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Raven Design

BUSINESS PLAN

# 



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

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# Executive Summary

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The executive summary will provide our Review Panel with a brief yet dynamic description of the key components of the business plan. To make sure it is clear and comprehensive, it is often the last section to be written. A first-time reader should be able to read the summary by itself and know what your business is all about. The summary should stand-alone and should not refer to other parts of your business plan.

The summary, between one to three pages in length, will motivate readers to continue reading the remainder of the business plan in more detail.

**The summary should include the following subsections:**

## Business Description

Provide a brief description of your company. The opening paragraphs should introduce what you do and where. From this section, our Review Panel must be convinced of the uniqueness of the business and gain a clear idea of the market in which the company will operate. The legal form of the business such as LLC, S-Corporation, C-Corporation, Partnership, or Proprietorship should be stated as well as the objectives of the business via a mission statement that clearly states the business' purpose and values. Include a vision statement as well as where you see the business in five to ten years. Be sure to answer the following questions that are usually asked by our Review Panel:

* What form of business are you in?
* What type of business is it (e.g. manufacturing, consulting, reselling, services)?
* Is it a new business, a takeover, a franchise?
* What is your product or service?

## 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 |

* Is your service better, faster, cheaper and if so why?
* Is your advantage a temporary “window” and are there steps you can take to protect your position?
* What have you learned from the competition? From their advertising?

## 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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The quality of a company’s management team is one of the best predictors of success, thus we will look very closely at the individual(s) who will be managing the company. The ideal scenario is that senior managers have previously started and successfully managed companies in the same business. If your management team cannot show this kind of background, you should emphasize the previous relevant experiences of the team. Mention past experience, education, positions held and milestones achieved. Be sure to answer the following questions that are usually asked by our Review Panel:

* 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

See resume and web portfolio

Video Game Design and Development 2.5 years.

* Lead Programmer - A Programming wizard who will plan structure, and manage code base of all projects. Problem solver and maintains code executing.

Video Game Design and Development 2.5 years.

* 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?

This table should include a recap of your income statement:

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

This table should include a summary of your 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) |  |  |
| Grant |  |  |
| Loans |  |  |
| **Total** |  |  |

**Use of funds:**

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|  |  |  |
| --- | --- | --- |
| **Category** | **Amount** | **Percentage** |
| Sales & Marketing | 2000 | 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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## 1.1 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 per cent from 30 per cent 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 per cent play on a hand-held system and seven per cent 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 Design is a brand new Video Game/App Development and Website Design company that is in the initial phases owned by Alexander A Sanchez. Video Monkey 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.

Video Monkeys 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 and 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 and the members will meet accordingly once or twice a month in an office space or meeting room.

Raven Design is a Video Game Development studio that produces primarily cutting edge technology 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 clients small websites and software solutions.

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, 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 and caliber of project 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.

Video Monkeys hopes to become the next Big Viking or Digital Extremes as it opens its doors for the first time as a smaller indie video game development company its hopes and aspirations are not limited to its physical size. The talented outfit that is Raven 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 Entertainment 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. Video Ravens 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 Studios 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.

Our Vision is .

## 1.3 History and Current Status

Raven Studios 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 Entertainment is just beginning as a brand new company in a conceptual and virtual stage of existence. The members of Raven Studios 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.

**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 and 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 we can employ many interns from different career paths which are all related in our field of study and work in one way or another such as the Video Game Technical Artist course which focuses on the artistic aspect of game development with the development of 2 dimensional artwork for character sprite-sheets and GUI elements like game Heads up display(HUD) or game interface as well for 3Dimensional games they have the knowledge and required technical skill for the creation 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 and in turn our company can have these different aspects covered and our reach is that far greater as we will be able to offer a more flexible and fun environment to work for our employees and interns and extend our service capacity and not limit ourselves to the sole development of video games only.

## 1.4 Goals and Objectives.

##### Objectives

The main objective our company has is to touch the hearts of our players and that we may be remembered and thought of by our final consumers, as that is 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 and 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 triple A 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 how productive each hour of work measured.
* The company 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 programmers number 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.
* If you are asking for funding, go on to explain how the new capital will help you successfully meet your upcoming challenges.
* 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 and most file sharing systems are free to use like GitHub.
* Educational games and applications for children

## 1.6 Company Ownership

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This section will identify the owners of the business and should address the following:

* Who are the owners? How much of the shares do they own?
* Who are the people in the management team?
* List the name of the individual and the position held
* Describe the owners' plan for succession. Who takes over after you retire?

