



ČESKÉ VYSOKÉ UČENÍ TECHNICKÉ V PRAZE

Fakulta elektrotechnická

katedra ekonomie, manažerství a humanitních věd

BAKALÁŘSKÁ

PRÁCE

**Podnikatelský plán prodeje SW produktu
Kushukov Artur**

Studijní program: Softwarové technologie a management

Studijní obor: Manažerská informatika

Vedoucí práce: prof. Ing. Oldřich Starý CSc.,

Prohlašuji, že jsem bakalářskou práci "**Podnikatelský plán prodeje SW produktu**"
vypracoval samostatně pod vedením prof. Ing. Oldřicha Starého CSc, CSc a
 uvedl jsem v seznamu literatury všechny použité literární a odborné zdroje.
V Praze 26. května, 2017 Kushukov Artur

.....
Vlastnoruční podpis

I. OSOBNÍ A STUDIJNÍ ÚDAJE

Příjmení: **Kushukov** Jméno: **Artur** Osobní číslo: **426102**
Fakulta/ústav: **Fakulta elektrotechnická**
Zadávající katedra/ústav: **Katedra ekonomiky, manažerství a humanitních věd**
Studijní program: **Softwarové technologie a management**
Studijní obor: **Manažerská informatika**

II. ÚDAJE K BAKALÁŘSKÉ PRÁCI

Název bakalářské práce:

Podnikatelský plán prodeje SW produktu

Název bakalářské práce anglicky:

Business plan for online service

Pokyny pro vypracování:

1. Popis produktu.
2. Průzkum zákaznických segmentů.
3. Průzkum konkurence.
4. Sestavení podnikatelského plánu s ekonomickým vyhodnocením.

Seznam doporučené literatury:

1. Podnikatelský plán a strategie (ISBN: 978-80-247-4103-1).
2. <http://www.czechinvest.org/data/files/podnikatelsky-plan-48-cz.pdf>
3. <http://vimeo.com/rozbehnisa>

Jméno a pracoviště vedoucí(ho) bakalářské práce:

prof. Ing. Oldřich Starý CSc., katedra ekonomiky, manažerství a humanitních věd FEL

Jméno a pracoviště druhé(ho) vedoucí(ho) nebo konzultanta(ky) bakalářské práce:

Datum zadání bakalářské práce: **31.01.2017**

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Podpis děkana(ky)

III. PŘEVZETÍ ZADÁNÍ

Student bere na vědomí, že je povinen vypracovat bakalářskou práci samostatně, bez cizí pomoci, s výjimkou poskytnutých konzultací. Seznam použité literatury, jiných pramenů a jmen konzultantů je třeba uvést v bakalářské práci.

Datum převzetí zadání

Podpis studenta

ABSTRAKT

Účelem této diplomové práce je zpracování podnikatelského záměru na vývoj počítačových her.

V práci jsou vypočítány náklady na vzniklou pobočku a případné zisky.

Výstupem bakalářské práce je částečně sestavený business plán pro vnitřní potřeby podniku.

Klíčová slova: Podnikatelský záměr, marketingový plán, finanční plán

ABSTRACT

The aim of this business plan is to outline a business plan for a video game studio.

In this thesis the costs and potential gains are calculated.

The final result of this thesis will be a partial business plan, intended for internal needs.

Keywords: Business plan, marketing plan, financial plan

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Introduction

Currently Dreamland Games is a collaboration of independent artists, students and writers that work on the joint projects in their spare time. We would like to explore the possibility of turning this collaboration into a full time occupation.

One of the main benefits of our team is its size. We're a small, robust group of individuals, who are passionate about our work and want to create the best product possible.

We would like to create amazing games. In order to do so, we need to evaluate the possibilities of such an enterprise.

In this thesis we will research the gaming industry, conduct market research and take a look at marketing techniques in the industry.

As the final output of this thesis we expect to receive a partially complete business plan that can be later used by the team to make a decision of the project's viability.

In this chapter we will introduce the team, with short biographies for members and quick descriptions of their skills and expertise. We will also state goals for each member, as they may vary greatly.

1.1 Biographies

Kushukov Artur

Kushukov Artur is currently a CVUT student. He has also taken a marketing in the gaming industry course from VŠE.

He also has extensive experience with social media experience, as he's worked at The False Emperor, Warhammer 40k war gaming channel based at vk.com. In four years that he worked there, the False Emperor went from a hobby YouTube channel with less than 100 subscribers to a fully monetized media platform that encompasses almost the entire Russian-speaking Warhammer 40k community.

Artur also works as a freelancer in the 3d design industry, mainly specializing on industrial visualization.

He will work as the art director in the development phase and will be in charge of the marketing campaign in the later stages. He will collaborate with the outsourced labor on everything that is within art director's competency.

Bc. Nikita Baydyk

Nikita Baydyk graduated from VŠMVV in Prague with a degree in public relations. He also studied directing at FAMO.

He's worked as a writer and a director on a series of short films and advertising clips.

He will write scripts for our projects, take a lead as gameplay designer and also will be company's formal representative. His connections with the acting community, especially the English-speaking part of it, will prove invaluable when we seek voice actors.

Bc. Alexy Bachin

Alexy received a bachelor's degree from VŠE and continues his studies in a master's program. He's team's lead programmer and game engine engineer. He has extensive experience working with Unity engine and has worked as a freelance programmer for almost a decade. He will be taking on the position of a technical director and collaborating with outsourced labor if the situation requires it.

1.2 Goals

Artur Kushukov

Artur would like to start a career in the game industry. Big video game developers usually require at least two years of experience within the industry, while small startups, such as Dreamland Games do not.

