



DIHELP

DIH Enhanced Learning Programme

Business Plan and Action Plan

DIH PISMO



1. Executive Summary

Croatian economy started to slow down in 2008, resulting in high unemployment rate, constant GDP decline and rapid decline of production. Due to homeland war and economic crisis, most of big industries perished leaving behind large number of skilled unemployed people. Unemployment rate in Sisak Moslavina County (SMC) in 2018 was 21 % which is twice more than the rate at the national level. Metal processing industry was one of the strongest industries in these parts. As large metal processing companies collapsed, smaller SMEs emerged trying to survive on the global market. Once known as a county of heavy industries, SMC has found itself struggling with a number of issues – remains of big industries, large number of unemployed, incompatibility between labour force and market needs, inadequate education system. In order to prevent further decline and to revive the economy of Sisak Moslavina County, the most appropriate but also challenging solution is to invest in digitalization and to create a new business model which is the one of the thesis of DIH PISMO. The development strategy of SMC recognizes as one of priorities the development of innovative, electronic and export-oriented industry with emphasis on three measures: Stimulation of electronic and other industries with extra added value; Stimulation of export-oriented economy and Stimulation of innovation and modern technologies based industry.

DIH PISMO has in focus digitization and modernization of metallurgy sector and entering in new market niche - the gaming industry. As an old industrial region dealing mostly with heavy industry, where 20 years ago more than 40 000 people worked in the oil industry, steel, metallurgy, petrochemical, wood, and textile sector, nowadays situation is totally different and most of their workforce can't find their place on labor market. Through modernization and life learning process they could meet some positive changes.

In 2018, gaming industry market was worth almost \$135 billion, which exceeds worth of an entire Hollywood film industry. It is also forecast to reach \$180 billion in 2021. There is a strong demand on global market of video games and PISMO is ready to lead start-ups in that direction. Another trend on the video game market are digital innovations which enable customers to access online video games more easily and faster. Croatian video games market is fast expanding as well, with more than 50% of rise in revenues in 2017. That was an extension of the trend which lasts for several years. There are currently around 30 companies that produce video games, with strong rise of employees and revenues as an answer to global trends. Another sector where PISMO focuses its activities is metal processing industry. In recent past Sisak Moslavina County was one of metal processing centers in wider region. After the collapse of metal processing giants, skilled workforce left. Additionally, number of SMEs arose from the remnants of collapsed companies. There is obviously a great number of metal processing resources present in the area but with insufficient know-how to enter global market, which value was in 2017 estimated at \$2,734 billion. In Croatia, metal processing industry amounts to 20% of total industrial output.

On the Croatian market, there are currently 6 Digital innovation hubs offering various services. All DIHs in our country offer similar services like PISMO, but they are focused on different market sectors. Most of them are engaged in IT, but none of them focuses around gaming industry. In continental Croatia there is one hub that includes services for manufacturing and processing of metal products. There are three hubs in Zagreb dealing **mostly with robotics and STEM and one in Rijeka in Adriatic Croatia** that is engaged in the area of IT. The number of hubs is sufficient to handle most of start-up needs and they should not pose a competition to each other. One crucial comparative advantage that PISMO has are it's 6-month long extensive gaming educations that are completely free of charge. It also has a unique set of equipment for game development which enables innovations that nobody has in Croatia for public usage.

The business model value proposition of DIH PISMO is to create working environment for digital transformation in metal processing and gaming industries by offering education, mentoring, facilities, networking services and much more, listed in services list of the plan. The first step towards this solution is to create experts – well educated people, create positive environment for new entrepreneurial undertakings and provide financial support for start-ups and existing companies in the development process. This approach aims to give a response to the high unemployment rate and large brain drain.

When it comes to the needs, existing companies in the gaming industry have a common problem - the lack of a capable workforce. Start-up SMEs in the gaming industry seek support from their first steps- legal assistance in starting a business, financial support in entering new markets, marketing and development of social and management skills. On the Croatian market, there are a lot of consultant agencies that can provide general information for entrepreneurs, but when it comes to something that is new on the market, like the gaming industry, then a good mediator is necessary. This is what DIH PISMO will be to entrepreneurs that want to be involved in the gaming industry. PISMO team will provide them information, help them in promotion, organize networking meetings with experts in games industry around the globe, but also with relevant stakeholders from Croatia, provide mentoring and education services if necessary and so on, to allow entrepreneurs to focus on their main work. Also, DIH PISMO will have full time employed experts in game development that will be on their disposal for educational and mentoring services. All these services will be available for them in one place – one stop service Center, which saves them time and money.

On the other side, the metallurgy sector needs support for upskilling their existing workforce to reach positive spin towards digital transformation, and to attract young experts that will take over the businesses. DIH PISMO will provide them support through consultation services in order to find financial sources for future operations (through national and EU funds), provide education/mentorship for their workforce, organise marketing activities in order to attract potential investors, and provide them premises and equipment for work.

DIH PISMO aims to create an impact also for SMEs and public entities which are not directly involved in the gaming and metallurgy industries (such as PR companies, IT companies, companies in tourism, consulting companies etc.) through new business opportunities. This is how DIH PISMO envisages to - ***Bring a positive change in SMC to become the centre of the gaming industry and new digital technologies that attract and retain finances and talents in the region.***

2. The DIH

For entire economy of SMC and especially for SMEs in the gaming industry launching an initiative called “Sisak Moslavina County – Center of gaming industry” was of great importance. This initiative marks the beginning of a milestone in SMC which started in 2016 and is represented through five steps:

1. Free English learning courses in kindergartens in SMC
2. Gaming development learning courses in elementary and high schools in SMC
3. **Establishment of Business incubator PISMO** (on Croatian - Poduzetnicki inkubator Sisacko – moslavacke zupanije)
4. Introducing of new curriculum in SMC high schools – gaming development technician
5. Financial support system (SMC; Town Novska, Croatian Employment Service etc.).

