The Interactive Denmark in Figures 2015

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Revision 1.0.
8. November 2016

Contents

1. Introduction

The Interactive Denmark is growing. The businesses developing interactive content are front-runners in the digital and technological evolution, and Danish content producers are well represented in both the content, technological, and business aspects of this evolution, as the numbers in The Interactive Denmark in Figures 2015 shows.

Since 2013 Interactive Denmark have been monitoring the state of the interactive content producers in Denmark. Interactive content producers is a collective term for game developers and other businesses whose primary income stems from the sale of copyright-protected products and/or services, such as entertainment products, apps, or other interactive products such as eHealth applications and digital learning aids. Using this definition, this report distinguishes between game developers and producers of other types of interactive content.

Fig 1.1: Overview

	Game			Interactive		
	2014	2015	Change	2014	2015	Change
Companies	131	151	15,3%	76	94[1]	23,7%
FTEs	735	770	4,8%	648	767[1]	18,4%
Turnover (in 1000 DKKs)	1.115.549	1.161.143	4,1%	546.567	757.480	38,6%
Export (i 1000 DKKs)	747.023	744.060	- 0,4%	73.428	129.910	76,9%

The games industry is currently in a positive trend, and the numbers for 2015 remain strong, if a bit more moderate than previous years. Turnover increased by 4.1%, which is more than three times the national average for the Danish economy in 2015[2]. In parallel to this, the number of full-time equivalent employees (FTEs) increased by 4.8%. This suggests that the companies, after the impressive growth rates of the latest years, have begun to hire more employees to scale up production for future releases.

The moderate growth is most likely a result of a limited number of large releases in 2015. It was a year with few sizeable international hits, and even if a number of excellent titles were

[1] The significant increase in the number of Interactive content producers is a result of the more robust data collection by Interactive Denmark. Several of the companies counted here, should have been part of the surveys of previous years. However, they were not known to the data-collecting agent, and should thus not be considered newly started companies. This produces a slightly skewed picture of the industry, but these companies should not be excluded on this ground alone.
[2] Source: Danmarks Statistik, 2016. "Kvartalsvist Nationalregnskab 4.kvt. 2015"

given a worldwide release during 2015, only a limited number reached a large international audience.

This is also evident in the figures for export in 2015, which is the only significant indicator exhibiting a slight decline of -0.4%. However, with the significantly increased performance from the other interactive content producers, the export for the sector as a whole increased by 6.5%. Exports share of the turnover for the other interactive content producers is generally low, around 17%, but has increased in 2015.

The growth in both turnover and FTEs ensures that the productivity remains steady on a very respectable 1.5 M DKK per FTE for game developers and just below 1 M DKK per FTE for the remaining interactive content producers.

2. Methodology

This report is written by Interactive Denmark based on the annual analysis from The Danish Producers' Association: "Danish Content Producers: Film, TV and Computer Games 2015", published annually since 2009.

Information about core companies in this report is based on data from Danmarks Statistik (Statistics Denmark), but as the industry codes used by Danmarks Statistik are too broad to provide useful information about the interactive content producers, core companies relevant to this report has been identified using product- and copyright registrations. Core companies are defined as the companies, who holds the rights to the creative products, and thus the definition does not cover subcontractors in the industry. Data has been compiled based on a list of game developers created and maintained by Interactive Denmark, based on data collected over seven years regarding game developers and three years for other interactive content producers.

These lists of companies are matched against the main registry of the Danish Business Authority to eliminate defunct and bankrupt companies. Following this, the lists are validated by experts, to eliminated companies judged not to have production, or who has no turnover. Aggregated key figures from the remaining companies are then collected thought their business registration numbers. The analysis is based on data from Danmarks Statistik, the VAT statistics, and the statistics for e-revenue. We receive the data under Danmarks Statistik's rules of confidentiality, meaning that we cannot identify any persons or individual companies in the statistical data that this report is based upon.

Data on game developers is collected for the period of 2009 to 2015. Data for other interactive content produceres is collected for the period of 2013 to 2015.