Financial gain is a goal as well, but not the most prioritized one, experience is.

Nikita Baydyk

Nikita is an artist. His goals are less materialistic and more personal ones.

He wants to make good games and make them exactly as he envisions them.

Again, financial gain is not the most important goal, but a goal nonetheless.

Alexy Bachin

Alexy is a family man. For him the financial gain is the most important goal, as he needs to support his wife and child.

Chapter 2

Product

In this chapter we will describe the products that we are planning to be developing. Currently we have two separate projects in the works. Thus, this chapter will be divided into two sub-chapters, one for each project.

Each sub-chapter will be covering one of two projects' description. It will include project's genre, target audience, platforms, technologies to be used, estimated development times and goals for those projects.

Projects have temporary development code names assigned: "Right place, right time" and "Thirst".

2.1 Right place, Right time

Right place, right time was initially conceived as a short quest with about 15 minutes worth of material. As we've progressed in the development, we realized that the game can be extended into full two hours of gameplay without much effort.

Genre

Right place, right time is a stealth quest. It combines gameplay mechanics of a stealth action, such as hiding, eavesdropping and stealing items, with a quest mechanics, such as using items in unusual ways and solving puzzles.

We're adding the unique mechanic of time travel. As player goes back or forward in time, the general setting remains the same

Story

The player takes on the role of a CAS agent, Chronos Accounting Service. The agent's job is to fix any and all artifacts, the mistakes in time.

His task is to infiltrate a museum and retrieve an item, a so-called out-of-time object.

The premise is straight-forward and simple, but as the story progresses, the players will realize that not everything is as simple as it looks.

Time travel has been explored in various media, such as books, movies and, of course, video games.

We will be exploring various time travel tropes, such as the grandfather paradox and Novikov self-consistency principle.[2]

We've taken inspiration from movies like Back to the Future and Predestination.

Technology

We will be using Unreal Engine 4. It's pricing model fits our needs better.

We've chosen our art style to be the so-called extreme low poly and we will not need expensive software for modelling, texturing and animating our characters and scenery.

Blender 3d is the software of choice, since its GNU General Public License allows for free use in commercial projects.[3]

Estimated costs

We've been working on this project in our spare time and so most of the development is complete.

We've built a library of items to be used in the game, as well as created and animated all the characters.

The script for the game has been written and is in the process of being edited.

We will be submitting this game through the Steam Greenlight program, which will require a registration fee of \$100.[6]

Unreal Engine is available with no subscription cost, only requiring a 5% royalty on gross revenue after the first \$3000 per quarter. [4]

Distribution

Since we're planning on distributing this game on a free-to-play basis, we will be using our website to begin with.

If we're successful in passing through the Steam Greenlight admittance process, we will change to buy to play revenue method and Steam will become the main distribution channel.

Goals

This project, if successful, will serve as our introduction to the industry. That means creating the brand name, establishing contacts with media outlets and publishers. Here we will list our goals for this project, ranked in descending order.

- Demonstrating our ability to complete a project.

This goal is actually the most important one. Ability to complete a project, having an actual product to demonstrate, can open quite a few doors. Any potential investors will view a company with a complete project completely differently than a team of people with ideas and nothing to show for it.

- Getting through the Steam Greenlight process.

Steam Greenlight program is the filtering process, which serves as a sort of quality control. The process of getting approved is a hard one, as it requires customer's support. We will elaborate further on Steam Greenlight and other digital distribution options in Chapter 4.

- Establishing connections with the media.

Media coverage is what makes

- Financial profit

As you can see, this goal is not the primary one.

- Defining our future strategy.

Success of this project will mean that we can continue in our venture and move on to project number 2, Thirst.

Failing to complete project number one will mean that the progress in this venture is impossible.

2.2 Thirst

Thirst is our first serious project. We believe that it will find its audience easily as it is in line with the current trends in popular media.

Genre

Thirst is an action sidescroller. It will feature a fast-paced combat system and a dialogue system. Choices in dialogues will heavily impact the story.

Story

Thirst is a dark fantasy set in the Hundred Years War. The story rotates around a band of English knights, who start to descend to their true nature driven by their vices. Each one of them has his own path to their ultimate destruction.

There are four of them, as depicted on picture 1.



Picture 1 – Thirst characters by Artem Cheshirsky

From left to right: Tybald, Bryce, Oliver and Izekiel.

Oliver is an idealist, a naïve young noble with ideas of honor and glory. When his delusions collide with the harsh reality, he falls to his ultimate vice- cowardice.

Bryce is a stoic and professional warrior. His path to failure is greed.

Izekiel presents as a good-natured fellow. But there's a sadist hiding behind that friendly smile.

And the last of them, Tybald. Shady scoundrel and a man with a plan. His ambitions will lead the band to its death.

This story is character-driven. It's a story about people and their fall from grace.

The setting, bloody battlefields of the Hundred Years War is less important and can be adjusted, if, for example, the company should acquire rights to some promising setting.

Dark fantasy, as a genre, is hugely popular right now. Game of Thrones is one of the most popular shows of all time. Dark Souls and Witcher trilogies are a hugely popular game series.

Technology

We will be using Unreal Engine for this project. We should have sufficient experience with it by the time the development gets to the stage of implementing the engine.

Art style, similarly to the previous project, will be extreme low poly. This will allow us to use the skills, gathered during working on the previous project. We might re-use some of the assets, created for the previous project.

Again, we will need only Blender 3d as our primary 3d software.

We will purchase Adobe Creative Cloud license for our 2d needs.

Estimated costs

Currently we've estimated the development time at 6 month.

In addition we will outsource some 2d drawing work to our frequent collaborator Artem Cheshirsky. Character concept art created by him can be seen at picture 1.

