



Strategy for Germany as a Games Hub



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Foreword



Video games are fun; they help us learn, influence our culture and are a key economic factor. The games industry is not only creative and innovative, it also makes a valuable contribution to the digital transformation and to progress in Germany. In spite of the many innovative thinkers and leading minds here, the domestic industry still is not producing enough games.

We want to change that, which is why we are supporting the industry and putting in place an appropriate framework. We began laying the groundwork in 2019 with the successful Federal Computer Games Funding programme. We also formed a dedicated division for Games at the Federal Ministry of Transport and Digital Infrastructure. This not only gives the issue an even higher standing, it also guarantees it the best possible technical and administrative backing.

The present Games Strategy is the next major step. It aims to bolster Germany's status as a games development hub, drive it forward and enhance its international visibility. Our objective is to become a lead market for video games at an international level. This objective comes with a core message for the industry: We can all see the great potential – let's work together to harness and utilize it. Doing so will benefit both the economy and society.

This Games Strategy was drawn up in close coordination with industry stakeholders and the general public. Our work was influenced by the many useful tips and ideas we received. I would like to extend my sincere thanks to all gamers, businesses, associations and researchers who made such constructive contributions. We will keep this fruitful line of communication open in future.

The strategy is our way of responding to the challenges in the games sector – confidently and with all of our strengths. Germany is one of the most innovative nations in the world. The gamescom exhibition in Cologne attracts more visitors than any other consumer exhibition for digital games worldwide. We have a successful computer games funding programme. Every year, the ministry works with 'game', the games industry association, to present the German Video Game Awards. We are building on these foundations to drive games forward in Germany.

A handwritten signature in blue ink that reads "Andreas Scheuer". The signature is fluid and cursive, with a long horizontal stroke at the end.

Yours, Andreas Scheuer, Member of the German Bundestag
Federal Minister of Transport and Digital Infrastructure

Preface



courage, for believing in their cause and not giving up. As a gamer and a mother, I am delighted that more and more schools are now using serious games in particular. In fact, the pandemic has shown very clearly how important it is that we can rely on digital methods and tools for schooling, too.

The Games Strategy is a major step towards ensuring that gaming culture continues to prosper, enabling it to produce many more innovations and point the way forwards. I will continue to advocate for this sunrise industry, and to stand side by side with gamers. I hope you all enjoy reading this brochure.

A handwritten signature in blue ink that reads "Dorothee Bär".

Yours, Dorothee Bär, Member of the German Bundestag
Minister of State to the Federal Chancellor and Federal
Government Coordinator for Digital Affairs

Games are a pure expression of *joie de vivre* in the digital era. Games help us playfully learn new skills, whether at school, at work or later in life. They are also a force for integration – taking part is what counts! People with physical disabilities can join in, as can people from a wide range of different linguistic and cultural backgrounds.

In my role as the Federal Government's Coordinator for Digital Affairs, I am especially delighted that the Federal Ministry of Transport and Digital Infrastructure is offering all gamers in Germany a positive outlook for Germany's future as a games hub. The Games Strategy also shows that we in Germany have taken a substantial step forward in the past two years. Games are now taken seriously by society, the private sector and politicians, and the games industry is finally getting the support it has long deserved. This has been a lengthy journey, and I would like to take this opportunity to thank all gamers for their patience and

1. Introduction

What began roughly 60 years ago with experiments at universities during the early days of computing, is now **mainstream**. Today, more than 34 million Germans are considered gamers, playing video games occasionally or regularly. Turnover on the German games market has doubled since 2017, rising 32% from 2019 to 2020 alone – to the current total of €8.5 billion.

Video games facilitate **social interaction and interpersonal communication**. Educational games help **teach course contents and share knowledge** at times when schools have to remain closed. Even the World Health Organization (WHO) views video games as a viable form of communication and social interaction when physical distancing is required. As such, they help combat loneliness and boredom. The WHO actively promotes video games in its #PlayApartTogether campaign.

“Computer and video games are highly significant as parts of our culture, drivers of innovation and economic factors.”

Chancellor of the Federal Republic of Germany Dr Angela Merkel, at the 2017 gamescom exhibition

Video games are a **growth industry**, which has established itself as a relevant economic factor and develops a **pool of highly qualified labour** for the digital sector. It is a **creative digital industry**, with innovations that are used by other sectors of the economy. However, the video games industry still faces several challenges. Even though overall turnover is rising, just under 5% of the turnover generated with digital games in Germany is earned by German companies – this figure was in decline for a long time and has remained stagnant for some years now.

To ensure that the video games industry is not left to face these challenges alone, the Federal Government introduced two **supporting instruments**: the German Video Game Awards (DCP), which have been presented since 2009 with game, the relevant industry association, and the Computer Games Funding programme, which was introduced in 2019.

The DCP has established itself as the most important recognition for video games. It aims to enhance Germany's status as a games hub with a culture of developing digital games and interactive entertainment software. The funding programme, overseen by the Federal Ministry of Transport and Digital Infrastructure (BMVI), has also proven a major success. About 190 projects are currently being implemented or about to start, and another roughly 110 projects have already been completed. The Federal Computer Games Fund is one of the best resourced programmes worldwide and a key instrument for our support of the industry.

While financial support for the industry will remain the main supporting contribution for the foreseeable future, it cannot be the sole response to the current structural challenges. As a first step, the Federal Ministry of Transport and Digital Infrastructure has restructured its division responsible for video games, thus establishing the required organizational structures. **The aim of this move is to embrace a holistic approach to games in Germany that goes above and beyond financial assistance.**

Our second step is to specify guidelines for a holistic games policy. That is the purpose of the present Games Strategy, which defines **superordinate action areas with Federal relevance**. It will emphasize the strengths, identify weaknesses and formulate guiding principles to remedy these weaknesses at a strategic level. Our overarching objective is to advance **Germany's status as a games hub** and establish it as a **lead market among the international competition**.

In order to align the key thematic areas of this strategy with the industry's actual needs, we have taken the points of view of relevant stakeholders from various areas of the sector into consideration. We will continue this **stakeholder dialogue** in future, as we can only reach our common goals by working together. Feedback from public consultations was also taken into consideration.

2. Potential

Games are innovators

Few sectors of the economy are as **innovative** as the video games industry. The games industry is a **digital frontrunner**, having brought technologies like simulation, three-dimensional visualization, virtual and augmented reality to maturity, which enabled other sectors to use them. As other industries are beginning to use these emerging technologies, video games now drive innovation for **technology transfer**.

Among the industry's distinctive features are its **short innovation and development cycles**. It stands head and shoulders above other industries – and often even other stakeholders in the digital sector – in terms of agility.

Besides technology transfer, **transfer of labour** is also a significant factor, with an impact that extends beyond the boundaries of the digital sector. Employees in the games industry have outstanding **digital skills**, and are accustomed to breaking new ground with great **creativity** and developing unconventional solutions. As a result, the games industry provides a **pool of highly qualified labour** with the digital skills that are becoming increasingly important for Germany as a place to do business and its competitiveness in the global economy.

Games as an economic factor

In 2020, global annual turnover in the games industry reached €8.5 billion. This illustrates the extent to which video games have become a key economic factor. Roughly **590 companies** operate in the video games development sector in Germany. They create and safeguard jobs, train employees and add value. By forming regional clusters, they make a key contribution to promoting local business development.

Games are interactive

During the Covid-19 pandemic in particular, many people found it challenging to maintain social contacts and personal relationships. During this time, video games and other digital platforms have proved in particular how valuable they are for communication, leisure time together and dialogue. It is no coincidence that turnover on the games market has risen sharply over the past year. Video games not only let us switch off from everyday life, they are also a **platform for interpersonal communication**. It is above all games in which players have to work together to solve problems that make this communication possible. Games that allow family and groups of friends to play together while observing the physical distancing requirements are also successful.

Games promote diversity

Video games bring together people from different walks of life to play together, regardless of their gender and sexual identity, nationality, ethnic or social background, education, religion, handicap, age, language and sexual orientation. Few other media epitomize **diversity**, encourage **participation** and bring about true **inclusion** to the same extent as games.

