



Spanish Association for the Game and Entertainment
Software Development and Publishing Industry

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WHITE PAPER ON VIDEO GAME DEVELOPMENT IN SPAIN 2015



EXECUTIVE SUMMARY

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INTRODUCTION

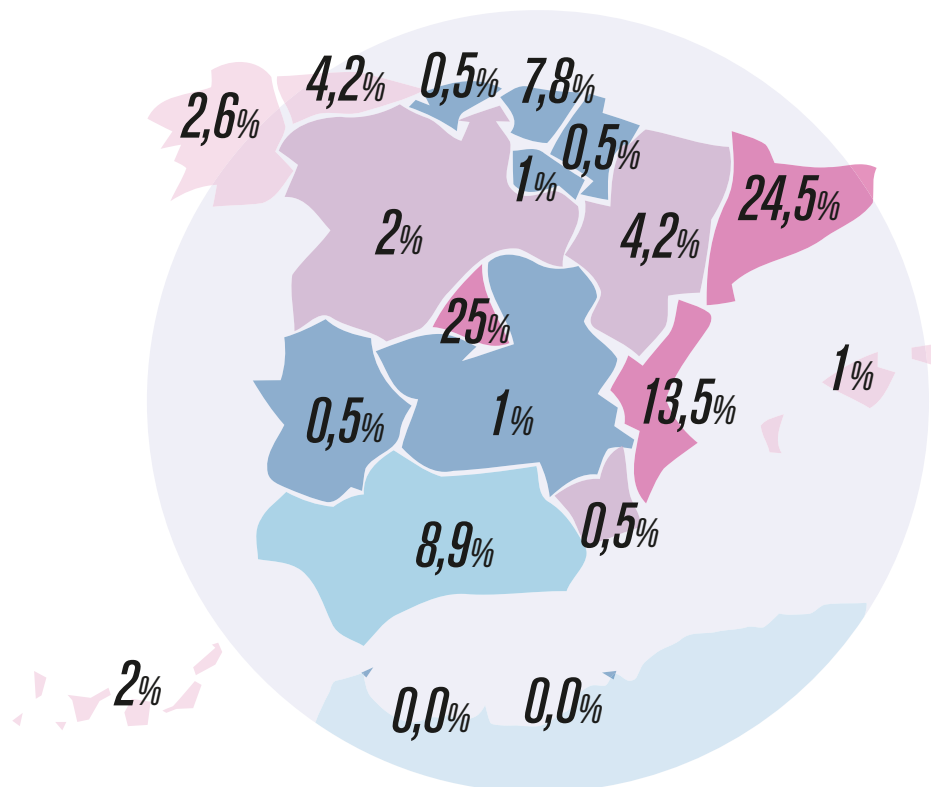
The White Paper on Video Game Development in Spain is the first report of its kind in Spain that aims to show and explain in depth the position of the gaming industry in our country. It is a comprehensive document that illustrates the full potential of this sector nationally and internationally.

Written following the rigorous methodology required given the desire and commitment to provide a true picture of the sector, this document aims to offer all the information necessary to respect and follow best practices and collaborate in the consolidation of the steady growth of Spanish video game development.

This second edition of the report is based on the information provided by Spanish companies, gathered through a comprehensive survey conducted during the month of May 2015.

