Online | Ganz Studios a developer of online children's entertainment. |
| GestureTek | Toronto | Other | GestureTek creates and develops interactive arenas used primarily in the museum, science centre and hall of fame industry. |
| Get Set Games | Toronto | Mobile | Get Set Games is an independent game studio working on mobile devices. |
| GiroKa | Ottawa | Console, PC, Mobile | GiroKa is an independent video game development studio. |
| Glinkie Games | Oakville | PC, Mobile | Glinkie Games is a small (one person) independent game development company focused on the creation of engaging digital entertainment products. |
| GlitchSoft | Ottawa | Mobile | GlitchSoft develops premium mobile games targeted at core fans of action and super hero content. |
| GMA Games | Toronto | PC | GMA develops games designed to be fully accessible to blind and visually impaired individuals. |
| Golden Gear Games | Toronto | PC, Mobile, Service Provider | Golden Gear Games is a games and applications developer. |
| Halfbot | London | Mobile | Halfbot is an independent game development studio. |
| Hard Circle | Hamilton | Online | Hard-Circle is a casual video game company. |
| Hardline Studios | Ottawa | Mobile | Hardline Studios is a developer of high end mobile games. |
| HeadGames | Ottawa | Service Provider | HeadGames is a behind-the-scenes development partner that helps studios and middleware companies get great games and products to market quickly. |
| Howling Moon Games | Rockwood | PC, Mobile, Online | Howling Moon Games creates high quality, compelling, interactive entertainment environments. |
| Incubator Games | Toronto | Online | Incubator Games is an indie developer currently focusing on online and digitally distributed titles. |
| Industry Corporation | Kitchener | PC, Console, Mobile, Online, Other, Service Provider | The Industry Corporation is a technology and multimedia company. |
| Iteration Games | Ottawa | PC | Iteration Games is the company of an independent game developer. |
| Jesler Enterprises | Peterborough | Other | Jesler Enterprises manufactures motion based simulation equipment and interactive games. |
| JPK Games | Toronto | Mobile | JPK Games is the website of independent games developer Jason P Kaplan. |
| JVL Corporation | Concord | Other | JVL Corporation primarily manufactures multimedia touch screen entertainment machines. |
| Ketsujin | Toronto | PC, Console, Handheld | Ketsujin has published single, multiplayer and massively multiplayer games. |
| Level Up Audio | Toronto | Service Provider | Level Up Audio is a recording studio that creates professional music and sound for games and other media. |
| Longbow Digital Arts | Toronto | PC | Longbow Digital Arts has been developing technically innovative and artistically unique computer games and utilities since 1998. |
| Magitech | Toronto | PC, Mobile | Magitech is a historical strategy computer game developer. |
| Magmic Games | Ottawa | Mobile | Magmic Games is a developer and publisher of mobile entertainment, offering a wide variety of action, sports, casino, puzzle, and multiplayer games. |
| Mammoth Interactive | Toronto | Console, Handheld, Service Provider | Mammoth Interactive is an independent development studio. |
| marblemedia | Toronto | Service Provider | marblemedia produces casual games and interactive experiences for the web and mobile. |
| March Entertainment | Sudbury, Toronto | Service Provider | March Entertainment is a producer of branded digital content experiences for television, film, Internet and wireless platforms. |
| Massive Damage | Toronto | Mobile | Massive Damage is focused on building a next generation location based social gaming platform. |
| Metanet Software | Toronto | PC | Metanet Software is devoted to creating fun, innovative, unique games. |
| MK-ULTRA Games | Toronto | Console | MK-ULTRA Games is an independent games studio. |
| Microforum | Toronto | Mobile | Microforum develops and publishes mobile games and provides mobile gaming solutions. |
| mindyourmind.ca | London | Mobile, Online, Service Provider | mindyourmind.ca is non-profit mental health engagement program that utilizes interactive games to work with youth, emerging adults and the professionals who serve them. |
| NotSoft Games | Ajax | PC | NotSoft is an independent entertainment software company that follows its own vision in creating exciting computer games in a variety of genres. |
| Odd Thought | Markham | Online | Odd Thought Inc. is an independent developer of online multi-player games and social network applications. |
| Okino Computer Graphics | Mississauga | Service Provider | Okino Computer Graphics is a provider of high quality and industry respected 3D data translation and photo-realistic rendering software for Microsoft Windows and component libraries for software developers. |
| OmniG Software | Toronto | Mobile, Service Provider | OmniG Software is a provider of graphics development tools and mobile games. |
| Parallel Worlds Labs | Toronto | Other | Parallel Worlds Labs is a company that creates interactive exhibits. |
| Parlay Entertainment | Oakville | Online | Parlay Entertainment is a developer and licensor of Internet bingo solutions. |
| Phantom Compass | Toronto | PC, Online | Phantom Compass is a game production company that provides creative and technical services and support to broadcasters and independent producers. |
| PixelNAUTS | St. Catharines | Service Provider | PixelNAUTS is a game development and art outsourcing studio. |
| Playbrains | Ottawa | Console, PC, Mobile | Playbrains is a game development studio specializing in digitally-distributed games. |
| Pleznt Interactive | London | Mobile | Pleznt Interactive is an independent app developer. |
| Purely Educational | Courtice | Mobile | Purely Educational is a game development studio specializing in Windows phone game development and engine programming. |
| Q-Kmbr Games | Markham | Online | Q-Kmbr Games is a small, independent Flash games studio. |
| Queasy Games | Toronto | Console, PC | Queasy Games is an independent game developer. |
| Ratrod Studio | Ottawa | Console, PC, Handheld, Mobile, Online, Other | Ratrod Studio is an entertainment software company that specialize in cross platform game development. |
| Redblox Games | Kitchener | Mobile, Online | Redblox Games is an indie developer of mobile games and game-based training simulations. |
| Red Jade | London | Service Provider | Red Jade specializes in providing outsourced art, with a focus on modeling and texturing of 3d content, as well as rigging and animation of characters. |
| Red Piston | Windsor | Mobile, Service Provider | Red Piston specializes in developing applications and games for the iPhone and iPod Touch. |
| Reverie World Studios | Toronto | PC, Console | Reverie World Studios is set to take full advantage of the rapidly expanding market for interactive entertainment media. |
| RocketOwl | Ottawa | Mobile, Online | RocketOwl is a game development company that specializes in creating interactive games for social and mobile platforms. |
| Rocking Pocket Games | London | Mobile | Rocking Pocket Games is an independent developer of games for mobile devices. |
| Rockstar Toronto | Oakville | Console | Rockstar Toronto is a video game development studio that develops action titles exclusively for Rockstar Games. |
| Sago Sago | Toronto | Mobile | Sago Sago is a team of designers and developers who create apps that children love and parents trust. |
| Sherpa Games | Markham | Service Provider | Sherpa Games is a business-to-business organization offering services for the interactive entertainment industry. |
| Side Effects Software | Toronto | Service Provider | Side Effects are developers of 3D imaging software. |
| Signalsoft | Lucan | PC | Signalsoft is a developer of simulation and training software for the railway industry. |
| Silicon Knights | St.Catharines | Console | Silicon Knights is a guild of individuals dedicated to creating groundbreaking video games. |
| Sinking Ship Interactive | Toronto | Mobile, Online | Sinking Ship Interactive specializes in mobile and web development. |
| Sky Orchard Studios | London | Mobile, PC | Sky Orchard Studios is an independent company that uses GameMaker Studio to make apps. |
| SnakeHead Games | Hamilton | Mobile, Online | SnakeHead Games is a developer of casual browser based games. |
| Snowed In Studios | Ottawa | PC, Console, Handheld, Other | Snowed In Studios is a custom software solutions provider specializing in games and interactive media. |
| Social Game Universe | Toronto | Online | Social Game Universe is a social games innovator. |
| Social Graph Studios | Toronto | Mobile, Online | Social Graph Studios delivers Facebook and iPhone applications. |
| Space Monkey Games | Oshawa | PC | Space Monkey Games is an independent developer that places emphasis on story driven experiences which incorporate an air of nostalgia to both gameplay and narrative. |
| Spinning Reality | London | Console | Spinning Reality is forging itself as a developer of entertaining, co-operative online-enabled console videogames. |
| Splashworks | Toronto | Online | Splashworks is an advergame developer specializing in Flash games, Shockwave games, real-time 3D games and multi-player games that are used in online advertising. |
| Spongelab Interactive | Toronto | PC, Service Provider | Spongelab Interactive is a developer of educational games and service provider. |
| Spooky Squid Games | Toronto | Console | Spooky Squid Games is a small indie games development studio. |
| Spore Productions | Toronto | PC, Online | Spore provides specialized graphics and multimedia development for a variety of interactive mediums. |
| Squabble Studios | Oshawa | Service Provider | Squabble Studios is a serious game development studio. |
| Steakhouse Games | Toronto | Handheld | Steakhouse Games is a games developer. |
| Streaming Colour Studios | Guelph | PC, Mobile | Streaming Colour Studios is a small, independent video game development studio. |
| Stitch Media | Toronto | Service Provider | Stitch Media is a digital media production company specializing in interactive storytelling across many formats and technology. |
| Studio 13 | Toronto | Service Provider | Studio13 provides creative and technical audio production services to video game and broadcast industry clients. |
| Super Bert Bros | Toronto | Mobile | Super Bert Bros is an independent mobile games developer. |
| Swappz Interactive | Toronto | Mobile | Swappz Interactive is a digital gaming studio developing mobile games using innovative technologies. |
| Sylien Games | Ottawa | Mobile, Online | Sylien Games is a social games developer. |
| Tapgage | Toronto | Service Provider | Tapgage is a mobile app distribution and monetization platform for mobile game developers. |
| TooMuchVoltage Software | Toronto | PC, Console | TooMuchVoltage Software is dedicated to producing award winning AAA video game titles. |
| Throwback Entertainment | Toronto | Service Provider | Throwback Entertainment is an interactive entertainment publisher. |
| Torn Banner Studios | Toronto | PC | Torn Banner Studios is an independent game development studio. |
| TransGaming | Ottawa, Toronto | Handheld, Mobile | TransGaming is a leader in the deployment and distribution of electronic entertainment across multiple platforms. |
| Troy Morrissey Audio Designer | Toronto | Service Provider | Troy Morrissey is a Game Audio Consultant/Director, Sound Designer, Composer and Audio Engineer. |
| Uken Games | Toronto | Mobile, Online | Uken is a social games developer. |
| UntitledD | London | Mobile | UntitledD is an independent company focused on mobile apps and games. |
| Untold Entertainment | Toronto | Online | Untold Entertainment is a boutique game development studio specializing in online games and applications. |
| Vast Studios | Toronto | PC | Vast Studios is a developer of casual games. |
| Veil Entertainment | Toronto | Online, Service Provider | Veil Entertainment is an independent developer of interactive, entertainment software. |
| Visual Sports Systems | Concord | Other | Visual Sports Systems develops interactive sports simulators. |
| Vive Technologies | Toronto | PC, Service Provider | Vive Technologies is a developer of educational and serious games. |
| Voices.com | London | Service Provider | Voices.com is the online marketplace that connects businesses with voice actors and voice over talents. |
| Vinyl Games Studio | Mississauga | Mobile | Vinyl Games Studio is an independent games developer on mobile devices. |
| Wero Creative | Toronto | PC, Console, Mobile | Wero Creative is an independent game studio currently developing mobile, pc, and console games. |
| Wiggles 3D | London | Mobile, Online | Wiggles 3D develops board games, online and mobile applications. |
| Women Wise | Toronto | Service Provider | Media content producers specializing in mobile apps, e-publishing and games. |
| Xcel Software Source | Mississauga | Service Provider | Xcel Software Source specializes in the distribution of entertainment, interactive and multimedia products. |
| Xenophile Media | Toronto | Service Provider | Xenophile Media is a producer of TV programs, games, and interactive content. |
| XMG Studio | Toronto | Mobile | XMG Studio is a developer of next-generation mobile games. |
| XYZ RGB | Ottawa | Service Provider | XYZ RGB offers 3D scanning services that are used throughout the visual effects, video game and reverse engineering industries. |
| ZAP Dramatic | Toronto | PC | ZAP Dramatic produces story-based negotiation games for entertainment and life skills development. |

