

Back in the game

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Australians spent more than \$2 billion on gaming last year. So why is it so hard for local game creators to turn a dollar?

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An early level in the Danger Rabbit game.

Gaming, long dismissed as a pointless, potentially perilous diversion for sexually frustrated teenage boys, has crossed into the mainstream. Having long ago surpassed the revenues generated by the film or music industries, it now seems set to take another quantum leap due to the mass penetration of mobile devices and the rise of "gamification".

More on that momentarily, but first a little history. Since the gaming industry began with *Pong* in 1972, it has worked much like the old Hollywood studio system, with a handful of well-resourced companies, called "producers", investing large amounts over long periods of time to produce elaborate games for consoles, be it *Pac-Man* for Atari or *Grand Theft Auto* for PlayStation.

But the public embrace of smartphones and tablet computers has precipitated something akin to the break-up of the Hollywood studio system. A small team, or even an individual, can now quickly and cheaply create a game (think *Angry Birds*) to be played on a mobile or iPad as opposed to an expensive console such as a Sony PlayStation, Microsoft Xbox or Nintendo Wii.

If that wasn't already blue sky aplenty, just as what might be labelled the "leisure gaming" market is approaching saturation (93 per cent of Australian households now have a game-playing device), gamification has promised to get several potentially larger revenue streams gushing.

Gamification involves making, say, learning activities or work tasks resemble a video game, with the student or employee who "plays" them incentivised through getting (virtual) rewards. It's early days, but unimaginable wealth awaits the gamifier who works out a way to make workers more productive or students more receptive.

"After the GFC hit, almost all of the local studios collapsed and a lot of highly skilled individuals started to make their own games," says Nahele Allan-Moon, the 19-year-old founder of the MoSoGa gaming studio.

"That's resulted in a thriving indie scene, particularly in Sydney, Melbourne and Brisbane. As with most industries, a small number of huge companies pocket most of the money, but there are also pools of cash there for smaller operators targeting niches."

Phil Mason, 42, chief executive of Bubble Gum Interactive, echoes Allan-Moon: "The growth of online and mobile broke down the barriers, allowing anyone to create and publish games. In the four years since I started Bubble Gum, I've been doing exactly that, attracting \$3 million in capital and employing around a dozen staff in the process.

"We've had a lot of success making kid's games that work on a freemium model, whereby gamers



can play for free but increase their engagement in the game through various in-app purchases."

The gaming entrepreneurs Fairfax spoke to painted a relatively rosy picture, insisting they hadn't had much trouble gaining access to skilled and passionate staff or capital.

Nahela, Allan-Moon, the 19-year-old founder of the MoSoGa gaming studio.

When it came to government policy, all they wanted was for broadband to be rolled out as quickly as possible (just like albums and films, the trend is now for games to be downloaded rather than purchased in-store) and possibly for more generosity to be shown to those seeking early-stage capital.

"The government provides grants to games developers through Screen Australia but it could be doing more," says Lloyd Perry, 33, a game producer at Flow Spark Studios. "The Finnish government invested €65 million (\$95 million) over six years in its domestic games producers and ended up with an industry that now generates €900 million a year, 90 per cent of which is from exports."

Unfortunately, neither the government nor any other institution can help local game-makers repeatedly capture lightning in a bottle, which, as in other creative industries, is the foundation of long-term profitability.

"A successful gaming company is built on successful games," says Adrian Vergara, 18, the creative director of Reach Game Studios. "The issue that everyone in the industry faces is that there is no sure-fire formula for producing a commercially successful game. Most of them disappear without trace, even when really talented people produce what is, objectively, a really great game."

But while the odds are stacked against them in a world where hundreds of new apps go on sale each day, our gaming entrepreneurs are cautiously optimistic that they will win the lottery in the not-too-distant future.

Perry's releasing *Danger Rabbit*, "a *Mario*-style platformer with a twist" on May 18; Mason's launching *Cake Bake Blitz*, a puzzle game with a Facebook social connect in June; Vergara should have *Apathy*, a sci-fi game, finalised by late 2014, and Allan-Moon has "some internal projects in the pipeline" that he is working on alongside jobs for external clients. If any of those games resonate with the public, their owners can expect to be LOLing all the way to the bank.

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