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# GAME OUTSOURCINGSUMMIT

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Game Developers Conference

# FINDING YOUR OUTSOURCING OPPORTUNITY

## FACTORS:

- Statistics and Reports
- Your Specific Needs
- Regional Pros and Cons

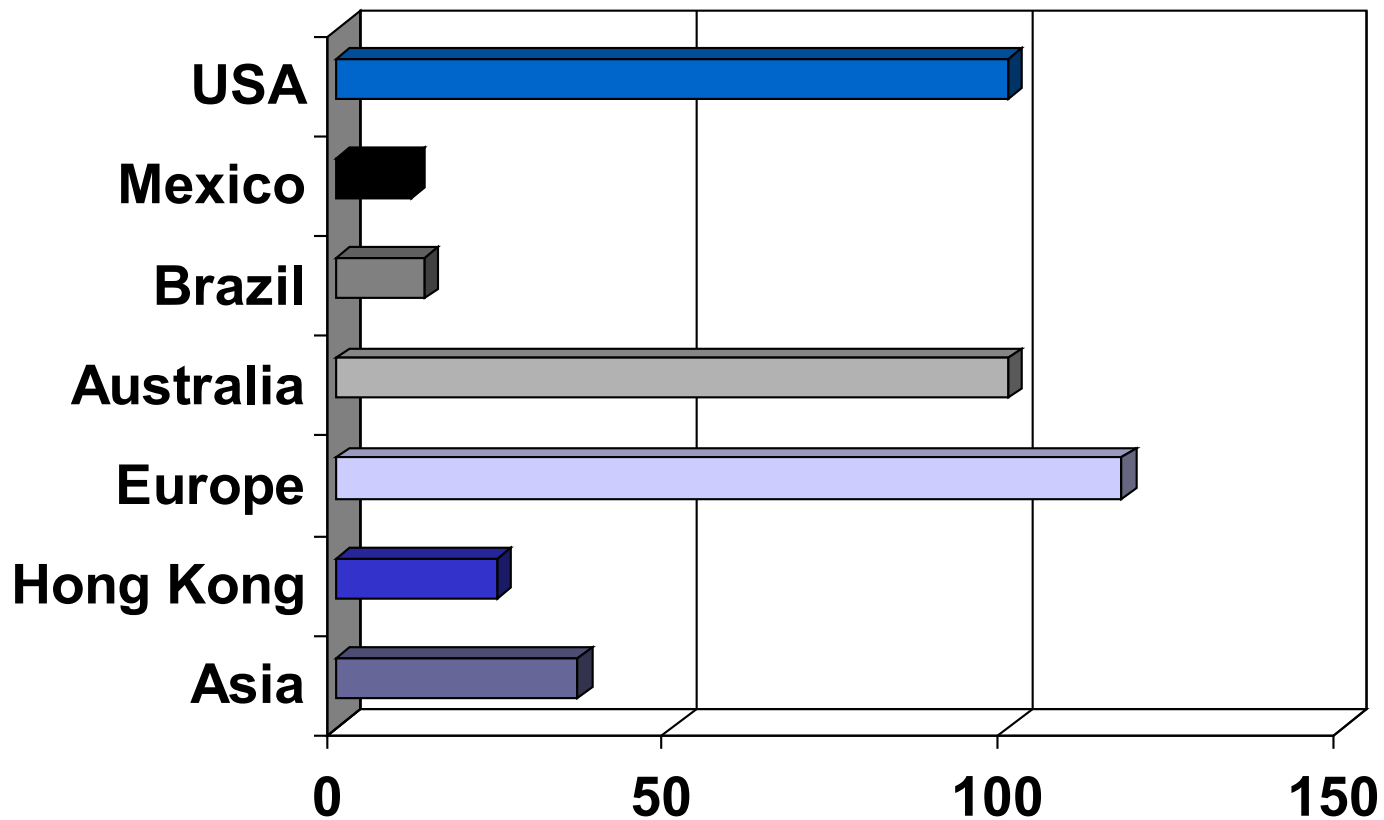
# A REVIEW ON STATISTICS

- Statistical data is helpful in recognizing our outsourcing opportunity.
- Wide disparity of labor cost savings: estimates from 15-60% (although labor is only one factor when determining true savings).
- Outsourcing initiatives will **DOUBLE** in the next few years (Screen Digest)

