Creating Digital Opportunity

CDO Third Annual Network Conference, April 2016
University of Saskatchewan, Saskatoon SK

The dynamics of innovative and competitive digital ecosystems in Canada: Digital gaming in Quebec

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1997: the starting point

- The Government of Quebec sets up a Tax credit for the Production of Multimedia Titles to foster the development of the video game industry and certain distribution platforms:

    - Titles intended for commercialization (excluding vocational training titles): 30% (24%) of labor costs + 7.5% (6%) of labor costs if in French language version

    - Other titles: 26.25% (21%) of labor costs

- French developer Ubisoft is the first company to benefit from this new measure and opens a studio in Montreal...

Then

GAME DEVELOPERS

ANIMATION AND 3D

Now

GAME DEVELOPERS

SERVICE PROVIDERS

OTHER SUPPORT

The main studios

	Established in	Number of employees
Behaviour Interactive	1992	150-300
Ubisoft	1997	+3000
Gameloft	1999	300-500
Beenox (Activision)	2000 (2005)	300-500
Frima	2003	150-300
Electronic Arts/Bioware	2004	150-300
Hibernum	2005	100-150
Eidos (Square Enix)	2007 (2011)	500-1000
Ludia	2007	150-300
Budge Studios	2010	50-100
THQ (closed since 2012)	2010	-
Warner Bros.	2010	300-500
Red Barrels	2012	10-50
Roofdog Games	2012	10-50
Ankama	2013	10-50
…	-	-

Quebec and video games in 2015

- More than 130 companies

- 10,850 full-time employees (up 19% since 2013)

- $1.14 billion in annual expenditures

- $66,200/year average salary for full-time employee

- 32 years old average age of employee

- Also the most important "Guilde" of independent game developers in the world (75 studios, 700 employees)

Source: ESAC (2015)

Hypothesis

The main impact of the public policy (initiated in 1997) is the building of a rich ecosystem in video games in Montreal that articulates three main layers:

- The "upperground"

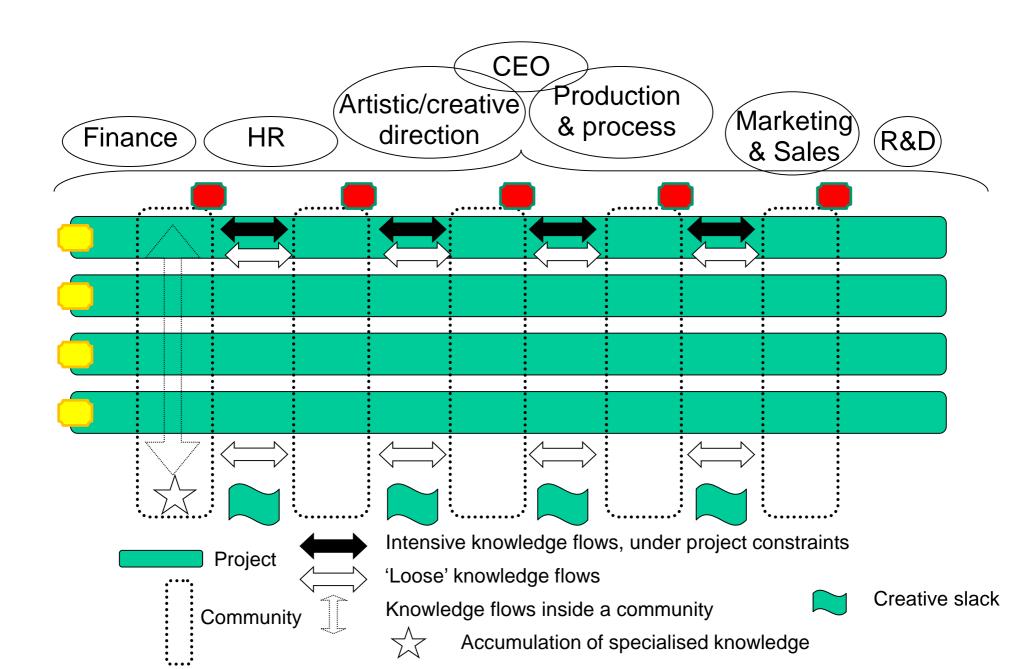- The "middleground"

- The "underground"

Ubisoft Montréal

- Founded in 1997

- Grew from 50 employees in 1997 to more than 2700 employees in 2015

- More than 85 games developed from 1997 to 2015

- About 20 products developed in // per year (among which 2 to 3 "blockbusters")

