



Make Games South Africa
Industry Survey - 2015

Letter from the Chairperson

This is the second industry survey that Make Games South Africa has conducted, and the results are promising. Not only have we managed to extend our reach by getting more organisations to fill in the survey (many of them not Make Games South Africa members) but we've also expanded the survey to get more detail on the state of the industry.

It is highly likely that this survey only reflects a portion of the actual industry in South Africa, but I think we've managed to reach and get responses from most of the major players, so hopefully we can conclude that the results at least reflect the general status of the industry. Hopefully we will be able to build on the success of this year in the future and get more organisations involved to get even better data.

The survey has been conducted entirely by volunteers of the Make Games South Africa community. It would be desirable formalise this research in the future by partnering with a professional research organisation.

I would like to extend a special thanks to Megan Hughes for all her help in assembling the questionnaire and the conducting of the survey.

One of the biggest issues highlighted by the survey is the lack of diversity in the industry. Make Games is in a unique position to change this, and hopefully as an organisation we will be able to take more aggressive steps to increase the number of women and people of colour in the industry.

Nicholas Hall

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Chairperson

Make Games South Africa



Summary of findings

Most of the respondents were Make Games members. This survey builds on the results of the previous industry survey. The survey is based off organisation's 2014 financial year.

Key Findings:

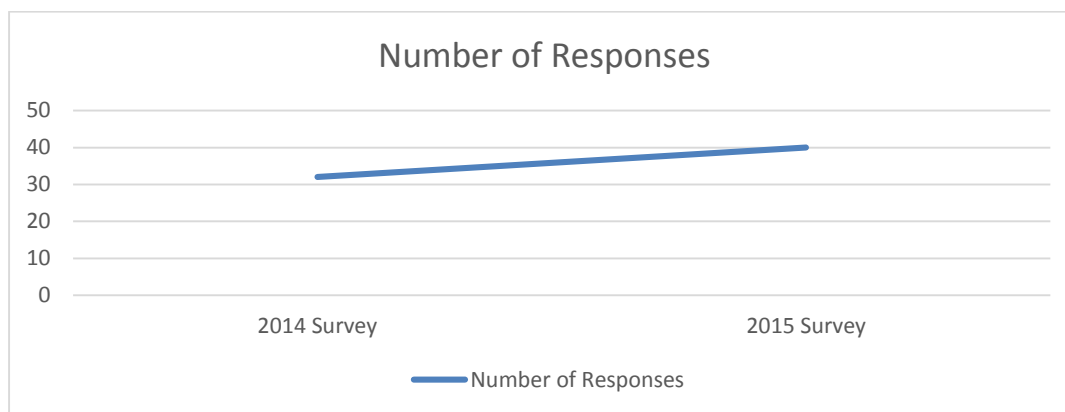
- There are 40 active game development companies in South Africa that responded to the survey
- Overall these organisations have directly created 253 jobs, a 5% increase from last year.
- The value of these organisations is about R53 million, an 82% growth from last year.
- Only 12% of the industry is female.
- Only 10% of the industry is not white.
- Together the organisations released a total of 67 games in the 2014.



Chapter One: Studios

Responses

The 2015 Industry Survey received 40 responses in total, up from the 32 we received in the initial survey in 2014.



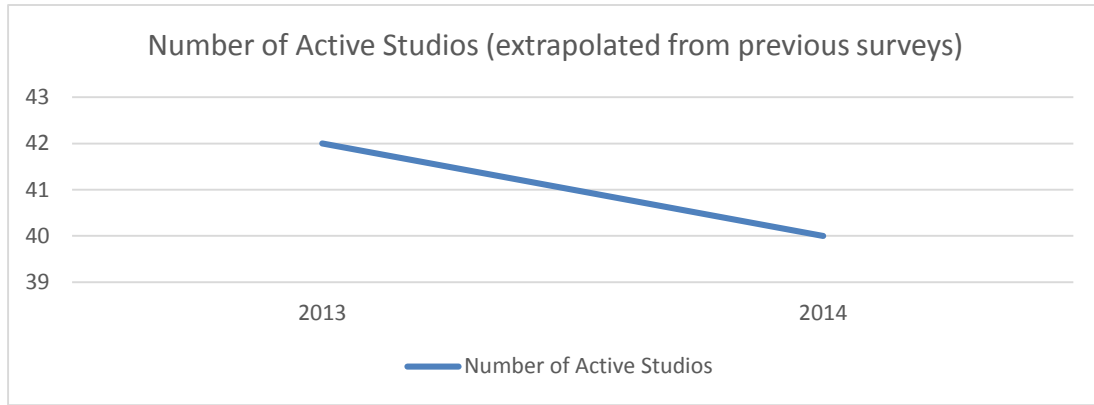
25 of respondents from last year's survey, responded again.

Of the seven that failed to respond:

- One studio has moved off-shore to Canada and therefore no longer qualifies as a South African Studio.
- One studio has confirmed that they have ceased operations.
- We failed to get responses from the remaining five studios, so their status is unknown.

Of the 15 new respondents only 5 were new entrants to the industry (they have been active for a year or less). The increase in respondents primarily shows that Make Games is extending its reach and is becoming more visible to existing development studios. If we take the worst case scenario and assume the five failed responses have also ceased activities, and factoring in that 10 of the studios were active in 2013 (and thus could have responded to previous survey), then the industry is in **decline** (in terms of active studios), with an overall decrease of 5%. Despite this, revenues are up as is employment.

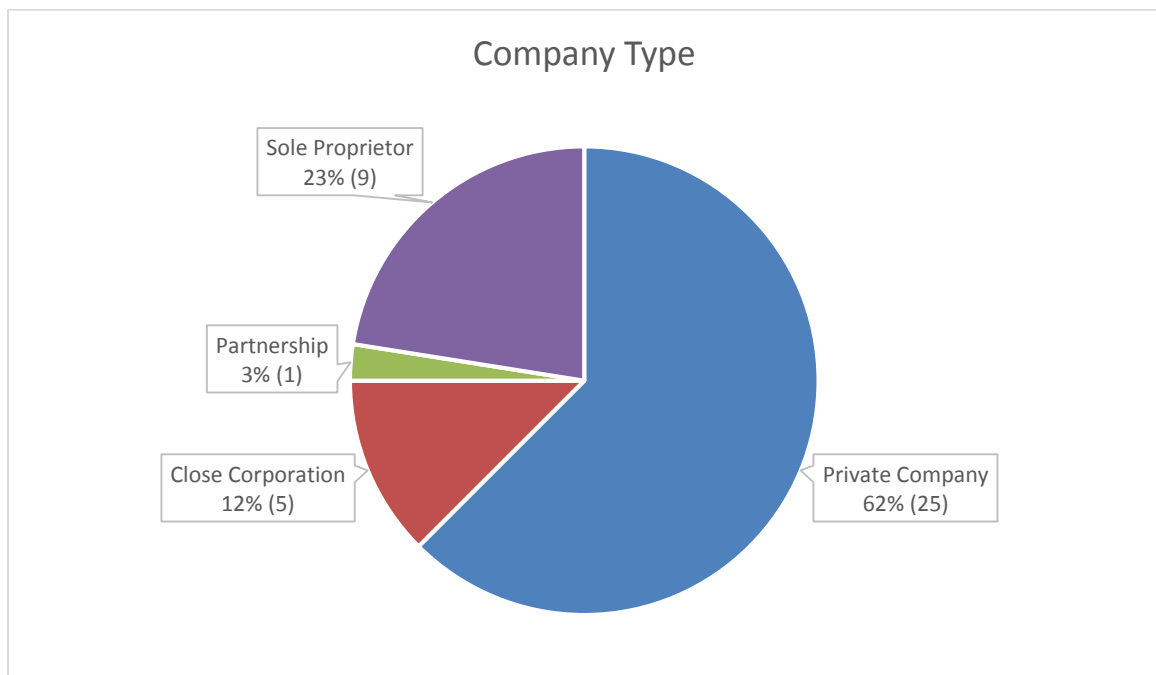




Of the seven studios who failed to respond, four of them indicated as having no revenue in the previous survey, with an estimated total loss of R2 million to the industry.

Company Types

Unsurprisingly the vast majority of studios are registered as Private Companies.