For further context the main focus will be on the 3rd step, regarding the establishment of Business incubator PISMO as Digital Innovation Hub.

DIH PISMO operates as a part of Sisak Moslavina County Development agency SI-MO-RA Ltd. It is located in Novska (Luka Ilić Oriovčanin Square 8 and Radnička bb). and consists of two building on 1213m². These premises include:

- 20 offices and a conference space
- 16 fully equipped offices and space for conferences and seminars in one building;
- 4 fully equipped offices in other building; offices are equipped with computers, phones, copy/scan/print machines, projector, internet, big coworking and multimedia space – space with 40 working units, 150 chairs for conferences, video wall, projector,
- VR equipment (driving simulator, flying simulator, gyroscope, 3D lenses etc.)
- Music and video studio – basic music and video equipment providing an opportunity for video game to be created and as an additional aspect a motion capture studio is equipped, enabling for a movement to be translated to animation
- Metal processing equipment – 3D printer, CNC Machine, Melting furnace.

The key resources that DIH PISMO provides which are also considered as its main advantage is space and specialized equipment (for gaming and metal processing), human resources and expertise.

DIH PISMO have a positive impact on entire Sisak Moslavina County manifested through:

- Increased (high-skilled) employment rate;
- Decreased migration rate;
- Increased regional GDP;
- Attracted FDIs;
- Positive image of the region.

There are 2 key partners directly involved in forming business incubator PISMO - Sisak Moslavina County and Zagreb Innovation Center – ZICER. SMC provides financial support to start-ups; Financial and operational support to PISMO; Promotion of PISMO; Networking. ZICER helps with mentoring and network services. But there is many other stakeholders on local, regional and national level that are involved in its operation, such as other County/Towns administration; Ministry of economy, entrepreneurship and crafts; Public institution “Regional coordinator SMC”; Croatian chamber of Commerce Sisak; Croatian chamber of Crafts Sisak; Technical schools; Croatian unemployment service; Universities especially Faculty of Metallurgy Sisak; Financial institutions; Business support institutions (incubators, TechParks, consultants like Business incubator PISAK, Local development agencies MRAV, NORA and Glina); Croatian Gaming Development Cluster; Private gaming organisations like InterCorona, Outfit 7, VR505 and other SMEs.

Main objective of Smart specialization strategy for Croatia from 2016 to 2020 and its action plan is creating new capacities in the knowledge and innovation field. The goal is to achieve the highest potential in transformation of Croatian economy to economy based on activities of research, development, and innovation. One of horizontal topics of this strategy is the IT Sector. It is one of crucial factor of economic and social development, considering people skills, technology level, added value, business results, share in BDP etc. PISMO as DIH certainly provide better networking among SMEs and relevant stakeholders, a stronger link between research and business sector and ultimately simpler operations by switching to digital technologies. Also, DIHs actions have a positive effect on aforementioned challenges providing start-up companies great conditions to survive its first years, offering them high-quality education system currently in demand in the market and connecting them with relevant stakeholders. Furthermore, DIH PISMO activities will push SMC and Croatian economy towards better market position, strengthen the growth possibility and it will create a skilled labor force able to compete on global market and deal with global trends, that will lead to achievement of DIH PISMO mission – **Create working environment for digital transformation, metal processing and gaming industry by offering education, mentoring, facilities, and networking services.**

Through DIH PISMO It is expected to achieve following outcomes:

- Students certified (e.g. Unity) – at least 50% of participants
- New games launched per year – 3 per year
- Increased revenues of existing companies
- New jobs created – 20 per year

3. The team and governance

PISMO currently involves work of 10 people, they are employees of Development agency SIMORA (and EU projects department), as a PISMO supervising institution:

1. Mario Čelan, SIMORA director is an education assistant in PISMO. Education background - Agronomy engineer. Years of experience – 17. He is initiator and involved from beginning in the whole Initiative “Sisak Moslavina County – Center of gaming industry”.

2. Andreja Šeperac, SIMORA deputy director works as a project manager in PISMO, dealing with infrastructure works and equipment of PISMO. Education background – Master of Science - economics. Years of experience – 17. Worked on project preparation and application, and now works on implementing project of PISMO reconstruction.

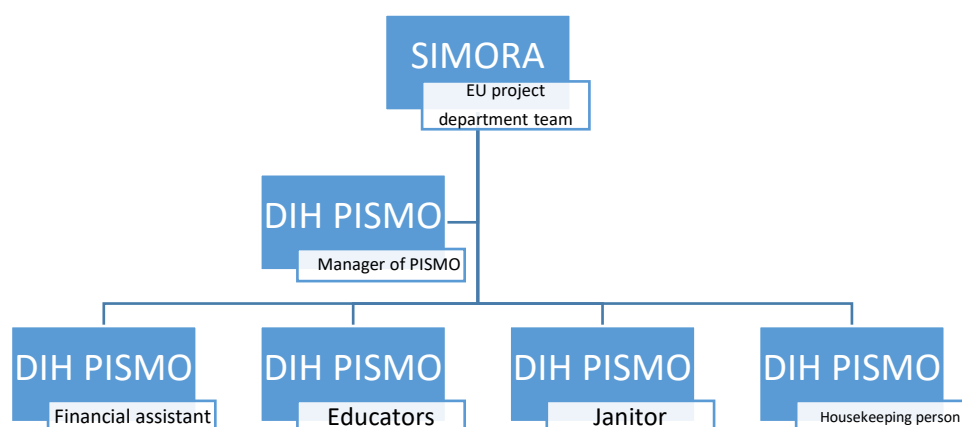
3. Tomislav Plesec works as technical assistant, dealing with equipment purchase and acquisition. Education background – Master of sociology. Years of experience – 4. Worked on project preparation and application, and now works on implementing project of PISMO reconstruction.