# Labor Cost is only ONE Factor

- Niko Partners: “China has become the primary center for outsourced game development globally”.
- But:
  - Security
  - Legal Protection
  - Labor Shortage

# BLS Labor Costs



# OUTSOURCEREPORT

## Provider Statistics

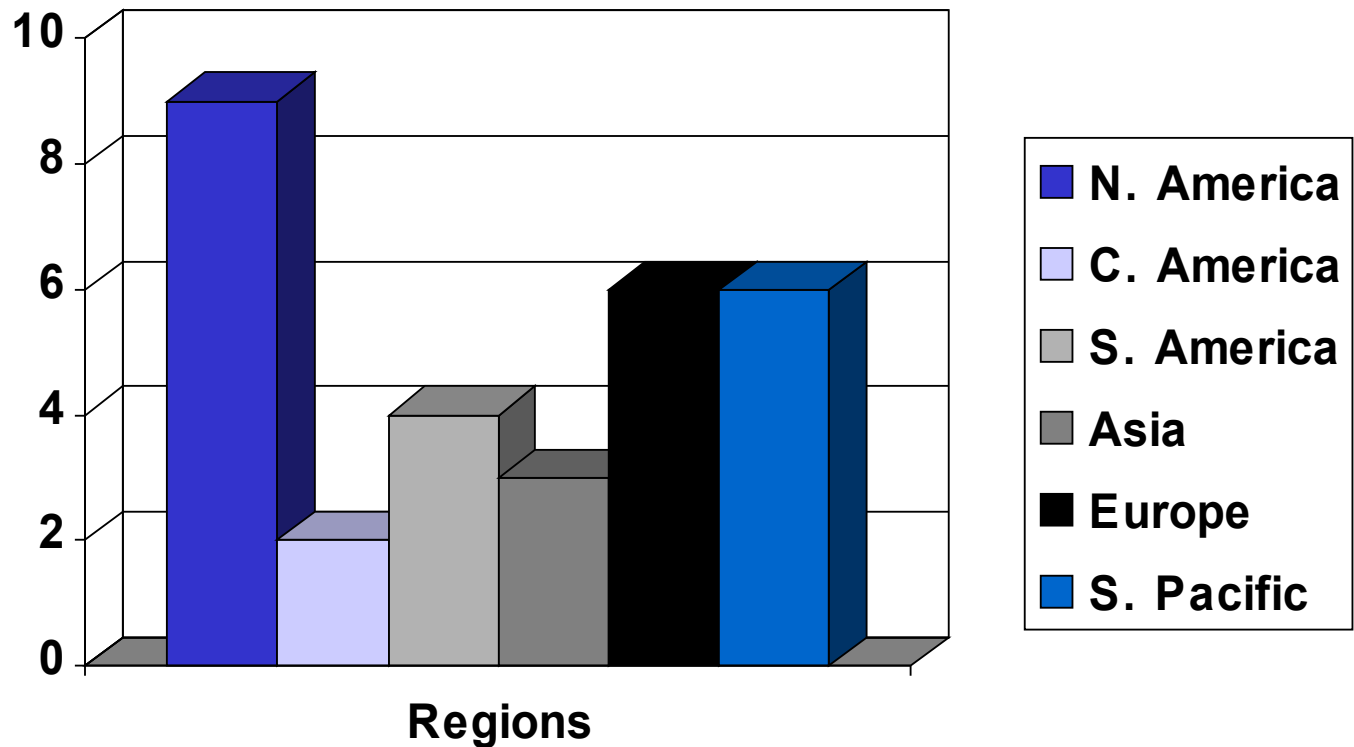
Some Additional Critical Factors:

- PERSONNEL EXPERIENCE
- SCALABILITY
- FACILITIES
- MANAGERS
- PLATFORM EXPERIENCE
- LANGUAGE CAPABILITIES
- MUCH MORE...

