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Outsourcing Partnerships

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Building Lasting Outsourcing Partnerships

Presented by Aaron Pulkka
Senior Director – Outsourcing
Vivendi Games, Inc.

Introduction

- Building Lasting Outsourcing Partnerships
- Advice for Service Providers
- Advanced Common Sense
  - Common sense is not always common practice

*- Source: **Getting Things Done**, David Allen, 2001*

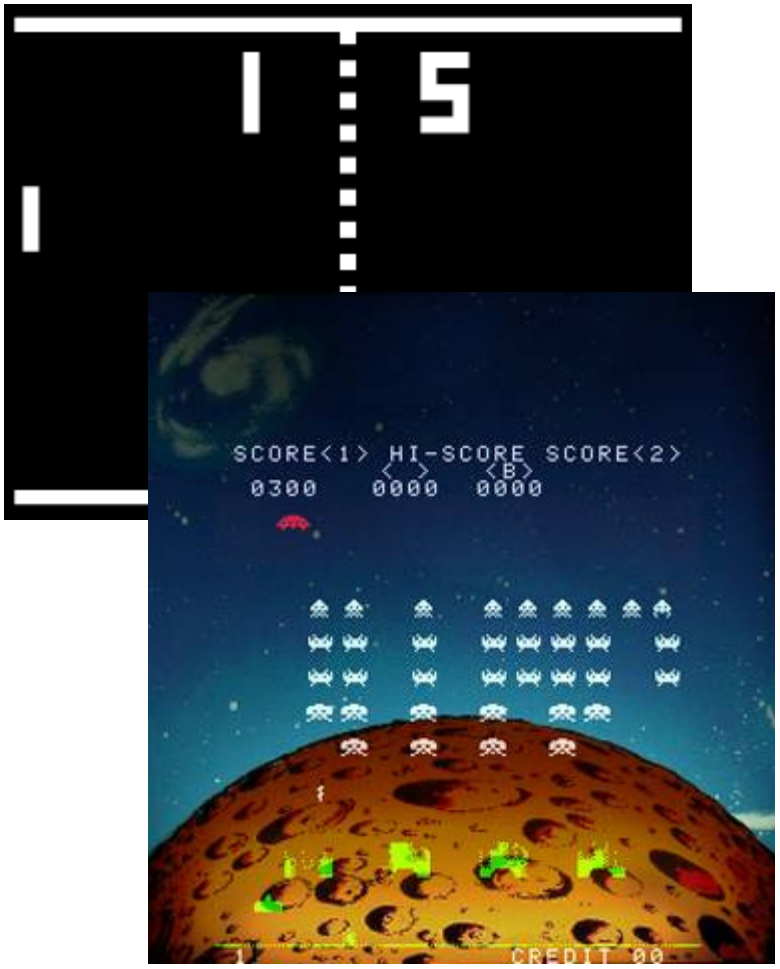
Overview

- Background
  - History, Goals / Benefits, Challenges / Risks
- Building Partnerships
  - Communication, Reliability, Starting Small
- Summary
- Questions

In the beginning…

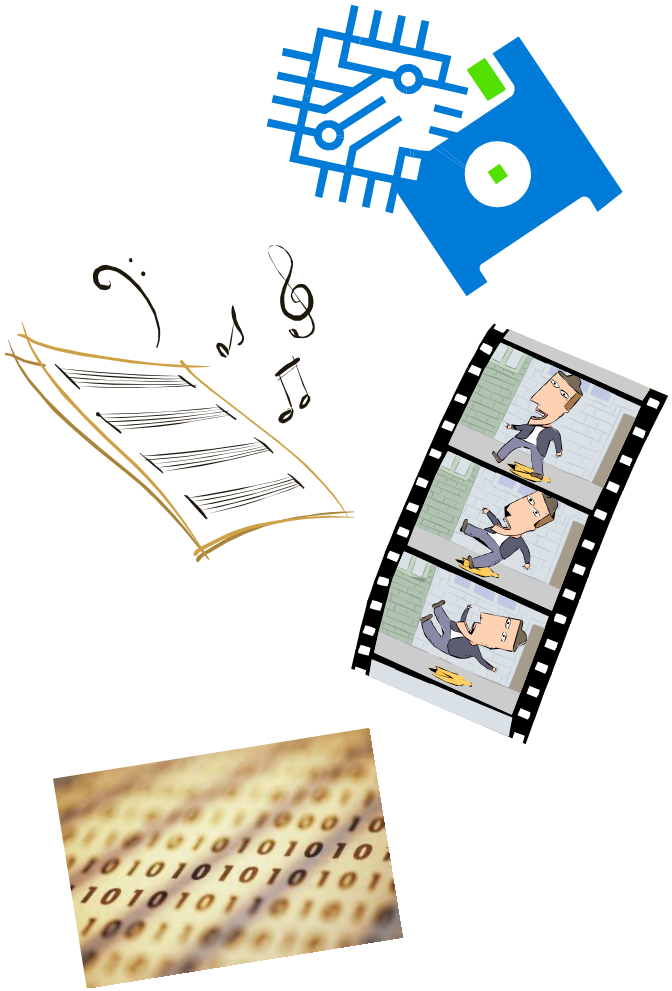
- 30 years ago
- Small teams
- No outsourcing