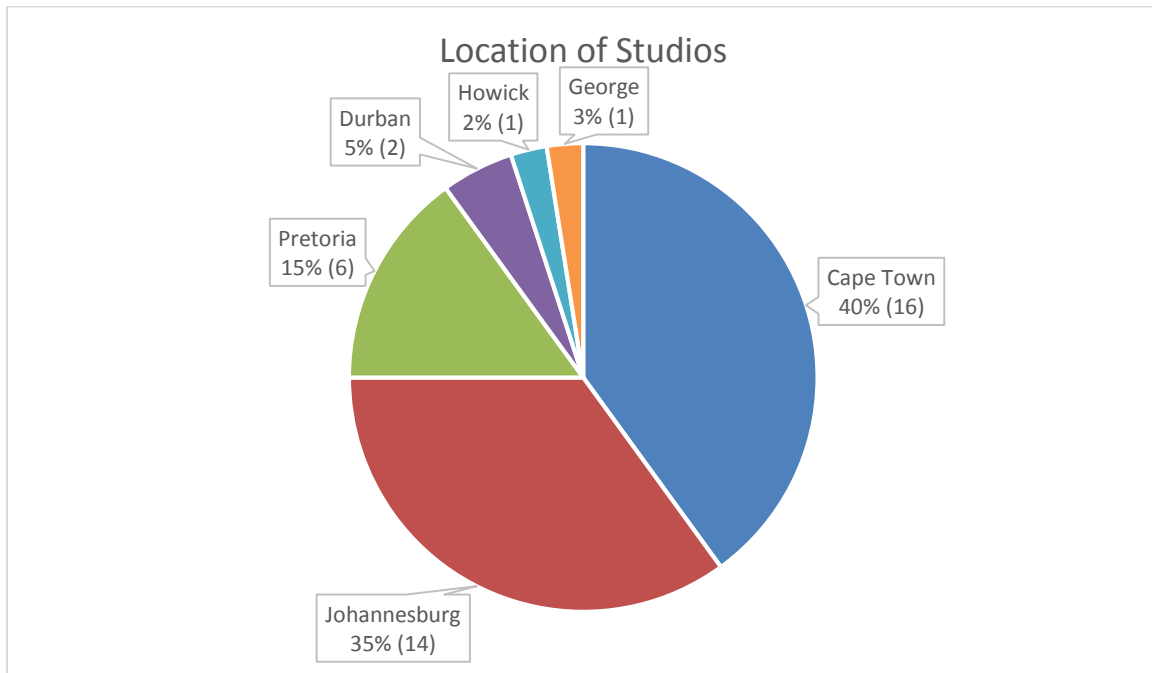
No respondents have changed their type of legal entity, which is unlikely. It is possible that going forward the companies registered as Close Corporations may change to Private Companies in the future to take advantage of the benefits under the New Companies Act.



Hopefully we will see some of the Sole Proprietorships convert to more formalized legal structures in the future (as this can be seen as an indicator of growth and expansion).

Studio Locations

As with last year's survey Cape Town appears to have the largest concentration of game development studios (16 Studios). Johannesburg is second (14 Studios), followed by Pretoria (6).



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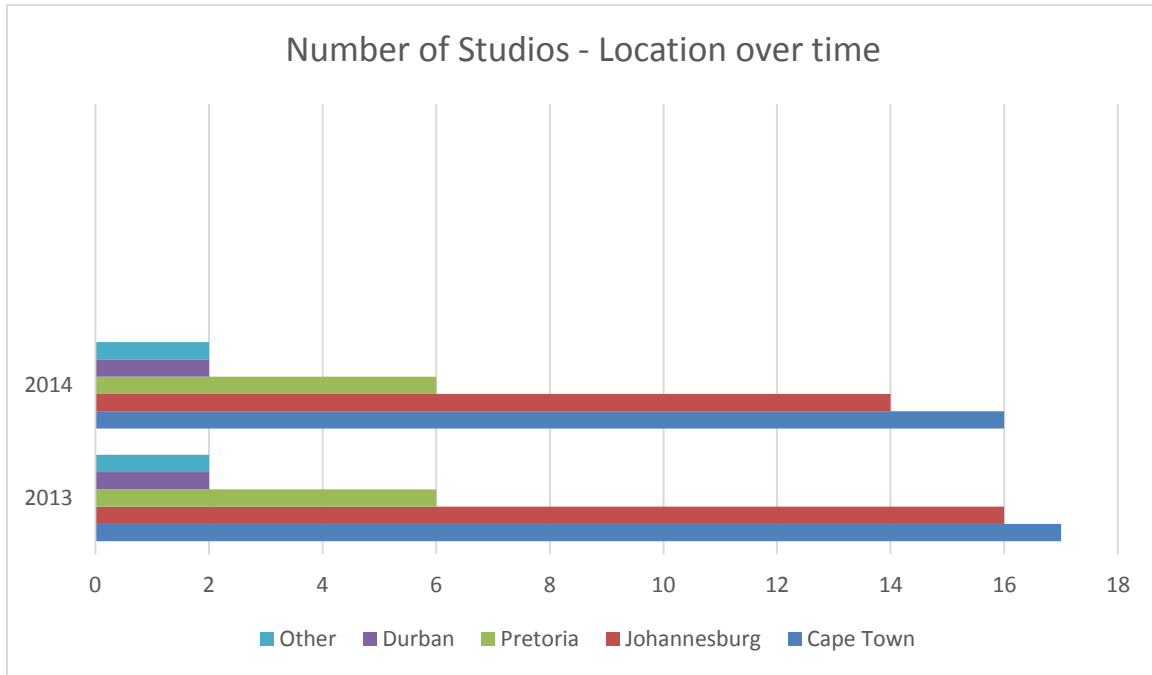
- Cape Town includes a response from Somerset West (1).
- Pretoria includes responses from Centurion (2)

Cape Town had a slight decline in number of studios, with three studios closing or relocating, and two new studios opening.

Johannesburg had a slight decline in number of studios, with three studios closing or relocating and two studios opening.

Pretoria has kept stable, with one studio closing, and one studio opening.

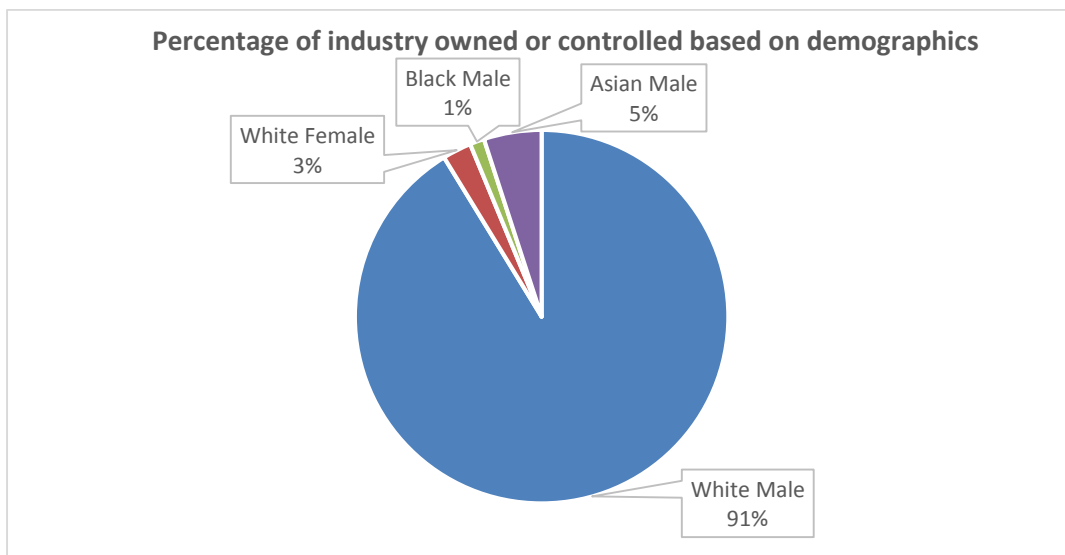




Demographics of Ownership

Unsurprisingly the vast majority of the studios are controlled by white males.

- Only one studio indicated that it had 50% Black ownership (who is male)
- Two studios indicated they had 50% ownership by white females
- Two studios indicated that they are 100% owned by Indian or Asian males.



This is problematic from a racial perspective as effectively 94% of the industry is controlled by whites. From a gender perspective it is equally problematic as only 3% of the industry is controlled by females. These numbers are no improvement over previous year and have remained static (with



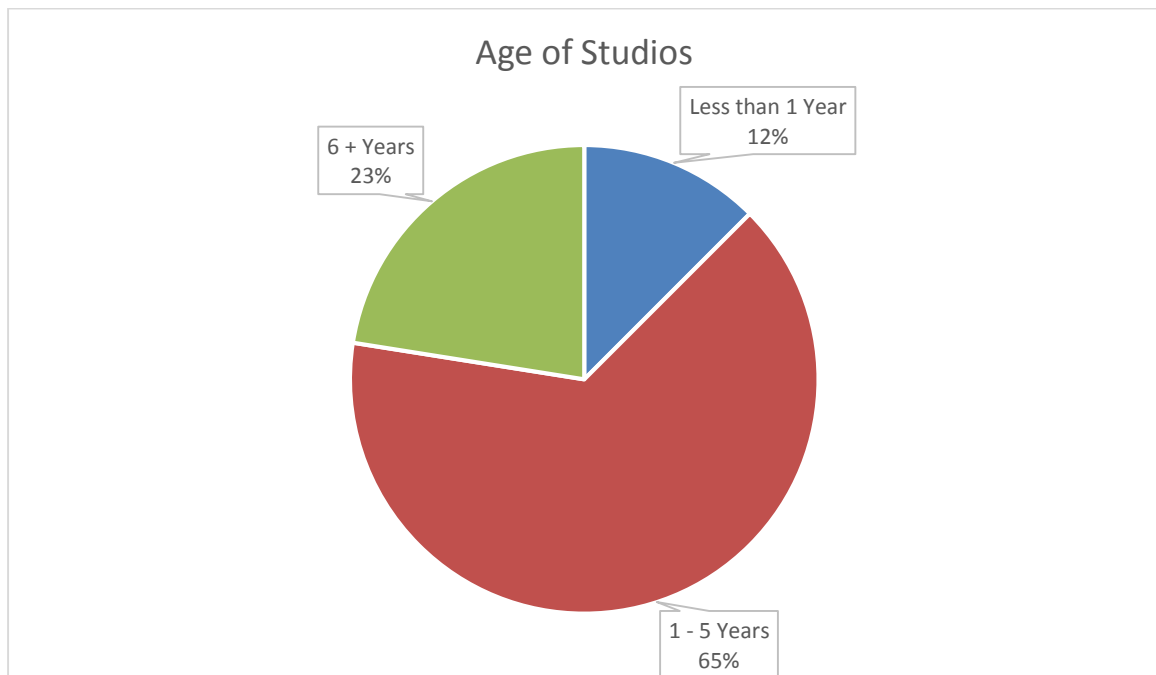
all new studios being owned by 100% white males, and all studios exiting the industry also being owned 100% by white males).