- Brands: Prince of Persia, Tom Clancy's Rainbow Six, Tom Clancy's Splinter Cell, Assassin's Creed, Far Cry, Just Dance, Watch Dogs…
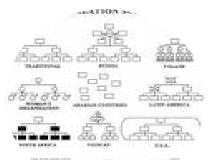
Ubisoft: A project-led organisation driven by communities

Finance HR Artistic/creative direction CEO Production & process Marketing & Sales R&D

Intensive knowledge flows, under project constraints

Project

'Loose' knowledge flows

Community

Knowledge flows inside a community

Creative slack

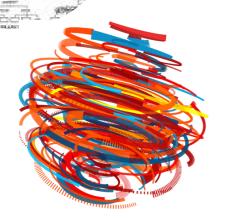Accumulation of specialised knowledge
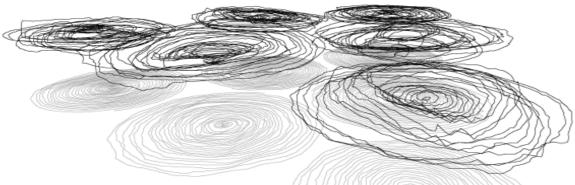
Ubisoft: The central role of communities

Internal communities:
Script writers, Game-designers, 2D/3D Graphic artists,
Sound designers, Software Programmers, QA and Testers,
Network Managers, Project Managers, etc.

Communities of users:
Hardcore gamers,
Casual gamers,

Communities of professionnals:
Historians, Architects, Musicians,
Graphists, Designers, Urbanists,

Ubisoft: beyond the traditional system

- Ubisoft can be viewed through the classical lens of cooperative agreements and contractual schemes between **formal** entities (system of innovation)

- However, the essence of the dynamics of the firm, lies in its capacity to articulate its formal hierarchical structures with diverse informal communities and collectives. The generative dynamics of the firm emerges out of these continuous **interactions between the formal and the informal** ("ecosystem of innovation")

- See Moore (1993), Attour & Burger-Helmchen (2014), Torre & Zimmermann (2015)
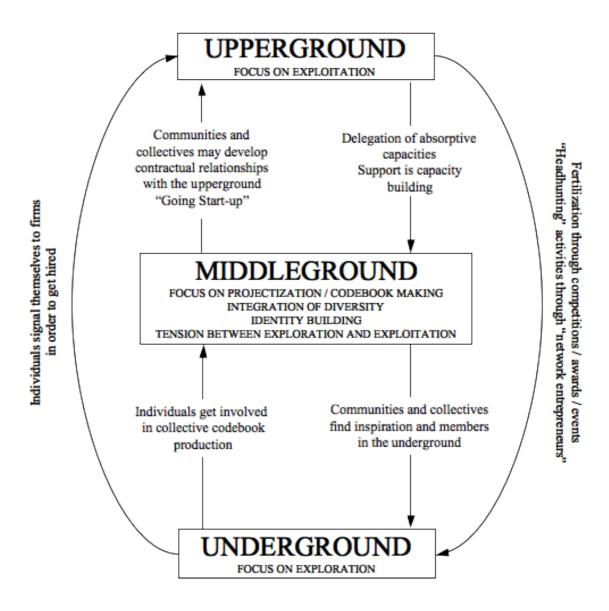
The Ubisoft local ecosystem

"Montréal is our R&D lab"
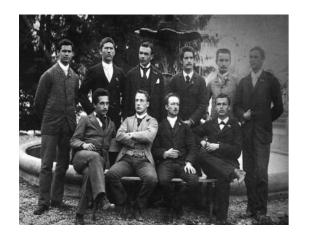Yannis Mallat (Ubisoft Montréal director)

- Access to the "fertile soil of Montreal", is orchestrated by the different communities that cross the "porous" boundaries of the firm.

- The hierarchy delegates some of the core competences to these communities, that not only "tap in" the fertile soil, but also contribute to nurture it.

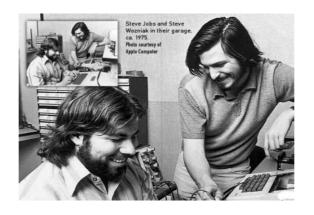- The core of this local ecosystem is the "middleground", representing common local platforms of interaction facilitating different forms of creation and exchange of knowledge between diverse communities…

Underground, middleground, upperground

Source: Cohendet, Grandadam & Simon, 2010

Steve Jobs and Steve Wozniak in their garage. ca. 1975. Photo courtesy of Apple Computer

La Fête foraine, 1983

Components of the middleground

Places: the realm of near, intimate, and bounded relations, physically established

Spaces: the realm of far, impersonal, and fluid relations, cognitive constructions.