Use the following table to clearly show how the ownership will be broken down:

|  |  |  |  |
| --- | --- | --- | --- |
| As of [Date] |  |  |  |
| **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 structure would want to purchase the company shares.

* The sale or merger of your company
* A management buyout

# 2. Products / Services

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**In a few paragraphs, answer the following questions:**

* How does your product work or how is the service used?
* Which after-sales services are provided? (e.g. delivery, warranty, support, follow-up, or refund policy)
* What proprietary rights do you have to the product/service? Patents, copyrights, trade secrets, non-compete agreements? Other proprietary knowledge or skills?
* What is your pricing strategy?
* What are the sales price, cost, and profit margin for each product line?
* Which products/services are in demand?
* What are your current sales?
* What are the boundaries of your business?
* Are there other vendors involved and if so who and where do they fit?
* What is included in the product's bill of materials? (Major components only)
* Are there any current/potential component supply problems?

**The Products/Services section should include the following subsections:**

## 2.1 Product/Service Description

Raven Gamer 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 generations youth and because 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 with some of our applications may be geared towards the younger crowds that advocate learning and may be used as educational tools that combined 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 websites somewhere with databases to contain all of our users accounts in one place and users register their accounts and can 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 and add-ons that can be used within the game.

The future also envisions the possibility of services website and software development to the public.

### Existing Products

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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, 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 we are a small outfit and in direct competition with console and triple A titles we are a completely different market and in comparison to these titles that take 2-4 years to make they sell their games anywhere from $30-$90 we sell our games at no more than 3.99 a download and 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 that our team hence we limit ourselves to the development on smaller platforms like mobile devices until we get up on our own feet. There are visions of triple-A 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 and Digital Extremes also home based here in London, Ontario.
* Some of our target markets include : General audience and or Children of all ages
* 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 labor are the highest but tools and materials is very low.
* Later once the company is more established Web Design services will be offered
* Does your service create a competitive advantage?
* //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

### 

Briefly describe the current status of your product or service:

* 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 labor 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 store market there is a great constant 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 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 artist 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 Tumbir.
* Interns may participate in smaller corporate roles to do market research.

## 2.4 Production

### Product

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 Studios 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 our programmers and artists making use of these tools and their craft.

So our costs are highly focused on labor and tools. Labor is 70% of the cost and Tools 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 to develop for IPhone IOS is a couple of Mac OS8 computers and a membership 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 adept in guitars, keyboards, drums and percussions and voice.

### Service

## 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

* Are there plans for future or next generation products? If so, what and when?
* Are these new products included in your revenue and cost projections?
* 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

(the Amazing Adventures of Fluffy and Spike)(4-6 months)

* Purple Pendulum Online RPG-MMO Role Playing Game (1year).

### Market Comparison

In one or two paragraphs, position your new product or service in its marketplace:

* 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, a 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 $2.99 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" \o "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. How does it compare to GNP growth?
* 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 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.
* Inventory par levels
* Profit expectations, etc.

## 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**

* Price, quality, brand name, service
* Special product features, advertising, packaging
* Location will be in a centralized downtown location in London with a clean, professional, office setting.
* Nature or quantity of other customers

### Market Size and Trends

* In terms of a dollar amount, how big is the target market?
* 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 the fact that our reputation would be a newly established company and that could be considered a weakness. Advantages would include low prices and variety of selection.

**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
* Image/style/perceived value
* Service (and special service features), customer relations, social image.

**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 and promotional program and budget
* Operational advantages, strategic partnerships
* Company morale🡪 personnel motivation, commitment, productivity

**Market Share and Distribution**

* How is the market distributed?
* Currently, there are two companies that are stable and dominate the London market: Digital Extremes and Big Blue Bubble.
* How will you obtain sufficient market share?

### Strategic Opportunities

* How can you use your competitive advantage to exploit opportunities in the marketplace?
* Where are your competitors vulnerable and how will you be able to take advantages of these weaknesses?

