

# **The Golden Opportunity: How Brazil Can Leapfrog into a Global Leader in Video Games**

**A White Paper by Nordicity, Jason Della Rocca**

June 2024



## Summary: The Golden Opportunity

The right strategic direction has the power to unlock Brazil's potential as a powerhouse in the global video games industry. Brazil possesses several unique strengths that can propel its emergence as a key player in this sector. Firstly, the country boasts a large and youthful population, providing a significant talent pool and consumer base for video games. Moreover, Brazil has a rich history of creativity and innovation, with a burgeoning community of game developers who have demonstrated their ability to produce compelling content.

One of Brazil's greatest assets lies in its cultural and creative prowess. The ability to create and cultivate audiences for cultural products is pivotal. By leveraging its diverse cultural heritage and vibrant creative industries, Brazil can position itself as a hub for innovative and culturally resonant video games. This uniqueness, both in terms of industry/market structure and creativity, is a significant strength that Brazil can seize. This strategic approach not only enhances Brazil's global competitiveness but also strengthens its cultural identity and innovation ecosystem.

To achieve this, continued support is essential. Investment in infrastructure, education, and industry-specific policies must be sustained to nurture local talent, facilitate market access, and promote the export of Brazilian-made games. Collaborations between government agencies, industry associations, and educational institutions will be crucial in fostering a supportive ecosystem that encourages creativity, entrepreneurship, and technological advancement.

Furthermore, initiatives should focus on building international partnerships, promoting Brazilian games at major global events, and fostering a favorable regulatory environment that encourages innovation and investment. By capitalizing on its strengths and addressing challenges through strategic initiatives, Brazil could indeed realize its potential as a powerhouse in the global video games market, driving economic growth and cultural influence on a global scale.

## About the Authors

**Nordicity** ([www.nordicity.com](http://www.nordicity.com)) is a leading international consulting firm providing private and public sector clients with solutions for Economic Analysis, Strategy and Business, and Policy and Regulation across three priority sectors: digital and creative media (with a focus on linear and interactive screen content); arts, culture and heritage; and, digital innovation (e.g., research commercialization, incubation, etc.).

Nordicity has significant experience in the strategy, policy and economic analysis of the video games industry with a focus on public intervention, cluster development, entrepreneurship and commercialization, and the synergies between the video games industry and other creative sectors.

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Nordicity and Jason Della Rocca gratefully acknowledge the contributions of **Dr. Pedro Zambon** from the University of Utrecht, whose expertise in the game sector has greatly enhanced this white paper.

## 1. Introduction: Why Support Video Games?

At the very beginning one must ask: why the video games industry should be supported in the first place? In short, it is a massive global market – and one that has the potential to drive employment growth, inbound revenue and tax income in Brazil. Beyond that, it poses an opportunity to bring more of Brazilian cultural influence to markets around the world.

At a high level, the video game industry represents a mixture of developers, publishers, middleware and service providers, platform operators, and original content creators across a global market valued at **US\$184 billion**.<sup>1</sup> The growth of this industry, eclipsing other traditional media markets including theatrical film, books, and music, is consummate to recent technological developments (namely, the ubiquity and availability of networked consumer devices) and an influx of capital investment (in a market that actively seeks to commercialize intellectual property). However, the foundation of the industry is in its innovative quality and its creative impact, wherein video games are capable of imparting stories and experiences to players around the world, no matter the scale of the game.

The importance of intellectual property (IP) in the video game industry cannot be understated. Intellectual property encompasses intangible assets such as copyright, patents, designs and other creative expressions that are owned by an individual or a company. Considering the creative and innovative character of video games as a medium, the inherent value of a game stems from the development, sale, and further exploitation of intellectual property. The most successful video game companies are those that have been able to create and disseminate games with a strong (and well-protected) intellectual property, spanning original games, sequels, franchises, spin-offs, and cross-media exploitation – Nintendo’s Mario and Zelda IPs are marquee examples of maximizing the economic potential of intellectual property in the broader video game industry. Other examples include assets linked to *Call of Duty*, *Angry Birds*, *Candy Crush*, *Gran Turismo*, and *League of Legends*. Ultimately, a domestic video game ecosystem should support video game development in general but should aim to optimize the long-term value of original IP created by its studios.

The video game industry at the global level has traditionally been characterized by the activities of large multinational companies – namely, Tencent, Sony, Apple, Microsoft, NetEase, Activision Blizzard, EA, and Nintendo. These companies are known for developing high budget “AAA” games using globally distributed workforces across multiple studios, for operating digital games storefronts, and for creating dedicated gaming hardware and consoles. But the video game industry is also underpinned by the development of “indie” games in small, local studios, regional localization and live operation services, and outsourced fee-for-service work spanning art, programming, and quality assurance, and marketing and community management. At its core, the video game industry generates value across the value chain by leveraging creative, technical, and managerial labour and developing (or contributing to the development of) cultural commodities that can be exported in international markets.

Understanding the prominence and economic potential of video games, jurisdictions around the world are now competing for their own share of the market. Specifically, these jurisdictions have successfully framed video games as a vehicle for innovation and creative expression that can, in and of itself, generate economic value. When aligned with policy objectives, jurisdictions have seen measurable GDP impacts, increased tax revenues and foreign direct investment, bolstered training pipelines and workforce capacities, and other important second-order effects in adjacent industries. For example, Canadian national public funding programs and provincial tax credits supported a domestic video game industry that contributed CAD\$5.5 billion in GDP in 2021 (\$3.2 billion in direct

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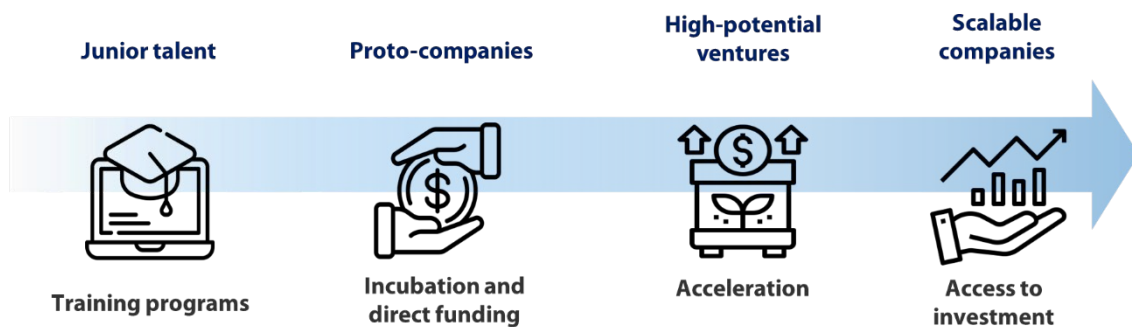
<sup>1</sup> Newzoo, 2023 Global Games Report (January 2024 Update)

impacts and \$1.2 billion in indirect or adjacent impacts).<sup>2</sup> Similarly, the video game industry in the United Kingdom, supported by much of the same mechanisms, reported a £1.8 billion in GDP contributions and £747 million in direct and indirect tax revenues to the UK exchequer.<sup>3</sup> It stands that these jurisdictions have seen quantifiable returns on investment from the industry, making them more attractive jurisdictions for other-would be game developers or existing multinationals.

