Presents

GDC 2016 State of the Industry Report

Welcome to the State of the Industry Report from the Game Developers Conference! The data included here was sourced from a survey of more than 2,000 game developers who attended GDC across the past three years. This fourth annual State of the Industry Report provides a snapshot of the game industry versus where it was in the previous year, and illustrates industry trends ahead of GDC 2016 in March.

Notable trends from the poll results include the rising popularity of VR (and AR) game development, growing confidence in eSports as a long-term sustainable business, and a renewing interest in working with publishers.

(This list was organized by the UBM Game Network, which also runs GDC – GDC 2016 will take place March 14th-18th at the Moscone Convention Center in San Francisco, California. This survey has an estimated margin for error of +/- 3%.)

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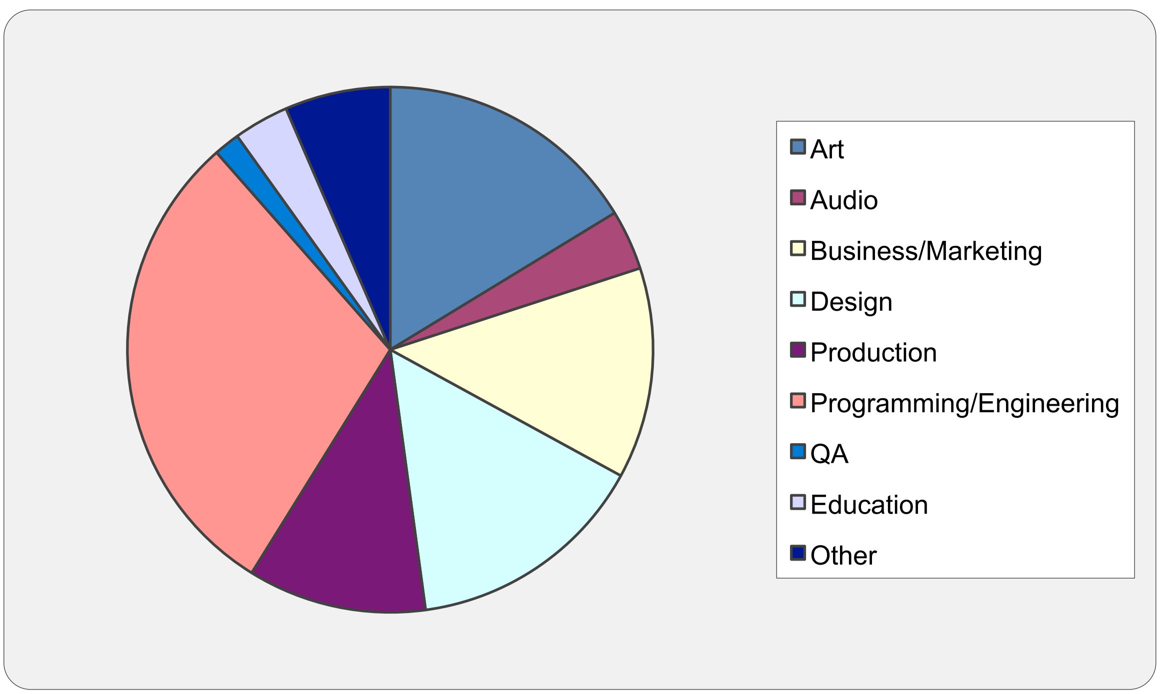
>>WHO WERE GAME DEVELOPERS IN 2015?

This year we saw more evidence of new developers entering the industry. In the experience portion of the survey, 17% of developers said they had been working for only 1-2 years, up from 14% last year. Likewise, the number of developers with 3-6 years experience increased to 35% versus 30% last year, indicating that they're sticking around.

Those surveyed were also asked their primary job function – while this information is not particularly useful to compare year over year, it serves as a snapshot of the current breakdown of disciplines.

Art	16.3%
Audio	3.7%
Business/Marketing	13.0%
Design	14.9%
Production	11.0%
Programming/Engineering	29.7%
QA	1.6%
Education	3.4%
Other	6.5%



Breakdown of game developer disciplines, GDC State of the Industry report 2016

This year also saw an increase in the number of women in the industry, up to 18% from last year's 15%. If you look at the larger picture, even though 18% is small in comparison to the general population, GDC's surveys have shown a consistent uptick in the number of women game developers year over year, which is encouraging for the future diversity of the workforce.