Steps need to be taken to try and change this, so that our industry is more inclusive and reflects the makeup of South Africa.

Age

The Industry is (unsurprisingly) still relatively immature, with the majority of studios being active for less than 5 years in the industry. Whether these studios will be able to keep operating will be a key indicator of the health and maturity of the industry and is an important statistic to keep track of.

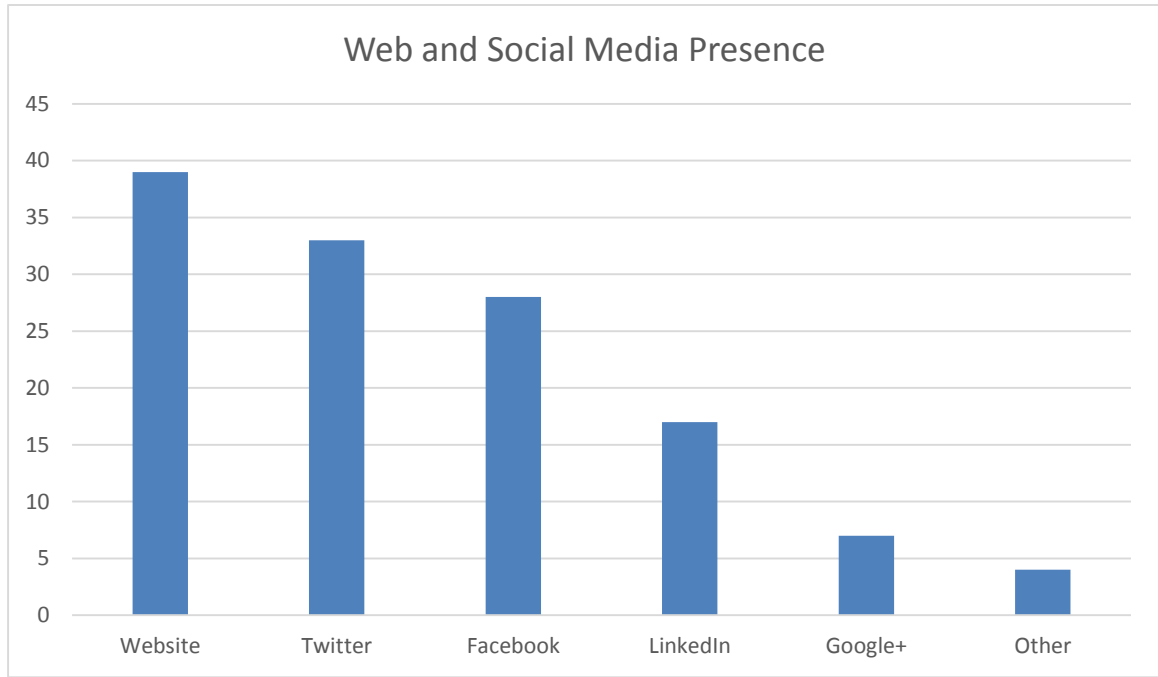
It is also important to try and determine how old studios are when they fail. We do not have much data, but from last year, of the 6 studios to “close” all of them where under five years of age, two of them did not make it past a year.



Web and Social Media Presence

This year we asked studios about their web and social media presence to try and determine how visible they are on the various platforms. We will likely follow up on this next year to see what they use these platforms for. All but one studio had a website (and the one person without was a contractor), from a social media perspective, Twitter is by far the most popular platform for studios.





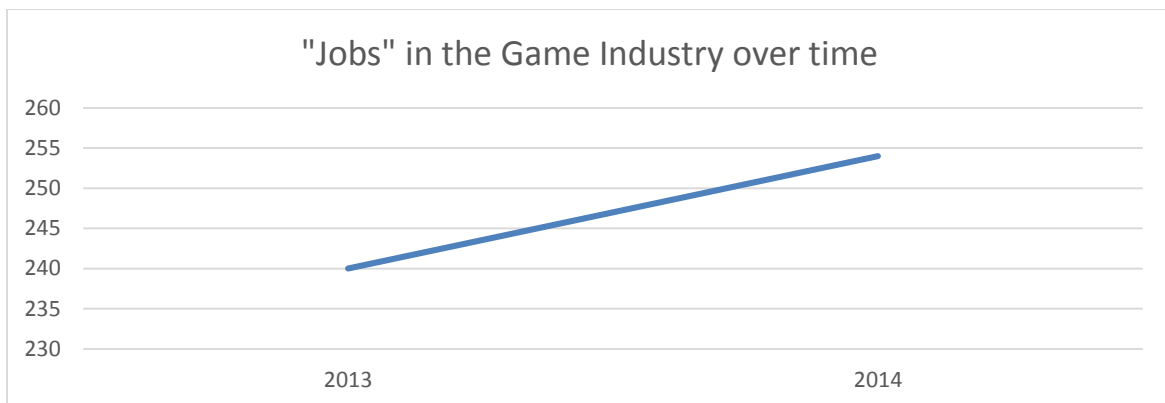
For the purpose of this report “Other” includes Youtube Channels (2), Itch.io (1) and Tumblr (1)



Chapter 2: Employment

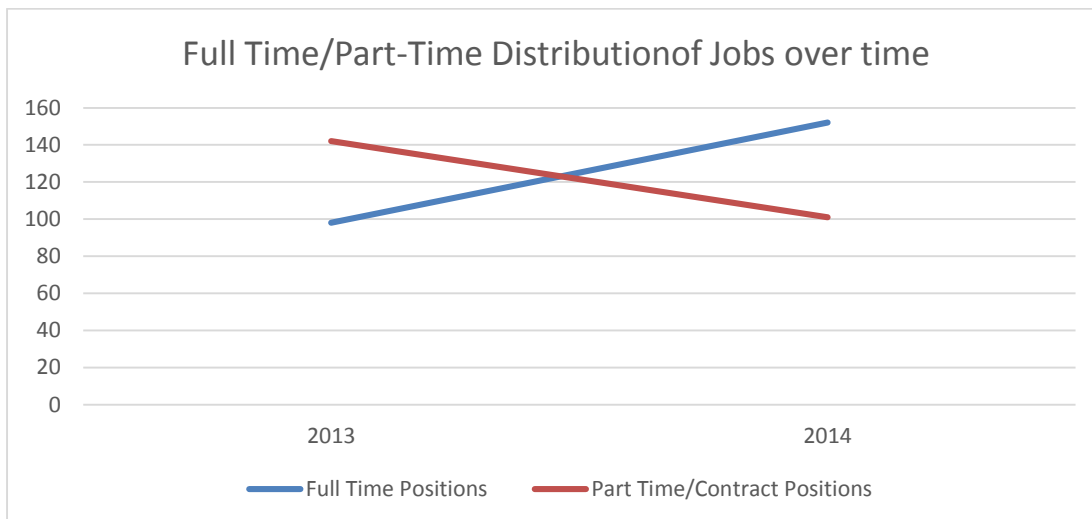
Demographic Breakdown (Overall and per Sector)

Overall the industry had 253 “jobs”¹ in 2014. This is up from 240 “jobs” in 2013, a 5% increase.



Of the 253;

- There were 152 Full Time posts (up from 98 in 2013), a 55% increase.
- There were 101 Part Time posts (down from 142 in 2013), a 29% decrease.

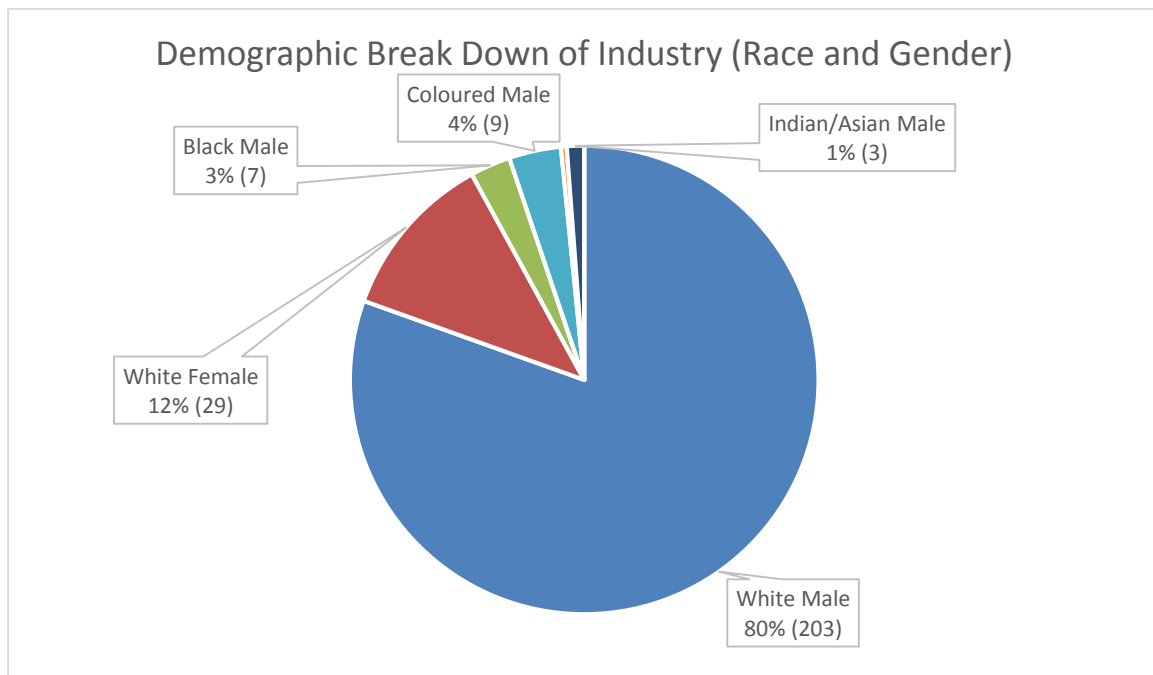


Over all the increase positions in the industry is a good sign of growth (even if the number of studios has declined). Another positive sign is that there appears to be a trend towards permanent employment, which indicated that studios are in a better position to employ people on a full time basis (which possibly indicated that there is more sustainable cash flow). Also the numbers indicated that it is highly likely that the people affected by the closure of the studios in 2014 found employment at other game development studios.

