SNJV
SYNDICAT NATIONAL DU JEU VIDÉO

IDATE DIGIWORLD

FRANCE THE COUNTRY FOR VIDEO GAME DEVELOPMENT IN EUROPE

ANNUAL SURVEY OF THE FRENCH VIDEO GAME INDUSTRY

&

THE AMBITIOUS PUBLIC POLICY FOR VIDEO GAME DEVELOPMENT

Third Edition, 2016

A SNJV – IDATE Digiworld collaboration

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ANNUAL SURVEY OF THE FRENCH VIDEO GAME INDUSTRY

THE KEY TAKEAWAYS

FROM THE 2016 EDITION OF THE SNJV–IDATE DIGIWORLD SURVEY

Number of companies rapidly on the rise: 750 companies identified rising to 1000 including "indie" micro-companies, with more publishers than in 2015

An industry dominated by video game creation activities: 2/3 of companies are development studios, with publishing and distribution activities increasing and now accounting for 10% of French companies

Significant number of productions: In France, the estimated cumulative number of productions currently in development is about 730 new game productions, including 550 new intellectual properties

Business sector composed of young and dynamic companies: Entrepreneurial dynamism still in evidence with 2/3 of development studios surveyed less than 5 years old and 20% more than 10 years old

Export-orientated activity: In 2016, 42.6% of French studio turnover is likely to be generated abroad

Growing turnover: Development studio turnover posted an increase of 2.4% between 2015 and 2016, reaching 2.3 million EUR on average

Consoles and PC are increasingly attractive to development studios: More than 1/3 of development studios are targeting home consoles as their platform of choice, while 73% prefer the PC platform

Talent is behind company growth: The average number of full-time equivalent jobs in French development studios with less than 100 employees was 12.2 in the first half of 2016 compared with 9.3 in 2015

THE KEY TAKEAWAYS
FROM THE 2016 EDITION OF THE SNJV–IDATE DIGIWORLD SURVEY

Jobs are skilled and long-term: 58% are permanent jobs, while 10% are temporary

Sector continuing to recruit: 51% of companies will recruit in 2017 and French video games industry companies are expected to create more than 750 FTE jobs in 2016 (equivalent to 2015).

Still very few women employed in studios: Women only account for 14% of the workforce in development studios, but the proportion is increasing each year (10.6% in 2014)

Business growing: In a context of short-term visibility, more than 42% of studios have profitable activities and equity strengthens every year

Productions focusing on innovation: 1/4 of the studios are developing productions based on artificial reality technologies and 20% will integrate eSports into their productions in 2017

Companies are confident about the future of the sector in France: This optimism is still growing because now more than 3/4 of companies have confidence in the future of the sector and 56% of companies consider France as an attractive place for the sector. France is in 3rd place behind Canada and the United States as the most attractive locations

METHODOLOGICAL NOTE
2016 SURVEY

The survey was conducted between 1 June and 29 July 2016 via a self-administered online questionnaire (CAWI - Computer Assisted Web Interviewing). The questionnaire was sent to directors of SNJV-member companies as well as a selection of companies from the video game sector located in France. The survey was publicised by its sponsors, primarily relayed on the Internet.

Respondents were selected using a non-probability method based on a priori sampling. Given the small size of the study population, the law of large numbers does not apply.

However, the sample is representative of the sector, reflecting its activity (nature and volume), its economic and financial health and its perception of the future.

Data was processed using Sphinx survey software.

There were 170 respondents, all French video game companies, developers, publishers, distributors, accessory manufacturers, service providers, etc. This sample is a satisfactory sample rate at 22.5% of the SNJV's estimated population of approximately 758 relevant establishments in France.

When we mention «companies», we are referring to all respondents (development studios, publishers, etc.) and when we mention «development studios», we are referring to companies that produce games.

1. THE ECONOMIC STRUCTURE AND PRODUCTION OF VIDEO GAMES IN FRANCE

1.1

companies distributed throughout the territory and federated around major traditional players

The video games sector's businesses are spread over the whole of the French territory with several very dynamic regional hubs. Other than the Ile de France region, which is home to more than 50% of businesses, the regions of Occitania and Auvergne-Rhône-Alpes are leading areas where creative entrepreneurship is the most developed. There are then three further regions that have a significant number of economic players: Hauts-de-France, Pays de la Loire and Nouvelle-Aquitaine. The French territory is composed of a strong network of companies gathered in regional clusters which encourage trade and collective actions to accelerate growth and foster innovation.