### Barriers to Market Entry and Exit

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Defined as a cost that must be incurred by a new entrant, entry barriers can benefit some new businesses while stopping others in their tracks. No matter which side of the barrier you are on, it is important to identify any barriers your business will have to overcome or have set in place for new entrants. Some of the more common barriers to entry include:

* High capital costs
* High production costs
* High marketing costs
* Consumer acceptance/brand recognition
* Government regulations
* Changing economy
* Change in technology
* Shipping costs
* Patents and proprietary knowledge
* Unions

Barriers to market entry for this business include all the above listed but main ones consist of the cost of operating in Ontario, brand recognition, and the changing economy and technology.

Barriers to exit limit the ability of a firm to leave a market and can exacerbate rivalry. Examples of entry and exit barriers can be found below:

|  |  |
| --- | --- |
| **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 |
| **Easy to Exit if there are:**   * Salable assets * Low exit costs * Independent businesses | **Difficult to Exit if there are:**   * Specialized assets * High exit costs * Interrelated businesses |

# 4. Marketing Strategies and Sales

The Marketing and Sales section of your plan will make or break the prospects for your venture. A great idea is meaningless if you cannot find customers. Carefully drafted and logical financial projections are irrelevant if nobody buys your product/service. In this Marketing Strategy section you must convince our Review Panel that there is indeed an eager market for your product. The Marketing Strategy section is where you show how you are going to fit into the market structure you just finished describing. What are unmet needs in the marketplace and how are you going to fill them? How will you differentiate your product/service from your competitors? What unique features, benefits, or capabilities will you bring to the marketplace? Who are your customers? Research you do for this subsection will be with customers, potential customers, plus any necessary secondary data. It is imperative that you do sufficient customer research to convince our Review Panel (and yourself) that customers will indeed come flocking to buy your product or service. Customer research can include simply talking with potential customers to get reactions to your product idea, conducting focus groups, undertaking walk-up or mailed surveys, putting up a mock demonstration of your concept and soliciting customer feedback, and so on. Be creative in finding ways to get honest customer input about your product or service. Finally, do not inadvertently cook the books here. Since you are enthusiastic about your concept, customers will notice your enthusiasm and often reflect it back to you, leading to erroneous conclusions about customer acceptance. It is therefore preferable to be neutral and factual as you collect data.

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**The Market Strategies and Sales section should include the following subsections:**

## 4.1 Introduction

Our target markets include the general audience, video game fans and children ages 5 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 Linked In and gaming social media sites.

Development Blogs are a good way of relaying any information or upcoming news to the video gamer crowds. 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.

Explain your strategy for each segment you have described in section 3.2 (Market Segmentation and Target Market). Describe the unmet need of your target consumers that your product/service fulfils or the problem it solves. The main types of segmentation strategies are as follows (you may also choose a combination of strategies):

* 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

Identify the targeting strategy to implement. This will determine which market segments you will focus on. The three main targeting strategies are:

* 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

Here you will include the strategy you will use to position your product vis-à-vis competitors. Some of the common product positioning strategies includes:

* Positioning in relation to competitor (head-to-head comparisons, differential advantage)
* Positioning in relation to a product class or attribute (e.g. low energy consumption, environmentally friendly, efficient, time saver)
* Positioning in relation to target market
* Positioning by price and quality (high-quality, low-price leader, luxury)
* Repositioning (gives old product new image)

### Corporate Message and Image

* The message you portray through all your marketing efforts should be clear, consistent, and reflect your corporate image
* Image can be portrayed directly (through a description of products, pricing, services, etc.) or indirectly (through suggestive design elements, logos, or uniforms, etc.)

## 4.5 Product/Service Strategy

Describe how your product/service has been designed and tailored to meet the needs of your target customer and how it will compete in your target market:

* What specific product/service features meet the needs of your customers?
* What differentiates your product in your target market?
* How does it differ from that of your competitors?
* What are the strengths of your product/service? Its weaknesses?
* Why will customers in your target market buy your product rather than the competition's?
* How will you differentiate yourself from your competitors?
* Why will customers switch to or select your product?
* How quickly and how effectively can competitors respond to your business?