¹ Jobs includes people employed full time and on a contract basis.



Unsurprisingly the majority of people employed by the games industry are white males who account for 81% of the industry.



Not reflected on the graph is a single coloured female. Alarmingly it appears there are no black females employed by the industry in any capacity. Similarly there are no Indian/Asian Females employed by the industry.

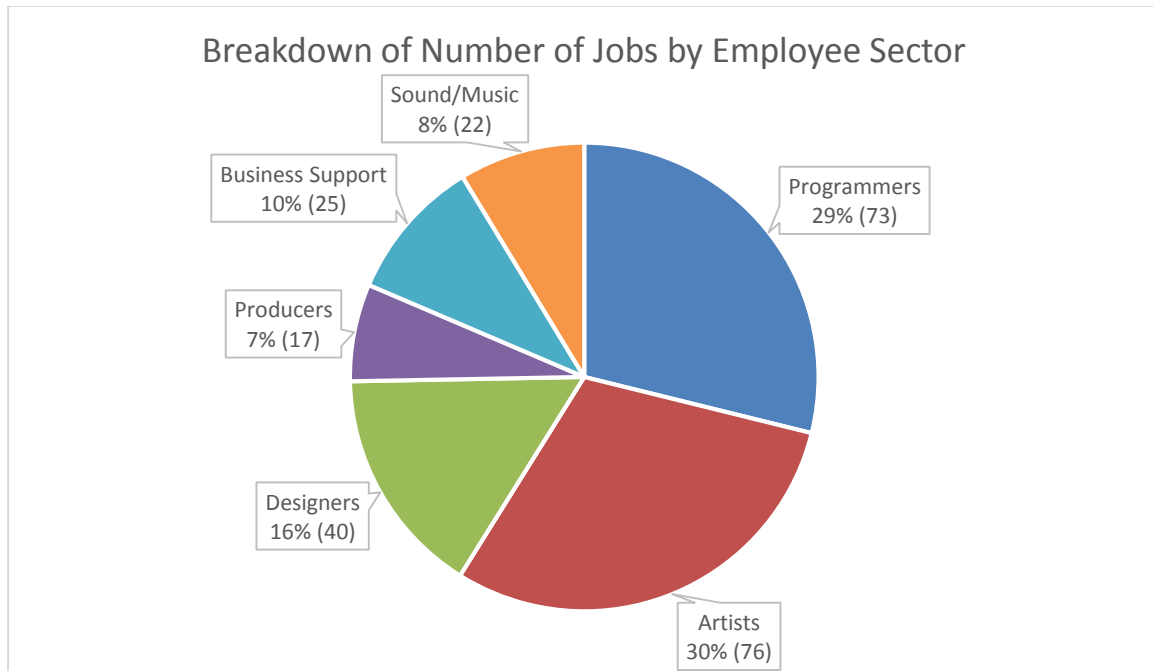
From a gender perspective the industry is still heavily skewed with men making up roughly 88.5% of the industry.

These statistics show a dire need to transformation in the industry.

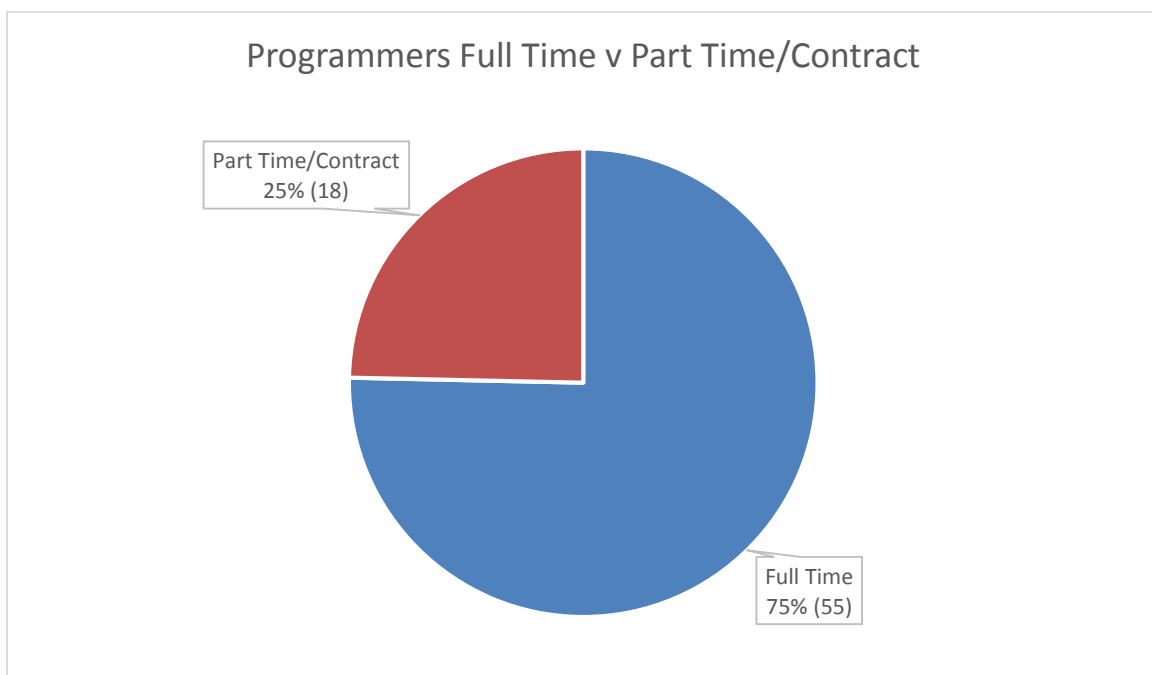
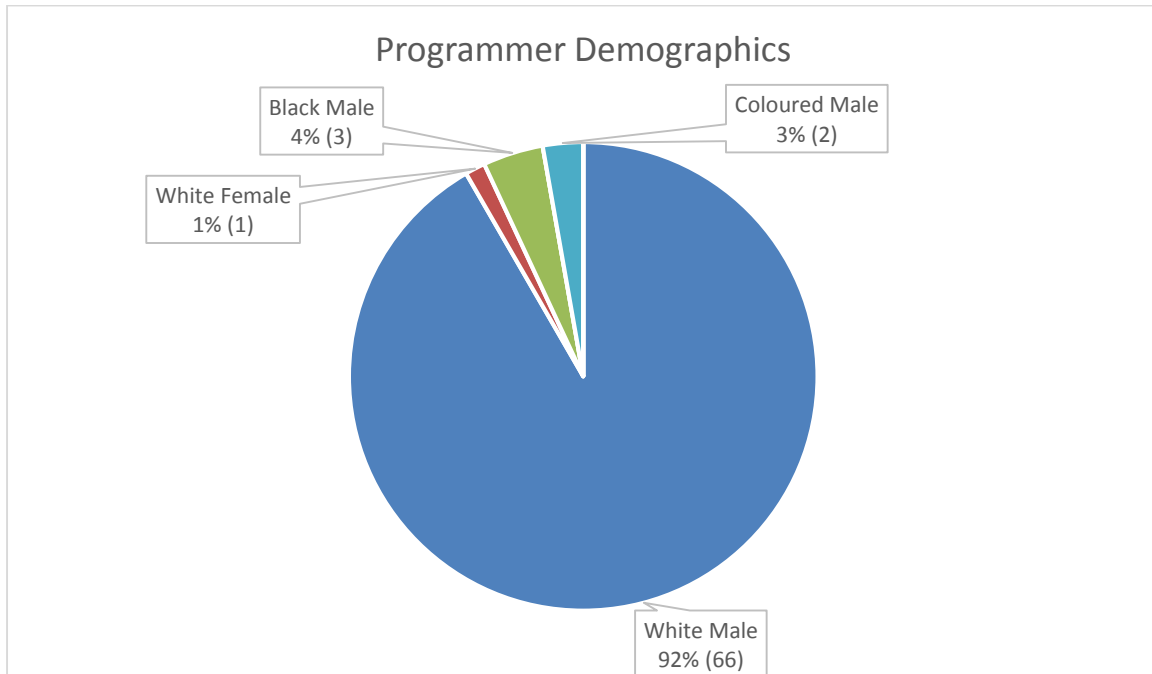