1. THE ECONOMIC STRUCTURE AND PRODUCTION OF VIDEO GAMES IN FRANCE

1.2 a French sector structured around development with increasing publishing and marketing activities

In 2016 over 2/3 of the companies surveyed develop video games as their core activity. Although this picture reflects the general situation in the sector, the over-representation of this link in the value chain stems from a big tradition of content creation, but also from the large talent pool created by schools and universities that focus on video games, and a strong appetite for entrepreneurship among designers, programmers and young managers.

In this year's survey sample, we observed a larger proportion of companies involved in publishing (8.2%). This reflects a new economic dynamic in the industry, related to the predominance of publishing in the production of a game, despite disintermediation of the value chain. As the value chain becomes shorter, publishing and marketing activities have to be reconsidered, which therefore reinforces the links between these traditional players in the value chain. These skills are also appearing in companies traditionally positioned on production skills.

Service provision activities (services, media, marketing, communication, training, R&D) account for 16.4% of companies, a stable figure from 2015.

1. THE ECONOMIC STRUCTURE AND PRODUCTION OF VIDEO GAMES IN FRANCE

1.3 entrepreneurial dynamism still in evidence

In 2016 the majority of companies surveyed are less than 5 years old (61.1%) and 20% are more than 10 years old.

1.4 development studios favouring independence and producing «indie» games

With 93% of studios claiming to be independent in 2016 (93.6% in 2015), the «indie» trend is strong and stable. This is undoubtedly due to the proliferation of micro-companies in the French video game sector, which is also a global phenomenon, and the impact of disintermediation in the sector's industry structure.

Regarding the types of games being developed, 70% of studios surveyed say they create «indie» games, compared with 60% in 2015 and about 55% in 2014. This is a steady increase which corresponds to greater availability of these types of games on PC platforms and consoles, and strong demand on mobile platforms where the barriers to entry are low. With 32% saying they develop «casual» games, this segment is in sharp decline (-18 points). The same is happening with «social» games (-6.6 points).

In 2016, 20% of video game development studios also claim to be creating serious games (22% in 2015), compared with 11.8% in 2014. This indicates that this market is now seen as profitable for video game companies in its own right.

1. THE ECONOMIC STRUCTURE AND PRODUCTION OF VIDEO GAMES IN FRANCE

1.5

publishers and distributors are distributing on mobile devices

More than 85% of players whose main activity is publishing and distribution are distributing smartphone games, compared with 70% in 2015, while 71.4% are distributing games for tablets. All other segments are declining.

This is in line with users' enthusiasm for mobile platforms that include interactive functionality and new ways of playing games.

In addition, publishers are now aware of the synergies that exist between a sedentary game and mobile game. «Companion apps» could be interesting products in the future.

1. THE ECONOMIC STRUCTURE AND PRODUCTION OF VIDEO GAMES IN FRANCE

1.6

productions for PC now the majority in France

For the first time in three years, PC platforms are the number-one choice for studios (73%). Smartphones and tablets (68.1% and 65.5% respectively) are declining for the second consecutive year and have fallen behind the PC ecosystem for French developers. The decline of these platforms is significant and is primarily due to the challenges of making the free-to-play model profitable.

Note also that in 2016 more than 1/3 of development studios are focusing on home consoles for their games. This progression is considered significant. This increase from 2015 can be explained by the fact that home consoles are now open to alternative and independent business models.

1.7

the number of productions being sold remains stable

The total number of video game projects to be released by French studios by the end of 2016 is close to 470 titles (including 145 titles by respondents of the 2016 survey) compared with the 500 titles announced in 2015 (including 180 for respondents of the 2015 survey).