OVER 400 VIDEO GAME COMPANIES WERE REGISTERED IN SPAIN

Geographic distribution of video game companies



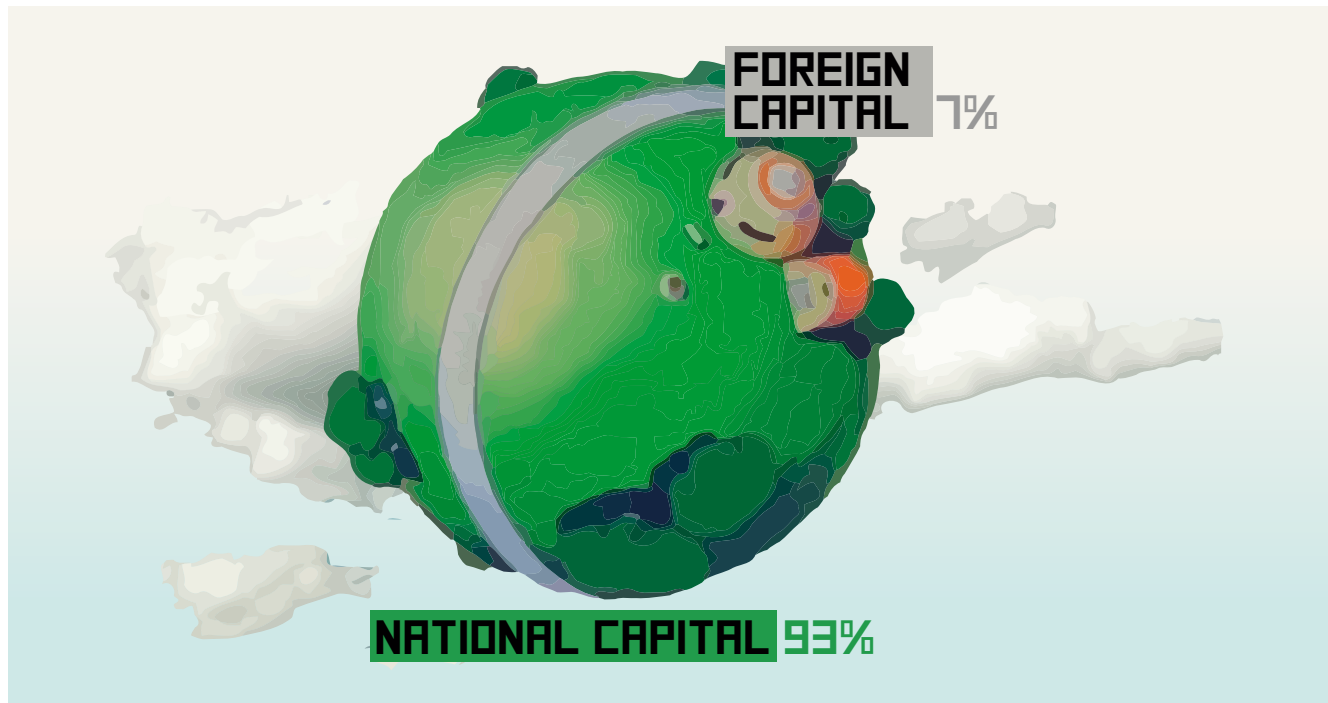
This implies a net increase of 70 companies in 2014, 21% more than in 2013.

In addition, the activity of more than 180 business initiatives and ventures awaiting consolidation as companies has been identified.

This figure gives an idea of the growth potential of the sector.

SPANISH GAMING COMPANIES ARE MAINLY FINANCED BY NATIONAL CAPITAL (93%)

Distribution of capital by origin

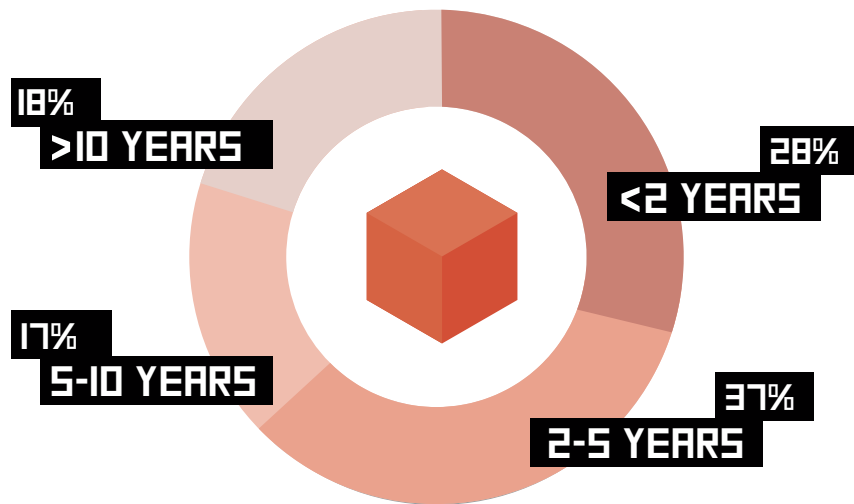


However, the weight of foreign capital investment doubled in 2014 compared to 2013.

