

# Siege Sloth Games

Siege Sloth Games was formed in 2014, with the groundwork for the business built through the Academy of Interactive Entertainment (AIE) Incubator Program. We are currently developing our first commercial product, Evergreen. Our position as a young independent development company is very typical in Australia right now, with many small teams being formed in the wake of the AAA industry leaving our shores. If the Australian Government wants to help companies in our situation to grow and establish themselves as employers and exporters, we believe that steps should be taken to:

- Reinststate a program similar to the Australian Interactive Games Fund
- Expand the Producer Offset to cover interactive media
- Introduce a national program that subsidises the cost of attending international events, mimicking state programs like the ACT's Trade Connect grant
- Offer grants to help in the initial cost of localising products for new international audiences
- Support the creation of coworking spaces with sufficient internet and technical resources for game development startups

For the government to show support in one or more of these categories would help the Australian games industry to effectively compete with an international cohort who are already receiving these kinds of benefits in their own countries. We can then begin to turn our local talent and unique perspective into an exportable product that can meet a growing worldwide demand.

## **How Australia can best set regulatory and taxation frameworks that will allow the local video game development industry to grow and fully meet its potential as a substantial employer**

Producing a successful video game requires a company to invest heavily in research and development for months to years before receiving any income. One of the largest issues that small to medium sized game studios come across is accessing enough capital to make it to release. There are a number of ways to find this money, from taking on contracts to finding investors, but each of these pathways are fraught with issues that can collapse a budding startup.

The Australian Interactive Games Fund (AIGF) was an effective step towards filling in this funding gap while spreading the risk of a single failed project across the success of the majority of the remaining projects. The reinstatement of the AIGF, or another self sustaining fund for interactive media which would be primarily focussed on the funding of many smaller budgeted titles would be a big step towards growing the many smaller indie companies that currently make up the Australian Games Industry.

The Australian film industry has seen some success under initiatives to allow tax breaks in return for choosing to produce content in Australia. Extending the Producer Offset to interactive media would encourage more international investment in Australia, which would in turn allow young creatives would have opportunities to find work with AAA companies and gain experience within the AAA industry. This is explained further in the IGEA's submission.

### **How Australia can attract video game companies to set up development operations in Australia and employ local staff**

The submission from the IGEA puts forth many well researched points in regard to growing the Australian Industry, most of which come back to reinstating funding and tax breaks.

In response to the 2008 GFC the Australian industry shrunk in size dramatically, which resulted in many talented individuals choosing to form smaller teams that could service the niche markets that the AAA industry can't afford to target. The industry in Australia has begun to embrace this indie mindset with specialised training regarding running indie companies now being offered by some educational institutes, including the AIE's Incubator program. While these courses are outputting well trained individuals with the business knowledge and documentation required to attract funding, finding sources of significant funding while producing content for the first time is one of the largest barriers that these small startups face.

Under these less than ideal financial conditions the only way we have been able to continue development is by having extremely low overhead costs as we develop our product. This has been made possible for us by the support of the AIE in Canberra who have heavily subsidised our rent for the first two years of development. Unfortunately, this sort of support is currently not feasible for a majority of developers in Australia. We believe that collaborative workspaces in the model of "The Arcade" in Melbourne are ideal for creating a low cost, creative and cooperative environment under which young companies can thrive. Governmental support of these kinds of spaces would reduce overhead costs for many teams around Australia and allow

them to invest more of their startup capital into the creation and marketing of their games to a worldwide audience.

### **How export opportunities from Australia's local video game industry can be maximised**

Our studio was able to take advantage of the ACT Government's Trade Connect grant program to help us exhibit at a major video game convention in the USA (PAX Prime). Attending this convention had a large hand in putting our game in front of the global gaming media and some major distribution channels, but the costs involved can be prohibitive for most teams, particularly those in states or territories where such grants are unavailable. By nature game development is a worldwide market, and having your title known and selling well in the US and Europe is critical to the continued success of a studio, as the consumer base in Australia is too small to support the industry on it's own.

Usually the only barrier preventing games from targeting European and Asian markets is the costs of translating games from english to other languages. Doing so has been shown to increase sales for companies that can afford the upfront costs of localisation, but all too often this does not happen for the launch of the game due to the tight budgets that products are created under. Instead the translation is generally funded by the initial sales of the game, by which time the initial high profit period is over.

To help Australian developers to be competitive internationally the government should be extending grant opportunities like Trade Connect in the ACT to the rest of the country. Providing funding to localise content to as many different regions as possible for the game's launch would also be beneficial to small indie games finding their audience during the most profitable time period in the game's release schedule.

### **Summary**

While we are a new company we believe that our experience is generally typical for the small games startups that have the potential to export quality digital products to consumers around the world and grow Australia's digital economy.

In order to compete for the massive worldwide audience the Australian industry needs to have the same support as developers in Canada, the US, Malaysia, or a host of other countries and regions. Otherwise we risk missing the boat completely on what is globally the fastest growing entertainment industry which is forecast to be worth US\$96 billion by 2018 and is already eclipsing other Australian media exports.