1. THE ECONOMIC STRUCTURE AND PRODUCTION OF VIDEO GAMES IN FRANCE

1.8 ongoing creative energy

In total, in France we estimate this corresponds to a cumulative production volume of around 730 projects in progress, including 550 new intellectual properties. In 2015 national production was estimated at 650 projects, including 530 new intellectual properties, and in 2014 there were 720 projects, including 620 new intellectual properties.

There are 12 studios (8 in 2015) that produce «AAA» titles. These games, which are aimed at multiple platforms, have very high production budgets and development cycles of several years (comparable to blockbusters in the movie industry). AAA titles are the most commercially successful games on consoles and PC. Distribution and marketing costs are also very high.

It is therefore difficult for young companies to produce such big titles and only studios with experience and financial stability can afford to produce a AAA game, or even a AA game. The studios leading these projects are all 10 years old or more, with an average 38 employees and have an average annual production budget of 5.6 million EUR. These figures have been revised downward since the 2015 edition of the survey with the emergence of smaller companies producing AAA or AA games and having fewer than 20 employees.

1. THE ECONOMIC STRUCTURE AND PRODUCTION OF VIDEO GAMES IN FRANCE

1.9

productions focusing on innovation

In terms of artificial reality, VR games dominate. The term «artificial reality» includes the concepts of virtual reality (VR), augmented reality (AR) and mixed reality (MR).

Altogether, nearly 250 games created in France using artificial reality technology will be launched by the end of the year.

While virtual reality is garnering significant interest (35.1% of developers intend to publish a VR title in the coming months), augmented reality and mixed reality are not interesting French studios in the very short term. It seems studios are being cautious for now.

Good prospects for production of eSports games. Although only 8.4% of video game development studios currently offer competitive games in their catalogue, one in five studios (20.4%) claims to want to invest in this type of game by 2017.

1. THE ECONOMIC STRUCTURE AND PRODUCTION OF VIDEO GAMES IN FRANCE

1.10 strengthened role of publishers within a context of disintermediation in the value chain

Self-publishing and disintermediation are central to current production models. 61.9% of the studios surveyed claim to publish their productions themselves. However, there has been a notable decline: -13.3 points from 2015. This drop reflects the industry situation where publishing roles are demonstrating their added value. Although developers may want to take on publishing tasks, they do not necessarily have the appropriate skills to succeed in this field. Furthermore, publishing also requires significant financial means, which is hard for developers to gather if using their own funds. Using a publisher therefore seems to be a necessary step that will remain in most cases, including for those who want to go independent.

1.11 business models: free-to-play still popular despite difficulties achieving profitability

62% of studios claim to have adopted a «free-to-play» model. It is now the dominant model in the industry, although traditional segments continue to use a pay-per-play approach. However, free-to-play has slightly declined by 1.4 points. There are a couple of explanations for this:

1) the difficulty of mastering the F2P mechanic in the design of the game and maintaining its balance and interest in gameplay;

2) it is costly deploying the ARM strategies (Acquisition, Retention and Monetisation) used by F2P and also the internal human resources

2. EMPLOYMENT IN THE FRENCH VIDEO GAME INDUSTRY

2.1

female representation in the industry is growing every year

The proportion of women in development studio workforces is increasing every year, although still low. There was gain of 1.5 points in 2015 and 1.2 points by mid-2016, settling at 14%.

2.2

employment in development studios is growing in 2016

Development studios had 25.2 FTE jobs on average in 2015. Recruitment seems to have been needed in the first half of 2016 as there was an increase of 2.7 FTE jobs over the period. This trend was observed regardless of company age

As for studios with under 100 employees, they had an average of 9.3 FTE jobs in 2015, compared with 12.2 by mid-2016, an increase of 2.9 FTE jobs. Similar increases, although not quite as large, were observed between 2013 and 2014, and between 2014 and 2015.

2. EMPLOYMENT IN THE FRENCH VIDEO GAME INDUSTRY

2.3 long-term and skilled jobs

Nearly 2/3 of jobs are FTE but temporary contracts are on the rise.

Permanent contracts still account for the large majority in the video game sector (58.5%) in 2016 despite a decrease of 4.5 points from 2015 and 7.4 points from 2014.

The proportion of temporary contracts has declined (from 12.4% in 2015 to 10.9% in 2016) mainly due to increased use of freelancers and service providers (+3.8 points).