We will also require some commercial software, including Adobe Creative Cloud, for which the subscription fee is \$49.99 per month.[5] This cost and fees for the outsource work will be listed together, in the outsource budget

We are planning on using the Steam Greenlight program again, but this time it will not require a fee, since it's a one-time fee that grants unlimited submission access.

Distribution

If we are unable to gain access to the Steam Greenlight program, we may use other digital distribution platforms, such as GOG.com. We will go further into that in chapter 4.

Goals

Here we will list our goals for this project, ranked in descending order.

- Financial profit

This time this will be our first priority. Commercial success of this project will guarantee company's survival and even the possibility of growth and expansion.

- Making contacts with publishers

This is the point where studios are approached by publishers looking to invest or purchase.

Chapter 3

Marketing in the game industry

Marketing is the most vital part of a successful video game development project. With digital being the biggest and most popular distribution channel, the market is quite literally within the customer's hands reach. Every day dozens if not hundreds of video games are released. Without a carefully planned eye-catching marketing campaign there's virtually no chance for commercial success.

Marketing strategy should be considered at the earliest possible stage of development, preferably during the conception, as it will heavily influence the development process.

3.1 Things to consider before planning the marketing campaign

Monetization

Monetization is the way by which development companies generate their revenue. There is a variety of different revenue models available here we will outline the most popular ones.

- B2P. Buy to play is standard monetization scheme. Price is usually chosen based on the industry average. The game may be released as a number of different editions, varying in content, at different prices.
- P2P, also known as a subscription. Customers pay for access to the game for a certain period of time. A week, a month or a year, month being the most common.
- Freemium. Customers can play the game for free, but with some of the functionality disabled. This functionality is unlocked for a fee. That fee can be fixed or a monthly subscription.

- Free-to-play. In this case the game itself is available to the customers for free. Developers find other, alternative revenue streams. So called microtransactions, purchasable in-game functionality, may be one. Another monetization option may be renting out advertising space.
- PWYW, Pay What You Want is a variation of the free-to-play model, where customers can choose however much they want to pay for the game. Developers may choose a minimum price if they wish so.
- Crowdfunding. Crowdfunding is a funding method by raising money from a large number of people, usually final users. There are a few different kinds of crowdfunding, based on the method of compensating contributors. We will describe reward-based crowdfunding, as it's the most commonly used in the game industry. Here developer pre-sells their product based on the concept without incurring debt. Usually contributors to a crowdfunding campaign, also known as backers, receive a reward based on the amount of their contribution. Rewards may include copies of the final product and additional materials, such as bonuses, unique content and other.

Example of revenue models

Some games may combine a few of these revenue models. Let's look at Star Wars: The Old Republic by Bioware as an example.

At release it was a combination of b2p and p2p game, where a customer had to purchase the game itself, buy also pay monthly subscription.

However as the time passed, the game started losing subscribers. At some point that revenue model stopped being sustainable and so Bioware changed it to a freemium.

Now a customer can play the game for free or, if he wishes so, upgrade to a premium profile with a subscription, which removes limitations on certain gameplay features.

In addition to that, the game also has microtransactions. In-game currency can be exchanged for real money, and that currency can be used to unlock individual features, if customer doesn't wish to pay the subscription, but requires

some of the premium-only content. That currency can also be used to buy in-game items that have no gameplay value and are cosmetic.

Platforms

Choosing the correct platform is vital not only for the development, but also for the marketing strategy. Different platforms have different marketing channels, target audiences and are covered by different media outlets. A lot of new developers make a mistake of trying to engage an outlet that doesn't specialize in the kind of product they are offering.

We will go further into platforms in chapter 4.

Target audience

Target audience can influence the marketing campaign heavily. Choosing the target audience should be one of the first steps of the development process. Male or female, child or adult, different people can be reached by entirely different means.

Marketing channels

There are lots of marketing channels available. Social media and gaming press are just two examples of it. We will go further into details on marketing channels in the next sub-chapter.

Budget

Marketing budget may vary between a huge publisher, such as EA Games, and an indie developer like ourselves. If huge companies can afford to run ads on TV and radio and hold grand opening events, a small company's marketing budget could as well be non-existent.

That doesn't mean that marketing should be ignored. There are lots of marketing tools that cost next to nothing or are completely free. An indie developer should focus on those. We will go further into that in the next sub-chapter.

The success of the business will rely on the company being able to generate a higher average revenue per player than it costs to acquire that player through marketing.

3.2 Marketing tools

Website

Website is the home base of the developer. It may serve as a means of distribution for smaller projects.

Press kit

Press kit is a segment of a website, available to journalists only. It contains all the promotional material and information a journalist might need for their article. There are very strict guidelines on what it should contain. [7]

- Screenshots. Artwork and logos may also be included.
- Videos. Story and gameplay trailers as links to YouTube and, optionally, as download links.
- Fact sheet. A polished and short list with all the information about the game, such as description, release date, features in bullet point form, contact information, company history.
- Press coverage. Quotes from reviewers, if exist, with sources provided.

Social media

Social media is one of the most powerful tools at our disposal. It allows developers to connect with their target audience and maintain a conversation. It allows for fast feedback. Some social media provides incredibly useful functionality. We will list a few of the most popular social media resources.

- Twitter. Twitter is a mobile application that allows its users to post and interact with messages, limited to 140 characters. With 313 million active users [8], it's one of the most popular examples of social media.