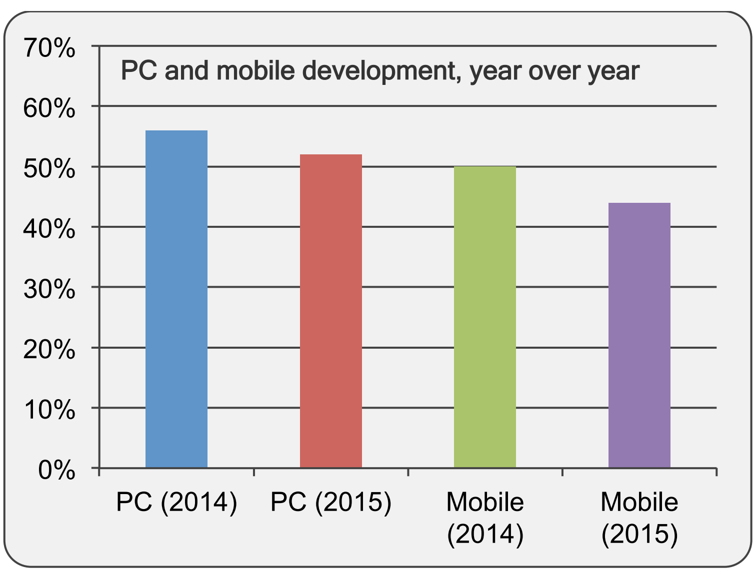
And looking at company sizes, we find they've remained largely the same as last year, within one or two percentage points, suggesting a good amount of stability. In fact, more developers indicated their companies had expanded in 2015 – 48% of companies got larger, vs 44% last year. Fewer companies contracted as well, with 13% this year compared to last year's 16%.

>>PLATFORMS: WHAT'S HOT, WHAT'S NOT?

As game developers, the ground is always shifting underneath. Today's hot platform is tomorrow's (virtual) paperweight. This section may give some indication of where things are going.

Who's making what, where?

PC is still a forerunner these days – though slightly less than it has been in the past few years – and mobile seems to be settling a bit as well. 52% of developers surveyed said they're currently working on a game that will see release on PC, down from 56% last year, while 44% said their current game will come to smartphones and tablets, down from 50% last year.



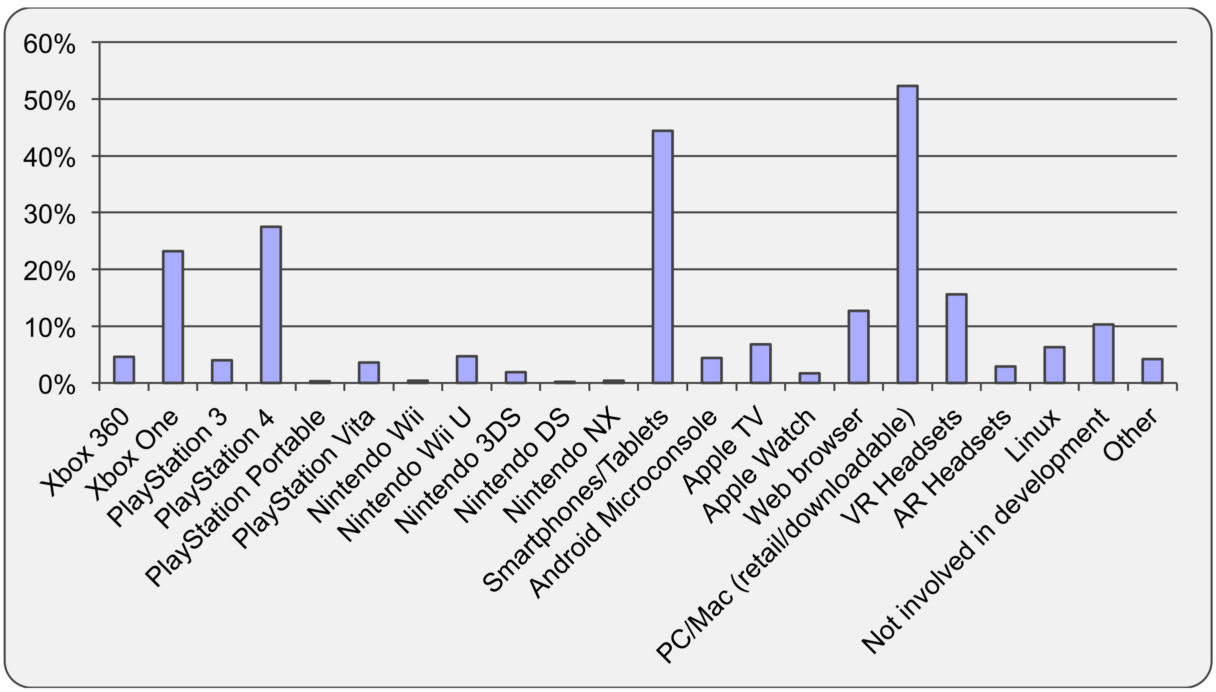
On the console front, 28% of survey respondents said they were currently working on a game for PlayStation 4, and 23% said their project was coming to Xbox One, compared to last year's 26% and 23% respectively.

