



WHEN SHIT HITS THE FAN YOU NEED A PLAN (*HANDOUT*)

OR: DEALING WITH YOUR PUBLISHER WHEN THE GOING GETS ROUGH

VERA FRISCH & RALF ADAM

DISCLAIMER

This lecture was first held in October 2018 at the 4C Conference in Prague. The presentation may not include all original materials shown during this talk (pictures, videos etc.). – but has been enhanced with additional explanation text which was given during the presentation in form of voice over from the speakers.

AGENDA

- Intro
- Most common Causes of Conflict
- Active Fire Protection
- Fire-Fighting Measures



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INTRO

ABOUT US



Vera Frisch

- Owner GameCorps
- >10 years Industry Experience

Ralf C. Adam

- Owner TigerTeam Productions
- >25 years Industry Experience



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MOST COMMON CAUSES OF CONFLICT

COMMON CAUSES OF CONFLICT

- Contacts and/or Stakeholders at Publisher are changing: e.g. Producer is leaving, Head of Development changes etc.
- Strategy of Publisher changes: e.g. Parent Company overseas decides to not do mobile games anymore
- Publisher wants Feature changes - while at the same time does not want to give more time & budget
- Publisher wants additional Features - but again wants to stay in time & budget
- Publisher can't/does not want to approve Milestone
- Publisher wants to change (release) planning: game needs to be out earlier, certain features have higher prio etc.

COMMON CAUSES OF CONFLICT (CONT.)

- Publisher requests extra services from Developer for free/without extra budget: e.g. trailer, artworks, 50 screenshots for conference/trade show etc. (Quote: „Should be also in your interest, dear developer“)
- Publisher does not keep his part of the bargain according to contract and agreements: PR, User Acquisition, Marketing, QA, Milestone input in time etc.
- Development is slipping/developer does not get game done in time: e.g. because developer underestimated effort, some features are tougher to implement than thought etc.
- Publisher is late with paying Milestones (or is withholding payments on purpose)



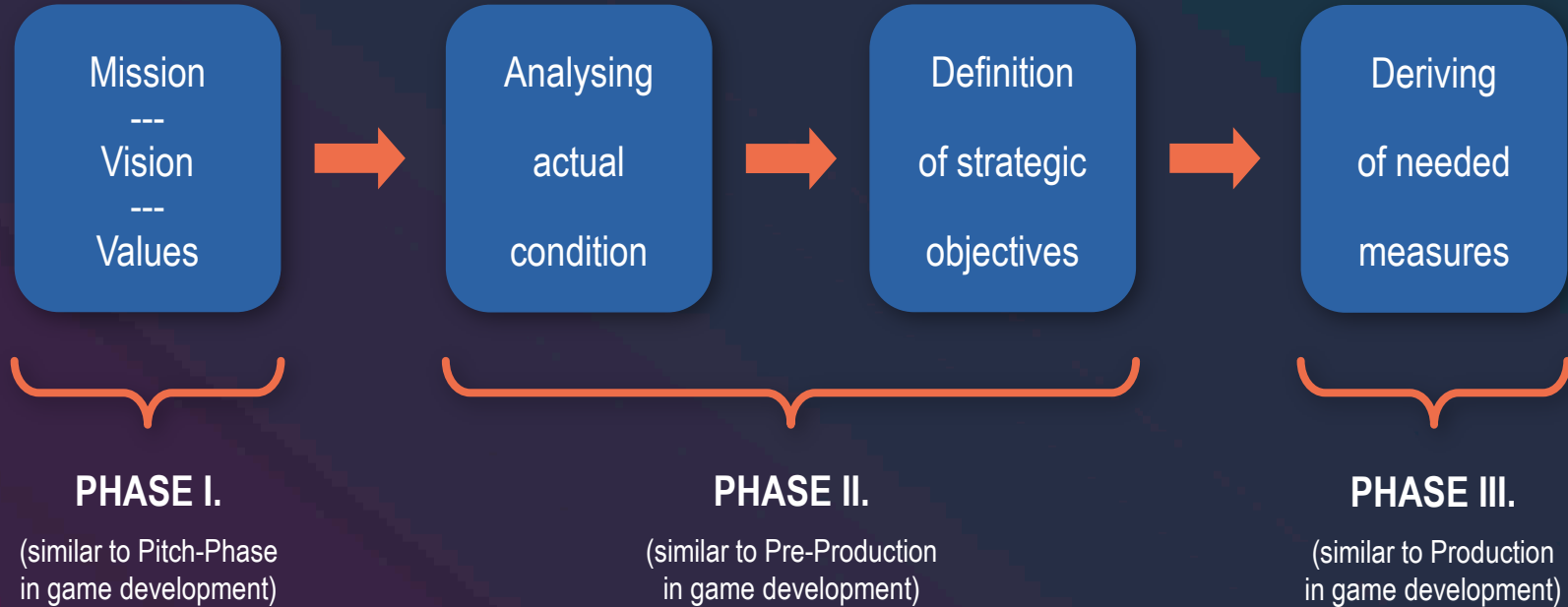
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ACTIVE FIRE PROTECTION