4. Marijana Mitrović is an administrative assistant, dealing with all administrative issues (meetings, documentation) and public tendering. Education background – Public administration specialist. Years of experience – 17. Worked on project preparation and application, and now works on implementing project of PISMO reconstruction

5. 2 professors: Dominik Cvetkovski i Zvonimir Mikšić – employed for purposes of gaming development educations (gaming development experts). They implement 6month education programs - based on programs Unity and Blender, designed for game development. They have educated a group of 80 unemployed people through 6 months, 100 students in elementary and high schools in Sisak – Moslavina County, and currently are at the beginning of educating third group of 40 unemployed people.

Beside SIMORA employees, PISMO will have a team of additional staff expected to start working in 2020.

Finally, the governance of DIH PISMO will be structured as it follows:



PISMO is currently under the supervision of Regional development agency SIMORA that has sole decision-making rights. Once PISMO is fully operational, this team will be dedicated to management and administration of PISMO, for cooperation with users of space and equipment, for maintenance and providing all services PISMO provides, with help of all SIMORA’s employees when necessary. In the future, DIH PISMO is open to include other members/partners in its operations.

4. Business Model

Business Ecosystem

PISMO provides a link between research and business sector, pushes SMC and Croatian economy towards better market position through achieving the highest potential of SMC economy to economy based on digitalization, research, development, and innovation.

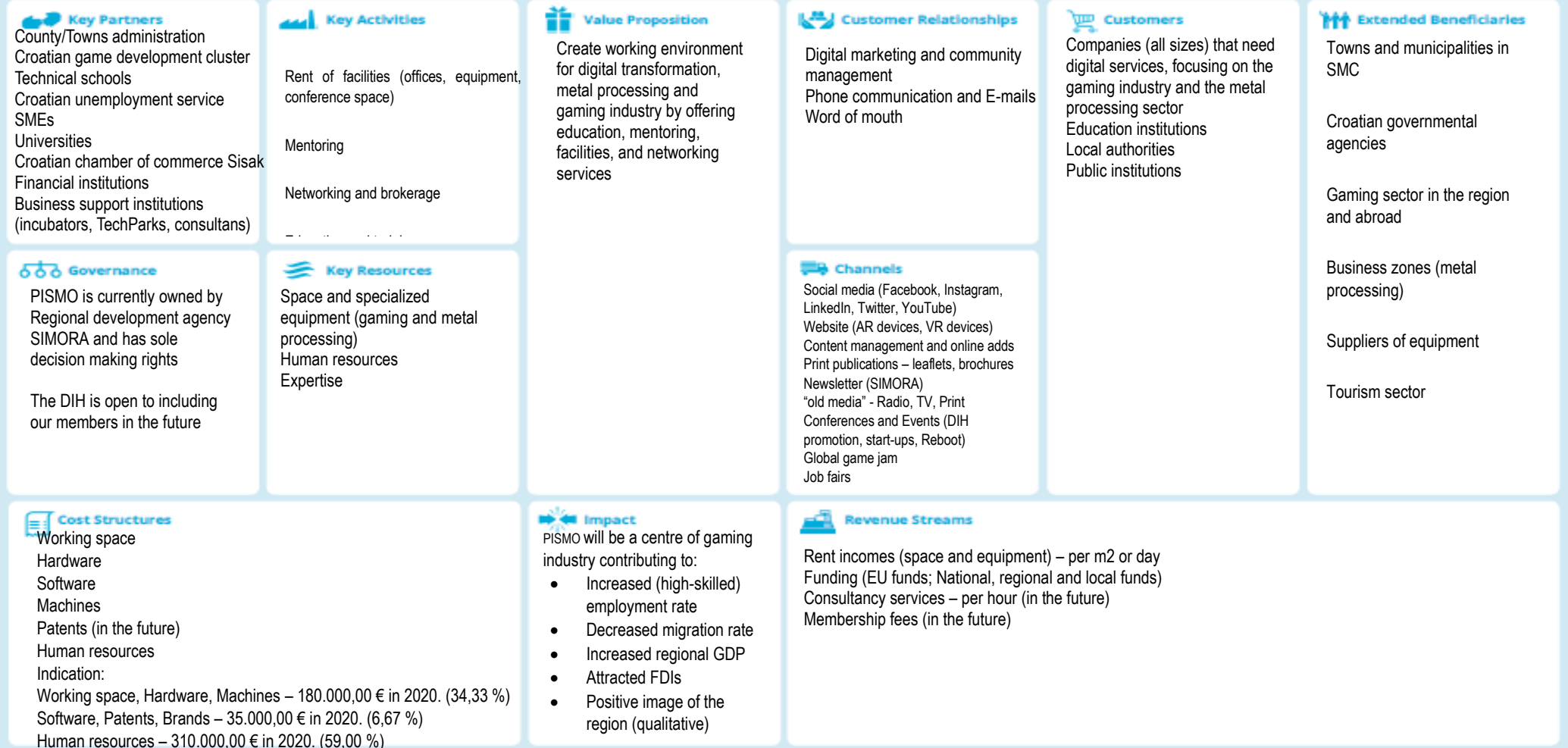


Table 1. DIH Business Model Canvas

5. Services

PISMO will provide the following services:

Table : List of PISMO services

| BUSINESS | ACTIVITIES |
|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Rent of offices | Rent of 20 offices |
| Rent of conference/education spaces | Rent of space for seminars, conferences, business meetings |
| Education and training | Organisation of various education programmes – gaming development (unity and blender programs); marketing; financial administration; establishing and scaling up of start-ups; social entrepreneurship etc. |
| Mentorship | 1. business plans creation, 2. advices - technical and economic advices, 3. support in project implementation, 4. networking, 5. sales educations and trainings |
| Certification | Providing certification for educations and training attended in DIH, which are recognized all over the world. |
| ECOSYSTEMS: | |
| Marketing | Promotional and raising awareness activities |
| Event organization and visits | Organization of various events with the main aim of promoting - providing information about PISMO, and networking with relevant stakeholders for future business. It includes also participation in other events for the networking and brokerage purpose. |
| TECHNOLOGY: | |
| Design and prototyping activities | Product testing and validation of newly created start-up ideas, offering alternatives if necessary |
| Rent of equipment | Rent of equipment on daily basis - CNC Machine, melting furnace, 3D printer |
| Rent of music and video studio | Rent of music and video equipment on daily basis |
| Rent of coworking spaces with VR equipment | Rent of coworking space and VR equipment on daily basis |
| Support to scaling up of businesses | Providing consultation services: Mentoring in general business operations, concept validation, networking and brokerage, indicating sources of financing, etc. |

PISMO has two buildings, one of them is operational since March 2019, and the other one will be ready by the end of this year. Some of the services are active:

Rent of space – offices for startups in building 1 are rented with price 3 €/m²; currently 15 startups are renting space in PISMO;

Education – education programmes for gaming development (programs Unity and Blender) are organised in six month tours; first group was held from September 2018. – February 2019. for 40 unemployed people, education for second group is held from April – September 2019., also for 40 unemployed people. In the same time, educations in elementary and high schools are organised regularly - 150 students have gone through education. Education programmes are free for participants;

Marketing – events and B2B meetings; visits from interested parties from Croatia and other world countries to PISMO; study visits to other incubators and DIHs; web page promotion, social media promotion – those are some of the activities implemented by PISMO in order to boost startups - those services are free.

Mentorship - 1. business plans creation, 2. advices - technical and economic advices, 3. support in project implementation, 4. networking, 5. sales educations and trainings – those activities are contionous, some of them are free, some of them have flexible prices depending on the size of the project, on the needs of startups etc.

Other services as Rent of offices; Design and prototyping activities; Rent of equipment; Rent of music and video studio; Rent of coworking spaces with VR equipment; Support to scaling up of businesses are going to be active from 2020., when building 2 is finished.

The prices are shown in the table below.

TABLE: Price structure PISMO

| SERVICES | PRICE |
|--------------------------------------------|--------------------------------------------------------------------------|
| Rent of education spaces | 68 € per day |
| design and prototyping activities | the price will be determined |
| rent of equipment | 74 € per day (CNC Machine, melting furnace, 3D printer) |
| rent of music and video studio | 189 € per day |
| rent of coworking spaces with VR equipment | VR equipment can be rented for gaming development purposes 189 € per day |

6. Market

DIH PISMO is mainly focused on gaming industry. In 2018, gaming industry market was worth almost \$135 billion, which exceeds worth of an entire Hollywood film industry. It is also forecast to reach \$180 billion in 2021. More impressive figure is a steady 10% growth over past 3 years, with projections to continue in the same rhythm over the next few years. More than 2.5 billion people worldwide play video games, with eSports audience grown to approximately 456 million viewers. There are some trends evident in the current video game market. Most notably, a huge rise of mobile gaming is recorded, with strong sales of smartphones on a global market. Although global smartphone demand declined three percent in 2018 to 1.44 billion, sales remain strong and reached \$522 billion. Mobile phone gaming is the strongest contributor to entire gaming industry, amounting almost half of total market incomes. Mobile platforms itself are the easiest way to enter global market with a strong need for casual and hyper-casual indie gaming. Undeniably there is a strong demand on global market of video games and PISMO is ready to direct start-ups in that direction. Another trend on the video game market are digital innovations which enable customers to access online video games more easily and faster.

Croatian video games market is fast expanding as well, with more than 50% of rise in revenues in 2017. That was an extension of the trend which lasts for several years. There are currently around 30 existing companies that produce video games in Croatia, with strong rise of employees and revenues as an answer to global trends. This number does not include start-up companies from DIH PISMO. Currently there is around 600 people working in this sector, and that number is expected to rise to 900 in the next 3 years. One of the issues Croatian gaming industry is facing is in regard of a difficult acquisition of a competent workforce.

Another sector where PISMO focuses its activities is metal processing industry. In recent past Sisak Moslavina County was one of metal processing centers in wider region. After the collapse of metal processing giants, a skilled workforce was left unemployed. Additionally, number of SMEs arose from the remnants of collapsed companies. There is obviously a great number of metal processing resources present in the area but with insufficient know-how how to enter global market, which value was in 2017 estimated at \$2734 billion. In Croatia, metal processing industry amounts to 20% of total industrial output and includes metal production; production of finished products; production of machines, motor vehicles, trailers and other processing products. While there are some big companies with long lasting tradition of production and export of finished products, PISMO will focus on a great number of SMEs in the field of metal processing and production of smaller finisher products. These SMEs have their most valuable asset in skilled workforce emerged from large collapsed companies, but what they lack are modern technologies, innovations and access to global market. While there is a constant strong demand for metal products in EU, Croatian metal industry is declining just because of the above-mentioned reasons.