Where did all those stray percentages escape to? To VR and AR, it seems, since 16% and 3%

of developers are making their current games for those arenas respectively. ***Note: It's possible that this number may actually be higher—more on that in the VR and AR section of this report.***

Developer interest in Nintendo platforms has been low ever since the end of the Wii's lifecycle, and remains low compared to last year. 5% of respondents said they were currently working on a game for the Wii U and 3% said the game they're currently working on would come to the 3DS, from 6% and 3% last year, respectively.

Going forward, those numbers are likely to decline even further, as only 4% of survey respondents said they expect the next game they work on will see release on Wii U and 2% figure their next project will come to the 3DS. And the new Nintendo platform, currently codenamed NX, appears to remain a closely guarded secret, as less than 1% of our respondents said they were working on a game for that platform, but 2% said their subsequent game would release for NX.



Platforms on which developers were working in 2015

Interestingly, Sony's PlayStation Vita fares better than the 3DS, with 4% of developers working on that platform. The numbers for legacy consoles Xbox 360 and PS3 are almost identical to last year, at 5% and 4%, respectively.

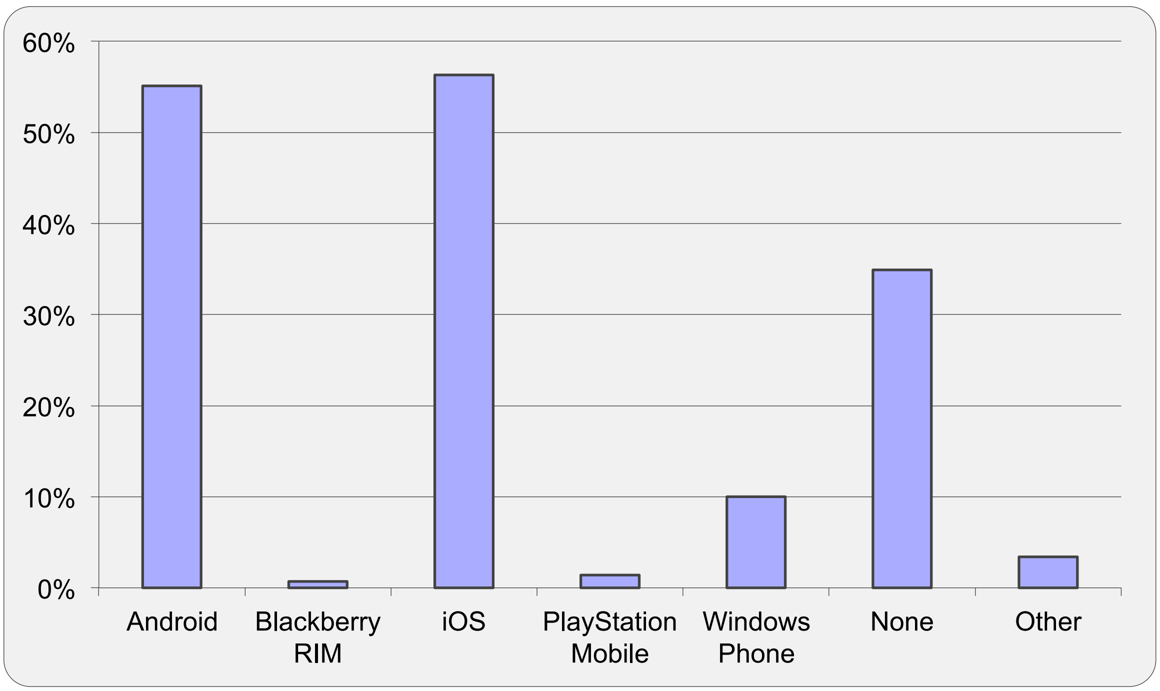
What about the next development cycle? When it comes to console, the numbers look similar to those of 2015. 29% of developers plan to release their next game on PS4, while 23% plan to release on Xbox One.