It remains a challenge to demonstrate the global potential of our industry, which will attract the interest of international investors.

MOST COMPANIES IN THIS SECTOR HAVE BEEN RECENTLY CREATED

Distribution of companies by age (% companies)

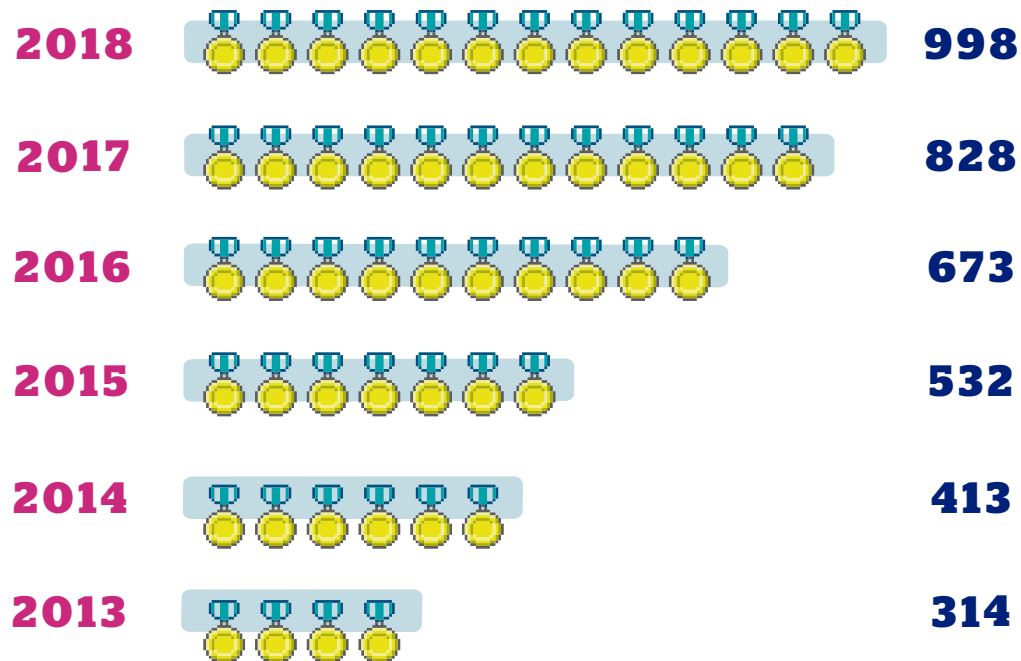


Most companies (65%) were launched less than 5 years ago, and 28% less than two years ago.

The expansion and new golden age that the gaming industry is experiencing thanks to the boom in games for mobiles and the digital distribution model has helped new companies emerge to take advantage of these platforms.

IN 2014, THE SPANISH VIDEO GAME DEVELOPMENT INDUSTRY HAD A TURNOVER OF 412.4 MILLION EUROS, 31% HIGHER THAN IN 2013

Growth estimate of the sector's turnover (M€)

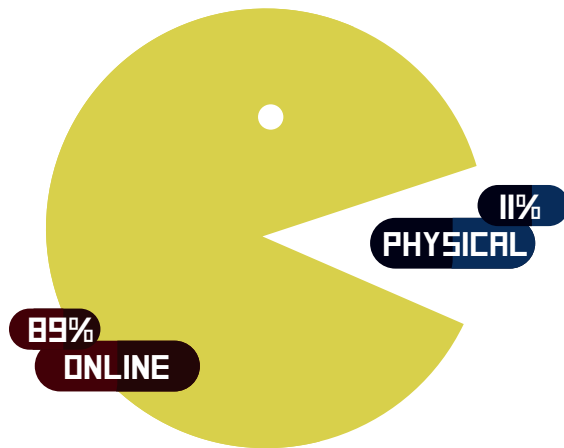


According to forecasts from the companies surveyed, revenue is estimated to grow at a compound annual growth rate (CAGR 2014-2018) of 24.7 % until 2018.