- Facebook. Facebook is a social networking service that allows people and companies to maintain personal profiles and thematic groups, exchange messages, images and videos. Facebook reports having 1.28 billion daily active users on average for March 2017. [9]
- Other social media

Blog

Maintaining a company blog is another powerful tool at our disposal. One of the most popular forms of a blog for a game development studio is a developer's diary. It may be in a form of a video diary, hosted on YouTube, or more typical, text-based one.

Providing interesting content concerning our upcoming or already existing projects can attract more people and keep them informed about features of our products.

Gaming journalism

There is a huge industry based on reporting gaming and other media-related news. Websites like IGN.com and Polygon have huge audiences, hundreds of millions unique viewers [10] and are specifically dedicated to covering our specific industry.

YouTube reviewers

YouTube is a video hosting service that provides users with their own channels, not unlike public access on TV. It's the most used video hosting service, with not much competition and is used by companies and individuals alike.

There is a certain genre of youtube videos dedicated to reviewing or playing video games. Some of youtubers working in that genre have millions of subscribers and hundreds of thousand unique viewers on their videos [11]. Reaching out to them is one of the easiest marketing tools in our arsenal, since it's a mutually beneficial arrangement. Youtubers get access to the material we're offering them, and we get the exposure. Even negative reviews might be helpful to boosting sales.

Crowdfunding

Crowdfunding is not only a way of obtaining funding, but also a marketing tool. Not only does it provide funds for your projects, it also gets you a list of people willing to contribute to your product financially. You might use that list to inform backers about your progress, future projects, or to ask them to spread awareness of your product.

All these tools work in conjunction with one another. YouTube videos and blogposts may be shared via social networks and twitter, game journal articles may contain links to developers' websites and so on.

Chapter 4

Market research

Video game market is expected to generate \$108.9 billion in game revenues in 2017, with 2.2 billion people affected [12]. That's more than a quarter of the entire population.

4.1 Platforms

There's a variety of different platforms, with their own limitations, audiences and traits. Here we will list the most popular.

Mobile

Mobile gaming platforms include a variety of handheld devices, such as smartphones, tablets and other gadgets. Mobile gaming is one of the biggest segments, currently claiming 42% of the market.[12] In 2020, mobile gaming will represent more than a half of the entire video game market.

More well-known distribution networks for the mobile gaming are Apple App Store and Google Play.

Consoles

Consoles are one of the oldest digital gaming devices, evolving from slot machines, to arcades to the current home consoles. According to Newzoo, it will take up 31% of the market this year.

Current generation of gaming consoles includes Sony PlayStation 4, XBoX One by Microsoft and Wii U by Nintendo.

PC

PC gaming segment has been steadily losing its market share, with only 27% of the market.[12]

However PC segment is the one we're most interested in. Developing games for the PC platform is the easiest, since there's an abundance of tools and guides available.

PC market is also very accommodating to newcomers, with lots of distribution options available. We will cover this topic further in the next sub-chapter.

4.2 PC distribution channels

There are a lot of publishing companies in this segment. Market is mostly dominated by the bigger publishing companies producing high-budget content. But there's a niche for independent developers too.

Some of the publishers have created services for such small developers to allow them access to customers at a marginal fee.

Example of such publishers is Steam, created by Valve Corporation. Steam is the largest digital distribution platform, taking up 75% of the entire digital distribution for PC market, according to Bloomberg [13].

Currently Valve offers two ways to get a game to the store.

Steam Greenlight

Steam Greenlight was introduced in 2012 and replaced the previous submission process for Steam. The submission process is based on the community acceptance. After paying a fee of \$100, a developer can submit any amount of games he desires.

After submitting, the game is displayed in the Greenlight catalogue. Other Steam users can comment and, more importantly, vote on the game. If the game gains enough votes, it's accepted and released in the Steam Store.

There is no information available on the exact number of votes required for acceptance, Valve stated that it depends on the activity, surrounding the game,

rather than the exact number of votes or a relative position in relation to other submissions [14].

Steam Greenlight accepts free-to-play games as well as games with other revenue models, as long as all the purchases are processed through Steam Wallet.

Steam Early Access

Steam Early Access is the alternative to Steam Greenlight for the games that are in the process of development. The game must be playable, but not necessarily complete. There are no strict guidelines regarding the submission process, however, and Valve just offers to reach out to them with the particular projects.

GOG.com

GOG is an indie-friendly distribution platform. It mainly focuses on independent developers, as well as older games, created by studios that don't exist anymore. There are no specific guidelines on the submission process, except the offer to reach out to them. It does, however, state that free-to-play games aren't being currently accepted.[15]

It should be stated that GOG and Steam aren't mutually exclusive.

Chapter 5

Business plan theory

In this chapter we will detail the theory for the business plan creation.

5.1 Business plan definition

“Business plan is a written document that described all significant internal and external factors related to the business intent. It’s a formal summary of business goals, reasons for their substantiality and attainability and a description of individual steps, leading to those goals”.^[1]

5.2 Business plan target audience

Business plan may be internally or externally focused. Externally focused plans target potential investors and customers. Internally focused are targeted at the company’s management and owners.

Internally focused

Business plan serves owners as a guideline for planning the strategy for the future. Plan can be useful at any stage of business life, from before conception and all the way to implementing structural or other changes or solving critical situations. In this case business plan’s purpose first and foremost is to define goals and ways to achieve them.

We will be creating this kind of a business plan.

Externally focused

In this case business plan is targeted at the potential investors and, in rare cases, at customers. In this case the business plan will serve to attract potential investors' attention and persuade them that the business is worth investing into.

5.3 Business plan structure

There are no strict requirements for the business plan contents. Different target audiences may require different approaches. Here we will list possible contents.

Title page

This page should contain company's name, its logo and other information about the company as well as names of the business plan's author and company's founders.

Table of contents

Table of contents will serve for the purpose of navigation.