Smartphones and tablets make up 42% of developers' future plans, with PC at 51%. A slightly larger number of developers plan to make their next game for VR or AR devices vs. those that are currently doing so, with 15% hoping to make a VR game, and 4% for AR.

>>FOCUS ON SMARTPHONES

Android and iOS are now neck-and-neck among smartphone game makers, browsers fall further

When asked which smartphone platforms they're currently developing for, 55% of those surveyed said Android, and 56% said iOS. That's a small but notable narrowing when compared to last year's survey, which found that 60% of respondents were working on an Android game and 64% were working on an iOS game. It also shows the increasing parity between the platforms, as countries like China continue to lean heavily toward Android.



Mobile platforms with a game currently in development

Windows Phone development has fallen from 15% to 10%, and Blackberry RIM development is almost nonexistent now, falling one percentage from last year to reach 0.64%. And, an interesting side stat – 35% say they're not working on mobile at all, up from 29% last year.

On the lower end of the spectrum, development for Android consoles is down to 4% from 8% last year, and the contracting web browser market is down from 17% to 14%.

Apple TV fares slightly better than the Android consoles, as the newer kid on the block, with 7% of developers working on games for that platform, while 2% are working on an Apple Watch game.

But what do they *want*?

Our survey also asks developers what platforms they're most interested in personally, which can sometimes present a contrast with what they're actually working on. 31% are interested in Xbox One, compared to 42% for PS4 and just 8% for Wii U. The NX is apparently too mysterious to anticipate, with only 10% of developers expressing an interest in the console.

Interest in microconsoles seems to be waning (4% for Android, vs. 10% last year, and 10% for Apple TV (first time on the survey)), and interest in the Linux-based Steam boxes has dropped from 27% to 21% as news on that front has slowed.

VR, on the other hand, seems to have caught developer interest handily, with 42% interested in that growing field.

>>WHERE'S THE MONEY?

Any game developer will tell you that funding is one of the largest challenges these days. The numbers reflect that, as most game developers are still relying on themselves in one way or another to fund development.

55% of those surveyed said they're using their company's existing funds to cover the cost of game development, while 34% said they're tapping into their own personal funds. That's roughly in line with the results of last year's survey, which found that 61% of respondents were funding development with company money, and 34% were reaching into their own pockets to pay expenses.

Here's the full breakdown of funding sources for this year:

Alpha funding (e.g. Steam early access)	4.8%
Angel investors	9.2%
Company's existing funds	54.8%
Crowdfunding	9.1%
External publisher	14.8%
Personal funds	33.9%
Venture capital	11.4%
Other	13.4%

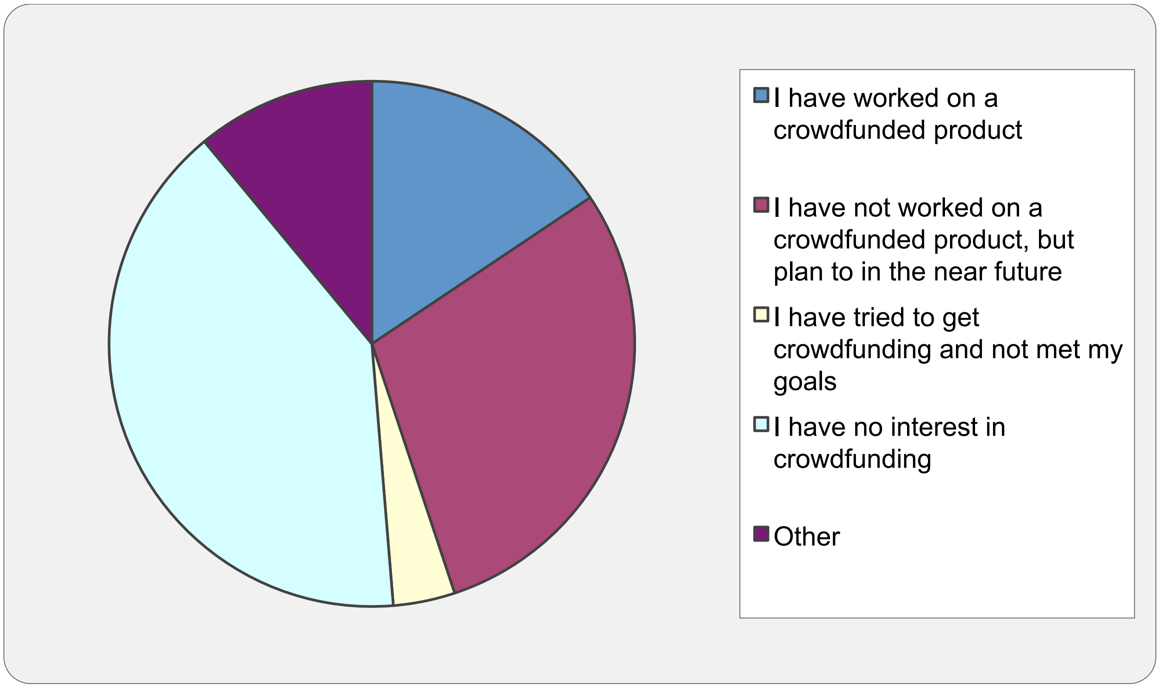
Game development funding sources in 2015