* Factors that give power to competitors include being an established company in London with a strong financial backing and the ability to produce high quality products with expert employees.
* Strategies or market conditions that have allowed competitors to achieve good results are those that pertain to the focus on mobile and social game development. Focusing on this provinces’ main demand has been a working strategy so far among competitors.

### Compare your products/services with competition:

Competitive Analysis Table

| **FACTOR** | **Our Company** | **Strength** | **Weakness** | **Digital Extremes** | **Big Blue Bubble** | **Big Viking Games** | **Importance to Customer** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Products** | Games & apps | X |  | PC & Console Games | PC, Handheld, Mobile Games | Online MMORPG | 1 |
| **Price** | 1.99 – 69.99 | X |  | 24.99-79.99 | 19.99-69.99 | Free with in-game purchases & subscriptions up to 99.99 | 2 |
| **Quality** | High | X |  | High | High | High | 3 |
| **Selection** | Variety | X |  | Variety | Some Variety | Low | 4 |
| **Service** | Direct/Online | X |  | Direct/Online | Direct/Online | Online | 5 |
| **Reliability** | Reliable | X |  | Reliable | Reliable | Reliable | 3 |
| **Stability** | Unknown |  | X | Stable | Stable | Unstable | 3 |
| **Expertise** | Intermediate to expert | X |  | From entry level to expert | From entry level to expert | Intermediate to expert | 5 |
| **Company Reputation** | Newly established |  | X | Established | Established | Established | 2 |
| **Location** | Central | X |  | Central | Central | Central | 3 |
| **Appearance** | Casual to professional | X |  | Casual to professional | Casual to professional | Casual to professional | 2 |
| **Sales Method** | Direct/Online Advertising | X |  | Direct/Online Advertising | Direct/Online Advertising | Online Advertising | 3 |
| **Credit Policies** | Pay-pal/credit card | X |  | Pay-pal/credit card | Pay-pal/credit card | Pay-pal/credit card | 4 |
| **Advertising** | Online/Web | X |  | Direct / Online/Web | Direct / Online/Web | Online/Web | 4 |
| **Image** | Professional | X |  | Professional | Professional | Professional | 2 |

### Competitive Advantage and Comparative Evaluation

Our businesses’ disadvantages in this market include our start-up size of personnel given that we are a brand new indie video game company. Advantages would include low prices and smaller overhead, costs are mostly just labour.