- Outsourcing began with manufacturing, not production



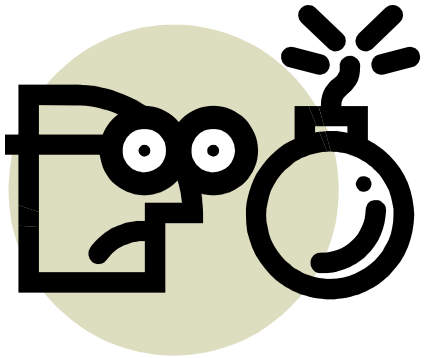
Early Outsourcing

- Manufacturing
- Audio
  - Voice over
  - Sound design
  - Music composition
- Cinematics
- Software engineering
  - Libraries
  - Tools



Early Failure

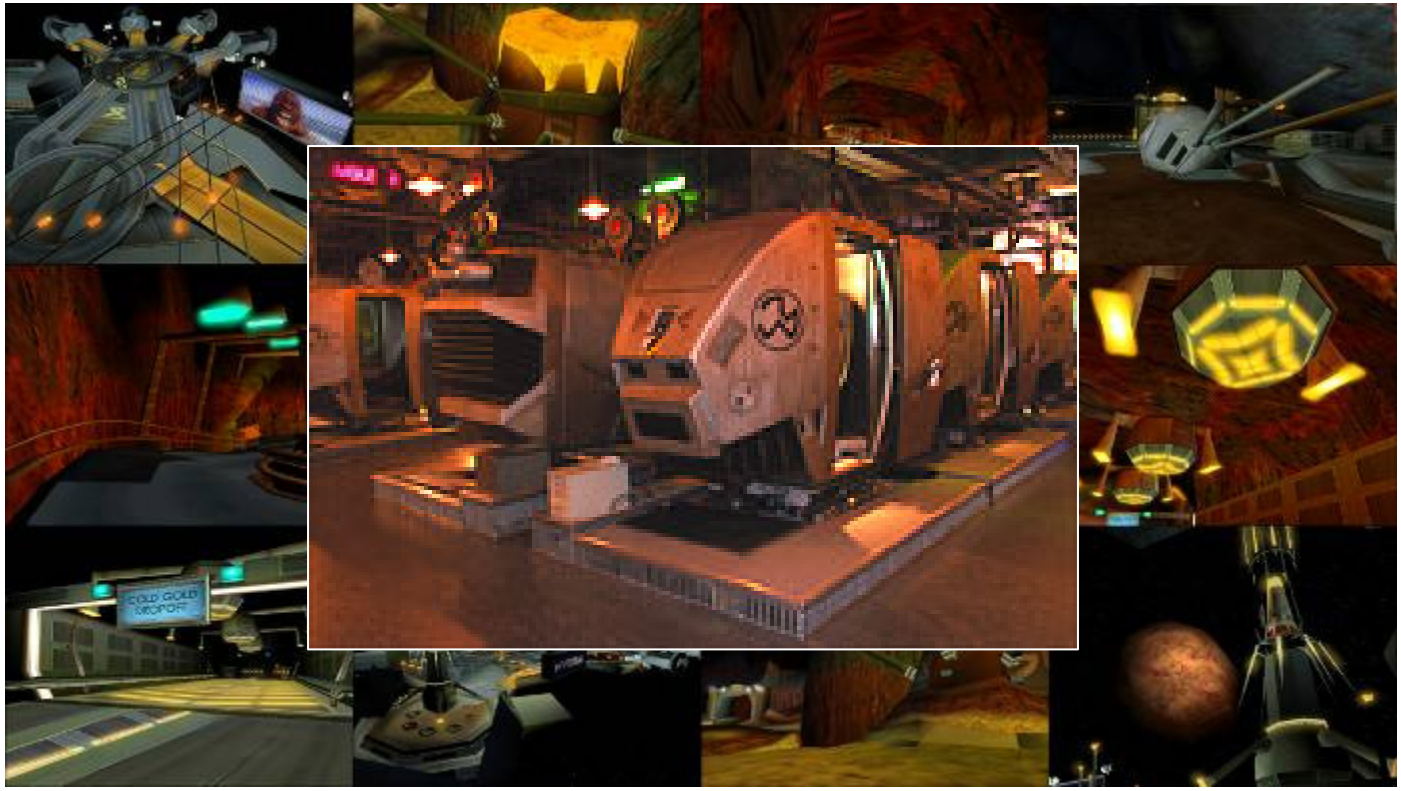
- Underspecified requirements
- Initial scope too large
- Poor communication
- Lack of due diligence
- Insufficient planning
- Unrealistic expectations



