

## **Joint Response by members of the Computer Games industry to the Evidence Session of the Economy, Energy, and Tourism Committee into the Economic Impact of the Creative Industries**

Having reviewed the [official report](#) and watched the [recorded broadcast](#) of the evidence session of the Economy, Energy, and Tourism Committee on Wednesday 14th January 2015 we would like to provide further context and information to the Committee for their consideration. This is to ensure the Committee has the most objective perspective available to it regarding the current state of the sector when it is drawing its conclusions into its final report. In this way it is hoped the Committee will be able to reach a recommendation that ensures the right ecosystem is created for the sector for the long-term benefit of the nation and its people.

Below are some general points about the state of the Games and Interactive Media sector in Scotland as well as some responses to specific questions or answers given at the Committee session.

### ***Introduction***

All of the signatories to this response agree there is a pressing need for a national organisation for Games and Interactive Media in Scotland. We believe a national organisation, outside of industry, academia, or government, with a public service remit to create the diverse and sustainable ecosystem the sector requires for its long-term growth is a critical next step in ensuring Scotland's digital future.

While there is not yet a clear consensus as to the specific form such an organisation would take we are all agreed that world class organisations such as the BBC and National Theatre already provide excellent exemplars from which to draw appropriate inspiration for it.

### ***1) General Point:***

As game makers we are often asked why our industry chooses to make so many violent video games.

People, understandably, want to know why we don't instead use our game design skills to help inform people better and encourage them to make more positive lifestyle choices. After all, as John Reith, first Director General of the BBC said of broadcasting almost a century ago, "It would have been a great prostitution of the powers of radio to have exploited so great a scientific invention for the purpose and pursuit of entertainment alone." The same holds true for Games and Interactive Media in general. However, the main reason there have been relatively few games that attempt to raise the moral purpose of Games to a higher standard is the economic reality of running a game design business. Unlike other media such as television, radio, theatre, opera, ballet, orchestras, books, etc., games and interactive apps in general have no national agenda that sees them being invested in by the nation as a whole for the long-term benefit of the public.

This was not such a big issue in the past because very few people had access to interactive apps, but smartphone and tablet use is growing so fast that before long more people will be getting the bulk of their information and culture through interactive apps than via television or radio, if they do not already do so. As a nation it is more important than ever that we don't just focus on making the apps people want, but invest in those our society will need for its long term prosperity and to function effectively in the 21st century and beyond. This cannot simply be a theoretical academic or political exercise; it must be a long-term national initiative to start an ongoing conversation about the fundamental importance of a public service agenda for interactive apps and computer games within our society. For art, culture, heritage, education, community, engagement and other areas far beyond the entertainment experiences prevalent today.

Some of us working at the forefront of Games and Interactive Media today grew up in areas of Scotland many people would consider deprived. We are only too aware how the BBC's public service broadcasting agenda gave us the opportunity to see beyond the limits of our own situation; to watch inspirational programs created with a vision to "educate and entertain"; programs such as 'Life On Earth', or 'The Ascent Of Man' that could never have been justified by commercial broadcasters alone at the time because of the economic, technical, and logistical challenges of such pioneering work. We are concerned that we do not yet see the commitment we have all benefited from through public service broadcasting being carried forward into Games and Interactive Media for the benefit and inspiration of future generations. What good initiatives there are, such as Abertay's Prototype Fund, NESTA, Wellcome Trust, and many others have proven to be too fragmented and dilute to make any sort of sustained, collaborative, and long-term impact. This approach has been tried for the last two decades and while it has produced occasional sparks of success it has failed to ignite the fire that is needed at the heart of Scotland's Interactive Media economy.

It is time for a new approach.

There is an pressing need for a national organisation with a dedicated purpose to bring the best of everything Games and Interactive Media has to offer to the people of Scotland with the purpose of entertaining, educating, and inspiring our nation. In this way it would be possible to focus all Scotland's interactive initiatives in a positive way that can ensure the learning from each is captured, considered, and applied to future initiatives so that real, sustained progress can be made. This is beyond the scope of any individual company, government agency, or academic institution. Interactive media is a transformative technology that impacts every other media and area of society, just as broadcast technology did a century ago. It needs a commitment from us all that is as bold today as the commitment of our forebears was to establish the BBC back in 1927; to ensure the benefits of Games and Interactive Media are not squandered, but are refined, harnessed productively, and made available for the benefit of all within our nation.