2.4 future prospects for employment in 2017 still encouraging

Video game players are looking to expand their teams with 51% of them wanting to hire between now and 2017. This is up from 2015. In addition, the proportion of companies wanting to reduce their staff declined to 3.9% after having stabilised at around 6% in 2014 and 2015.

The majority of future jobs created are likely to be permanent (44%) and temporary contracts (22%).

There was an increase in the use of freelancers and service providers, from 14.6% in 2015 to 23% by 2016. This could be the result of more video game industry talent breaking away from major companies to go «indie» by becoming self-employed and being subcontracted.

Payroll growth is due to natural business growth for 89.7% of the studios surveyed, while only 10.3% see the change as a cyclical phenomenon.

3. THE ECONOMIC AND FINANCIAL SITUATION OF FRENCH VIDEO GAME COMPANIES

3.1 companies growing despite significant economic fragility

The turnovers of studios showed continued growth in 2016.

Development studio turnover posted an increase of 2.4% between 2015 and 2016 and should reach 2.3 million EUR on average.

The financial situation of studios at the end of 2015 showed that 35.3% of them were in deficit. A relatively similar situation was observed in 2014 (33%), although slightly lower.

More than 42.2% reported a surplus, two points higher than in 2014.

Increasing capital

With an average of 499,000 EUR in 2014 and 528,000 EUR in 2015, the capital of development studios surveyed increased by 6%.

3. THE ECONOMIC AND FINANCIAL SITUATION OF FRENCH VIDEO GAME COMPANIES

3.2 an export-orientated industry

In 2015, 37.8% of the turnover of the studios surveyed was generated abroad. This is less than in 2014 and 2013. However, the managers surveyed are more optimistic for 2016 when the share of turnover generated internationally could rise to 42.6%.

The proportion of the budget devoted to international development amounted to 13.9% among development studios, a decrease of 5.8 points from the previous year.

3.3 public aid, an effective and necessary resource

41.0% of studios resorted to public aid in 2015. This figure shows how this financial support is essential for the development of studio projects.

More than one in two companies who resorted to public aid used the video games tax credit (60.0%), followed by regional aid and the research tax credit with 44% and 40% respectively. The Crédit d'Impôt Jeu Vidéo (video game tax credit) is requested by 16% of studios.

This public aid proves to be effective with 92% of the companies surveyed claiming to be satisfied.

4. PROSPECTS: VIDEO GAME COMPANIES AND ECOSYSTEM IN FRANCE

4.1 entrepreneurs find increased optimism within a context of short-term financial visibility

Like in 2015 and 2014, video game companies remain very optimistic about the future of their company, despite the difficult market environment: 84.3% claim to have confidence in the future of their company.

The companies have also reaffirmed their confidence in the future of the sector in France. This optimism is still growing: 77.9% of the companies surveyed have confidence in the future of the sector, compared with 65% in 2015 and 45.5% in 2014.

This optimism is accompanied by a positive view of each company's situation in their market. 58.7% of them believe their situation will improve and 29.3% believe it will remain stable. These figures are similar to those of 2015.

Despite this increased optimism, 45% of companies are continuing to develop with short-term financial visibility (between 1 and 6 months). This situation is similar to 2015 and 2014.

4. PROSPECTS: VIDEO GAME COMPANIES AND ECOSYSTEM IN FRANCE

4.2 France remaining attractive in a competitive and globalised market

56.5% of the companies surveyed now consider France to be an attractive country for the video game industry. This figure was 50% in 2015 and 38.2% in 2014.

According to these companies, this attractiveness is down to a high-quality and productive workforce, the attractive European ecosystem, significant financial aid, working conditions and access to very good training.

When asked which countries seem the most attractive, an overwhelming majority of respondents cite Canada as the most attractive (78.2%), then the United States (56.3%) with France in 3rd place (nearly 40%).

The reform to the Crédit d'Impôt Jeu Vidéo now puts France as number 1 of the most attractive countries in Europe.