Introduction

Purpose of the document should be stated here, so that the potential reader doesn't misunderstand. Document's version may be also stated here.

Executive summary

Summary is different from the introduction and should encompass the entire business plan in a compact and comprehensible manner. This part should be processed last, when the entire business plan is complete.

Business opportunity description

Here we should describe the nature of the opportunity. It may be a newly discovered gap in the market, for example. Reader should be led to the conclusion that now is the perfect time to occupy the chosen segment of the market and we're the people to do it.

The advantage over the competition should be stated here. This part should describe to the reader why would a customer choose this particular firm over the competition.

Company goals and owners goals

In this chapter we should state company's goals and those of the owners, should they differ.

Goals should be SMART, which is an abbreviation of qualities those goals should have:[1]

- Specific
- Measurable
- Achievable
- Realistic
- Timed

Potential markets

This part should contain two parts. The description of the target market as a whole and the segment we're aiming for.

Competition analysis

In this chapter the competition should be described. In particular we should focus on their advantages and weaknesses.

Marketing strategy

Marketing strategy is supposed to cover three problematic topics.[1]

- Choosing the desired market

The foundation for this part is the market segmentation research from the previous chapter.

- Defining the position on the market

Here the position of our product in relation to the competition should be defined. Our goal here is to gain customer's awareness over the other products on the market.

- Marketing mix

The classic marketing mix consists of the so-called 4P: product, price, place and promotion.

Realization plan

Establishing a timetable for the project is vital. All the steps to be taken and milestones to be reached should be outlined in this part of the business plan. We can use a diagram to illustrate this part.

Financial plan

Financial plan is one of the most important parts of the business plan, as it describes where the company currently is and where it plans to be in the future.

Risk analysis

In the last part of the business plan we should show that we're aware of our strengths and weaknesses. Here we can perform the SWOT analysis. SWOT is an abbreviation, which stands for

- Strengths
- Weaknesses
- Opportunities
- Threats

We should also go into further details in analyzing risks to our enterprise and possible critical situations. Probability and the estimated level of threat could be assigned to individual risks.

Chapter 6
Business plan

6.1 Title page

Dreamland Games, s.r.o.

Seat

Radouňova 26, 155 00 Praha-Řeporyje-Stodůlky

Owners

Kushukov Artur kushukov@gmail.com

Baydyk Nikita baydyk@gmail.com

Bachin Alexy bachin@gmail.com

Dreamland Games is a video game development studio.

6.2 Contents

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- Break even point

Risk analysis

SWOT analysis

Risk analysis

6.3 Introduction

6.3.1 Purpose of this document

This document is intended for Dreamland Games, s.r.o. owners to serve as a guideline for the company's short and long term strategy. We intent to show that this enterprise is viable and sustainable in short and long term.

This document is not intended for potential investors, as we will not be seeking foreign capital at this time.

6.3.2 Company description, its mission, vision and goals

Dreamland Games, s.r.o will be founded in the summer of 2017 by three founders, Artur Kushukov, Nikita Baydyk and Alexy Bachin. Each of them will invest the amount of \$2000.

The company will be developing independent video games for the PC platform. All three founders will work there full time. Currently there are no plans to hire any more workforce, but we intend to outsource labor extensively.

Mission

Mission of the studio is to create and publish good, visually interesting and story-based games. Our motto is: "Create the games that we would like to play"

Vision

Company's vision is short term growth, producing new products, namely games that will be commercially successful and critically acclaimed.

Goals

The goal is to become a known entity on the video game market and to carve out a segment for ourselves. Loyal and happy customers are the priority here.

6.3.3 Version

This is the initial version of a business plan, intended for the internal use among the company's founders.

Should the need arise, this work can serve as a basis for a more detailed document.

6.4 Executive summary

Dreamland Games, s.r.o will be founded in July, 2017. It will be founded by three partners, Kushukov Artur, Nikita Bayduk and Alexy Bachin. Each partner will invest \$2000, which will serve as company's capital.

All founders will work within the company.

One of the biggest advantages the company will have is its low costs. Virtually nothing is required to continue working on the products, except for fees and minimal wage for all founders. One of the bigger expenses is outsource, since the company is planning on using the external workforce.

From the financial plan, created for two years, is evident that the company is viable and can survive even without the foreign capital.

6.5 Business opportunity description

Products

We believe that the market currently is open for new products. Even with new games being released almost every day, the market is not over-saturated.

Currently our main project is Thirst, a dark fantasy action sidescroller.

Our secondary project is called Right place, right time and will be presented to the market first. It will serve as the test run, as well as a safety net, should the development of Thirst encounter any problems.

Advantages over the competition

Dark fantasy genre is extremely popular in the pop culture. Game of Thrones is one of the most popular television shows and game series like Witcher and Dark Souls were huge commercial successes.

We believe that indie segment of the market is currently open for this genre.

Another advantage we will have over the competition is the art style. Clear and simple low poly 3d over the hand-drawn backgrounds will make for great promotional material and will please our customers.

And the main reason that we believe that our games will be superior to the competition is writing. Writing is the main drive behind our games, first and foremost we want to tell the story and only then provide the gaming experience. While keeping the story firmly grounded in the setting, it's ultimately about the people's nature, their desires and how these desires may lead to failure. We believe that this is the theme that anyone can sympathize with.

6.6 Market analysis

The overall gaming industry market is huge, with 2.2 billion customers estimated for 2017.[12] PC gaming's share of the market has declined over the years, but the market itself grew sizably, with 7.8% growth compared to 2016 reported.

Out of that market, digital distribution takes nearly 90%.[12]

Overall the market can be divided by the platform. Currently there are three main platforms that can be further divided into sub-categories. Here we will describe those platforms.