It is our belief that a National Digital Network for Scotland is the right catalyst to achieve that aim.

**2) The Convener (pg 4): “The primary issue affecting the Digital Media sector ... at the moment is the lack of a commonly held vision and clearly defined long-term strategy’ Can you explain why you think that that is the case and what needs to be done to address it?”**

By "a commonly held vision" Mr Anderson does not mean the thin veneers that often pass for vision within too many organisations and institutions these days; the kind that hang banners claiming 'Respect, Integrity, Communication, and Excellence' in an entrance foyer while only prioritising commercial results in the board room. Rather, he means a shared (and easily shareable) vision for how we would ideally want our grandchildren and their grandchildren to be using and benefitting from interactive technology in 50 or even 100 years.

This is important because there is a need to avoid fretting about the immediate future; to stop worrying about how our own generation can extract the maximum value for ourselves today, and start focusing instead on how we can plant the right seeds that can grow into the cultural and commercial forests our descendants can sustainably manage and harvest for generations to come. Inevitably there will those who say "this is impractical; we need to fix the problem right now and this sort of thinking is far too long term", but we believe that is exactly the kind of thinking that has been prioritised before and is the reason we are facing the problems we currently are - no one stood up and said "the problems we face today are not of our making; they are the result of well-intentioned but short-term policies implemented over the last 20 years. There is little we can do to change them today, and we must instead concentrate our efforts on changing them for the generations to come."

We need to take a stand now to ensure these problems are not allowed to perpetuate for the next 20 years and beyond because that would be the biggest failing. After all, no one knew any better 20 years ago; we were doing our best. We do not have that excuse today. We know the policies we have pursued are too short-term to make the kind of impact we all want to see so it would be remiss of us to ignore that. To paraphrase the Chinese proverb - when you are looking around for a mature oak tree and can't find one then the best day to plant an acorn was 200 years ago; but the second best day is today. So it is with interactive media - we need to plant that acorn now.

### **3) General Point:**

Many of the concerns about establishing a National Digital Network or the like appear to stem from a general feeling that “disruption is happening really rapidly in the games industry, so creating an organisation to respond to it is pointless because it will be out of date by the time it's set up". While emotionally resonant this argument is logically flawed, as it relies on several assumptions that are untrue.

Firstly, it assumes that disruption is happening quicker in the Games industry than it did in, for example, the early years of the Broadcast industry. There is no evidence for this. Second, it assumes it would be impossible to create an organisation with a purpose that would remain relevant over the long term. Again there is no evidence for this; this

argument suggests a confusion between tactics and purpose. We doubt the BBC News website would have been on John Reith's radar when he was debating the practicalities of setting up a network of wireless radio transmitters around London with the Postmaster General in the 1920s, but 70 years later, does it fall naturally out of "As we conceive it, our responsibility is to carry into the greatest possible number of homes everything that is best in every department of human knowledge, endeavour, or achievement"? It does - because that is a vision and a purpose that transcends specific strategies and tactics. It is another vision and purpose of that magnitude that is required once again from our nation for Games and Interactive Media.

**4) Paul Durrant (pg 4): *"Strategies are important and, in the industry leadership group most closely associated with the sector, work is going on to develop and refresh a strategy that has been articulated in the past."***

The fact that a lack of vision and strategy for digital media was raised in one form or another by several submissions to the Committee suggests this has not been effective. It should be noted that as professionals working directly within the Games sector none of us are currently aware of the organisation or the strategy that has previously been articulated by this industry leadership group, or its work to develop and refresh this.

**5) Paul Durrant (pg 4): *"...create the right ecosystem in which everything can happen that needs to happen in terms of economic development in the games sector, and strategies alone cannot make that happen."***

This is correct, but of course no one was suggesting a strategy alone could make it happen. It is why there is a need for a shared vision for interactive media first, from which the right ecosystem can naturally follow as a specific tactic from a defined strategy. This is also a good example of a type of binary "this OR that" thinking that has hampered the ongoing evolution of the industry. We see no reason there cannot be both a shared vision \*and\* the right ecosystem. In fact we would argue that both are essential and that a National Digital Network for Scotland would be the ideal place to focus them.