ABOUT THE SNJV

Created in 2008, the SYNDICAT NATIONAL DU JEU VIDEO (SNJV) currently represents more than 200 companies, producers, publishers and industry professionals from the video game and multimedia entertainment sector, as well as organisations involved in developing France's video game industry.

The SNJV's mission is to study, represent, promote and defend the rights as well as material and moral interests of its member companies, on both a collective and individual level.

The SNJV represents the French video game industry, both in France and abroad, in dealings with public authorities, administrations, private and public companies and corporations, other professional unions, and all competent authorities in general.

It analyses the impact of French policy on the economic and social interests of French video game companies.

It also provides regular communication on all issues relating to the video game industry, including any relevant economic, technical and legal information.

With this mandate, the union implements the means and services to help its members conduct their business activities in France.

The SNJV works closely with the various video game production territories in France through involvement with regional associations and local economic development clusters.

The SNJV is one of the founding members of the EGDF (European Games Developer Federation), which works on behalf of some 1,500 video game production companies based in Europe.

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ABOUT IDATE DIGIWORLD

IDATE DigiWorld & DigiWorld Institute

Founded in 1977, IDATE DigiWorld, a global leader in tracking telecom, internet and media markets, thanks to our skilful teams of specialized analysts, has structured its development around three main areas of activity:

- **DigiWorld Institute :** A European think tank open on the world
- **DigiWorld Research :** An independent observatory whose task is to keep a close and continual watch on digital world industries, collect relevant data and provide benchmark analyses on market developments and innovations in the telecom, internet and media sectors.
- **IDATE Consulting :** IDATE has established its credibility and independence in conducting consultancy and study assignments on behalf of its clients.

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THE AMBITIOUS PUBLIC POLICY FOR VIDEO GAME DEVELOPMENT

WHY FRANCE IS A STRONG ECOSYSTEM FOR VIDEO GAME DEVELOPMENT

The French videogame industry enjoys an ambitious public policy based mainly on two support mechanisms:

- **The Tax Credit for Videogames (Crédit d'Impôt Jeu Vidéo)**, a tax incentive scheme whose rate is set at 20%; and
- **A selective aid (Fonds d'Aide au Jeu Vidéo or Support Fund for Videogames)** intended for supporting videogame projects, based on assessment of their artistic quality and their commercial potential.

These two schemes are managed by the CNC (Centre National du Cinéma et de l'Image Animée), a public establishment overseen by the French Ministry for Culture and Communications.

TAX CREDIT FOR VIDEOGAMES

The Tax Credit for Videogames is a tax incentive scheme for videogame development companies located in France. Under certain conditions, it offers a tax break equal to 20% of the total spending directly assigned to creating a videogame.

In order to be approved the videogame must have the following characteristics:

- have a development cost of at least €100,000;
- be genuinely intended for sale to the public;
- be made mainly by authors/designers and staff who are French nationals or nationals of States of the European Union or of the European Economic Area who have signed administrative assistance agreements with France (non-European foreigners who are recognized as residents in France shall be deemed to be French citizens);
- contribute to the development and to the diversity of French and European creation (determined by means of a scale of points);

To be noted: videogames of a pornographic nature or that are very violent are excluded from the tax credit scheme.

SUPPORT FUND FOR VIDEOGAMES (FAJV)

The Support Fund for Videogames (FAJV) supports creation and innovation in the videogame sector. This selective scheme is co-funded by the French Ministry for Industry, the Economy, and the Digital Sector, and by the Centre National du Cinéma et de l'Image Animée (CNC). The FAJV selective aids are intended to support development companies at the stage when they are developing and making a videogame prototype or during the production phase.

The aid for intellectual property creation is a selective aid helping development studios take risks during the videogame production phase by supporting cultural content production. The idea is to facilitate new creations and to encourage companies to create heritage value through the videogames they produce, by keeping the intellectual property rights. It is paid in the form of a subsidy.

The aid for videogame pre-production aims to overcome the technological obstacles to making a non-marketable videogame prototype. Half of it is paid in the form of a repayable advance, and half of it is paid in the form of a subsidy.

TAX CREDIT FOR VIDEOGAMES

The Tax Credit for Videogames is a tax incentive scheme for videogame development companies located in France. Under certain conditions, it offers a tax break equal to 20% of the total spending directly assigned to creating a videogame.