Let's dial in on that crowdfunding number for a moment. While it is small, at 9% of the total funding developers received in 2015, it is much discussed.

According to our survey, 16% of game developers in 2015 worked on a crowdfunding campaign, which is the same number as last year, and happily only 4% failed to get funding.

This failure rate is likely much lower than the actual average across all attempts, though, skewed by the fact this survey focuses on relatively experienced developers who attended GDC.

29% of our respondents haven't worked on a crowdfunding campaign but plan to in the future, vs. 30% last year, and 40% have no interest in crowdfunding, vs 49% last year. But last year there was no “other” option, which took 11% this year, making those two stats a bit difficult to compare.



Crowdfunding snapshot, showing high rate of success

>>DISCOVERABILITY

Discovery remains as tough as ever – especially when you don't try to get discovered!

This is a tricky one. Developers were asked to rank which discoverability platforms were most useful in gaining traction for them, from 1-7. The results largely followed along with how many people actually tried to use each platform. Here is the order of *average* discoverability usefulness, from best to worst, factoring in the number of developers who used them:

1) Promotion on a platform's digital storefront
2) Community/Fans' social media
3) Developer's social media
4) Traditional press and bloggers
5) YouTube videos
6) Paid advertising

7) Twitch streamers

It should be noted that a huge percentage of developers did not try any or all of these methods, making this tough to gauge. Fewer developers used streamers as a vehicle for discovery than any other method – 50% of developers didn't try this method. 42% did not do any paid advertising. So the two least effective platforms for developers were the ones they were most reluctant to try. For the rest, between 30% and 35% of developers didn't or couldn't try each one. That's not to say 30% of developers didn't do *any* of these, but for any given vehicle there were between 30 and 35% of developers not attempting to get discovered this way.

We should also point out that more developers chose the elusive "promotion on a storefront" as their #1 answer than any other. The big takeaway here is a lot of developers either did not attempt discovery across as many platforms as possible, or were unaware that their company was doing so.

>>FOCUS ON VR AND AR

VR was the platform that saw the biggest gains in developer focus year over year – as we mentioned in our platforms section, 16% of developers surveyed said they're currently working on a game for VR platforms, up from 7% last year. And looking ahead, VR platforms seem about even – 15 percent of survey respondents said the next game they make will come to VR. Last year, just 7 percent of those surveyed said the same.

Oculus Rift is currently the most popular platform for VR game development

19% of developers said they were currently making a game that would come to the Oculus Rift. The next most popular platforms in the VR/AR category were Samsung and Oculus' Gear VR headset at 8%, and Google Cardboard at 7%. The HTC Vive and Sony's PlayStation VR headsets were each target platforms for roughly 6% of those surveyed. **(*Note: This is the discrepancy mentioned earlier the report. More respondents said they were working on VR in this section than they did in the more generic section of the survey. We are more inclined to give credence to this number as it is more narrowly focused.*)**

However, a large segment of those surveyed said they either weren't currently involved in VR development (44%) or are not currently interested in developing for VR/AR headsets (25%).