IMPLEMENTING ACTIVE FIRE PROTECTION MEANS

- Studio Strategy
- Pitching
- Contract
- Planning
- Collaboration

STUDIO STRATEGY: HOW TO GET THERE



STUDIO STRATEGY: WHY DO I NEED ONE?

- Basis for all later decisions
 - Short- mid-, long-term strategy (1, 2, 5 years)
 - Studio size
 - Genre, tech, platform etc.
 - One projects vs. multiple projects
 - Indie vs. Own IP vs. AAA vs. Work-for-Hire

STUDIO STRATEGY: WHY DO I NEED ONE? (CONT.)

- How do you know what to ask for in pitch & contract negotiations if you do not know where you want to be with your studio in 5 years?
- Different strategies will mean different priorities!
 - Are you willing to give up your IP in case of conflict?
 - How will you handle delays either on your or on publisher's end?
- How important is getting paid for development vs. royalties?
- Publisher and contract negotiations only make sense if you know where you are going

PITCHING

- Never rely on single project / one deal
- Always think worst case: what's Plan B?
- Always pitch!
- A deal can easily take ~6 – 9 months
- Your network is your next project
- It's a people business!

CONTRACT: IN DUBIO PRO REO

- Anything not clear in contract -> always to you disadvantage!
- Going to court: long & winding road (and expensive...)
- Never sign a contract without consulting a lawyer



CONTRACT: MOST IMPORTANT CLAUSES

- § Scope of Work/Developer's obligations
- § Payment
- § Change Request/Change Order
- § Milestones & Approvals
- § Scope of Rights/Source Code
- § IP
- § Warranty
- § Termination

CONTRACT: SCOPE OF WORK

- Exact definition of developer's obligations
- What does the developer have to deliver?
- Game Design Doc -> contract appendix
- If not ready at signature -> amendment at End of Pre-Production

CONTRACT: PAYMENT

- What budget does the developer get?
- Definition of Net-Revenues (important especially for Mobile/F2P Live service: what is Gross Revenue? What Net? Minus Marketing and User Acquisition cost or not?)
- When are payments due?
- Advance against royalties?
- What percentage?
- Who recoups when?
- What happens if publisher does not pay?

CONTRACT: CHANGE REQUEST (AKA CHANGE ORDER)

- High conflict potential if missing!
- Change requests always has impact on time & budget
- Define formal process:
 - Change Request gets in
 - Developer estimates and gives proposal
 - Publisher approves
 - Only then: Developer makes change

CONTRACT: MILESTONES & APPROVALS

- Formal process for submission & approval
- Define max. Workdays for approval (10 Workdays? More? Less?)
- Milestones linked to payments? Maybe better: Monthly payments – and Publisher can stop payment whenever a MS fails – until remedy.
- Penalties in case of delay?
- Milestone definition for F2P Mobile after Word-Wide Release? Hard to do, as features may change on weekly basis depending on user feedback

CONTRACT: SOURCE CODE

- Who owns Source Code?
- Is it licensed just for particular project by Publisher?
- Can Publisher use it afterwards for other games?
(would be more an engine licensing deal then)
- What happens in case of termination?
- Does quality of source code documentation needs to be defined?

CONTRACT: IP

- Who owns the IP / Brand?
- High chance that Publisher demands to get IP if he pays for complete development
- Is it a „shared“ IP -> 1st option/last match rights for one or both sides?