The scheme is managed by the CNC (Centre National du Cinéma et de l'Image Animée).

? who is eligible for the tax credit?

Any videogames development company located in France, for creating an approved videogame. The company must:

- be liable for French corporation tax or exempted therefrom under the conditions stipulated in Article 220 terdecies of the Code Général des Impôts (French General Tax Code);
- comply with the social (welfare) legislation;
- handle the artistic and technical aspects of making the videogame and initiate and make the spending necessary to creating the videogame;
- when a videogame is co-developed (i.e. created jointly), more than one videogames development company can enjoy tax credits, each company benefiting from a tax credit based on its respective spending; separate applications should then be made to the CNC

TAX CREDIT FOR VIDEOGAMES

? what eligibility conditions must the videogame satisfy in order to benefit from the tax credit?

The videogame must:

- have a development cost of no less than €100,000;
- be genuinely intended for sale to the public;
- be made mainly with the assistance of authors/designers and development staff who are either of French nationality, or who are nationals of another member State of the European Community, or of another State party to the Agreement on the European Economic Area and having signed a tax agreement with France. Foreigners other than the above-mentioned European nationals and who have the capacity of French residents are deemed to be equivalent to French citizens;
- contribute to developing French and European videogames creation and to the diversity of such creation, by standing out in particular by quality, originality, or innovativeness of design, and level of artistic spending;

As regards videogames specifically intended for adults, and that are marketed as such, it is specified that the videogame:

- must not include sequences of a pornographic nature or of a very violent nature (the contextualization of the violence is determined by means of a scale of points);
- must demonstrate that its contribution to the development and to the diversity of French and European videogame creation is of a particularly significant level.

TAX CREDIT FOR VIDEOGAMES

? what spending is eligible for the tax credit?

Expenses incurred directly for developing (i.e. creating) the videogame in France or in a Member State of the European Community are eligible. Such expenses are listed at IV in Article 220 terdecies of the Code Général des Impôts:

- capital allowance (amortization) for fixed assets created or acquired new (capital allowance for amortizing buildings is not accepted);
- considerations paid to the authors/designers who took part in creating the videogame, pursuant to an agreement for assigning rights to exploit/use the intellectual property, and the related social (welfare) contributions;
- staff pay relating to the employees of the company and the related social contributions, and salaries and contributions for the technical and administrative staff who are involved;
- other operating expenses. These expenses include purchases of materials, supplies and equipment, rents on buildings, maintenance and repair expenses relating to such buildings, travel expenses, technical documentation, postal, and electronic mail expenses;
- subcontracting expenses up to one million euros per financial year;

TAX CREDIT FOR VIDEOGAMES

? what is the procedure for having the videogames approved by the CNC?

Provisional approval

It must be applied for before the videogame is finished. Whenever the videogame is being co-produced, the application for provisional approval shall be submitted by each of the development companies.

The expenses give entitlement for the tax credit for the year during which they are incurred, as from the date of reception by the CNC of the application for provisional approval.

The provisional approval is granted by the CNC after the videogames have been selected by a commission of experts.

The approval decision attests that the videogame satisfies the required conditions as they are defined in I, II, and III of Article 220 terdecies of the Code Général des Impôts and gives entitlement to the tax credit for the above-mentioned expenses, subject to final approval being granted.

Final approval

The application for final approval must be submitted after the videogame is finished, within a time limit of 36 months following the date of provisional approval. Otherwise, an amount corresponding to the tax credit share obtained shall be paid back.

Whenever the videogame is being co-produced, the application must be submitted jointly by the development companies.

Final approval is granted by the CNC and attests that the videogame satisfies the required conditions.

SUPPORT FUND FOR VIDEOGAMES

The Support Fund for Videogames (FAJV) supports creation and innovation in the videogame sector. Co-funded by the French Ministry for Industry, the Economy, and the Digital Sector, and by the Centre National du Cinéma et de l'Image Animée (CNC), it is managed by the CNC. The FAJV selective aids are intended to support development companies at the stage when they are developing and making a videogame prototype or during the production phase. The fund may also support trade events.

two main aids

AID FOR INTELLECTUAL PROPERTY CREATION

The aid for intellectual property creation is a selective aid helping development studios take risks during the videogame production phase by supporting cultural content production. The idea is to facilitate new creations and to encourage companies to create heritage value through the videogames they produce, by keeping the intellectual property rights.

