



PLAYSIGN

Finland, www.playsign.net

A struggling computer gaming developer managed to transform its main product and business model thanks to its participation in several collaborative projects

Executive Summary

This case focuses on a Finnish SME, Playsign, which started life in 2007 developing games and applications. The company was successful in developing games, but was not particularly profitable. A decade later, Playsign turned its focus towards developing game-like applications for visualizing urban planning processes. The SME utilizes the experience and knowledge acquired during its founders' IT studies and further game developments. With its knowledge of developing applications and platforms in collaboration with customers, the company now develops urban 3D platforms for their customers to use and sell on to third parties. While the product development process is already very open (Playsign innovates jointly with customers, municipalities, end-users/general public), the company aims to increase its sales by using joint marketing and to understand better the possibilities of open innovation in marketing and sales.

CASE N°: SC12

SECTOR: INFORMATION TECHNOLOGIES

TECH INTENSITY: HIGH-TECH

LIFE CYCLE STAGE: RENEWAL

INNOVATION VECTORS: PRODUCT,
DISTRIBUTION CHANNELS

01 PARTNERS: LARGE CORPORATION, OTHER
SME, MUNICIPALITY, INDIVIDUAL EXPERTS,
LEAD USERS/CUSTOMERS, CROWDSOURCING

KEYWORDS: Virtual platforms, urban
planning process, gamification, web 3D
technologies, open feedback, Joint
marketing, Nordic Build Cities competition,
differentiation strategy

- BACKGROUND FRAMEWORK
- INNOVATION CHALLENGE & MARKET OPPORTUNITIES
- OI TRAJECTORY
- BUSINESS IMPACT
- LESSONS LEARNED

PLAYSIGN

BACKGROUND

Playsign's co-founders, Tomi and Toni, studied information technology at university. During their studies they acquired a lot of knowledge of web-based projects, visualization and developing games. Tomi had also been lecturing on games-related themes, while Toni was focused more on working on improving his own web expertise. In 2007 Tomi and Toni founded Playsign together with Pekka, who became Playsign's main designer. "Making anything playful" became the company's motto.

INNOVATION CHALLENGE & MARKET OPPORTUNITIES

The gamification trend started during the 2000's. However, Playsign was not interested in going down this route immediately. They chose to focus rather on the technical development of virtual environments and web 3D technologies by working with two other companies –Adminotech and Ludocraft. One of their customer projects was EU Fiber. With the money they earned from customer projects the Playsign team turned their hand to developing their own games.

When it turned out that their games were not as successful as they would have liked, the company's focus shifted fully to developing virtual platforms and web 3D technologies. Playsign saw that there were increasing opportunities in this field and their experience with past projects put them in a strong position. Over time Playsign became part of the European project C3PO (Collaborative City Co-design Platform) and the Nordic Build Cities competition.

A few years ago, a company based in the city of Oulu had a need for gamification and 3D model expertise to carry out some work. They were looking for a partner who would combine such expertise and thanks to a contact at Business Oulu they were put in touch with Playsign as a potential developer with the required combination of expertise. Through this link, Playsign became a part of the C3PO project and also became involved in other new projects. For example, later on Playsign started to do work for the Nordic Build Cities competition, which is an architecture competition organized throughout the Nordic countries. In collaboration with six winners of the competition,

Playsign developed interactive platforms visualizing their architectural plans in each of the six Nordic regions taking part in the competition.

Playsign collaborates with different experts depending on the project type: for example with C3PO they worked with Adminotech and with the Nordic Build Cities cases Playsign worked with winning architects. By doing this, Playsign wanted to ensure that they had all the necessary information to develop the kind of virtual platform that was needed. The reason for this is that Playsign is specialized in developing the actual platforms and not all the possible features that might be required for them. In addition, the City of Oulu wanted to have a tool which would allow their citizens and experts to draw and add their own ideas in order to assist in building a city development platform.