**6) Paul Durrant (pg 5): *"...creating the right ecosystem, which involves doing a lot of small things rather than having a shiny strategy"*.**

Again this is correct, but again no one was suggesting a 'shiny strategy' would suffice alone. The problem we see at the moment is that all the small things that need to happen aren't happening because they are not supported by the current ecosystem. What then if the purpose of the 'shiny strategy' as informed by the 'shared vision' was to ensure that the right ecosystem was brought about so that all the small things that need to happen could actually happen without the short-term, siloed thinking that has limited so many good initiatives thus far?

We think the analogy here is farming - there are lots of little things that need to happen to ensure a successful harvest every year, but they don't happen naturally; they need to be stewarded by someone who cares about the outcome. That's not to say they don't

happen at all naturally - of course they do - but not in the sort of yields that can sustainably feed a hungry population and provide surplus for lean years when the harvest fails. We have been so indoctrinated by the mechanics of industry and commerce since the industrial revolution we have forgotten there are processes that simply don't function that way. None more so, in our experience, than those operating within the creative industries. A creative economy has as much in common with an agrarian economy as an industrial economy. If we want to create a successful creative economy we need to relax our impatient industrial expectations and rediscover the optimal cycles and rhythms that define agrarian production.

**7) The Convener (pg 5): "In many cases, whether a good product ends up being successful is a bit hit and miss—it depends on whether it is spotted and whether it gets the right level of marketing and attention. "**

This is somewhat true, although it is important to note that 'successful' here is being assumed to mean 'capable of making more money than it costs to produce', which is reasonable enough in our current way of thinking but which a National Network Of Play would hopefully be able to widen. There are, for example, many products in other media that while not able to fund themselves through sales are still considered to be successful. We would all consider Wikipedia to be incredibly successful, though it's safe to say it could not possibly meet the definition of commercial success we are assuming here. The comment about "whether it is spotted or not" is another key issue a National Network would address by bringing a guaranteed audience. The BBC has the opportunity to experiment with new program formats all the time because it can guarantee an audience on which to try them; the National Theatre also ensures this for new performances. Games and Interactive Media has no access to anything of that nature, and far from being a luxury it is in fact a basic requirement of the kind of healthy ecosystem Mr Durrant was describing.

**8) Colin Macdonald (pg 5): "Colin Anderson's idea of a national digital network is interesting. I think that that would help. However, my fear comes from the question of what is achievable. I am conscious that this is a fast-moving industry and that anything that we put in place today will be out of date next year or within a couple of years."**

This suggests it would be unrealistic to create an organisation that can adapt and change rapidly enough to hold and support a vision for interactive media in Scotland. The fear is real enough but it is not a fear we share. Many of the public sector organisations and projects in recent years have been created within very specific and tightly regulated guidelines that do not allow for adaptation, evolution and change. However, the very nature of the interactive industry means the one constant any project or organisation must prepare for is change itself. For example, Mr Anderson has run Denki for over 15 years and has therefore personally set up and run an organisation that has proven to be adaptable enough to stay in business during some of the toughest periods the Games industry has yet had to face. The only unknown at this stage is whether it would be possible to apply that same dynamism to delivering a national vision for interactive media in Scotland. If anything that is the easier of the two parts, so the

fear expressed here is definitely not shared by us. Our fear is what happens if we do NOT do something as bold as this and instead fall into the trap of taking the easy path of small, discrete, unconnected projects that thinking of this nature would advocate.

**9) Colin Macdonald (pg 5): "I would be keen for people to focus on things that would adapt to the changing nature of things. That could be driven by a strategy, but not one that would take two years to put in place and would be out of date within a year and a half."**

There are a lot of assumptions in this statement that are presumably shaped by Mr Macdonald's own personal experiences but which are not shared by ourselves. In our experience the sort of inefficiencies Mr Macdonald describes are brought about by a \*lack\* of vision and strategy, not as a result of it. The Scottish public sector's experience with the creative industries and in particular the digital and interactive industries has always focused on addressing immediate needs and operational requirements such as recruitment, business development and export, rather than strategic or high level issues affecting the long-term future and sustainability of the industries in question.

**10) Chris van der Kuyl (pg 5): "As you take evidence from people in the creative industries, most of the messages that you will hear will involve challenges in the sector and the requirement for funding to be in some way competitive. However, the games sector does not need that."**

We completely agree with that statement - the \*Games\* sector does not need immediate funding support to be competitive (within the parameters of the definition of 'commercially successful' discussed above). But that is not our main concern - there is a wider Interactive Media sector with deep cultural and societal implications that Mr Baglow refers to as "a transformative technology" (pg 4). That is the part currently being under-represented as a result of a relentless focus on purely commercial success. The Games sector is only a part of the Interactive Media sector and the historical commercial success of Scotland's Games sector must not be mistaken for a diverse and sustainable Interactive Media industry.