But developers are certainly aware of the platform – we asked which VR platforms they had tried, and only 17% hadn't tried any, and more than half of those said they intend to in the future. Here are the most-tried VR platforms among developers:

1) Oculus Rift (77%)
2) Google Cardboard (46%)
3) Gear VR (31%)
4) PlayStation VR (21%)
5) HTC Vive (19%)

6) Microsoft Hololens (8%)
7) castAR (3%)

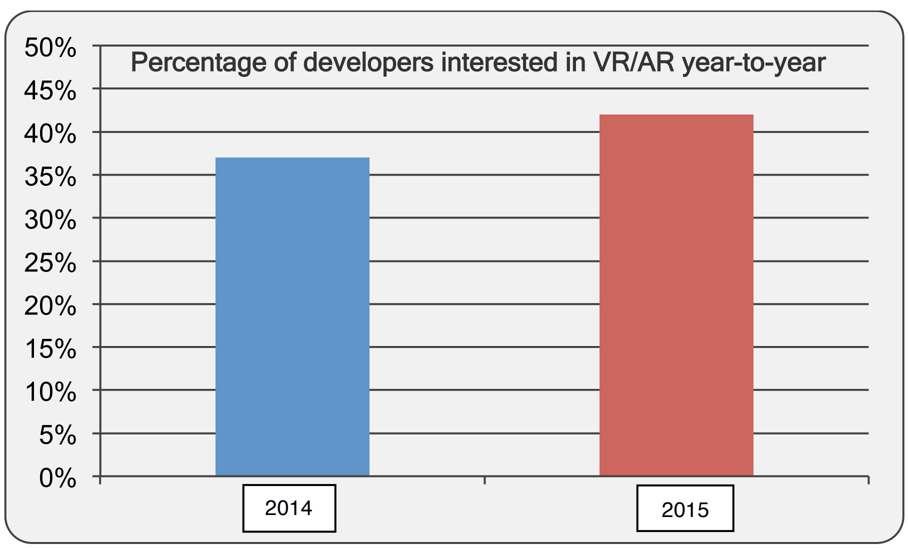
Looking ahead, 20% of survey respondents said their next game (following the one currently in development) would likely be released on the Oculus Rift, with 9% predicting they'd make their next game for PlayStation VR and 8% aiming for the HTC Vive. 12% said they're currently undecided.

Most game makers believe VR/AR development is here to stay

When asked whether they believed VR/AR was a long-term sustainable business, 75% of those who responded agreed, and 25% disagreed.

"I think the immediate future will be a bit rocky," wrote one respondent. "There might be a lull in the interest in VR/AR, but once developers find out what experiences are best for this technology – and when technology improves and becomes more affordable and accessible – I believe it will be adopted on a much wider scale."

"I think the growth will be slow at first but that enough people will buy headsets to make it worth developing for," wrote another respondent. "It may be that this first generation isn't worth it, but it will get there."

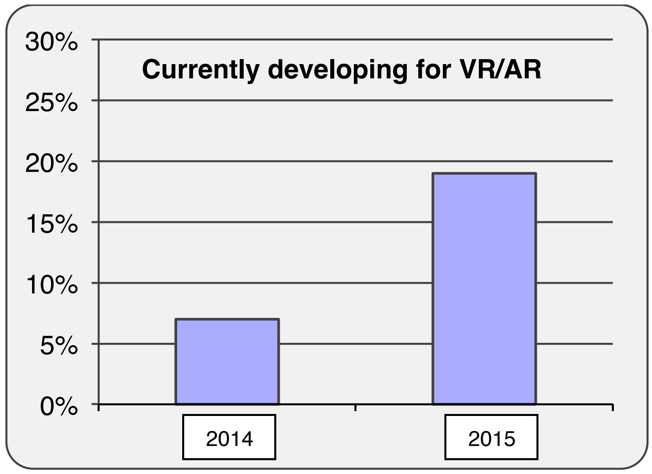


42% of developers were interested in VR/AR in 2015, vs 37% in 2014

One in four developers believes VR/AR device adoption will never match the current install-base of game consoles

When asked when they believe VR/AR devices will exceed the adoption rate of game consoles in the U.S. in 2015 (which is roughly 40%), 27% of respondents said they didn't believe VR/AR hardware would ever surpass that level of adoption.

Just 2% of those surveyed said they expected such a shift by 2018, the earliest time period available for selection, but 9% believe it could happen by 2020. 44% of respondents expected it to happen by 2026, and a total of 54% figured it would happen by 2030.