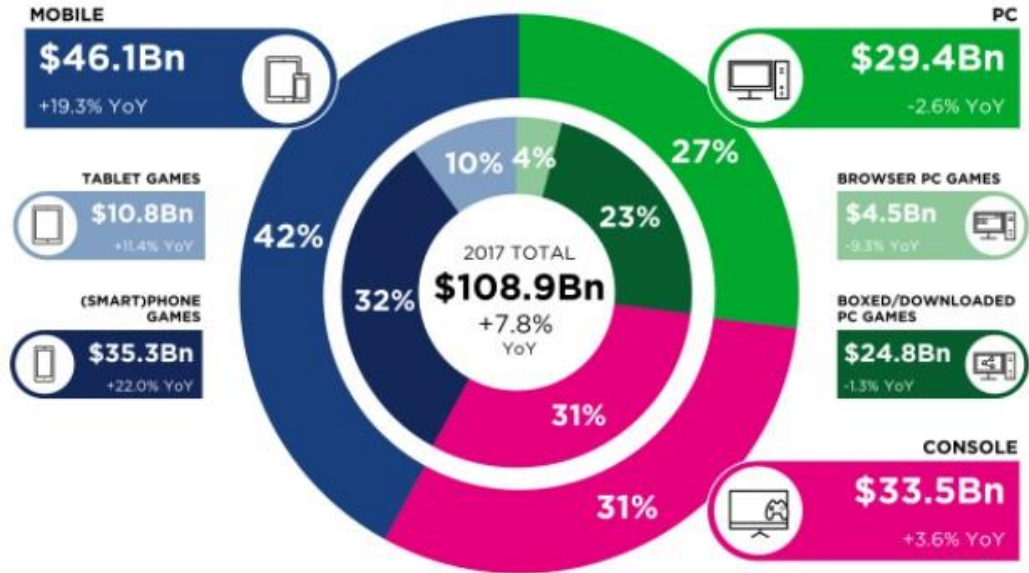


2017 GLOBAL GAMES MARKET

PER DEVICE & SEGMENT WITH YEAR-ON-YEAR GROWTH RATES

newzoo

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Picture 2: Market share per Platform. Source: Newzoo article by Emma McDonald, available at: <https://newzoo.com/insights/articles/the-global-games-market-will-reach-108-9-billion-in-2017-with-mobile-taking-42/>

Mobile

Mobile is the quickest growing segment of the market. It includes smartphones, tablets and other handheld devices and gadgets.

Biggest and the most popular marketplaces for this platform are usually specific to the particular brand of mobile device. Iphones and I pads, for example, use AppStore, Android devices- Google Play.

Consoles

Consoles take a sizeable share of the market. Similarly to the mobile platform, here each company, that produces consoles, had their own exclusive digital distribution platform.

Current, eighth generation of consoles includes consoles released by Nintendo, Microsoft and Sony Computer Entertainment. Those are Wii U, Xbox One and PlayStation 4 respectively.

PC

PC platform is different from the previous two, as its distribution is not dominated by the platform's manufacturer.

Instead there is a wide variety of distribution channels created by the third party companies, such as Steam by Valve Corporation and GOG.com. Some publishers have their own digital distribution instruments, such as Battle.net by Blizzard Entertainment and Origin by EA Games. Usually these last distribution channels are exclusive to that particular publisher, however the current trend is to expand into the indie markets.

EA Games, for example, in 2012 has offered three months of free distribution over Origin for the games, fully-funded via crowdfunding campaigns.[17]

Target market

We're aiming at both Steam and GOG.com markets as our primary distribution channels. They aren't mutually exclusive and will complement each other.

6.7 Competition analysis

We've identified two products in the Steam marketplace that pose the biggest threat to our project, as they occupy the similar niche. We've chosen them based on the genre, story and art similarities as those things are what defines the target audience.

DarkMaus

DarkMaus is an indie action RPG created by Daniel Wright. It's been released on Steam on 26th of January, 2016. Since then it has received a warm welcome from the community, ranking "Very Positive", with 251 reviews.[18] and score of 83 on Metacritic review website. [19]

- Advantages.

DarkMaus has already gained an audience with generally positive reviews.

- Disadvantages.

The fact that the game was released over a year ago means that the game is past its initial sales window.

The game description never mentions the story, only the gameplay. We believe that our product will be superior in that regard.

Book of Demons

Book of Demons by Thing Trunk is a hack-and-slash dungeon crawlers. It's been released in Steam Early Access on 28th of July, 2016. It has received an "Overwhelmingly Positive" grade with 524 total reviews.[20]

The game has been covered by popular journals, such as Game Informer and GameSpot.

- Advantages

Good grades and positive reviews show us that the game already has a faithful audience.

- Disadvantages

The game has been released via the Steam Early Access, which means that the game is not complete. Some games remain in Early Access for years or never leave it at all. We will be releasing a complete product.

The game is currently priced at 19.99€. We will be aiming for a lower price window.

6.8 Marketing strategy

Product

We will be present two products to the market.

Right place, right time

Right place, right time is a short story based quest that will serve as our introduction to the market.

Thirst

Thirst is our first commercial project. It's a dark fantasy action with extensive story elements.

Price

In the gaming industry the price is based on the industry average within a particular genre.

Factors that will influence the price are:

- Industry average within a particular genre
- Industry average within a segment
- Competition's prices
- Game's budget

Currently we are planning on distributing Right place, Right time using the Pay What You Want monetization scheme until we are approved by the Steam Greenlight program and GOG.com. After that we will set the price at \$3.99.