## 

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.

## 4.6 Pricing Strategy

Your pricing strategy is a marketing technique that is part of your overall marketing/positioning strategy. Upon examining the pricing strategy your competition is currently using, explain your pricing strategy and why it will be effective with your target customers.

Begin by stating your pricing strategy. Explain how you arrived at your pricing strategy (e.g. based on cost, gross margin objectives, market prices, perceived value). Point out how your pricing strategy compares to the competition. Be sure to include when you will review your pricing strategy, i.e. monthly, quarterly, annually.

Games will be either 99 cent downloads or within a range from as low as $0.99 -$15.00 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.

* List your major current customers or consumer groups including a one or two sentence description for each and demonstrate how your product reaches the end user. A chart or diagram may be useful.
* Identify geographical or sales territories to be covered
* Specify whether middlemen are:
  + Gathering marketing information
  + Providing marketing research information down and up the supply chain
  + Promoting your product
  + Adding a price markup
  + Transporting and sorting goods
  + Negotiating with customers and/or other middlemen

**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
* 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

You must decide how you will generate awareness of your product or service among potential customers. 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

There are four common promotional budget methods:

* Percentage of sales
* Budgeting by task or objectives

State and give details of the method you will apply to your marketing strategies. Be sure to consider the following questions when completing your promotional budget:

* 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.
* Should you consider spending less on some promotional activities and more on others?
* What is the budget for all phases of the marketing effort?

## 4.9 Sales Strategy

Depending on your business, a strong sales team may be a critical component of your success. Remember: "nothing happens until the sale is made." An effective sales strategy is critically important for most manufacturers, publishers, software firms, and many service providers. Do not overlook the importance of formulating an effective sales strategy.

* Discuss how and where you plan to sell and distribute your product or service
* How will your product or service be sold? Personal selling? TV infomercials? Direct mail?
* Who will do the selling? An internal sales force? Manufacturer's representatives? Telephone solicitors, call-centers? Internet Marketing?
* How will you recruit, train, and compensate your sales force?
* How will you support your sales effort? (e.g. internal staff, service operations, motivators, etc.)

## 4.10 Sales Forecasts

Now that you have described your products, services, customers, markets, and marketing plans in detail, it is time to attach some numbers to your plan. Prepare a month-by-month sales forecast for a projected twelve-month period. The forecast should be based upon your historical sales, the marketing strategies that you have just described, market research, and industry data if available.

It is preferable to do three forecasts: 1) "best case", 2) ”expected case”, and 3) "worst case" (a low estimate that you are confident you can reach no matter what happens).

For this section, please refer to the Sales Forecast in the appendix.

Remember to keep notes on your research and assumptions as you build this sales forecast and all subsequent spreadsheets in the plan. Relate the forecast to your sales history, explaining the major differences between past and projected sales. This is critical if you are going to present it to funding sources.

**Best Case Scenario**

**Expected Case Scenario**

**Worst Case Scenario**

# 

# 5. Development

In this section, you will outline how you intend to improve your business. This section is often sadly under-developed in many business plans. Assuming you have a dynamic marketing plan and customers do indeed come flocking for your product/service, you must be able to deliver it to them.

The Development section is a road map of how you are going to get from where you are now to where you want to be in the future. If you are starting a business, what are all of the steps that you need to accomplish to get the business up and running? If you are expanding a business, what do you need to do to make it grow? These steps can be as routine as securing retail space, or as critical as applying for and getting a patent on key technology. Do not go into too much detail here. For example, the need to get business cards printed probably does not belong in a development plan (although you might include it in a detailed checklist in the appendices). Use your judgment.

There are hopes and dreams all about 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

What work remains to launch your company and your products? What factors need to come together to make your concept work? What are the risks threatening the successful implementation of your development plan? Are they technological risks, cost risks, competitive risks? How will you mitigate these risks?

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 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

What is your timetable for launching your company and your products? Go out as far in the future as you have can. Consider adding a chart or table here.

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.

## 5.3 Development Expenses

Include here a description of the development costs and assumptions that appear in your financial statements.