**11) Chris van der Kuyl (pg 5): "The top two games on last weekend's Sony PlayStation charts were both developed in Scotland."**

This is both a very impressive and very dangerous summation. On the one hand it is true that people in Scotland developed these two games, and that is incredibly impressive - a shining example that Scotland is capable of holding its own against global competition. However, it should not be mistaken for evidence of a sustainable Scottish industry any more than the two most popular exhibits at Edinburgh Zoo should be mistaken for a sustainable Scottish Giant Panda population. There is no meaningful link between two hugely successful games being developed in Scotland and a healthy, diverse, sustainable industry. Rockstar North is wholly owned by the American company Take 2, while Minecraft was created and developed by Mojang in Sweden, before being acquired by Microsoft - another American company - in late 2014. Being popular and



being sustainable are entirely separate issues and we believe it is important to acknowledge that.

**12) Chris van der Kuyl (pg 5): "There will be somewhere in the region of 1,000 developers in [Rockstar North's new office]—it will be the biggest single development studio that Scotland has ever seen and, I think, the biggest one in the UK by a long way."**

As impressive and commendable as Rockstar North's new facility is, it is ultimately a 21st century manufacturing plant for an American owned product. As such it remains vulnerable to precisely the same corporate and economic pressures that all overseas manufacturing plants have traditionally been under in Scotland. Any change in corporate policy or market conditions could render the plant obsolete in a very short space of time as those with knowledge of Scotland's recent industrial history will be aware.

**13) Chris van der Kuyl (pg 5): "Those businesses are incredibly successful; the only thing that restricts their current and future success is access to talent."**

While definitely a part of the problem we see restricted access to talent as a symptom of a bigger 'ecosystem' issue, rather than the primary issue in and of itself.

**14) Chris van der Kuyl (pg 6): "There is a pretty good and accessible infrastructure regarding the current UK fiscal regime and the support that is available from the Scottish Government in the form of interventions around grants and so on."**

We agree with this assessment. There is already a generous and accessible infrastructure for support, although we would argue that as it is not focused around a cohesive national strategy it is not as effectively targeted as it could be. A National Digital Network for Scotland would help address precisely that and much more besides.

**15) Chris van der Kuyl (pg 6): "However, the real issue—which, I am sure, we will address in more detail—is the need for a strategy on talent that covers both the creation of indigenous talent and the attraction and retention of non-indigenous, international talent. That is the single issue that we need to think about as broadly as possible."**

We do not agree with this assertion. While this may be the real issue for Rockstar North and 4J Studios as they struggle to find the quality of people who can realise their products, it is not the real issue for Scotland's Interactive Media industry as a whole. Scotland currently lacks the ecosystem to sustain a healthy Interactive Media sector and the lack of talent is a symptom of this, not a cause. It is undoubtedly a very important symptom, but a symptom of a far more fundamental issue nonetheless.

**16) The Convener (pg 6): "Before we leave the issue of the need for a strategy, I want to get a response from you on a follow-up question. If there is going to be a strategy, who will put that in place? Who will drive it?"**

This is an \*excellent\* follow-up question - possibly the most perceptive insight of the whole session, and one that is not answered adequately by the panelists as further detailed below.

**17) Chris van der Kuyl ([pg 6](#)): "There has to be a reasonably broad conversation"**

We agree; in fact we believe it should be a national conversation beyond the borders of industry, academia, and politics involving representatives from all aspects of Scottish society, especially those not yet directly benefitting from the potential of Interactive Media. Regardless though, this is merely information gathering; it will still require focus to define a vision and turn it into an actionable strategy, and that needs people to be tasked with delivering it.

**18) Chris van der Kuyl ([pg 6](#)): "...but I think that the strategy must be owned by the industry."**

This is the approach the Games industry has been trying to take for more than 20 years now and it has not yet delivered the healthy, sustainable Games and Interactive Media sector Scotland needs. It is therefore reasonable to assume that continuing this approach is unlikely to deliver it any time soon. Industry is (rightly) focused on making money today and is not best placed to consider the importance of nurturing the wider ecosystem that would be necessary for it to prosper for generations to come. Putting industry in charge of such a strategy would be like putting the farmer's accountant in charge of the farm - perfectly reasonable decisions with short-term financial benefits for the farmer will end up causing long-term harm to the sustainability of the business, and therefore the wider sector. For example, farm accountants would have been unlikely to suggest implementing a strategy of crop rotation, as it damages short-term profits. But without this the land is left infertile for future years. We therefore see "The Industry" as only one part of a much wider community whose needs must all be considered together. Letting the industry own the strategy would not be good for anyone - even the industry themselves as has already been proven by where we currently find ourselves.