Industry Sectors

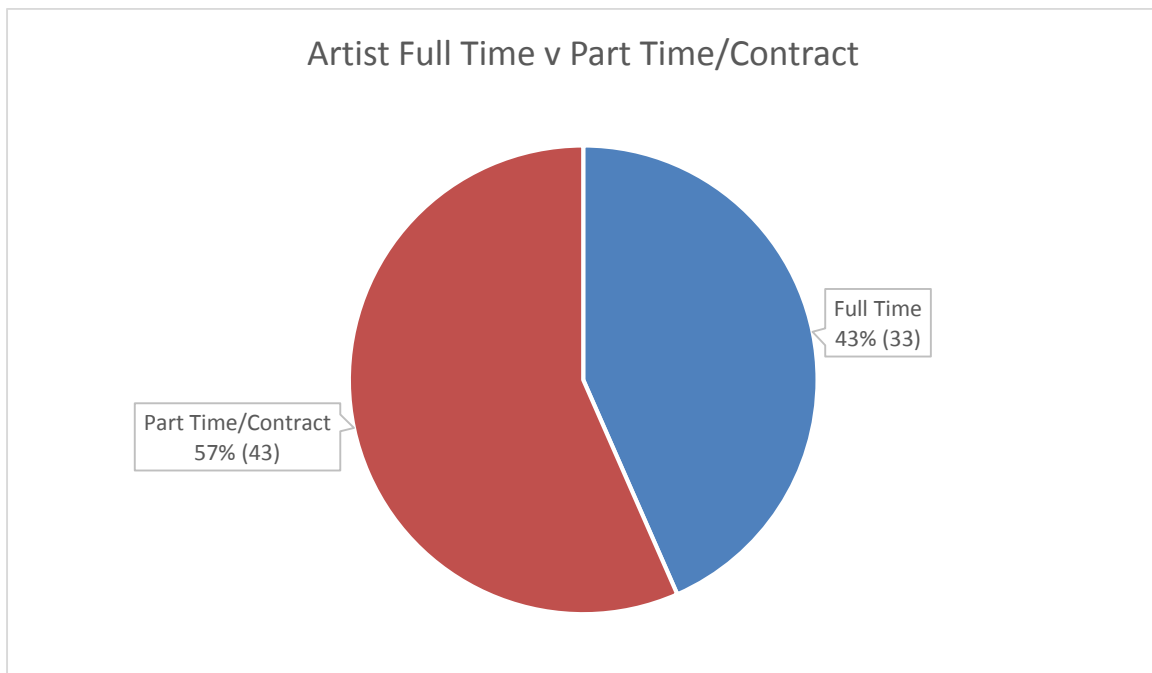
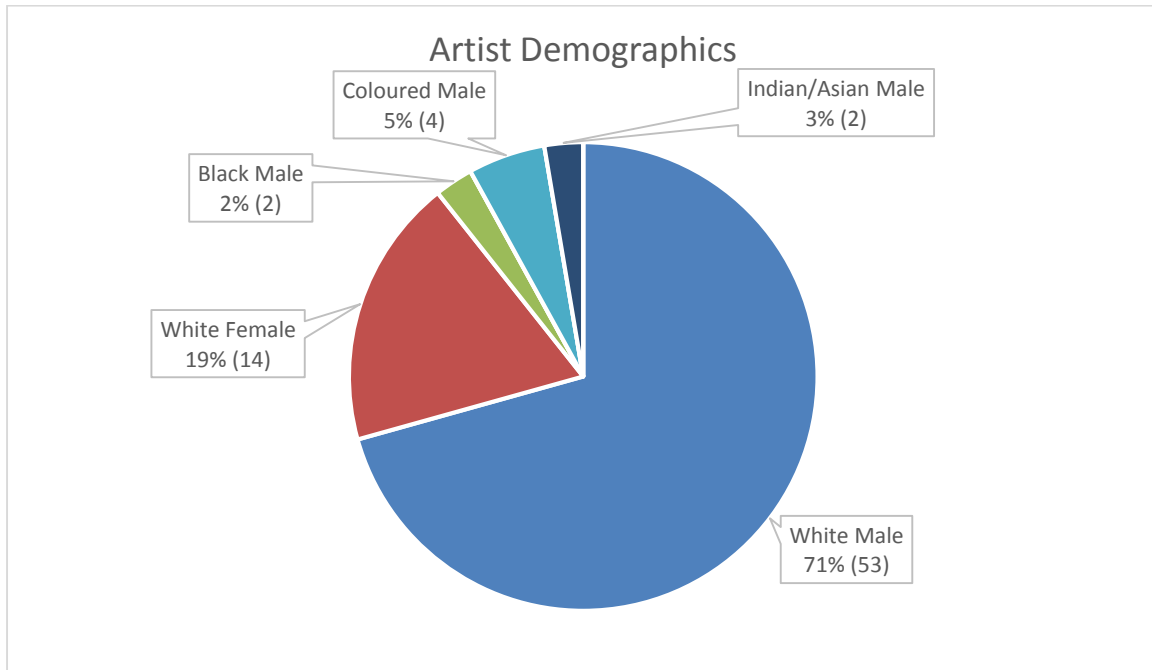
Most of the people employed in the Industry are either Programmers or Artists. Interesting the survey indicated that a fairly large number of people are primarily employed as (or self-identify as) “designers” (although it is highly likely that the also perform other functions such as art or programming).



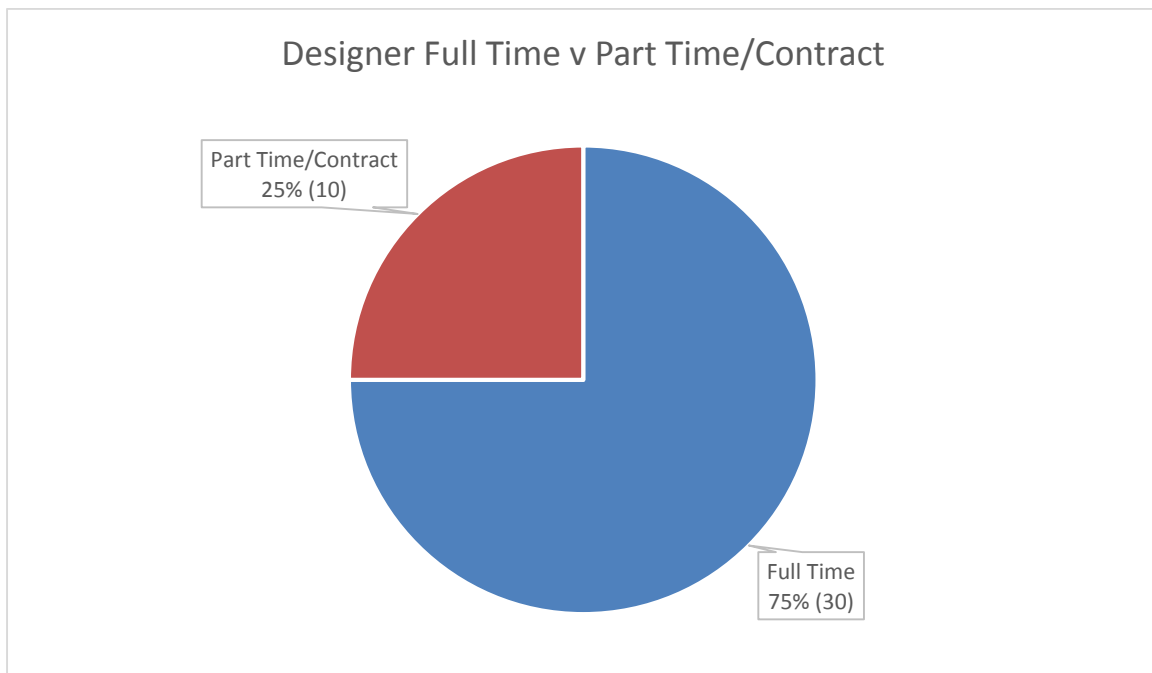
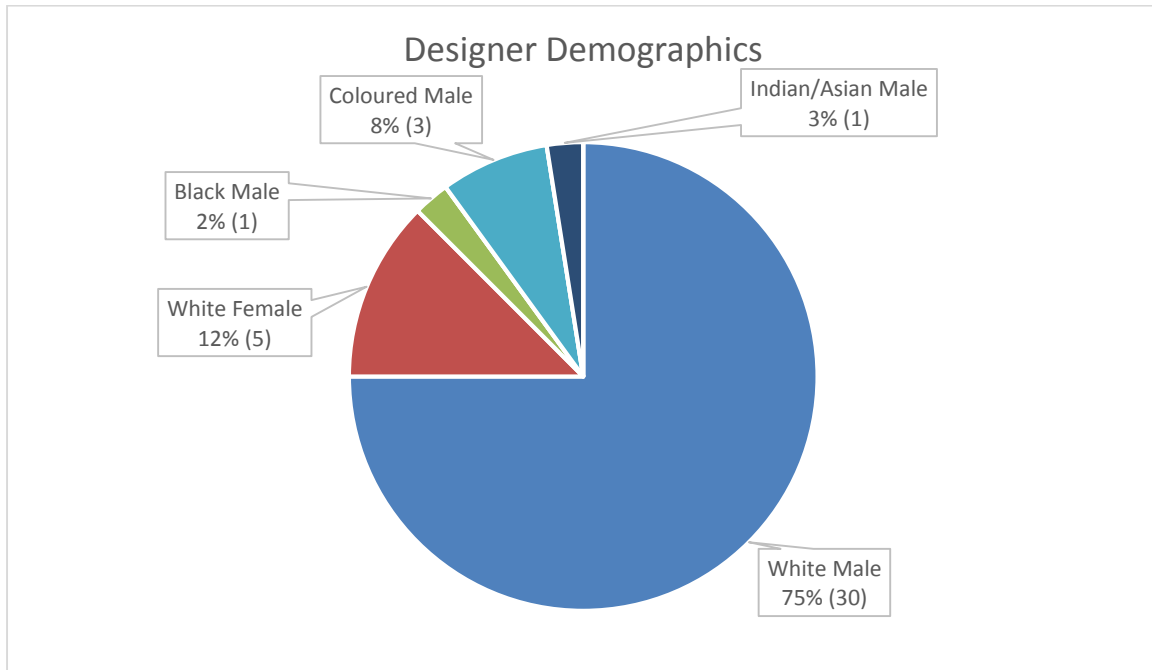
Programmers