AID FOR VIDEOGAME PRE-PRODUCTION

This aid is intended to give videogame development studios financial support for R&D and innovation during the pre-production phase of the videogame, with a view to producing a non-marketable prototype.

It is intended to support research work on the components necessary for putting a videogame in place, and to identify all of the technical constraints to be overcome in order to reach the development phase. In this respect, it can be deemed to be for supporting experimental development.

AID FOR INTELLECTUAL PROPERTY CREATION

eligible companies

The aid is intended for commercial companies located in France and that are not controlled, in the sense of Article L.233-3 of the Code du Commerce (French Commercial Code), by extra-European capital. Their presidents, CEOs, or managers and the majority of their directors must be French nationals or nationals of a European State, or holders of residents cards in France.

The videogame development company undertakes:

- to comply with the social (welfare) legislation;
- to be up to date with honoring its obligations to social protection (welfare) bodies;
- to start developing the videogame within 3 months after the date of the decision by the commission.

AID FOR INTELLECTUAL PROPERTY CREATION

eligible projects

Eligible projects are projects for which the company:

- takes responsibility for producing and making the videogame. It must take (or share jointly and severally with another company) the initiative and the financial, technical and artistic responsibility for developing and making the videogame, and guarantee proper performance thereof;
- is full owner of the property rights: tangible items and intellectual property, up to the first version of the videogame that is accessible to the public, notwithstanding any contracts for assigning rights of use/exploitation of the videogame to a publisher or to a distributor. The company may not therefore assign ownership of the videogame during the production phase and up to the first time it is put on the market.

Projects based on commissioning or service contracts are not eligible insofar as the commissioning party or principal holds the intellectual property rights.

The project must also:

- relate to making a videogame that is made available to the public (off-line or on-line);
- not have the majority of its funding through public funds;
- not have obtained an aid for pre-production.

AID FOR INTELLECTUAL PROPERTY CREATION

eligible expenses

For calculating the amount of the aid, the following expenses are taken into account, dedicated directly to developing (creating) the videogame:

- financial consideration for the authors/designers;
- pay for staff (artistic team, development and programming team, and production team);
- subcontracting expenses;
- capital allowance for amortization and fixed assets related to the videogame;
- overheads (with a ceiling of 10% of the budget)

nature of the aid

The aid is awarded in the form of a subsidy. It has a ceiling of 50% of the cost of the project and it may not exceed 200,000 euros pursuant to the "de minimis" aid system .

The aid is valid for one year as from the award decision.

The agreement between the beneficiary and the CNC must be signed within that time limit.

implementation procedure

The aid awarded shall be the subject of an agreement entered into between the CNC and the beneficiary company. That agreement shall stipulate the rights and obligations of the company. The aid is paid in two tranches: 75% on signing of the agreement, and 25% at the end of the production of the videogame.

The time limit for making the videogame is a maximum of 24 months as from signing of the agreement. If the company does not finish the videogame for which it obtained the aid, it is bound to reimburse all of the sums paid.

AID FOR VIDEOGAME PRE-PRODUCTION

eligible companies

The aid is intended for commercial companies located in France and that are not controlled, in the sense of Article L.233-3 of the Code du Commerce, by extra-European capital. Their presidents, CEOs, or managers and the majority of their directors must be French nationals or nationals of a European State, or holders of residents cards in France.

The videogame development company undertakes:

- to comply with the social (welfare) legislation;
- to be up to date with honoring its obligations to social protection (welfare) bodies;
- to start developing the prototype within 3 months after the date of the decision by the commission

eligible projects

The only projects that are eligible for the videogame pre-production aid are R&D and innovation projects that relate to experimental development activities. The company shall be responsible for the pre-production of the videogame. It must take (or share jointly and severally with another company) the initiative and the financial, technical and artistic responsibility for developing and making the prototype of the videogame, and guarantee proper performance of it.