Increasingly, the ability of games companies to succeed in an ever more crowded global market – and thus for jurisdictions to unlock these benefits – relies on their ability to access audiences. Those companies best equipped with both excellent games and marketing strategies that amass and monetize fanbases are those that can help form ecosystems that provide longer term benefit to the countries in which they are located. Some of the most popular and enduring titles to date on platforms like Steam are titles from developers outside of “powerhouse” jurisdictions or traditional AAA developers. For example, Hungarian-developer Gaijin Entertainment’s War Thunder was released as a beta in 2013 but has cultivated a dedicated player base that sees the game in the Top 20 Played Steam games to this date. Other examples include Canadian studio Behaviour Interactive’s Dead by Daylight (2016), Czech studio Bohemia Interactive’s Rust (2018), and New Zealand studio Grinding Gears Games’ Path of Exile (2013), among others.<sup>4</sup> Years beyond their release, support for these games endures, characterizing the potential of their respective studios and supporting jurisdictions.

It is important to note that the jurisdictions that have seen the most success with their respective video game industries are those that have implemented support mechanisms tailored to the specific needs and opportunities present in their own regional industries. In that sense, a strategy is not a one-size-fits-all approach and should not only take into account the specific characteristics of the video games industry, but also other contexts such as the political, legal, and economic environments.

As such, support mechanisms accompany a developer throughout their growth, from video games’ students to profitable companies. At every step of this journey, the needs and obstacles of a developer are slightly different, and the support ecosystem must reflect and address these challenges.



These inspiring jurisdictions exclude those with “head starts” and natural advantages afforded to video game companies out of the United States, Japan, and China. Support mechanisms can range from smaller-scale concept and early development funding to accelerators and incubators to multi-

<sup>2</sup> <https://theesa.ca/wp-content/uploads/2022/07/esac-2021-final-report.pdf>

<sup>3</sup> <https://www.thecreativeindustries.co.uk/facts-figures/industries-games-games-facts-and-figures-economic-contribution>

<sup>4</sup> <https://steamspy.com/#tab-total>

million-dollar tax credits and rebate schemes. Ultimately, support mechanisms should be part of a larger, concerted effort on the part of policymakers and industry stakeholders to bolster the productive outputs of the video game industry.

The Latin American video game market has been gaining momentum, characterized by a period of accelerated growth over the past few years. In 2023, Latin America accounted for 5% of the global games market, but amidst other shrinking regions, saw a 3.8% year-over-year increase.<sup>5</sup> Within this regional context, Brazil is best situated to capitalize on sector growth; it boasts the largest population in the region, it is unified by a distinct language and culture, it has a robust educational system, and it has the highest concentration of active video game players. Historically, the emergence of Brazil's video game industry has been hindered by protectionist policies limiting the importation of video game consoles and titles. However, game makers persisted with the development of domestic, independent games, found creative workarounds for hardware, and began to coordinate their advocacy efforts.

This whitepaper explores potential avenues for the Brazilian video game industry considering the new regulatory and legal frameworks advanced by the federal government. Ultimately, it demonstrates that Brazil can capitalize on its existing ecosystem to grow their video game industry and use new support mechanisms to access opportunities aligned with the current global games market.

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<sup>5</sup> Ibid

## 2. Jurisdictional Analysis

Only formally recognized by the Brazilian government as a *bona fide* industry in 2003, the Brazilian games industry has made leaps and strides towards the establishment of an ecosystem capable of matching other global counterparts.<sup>6</sup> The enactment of Law 14.852 in 2024, which provides a robust legal framework for the electronic games industry distinct from audiovisual production, represents the culmination of these efforts and demonstrates that state's desire to further cradle and support the growth of the games industry as a whole. The law defines support areas, including fostering a skilled workforce, promoting culture and education in video games, and supporting entrepreneurial innovation in the industry.

Given the structure of this new legal framework, it is instructive to look around the world to see how other jurisdictions treat games as products that are respectively cultural, commercial, and innovative in nature. To that end, the following sub-sections provide selected examples that can help to inform the implementation of programming with the Brazilian framework.

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<sup>6</sup> AbraGames reporting

## Definitions

This box introduces some of the most common support mechanism for the video games industry.

### Grants

- Grants are non-repayable funds provided by a government or organization to support specific projects or activities. They are typically awarded based on merit and the potential impact of the proposed project.
- Grants provide initial capital without the burden of repayment, enabling startups and small companies to take risks and innovate. They are accessible to a wide range of applicants, including those who might not qualify for loans or other funding due to lack of collateral or credit history.
- The competitive nature of grant applications can mean that not all deserving projects receive funding, potentially leaving some innovative ideas unsupported. Moreover, the finite nature of grant pools can limit the number of projects that can be supported at any given time.

### Reimbursable Loans

- Reimbursable loans are funds provided with the expectation that they will be repaid, often with interest. These loans can be offered by government agencies at favorable terms compared to commercial loans.
- Loans might be easier to obtain than grants, as the expectation of repayment reduces the risk for the funding agency. The funds repaid can be reused to support other projects, creating a revolving fund that can help multiple companies over time.
- Companies without solid financial backing or collateral might find it difficult to qualify for loans, limiting access for some developers. Even low-interest loans come with costs that need to be managed, which can be a burden for early-stage companies.

### Tax Incentives

- Tax incentives include various forms of tax relief, such as credits, deductions, or exemptions, provided to companies that meet certain criteria or engage in specific activities. In the video games industry, these incentives primarily target labour costs, the most significant item of expenditure, thus effectively increasing the available capital of developers.
- Tax incentives can benefit a wide range of companies, including large domestic and international developers. They can also help attract investment into the industry by improving the financial viability of projects. By lowering tax burdens, companies have more resources to invest in growth, employment, and innovation.
- Navigating tax incentives can be complex, requiring companies to have a good understanding of tax laws and potentially needing professional advice. The financial benefits of tax incentives are often realized at the end of the fiscal year, which may not align with the immediate funding needs of early-stage developers.

## 2.1 Games as Cultural Products

The video game industry fosters cultural development by presenting diverse narratives and characters, offering authentic representations of different cultures, drawing inspiration from cultural sources, incorporating educational elements, and facilitating cultural exchange through various communities. Not only do video games have a direct impact on the dissemination of culture but play itself is a form of cultural expression. Different types of media have served as catalysts for the transmission of culture on a mass level, however, what sets video games apart is the controlled, re-playable, and immersive experience they offer, which, when presented within a contextualized narrative, provides greater cultural meaning.<sup>7</sup>

Brazil has seen the impacts of the bidirectional influence between culture and video games. For example, young people are developing political awareness through interaction with online friend networks and content produced by influencers.<sup>8</sup> There is also a blossoming Indigenous gaming community where play, representation, and activism meet.<sup>9</sup> Additionally, Brazilian studios focused on external development are being recognized not only for their engineering, and co-development capabilities, but for their artistic capabilities as well.<sup>10</sup>

Law 14.852 leverages this understanding of video games to promote and disseminate Brazilian culture and cultural diversity. This key pillar of the law anchors it to fundamental constitutional principles and rights and is consistent with the precedent of Law 8.131 of 1991, which considers the development of electronic games as a cultural segment. Articles 6 and 12 of Law 14.852 build on this by explicitly recognizing innovative entrepreneurship in electronic games as a driver of economic, social, environmental, and cultural development. They further support the promotion of cultural diversity and sources of information, production, and programming, and consider investment in electronic game development as an investment in culture.