Games are international

More than 2.2 billion people worldwide play video games. Ideologies, political systems and physical distance are secondary. What matters is experiencing stories together, completing missions and testing one's skills against others in competitions. Video games are a way to reach out to and communicate across borders. In this way, they have a lasting, positive impact on the players' **international and intercultural skills**, and promote understanding on all sides.

Games educate

The term '**serious games**' encompasses a wide range of educational games that teach skills, knowledge and information. While entertainment is not their primary purpose, it does play a secondary role. Serious games **bridge the gap between teaching and applying knowledge**. The fun side of the game promotes learning.

The use cases are virtually unlimited: Serious games can be made about almost any topic, and cater to all age groups. Particularly noteworthy is their potential for **political education**, promoting topics like **the culture of remembrance**, democracy or diversity, as well as raising awareness and understanding for other **topical societal issues**.

Serious games are especially important in the education sector (schools, higher education institutions, vocational schools) as **a fun, playful way to teach curriculum contents**. **Game-based learning** supplements conventional learning, helping to improve learning outcomes. As a secondary effect, serious games build **media and digital skills**, which are becoming increasingly important.

They also have potential in other areas, such as **health applications**, where they can encourage physical activity as part of movement and rehabilitation therapies. The games can be designed for specific physical or cognitive impairments and age groups. Besides the immediate benefit for the players, serious games reduce the workload of healthcare workers on the ground and the healthcare system as a whole.

Games are culture

Games are entertainment media and, as such, they are a popular leisure activity. As narrative media, they are **works of art and cultural artefacts**. Gamers identify with their games. Gaming has its own celebrities, for instance influencers including experts, 'Let's Players' and e-sports pro-gamers.

Gaming-related entertainment is comparable in scope, design and social relevance to traditional arts like literature and cinema or cultural phenomena such as board and party games. Gaming also competes with these arts and phenomena.



'Homo Ludens Digitalis' exhibition area of the Computerspielemuseum, Berlin's Video Games Museum

3. Vision

The Federal Ministry of Transport and Digital Infrastructure has set four overarching strategic objectives to enhance Germany's status as a video games hub. Besides supporting the games industry, we want to continue to tap video games' potential for the economy, innovation and culture. We want to promote broad recognition of gamers and games and work to maximize the benefit of the digital creative sector for society as a whole. Our objectives serve as guidelines for ongoing dialogue with relevant stakeholders in the Federal Government, the federal states (Laender), the private sector, the cultural sector and the scientific community to optimize the environment for games in Germany.

1. Establish Germany as lead market for video games

While Germany is one of the most important sales markets for digital games, it has not enjoyed much success as a development hub to date. We must boost Germany's international visibility as a games hub. This means promoting and publicizing the industry's performance, innovation and creativity in Germany and the environment Germany offers as a games hub. Doing so is immensely significant for any efforts to recruit experienced experts from other countries. Increasing the attractiveness of venture capital investments in German start-ups is another aspect. We aim to become a lead market for video games and to enable Germany to compete internationally in the games sector, to sustainably harness the economic potential and technologies, and grow the skillset. The games industry is an essential part of Germany's cultural and creative sectors. Given its manifold technological developments, it is of immense significance for many professions throughout the cultural sector.

2. Support market development for video game production

Most German companies involved in video game production have fewer than 25 employees. To date, there have only been a handful of international top productions (blockbusters or AAA games) from Germany. We must focus on helping SMEs and start-ups grow to become major companies that can compete successfully at an international level. Besides development funding, establishing suitable hubs (for example shared or co-working spaces and incubators) will be a key measure for fostering start-ups. We must also make the general

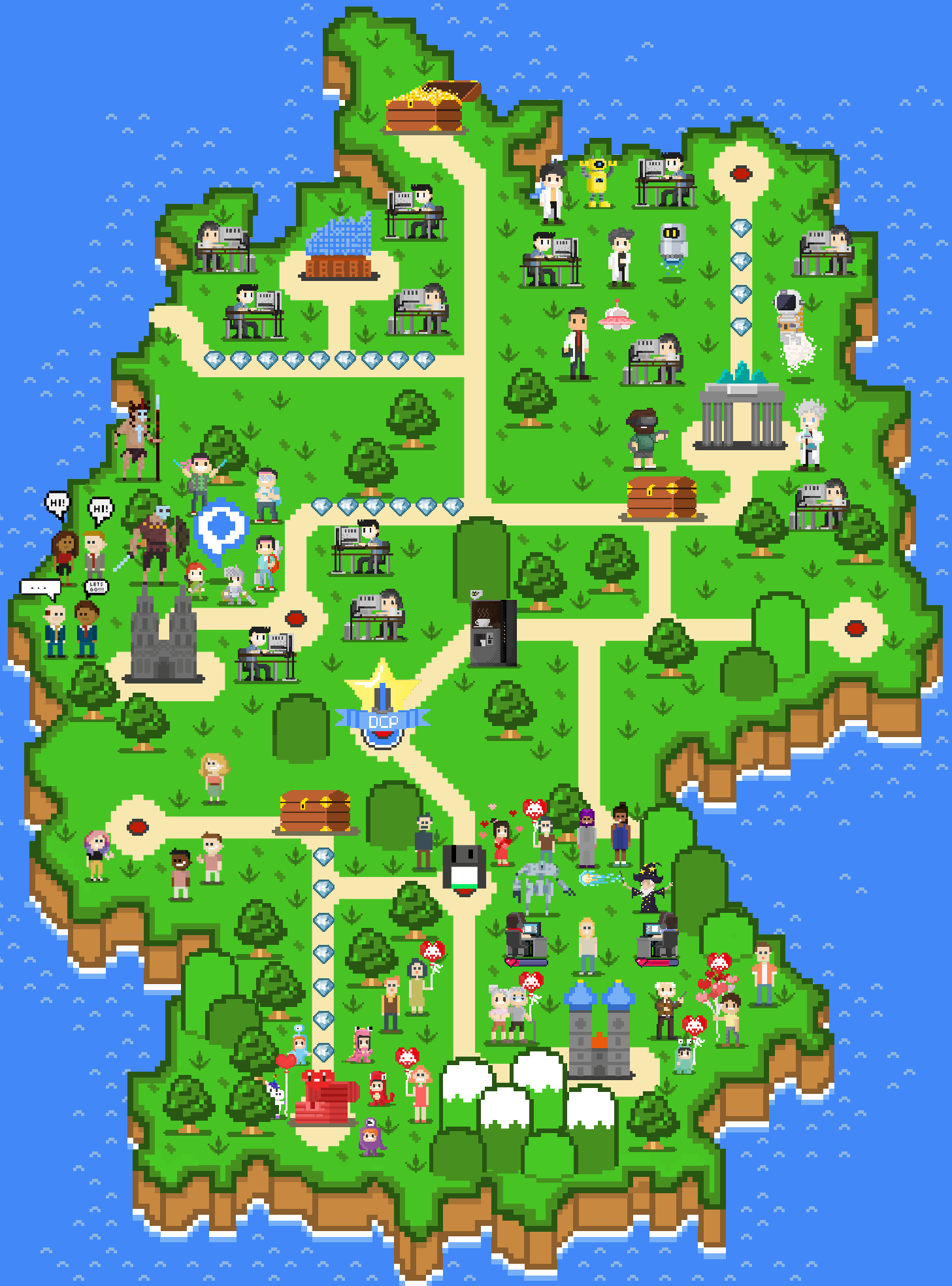
conditions for investing in games companies more attractive, and optimize crowdfunding opportunities. We must support big German studios by improving the general conditions and providing selective financial support, to enable them to tackle challenging projects up to and including the production of top AAA games entirely in Germany. This includes supporting foreign companies that wish to establish operations in Germany. A sufficient supply of skilled personnel plays a key role for the sector.

3. Boosting innovation through games

Germany embodies innovation. Besides technology businesses, our excellent universities and research institutions, as well as the cooperative education system, help us rank among the leading nations internationally. We view the video games industry as a driver of innovation that can help safeguard Germany's status as an attractive location for innovative businesses. The sector's strengths in using agile methods with short innovation cycles, its digital and media skills must be harnessed across sectoral boundaries. Technology transfer plays a pivotal role in this approach. We are working with stakeholders from the games sector to build cross-sectoral networks. It is important to connect universities and research institutions with the games industry. They produce highly skilled personnel and can contribute key research and development findings. Among other instruments, innovation can be stimulated by offering selective funding for research and establishing thematic clusters.