… Mismanaged outsourcing

Early Success

- Simulator Manufacturing



Early Success

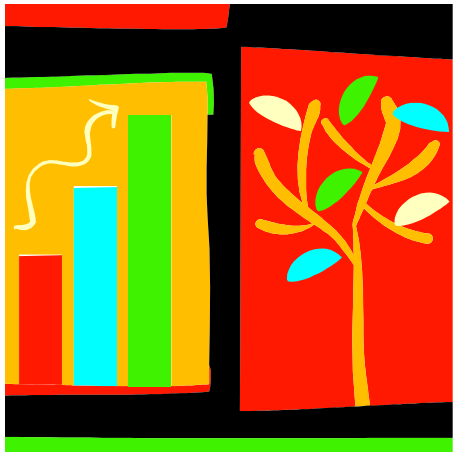
- Engineering Process
  - Prototype
  - Request for Proposal
  - Contract
  - Updated Prototype
  - Production Plan
  - Production
  - Delivery
  - Integration

Early Success

- Progression to partnership, built upon successful collaboration
- Outsourcing process provides framework for distributed collaboration
- Manufacturing outsourcing process can be applied to game production, including room for innovation

Outsourcing Growth

- Middleware Maturing
- Art Outsourcing
  - Cinematics
  - Marketing
- Offshoring
  - Porting



Outsourcing Growth

- Ever increasing need
  - Consoles more powerful
  - Increased scope of games
  - Rising cost of games

- Art outsourcing increasing
  - Emphasis on cost savings
  - Offshoring art production
  - Some unrealistic expectations

Outsourcing Today

- More powerful consoles = larger scope + larger budgets
- Outsourcing to increase capacity and control costs
- Centralized efforts within publishers to optimize

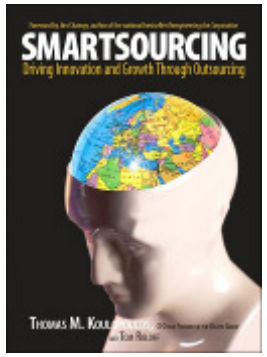
Expected Benefits

- Increased capacity and efficiency
- Cost control
  - Per man-month savings
  - Reduced internal overhead

- Leveraging highly skilled talent pool
- Increased creative focus and innovation

Smartsourcing

- *Smartsourcing is not about economies of scale;*
  *It is about **economies of scope**.*
- *Smartsourcing is not about ownership;*
  *It is about **partnership**.*
- *Smartsourcing is not just about cost cutting;*
  *It is about **innovation**.*
- *Smartsourcing is not about cheap labor;*
  *It is about **smart, educated workers**.*