3. Changes in the number of core companies

2015 had a number of new companies within both game development and other interactive content production. During the time span observed, the number of game developers has doubled, and the increase over the last year is 15%.

Fig. 3.1: Number of companies

	2009	2010	2011	2012	2013	2014	2015
Games	72	103	125	145	139	131[1]	151
Interactive					87	76	94[2]
Total	**72**	**103**	**125**	**145**	**226**	**207**	**245**

4. Employment

Employment at game developers has increased by 4.8% from 2014 to 2015, which is twice as large an increase as the year before, where employment only grew by 2%. Total employment in the core companies of both game development and other interactive content producers grew 10% in a year where general employment in Denmark only grew by 1.2%.

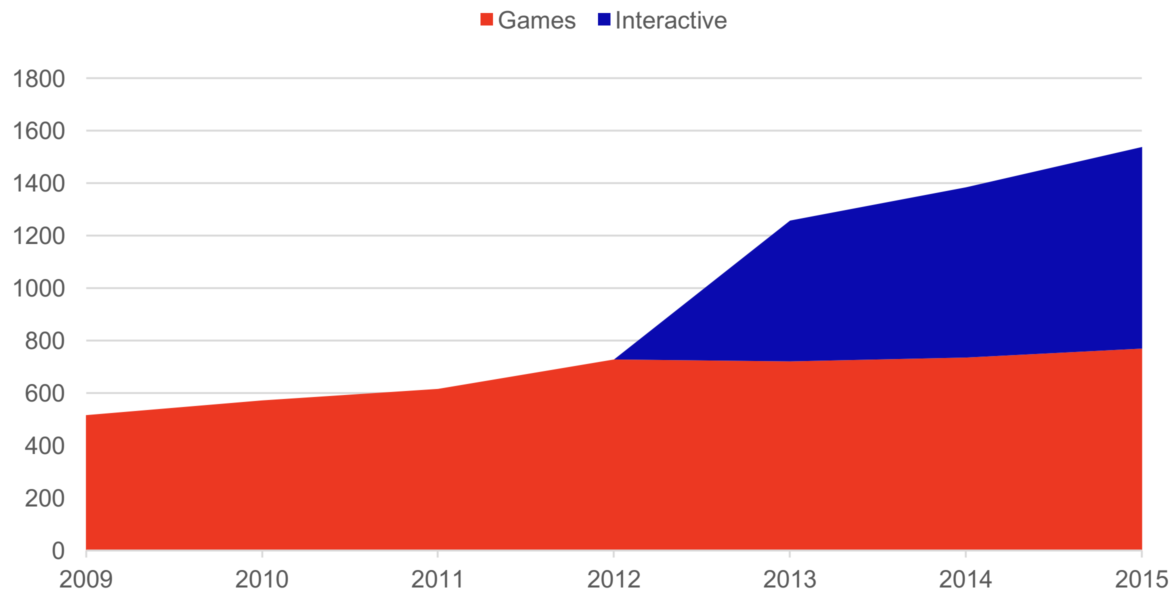
The table below shows employment converted into FTEs for all of the seven years, where data has been collected (three years for other interactive content producers), as well as the changes in the period 2009 – 2015. As it is evident, there has been a positive development in the employment in the industry. Especially the interactive sector has grown in number of FTEs. All in all, employment grew with 154 FTEs in 2015.

[1] A methodical error in 2014 resulted in 190 companies appearing in the data set. Companies estimated to have some form of production, but without any turnover were erroneously included. The correct number of companies have subsequently been pulled from Danmarks Statistik, and the erroneous number has been corrected. See also the section on Methodology.
[2] See note 1, page 2

One FTE will in many cases represent a number of part-time and short-term employees.

Fig. 4.1: Employment

	2009	2010	2011	2012	2013	2014	2015
Games	516	571	615	728	721	735	770
Interactive					537	648	767[1]
Total	516	571	615	728	1.258	1.383	1.537



[1] See note 1, page 2.