On the Croatian market, there are many consulting agencies and a few digital innovation hubs offering various services. Agencies deals with all legal entities and public bodies regarding general business matters. Currently there are 6 DIHs in Croatia, and all of them offer similar services like PISMO but they are focused on different market sectors. Most of them are engaged in IT, but none of them focuses on gaming industry. There is also one hub in continental Croatia that includes services for manufacturing and processing of metal products. There are three HUBs in Zagreb dealing mostly with robotics and STEM and one in Rijeka in Adriatic Croatia that is engaged in the area of IT. The number of HUBs is sufficient to handle most of start-up needs and they should not pose a competition to each other. One crucial comparative advantage that PISMO has are it's 6-month long extensive gaming educations that are completely free of charge. It also has a unique set of equipment for game development and for metal processing which enables innovations. One other key difference in metal processing sector that PISMO has is a close cooperation with Metallurgy faculty

Sisak, only of its kind in entire Croatia. This cooperation can be used to connect R&D with a real sector and to uptake more integrated activities in the future.

DIH PISMO in the field of gaming industry is aiming at young individuals and start-ups with strong motivation to enter a challenging gaming industry market. Those potential beneficiaries have a skillset which is good enough to develop their product, but their lack in business skills and access to funding or networking. In metal processing sector, workforce is older with more business experience, but struggle to compete in contemporary market conditions and digital age. Their main motivation is to gain access to foreign markets and thus to expand its business. Similar situation is with individuals in gaming sector, which also have a great passion to turn their hobbies into successful careers. There are currently 22 gaming start-ups in incubator PISMO that are using our full services. It is expected that this number will strongly increase in the next 12 months. In 2018, PISMO had 80 people trained in the field of Unity and Blender, and for most of them PISMO team provided support after the completion of the programme. Most of the services they request are the following - to help them to start-up their business, to connect them with relevant stakeholders or experts in gaming industry and to help them on other market expansion. Gaming sector is functioning very simple once they register their company and gain valuable knowledge, skills, and workforce.

From the January 2020, all services and equipment from incubator for game and metal sector will be available for use. The main customers of DIH PISMO are companies of all sizes that need digital services, focusing on the gaming industry and the metal processing sector; Educational institutions; Local authorities; Public institutions.

Ultimately, extended beneficiaries are towns and municipalities in SMC; Croatian governmental agencies; Gaming sector in the region and abroad; Business zones (metal processing); Suppliers of equipment; Tourism sector.

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p style="text-align: center;"><u>Strengths</u></p> <ul style="list-style-type: none"> > The only DIH for gaming industry in Croatia > Metal processing sector included in DIH as one of the strongest traditional sector in the region > Various equipment for innovation stimulation > Strong cooperation with relevant stakeholders > Skilled personnel in the field of gaming development and business development > All-around national recognition > Good marketing and promotional activities | <p style="text-align: center;"><u>Weaknesses</u></p> <ul style="list-style-type: none"> > Lack of funds – more projects, close cooperation with local and regional government > Technical issues (equipment failures, internet and phone disconnections etc.) – quality maintenance; contracted warranties and repair services |
| <p style="text-align: center;"><u>Opportunities</u></p> <ul style="list-style-type: none"> > Fast expanding global gaming market > Existence of Faculty of metallurgy > Existence of skilled workforce in the metal processing sector | <p style="text-align: center;"><u>Threats</u></p> <ul style="list-style-type: none"> > Saturation of video game market > Low interest from target groups > Political climate > Decline in economy |

7. Marketing and distribution strategy

Certain communication channels are already in use to aim potential customers. They include online and offline activities. Currently most of our communication activities are carried out through social media and website. Some of the moderately used tools include content marketing and online advertising. On a basic level, direct mailing, phone communication and face to face communication is also used. Among planned activities, there are blogs, webinars and podcasts. These activities are very effective among gaming customers, as it is more suitable for younger audiences.

Offline communication channels include mostly panels and printing materials such as posters and leaflets. We also use TV commercials on national level and radio commercials on regional and local level to further engage customers. A lot of press coverage was made at certain development points, which proved to be a very valuable marketing tool. It enabled our recognition in entire county, and even further. Direct consequence is a lot of inquiries of potential customers. In metal processing sector, a cooperation with our partners, such as Croatian chamber of Commerce, has to be carried out to reach SMEs. Panels and printed tools are handier in this situation.

In terms of conveying our DIH's uniqueness we will focus on using modern VR and AR technologies on targeted events. VR and AR are future of gaming industry and those technologies are a strong attracting factor to our potential customers. Our digital communication channels will also utilize variations of it. In order to attract more metal processing SMEs DIH PISMO will communicate its partnership with various institutions that have expertise in this field.

Distribution of our services to potential customers and existing customers is mostly offline and direct. It also include partnership with institutions whose customers need our services, such as chambers of crafts and economy, Metallurgy faculty or Cluster of video game developers and much more. Search for customers will also be carried out online via above mentioned communication channels.

| <u>Communication channels used</u> | <u>Communication channels planned</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><u>Online</u></p> <ul style="list-style-type: none">> DIH website> Social media (Facebook, Instagram, LinkedIn, Twitter, YouTube)> Content management> Online advertising> Direct mailing <p><u>Offline</u></p> <ul style="list-style-type: none">> Panels> Printing materials (posters, leaflets, brochures)> Conferences and Events (DIH promotion, start-ups, global game jam)> Mass media (TV and radio commercials, print media)> Press coverage (articles, reports etc.) | <p><u>Online</u></p> <ul style="list-style-type: none">> Blogs> Webinars> Podcasts> Chat bot <p><u>Offline</u></p> <ul style="list-style-type: none">> VR and AR technologies |

Example of promotional material of business incubator PISMO.