This implies turnover reaching one billion euros in 2018, tripling the figure for 2013.

90% OF TURNOVER FROM THE SALE OF GAMES IS GENERATED THROUGH DIGITAL CHANNELS

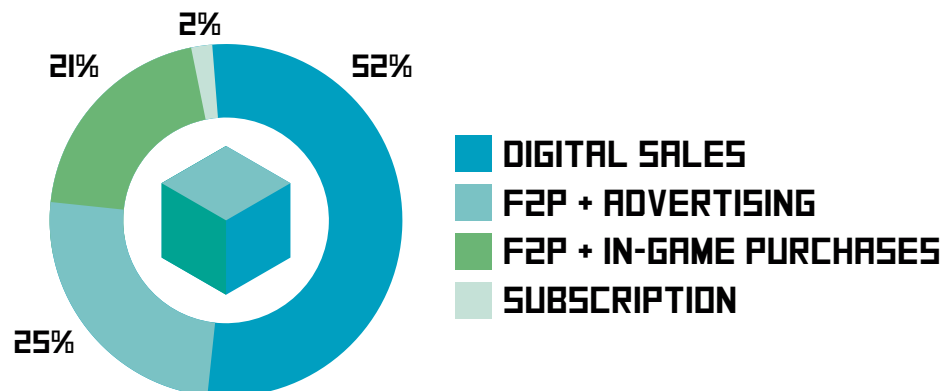
Distribution of turnover by distribution model
(% of total turnover)



Thanks to digital distribution the potential market is much greater than it was with traditional distribution in physical form.

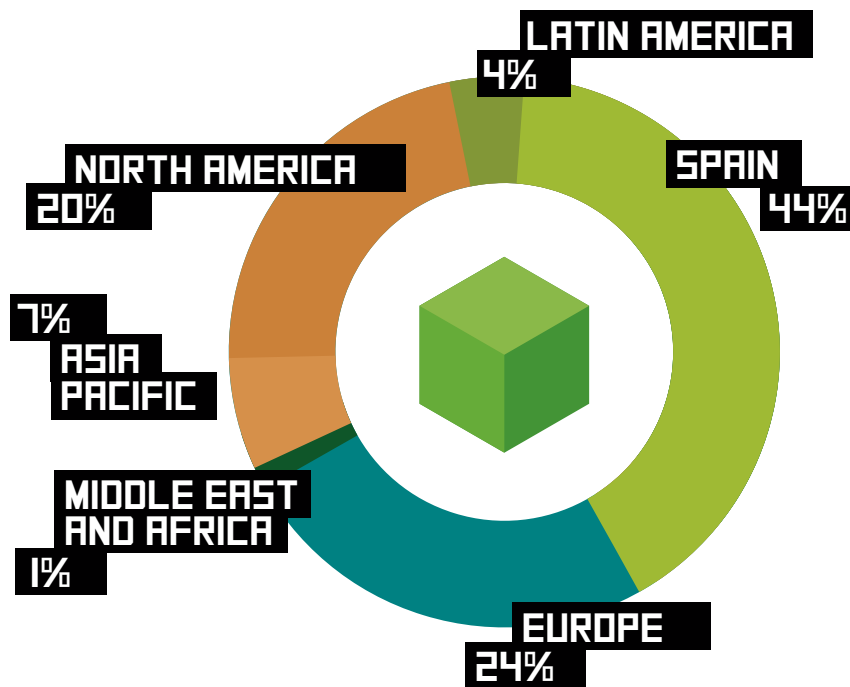
About half of all digital sales are channeled through the direct downloading of video games (52%), followed by the free to play model financed by advertising (25%), and the free to play model with integrated in-game purchases (21%).