In 2015, 19% of developers were making games for VR/AR, vs only 7% in 2014

In a separate, more conservative VR/AR install base question, 38 percent of respondents predicted that VR/AR hardware would be in 10 percent of U.S. households by 2020. 86 percent figure it'll happen by 2030, and roughly 9 percent figure it will never happen.

>>FOCUS ON ESPORTS

As of the end of 2015, only 15% of game developers are working on a game they consider to be an eSport, but that's up from 13% last year.

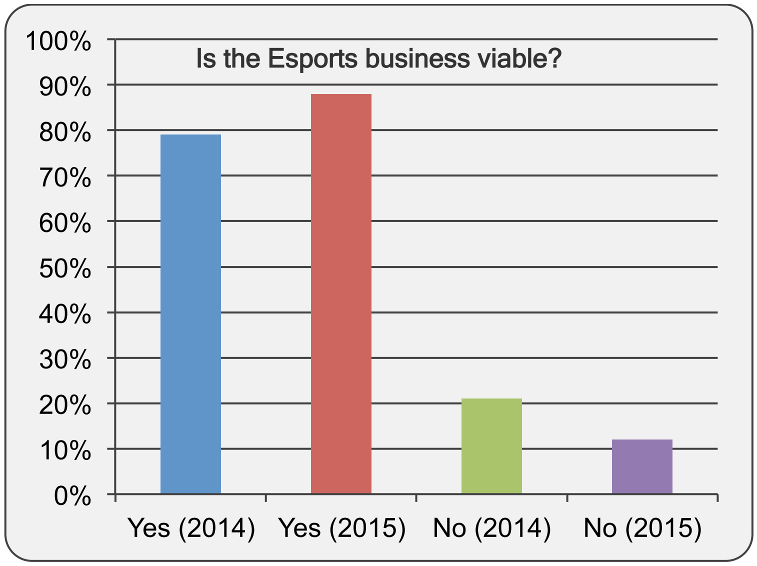
Of those who are making eSports, only 23% plan to expend significant resources to support player competitions, such as tournaments and teams, post-launch. That's down from 28% last year, but may simply be a side-effect of more new developers entering this growing field.

A vast majority of developers believe eSports is a long-term, sustainable business

88% of those surveyed said they believed eSports is a long-term, sustainable business. That's a notable increase over last year's 79% (though last year's number is also high).

"With events like EVO, the *StarCraft II* WCS, and the Capcom Cup, it's hard to deny that eSports are viable business opportunities," wrote one respondent. "It's another way to market and promote your game, but it's also a way to build lasting communities for your games."

"I think it's only viable on a large scale for the few top companies. Competing with the playerbase and development resources of *Dota*, *League of Legends*, *Counter-Strike: GO*, and Blizzard is going to be impossible for anyone else," wrote another. "That said, having some eSport-like elements (multiplayer, ranking, spectator-friendly) can help attract and keep the interest of players for smaller-scale operations.”



Opinion of viability of eSports as a business, year over year

>>WHERE DO PUBLISHERS STAND?

Self-publishing still reigns supreme, but more devs seek to work with publishers in the future

Developers polled expressed a clear interest in self-publishing, with 57% of those surveyed currently working on a project without a publisher, versus 24% who are (20% said they work at a publisher themselves).

That suggests that interest in self-publishing remains steady; the results of last year's survey showed nearly identical numbers.

It does seem as though interest in working with publishers is up a bit though, with 36% of respondents saying they planned to work with a publisher on their next project, while 45% said they’d be self-publishing their next game. Last year those figures were 31% and 49%, respectively.

>>FINAL TAKEAWAYS

As developers struggle to find the money in this increasingly crowded and confusing market, new platforms like VR seem to offer a beacon of hope for many developers, who seem to feel confident that VR is here to stay. But optimism is often high when a new platform arrives, backed by millions of dollars. It's at least a chance to try something new.

We also notice a greater developer interest in console, even if they aren't working on as many console games currently. This supports the idea that the console side of the industry has begun to level out and stabilize, after fears that this generation would not provide developers with as much opportunity. Sony's strategy appears to be working especially well, since developer confidence in the PS4 is quite high.

On a less positive note, it seems as though developers are not taking advantage of promotional and discovery opportunities as often or as effectively as they could be. Smaller teams and newer developers often have a particularly hard time with this, which could account for some of these low numbers.

And lastly, as more developers search for funding, publishers may be regaining their role as both funders and curators of marketing and discoverability.

The game market is ever in flux – we look forward to forging the future together with you at GDC 2016!