# 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.

***President /CEO Alexander Auriel Sanchez***

***Lead Programmer /Executive Assistant Tyler Drury***

## 6.2 Management Team

### Biographies of the Management Team

Our company is composed of a few administrative members starting with the 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. I have 3 years of Marketing which I received in University along with my natural talent and ability for art , 1 year of Web Development , finally 2 and a half years of Video game development plus 4 months of internship and a whole year of work experience as manager of a Video game company Auto – Obsessions and Lead Programmer and Creative Arts director and manager which are 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 and we have 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).

Next in the company hierarchy is a Lead Programmer Tyler Drury who has an extensive background in all programming languages and has even more programming experience than myself and has also been lead programmer in the past during his time at Sky Orchard in London Ontario. Later 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 Video Monkeys 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.

The management section should include the names and backgrounds of lead members of the management team and their respective responsibilities. Describe the founders and principal managers who will run your business.

* Who are the key managers?
  + What will be their duties and responsibilities?
  + What unique skills do they bring to the business?
  + How will they be compensated?
* Summarize resumes of key management and owners
* List education, skills, experience (including past duties). Focus on important past accomplishments but do not be too lengthy. Detailed resumes may be included in an appendix.
* What additions to the management team are you planning? When?
* If there is a key position that is not yet filled, explain your plans to do so
  + Briefly describe the job and the profile, compensation, and qualifications of the prospects

|  |  |  |
| --- | --- | --- |
| **Officers and Key Employees** | **Age** | **% of Ownership** |
| President | 33 | 100% |
| Vice President of Sales & Marketing | 33 | 100% |
| Vice President of Finance | 42 | 0% |
| Vice President of Operations | 33 | 100 |
| Vice President of R & D | 33 | 100 |
| Controller |  |  |
| Corporate Attorney |  |  |

## 6.3 Management Structure and Style

### Organizational Chart

If you have more than ten employees, do an organizational chart showing the management hierarchy and who is responsible for key functions. A very simple organizational chart will help explain how the company is organized, the reporting structure, and the positions that you plan to fill. The chart should reflect both current and open positions, or you can have two charts – pre- and post-funding. Two charts would be more applicable if you foresee significant changes in the organizational structure after funding.

Insert your Organizational Chart below.

### Management Style

* Describe your company's management style. Management style should reflect and support the general corporate style (suggested in the mission statement)
* Include any innovative or unusual aspects of management style that would affect growth or give a competitive advantage

## 6.4 Ownership



The company has one sole owner and no shares are offered to any of its members. T**he sole ow**ner 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

Here you will list service providers your business may consult or from whom you will obtain additional services, who are not a part of your internal staff. These may include:

* Corporate attorney
* Accounting firm
* GoDaddy Webhosting service providers

# 7. Operations

The Operations section outlines how you will run your business and deliver value to your customers. Operations is defined as the processes used to produce you products/services and deliver them to the marketplace and can include manufacturing, transportation, logistics, travel, printing, consulting, after-sales service, and so on. In all likelihood, about 80% of your expenses will be for operations, 80% of your employees will be working in operations, and 80% of your time will be spent worrying about operating problems and opportunities. Be sure that you carefully link the design of your operations to your marketing plan. For example, if high quality will be one of your comparative advantages in the marketplace, then design your operations to deliver high quality, not low costs. Remember that you will probably have to make trade-offs with your operations. It is impossible to have the lowest costs, highest quality, and best on-time performance in your industry all at the same time. Often, high quality means higher costs, low costs means less variety and less flexibility. Be careful how you make these trade-offs so that you can deliver products to the market in accordance with your marketing plan.

Operations checklist:

* How will you produce and deliver your product/service?
* What will you do in-house, and what will you purchase (make vs. buy)?
* How will you use your operations to compete? Cost? Quality? Timeliness? Flexibility?
* What comparative advantages do you have with your operational design?

**The Operations section should include the following subsections:**

## 7.1 Operations Strategy

In this subsection, describe how you will fulfill your marketing strategy using operations:

* How will you use operations to add value for customers in your target market?
* How will you win in the marketplace on the dimensions of cost, quality, timeliness, custom service and flexibility?
* Which dimensions will you stress and which ones will be less significant?

## 7.2 Scope of Operations

* All of our production takes place in-house. 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 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

How will your company operate on an ongoing basis? Include details in an appendix.