Distribution of online billing by business model



THE SPANISH VIDEO GAME DEVELOPMENT INDUSTRY IS LARGELY AN EXPORTER

Distribution of turnover by region
(% of total turnover)



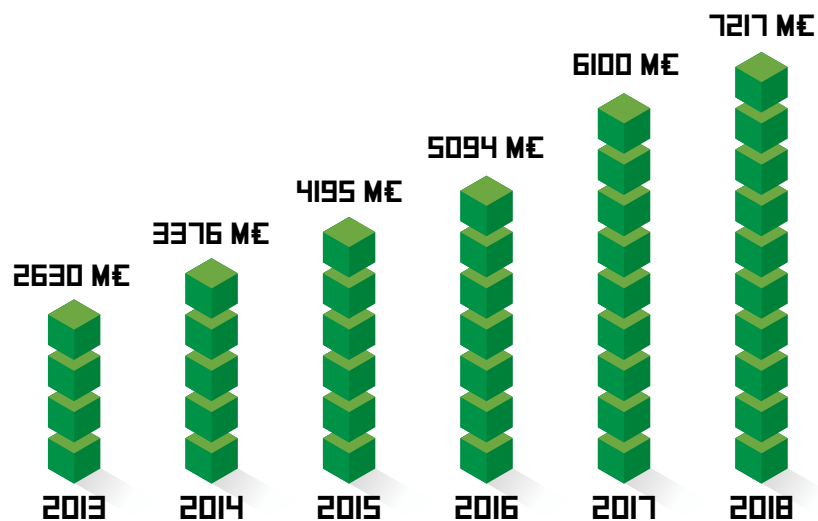
56% of its turnover comes from international markets.

Europe with 24% and North America with 20% represent the largest overseas markets.

The Asian market with 7% and Latin America with a weight of 4% are expanding markets so present a niche of big growth opportunities.

EMPLOYMENT IN THE VIDEO GAME INDUSTRY GREW BY 28%

Forecast change in employment in the industry
(number of employees)



The Spanish video game development industry directly employs 3,376 people.

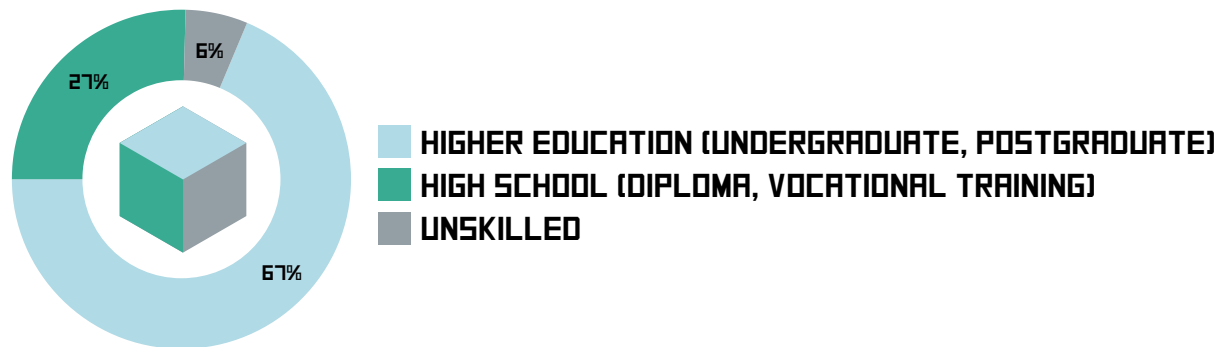
Moreover, taking into account the indirect employment generated by the activity of gaming companies, the number of professionals involved in the sector stands at 6,632 people.

Taking into account the data from the sector survey, positive employment growth is forecast at a CAGR (2014-2018 CAGR) of 20.9%.