5. Turnover

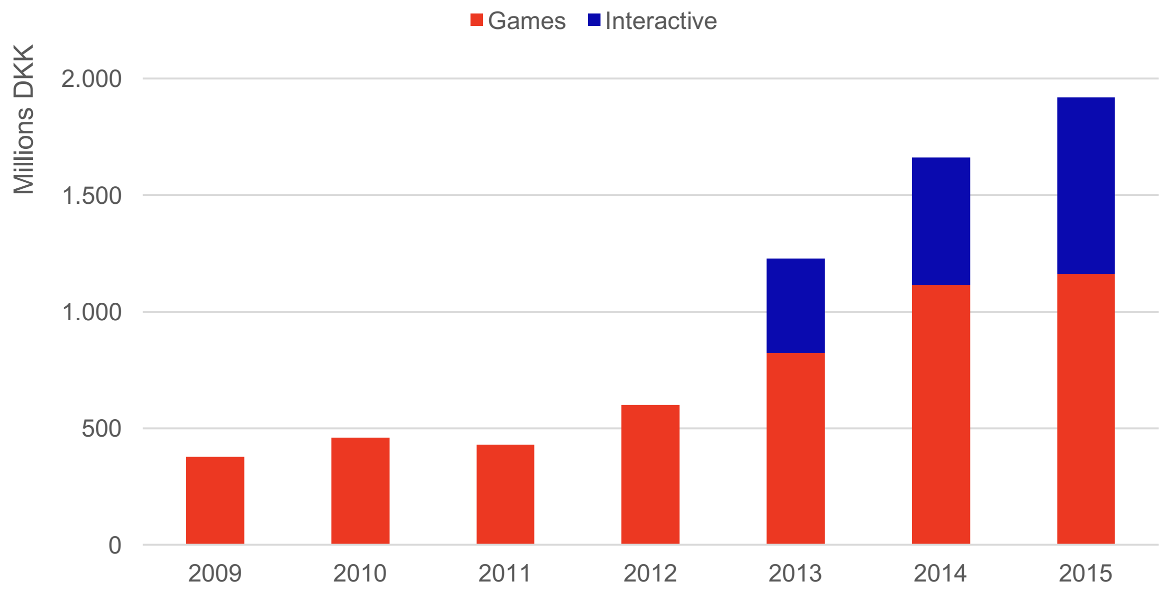
The industry has, as a whole, experienced slight fluctuations in turnover, but it seems the growth has now solidified, and 2015 represents yet another high-water mark regarding turnover, made possible by a total growth of 15,3% from 2014. Over the whole seven-year period, game developers alone have grown 208%.

The other interactive content producers also exhibits high growth, and the total turnover for the whole sector ended up at 1,92Bn DKK.

The turnover numbers are based on the core companies VAT-eligible sales in Denmark as well as the non VAT-eligible exports as reported in the companies VAT-reports. Non-VAT-eligible revenue, such as public funding and support, is not counted.

Fig. 5.1: Turnover (in 1000 DKK)

	2009	2010	2011	2012	2013	2014	2015
Games	376.607	460.788	429.309	598.263	823.055	1.115.549	1.161.143
Interactive					405.842	546.567	757.480[1]
Total	376.607	460.788	429.309	598.263	1.228.897	1.662.116	1.918.983



[1] Se note 1, page 2.

6. Turnover per company and FTE

Below is an overview of the average turnover of the core companies and turnover per FTE listed for each year. These figures suggest that the industry is quite solid, and even if the number of companies is increasing, the turnover keeps pace. Turnover per FTEs has stabilized around 1.5 M DKK, which suggests that additional turnover is often converted to more FTEs.

Fig. 6.1: Average turnover per company (in 1000 DKK)

	2009	2010	2011	2012	2013	2014	2015
Games	5.231	4.474	3.434	4.126	5.921	8.516[1]	7.690
Interactive					4.665	7.192	8.062

Fig. 6.2: Turnover per FTE (in 1000 DKK)

	2009	2010	2011	2012	2013	2014	2015
Games	730	807	698	822	1.142	1.518	1.508
Interactive					756	843	988

7. Export

Danish interactive content producers are not only creating content for the Danes themselves but are, to an increasing degree, also focused on the international markets, which makes it relevant to take a look at the export, where especially the game developers show strong numbers.

