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IRELAND AND THE GLOBAL GAMES INDUSTRY

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Final report from the STeM research project 2000-2001

Digital Games: Production Processes in Ireland

Centre for Society, Technology and Media

Executive Summary

The project on which this report is based started in 2000, the year the Sony PlayStation 2 (PS2) console was launched in Ireland. As digital games move from arcades and teenage bedrooms into living rooms and onto our mobile phones it is timely that we should examine who makes these games and what are the factors shaping their development. Fortuitously, in the last three years a number of indigenous games development companies and related services have emerged in Ireland. As Ireland moves into this new global entertainment industry this working paper will introduce the key research questions, theoretical framework and findings from the STeM research project entitled Digital Games: Production Processes in Ireland (2000-2001).

Section 1.0 of this working paper presents an argument for an examination of the digital games industry, starts to define what constitutes a digital game in its many guises today and compares this new media to more traditional media and games. This is followed by a theoretical analysis of the global digital games industry in comparison with more established media industries and in line with the broadly defined global cultural industry, as identified by political economists of the media (Garnham 2000). This section also summaries available data on the growth, in terms of employment and monetary value, of the digital games industry in the US and key European markets.

Section 3.0 maps the rate of company start-ups, failures and withdrawals observed in the development of the digital games industry in Ireland over the past twelve years and based on information from interviewees and data from the company's office. In order to account for these trends the author turned to theories from sociology and economics. Both social shaping of technology (Bijker, 1995, Mackenzie 1999, Williams 1974; Winston 1998) and national systems of innovation theories (Leavy and Jacobson, 1997; Lundvall, 1992; Lundvall and Johnson, 1994; O'Gorman et al., 1997; Nelson, 1993) were useful in identifying the underlying political, economic and social factors which have contributed to the particular trends observed in the Irish context. The twelve determinants identified were divided into five categories:

- **Global, industry specific factors**
  - Control and power of console manufacturers
  - Control and power of publishers in console and PC markets
- **Factor conditions in Ireland**
  - Lack of key skills in Irish labour market
  - Lack of capital resources
  - Inadequacy of telecommunications infrastructure
  - Lack of knowledge about industry
  - Lack of specialized support from agencies and universities
- **Demand conditions in Ireland**
  - Strong international demand for console, PC, online games, significant but very small domestic demand – not sufficient to sustain PC/console development companies
- **Related and supporting industries in Ireland**
  - Presence of internationally successful software, middleware and media companies
- **Wider socio-economic context**
  - Absence of role-models or significant indigenous rivals
  - Economic confidence of Celtic Tiger years
  - Negative attitude towards games

Section 4.0 explores the highly creative and collaborative micro innovation culture in these game companies, relations with other companies and the extent to which we can say that certain user groups are 'inscribed' within games while others are 'excluded' (Cooper and Woolgar, 1993; Woolgar, 1991; Oudshoorn et al., 2001). The innovation culture in these companies has much in common with the innovation culture in other small to medium sized service companies, although it is important to note that these companies look to international markets from the beginning. However the findings also serve to inform broader social concerns about the types of games being developed by digital game companies. The clear conclusion from this part of the study points to the highly gendered nature of the industry and the market, which these companies, particularly those in the PC/online segment, are targeting.

There is clearly a divergence between the growth observed in all segments of the digital games industry globally and the very limited growth observed in this industry in Ireland. As shown in section 3.0 we can only attribute part of this to the highly competitive and increasingly concentrated

and oligopolistic nature of the industry itself. Part of this we must attribute to the lack of co-ordinated policy responses and support for the broader digital media sector in Ireland. Elsewhere, from Scotland to Austin, Texas policy interventions have been successful. As Irish companies switch from console and PC markets to the online and mobile game markets departments from Public Enterprise to Enterprise, Trade and Employment and agencies from Enterprise Ireland to Forfás are implicated in the network which constitutes the Irish innovation context.

The final section of the working paper concludes with ten policy recommendations aimed at relevant government departments, national educational and industrial development agencies and other industry bodies. They are based on an analysis of the key trends identified in the global and Irish context in sections 3.0 and 4.0 and suggestions made by actors in the field. In summary the key recommendations are:

1. The need for one development agency to take responsibility for this sector and to appoint, or train, a single contact point for the digital games industry.

2. This agency should then establish an online resource including a skills database, a list of relevant educational courses and an online information and communications forum for industry.

3. This agency, in conjunction with other relevant bodies, should establish a seminar series bringing key international speakers particularly to discuss financial, legal and design issues pertinent to the industry.

4. This agency, in conjunction with other relevant bodies should examine developing new, or extending existing, support measures to address the particular financial problems faced by game companies.

5. This agency, in conjunction with other relevant bodies should explore existing science, technology and training programmes to establish where companies can apply for funds to enable them to re-skill and deal with transitionary periods in the games industry.

6. Experienced game designers with business experience should be encouraged to return to Ireland to establish a business here and/or to mentor young start-ups.

7. The relevant agency should actively explore, in conjunction with relevant educational and training agencies, bringing Digital Hollywood to Ireland and/or forming an alliance with it. They should also help to develop existing programmes in third level institutions.

8. The relevant agency should ensure that existing game companies are fully informed as to the timeline for developments in the Digital Hub.

9. The relevant agency should encourage researchers in university and other research institutions to conduct relevant research or establish joint partnerships with digital games companies under the current round of expanding research programmes. There are opportunities also for collaboration within Media Lab Europe and mechanisms whereby this institution collaborates with small to medium sized enterprises should be explored.

10. The relevant agency should encourage a greater awareness and critical debate not just of the industry but also of digital games, their content, influence and role in society.

In publishing this working paper it is the hoped to generate discussion around these ten recommendations and inform both industrial and societal debates more generally about this field.