DO YOU WANT TO WORK AT YOUR DREAM JOB?

You are a beginner with big ambitions or a passionate gamer who wants to start a career in the gaming industry? You want to create virtual worlds, but you don't know how? Business Incubator PISMO gives you an opportunity to join the world's fastest growing industry!

Apart from the education, which will teach you how to create a video game, PISMO Incubator offers you access to the latest technology and tools for video game development, financial support for self-employment and setting up your own start-up, as well as support in marketing activities and business management.

Loading new career...

**YOU'VE MADE A DECISION?
CONTACT US**



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Thank you for cooperation:



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For more information about EU funds:
www.mmf.eu.europa.eu www.strukturalfondovi.hr

 This flyer is printed on recycled paper.



CREATE YOUR FIRST VIDEO GAME!

Step into the world of video game development at "PISMO", the Business Incubator of Sisak-Moslavina County.





The project is co-financed by the European Union from the European Regional Development Fund.

WHAT DO WE OFFER?

Education which will teach you everything about the technologies related to the creation of video games, programming, and creation of graphic elements and sound.

Starting a business in the incubator – After finishing your education you will set up your own startup at the PISMO Incubator, rent your office space and have all the necessary equipment at your disposal.

Access to the latest technology will be available at any time, including VR equipment, music studio, video recording equipment, conference hall, motion capture studio, 3D printer, multimedia area and more.

Consulting and mentorship by qualified and experienced professionals from the gaming industry.

Support in marketing activities in terms of presenting your business on the website and social media.



MORE ABOUT THE PROJECT:

Project Name: Creating a stimulating entrepreneurial environment in Sisak-Moslavina County by establishing the PISMO- Novska Business Incubator.

Project Leader: Development Agency of Sisak-Moslavina County SI-MO-RA Ltd.

Partners: Sisak-Moslavina County, Development Agency Zagreb – TPZ Ltd.

Duration: September 1, 2017 – September 1, 2019

Amount of total eligible costs: 20.301.278,43 kn

EU financial support: 19.945.333,33 kn

PROJECT ACTIVITIES:

- preparation of project technical documents
- adaptation of two buildings into space for the PISMO Business Incubator (two locations in Novska, 1213,27 m²)
- equipping the incubator (music studio equipment, video recording equipment, 3D printer, software, VR equipment, computers, laptops, projector, office furniture, CNC machine, melting furnace)
- supervision (expert supervision, project manager for infrastructural projects, FIDIC contract engineer)
- promotion of EU horizontal policies
- publicity and visibility
- project management

SISAK-MOSLAVINA COUNTY CENTER OF THE GAMING INDUSTRY

- 1 Free foreign language courses in all kindergartens in Sisak-Moslavina County.
- 2 Workshops for making video games in primary and secondary schools of Sisak-Moslavina County.
- 3 Launching startups through the "PISMO" Business Incubator.
- 4 Establishment of a new secondary level school curriculums specialized for video game development (video game development technician).
- 5 Support for launching startups in the field of video game development (financial support up to 155.000,00 kn).

8. Financials

PISMO has two buildings, one of them is operational since March 2019, and the other one will be ready by the end of this year. PISMO operates currently through renting of office spaces.

The projections of income and costs per specific product/service in coming years are shown in the table below. The projections are made based on average prices in Sisak Moslavina County.

1. Sales and costs forecast+B2:P27D32B2:P25B2:P28D32B2:P25B2:P30B2:P28B2:Q25B2:R25B2:R26B2:R27B2:R28B2:R29B2:R30B2:Q28B2:P28

A sales and costs forecast indicates the sales and costs you are aiming to achieve in your first year of operation and how much money would be your resulting income.