**Goals**

* The target price to our customers would range from 1.99 to 59.99 with no hidden costs. Credit policies would include return or exchanges.
* The target location would be within 5km of downtown/central London.
* The goal of the quality is intended to be as high as possible on every product.
* Special product features include special rewards, upgrades of items, characters, add-on material, levels and bonuses that are constantly being updated to boost sales.
* Creation of jobs in the local community.
* Our image should be that of a company that holds a high standard for quality and takes pride in delivering fun and creative games. Perceived value is a quality product that people want to own.

**Internal Strengths**

* Initial financial strength will depend on funding and purchasing power will only involve what is needed to make profits, although, if need and funding allows, larger volumes of products.
* Marketing will occur on a monthly basis and some marketing by set dates for events, update social-media, gaming-booths at game Expos, Stream Greenlight.
* Company morale is a major strength in the development of games there is a constant sense of fraternity among personnel, Weekly meetings advocate good professional relationships and help with the sharing of ideas and boost job performance when communication is clear and open among fellow members.
* We will use our strategic partnerships, currently only through triOS College, to take advantage of optimal operations and development with our all-star team of interns and graduates.
* Employees have exceptional company morale mostly as a result of having a close relationship already through triOS College as well as personnel motivation. All of our employees are 100% committed to the job and therefore productivity is always increasing.

**Market Share and Distribution**

* Currently, there are three companies that dominate the London market: Digital Extremes, Big Blue Bubble, and Big Viking Games.
* We will obtain market shares in the mobile sector with the efficacious use of funds for marketing and by producing quality games at attainable prices. Our games will either be free with in-app purchases or between the affordable range of $0.99- $19.99.



### Strategic Opportunities

* We will obtain market shares in the mobile sector with the efficacious use of funds for marketing and by producing quality games at attainable prices. Our games will either be free with in-app purchases or between the affordable range of $0.99- $19.99.
* Our competitive advantage is the ability to create quality software applications that would fulfill the many target markets and focus on educational games that make learning fun is a huge market with lots of opportunities.
* As a small company, our creative and artistic approach is not limited because we are not fixed to any particular client needs or demands. All of the titles that we will publish in the stores are our own creative concepts and we will strive to fulfill as many of those needs the market has available to us in the industry.
* We will use our competitive advantage to exploit opportunities in the marketplace by being diligent about networking. By continuously attending events such as career fairs and expos, we can meet more and different people and expand to as many different aspects of the market as possible.
* Our advantages as a small company is that we are not fixed to any clients demands our ideas and development is entirely our creativity and is flexible to adjust to any features we might find unique or fun or educational.

### Barriers to Market Entry and Exit

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Barriers our business will have to overcome or have set in place for new entry to market include main ones such as of the cost of operating in Ontario, brand recognition, and the changing economy and technology, as well as other common barriers listed here:

* High production costs
* High marketing costs
* Consumer acceptance/brand recognition
* Changing economy
* Change in technology
* Patents and proprietary knowledge

Examples of entry and exit barriers:

|  |  |
| --- | --- |
| **Easy to Enter if there are:**   * Common technology * Little brand loyalty * Access to distribution channels * Low scale threshold | **Difficult to Enter if there are:**   * Patented or proprietary know-how * Difficulty in brand switching * Restricted distribution channels * High scale threshold |
|  | **Difficult to Exit if there are:**   * Specialized assets * High exit costs * Interrelated businesses |

# 4. Marketing Strategies and Sales

## 4.1 Introduction

Our target markets include the general audience, video game fans, and children ages 4 and up.

Some of our more educational mobile applications that promote learning are geared towards our youth.

To reach the masses and penetrate the markets Social Media is an integral part of the marketing mix.

Video trailers and game demos, video game expos, and developer blogs will also assist to promote our titles.

## 4.2 Market Segmentation Strategy

A Website is created and updated daily that acts as a home base for all of the games and game news. The home page features an extended overview, captivating screenshots and relevant links to demos of our games as well as product purchase information.

Social Media is vital to our marketing as much as our home base website. Facebook page, Twitter, and Tumbler, as well as LinkedIn and gaming social media sites.

Development Blogs are a good way of relaying any information or upcoming news to the video gamer crowds. They’re also a great way to humanize ourselves and connect with them on a personal level, writing down goals and struggles in the production of any game or application. For our followers, we promise to update as much as is possible and keep them connected to any news about any of our titles and or game demos to prove that the games are coming along.

* Geographic segmentation: International, marketing of our products is not limited to any geographic location but it is segmented to English speaking people of the world.
* Product-user segmentation: segmenting customers based on product usage (amount and/or consumption patterns of a product category or brand).
* Lifestyle segmentation: segmenting customers based on lifestyle (which includes: values, beliefs, perceptions, leisure activities, preference for social events, sports interest, media usage, political views, etc.)

## 4.3 Targeting Strategy

Main targeting strategies:

* Mass Marketing: go after the market as a whole with one offer that answers common needs
* Differentiated Marketing: go after several market segments with offers tailored to each

## 4.4 Positioning Strategy

To position our product vis-à-vis competitors our strategies include keeping up with market research and targeting the appropriate trend of the market at the time, keeping product prices low while maintaining the highest quality of our products as possible, and when needed, reposition our products with either a new image/artwork, upgraded components, or special editions.

### Corporate Message and Image

Everything we do at Raven Games is based on the success of the gaming experiences we provide our players. The goal of each discipline within the company – be it art, programming, or customer support – is to make our games as immersive as possible for as many people as we can reach. Raven Games strives to touch the heart of the players who will remember our games for all the marvel and level of excellence and hard work that was invested in to each game or application we create.

Quality is our top priority all throughout the development of each product. The highly adept team of Raven Games is determined and driven to contribute their greatest talents to making games that will be remembered by the masses for many years yet to come.

We make games that are based on innovation and creativity.

We work very hard on our games to reach broader audiences with our content and technology.

## 

## 4.5 Product/Service Strategy

What will differentiate our products in our target markets is our unique artistic style and creative concepts that live in each of our games or applications.

Most games are made using the same standardized principles of good design and code implementation. The distinction is made apparent in the small details such as story development, music and sounds, and original artwork.

Given our smaller company size at the current time we are able to focus on the mobile market which is given the timelines and resources feasible to our settings and is a good market to focus on to gain self- sustainability after our products have spent some time.

People will download our games because they are either free or really cheap to download.

Direct competition may occur if our games are comparable in concept to games that exist in the stores.

Nintendo will start to compete in the mobile game market.

## 4.6 Pricing Strategy

Games will be either 99 cent downloads or within a range from as low as $0.99 - $9.99 or in some variations may be free to download with in app-purchases.

Games that are free to download are an aggressive form of marketing and making money. People will download the app for free and play it until they love it and will eventually begin to purchase add-ons or items or power-ups to use in within the game, credits or extras. Nine of the most successful mobile games in the market have done this and made millions in the first year it was released.

## 

## 4.7 Distribution Channels

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A distribution channel consists of the set of people and processes involved in the transfer of a product from producer to ultimate consumer. Describe your distribution strategy and explain why it is the best for your marketplace.

Register and become members of the Android and iOS stores.

IOS and Android Google stores are our main distributors.

Middlemen mainly include those involving licensing, often at a cost.

**4.8 Promotion and Advertising Strategy**

A campaign will be started long before release date on many or all titles to boost the enthusiasm for the games followers.