Export is primarily driven by game developers, who has a very high degree of export. The total turnover of game developers grew 4,1%, but this growth is not reflected in the export, that declines slightly by 0,4%. Export still makes up 65% of the total turnover for game developers, however, suggesting that the growth is taking place in the Danish market in a year with few international successes and with a larger part of the production made up of subcontracting, where the work is integrated into a third party product.

Since 2009 the export revenue of the game developers has grown by more than 500 M DKK, which is a threefold increase during the observed period.

[1] Se note 1, page 4

Fig. 7.1: Export (in 1000 DKK)

	2009	2010	2011	2012	2013	2014	2015
Games	252.631	339.135	239.965	415.210	668.867	747.023	744.060
Interactive					61.883	73.428	129.910
Total	**252.631**	**339.135**	**239.965**	**415.210**	**730.750**	**820.451**	**873.970**

8. Company size and turnover distribution

The companies have here been placed into categories depending on their turnover, to illustrate the composition of the interactive content producers. Game developers with a turnover of less than 1 M DKK dominate the picture, making up 66% of the total number of companies, but representing only 2% of the total turnover. The majority of the turnover comes from the 14 largest companies, who have a turnover of 7,5 M DKK or more. Compared to earlier years, there is one more company in the category for 7,5 M DKK or more in turnover, but otherwise there are only very minor changes.

For the remaining interactive content producers, there are fewer companies with a very low turnover, and more with a high turnover, compared to the game developers. Here, the category of 7,5 M DKK or more in turnover contains 20 companies making up 21% of the total number.

Regarding the game developers, the numbers show that the 14 companies with the largest turnovers have a collective turnover of more than 1 Bn DKK, which constitutes 89% of the total turnover of the whole games industry in Denmark. This does not differ from Denmark's neighbours in the Nordic Region, where the majority of the turnover in the games industry is created by a small minority of companies[1].

Compared to this, the 20 largest interactive content producers are responsible for 80% of the total turnover in the interactive subset. So while showing some of the same tendencies, the distribution here seems to indicate a greater number of healthy companies in the lower categories compared with the game developers.

[1] Source: Dataspelsbranschen, 2016. "Spelutvecklarindex 2015"

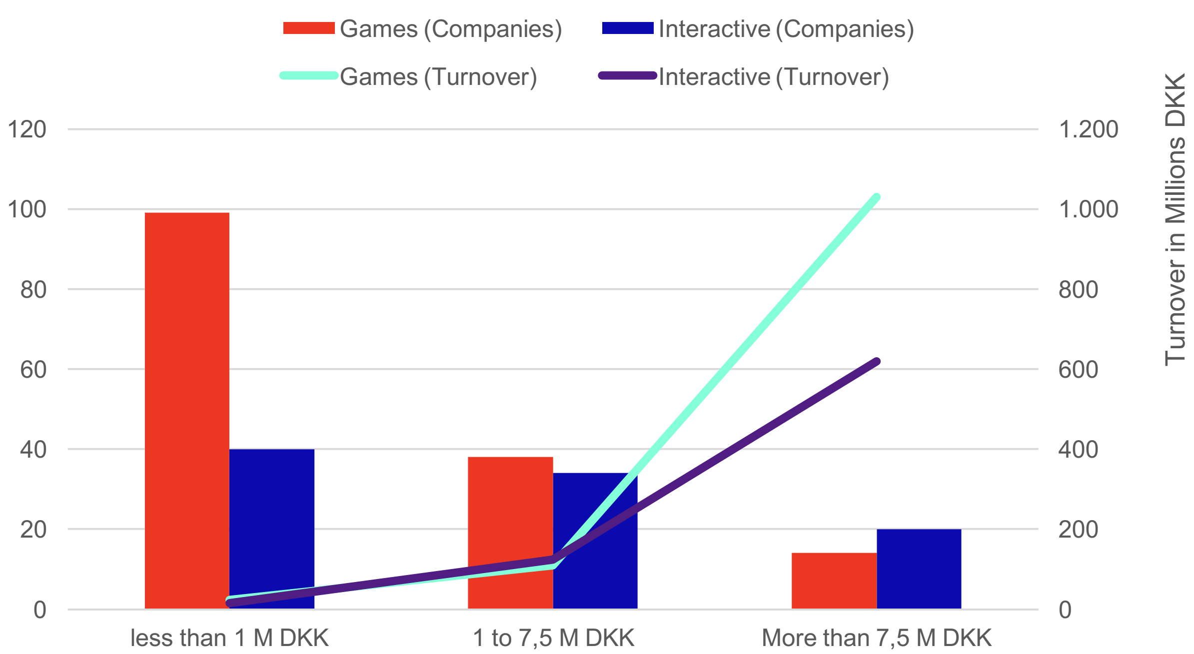
Fig. 8.1: Distribution of companies based on turnover