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.

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 only requires an administrator who can speak to clients and handle all customer relations not required by myself.

The location of your business can play a decisive role in its success or failure. Your location should be built around your customers, it should be accessible, and it should provide a sense of security.

State where your primary office will be located as well as any other facility where your business will operate and then explain the reasons for those locations. Give the actual size of each office and/or facility and along with a description of how each will be used and the duration in number of years these facilities will be adequate for operations. Some issues you may address include:

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* What are your location needs?
* Describe locations of production, sales, storage areas, and buildings
  + Are the premises leased or owned?
  + Why is this area desirable?
  + What kind of space will the business require?
  + What renovations are needed, and how much will they cost?
* Describe access to buildings (e.g. walk in, parking, freeways, airports, railroads, shipping)
  + Is it easily accessible, is parking available? Is public transportation available? Is street lighting adequate?
* What are your business hours?
* Are market shifts or demographic shifts occurring?
* Include a drawing or layout of your proposed facility if you are seeking an expansion loan
* Location of the competition

### Facilities and Equipment

* Location 🡪 addresses, floor plans, etc.
* Lease 🡪 terms, length, important details
* Improvements 🡪 plans, funding, budget
* Key factors 🡪 expansion potential, proximity to market, unique aspects
* Physical condition

## 

During our first year of operations the administrative members of Raven studios 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 day 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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This section is broken down to include the following:

* 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 labor (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
  + What unique skills do they bring to the business?
  + 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.
  + Who does which tasks?
  + Are schedules and procedures in place?
* 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.
  + What benefits, if any, can you afford?
  + Will you provide additional fringe benefits? If so, which ones? Have you calculated the costs of these additional fringe benefits?
  + Will you utilize overtime? If so, you may be required by law to pay time and a half, double time, and/or extra expenses such as meals.
* 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
  + Will you have to train people for both operations and management? If so, at what costs to the business?
  + ***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

Explain your methods of production or how you deliver your service.

* Production techniques and costs
  + How and where are your products/services produced?
  + Description of manufacturing process (if applicable)
* Quality control
* Customer service

## 

## 7.7 Operations Expenses

Include here a description of the operating costs and assumptions that appear in your financial statements. Most expenses are often referred to as overhead expenses. Overhead expenses are all the non-labor expenses required to operate the business. Expenses can be separated in two ways: fixed (expenses that have to be paid no matter the volume of business) and variable or semi-variable (expenses which change according to the amount of business).

Overhead expenses normally include any or all of the following:

* Travel
* Maintenance and repair
* Rent
* Advertising and Promotion
* Utilities

In order to develop the overhead expenses for this portion of the business plan, you need to multiply the number of employees by the expenses associated with each employee. The following equation can be used to calculate the sum of each overhead expense: *Overhead = Number of Employees x Expense per Employee*

### Cost Controls

* Inventory 🡪 forms, systems (computer), practices
* Food and beverage 🡪 check systems, management practices, training, periodic inventory
* General 🡪 management, inventory

### Administrative and Financial Controls

* Bookkeeping systems and policies (payments, billing)
* Accounting systems (report intervals)
* Sales systems (computers)

## 7.8 Legal Environment

Describe each of the following elements as they apply to your business:

* Licensing and permits
* Bonding requirements
* Health, workplace or environmental regulations
* Special regulations covering your industry or profession
* Zoning or building code requirements
* Insurance coverage
* Trademarks, copyrights, or patents [pending]

## 7.9 Inventory

Explain how you will manage your inventory. Give the details on each of the following elements of inventory:

* The kind of inventory kept: raw materials, supplies, finished goods
* Average value in stock
  + What is your inventory investment?
* Rate of turnover an how this compares to industry average
* Season buildups
  + Will there be seasonal buildups?
  + How will you handle seasonal buildup?
* Lead-time or ordering

## 7.10 Suppliers

Identify the supplies you will use for your products and services. Be sure to document the following in this section:

## 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

It is important to have strong, well-constructed financials. If you cannot show that your great concept is going to make (lots of) money, our Review Panel will quickly lose interest. To construct your financials, it is highly recommend that you start with your development and operations plan to create a schedule or timetable of development and operational activities. From these development activities, you can then create cash-flow projections, income statements, and *pro forma* balance sheets for at least three years into the future, and sometimes five. As a rule of thumb, your financial projections should extend far enough into the future to the point where your business has achieved stable operations. The first year of your financial statement projections should be month-by-month since cash flows are critical in the early stages of any startup. Second and third year financial statements should be quarterly, and fourth and fifth years should be annual. If possible, it is useful to include best case, expected case, and worse case scenarios for your financials. This allows you and our Review Panel to explore the upside potential and downside risks of your venture. Be sure that your financial projections are in congruence with the other sections of your plan. For example, if you say you will open three stores in Year 2 and your financials show you opening five stores, our Review Panel will quickly lose confidence in your plan.

The Financials section should be a discussion and description of your financial projections -- put the actual financial spreadsheets in the appendices. Describe the timing and amount of investment that you will require to achieve your plans. Then demonstrate that this investment is a good one by showing that profits, assets, and ROI are all favourable as the business progresses. When our Review Panel finishes with this section, they should be anxious to grant funds to you.

### Guidelines

* Consult experts
* Be conservative and honest
* Use standard industry forms and formats

## 8.1 Start-up Funds

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Described in 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 6months of production. The operating costs to run the company are divided in to legal, labor, software, and as well as accounting and marketing or developer costs.

# Legal

Corporation costs $1200 -$1500

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

Total Legal = $1500

# Labor

AS Labor $18/hr x 40 hours = weekly = $720

X 4 weeks = $2880

TD Labor $15/hr x 35 hours = weekly = $525

X 4 weeks = $2100

3 Labor $14 x 24 = weekly = $336

X 4 weeks = $1344

Total Labor Monthly = $6324

Total Labor 1 year = $75888

Total Labor 6 months = $37944

**Software**

Unity3d free

Payroll Tax Software = $500 -$1000

GoDaddy Web Hosting 20/month

X12months = $240

X6months = $120

Total Software 12 months $1240

Total Software 6 months $1120

Total Labor + Total Software 12 months = $1240 + $75888 = $78028

Total Labor + Total Software 6 months = $1120 + $37944 = $39514

Total Labor + Total Software + Legal = 12 months = $2000 + $75888 = $79388

Total Labor + Total Software + Legal = 6 months = $1550 + $37944 = $40994

Elements to consider when preparing a start-up budget include:

* Personnel (costs prior to opening)
* Legal/ Professional Fees
* Occupancy
* Equipment
* Supplies
* Salaries/Wages
* Income
* Utilities
* Payroll expenses
* Licenses/Permits
* Insurance
* Advertising/Promotions
* Accounting

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

Provide in detail the current financial position of the company. Present the current balance sheet in an appendix. Include all outstanding debts in an easy to understand format. A debt schedule may be useful here.

The company’s current financial position is zero. 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.

### Debt Schedule

This table gives in-depth information that the financial statements themselves do not usually provide. Include a debt schedule in the following format for each note payable on your most recent balance sheet.

Debt Schedule Table

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| To Whom Payable | Original Amt. | Original Date | Present Balance | Rate of Interest | Maturity Date | Monthly Payment | Security | Current/Past Due |
| Alexander Sanchez |  |  |  |  |  |  |  |  |
| Tyler Drury |  |  |  |  |  |  |  |  |
| Brian Pope |  |  |  |  |  |  |  |  |
| Go-Daddy | 200 |  |  |  |  | 20 |  |  |
| Unity 3D | 0 |  |  |  |  | 0 |  |  |

## 8.4 Operating Forecast

This section should provide an estimate of the sales and expenses your business will incur for a twelve-month period. (Please refer to Appendix for Financial Projections.)

Be sure to document any sources of information or any assumptions used for calculations.

## 8.5 Break-Even Analysis

This section should provide a calculation for the break-even point in dollars and units for the business. Include all assumptions upon which your break-even calculation is based. *(*Please refer to Appendices for Break-Even Analysis spreadsheet.)

A break-even analysis determines sales volume in dollars, at a given price, required to recover total costs.