* A Website that acts as our home base where our games and apps are promoted and featured for sale or redistribution and will also host links to our social media pages.
* Social Media (Facebook and Twitter)
* Developer Blogs
* Steam and Greenlight
* YouTube Trailers and possibly links to demo versions (IndieGaming subreddit) is a great place to link trailers, previews, reviews, and game demos.
* Alpha Funding
* Gaming Booths: Reserve a portion of our marketing budget to attend

Employing the following promotional activities can generate awareness

* Digital media – blogs, social media
* Press
* Game Demos, redeem codes on cards distributed at Game Expos
* Specialties – packaging, T-shirts, stickers, mugs, etc.
* Networking
* Point of sale devices, promotions, and employee practices
* Public relations
* Late Stage Marketing
* Alpha-Funding
* Steam Greenlight

### Promotional Budget

We will be employing the following common promotional budget methods:

* Percentage of sales
* Budgeting by task or objectives
* In order to remain realistic during the first phase of development and advertising we will have fixed costs for game booths and most of our advertising will be done for free using social media.
* Only time will tell if we should consider spending less on some promotional activities and more on others.

## 

## 4.9 Sales Strategy

* Our games will be sold in the Google Android and IOS stores.
* Games are sold or made free to download online, in the case of the latter the games will have in-app purchasing for add-on or upgrade material.
* Internal motivation works best the idea is to make quality games and many of them.

## 

## 4.10 Sales Forecasts

**Please refer to the Sales Forecast in the** [**appendix**](#_11._Appendix)**.**

# 5. Development

We envision being able to take off and start producing great games and applications this generation will grow to cherish and there are even bigger dreams that one day we to shall create triple A titles for consoles and pc like our greatest competitors.

After we have released a few games and start to see profits we would like to rent an office space to provide a space for our team members to work as well as allow for expansion.

Along the way we hope to expand our services and offer a website department and technologies solutions department all the same that will handle relations with future clients who will help us with the expansion of our office and become a powerhouse of revenues to get us where we need to be.

After releasing our big online game we should hopefully be generating enough money to consider the next big game and we begin to peak as we get one step closer to making triple-A titles.

## 

## 5.1 Development Strategy

We are in the initial stages of development.

Upon funding requested we will incorporate company and acquire copyright protection of all intellectual property that is created by the company.

A first wave of product development which entails programming and creating all the artwork and sounds for the first few titles the company intends to release within a 6 month period.

During those first 6 months we hope to release 2 games and our Animal Tales application in the Windows 8 store, IOS and Android.

We have built a Unity C# framework and code base from our time at Auto-Obsessions as well as time spent while attending college and we have API’s and code libraries already built to handle generic functionality to serve as a template to make our games consistent in quality and reuse of this extensive code base also helps with development time allocated to each title. The code base that we possess is in itself a vital and priceless company asset. As opposed to starting from zero we have already built an extensive amount of code that is considered intellectual property of much value and are the prefabricated pieces to our products. Our games will always have certain aspects in common and that is usually the framework or skeleton of the project that will contain the same basic elements such as menus, game states, math and physics engines and API’s and UI , HUD are usually going to exist in every application. What makes each title unique is its concept and game flow. It is there where specialized functionality is different each time and new code is required.

## 5.2 Development Timeline

In the first month we will be legally incorporated before we begin to develop our games to protect our intellectual property and that includes all the scripts we write, visual and audio assets are all created by the company and will be protected under copyright laws. During this time we will establish a company logo, brand and social media marketing. Hiring key members and set employees start date right around the following month when everything is in place. While legal matters are just awaiting approval other administrative tasks are completed such as the polishing and fine tuning of video game design documents for each of our titles, technical design documents and employee contracts and internship contracts are written and saved for company use. The purchasing of Apple computers for development and this time will also be used to obtain any tools or licenses for our development.

The second month or even sooner if all is ready we can start to develop the first 3 titles that we deem to most likely to be a success and feasible within a pressed timeline such as Animal Tales an educational app for children and 2 small games.

Once these first 3 titles are available in stores we can begin to develop our larger online RPG game. At this point we will already be securing some kind of income from our first smaller games and this will generate enough funds to cover any additional smaller expenses like food and travel.

**Raven Games Development Timeline 2015**

|  |  |  |  |
| --- | --- | --- | --- |
| June | July | August | September October |
|  |  |  |  |
| Purple Pendulum  (Massive  Multiplayer  Online  Role-  Playing  Game) | Purple Pendulum  (MMORPG) | Purple Pendulum  (MMORPG) | Dark Realm Dark Realm |
|  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| November | December | | January | | February March |
|  |  |  | |  | |
| Incorporation | Animal Tales | Animal  Tales | | Rabid Unicorn Squirrel Adventures 2 | |
| Purchase laptops | Squirrel Adventures | Squirrel A Adventures | |  | |
| Polish Base Website |  |  | |  | |
| Hire Personnel |  |  | |  | |
|  |  |  | |  | |
|  |  |  | |  | |

## 5.3 Development Expenses

Development costs would include the cost of any licensing fees required as well as membership fees that are required for developing for the iOS iTunes Store and Android’s Google Play Store. There are also domain hosting fees with Go-Daddy.

Development costs could increase if we generate enough to be able to market to other platforms in the future.

**6. Management**

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## 

## 6.1 Company Organization

Our company structure is currently small but all the members that make up the team are vital players with great responsibilities and the perfect mix of talent to get the company on its own two feet.

Most of the team has already shares a history of working together on large projects and all of the members are graduates of Trios College in London, Ontario. Our company is composed of a few administrative members: President/CEO and Lead Programmer/Executive Assistant.

## 

## 6.2 Management Team

### Biographies of the Management Team

*President/CEO - Alexander Auriel Sanchez*

President and sole owner who is also the Lead Programmer, Art Director, and Head of Website Development Department. These capital duties will be fulfilled by myself. Along with my natural talent and ability for art, I have 3 years of Marketing, which I received in University, 1 year of Web Development, 2.5 years of Video game development plus 4 months of internship, and currently a year of work experience as manager of a video game company, Auto Obsessions. Lead Programmer, Creative Arts Director, and manager which are all my titles in my current position, make up a perfect nomenclature for the roles I wish to fill, seeing as I already have the experience of fulfilling each of these roles with efficiency and efficaciousness in my current position. At Auto Obsessions, I worked on many games including our main web based game Auto Obsessions available at this link. [www.auto-obsessions.me](http://www.auto-obsessions.me).

*Lead Programmer/Executive Assistant - Tyler Drury*

Next in the company hierarchy is a Lead Programmer Tyler Drury who has an extensive background in all programming languages and has also been lead programmer in the past during his time at Sky Orchard Studios in London, Ontario. Later he was hired by Auto Obsessions as support lead programmer under the management of Alexander Sanchez. Together they build and currently maintain the Auto Obsessions Video Game which is a game like Fantasy Football for Automobile Auction fans. His role at Raven Games is to oversee quality and all Video Game Interns as well as lead and partake in collaborating in all major projects video game or apps.

|  |  |  |
| --- | --- | --- |
| **Officers and Key Employees** | **Age** | **% of Ownership** |
| President | 33 | 100% |
| Vice President of Sales & Marketing | 33 | 100% |
| Vice President of Finance | xx | 0% |
| Vice President of Operations | 33 | 100% |
| Vice President of R & D | 33 | 100% |
| Controller | xx | 0% |
| Corporate Attorney | xx | 0% |

## 6.3 Management Structure and Style

Management style is a little more relaxed than most as initially our employees will be working from home with online communication and there will be mandatory meetings only bi-weekly, possibly weekly, in a scrum fashion. Less stress is put on our employees and interns but that would not affect production or growth as all are very enthusiastic and 100% dedicated. Management will also host events or contests to reward employees as well as keep company morale high and employees and interns always wanting to do more and be the best.