Different jurisdictions across the globe, like Denmark, the UK, and Canada have begun funding video games as cultural initiatives. Switzerland, for example, has made significant government-backed efforts to fund the relationship between culture and video games. The Swiss Federal Council has expressed this stance by categorizing video games as a "digital cultural asset" deserving continued cultural and economic support. Echoing this sentiment, different cantons, including Zurich, Vaud, and Bern, have provided support to video game developers under their cultural funding initiatives.

Notably, there are two particularities of the Swiss video game market. Firstly, there is an emphasis on creating smaller, more innovative, and experimental titles akin to indie games, recognizing that it is competing with international industry giants in the United States, China, and Japan. Secondly, there is a unique funding system stemming from its national and canton-based systems of governance, where cantons can decide to pursue certain economic development opportunities based on their policy objectives and resources, irrespective of federal priorities.

As previously noted, funding and industry support for digital media and innovation are provided at the regional level, with programs administered by various cantons and cities. For example, the

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<sup>7</sup> Cerezo- Pizarro, M. et al. (2023) [The Cultural Impact of Video Games: A Systematic Review of the Literature](#).

<sup>8</sup> [https://luminategroup.com/storage/1461/PT\\_Youth\\_Democracy\\_Latin\\_America.pdf](https://luminategroup.com/storage/1461/PT_Youth_Democracy_Latin_America.pdf)

<sup>9</sup> <https://www.wired.com/story/brazil-indigenous-gaming-arani/> ; [https://www.espn.com.br/esports/artigo/\\_id/7886877/free-fire-copa-das-aldeias-o-primeiro-campeonato-exclusivo-para-comunidade-indigena](https://www.espn.com.br/esports/artigo/_id/7886877/free-fire-copa-das-aldeias-o-primeiro-campeonato-exclusivo-para-comunidade-indigena)

<sup>10</sup> Abragames (2023) [Brazilian Gaming Industry](#).



Canton of Vaud has a dedicated game development program with up to CHF 50,000 in funding, and the City of Geneva has funding support programs for digital creation, including video games. The Swiss game ecosystem is also supported by myriad game design and game development courses and programs offered by Swiss post-secondary institutions across cantons. Key institutions include Zurich University of the Arts and SAE Institute.

Specifically, a good case study for video game cultural funding in **Switzerland is ProHelvetia's Game Design Emerging Talents** stream.<sup>11</sup> Serving as the arts council of Switzerland, ProHelvetia's objective is to foster a sustainable video game industry within the region, providing funding for game development to video game companies across Switzerland under its Design discipline programs. The foundation, mainly focused on supporting artists and cultural practitioners from Switzerland, is the only organization supporting the creation and promotion of video games on a national level.

These programs corresponded to the various stages of the game development process, from concept development to prototype development, production contribution, and project expansion, and were open to all Swiss applicants. The grants range from CHF 4,000 to 50,000 and provided the much-needed initial funding, hoping to lead to other eventual avenues for funding. Importantly, although ProHelvetia is an arts council, their granting program considers the commercial potential (and thus economic sustainability) of each project that they fund.

As an arts council, Pro Helvetia's adoption of video games under its target groups recognizes and promotes them as culture. Moreover, their funding covers both the conceptual and development stages, supporting developers throughout the journey, from early-stage validation to marketing and promotion. Thus, the creation of commercially viable products, access to investors, and a deeper understanding of business acumen among developers in general are all part of the opportunities fostered by Pro Helvetia's aim as well.

Another case study is the **Flanders Audiovisual Fund (VAF)** in the Flemish Region of Belgium. The VAF, established by the Flanders government over 20 years ago, is a public funding body that supports audiovisual and game production, including international co-productions. The VAF/Game Fund co-finances up to EUR 400,000 for various types of video games—entertainment, artistic, serious, and educational—by companies in Flanders and Brussels, providing financial incentives throughout development stages and offering support for game promotion.

Of particular interest, the VAF offers "Vertical Slice Support," a financial contribution aimed at developing a playable version of a video game that demonstrates a clear example of what the finished product will be like. The purpose of this funding is to enable the game studio to pique the interest of financiers, publishers, platform holders, and the public. Notably, within the vertical slice and production support, up to EUR 15,000 of VAF support may be used for promotion, such as generating traction or building a community.<sup>12</sup>

While the fund supports entertainment games, it is primarily concerned with those that have artistic or educational value. This includes artistic experiences like experimental short experiences for venues such as museums or alternative game festivals and games that aim to teach skills or raise awareness about social issues. Beyond unique selling propositions, feasibility, and market potential, grant participants are judged based on criteria such as the societal relevance of the game, cultural or pedagogical added value, and relationships with relevant cultural institutions, museums or festivals, non-profits, or knowledge centers. Notably, Vertical Slice Support is, in principle, reserved for

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<sup>11</sup> ProHelvetia (n.d.). [Game Design Emerging Talents](#).

<sup>12</sup> VAF (n.d.). [Vertical support for games](#).

majority-Flemish projects, and 100% of the aid provided by VAF must be spent in the Flemish Community (or Flemish Region and Brussels-Capital Region).

The VAF is a great example of the importance of the vertical slice in procuring funding, as it enables studios to develop and deliver a game end-to-end. Similarly, it reflects how the inclusion of promotion in the funding, even for cultural products, is a key aspect in generating traction for the game. Lastly, the VAF not only supports the production of cultural and educational games but also emphasizes local spending, furthering their support.

Games are increasingly highlighted for their artistic expression and cultural influence. This is evident in how today some of the biggest movies and TV show productions are based on game intellectual property, including Uncharted, The Witcher, The Last of Us, Mortal Kombat, and Arcane. Funding games as cultural products would enable distinctly Brazilian products to impart their uniqueness on the international market, emphasizing narrative and art elements while also exploring immersive or experimental aspects. This approach would also allow for games that portray and voice positive representations of local communities when presented in a broader context.

### Summary

- Games are recognized as culture and are funded as part of cultural initiatives across different jurisdictions.
- Examples for cultural funding for games are Pro Helvetia in Switzerland and the Vertical Slice Fund from the Flanders Audiovisual Fund in Belgium.
- When funding games as culture, it is essential to ensure their commercial viability in order to lead to sustainable practices.
- Some expected outputs of this type of funding include developing unique games that are commercially viable, promote local spending, support the representation of marginalized communities, and nurture emerging talents.

## 2.2 Games as Creative Commercial Products

Beyond their obvious cultural influence, video games are commercial products that generate inbound revenue from global markets. Article 11 of Law 14.852 extends the premise of Law 8.685 of 1993 (Audiovisual Law) that recognizes that investment in the development of video games is considered an investment in research, development, innovation and culture; implies the commercial potential of games accordingly.

Previous reporting on Law 14.852, as it was moving through the committee on education and culture as Bill 2.796 of 2021, explicitly points to the video game industry as a high value industry with the potential to create high-paying jobs. The report justifies that as jurisdictions have begun to develop incentive policies for the sector, they have been able to encourage local growth, resulting in greater flows of domestic income and high export revenue. The regulatory framework proposed in the law itself provides the visibility and legal certainty needed to adequately support the video game sector in Brazil and to maximize revenue potential and project creation.