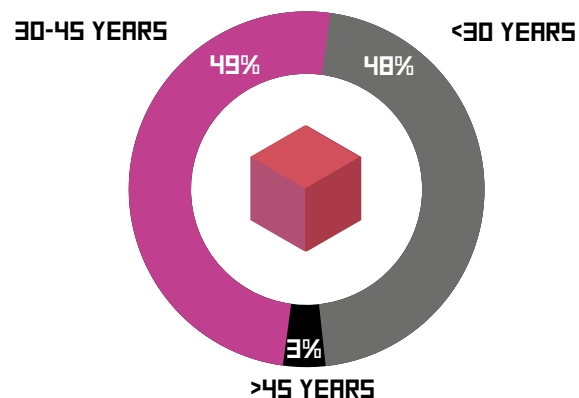
18% of employees are women, which shows that despite women being highly technically qualified and showing a growing interest in technical careers, there is still a long way to go.

THE SPANISH VIDEO GAME DEVELOPMENT INDUSTRY GENERATES JOBS FOR THE YOUNG AND WELL QUALIFIED

Distribution of direct employees of the sector by qualification
(% of total direct employees)



Distribution of direct employees in the sector by age
(% of total direct employees)



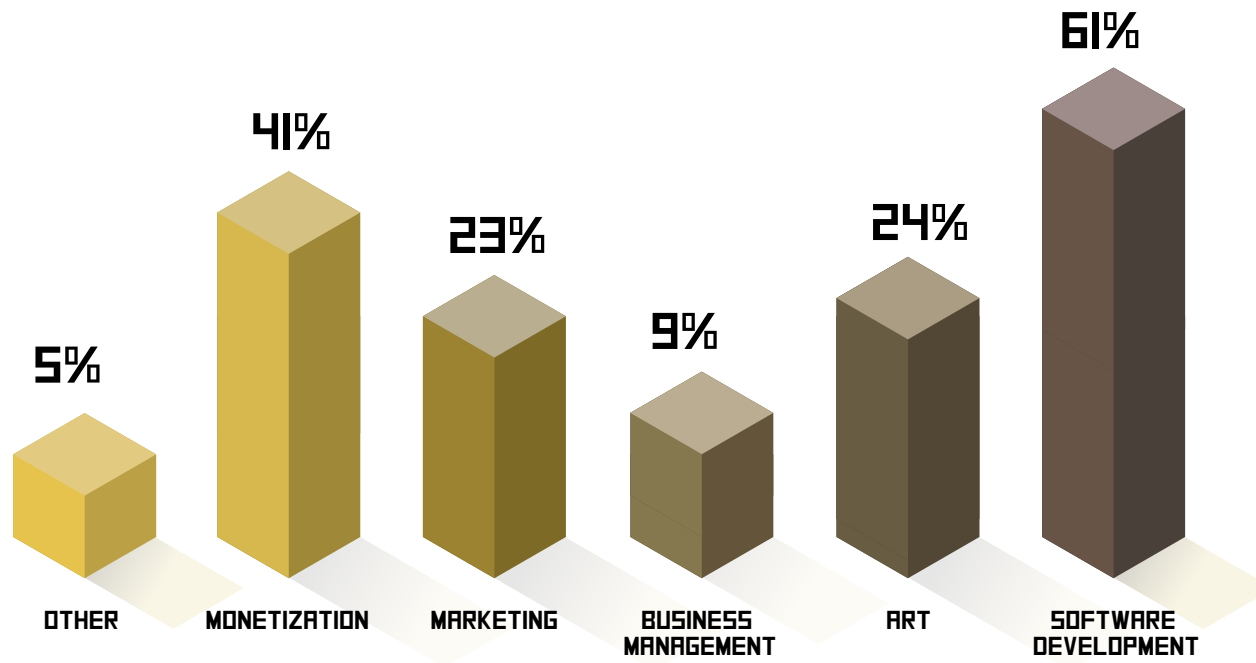
Half of the direct employees in the sector are under 30 years old and almost all are under 45.