## 6.4 Ownership

### Organizational Chart



The company has one sole owner and no shares are offered to any of its members. The sole owner and founder of the company is Alexander Sanchez.

|  |  |  |
| --- | --- | --- |
| **Name** | **# Shares Held** | **% Ownership** |
| [Founder] Alexander Sanchez | 100 | 100% |
| [Inventor] Alexander Sanchez | 100 | 100% |
| [Management Team] | 0 | 0% |
| [Seed Ventures] | 0 | 0% |
| [Stock Option Pool] | 0 | 0% |

### 

### 6.5 Professional and Advisory Support

Service providers our business may consult or obtain additional services from, who are not a part of our internal staff, may include:

* Corporate attorney
* Accounting firm
* GoDaddy Webhosting service providers

# 7. Operations

## 7.1 Operations Strategy

* We will use our operations to add value for customers in the target market by constantly improving our products as well as repositioning our products. We hope to always ensure the educational value of our products though.
* We plan to win in the marketplace with low costs, high-quality products in a timely manner, and flexibility with custom services offered to our customers regarding websites or games.
* We will be stressing constant market research to keep up with latest market trends, both locally and provincially, our main focus will always be mobile development, but website development, although less significant, will be a focus as well.

## 7.2 Scope of Operations

* All of our production takes place in-house and all we need for that is the software to create the programs and the people who make will make them. The finished product is the software that is purchased by our users who download a game or application.
* The relationship with vendors is our membership to develop and sell for their platform or user base for example we intend to become developer members of the Android and iOS stores so we can develop and sell our games in their stores.

* We will need to hire people who are qualified in video game or software development as well as technical artists for the development stages of our products.

## 7.3 Ongoing Operations

Our products have a high quality focus being the nature of quality software development. There is a very significant financial focus of allocated funds to employee wages and software technologies. This includes the wages of our three main programmers on which we heavily rely to produce our games during the developmental phases of production. The first few months of operations will be establishing the company. Once the company is established and legally registered and incorporated we can begin with the developmental phases in which our games will be made.

Our products are made by the programmers. With their ability to write code or program their software and the contracts we make with our artists.

## 7.4 Location

Our location is our website and home of business. We are a digital company that hires executives that work mostly from their homes and use file sharing systems to merge their files onto shared projects.

We rent office spaces to meet once a week.

In the near future we hope to rent a small office to home-base our websites department.

Our location could be a small dispatch office that only requires an administrator who can speak to clients and handle all customer relations not required by myself.

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During our first year of operations the administrative members of Raven Games will work from the home and use file sharing systems to communicate and contribute to projects. An office space may be attained for once a week meetings if funding allows. We are a small team primarily with only 3 main developers. The rest of our company will consist of the internship program we will host for Video Game Design and Development pre-grads as well as Technical Artists and Web designers that are allowed to work from their homes or classrooms all enabled and monitored using our file sharing systems like GitHub which can record the amount of work that is contributed by each its projects members.

Our business hours are during the weekdays from 9am -5pm and interns are only required to work within that time block for 5 hours a day.

## 7.5 Personnel

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* Number of employees:
  + Three employees 2 are full-time and 1 is part-time.
  + In the future, if success strikes big, we will employ as many as the company sees fit and can afford.
* Type of labour (skilled, professional):
  + Must have graduated the Video Game Design and Development course
  + Expert in software development
  + At least 3 years programming experience in all the major languages C, C++, Java, HTML5, Javascript, PHP and so forth.
  + Good Programming Design Practices and implementation. MVC etc.
  + Problem solving , analytical thinking and processing and leadership skills
  + Lead and maintain a project
* Quality of existing staff:
  + Alexander Sanchez is an amazing programmer with all the above required met with an even more amazing natural ability for art.
  + Tyler Drury is an incredibly gifted programmer who has also played the role of lead programmer during his time at Sky-Orchard in London, Ontario.
  + Creative Department is managed by Alexander Sanchez this includes all game concepts, decisions, artwork, music, stories, game design documents, and even more importantly Alexander Sanchez will also be programming in all games.
  + Tyler Drury will be in charge of leading on projects in the programming aspect of all the games and applications.
  + Employees will work between the hours of 9am-4pm Monday through Fridays.
* Pay structure:
  + Will pay hourly wages for 35 hours of full time and 20hrs of part-time employment.
  + Certain employee. Find out what they are.
  + Employee compensation will result in regular full or part time hours and in some cases bonuses upon success of any games that were produced during development time.
  + If we can afford eventually, 20% of funding to cover employee vacations and possible benefits.
* Procedures for acquiring new employees
  + The people who I need to hire to start the business are available to work. In the future we would also like to hire interns at the end of their internship term.
* Training methods and requirements
  + There may be training for interns and or employees whenever there is a new project that requires the use of new programming languages or special tools are required to fulfill their duties.
  + Training on file sharing systems and all software whether it be for production or communication purposes.
  + ***Mandatory Benefits*** - Educate and train employees on policies and procedures,” it is expected that all employees will receive human rights training so that they can know and understand their obligations in the workplace. It is very important that this be done for employees providing services to the public and senior staff responsible for hiring, managing performance, accommodations, discipline, and handling human rights concerns. Failing to train these key staff may lead to human rights claims.

## 7.6 Production

* Production techniques and costs include In-house game development using Unity 5 High powered game engine (free).
* X-Code for IOS applications is written on Mac pro devices.
* Quality control is handled by constantly testing software for bugs and feature development during development time and builds or executables are also created in-house to be tested before a product is ready for publishing.

## 7.7 Operations Expenses

Overhead expenses include the following:

* Rent of a conference room in a downtown location or an office space at triOS College
* Advertising and Promotion
* Utilities (Internet and electricity)

Advertisement for office space for rent:

|  |  |
| --- | --- |
| Date Listed: | 11-Apr-15 |
| Price | **$425.00** |
| Address | 341 Talbot St, N6A 2R5, London |
|  | |

|  |
| --- |
| *Professionally furnished office spaces in Downtown London includes: Private furnished Office Space  Reception services  Boardrooms - 2 to choose from, includes 10 hours monthly  All heat, hydro, water, cleaning and maintenance  Access to building 24/7 Close to Covent Garden Market and the Budweiser Gardens  On site Building Manager  Starting at $425.00 per month  Many great business on site to network with including Lawyers, Paralegals, Software technicians, Psychologists and more.  Give Laurie a call to book a tour today, 519-685-2377* |

### Administrative and Financial Controls

* Bookkeeping systems and policies (payments, billing) will be handled by QuickBooks software for US $4.99/month.
* Sales systems will be monitored with App-Figures.

## 

## 7.8 Legal Environment

The following elements apply to our business:

* Licensing and permits
* Trademarks, copyrights, or patents [pending]
* Incorporation Fee is anywhere from $1200-$1500.

## Inventory

In order to keep track of how many sales or downloads of our products occurring in the IOS and Android stores developers and publishers nowadays resort to an application tracking platform named App-Figures. It records sales, download numbers, world-wide reviews and ranks and all sorts of miscellaneous data in clear easy to understand reports.

<https://appfigures.com>.

An alternative is Google Analytics, which basically does the same thing as App-Figures.