# OUTSOURCE REPORT

## Provider Statistics

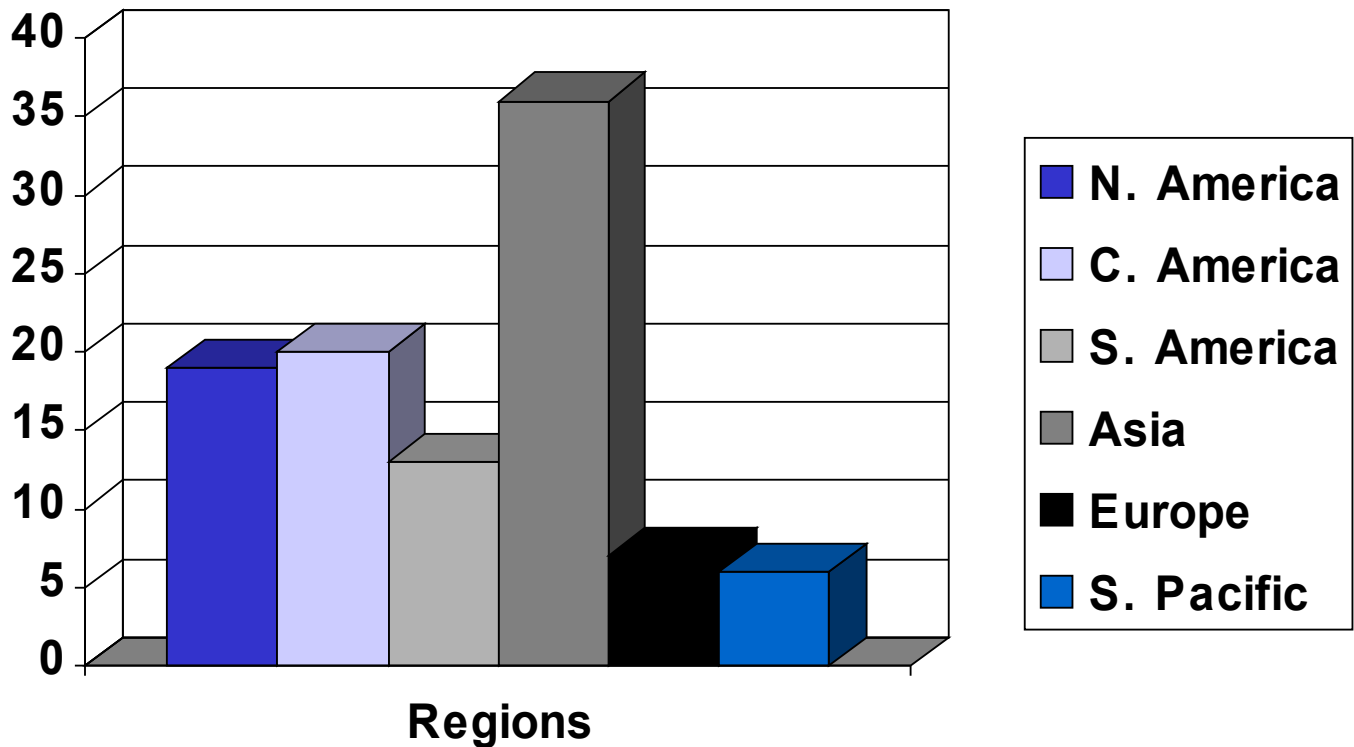
### Average Years of Experience



# OUTSOURCEREPORT

## Provider Statistics

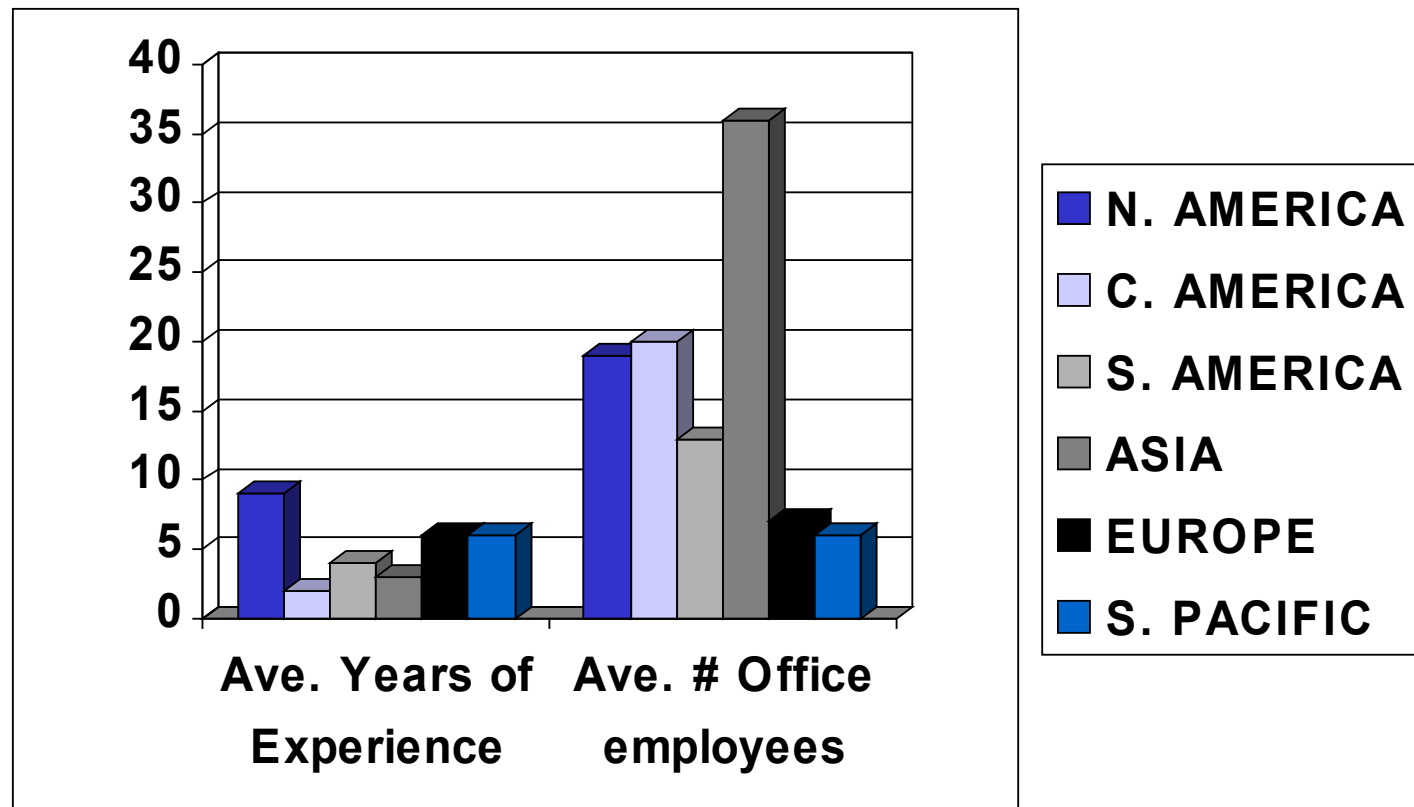
### Average # of Employees



# OUTSOURCE REPORT

## Provider Statistics

### Experience vs. Scalability



# WORK WITH EXPERIENCED PARTNER



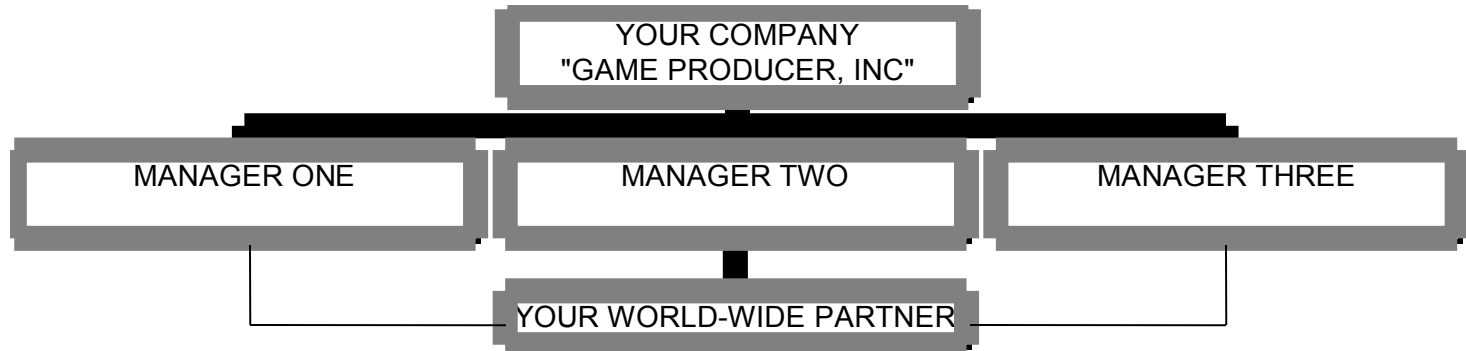
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# LESS-EXPERIENCED PARTNER



# GEOGRAPHY OF OUTSOURCING

MORE IMPORTANT THAN STATISTICS:

- YOUR SPECIFIC NEEDS
- YOUR DEVELOPMENT PARTNER'S ABILITIES

# YOUR OUTSOURCING STRATEGY

- Handling Outsourcing Internally
- Outsourcing through the Back Door
- Geographic Expansion