PLACES

PROJETS

SPACES

EVENTS

Projects : engage local communities in conversations and work together

Events: open the small local worlds to new global influences.

An example of the middleground of Montreal
"Société des arts technologiques" (SAT)

UBISOFT Montréal: The local creative ecosystem

External relationships ←→ **Hierarchical structure of the firm**
- Divisions, departments, projects, etc.

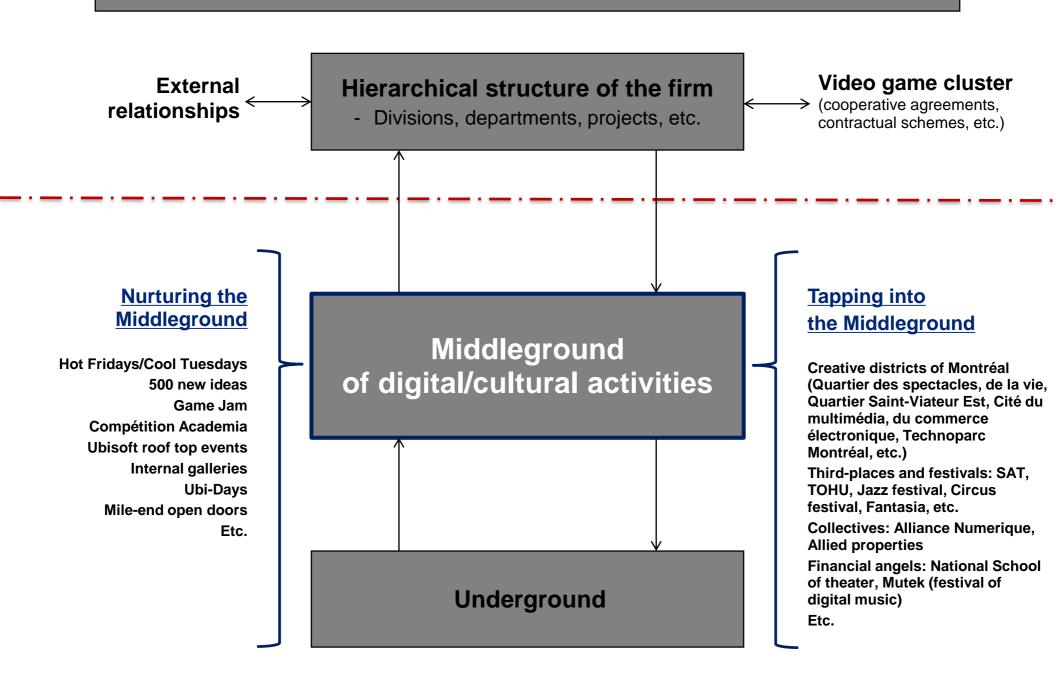**Video game cluster** (cooperative agreements, contractual schemes, etc.) ←→

Nurturing the Middleground

Hot Fridays/Cool Tuesdays
500 new ideas
Game Jam
Compétition Academia
Ubisoft roof top events
Internal galleries
Ubi-Days
Mile-end open doors
Etc.

Middleground of digital/cultural activities

Tapping into the Middleground

Creative districts of Montréal (Quartier des spectacles, de la vie, Quartier Saint-Viateur Est, Cité du multimédia, du commerce électronique, Technoparc Montréal, etc.)

Third-places and festivals: SAT, TOHU, Jazz festival, Circus festival, Fantasia, etc.

Collectives: Alliance Numerique, Allied properties

Financial angels: National School of theater, Mutek (festival of digital music)

Etc.

Underground

Theoretical perspectives

Ecosystems = result from the interactions between the "formal" and the "informal" exhibiting "self generating" dynamics, power of attraction, resilience (Wolfe, 2010; Crespo et al., 2013; Boschma, 2015) → Mediation by digital platforms.

Middleground = common platform co-created by competing firms, and diverse stakeholders, to build new institutional arrangements, share human competence pools, build trust, design new markets, etc. ("components for community infrastructure for innovation", as suggested by Van de Ven & Garud, 1989) → Nucleus of new digital developments.

Thank you!

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