

<http://www.gamesindustry.biz/articles/2012-01-06-talking-a-good-game>

Talking A Good Game

At the beginning of 2009, Goodgame Studios had 10 employees and was about to start developing its first game. Today, it is one of the fastest growing companies in Germany's crowded free-to-play development scene, with more than 54 million registered users across a portfolio of 9 browser-based social games.

When I visited the company's Hamburg office recently, co-founders Kai and Christian Wawrzinek – both doctors, the former in law, the latter in dentistry – were preparing to welcome a crop of new employees that would send Goodgame's headcount past 160. I'm told that, by the end of next year, that number will reach 250.

In this exclusive interview, Kai and Christian Wawrzinek discuss their unconventional route to game development, the decision to develop social games outside of Facebook, the value of recruiting from outside the games industry, and why start-ups need to focus their efforts to achieve success.

Q: You started out with an internet business, where you acquired and operated a number of online games portals. Why did you make the transition to being a development studio?

Dr. Christian Wawrzinek: We had a very nice cash-flow, and that was a good base for more things to do. We thought, 'Okay, what are we going to do? The business model works, but it would of course be much better to put more capital in it and make it bigger.' Back in those days – it was the beginning of 2009 – we thought nobody would give us the money for it. There was the financial crisis and people weren't investing in anything. They were really afraid.

We knew we had to come up with something different, and we were sat there with this really nice base of game portals, and we noticed that all of the Flash games we had there – something like 2000 on one site – all of them are non-monetising. It was all ad-revenue based, the whole business model, but we saw we could keep the ad revenue and put some monetising Flash games onto those sites. There were no games like that back then, but we thought we'd give it a try, and we then started programming our first online game.

Q: Was that why you chose poker [Goodgame Poker] as the subject? In terms of knowing how to monetise the experience, it doesn't get much simpler than that.

Dr. Christian Wawrzinek: Yeah, we thought the game would have a really good chance of monetising. Also, the rules are very clear; balancing that game is not as hard as balancing an advanced browser game, so we thought it would make an interesting first try.

Q: How big was the company at that point?

Dr. Christian Wawrzinek: I think 15 or 20 people...

Dr. Kai Wawrzinek: Actually, at the beginning of 2009 we had maybe 10 people or so, and we had to restructure a little bit for developing games. We needed a lot more staff, with different skills, and so we really had to build up a whole team from scratch. That was another reason we chose poker. It was one of the easiest games in terms of design and rules; it's clear what the rules to poker are, and for any other game we'd need a lot more skilled staff than we had back then.

Q: Did you have a long-term strategy for games figured out, or was it really just an experiment to see if it would work?

Dr. Kai Wawrzinek: We started a little bit that way. Actually, there's a small part that happened before that. In 2008, we were asked by Philips, the TV manufacturer, if we could make some nice-looking casual games for its [connected] televisions... They needed some easy games that could be played with a remote control, and they came to us because we had some internet portals in Germany.

So actually the first four games we developed were totally non-monetising games – one like Tetris, and Backgammon was also one of them – but we soon realised that Philips is not a good partner for that field, and especially the TV was not a good platform for building games. If you have non-monetising games on the TV it's really hard to make anything out of it.

Q: But it didn't take long to find a decent level of success after launching Goodgame Poker. Were you prepared for how quickly it grew?

Dr. Kai Wawrzinek: Well, you can almost never be prepared for strong growth in a company because there are so many challenges. As it grows and grows there are a lot of things you have to structure inside the company in order to keep up the pace. A lot of people actually started in our company with an internship and within a few months they became the leader of a department – leading 10 people or so. That was challenging for us, and for them as well. One of the reasons our company developed so fast was that we had these internet properties and gaming properties – that was a very nice push in the beginning. We could roll out the game to those properties, so we got some returns right away, from the moment that Poker was ready. That was a big advantage over other companies. If you're young and you're new and you have your project ready then you need users, but where do you get them from? Usually from advertising, but that's where it becomes really, really expensive. Our company started buying users through advertisement just 6 months ago.

Q: You make free-to-play browser games, but your products are more casual-focused than other German developers in the same market – Bigpoint and Innogames, particularly. In fact, the biggest market for these products is widely thought to be Facebook. Was that every an option for you?

Dr. Kai Wawrzinek: We thought about it, but in the beginning we really had to focus, and that's something we continue to do. Don't get distracted by too many things, and there are so many things out there that are really interesting. We could talk about HTML5, we could talk about Unity, we could talk about Facebook, the Asian market is very interesting, mobile... There's so many topics, and you can really get lost if you try and pursue every option.

That's one of the major things we've always done in business: focus on one thing. Maybe have a small side-project and try something, but your major workforce has to be on one thing and you have to do that really, really well in order to get the market share. You have to be better, actually, than most of your competition.

Q: That focus must have been difficult to maintain considering how fast the company has grown. Goodgame is at around 150 employees right now, versus 10 at the start of 2009.