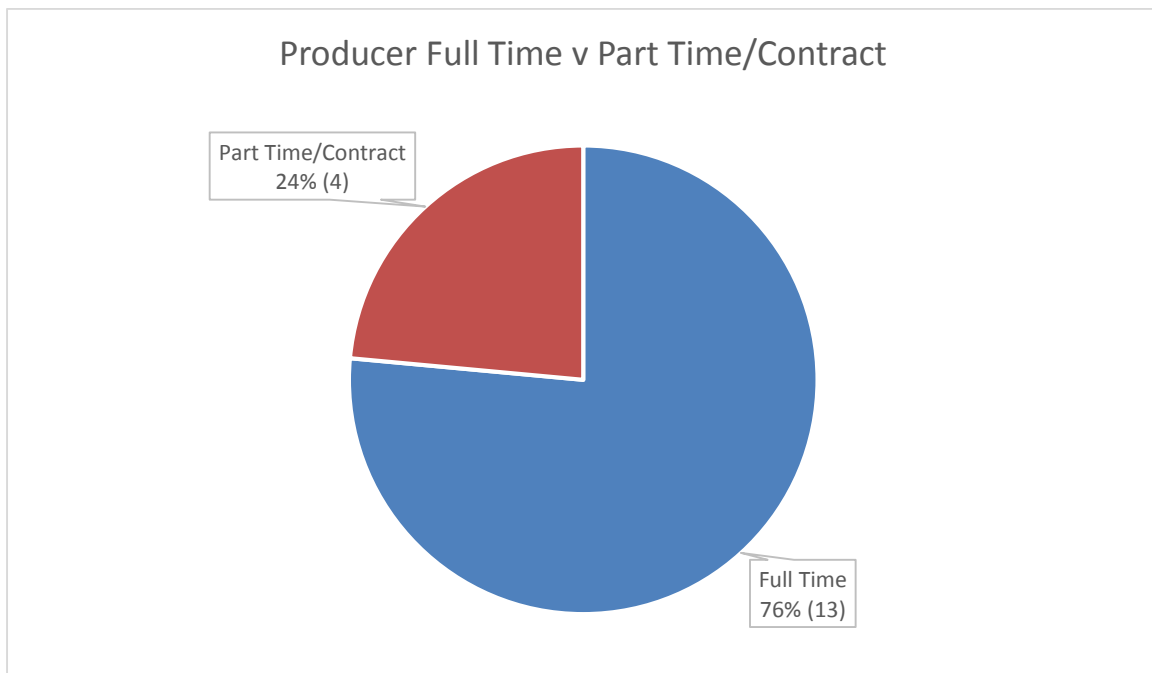
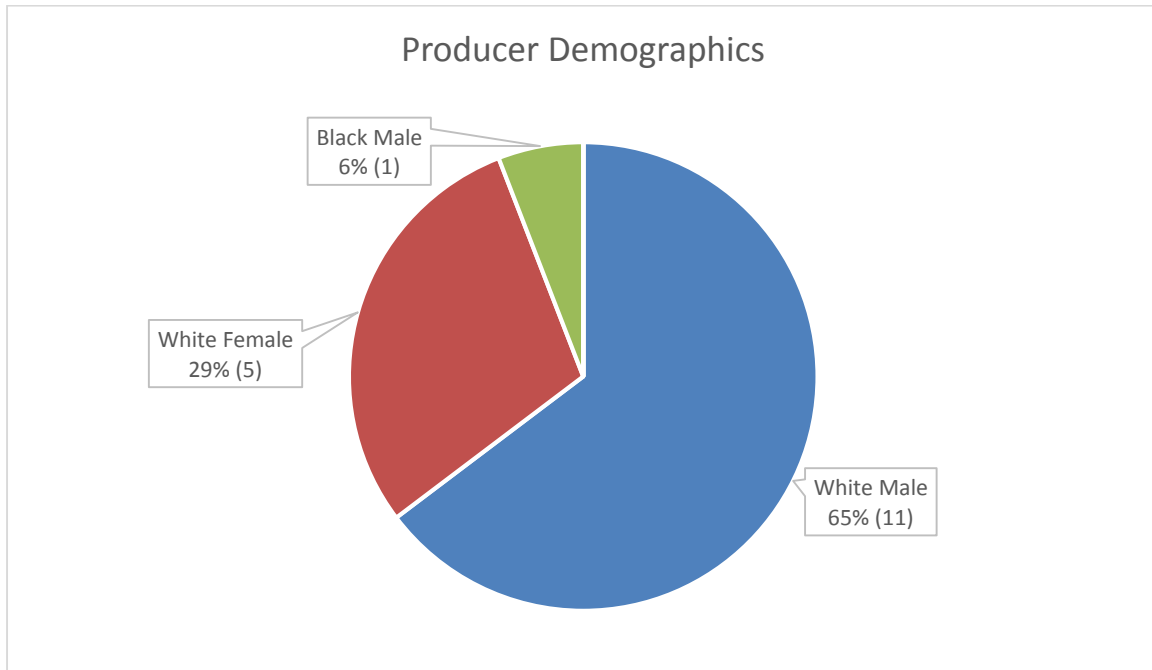
Artists



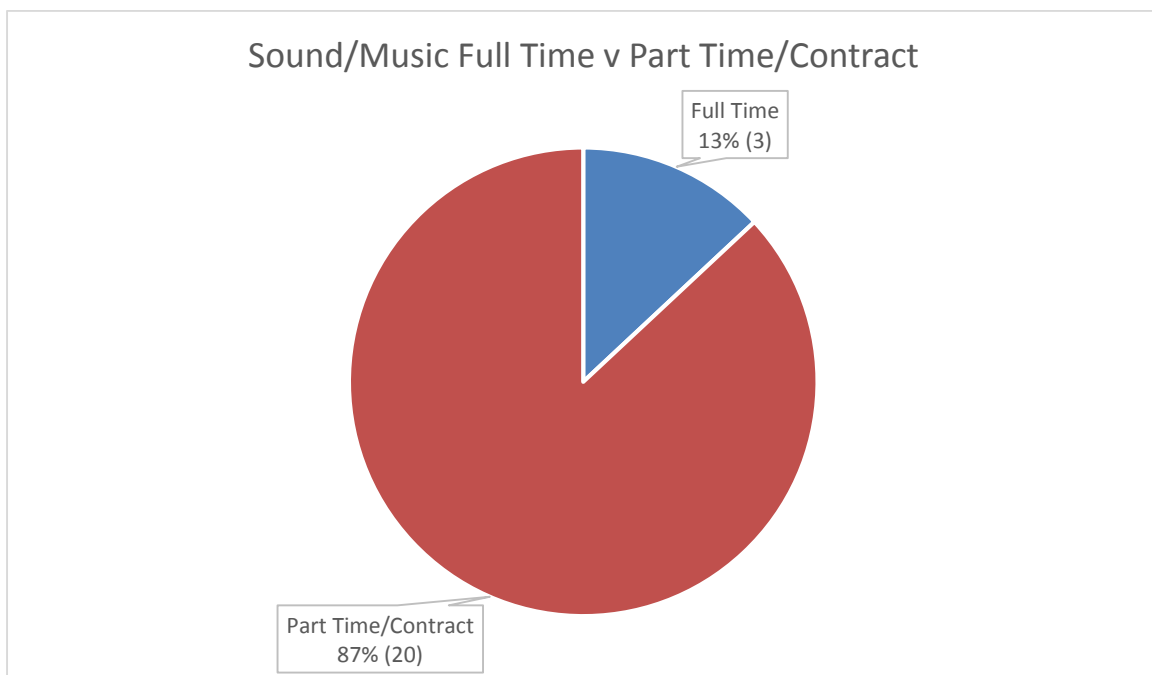
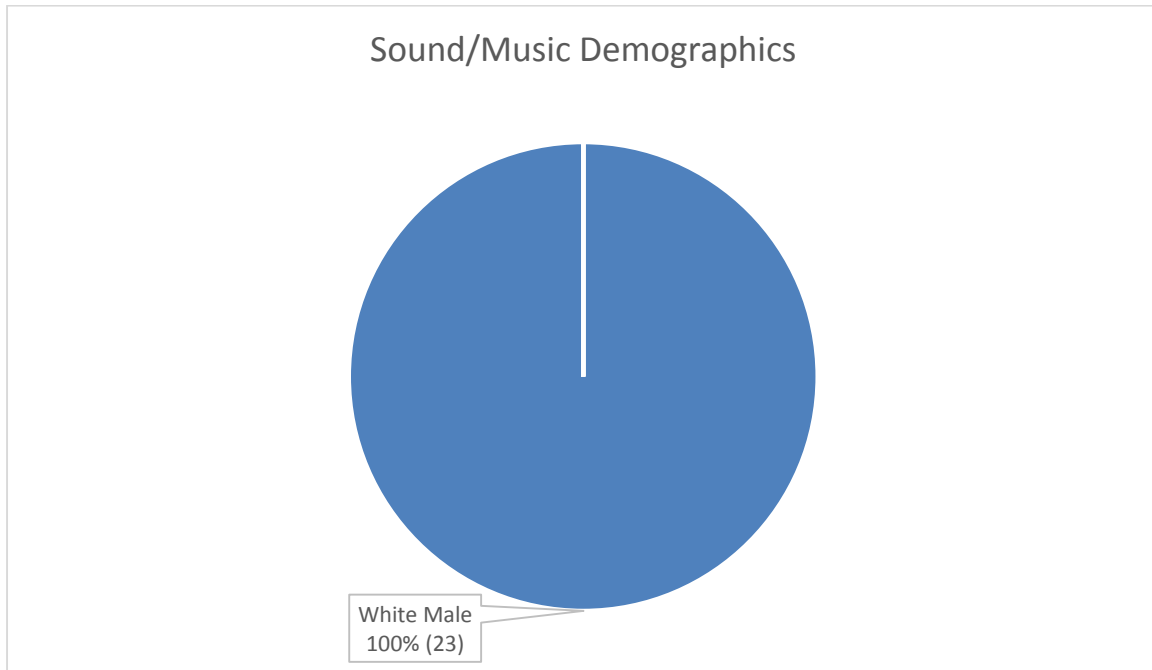
Designers