4. Harness the potential of games for society

Video games are both part of our culture and a key economic factor. We are committed to tapping the immense potential and making the most of the opportunities they offer for society as a whole. We must highlight their positive aspects to build trust, respect and appreciation for gamers and the games industry. At the same time, it is important that we respond appropriately to the medium's risks. For example, we must protect gamers' personal data, privacy and also safeguard them against discrimination or unethical payment models. We view games as a form of artistic expression, which allow creatives to experiment with aesthetic innovations, build bridges spanning disciplines and participate in social debate.



4. Action areas and strategic goals



4.1 We aim to become a lead market for video games

Germany is the **most important sales market in Europe** for video games, and the fifth largest worldwide.

Simulations, strategy games and point-and-click adventures are more popular in Germany than in other countries. Some of the best known games in these genres come from Germany¹. For years, 'FIFA', a sports game produced in Canada and updated annually, has been the best-selling game here. While games consoles have now outgrown the PC in popularity, PCs remain more relevant here than in other countries. However, across the globe (and Germany is no exception), smartphones/tablets are now the most frequently used platform.

In the past, most digital games were **distributed** through physical retail outlets with a local sales network. Today, most video games are distributed digitally – the role of physical retail outlets is declining sharply.

¹ Examples include the build-up strategy games series 'Anno', 'The Settlers' (both by Ubisoft Blue Byte, Dusseldorf/Mainz), 'Forge of Empires' (Innogames, Hamburg), the 'Book of Unwritten Tales' adventures (King Art, Bremen) and the 'Deponia' games (Daedallic, Hamburg).

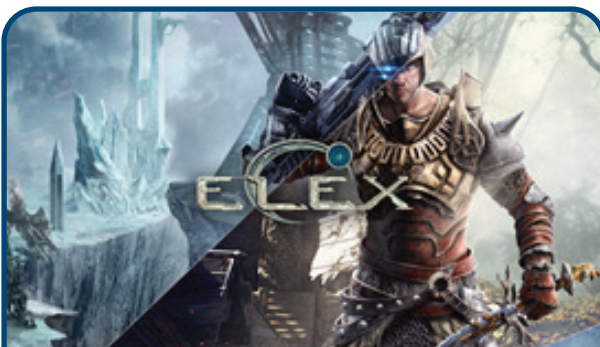
Germany's relevance as a **development hub** has been minor to date, and is characterized by many small, mostly independent companies, a few medium-sized enterprises and virtually no large corporations. While there are already roughly 590 games development studios, just 7% have more than 25 employees. In recent years, some companies were targets for international take-overs. Foreign investors now hold majority shares in 7 of the 10 largest development studios in Germany. In contrast, if we consider the 30 largest companies in the industry, 50% are in majority foreign ownership. Compared with other major international hubs, it is striking that there are **almost no large companies** in this sector in Germany. Only one developer has over 500 employees (approx. 700, spread over three locations). Creating a healthy mix of SMEs and large corporations is an important objective. **International co-productions** also allow Germany to develop bigger games, and help improve its standing on international markets.

Of the 37 digital games that sold more than 100,000 units in Germany in 2019, only one was produced in Germany. Overall, just approximately 5% of all turnover generated in Germany is earned by German companies. In spite of their relatively small workforces and proportionately low overall budgets, some studios from Germany have had some noteworthy successes in recent years. They produced games that garnered attention beyond their own niches, both nationally and internationally, and achieved respectable sales figures.



We are committed to raising national and international awareness of the best games from Germany and the development studios behind them, demonstrating the capabilities, innovation and creativity of the industry in Germany. This will not only increase the games' sales figures, it will also promote Germany as a place to do business and help network companies internationally.

Besides the federal funding for video game development, which is now competitive with other countries, Germany has several locational advantages that should be promoted to a greater extent internationally. In Cologne's **gamescom**, Germany is home to the largest consumer exhibition for digital games in the world by visitor numbers. German companies in the games industry communicate largely in English. The **low language barrier**, the strong employee protection mechanisms compared with other countries and the high standard of living in Germany are persuasive arguments when recruiting international specialists. Many other countries model their education and vocational training systems on the German approach.



'Elex' (Piranha Bytes GmbH, Essen) is one of just three games from Germany that has sold more than 100,000 copies on the domestic market since 2015. The game was produced by a small, roughly 30-strong team, and builds an elaborate role-playing world. Gamers voted it the Audience Award winner at the 2017 German Video Game Awards – still the only game from Germany to take home that prize.



gamescom, a consumer exhibition held annually in Cologne, is the largest digital games exhibition worldwide by visitor numbers, counting 373,000 in 2019, and a glowing advertisement for Germany as a gaming nation. The consumer exhibition is supplemented by an area for trade specialists, congresses for developers (devcom) and industry specialists (gamescom congress) and a festival in the city of Cologne. gamescom showcased its innovative capacity and significance with a digital event during the COVID-19 pandemic.

To evolve Germany into a development hub at the global forefront and encourage international companies to establish development studios in Germany, we must supplement the existing funding programme with **measures to promote Germany's advantages and potential as a business location** as well as the domestic industry.

Even before the Federal Computer Games Funding programme was launched, companies in the industry already reported an acute shortage of skilled labour. In addition to the measures described in section 4.2 to **mitigate the skills shortage**, and complementing the activities in Germany, recruitment of **foreign specialists** will be essential, both to alleviate the specialist shortfall and boost the creativity and intercultural skills of the companies' teams.

Coordinated, centralized locational marketing will help attract specialist workers from around the world to the German games industry, and persuade companies worldwide to establish permanent operations here. Having a single, central point of contact for initial inquiries and information would help turn Germany into an excellent games hub.

We are committed to enhancing Germany's visibility as a games hub with help from all relevant stakeholders. We must use existing event formats like gamescom selectively and develop new formats in good time. Coordinated locational marketing will play a particularly important role in this context. Recruitment of international specialists is a priority for us.

Even more so than other industries in the cultural and creative sector, the games industry is reliant on **global networking and marketing** of its products. In 2019, companies in the German games industry generated 46% of their turnover internationally. By way of comparison, the corresponding figure for the music industry in the same year was 9%, and just 4% for the film industry. Digital games are generally sold worldwide and marketed actively in a range of countries – in spite of cultural differences in the respective target markets. **Digital game distribution** has considerably intensified this trend. As a result, digital games are generally **designed for an international market** from the outset and translated at least into English (or developed in English in Germany). While many studios use the services of publishers for international marketing, some companies market their games internationally on their own behalf. These studios in particular require a **good international network** to succeed and grow.

We believe it is essential to consider the networking opportunities for companies in the German games industry when promoting Germany as a place to do business.

First presented in 2009, the **German Video Game Awards (DCP)** are the most important awards for digital games from Germany, and also the most lucrative. The awards are funded by the Federal Ministry of Transport and Digital Infrastructure (BMVI). This year, they were presented once again by Federal Minister Scheuer, Minister of State Bär and trade association 'game'. The best digital games produced in Germany, games with cultural or didactic value, games considered particularly innovative and/or especially fun to play, are rewarded with prize money. The awards are supplemented with honours for international games, outstanding achievements by gamers and development studios and a special prize awarded by a jury. As a **reflection of the current capabilities of the German games industry**, the awards and the winning games and companies are an ideal basis for showcasing these capabilities internationally.

In future, we want to make better use of the German Video Game Awards and recognition of games and companies to showcase Germany's capabilities as a competitive games hub.

The Federal Government is not alone in its backing of video games development; several of the federal states also offer **regional location-based support**. While drafting the guidelines for Federal Computer Games Funding, there was continuous dialogue with the federal states, primarily through the medium of the Federal State Working Group on Games². The ministry works with the project executing agency DLR to implement the federal funding in coordination with the state funding agencies, with whom they discuss in particular details regarding the funding, such as combining state and federal funding, and developing practicable solutions.

2 The Laender-AG Games is a working group in which the federal states discuss funding for the games industry. By invitation of the federal states, the Federal Ministry of Transport and Digital Infrastructure (BMVI) attends the meetings.