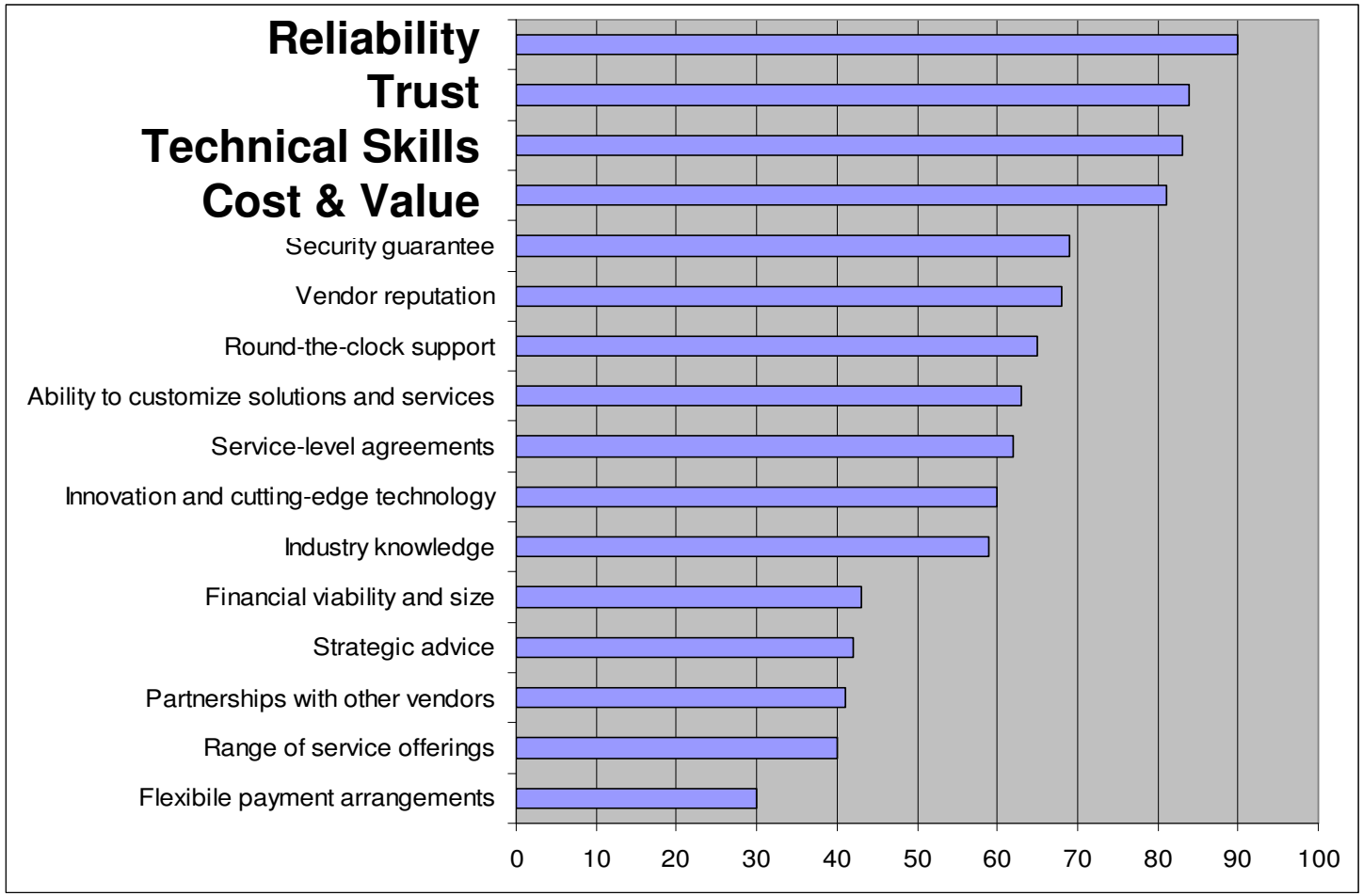


*- Source: **Smartsourcing**, Thomas M. Koulopolous and Tom Roloff, 2006*

What Clients Want

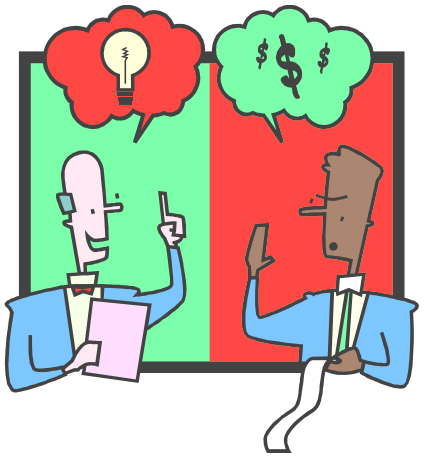
- Full Game Outsourcing
  - Ports / Adaptations
- Middleware
  - Audio / Physics / Networking
  - Game Engines
- Art Outsourcing Services
  - Cinematics / Animation
  - Individual Assets
  - Full Levels