The project shall have the following characteristics:

- it relates to making a videogame prototype (off-line or on-line):
- it does not have the majority of its funding through public funds;
- it has not obtained an aid for intellectual property creation

AID FOR VIDEOGAME PRE-PRODUCTION

eligible expenses For calculating the amount of the aid, the following are taken into account:

- the salaries and welfare contributions for staff assigned to pre-production, and in particular the salaries and welfare contributions related to the work and spending on R&D and innovation, and the financial considerations paid to the authors/designers.
- the costs of the instruments and equipment insofar as and as long as they are used for the pre-production. If such instruments and such equipment are not used for their entire life spans for the project, only the capital allowance for amortization corresponding to the duration of the project shall be taken into account, calculated in time-apportioned manner based on the time for which they are actually used;
- the costs of the buildings, land, and equipment insofar as and as long as they are used for the pre-production. For buildings, only the capital allowance for amortization that corresponds to the duration of the project shall be taken into account, calculated in time-apportioned manner based on the time for which they are actually used. For land, only the commercial sale costs or the investment costs actually incurred are taken into account;
- the costs of consultancy and equivalent services used exclusively for the pre-production, including research, technical knowledge, and patents purchased or licensed from sources external to the company;
- the additional overheads borne directly by the company due to the R&D and innovation work related to the project;
- the other operating costs, including the costs of materials, supplies and similar products that are borne directly by the company due to the R&D and innovation work related to the project.

AID FOR VIDEOGAME PRE-PRODUCTION

nature of the aid

The amount of the aid is subject to a ceiling of 25% of the R&D spending, understood to be all of the pre-production expenses for the videogame up to making a non-marketable prototype. SMEs (Small and Medium-sized Enterprises) enjoy an aid ceiling that is raised to 35%.

50% of the aid is awarded in the form an advance to be paid back. The aid is valid for one year as from the award decision.

The agreement between the beneficiary and the CNS must be signed within that time limit.

Implementation procedure

The aid awarded shall be the subject of an agreement entered into between the CNC and the beneficiary company. That agreement shall stipulate the rights and obligations of the company. The time limit for making the prototype is 12 months as from signing of the agreement. The aid is paid in two tranches: 75% on signing of the agreement, and 25% when the playable prototype is finalized.

Paying back the advance shall begin 30 days after signing of the agreement and shall take place in three-monthly installments specified in the agreement. It shall continue until 50% of the amount of the aid has been paid back.

If the company does not finish the prototype for which it obtained the aid, it is bound to reimburse all of the sums paid.

AID FOR VIDEOGAME PRE-PRODUCTION

project selection procedure

For examining the aid applications, the President of the CNC calls upon a commission of experts. That commission is made up of thirteen members, including a Chairperson, appointed by the CNC, and by the French Ministry for the Economy, Industry, and the Digital Sector. A quorum of 7 members is required for the commission to be able to deliberate validly. Decisions are adopted by a majority of the votes cast. If the voting is equal, the Chairperson shall have a casting vote.

The aids are granted by the President of the CNC, after hearing the opinion of the commission of experts, and after approval by the French Ministry for the Economy, Industry, and the Digital Sector.

Code of professional conduct

Whenever a member of the commission is concerned personally, directly or indirectly, by an application on the agenda, that member shall so inform the Chairperson, who shall ask the member to leave the room while the application is being debated and examined. On the member's return, he or she shall refrain from making any reference to the application.

The members of the commission are bound to comply with a confidentiality obligation whereby they keep all of the information of which they become aware during their term of office confidential. More precisely, the required confidentiality applies to: all of the information contained in the aid applications, all of the debates and deliberations of the sessions of the commission, and all of the amounts proposed as a result of the sessions.

Where applicable, a member of the commission who has been contacted directly by an applicant shall inform the commission of that contact at the time at which the application is being examined.

Assessment criteria

- originality and consistency of the project and its contribution to creation diversity;
- originality and quality of the game design and of the gameplay;
- originality and quality of the graphics and sound;
- financial and technical capacity of the company to see the project through to a successful conclusion;
- commercial potential of the project

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