We consider continuous and effective cooperation between the Federal Government and the federal states crucial, for example in the form of coordinated activities and joint events. Our aim is to create an overall supporting ecosystem with the Federal Government and federal states, in which the various forms of financial support expediently supplement and build on one another.

German copyright law has sections on film, photography and software, among others, but none on digital games. As a result, they are currently protected both under the rules for audiovisual media and as computer programmes. Copyright law fails to incorporate both the 'hybrid' nature of digital games and phenomena that are typical of the industry and often actively supported, such as creation of game modifications (mods) by consumers or playthrough of digital games for an audience ('Let's Play').

Many branches of law influence the framework for video games and games culture in general, as well as the development and marketing of digital games in particular. First and foremost, they include copyright, consumer protection law and youth protection law. The games industry is also impacted by media law, regulations for platforms and data protection issues. **The regulatory framework is increasingly negotiated at a European level.** This process rarely focuses on how it impacts the games industry or use of digital games. As a result, these effects do not receive sufficient attention.

We will make a substantive contribution to national and European legislative processes to enhance the national and European games industry's standing relative to its international competition. We are committed to improving the visibility of games as an issue in the European institutions, especially the European Commission.





4.2 We support development of the video game production market

With its 2019 Federal Budget Act, the German Bundestag adopted the first **Federal Government Computer Games Funding** programme to promote the development of digital games. For this purpose, **€50 million** will be provided annually at a federal level. The pilot phase of the Federal Computer Games Funding programme for smaller projects with funding of up to €200,000 ('de minimis' funding) was implemented in 2019. This instrument was used both to bridge the gap until the EU notification procedure for the planned high-volume funding could be completed, and to give SMEs in particular an initial impetus and a head-start with higher funding rates.

In the pilot phase of the Computer Games Funding programme 230 funding projects were approved and roughly €27 million of budgetary funds committed. 99% of the projects are implemented by small and medium-sized enterprises (SMEs), 87% of which are very small companies with fewer than ten employees.

The findings and experience gained from the de minimis aid round directly influenced the **funding guidelines for high-volume production funding**, which were published in August 2020, as well as the corresponding application and consultation documents. The funding guidelines for production funding allow for far higher funding totals than the de minimis funding. The pro rata funding is

provided as a non-repayable subsidy for companies that have their headquarters, permanent establishment or place of business in Germany. These instruments are used to support development of video games (prototype or finished game).

As part of the high-volume Computer Games Funding programme, roughly 120 applications had been received by the end of 06/2021, and about 70 have already been approved or have almost completed their approvals processes. The budgeted development costs for the projects range from €35,000 to €10 million. An increasing number of established companies are applying, with the average number of employees currently at 36.

The objective of the Federal Computer Games Funding programme is to consolidate Germany's status as a games development hub and render it competitive internationally. **The financial support will benefit the sector as a whole**, from small development studios to major corporations. The funding will help:

- increase the workforce numbers in the cultural and creative sector;
- grow the number of games published in Germany; and
- bolster their standing on both the German and international markets.

The instrument is also intended to incentivize international companies to establish permanent operations in Germany, creating sustainable employment. This will increase the number of development studios and companies in Germany.

To reach the objectives of the Computer Games Funding programme, **the funding conditions must be assessed and adapted continuously**, taking the existing regulatory parameters into consideration. Constant change is another key feature of the video games industry. The industry's needs must be identified in good time and served appropriately. Accordingly, the study entitled 'The Games Industry in Germany 2018/19/20'³, which is supported by

³ <https://www.game.de/publikationen/studie-games-branche-in-deutschland-2020/>

the ministry and will be updated at regular intervals, is an important instrument. It delivers key findings on changes in the industry and any need for adaptation of the funding structure.

We will enhance our communication channels with the games industry, a constantly changing sector, to identify its needs in good time and develop appropriate and effective supporting measures as part of the Federal Computer Games Funding programme. We will develop and optimize the financial assistance programme and approval process on an ongoing basis in close coordination with the games industry.

Until 2019, the German Video Game Awards (DCP) were the only federal support measure specifically for digital games. Besides the prize money, its secondary aim has always been to generate media attention for the winners. In spite of the Federal Computer Games Funding programme, prize money (like the German Film Award) will remain relevant, both to **recognize and honour achievements, and also to serve as a flexible form of financial support**. Presented jointly by the Federal Government and the private sector, we aim to **evolve the DCP** in close coordination with 'game e.V.' – the German Games Industry Association – as the award's second sponsoring entity.

Aside from the financial support for the award winners, the DCP is above all a **communication tool**. By honouring the best games from Germany, it serves as a quality mark and showcases the industry's capabilities. The DCP is intended to raise awareness of the high-quality games produced in Germany among the broader population (especially on the domestic market). The DCP promotes digital games in general and the winning games in particular. It acknowledges the developers behind the games in question, and places them in the limelight. The cultural significance of digital games is now widely recognized, and their overall image has improved greatly.

To date, media awareness of the German Video Game Awards has been limited almost exclusively to the awards ceremony; DCP-based communications at other times of the year have been rare.

In our opinion, the German Computer Games Awards (DCP) remain indispensable as a cultural award with prize money. In future, we aim to better support the winners in other areas in addition to the prize money. We plan to develop the DCP as a communication tool and make better use of it at other times of the year.

Skilled labour pool, initial training and continuing professional development in the video games industry

Besides an attractive market environment, development of the video games industry in Germany also depends on the availability of specialist workers. In 2020, the industry numbered roughly 10,000 core employees, with a further 18,000 in peripheral segments. By comparison, the United Kingdom had roughly twice as many core employees, and Canada as many as three times the number. We are observing that **many companies use the financial support from the Federal Computer Games Funding programme to hire new staff**. Roughly 80% of employees in the sector have permanent contracts. The employees' responsibilities can be broken down into **technical, creative and commercial/organizational work (incl. marketing)** with a roughly equal distribution. The number of **career changers** in the games industry is one of its distinctive features. While this does engender **great potential for innovation** based on creative cross-pollination, it can also entail a **risk of labour shortages**. At times, the games business competes for labour with adjacent industries in the IT sector and the creative economy. There are not enough training courses and degree programmes that focus specifically on games development. What is more, a more interdisciplinary approach on the part of existing **courses and programmes** would benefit both students and businesses in other sectors: the former would be able to choose from a wider range of positions, and the latter would gain by adding games-specific knowledge to their areas of expertise.

In this day and age, occupational profiles are constantly changing. Graduates from a wide range of vocational training professions and degree programmes can work in the games industry. **Schooling and vocational education** form the basis for successfully **strengthening the skills base** to educate the specialists of tomorrow. The **digital literacy** taught at school builds a solid foundation for these skills. Video games are a valuable educational tool in general, but can also be used specifically to learn programming skills, for example. Work experience programmes in the games industry give schoolchildren an impression of the variety of occupations and show them how various vocational qualifications and degrees can be applied in this technological and creative corner of the labour market.

We believe that making video games and the games industry's job market part of school education can help develop qualified staff for the future.