Highly Important Criteria



- Source: ***The Black Book of Outsourcing***, *by Douglas Brown, 2005*

Cost and Value



- External Cost < Internal Cost
- Value = Quality * Timeliness / Cost
- Efficient production required to be cost effective, not just low man-month rates
- Avoid short-cuts with long-term penalties

Challenges / Risks

- Unreliable vendors
- Insufficient resources
- Previous negative experiences
- Low quality

Challenges / Risks

- Bait-and-switch
- Lack of IP protection
- High overhead
- Time differences
- Language differences

Building Partnerships

- Communication
- Reliability
- Brick by Brick

Communication

- Golden Rules

  “He who has the gold, makes the rules.”
  - The customer is always right.

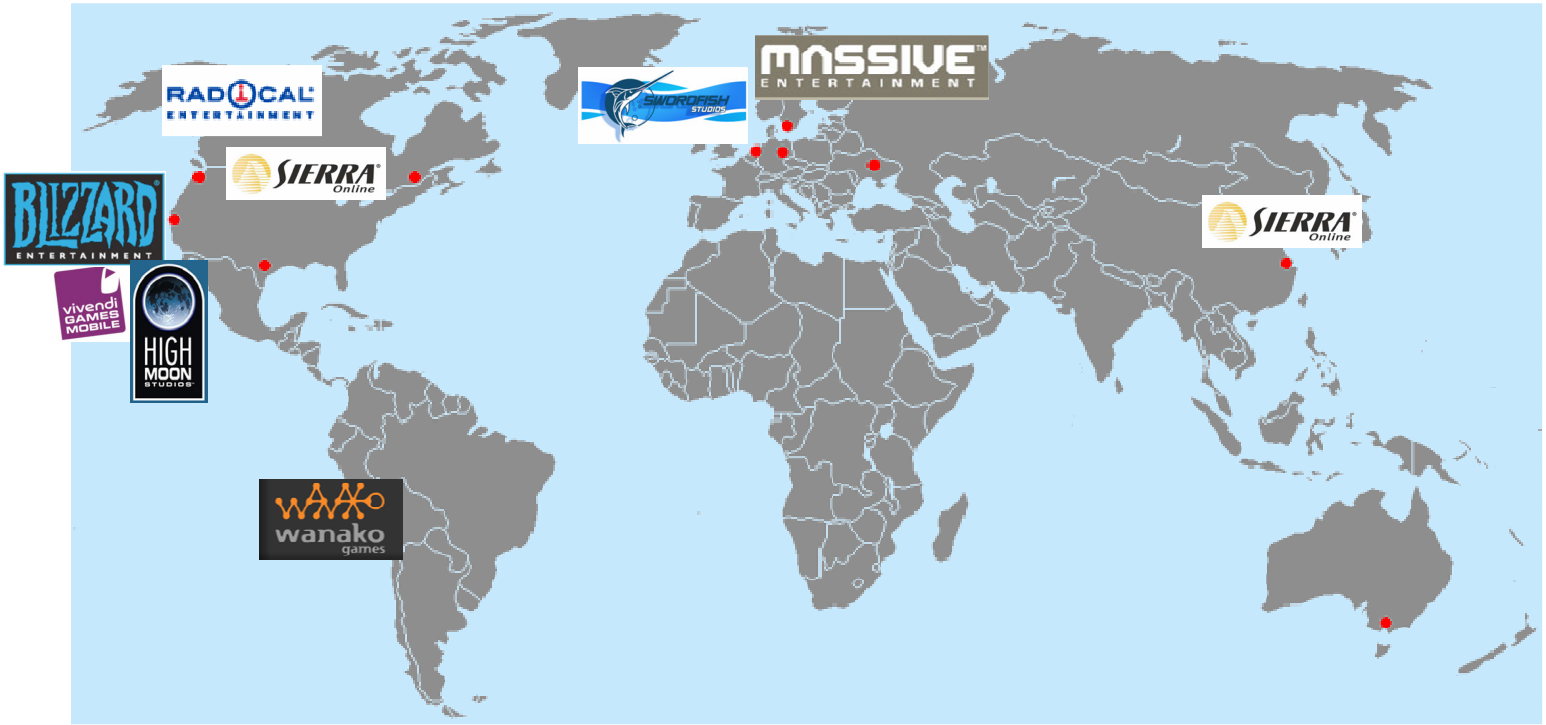
  “Do unto others, as you would have them do unto you.”
  - Treat people the way you want to be treated.