Dr. Kai Wawrzinek: That was very challenging, actually, and it changes all the time. The more you move forward, the more new challenges will arise. For example, we did a perfect job until we were about 100 people; nobody [quit] their job on their own, and I think that's a really, really big achievement. Now, there have been a couple of people who decided to do a different job, and they were mostly people who started when the company was 10 or 15 people and didn't want to work in a big company.

You can't hold on to all of these people, but still our quota is very, very good. We get a lot of really good, skilled people from other companies who really want to work here, because we have a lot of incentives for them. The way we work with our people really motivates them.

Q: Is there a lot of competition for staff? Hamburg is particularly dense with companies developing free-to-play browser games.

Dr. Kai Wawrzinek: I think that's true for every gaming company at the moment. I don't know how it is abroad, but it's probably the same as in Germany – you need a lot more skilled people than you find. I think what helps us a little bit is that Hamburg is quite a good place to recruit people, but you have to work to find them. We're doing a lot in the human resources field to attract that many people.

Dr. Christian Wawrzinek: We also try to attract people that are not really aiming at the gaming industry. So people who studied maths, economics, communications, and just ask if they want to try doing something really challenging but really fun then why not try the games industry.

Q: That's interesting. The creation of a successful free-to-play games requires a number of skills that play little or no part in traditional development, and I do wonder whether all of the AAA talent that have started social and free-to-play studios in the last year really understand what's involved.

Dr. Kai Wawrzinek: It's interesting that you mention that. Christian and I are not from the games industry. We have totally different backgrounds – I was a lawyer and he was a dentist. In the beginning a lot of people were saying, 'You'll never make it. We have 10 years of experience in the games industry, and you'll never make your way.' We always had passion for gaming – I think that's necessary – but we also had the ability to step back and see the whole picture, and that has really helped us a lot.

We are absolutely open to new aspects, and we are trying to get together all of these experienced gaming people, but to enrich that with our experience and our view of the economics. That's what is different about Goodgame Studios compared to other gaming companies, because most of them have a totally different management background.

Q: You aren't on Facebook, but you have a presence on other social networks. Do you see the company moving more in that direction in the future?

Dr. Kai Wawrzinek: We really noticed that you get distracted by questions, and problems you have to solve, when you spread out on so many different platforms. Diversification is probably not the best approach. Most of the companies who really became big focused on one thing. I mean even Zynga, they focused on just Facebook. They're doing a lot of different stuff now, but they really became big with a single focus.

If you're doing several things, the problem is that you have a limited workforce. Even Zynga, with 3000 people, they have a limited workforce as well. If you focus on too many areas you do everything a little bit worse, and become worse than the competition.

Dr. Christian Wawrzinek: And it's not just a matter of quality. It's also a matter of speed, and if you do many things you slow the whole company.

Q: You're on record as saying that you want to be the biggest online game provider in Europe. You've certainly made a good start, but what now? How do you now close the gap on more established companies like Bigpoint and Innogames?

Dr. Kai Wawrzinek: Well, you always need goals in order to move forward. One of the first official statements we had out there in 2009 was that we wanted to become bigger than Bigpoint, and everyone was laughing at us in the beginning. I know some of our competitors quite well, and also the CEOs and management staff, and what I see from them is that they do a lot of things quite good – that's the reason why they are where they are – but, as Christian mentioned, speed is becoming more and more critical, and we can do a good job there and be faster than most of the other companies.

Bigpoint, for example, and Innogames are quite big companies, but Bigpoint is not moving so fast. They are spreading to so many different things and trying to do everything at the moment, and that's really a big opportunity for us. If you have to go from the follower one day to the market leader the next – that 's really hard. Bigpoint, in their market, have a leading position in Germany at least, and then you have to try some new steps. There are big opportunities in going new ways, but the risk of failure is very high.

But that point won't be reached for some time. I see so many next steps in front of us, and if we approach these things right we will move forward very quickly for quite a while.

Q: What's your view of the German industry right now?

Dr. Kai Wawrzinek: I think what has changed in Germany is the mentality that a lot of passionate, ambitious people decided to become entrepreneurs in the internet, and that has

changed a lot in the last few years. Hamburg and especially Berlin have so many start-ups in different fields, and that used to be totally different. Germans don't tend to believe so much in their ideas; innovation is not a problem, but believing in your product and believing in your success has not been a typical German habit.

Q: Germany is certainly a leader in free-to-play browser games. How long do you think that will continue for? Companies like Ubisoft and EA are already fully committed to digital, to the point where mobile and social development is as important to their overall strategy as AAA releases.

Dr. Kai Wawrzinek: These companies, they have lots of money, and they have the ability to really go into several fields. I don't think they will continue to focus on AAA titles and maybe mobile. If they see that the browser games market is becoming more and more relevant in terms of revenue then they will move into that market. At the moment they are acquiring companies – like Ubisoft with The Settlers Online and so on – but I think that will change, and I don't know when or where, but it will happen.

And that could be a game changer, even for companies like Bigpoint. I mean, compared to these companies Bigpoint is small – very small.