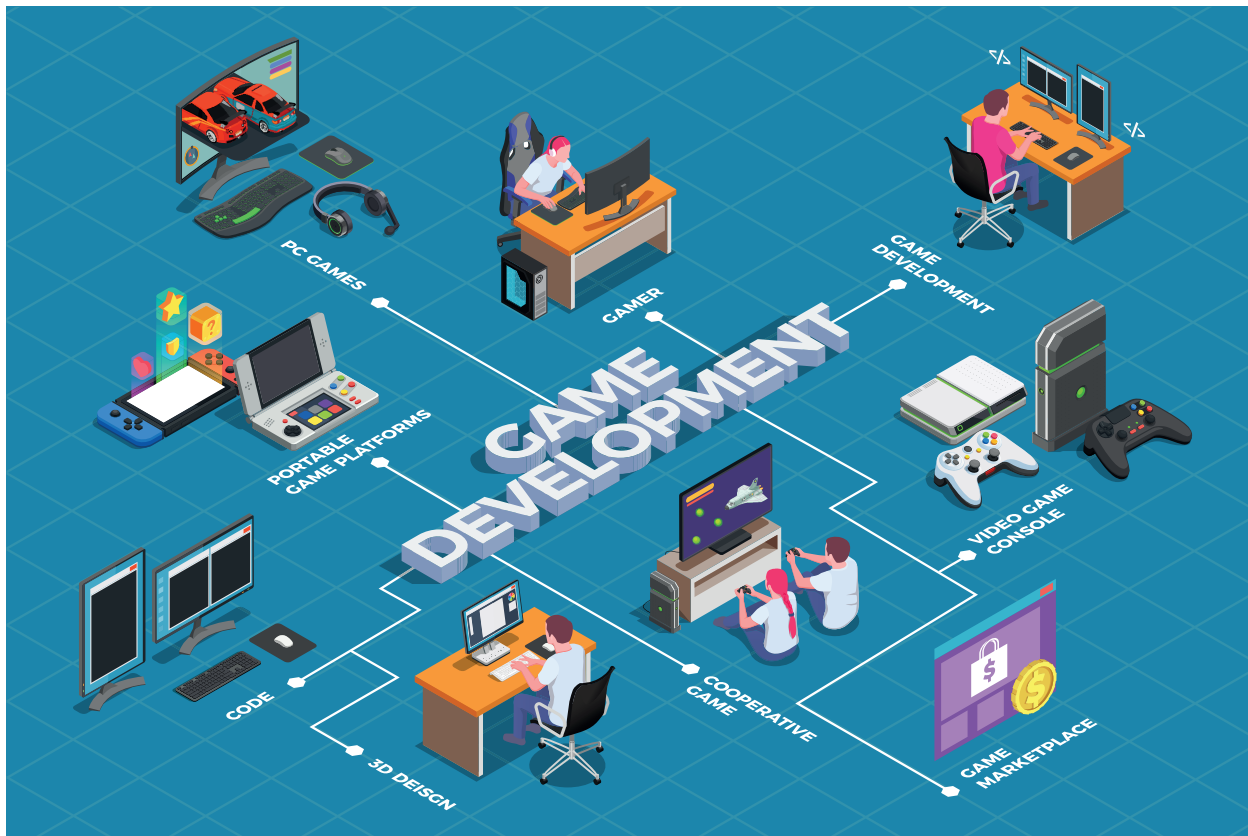
Both the games funding programme and the DCP have shown us that though new start-ups often have the expertise they need to make their visions a reality from an artistic and technical point of view, some lack **commercial and organizational skills**, specifically in strategic coordination, business development and project management.

We are committed to offering more business management and other appropriate expertise in both vocational training and continuing professional development courses, to give companies better chances of becoming commercially successful. We want to create or expand relevant services, in particular to support new start-ups.

As a growth sector, the games industry requires **multifaceted and interdisciplinary academic, vocational, advanced and continuing professional education and development**. The industry seeks **highly specialized employees**, who frequently work in large international teams spanning a range of disciplines. The video games industry's products are made for a global audience. Many employees in the industry are graduates of traditional vocational education and degree programmes such as computer science or graphic design.

The most important occupations in games development include games designers, programmers, graphic designers and producers. Both private and state-backed educational institutions offer **degree programmes and qualifications tailored for the games industry**. According to the Higher Education Compass by the German Rectors' Conference, 17 higher education institutions in Germany, including five universities, offer degree programmes related to development of digital games. However, feedback from the games industry would indicate that these courses do not offer enough places to meet demand.

We are committed to better aligning the existing range of degree programmes and vocational training with the needs of the games sector. Games-specific specializations in vocational training and degree programmes make effective use of the existing structures. We consider it necessary to expand the range of courses that focus exclusively on the games industry. Comprehensive part-time skills schemes as part of continuing professional and higher-level education are indispensable for an industry that employs so many career changers. We must identify the requirements to adapt the existing and new courses to the necessary capacities.



The attractiveness of games companies in Germany for international specialists is critical to their ability to compensate for existing shortfalls, as the demand for specialist workers cannot be met with domestic labour alone. The direct knowledge transfer and creative input from other countries benefit both our domestic specialist workers and Germany as a games hub. Germany has a competitive advantage: Specialists here earn the highest (starting) salaries in Europe.

Today, international employees already make up much of the workforce at several leading video games companies in Germany. The most recent Games Study found that the average percentage of non-German citizens in the games industry is far higher than in the cultural and creative economy as a whole, at 27% and 17% respectively. This is above all due to the international focus of games companies: In stark contrast to other cultural media, the

industry generates a particularly significant proportion – roughly half – of its revenue in other countries.

We recognize the need to facilitate access for international specialists by creating suitable framework conditions that meet the current and future need for highly qualified and experienced labour.

Networks are more important for the games industry than for many other sectors. Some regions already have local networks (in part funded explicitly by the federal state or local authorities). In spite of this, the companies and stakeholders in the industry believe that **further networking is required**. Networks are necessary both within the industry and across sectoral boundaries, and both at national and international levels.

As part of the Federal Computer Games Funding programme, we will continue to promote networking of the recipients with one another and with other stakeholders in the games industry. We are committed to networking the games sector across sectoral boundaries, and also plan to foster international networking.

Funding: mobilizing private-sector investors, lenders and financial backers for games productions

In most cases, digital games are **risk products**. It is often impossible, in spite of experience and target group analyses, to predict with sufficient certainty whether the development of a specific new game will pay off or not. That is true in particular for new businesses, or businesses specializing in new game types or game mechanics, in other words where there is a lack of experience. However, games that follow proven patterns also decline in popularity over time – even successors and sequels that rely entirely on tried-and-trusted concepts do not always achieve a comparable level of success. While consumers expect new games to be different, they vary in their expectations of what should be retained and what should evolve. As a result, **successful games often have to compensate for ‘flops’** in the industry. A series of unsuccessful games can pose a serious threat to a company’s continued existence.

As a game’s success cannot be forecast reliably, **revenue can only be planned to a limited extent**. Other factors also lead to revenue fluctuations, frequently severe in nature, for development studios.

Digital games generate most of their revenue in the period shortly after their publication. Revenue declines over the remainder of the game’s lifecycle. That is particularly true of the classical financing model, where games are sold once and do not generate any additional revenue via in-game sales or subscription models. Consideration of these specific characteristics in future funding guidelines should be assessed.

Companies in the games industry tend to have little to no physical collateral (e.g. machinery or real estate). Payroll makes up the overwhelming majority of expenditures for games production. Combined with the fluctuating revenue, which is often difficult to forecast, games companies find it difficult to provide collateral in the conventional meaning of the word. **Development studios’ typical assets include their expertise**, the value of the intellectual property they have developed, their image and their community (fans or people who play their games), but the value of these assets is often difficult to ascertain, especially for investors from other industries.

When companies in the industry cannot fully stem the development costs of their next game from their existing financial reserves or current income – for example, companies producing their first game, following a less successful title or for new, large-scale projects – they require financial support. **Federal funding can help bridge this gap**. However, especially for young businesses, it cannot always deliver all of the resources required.

Within the industry, a dedicated branch has cropped up to help companies cope with this shortfall in funding: **publishers**. Like literary publishing houses or record labels, they often (pre-)finance new titles, in addition to providing marketing, distribution and strategic consulting services. Due to the unpredictable outcome and lack of other collateral, developers are often forced to surrender the rights of utilization to their games, including the characters and game environment (**IP – Intellectual Property**). That generally means that the development studio cannot use them independently in future. They also no longer have the rights they need to develop and/or market a sequel to the game in the same game environment without permission from the new rights holder.

To enable companies to grow independently, they need forms of investment and support that give them a better chance of retaining the **rights of utilization** to the works they have created. Publishers can also facilitate independent growth: If the financial situation, the probable success of the game and the developer’s reputation are good enough, publishers are often willing to bear the pre-financing risk without demanding all the rights.

We want to find ways to help young studios in particular to successfully pitch their games ideas to publishers or other financial backers, and empower them to negotiate equitably with investors.

Some development studios use **crowdfunding** to (partially) finance their games. However, successful campaigns of this nature are rare⁴. Crowdfunding campaigns often do not generate sufficient attention to make enough potential gamers aware of the project in question (in some cases, the game concept also fails to win over enough gamers).