## 7.10 Suppliers

**Go-Daddy and Unity3D**

Our suppliers are few and consist of the support team at Go-Daddy who will host our home site and the software of our choosing Unity 3D who are both solid service providers who have a long life of commercial existence and are well established in the developer community.

# 8. Financials

## 8.1 Start-up Funds

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Described in following sections are the start-up funds required to cover the costs to operate the company for the terms of a year and as well for the terms of 6 months of production. The operating costs to run the company are divided in to legal, labour, software, and as well as accounting and marketing or developer costs.

Considering both of our current situations where we work in the industry these wages described in the following sections would be of great help to both of the major parties that are currently working for Auto Obsessions. Tyler Drury and I are currently both employed by Auto Obsessions. We are working on a high level project which involves high level front-end and back-end security code handled mostly in PHP and mySql databases to host the experience our users share when they play our online game.

## 8.2 Current Financial Position (current, takeover or franchise businesses only)

The company’s current financial position is that we are a brand new company with no assets or debt. As a minor and only contribution possible at this time is a home base website which I have designed to serve as a marketing means to make our products and news accessible to our public.

## 8.3 Operating Forecast

Please refer to Appendix for Financial Projections.

## 8.4 Break-Even Analysis

This section is a calculation for the break-even point in dollars and units for the business.

|  |  |
| --- | --- |
|  |  |
| Break-even Sales $ = | Fixed Costs |
| 1- Variable Costs |
|  |  |
| Break-even Sales $ = | 81327.98 |
| 1- 6000 |
|  |  |
| Break-even Sales $ = | 81327.98 |
|  | -5999 |
|  | -13.56 |

Fixed costs are expressed in dollars but variable costs are expressed as a percent of the total sales dollar amount.

## 8.5 Balance Sheet

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The balance sheet is a "snapshot" of what you own and what you owe on a specific date. A "Pro Forma Balance Sheet" shows how things will be in the future, under given conditions, rather than how they are now.

A balance sheet follows a standard format (please refer to the appendix for Balance Sheet template), however, it may contain additional items depending on circumstances relating to the business for which it is prepared. State the assumptions you used for all major changes between your last historical balance sheet and the projection.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| As of [Date] | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| **Assets** | 100,000 | 269,716.5 | 384,895 | 425,105 | 661,752 |
| **Liabilities** |  |  |  |  |  |
| **Equity** |  |  |  |  |  |

## 8.6 Income Statement

The income statement is a financial statement that reveals whether or not a business has earned a profit or has suffered a loss after a specified period. (Please refer to the appendix for Income Statement template.)

A "Pro Forma Income Statement" is used to show how things will be under given conditions rather than how they are at present.

* EBIT = [Revenue](http://en.wikipedia.org/wiki/Revenue) – [Operating expenses](http://en.wikipedia.org/wiki/Operating_expense) (OPEX) + [Non-operating income](http://en.wikipedia.org/wiki/Non-operating_income)

Costs Revenue - labor

Be sure to state any assumptions when creating your Income Statement.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Year 1** | Year 2 | Year 3 | Year 4 | Year 5 |
| **Revenue** | $112,256 | $269,716.5 | $384,895 | $425,105 | $661,752 |
| **Cost of Goods Sold** | $81327.98 | $139,488 | $165407 | $285,407 | $285,407 |
| **Gross Profit** | $212,256 | $269,716.5 | $384,895 | $525,105 | $661,752 |
| Operating Costs | $81327.98 | $162,655.23 | $200,000 | $300,000 | $350,000 |
| Finance & Admin | $5000 | $5000 | $10,000 | $15,000 | $15,000 |
| Sales & Marketing | $20,000 | $30,000 | $60,000 | $100,000 | $120,000 |
| **Total Expenses** | $106,327.98 | $197,655.96 | $270,000 | $415,000 | $485,000 |
| **Net Income Before Tax** | $30,928.02 | $107,061.27 | $184,895 | $125,105 | $376,345 |
| **Less: Income Tax** |  |  |  |  |  |
| **Net Income** |  |  |  |  |  |

## 8.7 Cash Flow

Explain your major assumptions, especially those which make the cash flow differ from the Profit and Loss Statement, such as:

* Labour during the development phases of production
* Software
* Advertising expenses for venues like Game Expos

# Legal

Corporation costs $1200 -$1500

To handle any liability issues and the protection of intellectual property.

Total Legal = $1500

**Labour A**

A.S. Labour $18/hr x 40 hours = weekly = $720

X 4 weeks = $2880

T.D. Labour $15/hr x 35 hours = weekly = $525

X 4 weeks = $2100

3 Labour $14 x 24 = weekly = $336

X 4 weeks = $1344

X12 = $16,128

Total Labour Monthly = $6324

Total Labour 6 months = $37944

Total Labour 1 year = $75888

# Labour B

A.S. Labour $20/hr x 40 hours = weekly = $800

X 4 weeks = $3200

X12months = $38,400

T.D. Labour $18/hr x 35 hours = weekly = $720

X 4 weeks = $2880

X 12months = $34,560

3 Labour $14 x 24 = weekly = $336

X 4 weeks = $1344

X12 = $16,128

Total Labour Monthly = $3200 + $2880 + $1344 = $7424

Annual L+S+T = $7424 x 12 = $89,088 + $840 = 89,928 + $3099.98 = $93,928 + Legal = $95,428

Funding – 95,428 = $4572 for marketing budget

Total Annual Labour = $38,400 + $34,560 + $16,128 = $89,088

Annual Software = $840

Total Labour 6 months = $37944

**Tools**

Mac Book Pro $1549.99 X 2 = $3099.98

Alienware laptops= $3099.98 (owned

http://iosdevelopmenttutorials.com/hardware-needed-to-develop-ios-apps

**Software**

List of Assets already owned that are used for production of games:

* Adobe CS6 Creative Suite and Creative Cloud Suite valued at $800.
* Microsoft Expression Design
* Unity5 free until person or company grosses over 1 Million then its 1500 a year
* HTML5, JavaScript, PHP, MySQL and Notepad ++ are free with programs like XAMPP and Notepad ++

List of Software that is not company assets:

* Quick-Book Pro + Payroll = US $50/month
* Payroll Tax Software = $600 a year
* Go-Daddy Web Hosting 20/month
* X12months = $240
* X6months = $120

Total Software 12 months = $840

Total Software 6 months $420

**Development Fees**

IOS Membership = $99/year

Google Play Developer fees = $25

**Totals**

Total Labour + Total Software 12 months = $840 + $75888 = $76,728

Total Labour + Total Software 6 months = $420 + $37944 = $38,364

Total Labour + Total Software + Legal = 12 months = $1500 + $76,728 = $78,228 + Tools = 81327.98

Total Labour + Total Software + Legal = 6 months = $1550 + $38,364 = $39,864 + Tools = $41,463

So with that being said we have a remainder of $18,672 for Marketing and any additional sub contract work or rent. To hire another part time employee working 24 hours a week for a year would be $16,128.

**Marketing Budget**

Labour plan A allows for more marketing to occur and cover our rent.

Having $18,672 for Marketing we could cover Labour Plan B.

After a 6 month period I could adopt using Labour B as an increase in wages for the employees since during this time we expect the company will be making some revenue and we will be at a better position financially to relieve costs to operations. As well as being able to cover unforeseen and unavoidable costs that usually always occur.