**19) Brian Baglow ([pg 7](#)): "The strategy must be industry driven. In many cases, the public sector bodies do not have the expertise in-house—Scottish Enterprise, Scottish Development International, and Highlands and Islands Enterprise, which do a lot of really good work, are the exceptions."**

The observation about the lack of in-house experience is certainly true in large part; however, on reflection we would be reluctant to jump to the conclusion that it therefore needs to be industry driven. As mentioned above we think that is part of the trap we have fallen into previously - assuming that industry can solve it, whether on its own or in collaboration with government and academia. If anything the failure of any policy to deliver a sustainable ecosystem for Interactive Media in Scotland is actually one of the most compelling justifications for creating a new organisation that sits outside of government, outside of industry, outside of academia, and instead focuses on delivering the best of Games and Interactive media to the people of Scotland for the long-term benefit of the nation. Just as the BBC or the National Theatre do - their remit is to



deliver the best of broadcasting or the best of theatre to the public. They are not there to represent industry's interests, or government's, or academia's - they exist outside of those silos and are therefore empowered to take a longer-term view focused on nurturing the sustainable ecosystem necessary to forward the medium and develop a deeper understanding of the value the medium can bring to a variety of audiences.

The world-class expertise and talent is already there in our industry, as well as in our academia. What is still missing is the lack of any clear focus on the long term vision for the sector as a whole. A new organisation is required to provide this focal point, but there is certainly no implication that the sector does not currently have the skills or vision required if properly channelled.

**20) Colin Macdonald (pg 7): "The only note of caution that I would sound is that we are still quite a young industry. As we are not a particularly mature industry, we are not great at figuring out what the long-term strategy should be. Nor are we great at engaging with Government, so I think that we would need to be shepherded by someone to ensure that what came out of the process could be implemented."**

We do not recognise the Games and Interactive Media sector in this description of the industry's strategic vision. We believe there are many within the sector who currently have all the vision and skill to bring the changes that are needed about; however, we appreciate that many of these are not within the Games sector itself. Instead, what is lacking is the ecosystem in which to enable and drive this change. If anything it is simply another good example of why industry ALONE should not be expected to drive the strategy forward themselves - no one is employed by "the industry" to define a vision and drive a strategy so it should be no surprise when one is not forthcoming and in any case a healthy ecosystem will require a perspective wider than industry themselves could provide.

**21) Paul Durrant (pg 7): "we need continued engagement with the industry to build an ecosystem that acts as a talent magnet. "**

Our follow-up question to this would be, "Who then will focus and action that continued engagement with industry?" There is, as yet, no one addressing this issue.

Again, we believe the numerous statements such as this within the evidence given to the committee strongly implies that there is a pressing requirement for an organisation such as the proposed National Digital Network for Scotland to be established, because otherwise there will continue to be no leadership that puts the needs of the Scottish people front and centre of a national vision for Games and Interactive Media in Scotland.

## **Conclusion**

It is our assessment that the questions and concerns raised by the committee and highlighted by the witnesses about a national vision and institution, such as a National

Digital Network for Scotland, serve to very effectively demonstrate the need for its creation as soon as possible.

The specific form of the organisation is something that needs further consideration, but what we wish to make clear here is the broad and growing consensus within industry that there is a need for a national organisation outside of industry, academia, and government to focus the long-term vision for Games and Interactive Media in Scotland.

Such an organisation needs to have the ability to adapt and evolve built into its very fabric; possibly even the aim of bringing about the very vibrant ecosystem that would ultimately make its own role unnecessary in the long-term. It needs to focus on the future of interactive media for the people of Scotland and find innovative, sustainable and disruptive ways to fulfil the incredible promise and fundamental change that interactive media can deliver to each and every person in the country.

Scotland needs a National Digital Network to inspire, educate, and entertain our nation through interactive media in the 21st century as our broadcast media achieved in the 20th century.

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