From the start, Playsign faced a challenge with marketing and sales, as the founders had no particular experience in either of these areas. To help fill this skills gap, Playsign took part in the Nestholma Accelerator programme, where Nestholma provided Playsign with training in marketing and sales and generally how to deal with customers. Through the Accelerator programme, Playsign also obtained contacts to Nordic Innovation Architecture, the organizer of the Nordic Build Cities competition, and one of the strategically important open innovation projects for the young company.

OPEN INNOVATION TRAJECTORY

Concept development

After experiencing less success than expected with their games development, the company shifted their focus to developing platforms and 3D technologies – and so from the B2C to the B2B sector. Playsign used the knowledge that they had acquired in developing games for the virtual urban planning platforms that they built as cloud-based solutions for their customers – both the City of Oulu and Nordic Build Cities. Their operations were first and foremost sales-driven as Playsign develops everything according to their customers' requirements, while making sure that their assignment fits their own vision by making everything playful, and being fast, efficient and cheap.

When part of the C3PO project, Playsign started to develop platforms so that the people who tested

them could leave their own feedback and ideas on city development. This way Playsign was able to understand better the issues linked with visualizing urban development. It is Playsign's intention to gain new customers and grow. The company aims to undertake joint marketing with their customers, whereby the customer sells their platform further to, for example, large companies. By exploiting this joint development approach, Playsign's customers earn sales and Playsign benefits from word-of-mouth recommendations and recognition in the market.

The development process, IPR and competition strategy

Thanks to their participation in the C3PO project and by building virtual platforms for the winning cases in the Nordic Build Cities competition, Playsign has been able to develop their business further. Not only has Playsign kept exploiting the knowledge they have gained, but they have especially focused on utilizing the knowledge that their partners have in the product development process.

With the C3PO and the Nordic Build Cities cases, the focus has been so far on developing the platforms together with external partners, mainly customers. Since the focus up till now has been on development, it will shift in future towards scaling up and commercializing the company's current products and acquiring new products and partnerships.

During work on the Nordic Build Cities cases, the difficulty was getting in touch with the partners to arrange the development process. The winners of the competition were located in different Nordic countries, but Skype and modern telecommunications helped to make the required meetings happen.

Playsign started working on the development of the platforms for the Nordic Build Cities cases in the middle of the projects. They did not have anything concrete to show to the winners of the competition (Playsign clients), which made the entire relationship very demanding for the first results to come fast and demonstrate Playsign's credibility. Nordic Innovation Architecture, the organizer of the competition, originally thought of publishing a book that showed the pictures and pdfs made by the winners. However, Playsign suggested that by publishing the material on the internet and by utilizing virtual platforms, more people could be reached. Playsign gave the winners bullet points and a loose frame, but it was too vague and Playsign lost time in communicating

what was wanted and what could actually be done. In this context the concept had to be narrowed down for some customers to fit with the schedule and the set frames.

With the City of Oulu project, the inhabitants tested the tool developed by Playsign – a virtual platform for citizen participation in city design. This caused some difficulties, as the public were not experts in urban planning so they had no idea where to start and were rather reserved about giving any feedback. A series of workshops was organized to test the tool and on this occasion a facilitator helped each group to carry out the testing. Formulas and goals were added to make it like a game and make its testing easier for non-experts in the field.

Playsign has not faced any challenges with IPR and licences during their platform developments or in their business development. However, the company has been facing some questions on how to make contracts with customers who want something exclusive for their own product, especially with the Nordic Build Cities cases. Playsign used the same technology and base for all of the six cases and they are not sure how to operate and how to negotiate contracts with partners or customers who wish to have some exclusive features added to the same platform base.

Playsign's competition strategy focuses on differentiation. With their virtual platforms, they want to focus also on the activities which are part of them as well as the users' experience, not just on the look of the platform.

Playsign's aim in the Nordic Innovation cases was to build virtual platforms that last many years and that can be constantly updated and integrated with citizen feedback. These differentiate themselves from the mainstream market of architecture visualization. Playsign also aimed to cut costs by reusing the same technology for all the sites within the Nordic Build Cities cases.