***Selected Labour***

# Labour

A.S. Labour $18/hr x 40 hours = weekly = $720

X 4 weeks = $2880

X12 months = $34,560

T.D. Labour $15/hr x 35 hours = weekly = $525

X 4 weeks = $2100

X12 months = $25,200

3 Labour $14 x 24 = weekly = $336

X 4 weeks = $1344

X12 months = $ 16,128

Total Labour Monthly = $6324

Total Labour 1 Year = A.S. + T.D. + 3L

Total Labour: $34,560 + $25,200 + $16,128 = $75,888

Total Labour 1 year = $75888

Total Labour 6 months = $37944

**Rent**

$425 /month

$5100/year

Rent is an optional and we might be able to work out something more accommodating and lower priced through our college. We would only need a room to meet once a week to discuss our development progress as a team.

**Totals**

Total Labour + Total Software 12 months = $840 + $75888 = $76,728

Total Labour + Total Software 6 months = $420 + $37944 = $38,364

Total Labour + Total Software + Legal = 12 months = $1500 + $76,728 = $78,228 + Tools = 81327.98

Total Labour + Total Software + Legal = 6 months = $1550 + $38,364 = $39,864 + Tools = $41,463

So with that being said we have a remainder of $18,672 for Marketing and any additional sub contract work. To hire another part time employee working 24 hours a week for a year would be $16,128.

**RESULTS**

Annual L+S+T = $7424 x 12 = $89,088 + $840 = 89,928 + $3099.98 = $93,928 + Legal = $95,428

Funding – 95,428 = $4572 for marketing budget

Total Annual Labour = $38,400 + $34,560 + $16,128 = $89,088 + 2 employees at 15/hr 35 hrs a week

At this point in the second year we would employ 5 paid employees including myself and allowed bonuses and raises for pioneer members.

89,088 + 50,400 = New labor $139,488

YR 3 New labor $139,488 + 80,000 = 165,407 new marketing manager and 2 programmers

YR 4 New labor $165,407+ 120,000 = 165,407

YR 5

# 9. Funding Requests

## 9.1 Capital Requirements

Raven Games is requesting $100,000 to cover our production costs for the first year of operation. These funds will be used mainly to cover the wages of its elemental employees that are absolutely necessary for the production and supervision during the development stages of our products. Funding would also cover the costs of the tools which are 2 Apple/Mac computers and software that required for the development of the games and applications.

## 9.2 Risk/Opportunity

The Christmas selling season accounts for about a quarter of the industry's yearly sales of video and computer games leading to a concentrated influx of high-quality competition every year in every game category, all in the fourth quarter of the year.

Product slippage is common due to the uncertain schedules of software development. Most publishers have suffered a “false launch”, in which the development staff assures the company that the game development will be completed by a certain date, and a marketing launch is planned around that date, including advertising commitments, and then after all the advertising is paid for, the development staff announces that the game will “slip”, and will actually be ready several months later than originally intended. When the game finally appears, the effects among consumers of the marketing launch – excitement and “buzz” over the release of the game and intent to purchase have dissipated, and lackluster interest leads to weak sales.

An example of this is the PSP version of *Spider-Man 3*. These problems are compounded if the game is supposed to ship for the Christmas selling season, but actually slips into the subsequent year. Some developers (notably id and Epic) have alleviated this problem by simply saying that a given game will be released "when it's done", only announcing a definite date once the game is released to manufacturing. However, this sometimes can be problematic as well, as seen with *Duke Nukem Forever*.

(Source Wikipedia)

Some of the risks our company might be faced with is the possibility that one or more of our games does not reach popularity and success.

We try and safeguard against this by the rapid production of mini games and applications that might consist of a simple but creative idea made with a polished and fully functional feel so that we have more opportunities that one of our games become popular.

Some of these smaller applications that are not as involved would mean a lot less time for development and higher art focus could be geared towards children in small but fun educational apps that teach children who to read write, spell, and even practice their math.

As humans, we have many different learning capabilities as a result of different teaching methods used. Some of us are more auditory or visual learners while others require only the written text. Whatever the case may be, our apps hope to provide a focus to each of these areas to make the learning process for children more immersive and effective.

These applications will be easier to produce using game engines henceforth shorter on development time and can be assigned to interns who assist us in our many different projects to cover more ground.

There is definitely a market and a need for educational children’s applications that are both functional and entertaining now that more and more children come in to the possession of mobile and cellular devices.

We hope to promote good values in all of our products and we can make learning fun or entertaining thanks to technology.

We also understand that many just want to kill time while they commute and just need to play. For this market we aim to please and make the most adventure packed games using the cutting edge graphics that our public mandates.

We also intend to tackle the social media game market on popular websites like Facebook where we can establish a developer relationship and produce games that people will want to play.

Worst case scenario would be that our company is not selling as many of our games as we would like after the developmental stages but the company also has its Website development department that will offer small businesses websites at competitive rates.

## 9.3 Exit Strategy

An exit strategy I would consider if need be would be to sell the company or company shares. In the case that I may want to exit the company, the sale or merger of the company is one sure way to go as we live in the Hub for video game development, and there are so many website companies here before us. As an alternative, there is also the possibility of a management buyout if the lead programmer or lead artist just underneath in the company structure would want to purchase the company shares.

# 10. Refining the Plan

## 10.1 Refine According to Type of Business

### Technology Company / Web-based Business

As company assets, we own an Alienware computer and software to build on just about every platform. We are seeking funding to cover some software costs to cover tax payroll and the purchase of 2 Mac computers to run XCode and develop games for iOS stores. The machines that would be purchased would consider a mid-priced model that should be fine to use for at least 2 -3 years of developing in the stores with rapid hardware and technological advances.

We intend to bring our products to market mainly through online delivery systems via the internet, i.e. the customer pays online and can then download it. We will always be keeping the company competitive by constantly pumping out games and apps our customers want to see. We protect our intellectual property by licensing it for use and clearly stating in every product that it is not for re-use. We will avoid technical obsolescence by keeping up with the changing technology and platforms and using the best available technologies, and being sure not to use certain technology over 4 years old. With the hard work and dedication, as well as the good relationship I know my employees and interns have, there should be no problem retaining personnel for many years.

See appendix for all financial forecasts.

# 11. Appendix

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*London video game developer Digital Extremes bought by chicken company;* October 15, 2014; Angela Mullins, Metro News; <http://metronews.ca/news/canada/1183860/london-video-game-developer-digital-extremes-bought-by-chicken-company/>

**Research & Development**

**Survey**

The following is a quick survey to help with the selection of the games we want to produce.

Age:

Gender:

Do you play video games? Yes/No  
How many hours a week? (Below 5) (5-10) (10-15) (20+)

Do you own a mobile device:

If so, what kind is it:

* iOS/Apple
* Android/Google
* Windows
* Other

Platform most frequently played:

* Mobile (phones & tablets)
* PC/Mac
* Console
* Web
* Social Network
* Kiosk & Standalone
* Other

Favorite game genre:

* Action/adventure
* Casual
* Strategy/role-playing
* Family-oriented
* Puzzle
* Arcade
* Shooter
* Serious (e.g. edutainment)
* Card
* Kid-oriented role-playing
* Simulated gambling or casino
* Racing/flight
* Sports
* MMO role-playing
* Art-based
* Music-based
* Fighting
* Other

What is your favorite video game of all time:

Most important aspect of a game to you:

* Gameplay/Functionality
* Story
* Art/Graphics
* Music
* Customization/Upgrading

Do you make in-app purchases:

Do you play mini-games or skip past them:

If given the choice, would your character be:

Good, Evil, or Both:

Human or animal:

Male or Female:

Do you prefer to play fast-paced or long-lasting games?  
  