Indeed, governments around the world have recognized the commercial potential, with investments designed to stimulate the development of intellectual property. While usually tailored to the state of their respective ecosystems, the premise of commercial game project funding remains the same across jurisdictions. Jurisdictions will earmark and distribute funds to game companies for project

development – this is usually done via a dedicated funding body with ties to a government’s economic development or culture ministry. Companies submit applications for funding to these funding bodies, who will adjudicate applications based on established criteria (eligibility) and economic viability (commercial potential). The companies who succeed in securing this funding are expected to develop the proposed game/project, the degree to which will vary on the funding program and its stipulations.

Ultimately, the goal of providing targeted public funding for game companies is to help them realize some sort of valuable intellectual property (IP) that can be distributed as a commercial consumer product. Funding bodies may opt to fund early-stage game development by providing conceptualization or prototype funding to reach a minimum-viable product (MVP) or may offer production funding to see the project through to its next development milestone or completion. The modus operandi of these funding bodies is to ensure funded projects and intellectual property can be self-published or shopped to publishers, with a potential for high sales returns after international distribution. But more importantly, the goal of providing public funding is to set studios up for success upon project completion – if a strong and viable project is strategically funded, returns from the exploitation and sale of the developed IP should be enough to enable studios to fund their next project in a self-sustaining way (without additional public funding). As such, public funding programs do not create some sort of dependency, a lifeline on which studio rely on, but rather serve as a launchpad to support the efficient and successful development of sustainable business models.

Video game companies in Canada can access public funding programs offered by the **Canada Media Fund (CMF)**, an entity founded and operated as a public-private partnership between the Canadian government and audiovisual industry stakeholders. The CMF’s stated mission is to “foster, promote, develop and finance the production of Canadian content and relevant applications”, with diverse funding streams for both linear media and interactive digital media. The CMF total program funding allocation in 2024 was CAD\$357 million<sup>13</sup> – this allocation is the result of a 5% levy imposed on major Canadian multichannel broadcast television providers and additional funding from the Department of Canadian Heritage, the federal ministerial department that oversees initiatives related to arts and culture development.

The CMF provides funding based on sequential development phases for the IDM sector. Under its Ideation stream, the CMF provides funding for video game conceptualization and prototyping, as to create and validate a proof of concept and build a prototype, with the “objective of giving a Project a better chance to succeed for future stages of financing”.<sup>14</sup> Under its Creation stream, the CMF provides funding for commercial project development, as well as experimentation and innovation initiatives – specifically, the Commercial Projects Program funds “projects that have a greater probability of commercial success... evaluated based on their potential to attain stated commercial objectives, demonstrate business opportunities, and achieve profitability”.<sup>15</sup> By providing funding tailored to the needs of projects at various stages of development and by privileging financial and commercial viability, the CMF has contributed to the success of Canada’s indie and AA game development ecosystem.

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<sup>13</sup> <https://cmf-fmc.ca/news/cmf-to-invest-357m-in-the-screen-sector-in-2024-2025/>

<sup>14</sup> <https://cmf-fmc.ca/program/conceptualization-program/>

<sup>15</sup> <https://cmf-fmc.ca/program/commercial-projects-program/>

**Table 1: Canada Media Fund funding program allocations for interactive digital media projects (CAD\$)**

	Ideation Stream		Creation Stream	
<b>Total IDM program allocation for 2024/25<sup>16</sup></b>	C\$8.9 million		C\$35.8 million	
<b>Program</b>	Conceptualization	Prototyping	Commercial Project	Innovation & Experimentation
<b>Max CMF contribution/project</b>	C\$15,000	C\$250,000	C\$1.5 million	C\$1.5 million
<b>Additional notes</b>	Eligible costs include research, legal fees, and preliminary market studies	Supports experimentation, testing, and validation of concept with stated aim of developing a first functional prototype	Explicitly foregrounds eligibility on basis of commercial potential; requires strategic positioning and marketing in criteria	Separate program that privileges experimental projects without diluting funding for more standard IDM projects; applies to content and technology

The efficacy of funding programs for video games can manifest years after the initial investment. Prominent examples of CMF-funded Canadian video game projects include Behaviour Interactive’s *Dead by Daylight*, which received \$1 million in production funding in 2014<sup>17</sup> and has since becoming a widely successful live-service game with over 60 million players.<sup>18</sup> *Dead by Daylight* maintains its core gameplay concept and design, but since launch has evolved to include different game modes and downloadable content updates in collaboration with some of the world’s most popular horror franchises, including *Saw*, *Alien*, and *Resident Evil*. Ultimately, funding provided by the CMF during *Dead by Daylight*’s initial development, and the game’s subsequent success, enabled Behaviour Interactive to expand into a major independent game company with international subsidiary studios. Behaviour’s success story reached a turning point in 2019 when Netease made a multimillion dollar investment to acquire minority stake in the Canadian company, supporting development efforts and scaling.<sup>19</sup> From a 550 employee company, Behaviour now counts more than 1,300 employees. For funding bodies, Behaviour Interactive’s story is the blueprint for their funding programs; to support the creation of projects that have a larger commercial potential once completed, strategically distributed and well-marketed.

Other jurisdictions with commercial project funding programs have seen their own success stories. **France’s Video Game Support Fund (FAJV)** provides financial support for video game projects across the development cycle via the CNC, an agency of the French Ministry of Culture. Applications to the FAJV are adjudicated based on their artistic quality, technical mastery, and commercial viability, with the key stipulation being that studios must retain the intellectual property rights of their game: “this aims to encourage an ecosystem of independent studios that create cultural value”.<sup>20</sup> In 2013, French studio Don’t Nod received €200,000 from the FAJV for a project called “What If?”, which would

<sup>16</sup> <https://cmf-fmc.ca/document/breakdown-of-the-program-budget/>

<sup>17</sup> [https://cmf-fmc.ca/funded-projects/?\\_project\\_search=dead%20by%20daylight](https://cmf-fmc.ca/funded-projects/?_project_search=dead%20by%20daylight)

<sup>18</sup> <https://www.polygon.com/23978649/dead-by-daylight-player-count-2023>

<sup>19</sup> <https://www.gamesindustry.biz/netease-acquires-minority-stake-in-behaviour-interactive>

<sup>20</sup> [https://www.cnc.fr/professionnels/aides-et-financements/jeu-video/fonds-daide-au-jeu-video-fajv\\_191468](https://www.cnc.fr/professionnels/aides-et-financements/jeu-video/fonds-daide-au-jeu-video-fajv_191468)

go on to be the studio's flagship title and franchise, *Life is Strange*.<sup>21</sup> Much like in Canada, public funding for commercial game projects in France seeks to support innovative projects that demonstrate commercial viability; in instances where games find large-scale critical and commercial success, studios can continue to leverage their IP and bolster their domestic game production ecosystems.

### Summary

- Video games are commercial products with the ability to generate inbound revenue from global markets – strategic funding for video game development can help cultivate this potential.
- By funding promising game projects, jurisdictions can kickstart local companies and support their domestic ecosystems and promote local productions.
- Successful games can enable studios to recoup revenue to be used to fund their next project or further exploit their developed IP without additional public funding, thus becoming self-sufficient.
- Canada and France have both seen long-term success with domestic studios and projects that have received development funding from their respective schemes.
- Public funding does not aim to fund any and every project – rather, it provides the resources needed to catalyze long-term commercial success.

## 2.3 Games as Innovation Products

The gaming industry is constantly adapting to new technologies, including new hardware and platforms, new business and consumption models, and the live-service, always-on nature of video games. Games can take years to develop, creating long-term capital cycles, which is why having a clear vision of the player's experience is key when investing. Additionally, the games sector draws on a wide range of skills and disciplines, from programmers to designers and writers.