The Prisoner's Dilemma

Vendor \ Client	Cooperate	Betray
Cooperate	Win Win	Win Big Lose Big
Betray	Lose Big Win Big	Lose Lose

Meeting Face-to-Face

- Game conferences and site visits



Honesty and Transparency

- Be Honest
  - Be honest with yourself first
  - Be equally honest with clients

- Be Transparent
  - Honesty and transparency are firmly linked
  - Clear, honest, transparent communication is necessary for any partnership to work

Transparency

- Keep website up-to-date
  - History
  - Goals
  - Capacity
  - Portfolio

- Ask questions early and often
  - Questions ≠ lack of knowledge
  - Questions = desire for understanding

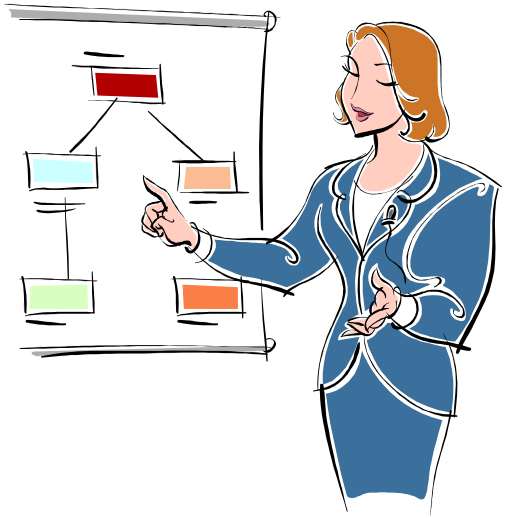
Transparency

- Spotlight your internal process
  - State assumptions
  - Describe workflow
  - Specify team, including subcontractors
- Give frequent status updates
  - Good or bad
  - Early notification of problems
    - Strengthens Trust
    - Increases chance for solution

Reliability

- Maintain quality standards
- Deliver as promised
- Renegotiate only if necessary
- Requires stable infrastructure

Reliability



- Stable workforce
  - Good work environment
  - Human resources staff
  - Training Infrastructure
- Consistent points of contact
  - Effective communication channels
- Internal IT staff
  - Up-to-date hardware and software
  - Maintain security and licenses
- Financial stability
  - Rates should be fair and maintainable