	less than 1 M DKK.	from 1 to 7,5 M DKK.	more than 7,5 M DKK.
Games	99	38	14
Interactive	40	34	20

Fig. 8.2: Distribution of turnover per category (in 1000 DKK)

	less than 1 M DKK.	from 1 to 7,5 M DKK.	more than 7,5 M DKK.
Games	22.684	108.765	1.029.694
Interactive	14.934	123.859	619.047

Fig. 8.3: Distribution based on turnover and number of companies



The table below shows, that the number of companies with less than 10 FTEs make up 87% of the total number of companies. Especially game developers have a lot of sole proprietorships and small companies. Again, the interactive content producers seem to exhibit a slightly more healthy distribution, with fewer small companies and more large ones, despite the lower number of total companies and lower turnover.

However, there is also a clearly identifiable trend towards more companies in the 10-19 FTE bracket, which indicates that a growing number of companies are managing to stabilize their business, hire people, and put out games, which is a clear positive marker.

Fig. 8.4: Distribution on company size: Games

	2012	2013	2014	2015
No employees	(75[1])	(72[1])	(68[1 2])	([1])
1-9 employees	(55[1]) 130	(52[1]) 124	(44[1]) 112[2]	131
10-19 employees	7	4	10	12
20-49 employees	7	9	6	5
50+	1	2	3	3

Fig. 8.5: Distribution on company size: Interactive

	2013	2014	2015
No employees	(28[1])	(17[1])	([1])
1-9 employees	(46[1]) 74	(42[1]) 59	74
10-19 employees	6	8	9
20-49 employees	4	5	7
50+	3	4	4

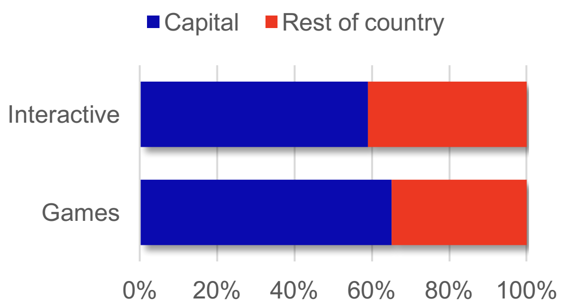
[1] Danmarks Statistik has, in our dataset, chosen to count the owner of the company as an employee. This means that sole proprietorships are no longer available as a separate line in the dataset. These are now part of the 1-9 employees bracket. Because of this, we have chosen to add up the number from earlier years, so the figures can be compared. The old numbers are presented in parenthesis.
[2] See also: note 1, page 5.

9. Regional distribution of companies

Looking at the distribution of companies it is clear, that the majority of the companies are still based in the capital of Copenhagen in 2015. There have been no changes for game developers, whereas there is a slight tendency for interactive content producers to move towards the capital, showing in an increase in Copenhagen-based companies by 15 % during the last year[1].

Fig. 9.1: Regional distribution of companies

	Capital	Rest of country
Games	98	53
Distribution %	**65%**	**35%**
Interactive	55	39
Distribution %	**59%**	**41%**



[1] See also: note 1, page 2.

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