Publishers or crowdfunding campaigns generally invest directly in the game production itself. An alternative way of finding capital is to identify financial backers who are willing to invest in the company itself or to take it over. However, as a rule, only inward investors are willing to take this step.

To improve the financing options for companies from the industry, especially for video game developers, support measures are required to avoid companies becoming dependent on the funding in the long term.



How to strengthen the financing power of the European games sector?

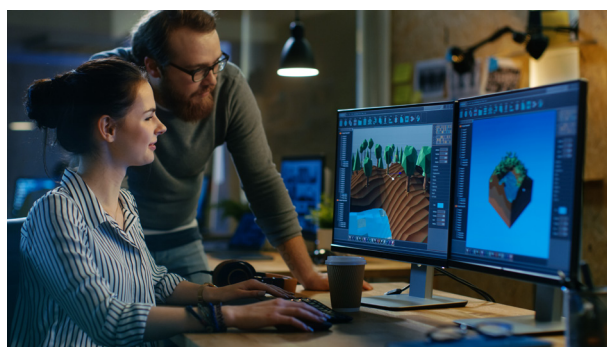
public funding - private investment - publishing - professionalisation

European GAMES Debate

2nd December 2020 - 10:00 AM - 4:00 PM (CET)
online - free registration
<http://spielfabrique.eu/en/europeangamesdebate/>

The 'European Games Debate', a BMVI-backed event on funding options for the games industry in Europe, was held in December 2020. The dialogue it initiated is to be continued and consolidated in a series of European workshops focusing on public financing, private sector investments, banks and professionalization of the sector.

We believe the industry must be made more attractive for a wide range of investors. For example, conventional banks must be encouraged to make investments in the industry and reduce barriers for bank sureties et cetera. To this end, we want to find ways, among other things, to educate interested banks and other financial backers about the specifics of the games sector and typical business models in the industry.



⁴ According to game, the trade association, only 35% of funding campaigns on crowdfunding platform Kickstarter are successful, while the equivalent figure for its rival Indiegogo is just 10%.



4.3 We promote innovation through games

Development of video games has a significant influence on **technological innovation**.

The 'Best Innovation and Technology' category was added to the German Video Game Awards to support new developments. It recognizes the best hardware or software technology from Germany that is deployed in the computer and video games industry. For example, this could refer to a specific games technology or a special control system. Pioneering new features that demonstrate the computer and video games industry's capacity for innovation are eligible for the award, which can go to either research establishments or private sector businesses.

The games industry is constantly breaking new ground.

This also benefits other sectors, as is particularly clear in visualization and simulation applications. Graphics quality plays a supremely important role in enhancing the video game experience. Games were one of the earliest applications of three-dimensional visualizations. Today **other areas also strive** to achieve the most realistic representation possible, for example in building information modelling, which is all about networked planning, building and management of buildings.

Simulation games with realistic representation of actual situations played a major part in facilitating development of simulators, such as those used in the transport sector.

Continuous adaptation of the required hardware is inexorably linked with software development. It takes powerful graphics hardware and performant processors to make games run smoothly. The interface to the gamer also plays an important part in the gaming experience: Audio-visual media must develop in line with the games evolution to output sound and images appropriately. This results in entirely new technological solutions like virtual reality glasses that transport players into the heart of the action. While these technologies are often created outside the games industry, it is the games industry that has made many of them practical, affordable and usable for non-experts, too. In turn, other industries and applications also benefit from this.



'Holoride' (Holoride GmbH, Munich) is a system that enables car passengers to travel through virtual worlds or play digital games using VR glasses. The system reads the vehicle's sensors and tailors the game duration to the estimated travel time, and the movements in the games to the real physical forces on the vehicles and passengers. That prevents passengers in the vehicle becoming nauseous due to discrepancies between the motions and what they are seeing. Winner of the 'Best Innovation and Technology' category at the 2021 German Video Game Awards.

We recognize the great potential for technology transfer from the games industry into other sectors, and are committed to creating appropriate structures to facilitate this transfer. Among other things, this requires cross-sectoral networks to enable other technology sectors to participate in innovations from the video games industry. At the same time, this will enable the games industry to benefit from the expertise of other sectors.



Video games are characterized by **short innovation cycles**. The games industry uses specific approaches like agile working to adapt to these requirements. The employees' inherent digital and media skills are among the sector's strengths.

To ensure that Germany can continue to drive innovation in video games, we want to identify ways to specifically foster innovation in the sector and the scientific community. The sector's strengths in using agile methods with short innovation cycles, its digital and media skills must be harnessed across sectoral boundaries.

Innovation is one of Germany's major strengths. We have a diverse higher education landscape and impressive research establishments. One factor in this success is the **close relationship between the research community and the private sector**, enabling them to develop solutions for

specific applications in addition to fundamental findings. **Collaborative research projects**, in which multiple stakeholders work together, have proven themselves as a method for finding solutions to technological and societal problems.

We want the video games industry in Germany to build on its role as a driver of innovation. To this end, we aim to establish close working relationships between the scientific community and businesses in the industry. We are committed to expanding funding for games research, for example in the shape of collaborative projects with representatives from the scientific community, research and the industry in a mutually beneficial cooperation. Scientific establishments also produce highly qualified personnel and can make significant contributions in applied research and experimental development.

As a result, **higher education and research institutions need to improve their games-related research capabilities**. There are few other sectors where technology and artistic creation dovetail as closely as in video games development: Technology, the humanities and arts come together in software, hardware, graphics, background music and storytelling. Expanding Game Studies as a dedicated scientific discipline with its own institutions and networks is one possible approach.

We believe that there is great potential in connecting scientific establishments to form innovation clusters and advance specific research areas or innovations and solve specific problems. Above all, we believe that developing and maintaining interdisciplinary centres is essential. We must enhance research institutions' expertise in the games sector, promote Game Studies as a scientific discipline, develop the research and technology infrastructure and put in place the frameworks for optimal knowledge transfer.

gamelab.berlin

gamelab.berlin was founded at the Humboldt University of Berlin as part of the 'Bild Wissen Gestaltung (Image Knowledge Design)' cluster of excellence. It conducts interdisciplinary and multiperspective research into the opportunities and limits of 'games as a cultural technique'.

Besides developing dedicated technological solutions, games are an ideal **testbed for innovative developments** from other areas of the digital sector. **Artificial Intelligence (AI)**, which is already used in various ways in video games, is a key example. AI can simulate non-human opponents, learn from mistakes and adapt its playing behaviour. It can generate game environments and random levels, allowing designers to focus on the finishing touches. Collaboration between AI and designers leads to much better results than would otherwise be possible. Video games can be used to investigate complex AI thought and decision-making processes, thus contributing to the development and understanding of AI.

We are committed to incorporating aspects of the development and application of video games in existing real-world laboratories, for example artificial intelligence laboratories. We will assess the suitability of specific real-world laboratories for games, in order to investigate interdisciplinary contexts, including societal aspects.

The video games industry brings together **varied technological and artistic professions in an interdisciplinary workforce**. Employees have a wide range of qualifications (vocational training or higher education degrees) and are often career changers from other sectors,

with non-linear career progressions. That is one of the strengths of the games industry: few other sectors combine creativity and technological development to the same extent. At the same time, it is also a challenge for new businesses in particular. Their idealistic entrepreneurs often do not make the most of the opportunities that arise from technological developments, frequently viewing them only as a means to an end.

Video games must be increasingly taken into consideration as a target group for innovation promotion. Games development studio start-ups should be recognized as innovative, knowledge-based companies. This is true both for non-university companies and higher education institution spin-offs.

We consider it essential to establish suitable innovation advice services for the games industry, to support, advise and train its stakeholders on knowledge transfer, as well as protection and utilization of intangible assets and intellectual property. Monetizing technological advances in the games industry is a key factor for the sector's development.

We are committed to providing innovation support services in the shape of suitable hubs, especially for SMEs and start-ups. Besides creating the infrastructure required, shared spaces, co-working centres and incubators also foster communication between businesses, ensuring transfer of innovations and knowledge. Physical proximity to higher education institutions and/or research establishments facilitates smooth flows of personnel and simplifies cooperation between scientists and researchers. Existing programmes for start-up entrepreneurs must be better aligned with the needs of start-ups from the video games industry.