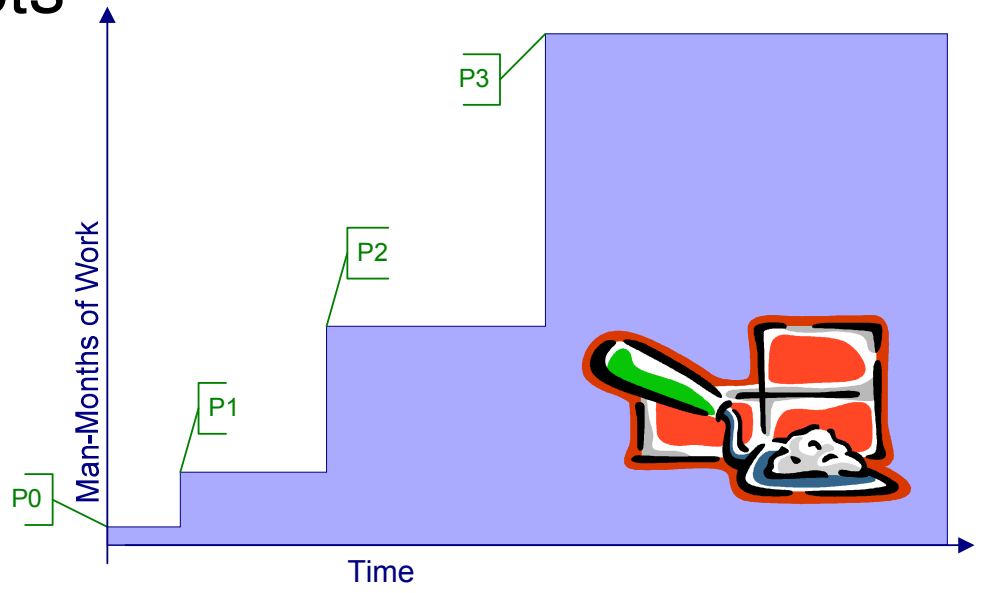
Brick by Brick

- Start small with tests or pilot projects
  - Highlight your strengths
  - Learn client's process and preferences
  - Build pipeline

- Ask for detailed feedback
  - Analyze and adjust
- Treat small projects like big projects

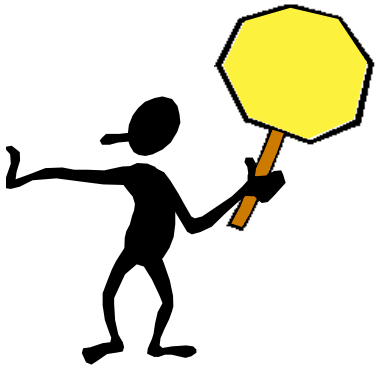
Brick by Brick

- Partnerships build on a foundation of successes
- Small successes pave the way for larger projects



Avoiding Common Mistakes

- Know when not to outsource
- Uncover hidden costs
- Protect data security
- Comply with regulations
- Care about cultural differences



*- Source: **The Black Book of Outsourcing**, by Douglas Brown, 2005*

Cultural Differences

INDIA

CHINA

Cultural Differences

- Be aware of cultural differences
  - Be careful when making assumptions
  - Request clarification and state assumptions
- Corporate cultures
  - Formal vs. Casual
  - Risky vs. Stable
  - Look for good matches

Summary

- Be aware of challenges and risks
- Keep goals in mind
- Start small and build brick by brick
- Grow stable infrastructure
- Consistently manage quality
- Maintain open communication

… Build Lasting Outsourcing Partnerships

Questions

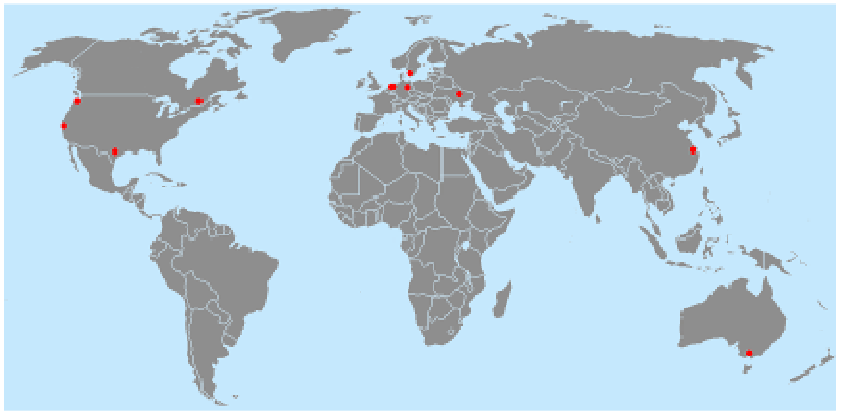
- Contact:
  aaron.pulkka@vgames.com

- References:
  Getting Things Done
  - David Allen, 2001
  - Chinese edition published by CITIC Press
    http://www.publish.citic.com/

  Smartsourcing
  - Thomas Koulopoulos & Tom Roloff, 2006

  The Black Book of Outsourcing
  - Douglas Brown, 2005

  The International Handshake
  - Photo by Josh Sommers
  - http://www.flickr.com/photos/joshsommers/

Appendix – Conference List

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  www.gameconnectap.com.au
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  www.gcdc.eu
- Casual Connect
  Seattle, WA, USA – Kyiv, Ukraine – Amsterdam, The Netherlands
  www.casualconnect.org