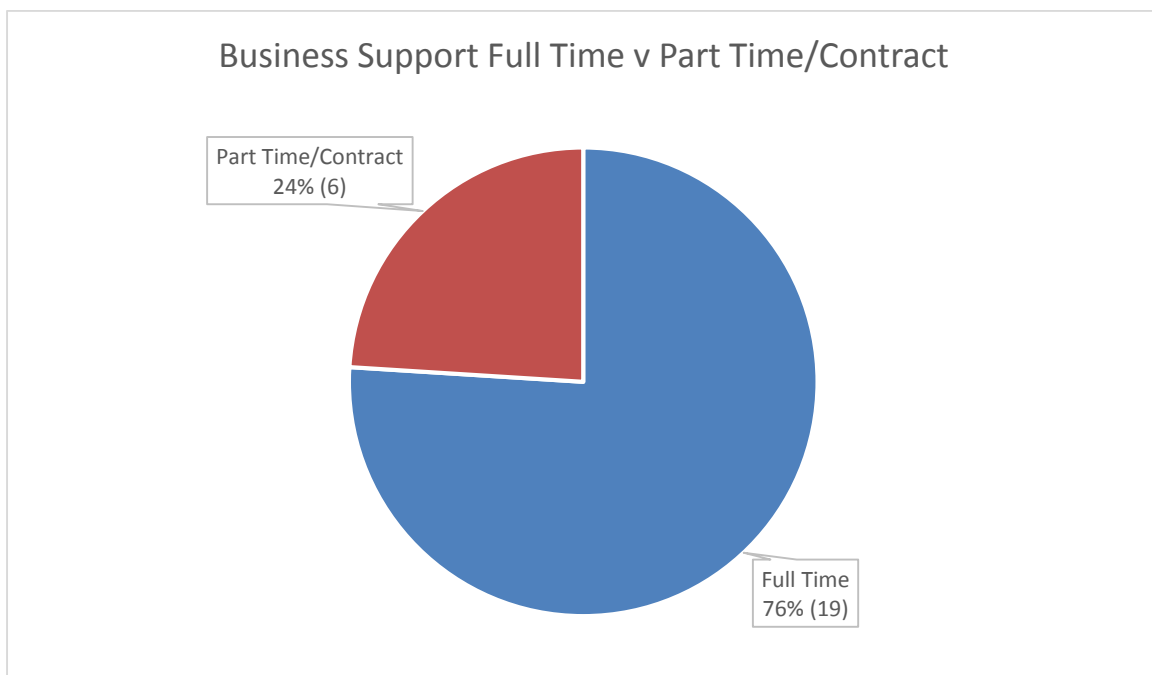
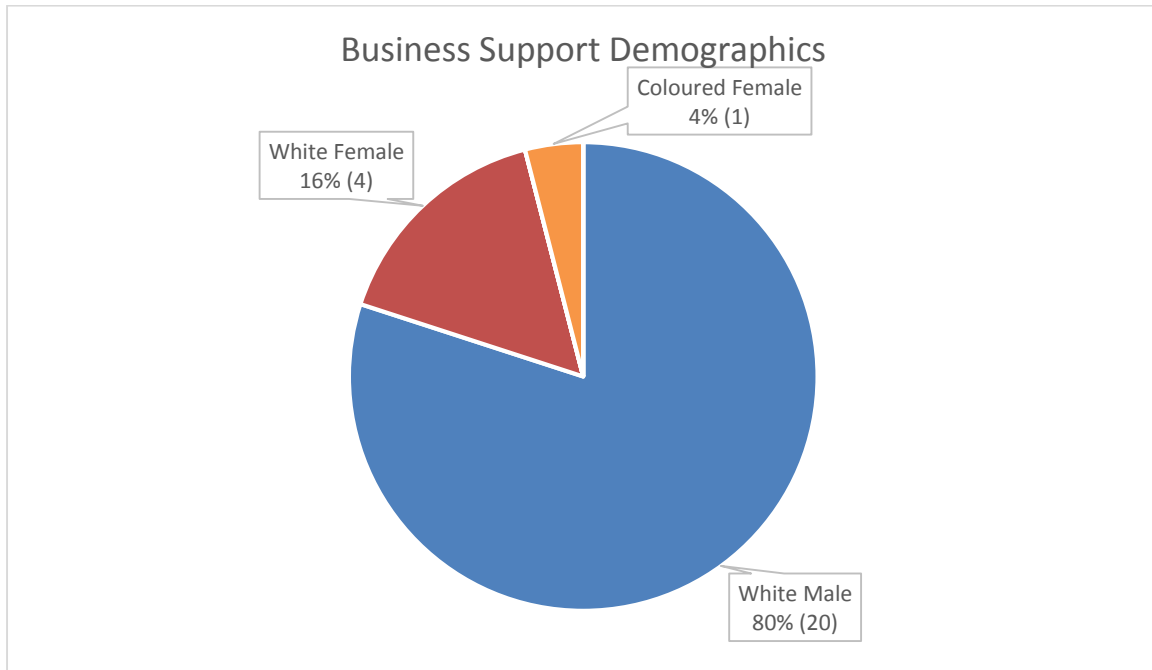
Producers



Sound/Music

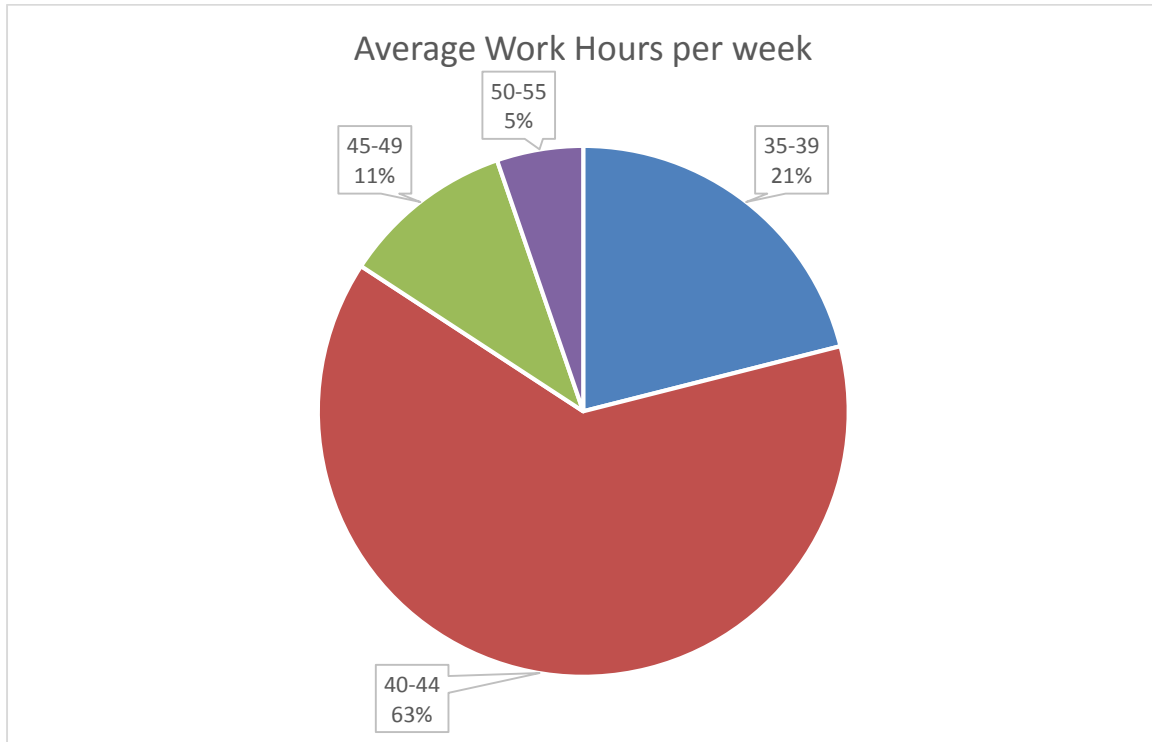


Business Support



Employment Standards

Of the studios that formally employed people, only three paid overtime to their employees in 2014. The average person in the game development industry is likely to be working at least 8 hours a day, with most employees expected to put more than this.