Expressed as a formula, breakeven is:

|  |  |
| --- | --- |
|  |  |
| Break-even Sales $ = | Fixed Costs |
| 1- Variable Costs |
|  |  |

Fixed costs are expressed in dollars but variable costs are expressed as a percent of the total sales dollar amount. To obtain the break-even point in terms of number of sales, simply divide the break-even sales (dollar amount) by the price of your product.

## 8.6 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.

## 8.7 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.)

An income statement may also be referred to as a "profit and loss statement" (PNL) or an "operating statement.”

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

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

## 8.8 Cash Flow

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

* Labor during the development phases of production
* Software
* Are there irregular expenses, equipment purchase or inventory buildup which should be budgeted?
* Advertising expenses for venues like Game Expos

# Labor

AS Labor $18/hr x 40 hours = weekly = $720

X 4 weeks = $2880

X12 months = $34,560

TD Labor $15/hr x 35 hours = weekly = $525

X 4 weeks = $2100

X12 months = $25,200

3 Labor $14 x 24 = weekly = $336

X 4 weeks = $1344

X12 months = $ 16,128

Total Labor Monthly = $6324

Total Labor 1 Year = AS + TD + 3L

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

Total Labor 1 year = $75888

Total Labor 6 months = $37944

**Software and Development Tools**

IOS Mac device

Unity5 Free until the company grosses over 1 Million Dollars in revenue and after that it is 1550

X 12months = $900

X 6months = $450

Payroll Tax Software = $500 -$1000

GoDaddy 20/month

X12months = 100

X6months = 100

Apple IOS dev plan $100/year

Total Software 12 months $2000

Waved /Total Software 6 months $1550

//Total Labor + Total Software 12 months = $2000 + $75888 = $77888

//Total Labor + Total Software 6 months = $1550 + $37944 = $39494

# 9. Funding Request

## 9.1 Capital Requirements

Raven Studios 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 computers and software that required for the development of the games and applications.

## 9.2 Risk/Opportunity

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

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 based on what methods are used for the learning and with that being said some of us are more audial or visual for example others require only the written text whatever the case might 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 pack cutting edge graphics games 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

All good business plans include a section that lays out the strategy you will follow should you decide or need to cash out and can involve, for example, selling the business, merging, a buyout by a partner/shareholder, getting acquired or issuing an initial public offering (IPO). The strategy to be laid out here can be based on a target dollar figure you want to reach, revenue growth, the market's reception to your idea, or a consensus among top officers.

# 10. Refining the Plan

The generic business plan presented above should be modified to suit your specific type of business and the audience for which the plan is written.

## 10.1 Refine According to Type of Business

### Technology Company / Web-based Business

* Economic outlook for the industry
* Do you have information systems in place to manage changing prices, costs, and markets?
* Do you employ the best available technologies and does it keep up with updates/upgrades?
* What is the status of R&D? And what is required to:
  + Bring product/service to market?
  + Keep the company competitive?
* How does the company:
  + Protect intellectual property?
  + Avoid technological obsolescence?
  + Supply necessary capital?
  + Retain key personnel?

If your company does not predict a foreseeable profit, you must provide longer-term financial forecasts to show when profitability will occur. All your assumptions must be well document and well argued.

# 11. Appendix

**Bibliography/Sources**

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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/>

The appendix is where you should provide all of the documentation that supports the body of your business plan. Include those documents that are required (e.g. financial projections), those that are helpful (e.g. results of marketing studies), and those that assist in selling your idea (e.g. letters of interest from potential customers). Do not include lots of tangential information such as newspaper clippings or tables of data unless they really serve to bolster your plan. One way to deal with information that is voluminous and/or lengthy (such as a large market research study) is to summarize it, and note in the plan that the complete document is available upon request.

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Templates for all financial documents below are provided separately in this document.

Appendices checklist:

* Include financial documents such as:
  + Start-up Budget
  + Financial History and Ratios
  + Financial Projections
  + Break-Even Analysis
  + Balance sheet
  + Income statement
  + Sales Forecast
  + Cash flow statement

Include documents which you believe could be of interest to our Review Panel. This may include:

* + Product literature and brochures
  + Market research data
  + Surveys and Studies
  + Detailed account of ongoing operations
* Have you included all documents needed to support your plan?
* Do you provide support for assumptions, trends, and comparisons
* Do you provide support for your development plan?