CONTRACT: WARRANTY

- What does the contract say about errors?
- A-, B-, C-Bug definitions
- What bugs/errors are allowed in Milestones?
- How long warranty after release?
- What about patents? Especially tricky with US/Patent Trolls.
Better: only patent warranties for Europe if you are a European studio.

CONTRACT: TERMINATION

- What are the termination clauses?
- When? End of Pre-Prod? Only when one party in breach? Always?
- By whom? Publisher only?
- What are periods/deadlines?
- Is there a „kill-fee“

PLANNING: YOUR SHARPEST KNIFE

- Be transparent – no hiding! Only with a transparent and clear planning you can protect yourself, especially in case of Change Request through Publisher
- Planning at end of Pre-Prod -> Needs to become contract amendment
- No fuzzy Milestones – never in advantage of Developer. Publisher will only pay if he gets what he is expecting to get.
- Always communicate what will be delivered – and what not.
- Be pro-active – think for the Publisher (Conferences, trailers, etc.)

COLLABORATION: COMMUNICATION

- Your Champion of the game at Publisher: Producer
- Try to have final word in choice of Producer (why not doing a Publisher Due Diligence?)
- Always communicate in writing
- Decisions never in Slack, Skype, Discord etc.
- If Slack cloud shuts down server -> all your communication is gone (apart from the fact, that it's hard to find any correspondence in Slack that is 5 months old).
- Only Email for any decision

COLLABORATION: MEETING MINUTES & REPORTS

- High relevance in case of legal measures
- Take meeting minutes of every conversation
- Send them around, so everyone has seen them
- Structure:
 - Agenda
 - Points discussed
 - Agreed decisions
 - Action Points/Next Steps
(incl. responsibilities & deadlines)
 - <http://www.gameproducersguide.com/Templates.html>



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FIRE-FIGHTING MEASURES

GENERAL RULES OF CONDUCT

- React at once in case of conflict
- Consult lawyer immediately (but do not tell your Publisher yet to not escalate situation too quickly)
- Everything needs to be in writing now more than ever
- Be constructive: Carve out root of problem (together with Publisher)
- Never get emotional
- Never show signs of weakness (even if you are with your back against the wall)

CONFLICT: CHANGE REQUEST

- Publisher (or Developer) has Change Request:
 - What's the formal CR process?
 - If there's none: CR only after budget proposal & greenlight
- Never do a CR “on-the-fly”
- CR always cost money
- Never go for: “But this is also in your interest”

CONFLICT: MILESTONE REJECTION

- Most common cause:
 - Fuzzy Milestone description (“50% Pathfinding done”)
- Publisher: “That’s not what I thought I would get”
- Precise MS-Definition & Acceptance Criteria are crucial
- Particularly tough with Agile Methods (SCRUM)
- Never be misleading! Always be exact!

CONFLICT: DEVELOPMENT SLIPPAGE

- Be transparent – never try to hide when you are slipping or only tell the very last day before deadline
- Always signal potential delays as early as possible
- Try to get out “good enough” version
 - ...you can still request improvements per Change Request
- Feature Cut
 - ...requires features classification in the 1st place
 - ...also requires Nice-To-Have-Fluff to cut out

BEST PRACTICES & GEMS

- Simple formula:
 - $X = \text{Development Time} / \text{Spent Budget}$
 - $Y = \text{Chance of getting axed}$
 - The higher X is, the lower Y will be
- The more budget a publisher has already spent the less likely it is that he will kill the game
- But there's no guarantee! A strong Publisher might still kill your game 4 weeks before Gold Master

BEST PRACTICES & GEMS (CONT.)

- Keep your reminder period (e.g. payment reminder, etc.)
- Changing Publisher is tough:
 - Even after an official legal split
 - New Publishers will react cautiously
 - It's like a complete new Pitch & Deal Period
- Ultima Ratio: Stop working! (but: easier & more effective if you have multiple projects)
- If game is live: Check with Platform holders to potentially get game out of store



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ANY QUESTIONS?

VERA FRISCH

GameCorps



vera@gamecorps.de



<https://www.linkedin.com/in/verafrisch/>

RALF C. ADAM

Tiger Team Productions



ralf@tigerteam-productions.de



<https://www.linkedin.com/in/raadam/>

www@gameproducersguide.com

CONF4C.COM

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