9. Risks and

| Month | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | Total | |
|-----------------------|----------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| A | Month Name | January | February | March | April | May | June | July | August | September | October | November | December | 0 |
| Sales forecast | | | | | | | | | | | | | | |
| B | Product/Service | | | | | | | | | | | | | 0 |
| | office rental | 240,32 | 260,32 | 285,03 | 302,33 | 302,33 | 302,33 | 302,33 | 302,33 | 302,33 | 302,33 | 302,33 | 302,33 | 3.506,64 |
| | rental of CNC machine | 25,80 | 25,80 | 25,80 | 25,80 | 25,80 | 25,80 | 25,80 | 25,80 | 25,80 | 25,80 | 25,80 | 25,80 | 309,60 |
| | rental of microwaves | 25,80 | 25,80 | 25,80 | 25,80 | 25,80 | 25,80 | 25,80 | 25,80 | 25,80 | 25,80 | 25,80 | 25,80 | 309,60 |
| | rental 3D printers | 17,20 | 17,20 | 17,20 | 17,20 | 17,20 | 17,20 | 17,20 | 17,20 | 17,20 | 17,20 | 17,20 | 17,20 | 206,40 |
| | use of graphic and music production services | 12,90 | 17,20 | 21,50 | 21,50 | 21,50 | 21,50 | 21,50 | 21,50 | 21,50 | 21,50 | 21,50 | 21,50 | 245,10 |
| | rental of conference halls and organization of education | 4,30 | 4,30 | 4,30 | 4,30 | 4,30 | 4,30 | 4,30 | 4,30 | 4,30 | 4,30 | 4,30 | 4,30 | 51,60 |
| | use of multimedia space services | 8,60 | 12,90 | 17,20 | 17,20 | 17,20 | 17,20 | 17,20 | 17,20 | 17,20 | 17,20 | 17,20 | 17,20 | 193,50 |
| C | Product/Service | 10.214,21 | 11.900,81 | 13.601,83 | 13.654,76 | 13.654,76 | 13.654,76 | 13.654,76 | 13.654,76 | 13.654,76 | 13.654,76 | 13.654,76 | 13.654,76 | 158.609,73 |
| | office rental | 735,38 | 796,58 | 872,19 | 925,13 | 925,13 | 925,13 | 925,13 | 925,13 | 925,13 | 925,13 | 925,13 | 925,13 | 10.730,32 |
| | rental of CNC machine | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 23.059,01 |
| | rental of microwaves | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 1.921,58 | 23.059,01 |
| | rental 3D printers | 1.281,06 | 1.281,06 | 1.281,06 | 1.281,06 | 1.281,06 | 1.281,06 | 1.281,06 | 1.281,06 | 1.281,06 | 1.281,06 | 1.281,06 | 1.281,06 | 15.372,67 |
| | use of graphic and music production services | 2.438,10 | 3.250,80 | 4.063,50 | 4.063,50 | 4.063,50 | 4.063,50 | 4.063,50 | 4.063,50 | 4.063,50 | 4.063,50 | 4.063,50 | 4.063,50 | 46.323,90 |
| | rental of conference halls and organization of education | 291,11 | 291,11 | 291,11 | 291,11 | 291,11 | 291,11 | 291,11 | 291,11 | 291,11 | 291,11 | 291,11 | 291,11 | 3.493,32 |
| | use of multimedia space services | 1.625,40 | 2.438,10 | 3.250,80 | 3.250,80 | 3.250,80 | 3.250,80 | 3.250,80 | 3.250,80 | 3.250,80 | 3.250,80 | 3.250,80 | 3.250,80 | 36.571,50 |
| Costs forecast | | | | | | | | | | | | | | |
| D | Product/Service | 9.748,00 | 11.714,00 | 13.271,00 | 13.271,00 | 13.271,00 | 13.271,00 | 13.271,00 | 13.271,00 | 13.271,00 | 13.271,00 | 13.271,00 | 13.271,00 | 154.172,00 |
| | Personnel | 6.770,00 | 8.125,00 | 8.125,00 | 8.125,00 | 8.125,00 | 8.125,00 | 8.125,00 | 8.125,00 | 8.125,00 | 8.125,00 | 8.125,00 | 8.125,00 | 96.145,00 |
| | Marketing costs | 406,00 | 542,00 | 813,00 | 813,00 | 813,00 | 813,00 | 813,00 | 813,00 | 813,00 | 813,00 | 813,00 | 813,00 | 9.078,00 |
| | Equipment | 406,00 | 542,00 | 1.151,00 | 1.151,00 | 1.151,00 | 1.151,00 | 1.151,00 | 1.151,00 | 1.151,00 | 1.151,00 | 1.151,00 | 1.151,00 | 12.458,00 |
| | Utilities | 2.031,00 | 2.302,00 | 2.437,00 | 2.437,00 | 2.437,00 | 2.437,00 | 2.437,00 | 2.437,00 | 2.437,00 | 2.437,00 | 2.437,00 | 2.437,00 | 28.703,00 |
| | Other costs | 135,00 | 203,00 | 745,00 | 745,00 | 745,00 | 745,00 | 745,00 | 745,00 | 745,00 | 745,00 | 745,00 | 745,00 | 7.788,00 |

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| E | Assumptions | <i>[Changes on global market – trends changing; Poor entrepreneurial climate; Poor legislative on digital innovations and entrepreneurship; Political circumstances on regional level</i> |
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contingency plans

Table 3. Risk and contingency template

| Risk item | Probability of it occurring (on a scale of 0 (remote) – 5 (very certain)) | Impact of this item on your operations (high, medium, low) | Preventative measures |
|--------------------------------------------------------------------------------|---------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------------------------------------|
| Technical issues – internet disconnection and poor signal; equipment failures, | 4 | High | Experienced staff employed on maintenance of equipment; warranties and repair services |

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|-----------------------------------------------------------------------------------------------------------------|---|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| heating and cooling system; phone connections | | | contracted; regular contacts with internet provider |
| Insufficient number of startups and SMEs interested in PISMO | 4 | High | Quality marketing activities; networking with SMEs and chamber of commerce on regular basis; organizing various events (B2B meetings, educations, conferences); visit to business fairs; outreach missions |
| Changes on global market – trends changing (gaming industry slowing down or new kind of industry taking a lead) | 4 | High | Following trends on global market and adjusting to it by getting new equipment, by educating SMEs and stakeholders, by educating PISMO staff; connecting with major player in gaming sector in the world |
| Inadequate PISMO staff | 2 | Medium | Employ people with needed skills and further educate them (lifelong learning); regular meetings with staff, discussing about problems and issues |
| Poor entrepreneurial climate | 3 | Medium | Adjust business of PISMO to existing environment; undertake all necessary activities to improve the climate |
| Poor legislation on digital innovations and entrepreneurship | 3 | Medium | Policy advocacy - ministries and state agency - influencing on changing the legislative – through meetings, conferences, gathering all relevant stakeholders |
| Political circumstances on regional level | 4 | Medium | Create PISMOs environment as much independent on political circumstances - defining structure and financing on strategic and sustainable manner |

Action plan

This action plan is created for the period of 3 years (2020. - 2022.).