The need to adapt and the underlying interdisciplinary collaboration within the games industry result in a powerful force of innovation. From cloud gaming to virtual reality, the metaverse, artificial intelligence, cross-platform gaming, and social connectivity, there is a constant creative and technological transformation that both influences and is influenced by other sectors. For example, some of these advancements in digital gaming, such as visualization, have spilled over into non-gaming companies like those in the healthtech or biotech sectors, allowing them to use gaming applications to offer an immersive experience for their clients. Consequently, games are consistently securing a seat in research and innovation funding in Singapore, the UK, Finland, and Germany.

Article 4, Section II of Law 14.852 presents measures to foster the business environment and increase the supply of capital for investment in innovative entrepreneurship. Furthermore, Article 11 recognizes video games as innovation, making them subject to intellectual property and copyright laws. Research funding in Brazil is already supported by different systems and institutions, including

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<sup>21</sup> <https://www.gamekult.com/actualite/dontnod-le-plus-subventionne-en-2013-128922.html>

the National Fund for Scientific and Technological Development (FNDCT), the Inova Talent Program, state research foundations, and university-specific agencies and foundations, among others. These establish a groundwork for other initiatives to build on.

Finland embraced this innovation/entrepreneurship approach. Building on decades of technological innovation, the video games industry organically sprouted from a national entrepreneurial spirit, boosted by Government support. Nokia spearheaded this innovation spirit, establishing the foundation of a rich local talent pool of developers, programmers, animators and designers. Despite Microsoft taking over Nokia's smartphone division in 2013, the appetite for mobile technology and computer gaming has not vanished. On the contrary, since the 2000's, the Finnish video games industry has maintained a strong momentum, making it one of the major global hubs for video games.

**Tekes**, known today as **Business Finland**, is the Finnish funding agency for innovation. It was established to promote and support research, development, and innovation across various industries in Finland, including the video games industry. Tekes provides a wide range of services, including funding, networking, and advisory services, to boost the competitiveness of Finnish companies on a global scale. In

Tekes' emphasis on R&D funding allowed Finnish game developers to invest in cutting-edge technologies and innovative game design. This focus on innovation has been a key factor in the global competitiveness of Finnish games. For example, the funding allowed for the development of advanced gaming engines and tools, which improved the quality and performance of games produced by Finnish companies.

Tekes provided early-stage funding and support to Rovio Entertainment, the creators of the globally successful game *Angry Birds*. This funding helped Rovio develop and market the game, which became a cultural phenomenon and a major commercial success. Supercell, known for hits like *Clash of Clans* and *Clash Royale*, also benefited from Tekes' support. The agency provided crucial R&D funding that enabled Supercell to experiment with different game ideas and refine their products, leading to their breakthrough success.

Tekes supported pilot projects that allowed game developers to test new concepts and technologies in real-world settings. This reduced the risk associated with bringing new games to market and helped developers fine-tune their products based on player feedback. Such support was critical for companies like Housemarque, known for games like *Returnal* and *Nex Machina*, which used these opportunities to perfect their arcade-style games.

During Tekes's game industry specific programme (Skene – Games Refueled, 2012-2015), Tekes has provided 28 million euros to over 50 companies (20% of the total number of companies at that time). During Skene, the Finnish game's industry attracted 53 million euros of private investment, mostly thanks to Tekes' funding leverage.<sup>22</sup> In 2011, the year before Skene was implemented, the game industry represented roughly 1,250 jobs, and 165 million euros in turnover. By 2016, the year after the programme, those figures were up to 2,750 jobs and 2,500 million in turnover.<sup>23</sup> While Skene funding has stopped, Business Finland continues to provide strong support to the video games industry.

The video games industry in the Netherlands is vibrant and characterized by a thriving ecosystem of innovative startups, established companies, and world-class educational institutions. With strong

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<sup>22</sup> 10 years of funding and networks for the Finnish game industry. Tekes

<sup>23</sup> [https://www.businessfinland.fi/49dec6/globalassets/julkaisut/3\\_2019-programmes-for-education-and-gaming.pdf](https://www.businessfinland.fi/49dec6/globalassets/julkaisut/3_2019-programmes-for-education-and-gaming.pdf)

support from diverse initiatives, the industry has produced globally successful games (Guerilla Games' *Killzone* and *Horizon* saga, Triumph's *Age of Wonder*, etc.) and nurtured a collaborative community of developers and entrepreneurs.

The **Dutch Game Garden** (DGG) is a renowned game incubator and business development center located in the Netherlands. It was established in 2008 with the primary goal of promoting and supporting the growth of the Dutch video games industry. It was born from a collaboration between the Overijssel Province, the Utrecht Municipality, the Utrecht University, HKU University of the Arts and industry experts. It is publicly funded (municipality, province) and receives corporate sponsorships and support from industry leaders such as Unreal Engine.

The DGG provides a variety of services and programs designed to help game developers and startups thrive in a competitive global market: affordable office space and facilities, business development workshops and technical training, investor readiness and global reach. While DGG does not directly provide funding, it helps startups connect with potential investors and funding sources. The program prepares startups for investment by helping them refine their pitches, develop robust business plans, and understand investor expectations.

For more advanced startups, DGG's acceleration program focuses on scaling up operations, improving business models, and expanding market reach. This program includes intensive coaching, workshops, and networking opportunities to accelerate growth. Some of the most talented game studios from the Netherlands have called Dutch Game Garden their home: Vlamber ( *Ridiculous Fishing*, *Nuclear Throne*), RageSquid ( *Action Henk*, *Descenders*), Tover ( *Tovertafel*), and Ronimo Games ( *Awesomenauts*, *Swords & Soldiers*).<sup>24</sup>

Other jurisdictions have also begun to extend the scope of their existing technology and innovation programs to encompass video game development. **Singapore's Startup SG Founder** program provides a startup grant and mentorship to first-time entrepreneurs, leveraging Singapore's domestic startup culture and investment climate. While the program is administered by Enterprise Singapore, a statutory board under the government's Ministry of Trade and Industry, Startup SG Founder focuses on cultivating startups as part of a larger ecosystem of successful companies and industry leaders. The program emphasizes its Accredited Mentor Partners, companies that have been vetted for their incubation and management teams, programme quality, and operational sustainability.<sup>25</sup> This ensures that startups have financial support, but also the guidance to maximize that funding (in the form of learning program, pitch support, networking, etc.) and to best succeed domestically. Similarly, France provides innovation and start-up funding for video game companies via its public investment bank, **BPIFrance**, and its technology-oriented acceleration programs.<sup>26</sup>

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<sup>24</sup> <https://www.dutchgamegarden.nl/>

<sup>25</sup> <https://www.startupsg.gov.sg/programmes/4894/startup-sg-founder/accredited-mentor-partners>

<sup>26</sup> <https://www.bpifrance.fr/nos-solutions/accompagnement>

## Summary

- Video game development is aligned with innovation, as video games must adapt to and capitalize upon emergent technologies (VR, cloud gaming, metaverses, etc.); however, video games are also vectors for new uses of technology in other sectors such as BioTech, HealthTech, or eLearning (immersive or narrative experiences, gamified user interfaces, cooperative development, etc.)
- Jurisdictions are beginning to support video game-based entrepreneurship using the same levers as other technology and innovation start-ups, including incubators, accelerators, SME investment and market access programs.
- Finland and the Netherlands have both developed their domestic video game industries by cultivating innovation through their national entrepreneurial culture and network of academic institutions, respectively.
- Understanding video games as opportunities for research and innovation – and having support mechanisms in place to explore these opportunities – can provide another avenue for economic growth, especially when it has spillover effects into other industries.