4.4 We harness the potential of games for society

Play is one of the oldest cultural practices. Video games are the modern equivalent of this tradition, using state-of-the-art media. Playing with others develops diverse social potential. Video games are fundamentally accessible to all: all age groups, all genders, people with and without disabilities, 'newbies' and experts. In particularly challenging times (like the COVID-19 pandemic), games create new ways to interact socially, and help maintain close social relationships. **Inclusion, integration and diversity are increasingly taken for granted.**

Video games and social interaction

Few phenomena can contribute as much to bringing generations together as video games. Multiple generations of families can play board games and sports together. Besides spending time together, this can also promote movement and health, depending on the game. Especially for people who feel lonely or lethargic, games can lead people back into society and out of social isolation, improving their quality of life.

Games development must focus on how to eliminate barriers in games. Today there are already many ways to make games more accessible, for example by providing subtitles for conversations, changing the graphics colours or customizing the keyboard mapping. Besides enhancing proven methods, research is also required to find new solutions for accessible input and output. Conferences and (certified) workshops on games accessibility can achieve needs-driven results by including people with disabilities. Games developers can create new types of games that facilitate universal participation and inclusion.

We recognize the social function of video games, which foster dialogue and interaction with benefits in terms of inclusion, integration, diversity and communication across generational boundaries. We are committed to ensuring that video games are designed as an accessible medium for all members of society.





As an eye-controlled creative game, the 'Eye Build It Creator' (Eye Build It GmbH, Trier) enables persons with and without physical disabilities to express themselves creatively, take part in an inclusive, global online community and even create physical objects using 3D printers. Eye-tracking software is used to control the game.

The project received financial support as part of the Federal Government Computer Games Funding programme.

Video games form part of the digital transformation of art and culture.

Games are a medium for teaching course contents, skills as well as values and norms, and can therefore be viewed as cultural technology. By nature, games can simulate complex systems in models that reduce complexity, making them more accessible. They can generally be used as a low-threshold educational instrument with applications in many areas. Video games can **explain social cohesion and sustainability measures**. Video games teach the knowledge and skills required to solve problems and use media, irrespective of whether the games are designed specifically for this or not.

We see video games as an integral part of the digital transformation that help develop and maintain digital and media skills. They form a pool of innovations and creativity that is increasingly utilized by other technology sectors, both in terms of technology transfer and personnel.

Video games are works of art and part of our culture.

The games sector is becoming increasingly visible now that established art institutions are including games in their collections. The German Culture Council declared **video games part of our cultural heritage** in 2008. Like books or films, digital games tell stories. The difference is that gamers play an active part in the narrative. As interactive media, they create a new level of experience by allowing players to interact with the game and determine the course of events. That is also evident from the fact that almost all major film worlds now have counterparts in the games segment. The art and cultural sector can also use **video games as tools** to make the experience of exhibits and exhibitions more tangible, for example. Games are a form of artistic expression that allow creatives to experiment with aesthetic innovations, build bridges across disciplines and comment on topical social debates.

Little research has been conducted into Germany's role as a producer of games. **Historical research** into games is focused on North America and Japan. Among other sources, relevant archive networks, corporate archives and games collections can support historical research.

We view video games as part of our cultural lives and are committed to enhancing cooperation of the games industry with, and its integration into the arts and cultural sectors to preserve our digital games-specific cultural heritage.

Games communicate societal issues

For many, and young people in particular, games have become an essential leisure activity, making them a good way to reach this demographic, especially in the context of social education. The **serious games** genre, for example, comprises digital games that offer players high quality entertainment, while also imparting information and knowledge or encouraging specific behaviours. Besides these two characteristics that define serious games – that

they are both entertaining and serious – there are many variable factors: The games themselves can be attributable to a wide range of sub-genres, the target group can be young or old and the devices for which the respective game is available can range from smartphones and tablets to consoles and even PCs. Video games communicate contents, techniques and systems. As a result, they are particularly suitable for educational use, even if education is not the specific goal.



There are serious games about health and physical activity, security and military applications, politics and culture, culture of remembrance, advertising and product presentation as well as adult and youth education. Serious games can also be part of **e-learning concepts** for initial and continuing professional development. In the political education sector, they can promote understanding of political subjects, consolidate democratic awareness and boost willingness to become involved politically.

In schools, games can communicate curriculum contents playfully, even outside the classroom situation itself. They can also be used as a tool for teaching digital media skills. Computers in children's rooms should not be viewed exclusively as obstacles to education; we must instead promote an understanding that they can also serve as enablers of education. We must find a way to harness the **didactic potential** of video games.

Physical rehabilitation is another use case for serious games. Video games can play a part in the challenging rehabilitation process after protracted illnesses or injuries. They help patients through their exercises by communicating knowledge and motivating them.

We recognize the serious games genre as an effective tool for teaching contents, techniques and systems in all areas of education and across all age groups. In particular, we are committed to supporting the use of video games in schools, to promote political education, to preserve a culture of remembrance and to create an awareness for and an understanding of topical societal issues.

The term '**Gamification**' refers to the transfer of elements and methods typical for games into non-game contexts, with the aim of changing user behaviour and boosting user motivation. This technology is already in use in various sectors of the economy and in education. Gamification can make tasks that would otherwise be considered boring and monotonous much more interesting. Businesses can use

this approach to recruit new employees or keep existing personnel highly motivated. In future, we will be able to develop new gamification elements and harness their potential to benefit the private sector and the economy as a whole.

Recognizing the growing importance of esports

Video games competitions are growing in popularity. Esports, whether individual or team events, test participants' specific motor and mental skills. Like regular sports, esports have a burgeoning professional tier, with national and international events, in addition to the multitudes of amateur and recreational gamers. This is associated with an increase in passive consumption of esports: Audiences watch esports competitions at the venue and follow them on the relevant media channels – a dedicated fan culture is growing.



SK Gaming, founded in 1997, is considered Germany's oldest and largest esports organization. It is represented at international tournaments by professional gamers, who have already won several international titles for Germany in a range of esports disciplines. The limited liability partnership (GmbH & Co. KG) is majority-owned by the automotive company Daimler AG and 1. FC Köln, an association football club, with telecoms corporation Deutsche Telekom also holding one quarter of the shares. The pro gamers contracted to the organization represent these brands around the world as ambassadors.



Climate change mitigation:

'Skillpolis' (skilltree GmbH, Trier) visualizes and helps improve interaction between municipal networks with a particular focus on environmental and energy balances. The game helps players understand how they can work towards becoming a carbon-neutral and energy-autonomous city, and how they can influence other key environmental indicators.

Received financial backing in the shape of de minimis aid within the scope of the BMVI Computer Games Development programme.



Educational games:

'Der Kleine Stern' ('The Little Star', ChriZlie Medien GmbH, Berlin) is a learning experience programme for interactive and interdisciplinary learning in kindergartens and primary schools. Teachers and children can experience this programme together. Stories are combined with theatre, art and music, enhancing social skills and making learning what it is: an adventure.

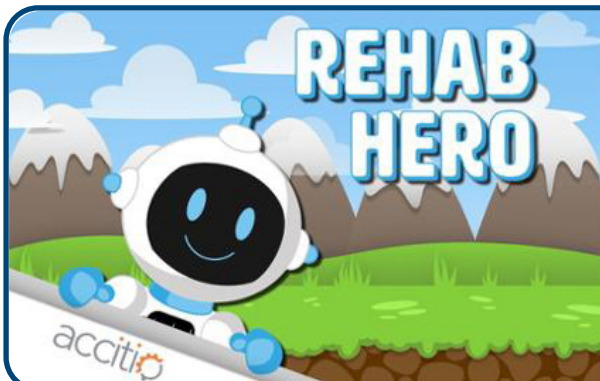
Received financial backing in the shape of de minimis aid within the scope of the BMVI Computer Games Development programme.



Hate speech:

'Hate Rebel' (iRights.Lab GmbH, Berlin) is a strategy game that tackles the issue of hate speech online. Players are tasked with keeping hate at bay using technology, legislative powers and civil society.

Received financial backing in the shape of de minimis aid within the scope of the BMVI Computer Games Development programme.