What is the last video game you played?  
  
Do you buy brand new games or second hand?

Will you go out of your way to buy a game on release (i.e going to midnight releases etc)?  
  
Do you do any other types of gaming such as board games/Pen and paper type games etc?  
If so what do you play?  
  
Do you subscribe to any gaming magazines?   
If so which ones?  
  
Do you use any internet websites to read up about games?  
Do you visit any gaming forums?  
  
How much money on average, do you spend on video games in a month?   
  
What current gaming console/platforms do you own? Xbox360/PS3/Nintendo Wii/PC/Nintendo DS/Nintendo 3DS/Sony PSP  
  
Do you have online for any of your chosen consoles? (Xbox Live/PSN etc.)  
Do you use online for multiplayer or just the social aspect?  
Do you prefer competitive multiplayer or co-op?  
  
Do you enjoy achievements?  
Do you go out of your way to get achievements in video games?  
  
Do you prefer challenging games or more relaxed easier games?  
  
Will you go out of your way to read up special tricks and tactics to become better a certain games?  
  
Do you prefer big open worlds (non-linear games) or always having a set path to stick to (linear games)?

**Locations**

|  |  |
| --- | --- |
| Date Listed | 11-Apr-15 |
| Price | **$425.00** |
| Address | 341 Talbot St, N6A 2R5, London  [View map](http://www.kijiji.ca/v-commercial-office-space/london/professional-furnished-office-space-downtown/1056147852" \l "MapLightbox) |
|  | |
| For Rent By | Owner |
| Furnished | Yes |
|  | |

|  |
| --- |
| Professionally furnished office spaces in Downtown London includes: Private furnished Office Space  Reception services  Boardrooms - 2 to choose from, includes 10 hours monthly  All heat, hydro, water, cleaning and maintenance  Access to building 24/7 Close to Covent Garden Market and the Budweiser Gardens  On site Building Manager  Starting at $425.00 per month  Many great business on site to network with including Lawyers, Paralegals, Software technicians, Psychologists and more.   Give Laurie a call to book a tour today, 519 685 2377 |

<http://www.kijiji.ca/v-commercial-office-space/london/professional-furnished-office-space-downtown/1056147852>



**Monthly Balance**

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X 4 weeks = $1344

X12 months = $ 16,128

Total Labour Monthly = $6324

Total Labour 1 Year = AS + TD + 3L

Total Labour: $34,560 + $25,200 + $16,128 = $75,888

Total Labour 1 year = $75888

Total Labour 6 months = $37944

**Software**

List of Assets already owned that are used for production of games:

* Adobe CS6 Creative Suite and Creative Cloud Suite valued at $800.
* Microsoft Expression Design
* Unity5 free until person or company grosses over 1 Million then its 1500 a year
* HTML5, JavaScript, PHP, MySQL and Notepad ++ are free with programs like XAMPP and Notepad ++

List of Software that is not company assets:

* Quick-Book Pro + Payroll = US $50/month
* Payroll Tax Software = $600 a year
* Go-Daddy Web Hosting 20/month
* X12months = $240
* X6months = $120

Total Software 12 months = $840

Total Software 6 months $420

**Rent**

$425 /month

$5100/year

Rent is an optional and we might be able to work out something more accommodating and lower priced through our college. We would only need a room to meet once a week to discuss our development progress as a team.

**Totals**

Total Labour + Total Software 12 months = $840 + $75888 = $76,728

Total Labour + Total Software 6 months = $420 + $37944 = $38,364

Total Labour + Total Software + Legal = 12 months = $1500 + $76,728 = $78,228 + Tools = 81327.98

Total Labour + Total Software + Legal = 6 months = $1550 + $38,364 = $39,864 + Tools = $41,463

So with that being said we have a remainder of $18,672 for Marketing and any additional sub contract work. To hire another part time employee working 24 hours a week for a year would be $16,128.

Expected Case Scenario

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Year 1** | Year 2 | Year 3 | Year 4 | Year 5 |
| **Revenue** | $112,256 | $269,716.5 | $384,895 | $425,105 | $661,752 |
| **Cost of Goods Sold** | $81327.98 | $139,488 | $165407 | $285,407 | $285,407 |
| **Gross Profit** | $212,256 | $269,716.5 | $384,895 | $525,105 | $661,752 |
| Operating Costs | $81327.98 | $162,655.23 | $200,000 | $300,000 | $350,000 |
| Finance & Admin | $5000 | $5000 | $10,000 | $15,000 | $15,000 |
| Sales & Marketing | $20,000 | $30,000 | $60,000 | $100,000 | $120,000 |
| **Total Expenses** | $106,327.98 | $197,655.96 | $270,000 | $415,000 | $485,000 |
| **Net Income Before Tax** | $30,928.02 | $107,061.27 | $184,895 | $125,105 | $376,345 |
| **Less: Income Tax** |  |  |  |  |  |
| **Net Income** |  |  |  |  |  |

Worst Case

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Year 1** | Year 2 | Year 3 | Year 4 | Year 5 |
| **Revenue** |  |  |  |  |  |
| **Cost of Goods Sold** | 100000 |  |  |  |  |
| **Gross Profit** |  |  |  |  |  |
| Operating Costs | 86427.98 |  |  |  |  |
| Finance & Admin |  |  |  |  |  |
| Sales & Marketing | 2000 |  |  |  |  |
| **Total Expenses** |  |  |  |  |  |
| **Net Income Before Tax** | 10800 |  |  |  |  |
| **Less: Income Tax** |  |  |  |  |  |
| **Net Income** |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| As of [Date] | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| **Assets** |  |  |  |  |  |
| **Liabilities** |  |  |  |  |  |
| **Equity** |  |  |  |  |  |



**What are the Specific Incentive Programs Available in Ontario?**

The [Ontario Media Development Corporation](http://www.omdc.on.ca/) offers the ‘Ontario Interactive Digital Media Tax Credit’ (OIDMTC). This credit can amount to 40% of eligible Ontario labour attributable to the development of interactive media products and eligible marketing and distribution expenditures. In the case of ‘specified products’ or large game companies only 35% of eligible Ontario labour can be awarded.

**Does My Gaming Company Qualify for This Credit?**

In order to qualify for this credit the corporation must be taxable in Canada and have a permanent establishment in Ontario that is focused towards the development of digital media products. The eligible interactive digital media products must be developed mainly by the applicant corporation in Ontario (>90%) for small gaming companies. For larger companies they must apply as either a ‘Specialized Digital Game Corporation’ (SDGC) or a ‘Qualified Digital Game Corporation’ (QDGC). In this case larger gaming corporations must incur a minimum of $1 million in eligible Ontario labour along with other qualifications.

**How is the Tax Credit Administered?**  
The OIDMTC is jointly administered by the Ontario Media Development Corporation (OMDC) - an agency of the Ministry of Tourism, Culture and Sport - and the Canada Revenue Agency. Application is made to the OMDC for a certificate of eligibility, which the qualifying corporation files with the Canada Revenue Agency together with its tax return in order to claim the OIDMTC. The amount of the credit, net of any Ontario taxes owing, will be paid to the qualifying corporation. If the qualifying corporation does not owe any taxes, the full amount will be paid out.

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