Thirst will be released on Steam and GOG.com at \$9.99.

These prices do not include distribution services' fees.

Place

As stated above, we are planning on using Steam and GOG.com distribution platforms.

We estimate the average of 10 000 sales for Right place, Right time and 50 000 for Thirst.

Promotion

Table 1: Marketing expenses

Marketing device	Costs in \$
Website	100,-
Blog	0,-
Social networks	0,-

Game journal articles	0,-
YouTubers	0,-

Source: personal input.

We estimate the initial marketing costs at \$100. This money will be spent on acquiring a domain name, designing a website and paying for the hosting. We will use one of the most popular hosting providers, such as GoDaddy or bluehost.

The blog will be maintained at Blogger.com for free.

We will maintain pages on social networks Facebook and vk.com and an account on twitter.

We will reach out to the gaming journals and YouTubers. We will offer them promotional versions of our games for free.

6.9 Realization plan

Here we will outline all milestones for our company within the first six month of its existence.

Table 2: Realization plan for the first year.

Activity	Month					
	1	2	3	4	5	6
Company's founding						
Right place, Right time release						
Marketing campaign						
Thirst development, initial phase						
Thirst development, alpha version						
Thirst development, closed beta						
Thirst development, Pre-order						
Thirst development, release						

Source: personal input.

6.10 Financial plan

6.9.1 Initial costs

There are costs, associated with founding a company. They will be contained in the following table:

Table 3: Initial costs

Item	Price in Kč
Creating the founding document at a notary	4000,-
Signature verification	2000,-
Trade certificate announcement	1050,-
Opening a company account	1000,-
Statement of the absence of a criminal record	100-150,-
Trade register statement	100-200,-
Total	8400,-

Source: personal input.

In order to register the company we will require a balance sheet. Its purpose is to inform about the initial contributions from owners and investors. Before the founding of the company we will make a purchase of the Steam Greenlight one-time fee. Additionally we will buy a domain for the website.

Table 4: Balance sheet

Assets	\$	Liabilities and Equity	\$
Long-term assets		Capital	6000,-
Tangible Assets		Equity capital	6000,-
Intangible Assets	200		
Long Term Investments			
Current assets	5800,-	Foreign capital	
Supply		Reserves	
Long-term debts			
Short-term debts			

Cash	5800,-		
Total Assets	6000,-	Total liabilities and equity	6000,-

Source: personal input.

6.9.2 Average monthly costs

As soon as we begin our commercial activity, we will begin spending money. Founders will draw salary at the minimum wage. In addition we will also spend money on software subscriptions.

Table 5: Founders' wages

Item	Price in Kč
Gross wage	10 000,-
Medical and social insurance	3400,-
Total	13 400,-

Source: personal input.

Table 6: Monthly costs

Item	Price in Kč
Wages	40 200,-
Software subscription	3000,-
Other costs	2000,-
Total	45 200,-

Source: personal input.

Converted to \$ at the current rate of 23.64[21] that makes for \$1912 per month. Evidently the company has enough capital for 3 months of uninterrupted work.

6.9.3 Additional costs

There will be other costs for our project.

First, we will be required to pay a 5% royalty fee after the first \$300 earned in gross revenue for the usage of the Unreal 4 engine.

Second, we are planning to outsource labor, in particular to 2d artists and voice actors. Our budget for outsource is \$20 000, which will be paid within the first year.

6.9.4 Sales estimation

Here we will estimate the future sales. The most important time for our company will be the first year, especially the first six months. We will be releasing Right place, Right time immediately upon founding the company. Thirst will be released as soon as the development is complete. We are also planning to begin the pre-order campaign in advance.

Here we will outline the three possible variations: realistic, optimistic and pessimistic.

For this estimation we will be using the data from a service called SteamSpy[22]. We will extrapolate data from games, similar to ours. We will not list this data here, since the error margin of this service is too great. We will simply use that data to get an idea of what sales numbers might be like.

Realistic

Realistic option assumes that we've managed to get through the Steam Greenlight program's submission process after the first month.

We're expecting the sales to peak during the first month after release and during promotional events on our distribution platforms. Such events take place in the summer, during Halloween, in autumn during Black Friday and during Christmas. We will be starting our commercial activity in July.

Right place, Right time will have a retail price of \$3.99 and Thirst will be at \$9.99. We will be rounding our estimations up.

Table 6: Sales plan: realistic version

Month	Year 1		Year 2	
	Right place, right time [\$]	Thirst [\$]	Right place, right time [\$]	Thirst [\$]
1	1 000	0	5 000	10 000
2	6 000	0	5 000	10 000
3	4 000	0	3 000	6 000
4	8 000	0	4 000	8 000
5	8 000	10 000	8 000	10 000
6	8 000	15 000	8 000	15 000
7	3 000	10 000	1 000	10 000
8	3 000	6 000	500	6 000
9	3 000	4 000	500	2 000
10	2 000	5 000	500	1 000
11	1 000	5 000	500	1 000
12	5 000	10 000	500	1 000
Total	52 000	65 000	36 500	80 000
	117 000		116 500	

Source: personal input.

Pessimistic

Pessimistic option addresses the possibility of reaching the approval for Steam Greenlight only after the first three months.

Table 7: Sales plan: pessimistic version

Month	Year 1		Year 2	
	Right place, right time [\$]	Thirst [\$]	Right place, right time [\$]	Thirst [\$]
1	200	0	5 000	8 000
2	600	0	5 000	8 000
3	800	0	3 000	4 000
4	8 000	0	4 000	6 000
5	8 000	0	5 000	8 000
6	8 000	0	5 000	8 000
7	3 000	10 000	1 000	4 000
8	3 000	15 000	500	3 000
9	3 000	10 000	500	1 000
10	2 000	5 000	500	1 000
11	1 000	5 000	500	1 000
12	5 000	10 000	500	1 000
Total	42 500	55 000	30 500	53 000
	97 500		83 500	

Source: personal input.