Rehabilitation:

'Rehab Hero' (accitio GmbH, Rodgau) is a sensor-based serious/health game for physical therapy rehabilitation after joint surgeries. The game motivates patients to perform their physical therapy exercises regularly at home, and provides a guide to the proper form.

Received financial backing in the shape of de minimis aid within the scope of the BMVI Computer Games Development programme.

Educational games (higher education):

'Welten der Werkstoffe' ('Material Worlds', Cologne Game Lab, TH Köln) teaches advanced materials science and engineering content in a fun, interactive way. Players use their knowledge obtained in traditional courses or elsewhere and virtual lab equipment to solve problems. Students can even receive course credits for completing the tasks. Winner of the 'Best Serious Game' Award at the 2021 German Video Game Awards.



Culture of Remembrance

'Through the Darkest of Times' (Paintbucket Games UG (haftungsbeschränkt), Berlin) lets players experience the human-inflicted horrors of the Nazi regime and encourages gamers to reflect on them. The game asks its players "What would you do?"
Received financial backing in the shape of de minimis aid within the scope of the BMVI Computer Games Development programme.



Environmental pollution:

'The Great Ocean (Debris) - Plastic Mission' (Actrio Studio UG (haftungsbeschränkt), Leipzig) is a virtual reality game that allows players to immerse themselves in the topic of plastic pollution in our oceans. They can actively learn what is already being done and what can be done to counter this problem.
Received financial backing in the shape of de minimis aid within the scope of the BMVI Computer Games Development programme.



Educational games (programming):

'Debugger 3.16' (Spiderwork Games, Vechta) is a jump-and-run game that teaches players object-oriented programming methods. To progress through the game, the players have to 'earn' the game mechanics within the game itself using the programming skills they have learned. The game situation consistently requires new skills from the game figure, which can only be improved by entering source code. Winner of the 'Best Serious Game' category in the 2017 German Video Game Awards.



The sports federations of some nations already recognize esports as sports in general. In Germany, the sports federations are responsible for accrediting activities as sports. The German Olympic Sports Confederation (DOSB) does not consider esports as a whole to be a sport, but is working to recognize playing virtual sports as a non-profit activity under the umbrella of organized sports. This also takes into account the fact that more and more traditional sports clubs are adding esports departments. Irrespective of whether esports are recognized as sports in general, there is the matter of whether esports clubs can be recognized as not-for-profit organizations on one hand, and whether professional gamers can be recognized as athletes who represent Germany in international competitions outside club structures on the other.

We consider it necessary to intensify the dialogue on recognition of esports clubs as not-for-profit organizations. We believe that amending the Fiscal Code (AO) to incorporate esports is one possible way of doing this.

Responding to challenges

Use of video games can entail risks, which we must counter with suitable measures. These risks result in **prejudices** against video games, often due to a lack of knowledge and experience with the medium.

We are committed to achieving broad societal recognition and trust for gamers and the industry. We believe that the Federal Computer Games Funding programme and the German Video Game Awards, among others, are the right tools to highlight the opportunities and benefits afforded by games.

The high priority accorded to **protecting children and young people** in Germany is evidenced by explicit references in the Basic Law. Article 14 of the Youth Protection Act governs labels for game software and defines five age ratings. Games must only be made available to young people if they are approved for the age group in question and are labelled accordingly.



In Germany, **video games are age-rated** either based on the Interstate Treaty on the Protection of Minors (JMStV, for games offered online only) or the Youth Protection Act (JuSchG, for games sold on physical media). Under the Youth Protection Act, the age ratings are defined in a joint procedure involving the competent state authorities and the sector's non-profit Entertainment Software Self-Regulation Body (Unterhaltungssoftware Selbstkontrolle [USK] GmbH). As the law stands, the game provider is responsible for rating games that are available exclusively online. These games are not subject to the standard USK procedure with an administrative act. In its place, many providers use the USK age labels via the global IARC system⁵.

To ensure youth protection, the legal frameworks should be the same for digital games of all kinds. We believe that the Federal Government and the federal states should work together to harmonize the rules.

The legislative body has introduced provisions to improve protection of minors in relation to digital games as part of the comprehensive amendment of the Youth Protection Act that entered into force on 1 May 2021. The amendment takes use risks like contact or purchase functions, as well as gambling-like features, mechanisms that promote excessive media use behaviour and data privacy aspects into consideration for age labelling. The new law supports elements that have been successfully introduced in the IARC system by the USK, such as the descriptors. Above and beyond the protective aspects, children and young people should in future be better equipped to adequately cope with risks that cannot always be avoided.

We consider comprehensive protection of children and young people indispensable. We are committed to updating games software labelling continuously and to the associated dialogue with the relevant stakeholders and harmonization of the rules between the Youth Protection Act (JuSchG) and the Interstate Treaty on the Protection of Minors (JMStV) to pursue equal treatment of digital games and ensure that games are treated in the same way as other media types. Besides reliable protection of minors, the actual living conditions and media reality of young people must also be taken into account. In this context, an even greater role must be given to promotion of media skills.

The debate on excessive media use, including video games, is important. Key goals for children and young people in particular include a healthy relationship with media, and the ability to grow up well and safely with them. Digital media skills training plays an important role in this context. At the same time, we must provide support to those affected, with many clinics and advice centres already offering such services.

We are committed to ensuring that scientific studies will investigate potential excessive use of video games.

It is not only the contents of the games themselves: **risks** from the peripheral environment can also be relevant, for example **how games are monetized**. However new business models must always be compatible with consumer protection and data privacy concerns above all. In this context, it is particularly important that costs are communicated openly and transparently to the players.

5 The International Age Rating Coalition (IARC) is a confederation of various organizations responsible for assigning age ratings to online games and apps worldwide. This classification results in an age label based on the guidance of the respective national self-regulation body (the USK in Germany).

We will work to ensure that risks for gamers, such as those from hidden costs, are countered in accordance with the principles of consumer protection.

Gamers represent a cross section of our society and project its problems into the world of games. As roughly 60 percent of Germans play video games, there are some **toxic gamers** among the millions of gamers. Players who discredit or personally attack other gamers, up to and including threats of physical violence, in online games are referred to as toxic gamers. The hostilities are diverse in nature, but are often related to gender, background, skin colour, sexual orientation or sexual identity. They are also often politically motivated. **Toxic communities are a problem on the Internet as a whole**, especially in forums and on social media, but also in games. The games industry has responded with reporting functions and sanction systems in games, as well as with community managers, who punish infringements immediately, and community guidelines.



**HIER SPIELT
VIELFALT**
#TEAMDIVERSITY

The games industry initiative 'Hier spielt Vielfalt' (Diversity in Gaming) has already been endorsed by over 1,400 companies and persons in the sector.



Toxic communities not only represent a danger to gamers who receive threats, they also threaten the commercial success of video games and their developers, damaging their reputation, which could prevent potential new customers from using a game they might have found interesting.

We view video games as a medium in which players can come together, communicate with mutual respect and overcome boundaries. There is no room for toxic communities. We will back the games industry in its endeavours to combat toxic gamers and emphatically support efforts to sanction infringements accordingly, under criminal law where appropriate. Video game communication channels must not be used to disseminate hatred and prejudice.

5. Implementation

The Federal Ministry of Transport and Digital Infrastructure (BMVI) is charged with advancing the digital transformation, increasing its visibility and enabling everyone to experience it. Few phenomena epitomize this technological and societal transformation like the culture of digital games. The mix of creativity, innovation and state-of-the-art technology offer significant potential for the digital transformation in Germany.

In the present strategy, the ministry has defined superordinate areas of action for a holistic games policy with relevance at a federal policy level. Our objectives are to determine strengths, identify weaknesses and specify strategic objectives to advance Germany's status as a competitive games hub.

It is our responsibility to continue the dialogue we started as part of this strategy with the relevant stakeholders – the games industry, the Federal Government departments and the federal states. Together with these stakeholders, we want to transition the strategic targets into specific measures. The Games Strategy is intended to serve as a launch pad for establishing Germany as a lead market for games. It marks the beginning of an ongoing process that will ultimately lead to specific actions and their implementation.

Our common goal: Providing the best possible support for the German games industry and harnessing the potential of German gaming culture for society as a whole!



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