### 3. An Orientation for Brazil

#### 3.1 The Situation in Brazil

Brazil has the largest game industry in Latin America, both in terms of development capacity and player spending. What sets Brazil apart is its massive local market, considered to be the 5th largest in the world in terms of online population, with an estimated 103 million players.<sup>27</sup> More generally, the Brazilian video game market is the 10th largest in the world. The Brazilian ecosystem interacts through global value chains and includes major studios, small and medium developers, self-employed developers, external development studios, specialized service providers, support companies (publishers and distributors), educational institutions, investors, and business and professional associations. Although the Brazilian video game ecosystem is large and structured, there are still challenges, like funding and interinstitutional coordination, that need attention in order to fully take advantage of the industry's momentum.

The video game market in Brazil has seen a tenfold increase in the number of game development companies over the last decade. According to the AbraGames' 2023 report on the Brazilian gaming industry, there are an estimated 1,042 video game developers in the country, the majority SMEs, mostly concentrated in the Southeast region, with 57% of the developers based there, particularly in São Paulo and Rio de Janeiro. The industry employed about 13,225 people in 2023, with outsourcing being the predominant work regime for developers. Moreover, Brazilian video game companies generated an estimated revenue of USD 251.6 million in 2022. Entertainment games are the main source of revenue (86%), although studios generate revenue from multiple types of games, such as educational games and advergaming.<sup>28</sup>

The United States and Latin America continue to be the primary markets for Brazilian companies selling abroad. Some of the biggest players in the Brazilian video game market are Wildlife, one of the 10 largest mobile gaming companies in the world, with over 800 employees and offices in Brazil, the US, and Argentina, and Aquiris, which was bought by the American giant Epic Games. Other large studios focused on outsourcing and co-development include Kokku, PUGA, and Diorama. Outstandingly, the vast majority of Brazilian studios (92%) developed their own IP, with 64% of developers exclusively using their own IP.<sup>29</sup>

Brazilian studios focused on external development are meeting international demands with quality. Brazil has been recognized for its artistic, engineering, and co-development capabilities. Moreover, there is a growing development of culture-oriented content, with many developers in more remote regions creating games related to Indigenous mythology, the Amazon jungle, renewing lands, old tribes, old folklore, and more. These developments are often not done with commercial intent or viability, although there are support structures or incubators like GameJam+ which are for profit entities. In that sense, the strategic direction for Brazil's video games industry can play a key role in the economic integration of these region by nurturing and leveling talent and encouraging innovation and investment across the country.

There are other notable organizations rallying support, such as AbraGames, ApexBrasil, MinC, and BNDES (Business Development Bank of Brazil), with most of the industry coordination happening through AbraGames. However, there is still a lack of governmental organization and stability to sustain this momentum. Additionally, as the number of studios increases and their geographical

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<sup>27</sup> Abragames (2023) [Brazilian Gaming Industry](#).

<sup>28</sup> Ibid.

<sup>29</sup> Ibid.

distribution widens, coordinating joint actions that benefit the majority of industry companies becomes more challenging. There are certain avenues for bolstering the video game industry via public sector initiatives, recreating the success of Brazil's other Ministry-led arts and culture programs (for example, FNC-funded Ponto de Cultura initiatives, prioritizing country-wide access to media production and cultural creation centers and collaborations).

With over half a million social media influencers (those with more than 10,000 followers on social media), Brazil's influencers wield the most power over people's purchasing decisions. In 2022, nearly half of consumers in Brazil reported choosing a brand or product based on endorsements from online celebrities.<sup>30</sup> <sup>31</sup> India and China follow closely in this trend, though China's influencer scene has declined since its peak in 2019.

Internet celebrities in Brazil are not only shaping consumer behavior but also driving brands to invest more in influencer marketing. By 2024, Brazil is ranked fifth among the largest countries by number of social network users, a figure that has grown by 23% to over 176 million people between 2019 and 2024. During the same period, spending on influencer advertising in Brazil surged by over 160 percent. With the userbase expected to keep growing, companies and influencers are set to further expand this thriving market in South America.<sup>32</sup>

As trusted social proof of products and lifestyles, influencers have a tremendous capacity to set trends and enhance market potential. Some of the world's top Twitch streamers and YouTubers are based in Brazil. Popular online game streamers on Twitch include Gaules, with over 30 million followers and often ranking among the top streamers of various events, loud\_coringa, known for streaming Grand Theft Auto, with over 19 million followers, and Minecraft streamer Cellbit, with over 13 million followers. Similarly, streamers like NOBRU on YouTube attract over 120K views for a single esports event in Brazil.<sup>33</sup> In this sense, Brazil has significant potential in the media by leveraging the reach and engagement of these content creators.

These influencers are not just confined to Brazilian audiences, they have a broad appeal and collaborate with global brands, enhancing their international presence. While local influencers have hyper-targeted audiences and are often perceived as more authentic, global influencers like Anitta, Whindersson Nunes, Tatá Werneck, and Dani Alves have a vast reach, partnering with popular brands and leveraging trends and quality. Granted, the global influencer marketing market has experienced significant growth, more than tripling since 2019, and by 2024, it is projected to reach a record value of 24 billion U.S. dollars.<sup>34</sup> In this sense, the established influencer scene in Brazil could serve as a gateway to promote Brazilian video games not only locally, but globally.

Furthermore, with a diverse and flourishing media and entertainment industry, Brazil could be an ideal fertile ground for video games projects to secure financing. Large media companies can play a strategic role in making sure that Brazilian creative companies remain funded domestically, while expanding their reach beyond linear media (i.e., film and TV).

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<sup>30</sup> Meio & Mesagem (2023) [Who are they, where do they live and how old are the Brazilian content creators?](#)

<sup>31</sup> Statista (2024), [The Influence of Influencers](#)

<sup>32</sup> Statista (2024) [Influencer marketing in Brazil](#)

<sup>33</sup> Jarfhlaith Dempsey (2023), Most watched Brazilian Streamers for Q2 2023, [Most popular Brazilian streamers of Q2 2023 | Streams Charts](#)

<sup>34</sup> Statista (2024) [Global influencer marketing value 2016 – 2024](#)

While Brazil's ecosystem and market have many advantages, there are also limitations in infrastructure, effective use of funding, and managerial and administrative capacity. For instance, almost half of the studios rely on their own company's and entrepreneurs' resources (46%), with international publishers' investment representing only 16% and other private investments 10%. Although there are some public and private funding sources available, the lack of funding results in difficulties financing initial projects (mainly for their own IP) in start-up and medium-sized studios, leading the partners of these companies to work part-time in other studios or companies outside the industry. The lack of funding also means that for many emerging studios, the creation of new products depends on the revenue from previous games, and that a significant portion of companies rely mostly on personal investments.