60% of the contracts are permanent.

In addition, the vast majority of these professionals have higher education (67%) or secondary education (27%) levels.

56% OF COMPANIES SAY THEY HAVE DIFFICULTY FINDING SUITABLE STAFF IN THE SPANISH LABOR MARKET

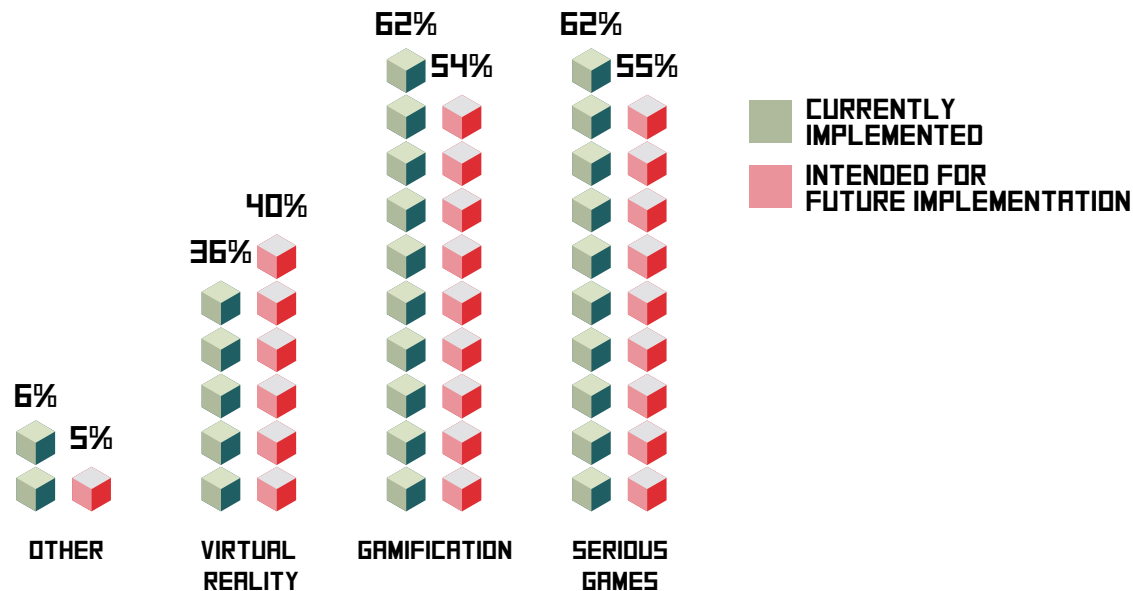
Specific training demands from companies with difficulties in finding suitable staff
(% of firms with difficulties in finding suitable staff)



The main demands and difficulties arise in finding software development professionals (61%) and monetization experts (41%).

VIRTUAL REALITY, GAMIFICATION AND SERIOUS GAMES ARE THE MOST SIGNIFICANT TRENDS IN VIDEO GAMES

Implementation of trends



More than half of the video game companies have developed or implemented systems for gamification or serious games.

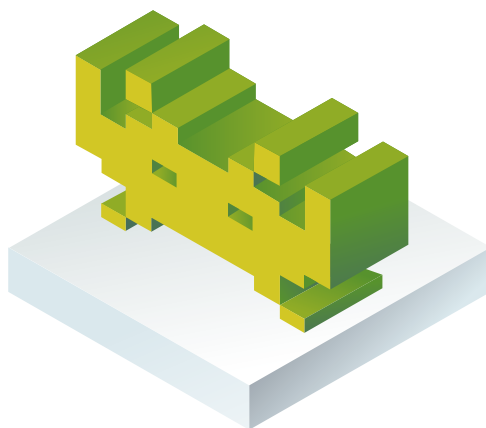
However, virtual reality is the trend that arouses the most interest among Spanish companies and that will experience the greatest growth in the future.

Spanish Association for the Game and Entertainment Software Development and Publishing Industry (DEV) - Members



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