Chapter 3. Game Development

Sector Breakdown

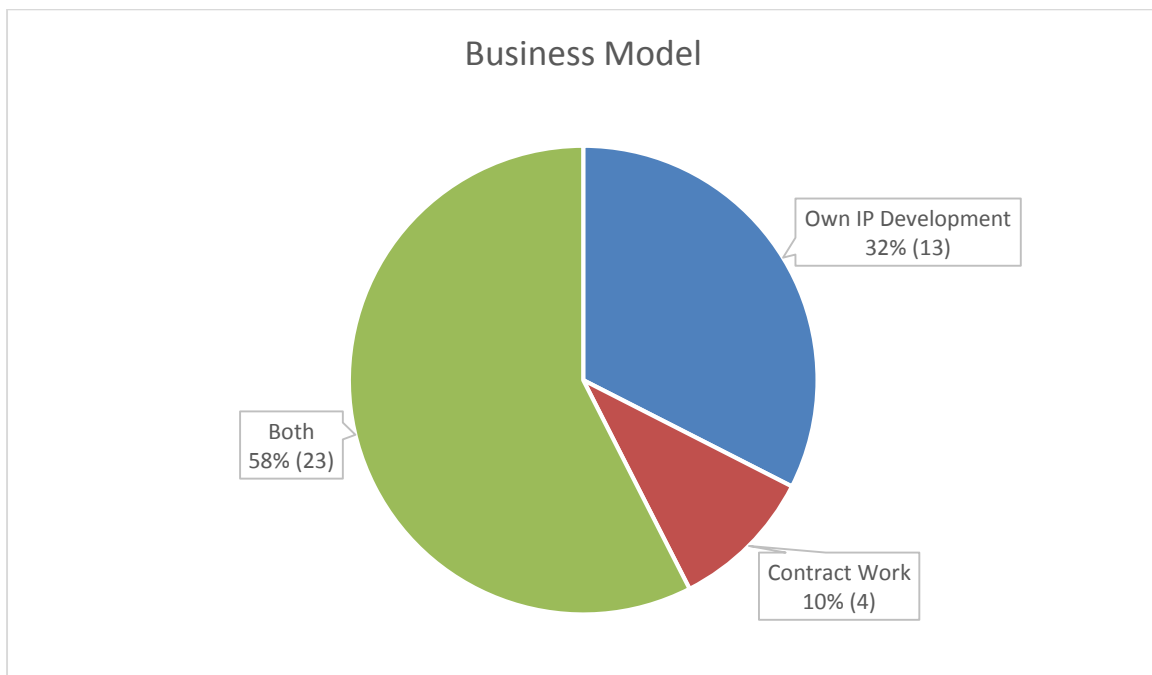
Make Games generally breaks down the Game Industry into three core sectors;

- Entertainment (Games that are meant to be played purely for enjoyment)
- Advertising (Games made purely to promote a brand or product)
- Serious Games (Game meant to teach something)

Additionally we identify two core business models;

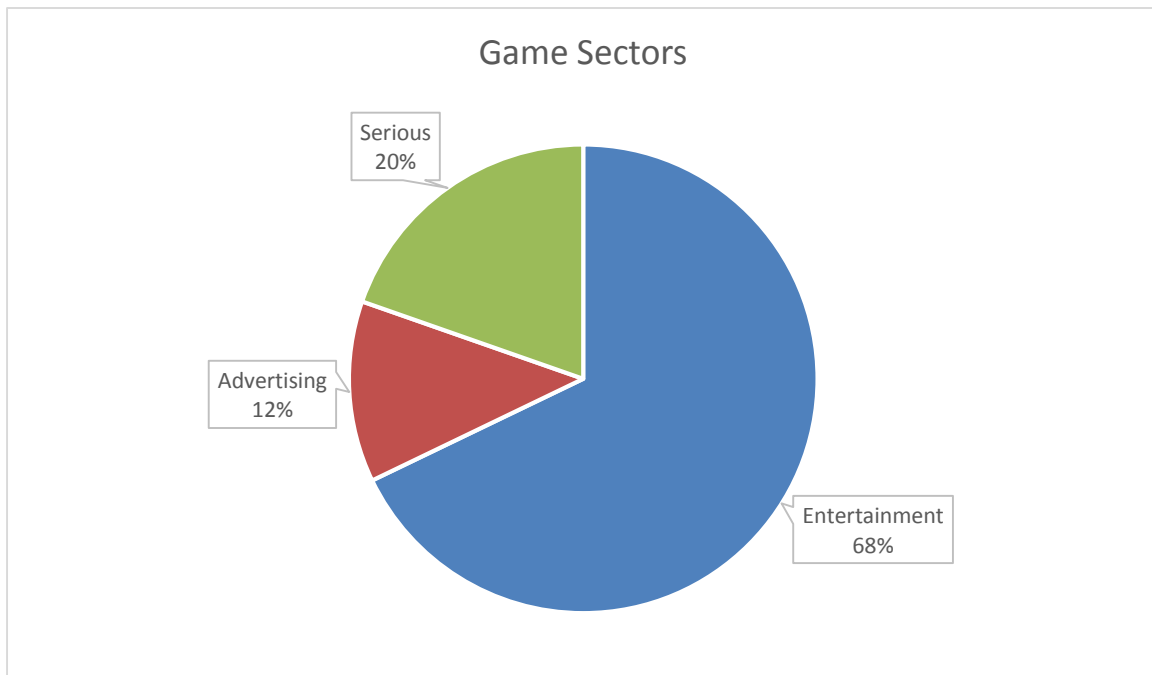
- Studios will develop their own IP
- Studios will do contract work for clients

The majority of game dev studios mix these business models and will do some contract work (which in turn funds the development of their own IP)



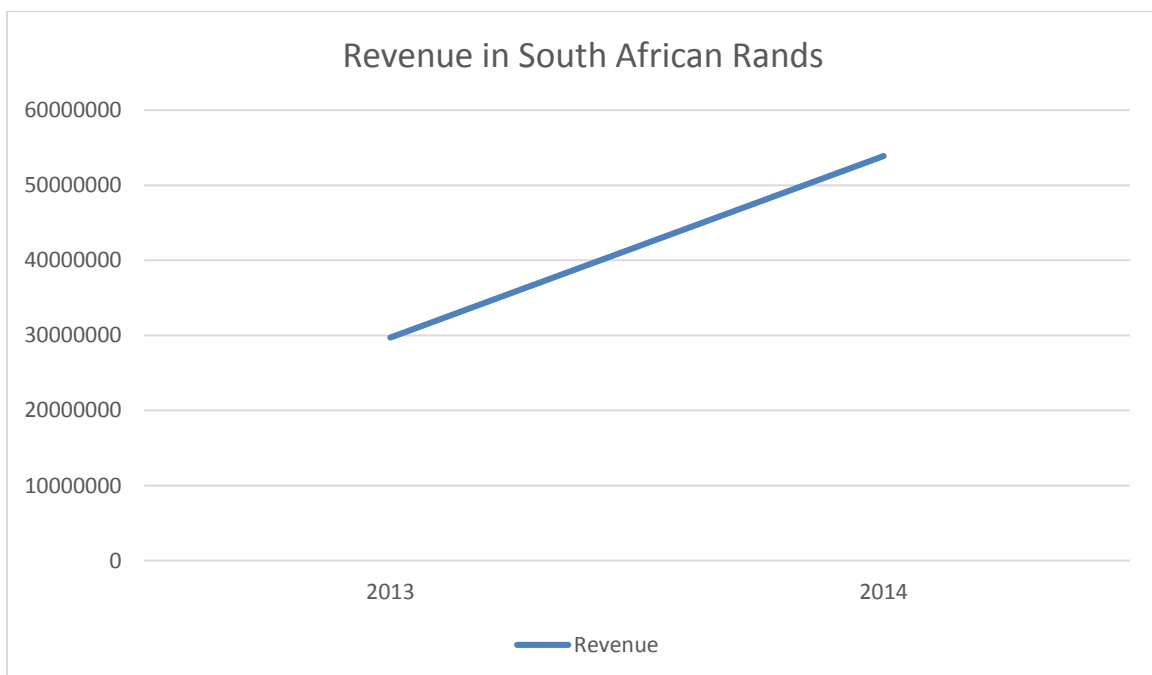
The vast majority of the studios operate in the “Entertainment” sector, with the “Advertising” sector being the smallest.





Revenue Breakdown

With the release of several major titles the “value” of the industry has grown significantly to R53 million, up from R29 million in 2013. This counts for an 82% growth in twelve months. It will be interesting to see if the industry will be able to continue to grow at such a pace in the coming years.



While we cannot disclose specific statics, the three largest studios in industry (measured by revenue)) account for 48% of the entire industry value. It is interesting to note that all of these studios only operate in the “Entertainment” sector, and only create their own IP. Whether they will



be able to sustain this growth and success with their future releases will be interesting to see. However in this same category (own IP, entertainment) we saw the largest number of studios who posted no revenue for the year. This reflects the “common knowledge” that development of **own IP in the entertainment sector** is the riskiest form of development (but it is also the most lucrative). Conversely contract work in the entertainment or advertising space tends to **have stable income and growth**, but is nowhere near as profitable as the other sectors.

Games released

The survey revealed that 67 games were commercially released across all sectors in 2014. Some 126 games are currently in active development and will see release in the 2 to three years. It is likely that some of these will never make it past the development stage, and it will be interesting to see how many make it to commercial release.