Previously, the biggest legal support had come from the Paulo Gustavo Law (LPG), Complementary Law 195/22, which allowed for more funding for audiovisual productions. Moreover, in terms of education of developers, there is a wide offer, with 4,000+ undergraduate courses registered with the Brazilian Ministry of Education. However, it is concentrated in private higher education institutions (99.73%) or in readily available online courses, with over 40% of these institutions located in the Southeast.<sup>35</sup>

Evidently, the industry ecosystem in Brazil is robust and driven by passionate individuals, but it requires additional support, particularly in funding and government agency coordination. Compared to other countries, Brazil boasts a massive local market and a strong influencer base, as well as an organizing ecosystem that can be leveraged. The main challenge then lies in organizing the various public and private players to capitalize on the industry's momentum and to fill existing gaps in the ecosystem, such as the need for more accelerators and funding for early-stage projects.

### Summary

- Brazil's video game market stands out due to its massive local market, with an estimated 103 million players, making it the 5th largest online population in the world, and overall the 10th largest video game market globally.
- The industry boasts an estimated 1,042 developers, it employed approximately 13,225 people in 2023, and it generated USD 251.6 million in revenue in 2022.
- With over half a million social media influencers, Brazil's influencers wield significant power over purchasing decisions, with nearly half of Brazilian consumers choosing brands based on online celebrity endorsements in 2022. This can become one of the main avenues for games marketing.
- While Brazil's gaming ecosystem has many advantages, it faces limitations principally in funding with nearly half of studios relying on internal resources, only 16% receiving international publisher investment, and 10% obtaining other private investments.

## 3.2 Drawing Lessons and Setting Objectives

The jurisdictional analysis of support programs around the world provided valuable insights that can inform a strategic direction of Brazil's video games industry. By examining successful initiatives and

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<sup>35</sup> Abragames 2023 Brazilian Gaming Industry

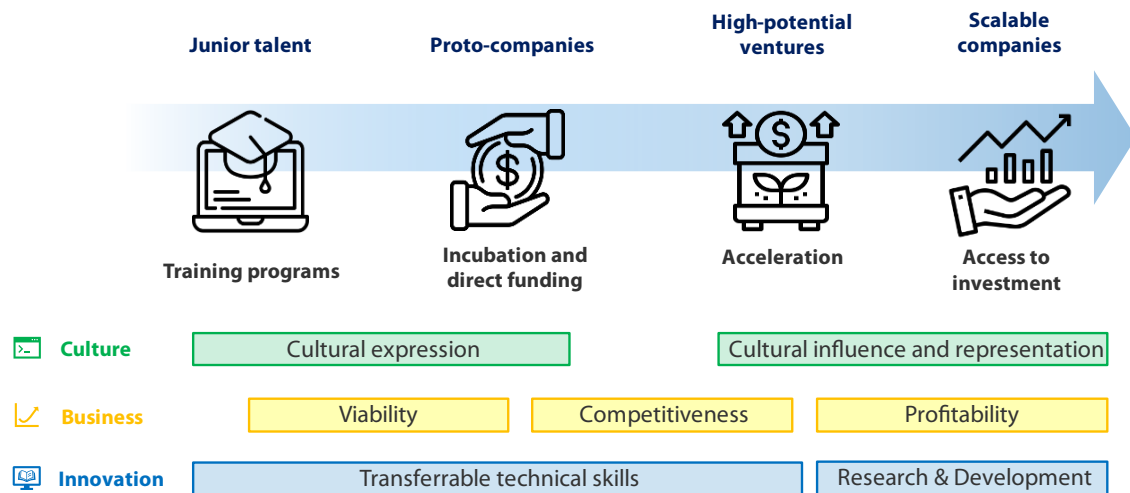
policies from various countries, Brazil can adopt best practices that have been tested and proven effective. This approach not only helps in leveraging strategies that have yielded positive results but also in avoiding the pitfalls and mistakes encountered by other jurisdictions. Considering the recently adopted policy framework, one can identify the most relevant and impactful ideas that align with Brazil's unique cultural, economic, and technological landscape, ultimately drawing an outline of what could be a path towards fostering a thriving video games industry.

The overall strategy of any plan supporting the development of the video games industry should be to create a **sustainable and competitive industry**. In this context, sustainability means:

- *Economic viability*: creating an ecosystem where Brazilian developers, publishers, and other stakeholders are given the opportunity to achieve long-term profitability without relying solely on external funding or temporary market trends, and where these profits are captured and reinvested by Brazilian companies.
- *Local talent development and upskilling*: through education and training programs, as well as partnerships with academic institutions, developing a skilled workforce capable of producing and promoting high-quality content, employed and retained by Brazilian companies.
- *Cultural influence*: producing culturally relevant content that resonates with both local and global audiences, incorporating unique Brazilian cultural elements, which would help to distinguish Brazil's offerings in the competitive global market.

A robust strategy for the Brazilian video games industry must be intricately **tailored to both the structural and specific needs** of the sector. This approach involves understanding the value chain, current trends, and market dynamics that drive the global video games industry while also considering the unique attributes of Brazil's market and industry. It is crucial that a strategy aligns with and draws from the specificities of Brazil discussed in Section 3.1. Consequently, the strategic direction for Brazil should harmonize and integrate the two frameworks introduced in this report: the developer's journey and the threefold policy framework.

By embracing the developer's journey, which highlights the stages of development from conception to market, and incorporating the threefold policy framework that addresses video games as cultural, commercial, and innovation products, Brazil could create a holistic and supportive ecosystem and unlock the significant potential of its video games industry.



## Step One: The Journey Begins

The strategic direction for Brazil's video games industry starts with solidifying entrepreneurship skills. Entrepreneurship in the video games industry is distinct, requiring a blend of diverse skills that encompass creative, technical, and business aspects. While many aspiring developers possess strong creative and technical abilities, there is often a significant gap in business acumen.

This necessary and valuable training could be delivered by an existing or new organization dedicated to teaching entrepreneurship to communities across the vast country. This organization will serve as the foundational support for the initial phase of the developer's journey, providing crucial resources and education to emerging developers.

To address this gap, the organization's training programs should focus intensively on business skills specific to the games industry, including project management, marketing, finance, intellectual property management, competitive analysis, community development, and strategic planning. These programs should be designed to be accessible and relevant to diverse communities, ensuring that aspiring entrepreneurs from various backgrounds can participate and benefit.

Besides the crucial entrepreneurial skills, there are opportunities for concerted effort to build transferrable knowledge in more technical skills through state-of-the-art game design courses. In fact, Articles 15 and 16 of the Legal Framework indicates that the training of video games human resources should be done through various educational avenues, including professional and technological education courses, higher education courses, professional workshops, and technical training courses. The framework also emphasizes encouraging research and development and creating educational games platforms.

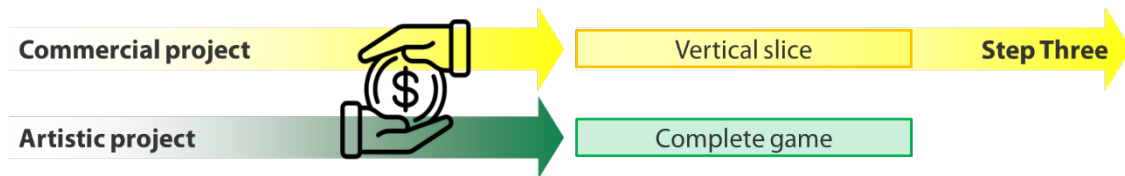
One significant challenge for game education in Brazil is the shortage of senior game professionals returning as instructors. Currently, many professors come from other fields, such as generic tech programming or art, or have outdated knowledge. Incentives for experienced industry professionals to teach and develop curricula that reflect current industry standards and innovations would help address this issue.