The projects Playsign focuses on are in the 828 segment, and more cities and companies will most likely become interested in having the virtual platforms that Playsign develops. In this way, Playsign's future competition strategy will focus on the mainstream 828 market and not only on city developers and architects, but also on construction companies and shopping mall developers.

Commercialization and follow-up

Playsign has now developed the platform designed specifically for city planning purposes. The platform serves as a base and is adapted for each

customer by adding the features that they require. The focus is now to sell their products and deliver them to many customers, in addition to continuously updating and improving the platforms. In addition to increasing their customer base the company faces the challenge of automating their products in order to work with multiple customers. It does not yet have this automation process in place and its development will take some time and resources.

When Playsign was developing computer games, they employed more staff. As the games were not successful, the company was forced to downsize. Currently Playsign has six employees. In future, the company aims to grow by increasing sales and plans to expand its workforce to about 20 people.

Playsign's marketing strategy is to use joint marketing in the future, an idea which was inspired by the Accelerator programme. Previously Playsign thought of their customers as end-users but now they have realized that they are more like channels to their end-customers. The company develops virtual platforms together with their customers and Playsign wants to give permission to their customers to sell their platform further in return for a commission.

Playsign has already talked to the companies Createlli and Adminotech to find out if they would be willing to pursue a joint marketing strategy, but so far nothing has been agreed on.

Playsign has continued to collaborate with customers in their expert fields to develop platforms which are useful for them. Its focus has been on the actual development of the platforms and on cloud services, while the customers they are partnering with give their ideas or requirements for the platforms. Playsign is searching for new partners to collaborate with, for example, in joint European projects, which could also help bring new insights to their product development.

Playsign has not yet made any sales from the new series of products that they have developed (visualization tools), which will be the focus in the future. The company is also seeking to add more intelligence and features to their platforms, for example, traffic simulation and environmental sustainability issues, such as measuring air quality.

BUSINESS IMPACT

Playsign has been able to improve its B2B business operations through the different projects and programmes in which they have participated. The company seeks to improve their skills by adding

new elements to their platforms, while remembering that both their business and their platforms' features are really dependent on their customers' needs and preferences.

As the founders and employees of Playsign did not have much experience of commercialization issues, their involvement with the Accelerator programme, the C3PO project and the Nordic Build Cities cases helped them to learn more about how to deal with customers. The Playsign team is keen to develop their skills in this area and recognizes the need to learn more. The company now knows better how to build a value proposition. Playsign has also recognized that by using joint marketing they will grow their sales and increase reputation and recognition.

Playsign has gained more strategic than financial benefits from being involved in collaborative projects. In particular, the three collaborative initiatives analyzed have helped the company to completely change its business focus from games development to 3D visualizations of city development plans and architectural projects.

Moreover, taking part in the Business Acceleration programme helped the management team to discover the potential of developing an open business model, i.e. selling their end offering through the product of their current clients. The company founders admit that this shift would hardly have been possible without all the external collaborations that took place over the past few years.

LESSONS LEARNED

This case is an interesting example of how external collaborations helped an SME not only in their day-to-day developments, but also how they helped the company go through a strategic shift from the B2C gaming sector to B2B visualizations. Moreover, this case shows how the company had to learn in practice the value of economy of scale, i.e. developing a product for six customers at the cost of one project. Another interesting feature is the involvement of various groups of stakeholders in the product development: clients, municipalities, cities, large and small partnering companies, advisors from the Business Acceleration programme.

The way the company manages these complex product developments and at the same time keeps developing its own team makes this case an extremely valuable one to learn from. Last but not least, this case demonstrates, from a product and

technology point of view, how principles which have been widely used in the gaming industry for many years are coming into demand in other industries and also in the B2B sector.

Main lessons learned:

1. Active communication is essential in strategic collaborations and open innovation.
2. External partners can be utilized in areas other than product development, for example, in marketing.
3. Collaborating with other companies to increase sales through joint marketing is sometimes required by SMEs due to a lack of marketing and sales experience.
4. External partners'/customers' knowledge and information are important in ensuring that the products correspond to the needs of the end customers.
5. External collaborations are particularly useful when a company is in the process of changing its business direction.