Table 4. Action Plan template

| | Responsible team member | Resources required | Start date | Deadline | Percent completed | Metric for success | Comments |
|-------------------------------------------|-------------------------|---------------------------|------------|----------|-------------------|--------------------|-------------------------------------------------------------|
| Milestone 1 An increased number of new | Project manager | - finance - mentorship | 2020. | 2022. | 15% | 6 | It is expected to have at least 3 new start-ups per a year. |

| | | | | | | | |
|------------------------------------------------------|--------------------------|------------------------------------------------------------------------|-------|-------|-----|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| innovative start-ups in Sisak Moslavina County | | | | | | | |
| Task 1.1 Create positive working environment | Administrative assistant | - finance - mentorship | 2020. | 2023. | 35% | 20% | So far DIH PISMO offered venue and mentorship for start-ups. It is expected to have at least 20% better working environment per year. |
| Subtask 1.1.1 Office and equipment rental service | Administrative assistant | Finance | 2020. | 2022. | 80% | | Up to 2022. 23 startups and existing companies will be using our services – rent of space and equipment. Contracts with them will be used for measuring. |
| Subtask 1.1.3 Mentoring service | Education assistant | <ul style="list-style-type: none"> ▪ Dkle ▪ ks | 2020. | 2022. | 50% | 5 mentors 20 start-ups per year | DIH PISMO is offering mentoring service in gaming sector, entrepreneurship, R&D, and economy in general for all start-ups in incubator. Questionnaires will be filled for every startup mentored. |
| Task 1.2 Provide financial support | Education assistant | -finance | 2020. | 2022. | 20% | 64 | Croatian employment institution, Sisak Moslavina County and City of Novska will provide financial support for 64 up to 2022 – contracts for |

| | | | | | | | |
|---------------------------------------------------------------------------------------------|---------------------|-------------|-------|-------|------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | | | received grants will be a proof. |
| Task 1.3. Provide support in idea designing, testing and validation and concept creation | Technical assistant | / | 2020. | 2022. | 20% | 12 | Up to 2022. 6 ideas will be designed as a new projects ideas and those 6 ideas will be tested and validated– project applications and reports are going to be the proof; up to 2022. 6 concepts will be created – concept documentation will be the proof |
| Task 1.4 Provide trainings and educations | Education assistant | -mentorship | 2020. | 2022. | 100% | 21 | Up to 2022. 21 SME will receive consultation and education services on certain topics will be provided for start-ups. Questionnaires and signature lists will be filled for every startup participating. |
| Milestone 2 An increased number of stakeholders | Project manager | / | 2020. | 2022. | 25% | 15 | It is expected to attract each year at least 5 new stakeholders. |
| Task 2.1 Provide program for participation | Project manager | / | 2020. | 2020. | 0% | 1 | Participation possibilities program for stakeholders will be created – 1 program up to 2022. – new program documentation will be provided |
| Task 2.2 Provide adequate | Project manager | / | 2020. | 2022. | 10% | 6 | Up to 2022. 6 information workshops per |

| | | | | | | | |
|----------------------------------------------------------|--------------------------|--------------------------------------------|-------|-------|-----|-----|------------------------------------------------------------------------------------------|
| information workshops | | | | | | | year will be organized for stakeholders – signature lists. |
| Milestone 3 An increased number of investors | Project manager | / | 2020. | 2022. | 0% | 9 | It is expected to attract at least 9 investors up to 2022. |
| Task 3.1 Provide incentives for investors | Project manager | / | 2020. | 2022. | 0% | 1 | 1 incentives programs for investors will be created on the Sisak Moslavina County level. |
| Task 3.2 Organize promotional events | Administrative assistant | -finance -venue -technical equipment | 2020. | 2022. | 0% | 3 | At least 1 event will be organized per year – 3 events up to 2022. |
| Subtask 3.2.1. Organize fairs | Administrative assistant | -finance -venue -technical equipment | 2020. | 2022. | 0% | 2 | 2 fair will be visited (intended for attracting investors) up to 2022. |
| Subtask 3.2.2 Organize B2B meetings | Administrative assistant | / | 2020. | 2022. | 0% | 6 | At least 2 meetings will be held per year – 6 up to 2022. |
| Subtask 3.2.3 Organize outreach missions abroad | Administrative assistant | -finance | 2020. | 2022. | 0% | 1 | 1 outreach mission will be organized. |
| Milestone 4 Higher global visibility | Technical assistant | -finance | 2020. | 2022. | 10% | 15% | It is expected to have 15% higher global visibility each year. |
| Task 4.1 Organization of game events and competitions | Technical assistant | -finance | 2020. | 2022. | 10% | 3 | 3 events will be organized or participated in up to 2022. |
| Task 4.2 Participation in abroad R&D events | Technical assistant | -finance | 2020. | 2022. | 0% | | 2 events (digitalization, gaming) will be visited up to 2022. |
| Milestone 5 | | / | 2020. | 2022. | 0% | 20% | It is expected to have 20% higher |

| | | | | | | | |
|------------------------------------------------------------------|-----------------|--------------------------------------------|-------|-------|-----|----|----------------------------------------------------------------------------------------------------|
| A higher percentage of innovation | Project manager | | | | | | percentage of innovation each year. |
| Task 5.1 Networking events | Project manager | / | 2020. | 2022. | 15% | 10 | Up to 2022. DIH PISMo will participate or organize 10 networking events |
| Task 5.3 Partnership in more EU projects dealing with innovation | Project manager | -finance -good networking acquaintances | 2020. | 2022. | 0% | 2 | 2 projects will be prepared or implemented up to 2022 dealing with innovations and digitalization. |

Ultimately, in the next 5 years DIH PISMO have an intention of building a gaming campus (e-sport arena, university, student dorm) where diverse type of competitions, meetings and shows will be performed.

CONSORTIUM

Leader



Partners