Additionally, the organization should offer mentorship opportunities, connecting budding entrepreneurs with experienced industry professionals who can provide guidance and support. Workshops and seminars could be part of the curriculum, enabling widespread reach and flexibility for participants. Fostering a strong foundation in entrepreneurship (with a focus on business skills, viable IP and audience analysis) will empower individuals across Brazil to navigate the initial stages of game development, from concept to early-stage business planning, setting the stage for a robust and sustainable video games industry.

### **Step Two: To the Vertical Slice**

Once aspiring game developers have received foundational entrepreneurship training, the next step in the strategic direction is securing prototyping funding to advance their projects to a "vertical slice". A vertical slice is a critical juncture in the development process that allows companies to create a polished segment of their game that demonstrates key features and potential, serving as a proof of concept.

This funding phase should cater to both cultural projects and commercially viable audiovisual products (as defined by the policy framework). More specifically, artistically oriented projects with limited commercial viability would receive funding to complete the production of a fully-fledged game. On the other hand, projects with a commercial ambition would receive funding to develop a vertical slice, a prototype to validate the viability of the game and capabilities of the team.



This type of funding, as illustrated by the examination of programs around the world, should be available through grants. This funding will enable developers to conduct essential market analysis and cover initial development costs. In states with established cultural funding agencies at the state or municipal levels, the grant money can be allocated through these existing structures, leveraging local expertise. In regions lacking such agencies, developers could apply directly at the federal level through an organization familiar with the creative industries to ensure equitable access to funding across the country.

By supporting a diverse range of projects, the initiative can foster a vibrant video games industry and support the emergence of unique production reflecting the Brazilian and regional perspectives.

Additionally, this stage should include targeted incubation and mentorship opportunities. Teams would benefit from access to experienced mentors who can provide guidance on both technical and business aspects, helping them refine their projects and prepare the most promising projects for the next stages of development.

This second phase would be the point where funding for projects with limited commercial viability (i.e., cultural productions) concludes, focusing resources on ventures with clear commercial potential. By supporting entrepreneurs-developers through this second phase, Brazil could cultivate a robust pipeline of innovative and high-quality video game projects, laying the groundwork for a competitive and sustainable industry.

### Step Three: Acceleration

With a validated vertical slice in hand, the next step would be to enter the acceleration phase. During this phase, developers can apply for a larger pool of funds, administered by a governmental (or publicly funded) organization with advanced knowledge of the video games industry and scaling companies. This organization must have the expertise to make informed commercial bets, ensuring that the funding supports high-potential projects. Over time, as the program demonstrates success, the industry will attract private capital. As private capital flows into the industry, it is important that a significant share of, if not all, investments originate from Brazil, thereby ensuring that profits remain within the country.

Promising video games ventures should be accompanied through a more intense and specialized acceleration program, potentially run by knowledgeable industry associations. This program would provide comprehensive support, including advanced training, mentorship, and resources to refine and complete the game. Additionally, collaboration with federal and state organizations with dedicated export programs would facilitate participation in international missions to prominent industry events such as GDC (Game Developers Conference) and Gamescom. These missions are crucial for developing international market opportunities and establishing Brazil's presence in the global video games industry.

The primary goal of this phase is to secure sufficient production funding to develop and publish a fully-fledged game. Emphasis should be placed on partnering with national publishers or experimenting with self-publishing, ensuring that all intellectual property (IP) and value remain within Brazil. By avoiding dependency on international publishers, the Brazilian video games industry will be able to retain greater control over its creative output, financial returns, and audiences. This Brazil-centric approach helps curb a certain economic neo-colonialism where publishers from the global North would benefit from Brazilian labour and brains.

At this stage, video games companies should be encouraged to leverage Brazil's robust media and influencer community, which can play a pivotal role in promoting and marketing games domestically and internationally. Efforts would likely be best spent on creating these valuable connections with Brazilian influencers rather than spending time and resources on securing potential support from an international publisher.

By fostering strong domestic partnerships and utilizing local resources, the acceleration phase aims to build a self-sustaining and globally competitive video games industry in Brazil. The idea output of this acceleration phase would be a portfolio of self-published games finding their domestic (and international) audience through a network of influencers. As noted in Section 1, this type of audience building is increasingly required by potential funders (e.g., project financiers, games platforms) to secure resources.

#### **Step Four: Unlocking Brazil's Potential**

The next step would be to further support Brazilian high-potential ventures with scaling up. Establishing an equity investment fund dedicated to financing Brazilian-made games would further catalyze the growth of the Brazilian video games industry.

Similar to what has been observed in other jurisdictions (e.g., Canada), this "Brazil-first" fund would provide critical financial support to projects that have demonstrated a strong business case, either through previous steps or by with proven market potential.

In fact, investors in the video game industry are seeking concrete metrics to place evidence-based bets on specific projects. Increasingly, developers must think about making and marketing the game at the same time. As such, they can show that their game has traction and a growing community that can generate buzz and potential sales before private partners decide to come on board (e.g., publisher, VCs, distribution deals, etc.).

Initially, the fund would be primarily fueled by public money, recognizing that private investors might be hesitant to engage due to the perceived risks of investing in games and to their desire to assess the potential of a game on concrete data and success metrics. As a first step, the support of public bodies can send a strong signal to private investors and help derisk, to some extent, the participation of private capital. However, the fund would remain open to any Brazilian investor, creating an inclusive investment opportunity. As the industry matures and successful projects emerge, akin to successful titles like *Dead by Daylight* in Canada, the attractiveness of the fund would increase, gradually drawing more private investment.

Over time, the balance of investment is expected to shift from predominantly public funds to a mix with a growing proportion of private money. Crucially, all investments would originate from within Brazil, ensuring once again that economic benefits stay within the country. This model not only sustains the industry's growth but also reinforces Brazil's economic sovereignty and cultural heritage, positioning the nation to seize this golden opportunity.

In fact, the end goal of the strategic direction is to unlock Brazil's potential as a powerhouse in the global video games industry. Brazil possesses several unique strengths that can propel its emergence as a key player in the sector. Firstly, the country boasts a large and youthful population, providing a significant talent pool and consumer base for video games. Moreover, Brazil has a rich history of creativity and innovation, with a burgeoning community of game developers who have demonstrated their ability to produce compelling content.

One of Brazil's greatest assets lies in its cultural and creative prowess. The ability to create and cultivate audiences for cultural products is pivotal. By leveraging its diverse cultural heritage and vibrant creative industries, Brazil can position itself as a hub for innovative and culturally resonant video games. This strategic approach not only enhances Brazil's global competitiveness but also strengthens its cultural identity and innovation ecosystem.

To achieve this, continued support is essential. Investment in infrastructure, education, and industry-specific policies must be sustained to nurture local talent, facilitate market access, and promote the export of Brazilian-made games. Collaborations between government agencies, industry associations, and educational institutions will be crucial in fostering a supportive ecosystem that fosters creativity, entrepreneurship, and technological advancement.

Furthermore, initiatives should focus on building international partnerships, promoting Brazilian games at major global events, and fostering a favorable regulatory environment that encourages innovation and investment. By capitalizing on its strengths and addressing challenges through strategic initiatives, Brazil could indeed realize its potential as a powerhouse in the global video games market, driving economic growth and cultural influence on a global scale.