Optimistic

Optimistic option addresses the situation of a critically successful marketing campaign.

Getting good reviews within the distribution platforms as well as positive media coverage can noticeable boost sales.

Table 8: Sales plan: optimistic version

Month	Year 1		Year 2	
	Right place, right time [\$]	Thirst [\$]	Right place, right time [\$]	Thirst [\$]
1	2000	0	8 000	12 000
2	6000	0	8 000	12 000
3	8 000	0	4 000	6 000
4	10 000	0	4 000	8 000
5	10 000	15 000	6 000	10 000
6	12 000	20 000	6 000	12 000
7	8 000	15 000	1 000	8 000
8	6 000	15 000	1 000	4 000
9	4 000	8 000	1 000	3 000
10	2 000	5 000	1 000	2 000
11	1 000	5 000	1 000	1 000
12	5 000	10 000	1 000	1 000
Total	74 000	93 000	42 000	79 000
	167 000		121 000	

Source: personal input.

6.9.5 Statements of income

Statements of income are derived directly from the previous chapters. Here we again will outline three possibilities.

Realistic

Table 9: Income: realistic version

Item	Year 1, [\$]	Year 2, [\$]
Sales	117 000	116 500
Salary expenses	23 000	23 000
Royalties	5 700	5 825
Outsource	20 000	0
Earnings	68 300	87 175
Taxes	13 600	17 430
EAT	54 640	69 745

Source: personal input.

Pessimistic

Table 10: Income: pessimistic version

Item	Year 1, [\$]	Year 2, [\$]
Sales	97 500	83 500
Salary expenses	23 000	23 000
Royalties	4 725	4 175
Outsource	20 000	0
Earnings	74 500	56 325

Taxes	14 900	11 265
EAT	59 600	45 060

Source: personal input.

Optimistic

Table 11: Income: optimistic version

Item	Year 1, [\$]	Year 2, [\$]
Sales	167 000	121 000
Salary expenses	23 000	23 000
Royalties	8 200	6 050
Outsource	20 000	0
Earnings	115 800	91 950
Taxes	23 160	19 839
EAT	92 640	72 111

Source: personal input.

6.9.6 Break even point

Break even point analysis serves to find the amount of product, necessary to sell to achieve the point with no profit and no loss. Full costs equal full income.

Income can be written down as:

$I = P1 \cdot Q1 + P2 \cdot Q2$, where P1 and Q1 are the price and the total amount of copies sold of Right place, right time and P2 and Q2 of Thirst.

In order to avoid calculations with two variables, let's assume that Thirst sells three times as many copies as Right place, right time. We will also round up the prices to the nearest dollar.

Then $I = 4 \cdot Q + 10 \cdot 3 \cdot Q$; $I = 34 \cdot Q$

Total costs are comprised of three parts: salary costs, royalties and the outsource budget. Costs for the first year can be written down as:

$$TC = 20\,000 + 23\,000 + (I-3000)*0.05$$

Now we can use these two equations to calculate Q, which will be our breaking even point.

$$I = TC$$

$$I = 43\,000 + 0.05 I - 150$$

$$I = (42\,850)/0.95$$

$$Q = (42\,850)/0.95 * 34$$

$$Q = 1\,385, \text{ rounding up.}$$

That means that in order to break even, we will have to sell 1 385 copies of Right place, right time and 5 540 copies of Thirst. As evident from table 7, this is achievable even in the pessimistic case.

6.10 Risk analysis

SWOT analysis

Strengths

- We are an agile, small team that can easily adjust to any changes
- We have experience with the specific tasks each member will be performing
- We have a considerable amount of contacts with people who either work in the industry, or are somehow related to it and possess the skills and expertise we require

Weaknesses

- We have no experience in working in this particular industry as a team
- We are missing some skillsets, but this is somewhat mitigated by the amount of outsource labor we can use

Threats

- Competition might present a product similar to ours
- Distribution channels are blocked by admission processes without clearly defined rules

Opportunities

- Our chosen industry is vast and can accommodate everyone, market is not saturated
- We have access to amazing marketing tools at virtually no cost
- Industry is oriented on helping small businesses like ours. We might apply for grants, investors might be interested in acquiring passive equity

Risk analysis

We've defined a list of possible risks. Each of those is accompanied with a probability rating and possible solutions.

- Competition coming up with a similar product. We're estimating this risk as extremely unlikely. However, should it happen, it can become a marketing opportunity. If competition's product is successful, we might use the similarity of our product to theirs as a benefit, rather than a disadvantage
- Delays during the development process. This is one of the more likely to happen situations. We're missing the necessary experience and might stumble mid-process. We have a few strategies in case of this happening. Firstly, we will not begin the commercial activity until we've completed the development on one project, Right place, right time. That might gain us insight in our shortcomings before we risk our investments. Secondly, we might simply seek outside help.
- Mistakes in our pricing policy. This situation is highly unlikely, since we will have external help from our distribution platforms. Steam and GOG.com consult on the pricing and provide the best option for both parties.

Conclusion

The aim of this thesis was to offer a real business plan for a video game studio.

We've described two products that we will present to the market. Their

We've described the video game market and its segments.

We've researched the marketing tools and techniques used in the industry.

The final output of the thesis is a semi-complete business plan that is intended for the internal use among the company's founders.

The work on this thesis was extremely useful. It helped structure the ideas we've had and write them down in a coherent manner.

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