# OUTSOURCING INTERNAL

- DIAMOND IN THE ROUGH  
– or
- ESTABLISHED, PROVEN

# OPTION #1 - INTERNAL CONTROL HURDLES

- FINDING YOUR PARTNER

# OPTION #1 - INTERNAL CONTROL HURDLES

- FINDING YOUR PARTNER
  - OUTSOURCEREPORT 411
  - GAMASUTRA
  - CONVENTIONS
  - REFERRALS
  - SOLICITATIONS

# OPTION #1 - INTERNAL CONTROL HURDLES

- FINDING YOUR PARTNER
- PROPER DUE DILIGENCE
- LANGUAGE BARRIERS
- REORGANIZE MANAGEMENT
- LEGAL CONSIDERATIONS
- PARTNER TALENT RETENTION

# OPTION #1 - INTERNAL CONTROL

## BENEFITS

- LEAST EXPENSIVE
- CLOSE CONTROL
- ABSENCE OF MIDDLE-MANAGEMENT MISCOMMUNICATION

# OPTION #1 - INTERNAL CONTROL TIPS FOR SUCCESS

- FAMILIAR WITH COUNTRY
- VISIT REGULARLY
- PROTECT TALENT
- EVALUATE PROCESSES
- HAVE A STRATEGY

# OPTION #2 – Local Management with Outsourcing Resources

## HURDLES:

- More Costly
- Miscommunication Potential
- Decreased Contract Flexibility

# OPTION #2 – Local Management with Outsourcing Resources

## BENEFITS:

- No Due Diligence Burden
- No Language Barrier
- Minimized Internal Management

# OPTION #3 – Expansion

## HURDLES:

- Legal, political, economic
- Staffing, communication
- Education, hiring, firing, etc.

## BENEFITS:

- Control
- Cost Savings Potential
- Scheduling, Labor Cost Control
- Talent Interaction, etc.

# THE BOTTOM LINE

- ENSURE EXPLORATION OF AVAILABLE OPTIONS
- FIND THE RIGHT DEVELOPMENT PARTNER
- ENSURE TALENT CAPABILITY AND AVAILABILITY
- ENSURE INTERNAL MANAGEMENT EDUCATION